SECURITIES AND EXCHANGE COMMISSION

FORM 10-Q

Quarterly report pursuant to sections 13 or 15(d)

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SECURITIES AND EXCHANGE COMMISSION

Washington, D. C. 20549

FORM 10-Q

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended September 30, 2008

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from to

Commission file number 1-9924

Citigroup Inc.

(Exact name of registrant as specified in its charter)

Delaware (State or other jurisdiction of incorporation or organization)	**52-1568099** (I.R.S. Employer Identification No.)
399 Park Avenue, New York, New York (Address of principal executive offices)	**10043** (Zip Code)

(212) 559-1000
(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer ☒ Accelerated filer ☐ Non-accelerated filer ☐ Smaller reporting company ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

Indicate the number of shares outstanding of each of the issuer's classes of common stock as of the latest practicable date:

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Common stock outstanding as of September 30, 2008: 5,449,539,904

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Citigroup Inc.

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THE COMPANY

Citigroup Inc. (Citigroup and, together with its subsidiaries, the Company) is a global diversified financial services holding company whose businesses provide a broad range of financial services to consumer and corporate customers. Citigroup has more than 200 million customer accounts and does business in more than 100 countries. Citigroup was incorporated in 1988 under the laws of the State of Delaware.

The Company is a bank holding company within the meaning of the U.S. Bank Holding Company Act of 1956 registered with, and subject to examination by, the Board of Governors of the Federal Reserve System (FRB). Some of the Company's subsidiaries are subject to supervision and examination by their respective federal and state authorities.

This quarterly report on Form 10-Q should be read in conjunction with Citigroup's 2007 Annual Report on Form 10-K and Citigroup's Quarterly Reports on Form 10-Q for the quarters ended March 31, 2008 and June 30, 2008. Additional financial, statistical, and business-related information, as well as business and segment trends, is included in a Financial Supplement that was filed as Exhibit 99.2 to the Company's Current Report on Form 8-K, filed with the Securities and Exchange Commission (SEC) on October 16, 2008.

The principal executive offices of the Company are located at 399 Park Avenue, New York, New York 10043, telephone number 212 559 1000. Additional information about Citigroup is available on the Company's Web site at *www.citigroup.com*. Citigroup's annual report on Form 10-K, its quarterly reports on Form 10-Q, its current reports on Form 8-K, and all amendments to these reports, are available free of charge through the Company's Web site by clicking on the "Investor Relations" page and selecting "All SEC Filings." The SEC Web site contains reports, proxy and information statements, and other information regarding the Company at *www.sec.gov*.

Citigroup is managed along the following segment and regional lines:

CITIGROUP SEGMENTS

Global Cards	Consumer Banking	Institutional Clients Group (ICG)	Global Wealth Management (GWM)	Corporate / Other
- MasterCard, VISA, Diners Club, retail partners and American Express - Sales finance	- Retail banking - Consumer finance - Real estate lending - Personal loans - Investment services - Auto loans - Small and middle market commercial banking - Primerica Financial Services - Student lending	• **Securities and Banking (S&B)** - Investment banking - Debt and equity markets - Lending - Private equity - Hedge funds - Real estate - Structured products - Managed futures • **Transaction Services** - Cash management - Trade services - Custody and fund services - Clearing services - Agency/trust Services • **Citigroup Investment Research** - Equity and fixed income research	• **Smith Barney** - Advisory - Financial planning - Brokerage • **Private Bank** - Wealth management services	- Treasury - Operations and technology - Corporate expenses - Discontinued operations

The following are the four regions in which Citigroup operates. The regional results are fully reflected in the segment results.

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(1) *Asia* includes Japan, *Latin America* includes Mexico, and *North America* includes U.S., Canada and Puerto Rico.

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CITIGROUP INC. AND SUBSIDIARIES

SUMMARY OF SELECTED FINANCIAL DATA

In millions of dollars, except per share amounts	Third Quarter 2008	Third Quarter 2007	% Change	Nine Months 2008	Nine Months 2007	% Change
Net interest revenue	**$ 13,406**	$ 11,844	13%	**$ 40,439**	$33,146	22%
Non-interest revenue	**3,274**	9,796	(67)	**6,759**	38,930	(83)
Revenues, net of interest expense	**$ 16,680**	$ 21,640	(23)%	**$ 47,198**	$72,076	(35)%
Operating expenses	**14,425**	14,152	2	**45,844**	43,702	5
Provisions for credit losses and for benefits and claims	**9,067**	4,867	86	**22,019**	10,256	NM
Income (loss) from continuing operations before taxes and minority interest	**$ (6,812)**	$ 2,621	NM	**$(20,665)**	$18,118	NM
Income taxes (benefits)	**(3,294)**	492	NM	**(9,637)**	4,908	NM
Minority interest, net of taxes	**(95)**	20	NM	**(40)**	190	NM
Income (loss) from continuing operations	**$ (3,423)**	$ 2,109	NM	**$(10,988)**	$13,020	NM
Income (loss) from discontinued operations, net of taxes(1)	**608**	103	NM	**567**	430	32%
Net income (loss)	**$ (2,815)**	$ 2,212	NM	**$(10,421)**	$13,450	NM
Earnings per share						
Basic						
Income (loss) from continuing operations	**$ (0.71)**	$ 0.43	NM	**$ (2.26)**	$ 2.65	NM

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Net Income (loss)	**(0.60)**	0.45	NM	**(2.15)**	2.74	NM
Diluted(2)						
Income (loss) from continuing operations	**$ (0.71)**	$ 0.42	NM	**$ (2.26)**	2.60	NM
Net Income (loss)	**(0.60)**	0.44	NM	**(2.15)**	2.69	NM
Dividends declared per common share	**$ 0.32**	$ 0.54	(41)%	**$ 0.96**	$ 1.62	(41)%
Preferred Dividends−Basic *(in millions)*	**$ 389**	$ 6		**$ 833**	$ 36	
Preferred Dividends−Diluted *(in millions)*	**$ 119**	$ 6		**$ 227**	$ 36	
At September 30:						
Total assets	**$2,050,131**	$2,358,115	(13)%			
Total deposits	**780,343**	812,850	(4)			
Long-term debt	**393,097**	364,526	8			
Mandatorily redeemable securities of subsidiary trusts	**23,674**	11,542	NM			
Common stockholders' equity	**98,638**	126,762	(22)			
Total stockholders' equity	**126,062**	126,962	(1)			
Ratios:						
Return on common stockholders' equity(3)	**(12.2)%**	6.9%		**(13.8)%**	14.6%	
Tier 1 Capital	**8.19%**	7.32%				

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Total Capital	**11.68**	10.61				
Leverage(4)	**4.70**	4.13				
Common Stockholders' equity to assets	**4.81%**	5.38%				
Dividend payout ratio(5)	**N/A**	122.7		**N/A**	60.2	
Ratio of earnings to fixed charges and preferred stock dividends	**0.45x**	1.13x		**0.50x**	1.32x	

(1) Discontinued operations relate to the pending sale of Citigroup's German Retail Banking operations to Credit Mutuel, and the Company's sale of CitiCapital's equipment finance unit to General Electric. See note 2 to the Consolidated Financial Statement on page 92.

(2) Due to the net loss in the 2008 periods, basic shares were used to calculate diluted earnings per share. Adding diluted securities to the denominator would result in anti-dilution.

(3) The return on average common stockholders' equity is calculated using net income (loss) minus preferred stock dividends.

(4) Tier 1 Capital divided by adjusted average assets.

(5) Dividends declared per common share as a percentage of net income per diluted share. For the third quarter of 2008, the dividend payout ratio was not calculable due to the net loss.

NM Not meaningful

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Certain reclassifications have been made to the prior-period's financial statements to conform to the current period's presentation.

Certain statements in this Form 10-Q, including, but not limited to, statements made in "Management's Discussion and Analysis," are "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. These statements are based on management's current expectations and are subject to uncertainty and changes in circumstances. Actual results may differ materially from those included in these statements due to a variety of factors including, but not limited to, those described in Citigroup's 2007 Annual Report on Form 10-K under "Risk Factors" beginning on page 38.

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MANAGEMENT'S DISCUSSION AND ANALYSIS

THIRD QUARTER OF 2008 MANAGEMENT SUMMARY

Citigroup reported a $3.4 billion loss from continuing operations ($0.71 per share) for the third quarter of 2008. The third quarter results were impacted by higher consumer credit costs, continued losses related to the disruption in the fixed income markets, and a general economic slowdown. The net loss of $2.8 billion ($0.60 per share) in the third quarter includes the results of our German Retail Banking Operations and CitiCapital (which are now reflected as discontinued operations).

Revenues were $16.7 billion, down 23% from a year ago. The decline in revenues was driven by $4.4 billion in net write-downs in *S&B* (after reflection of the gain on Citigroup's liabilities under the fair value option), lower securitization results in North America Cards, and a $612 million write-down related to the auction rates securities (ARS) settlement, partially offset by a $347 million pre-tax gain on the sale of CitiStreet. The prior-year period included a $729 million pre-tax gain on the sale of Redecard shares. Revenues across all businesses reflect the impact of a difficult economic environment and weak capital markets.

Global Cards revenues declined 40%, mainly due to lower securitization results in *North America* and the absence of a gain on the sale of Redecard shares. Consumer Banking revenues grew 2%, as increased revenues in *North America* were partially offset by declines in *Latin America* and *Asia*. ICG *S&B* revenues were ($81) million, due to write-downs of $2.0 billion on SIV assets, write-downs of $1.2 billion (net of hedges) on Alt-A mortgages, downward credit value adjustments of $919 million related to exposure to monoline insurers, write-downs of $792 million (net of underwriting fees) on funded and unfunded highly leveraged finance commitments, write-downs of $518 million on commercial real estate positions, and net write-downs of $394 million on subprime-related direct exposures. *S&B* revenues also included a $306 million write-down related to the ARS settlement. These write-downs were partially offset by a $1.5 billion gain from the change in Citigroup's own credit spreads for those liabilities to which the Company has elected the fair value option. *Transaction Services* revenues were up 20% to $2.5 billion, reflecting double-digit revenue growth across all regions. GWM revenues decreased 10%, driven by a decline in capital markets and investment revenues, partially offset by higher banking and lending revenues. GWM revenues also included a $347 million pre-tax gain on the sale of CitiStreet, partially offset by a $306 million write-down related to the ARS settlement.

Net interest revenue increased 13% from last year, reflecting volume increases across most products. Net interest margin (NIM) in the third quarter of 2008 was 3.13%, up 79 basis points from the third quarter of 2007, reflecting lower cost of funding, partially offset by a decrease in asset yields related to the decrease in the Fed Funds rate. (See discussion of NIM on page 49).

Operating expenses increased 2% from the third quarter of 2007. Expense growth reflected $459 million in repositioning charges, a $100 million fine related to the ARS settlement, and the impact of acquisitions. Expense growth was partially offset by benefits from re-engineering efforts. Expenses declined for the third consecutive quarter, due to lower incentive compensation accruals and continued benefits from re-engineering efforts. Headcount was down 11,000 from June 30, 2008, and approximately 23,000 year-to-date.

Total credit costs of $8.8 billion included NCLs of $4.9 billion up from $2.5 billion in the third quarter of 2007 and a net build of $3.9 billion to credit reserves. The build consisted of $3.2 billion in Consumer ($2.3 billion in *North America* and $855 million in regions outside of *North America*), $612 million in ICG and $64 million in GWM. The incremental net charge to increase loan loss reserves of $1.7 billion was mainly due to Consumer Banking and Cards in *North America*, and *S&B*. The Consumer loans loss rate was 3.35%, a 153 basis-point increase from the third quarter of 2007. Corporate cash-basis loans were $2.7 billion at September 30, 2008, an increase of $1.4 billion from year-ago levels. The allowance for loan losses totaled $24.0 billion at September 30, 2008, a coverage ratio of 3.35% of total loans.

The effective tax rate of 48% in the third quarter of 2008 primarily resulted from the pretax losses in the Company's *S&B* business taxed in the U.S. (the U.S. is a higher tax rate jurisdiction). In addition, the tax benefits of permanent differences, including the tax benefit for not providing U.S. income taxes on the earnings of certain foreign subsidiaries that are indefinitely invested, favorably affected the Company's effective tax rate.

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Stockholders' equity and trust preferred securities were $149.7 billion at September 30, 2008. We distributed $2.1 billion in dividends to shareholders during the quarter. On October 20, 2008, as previously announced, the Company decreased the quarterly dividend on its common stock to $0.16 per share. Citigroup maintained its "well-capitalized" position with a Tier 1 Capital Ratio of 8.19% at September 30, 2008.

On October 28, 2008, Citigroup raised $25 billion through the sale of non-voting perpetual preferred stock and a warrant to purchase common stock to the U.S. Department of the Treasury as part of the Treasury's previously announced TARP Capital Purchase Program. All of the proceeds will be treated as Tier 1 Capital for regulatory purposes. Taking this issuance into account, on a pro forma basis, at September 30, 2008, Citigroup's Tier 1 Capital ratio would have been approximately 10.4%.

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In addition, the pending sale of our German retail banking operation, which is expected to result in an estimated after-tax gain of approximately $4 billion in the fourth quarter of 2008.

Our liquidity position also remained very strong during the third quarter of 2008 and will continue to be enhanced through the sale to the U.S. Department of the Treasury of perpetual preferred stock and a warrant to purchase common stock, the sale of the German Retail Banking Operations and continued balance sheet de-leveraging. At September 30, 2008, we had increased our structural liquidity (equity, long-term debt, and deposits), as a percentage of assets, from 55% at September 30, 2007 to approximately 64% at September 30, 2008.

At September 30, 2008, the maturity profile of Citigroup's senior long-term unsecured borrowings had a weighted average maturity of seven years. We also reduced our commercial paper program from $35 billion at December 31, 2007 to $29 billion at September 30, 2008.

Our reserves of cash and highly liquid securities stood at approximately $51 billion at September 30, 2008, up from $24 billion at December 31, 2007. Continued de-leveraging and the enhancement of our liquidity position have allowed us to continue to maintain sufficient liquidity to meet all debt obligations maturing within a one-year period without having to access unsecured capital markets. See "Funding" on page 61 for further information on Citigroup's liquidity and funding.

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EVENTS IN 2008

U.S. Department of the Treasury Troubled Asset Relief Program (TARP) and FDIC Guarantee

Issuance of $25 Billion of Perpetual Preferred Stock and a Warrant to Purchase Common Stock under TARP On October 28, 2008, Citigroup raised $25 billion through the sale of non-voting perpetual preferred stock and a warrant to purchase common stock to the U.S. Department of the Treasury as part of the Treasury's previously announced Troubled Asset Relief Program (TARP) Capital Purchase Program.

All of the proceeds will be treated as Tier 1 Capital for regulatory purposes. Taking this issuance into account, on a pro forma basis, at September 30, 2008, Citigroup's Tier 1 Capital ratio would have been approximately 10.4%.

The preferred stock will have an aggregate liquidation preference of $25 billion and an annual dividend rate of 5% for the first five years, and 9% thereafter. Dividends will be cumulative and payable quarterly. The warrant will have an exercise price of $17.85 and will be exercisable for 210,084,034 shares of common stock, which would be reduced by one-half if Citigroup raises an additional $25 billion through the issuance of Tier 1-qualifying perpetual preferred or common stock by December 31, 2009.

The issuance of the warrant will result in a conversion price reset of the $12.5 billion of 7% convertible preferred stock sold in private offerings in January 2008. See "Capital Resources" beginning on page 57 for a further discussion.

FDIC Guarantee

The Federal Deposit Insurance Corporation (FDIC) will guarantee until June of 2012 some senior unsecured debt issued by certain Citigroup entities between October 14, 2008 and June 30, 2009, in amounts up to 125% of the qualifying debt for each entity under the terms of the plan. The FDIC will charge a 75bps fee for any new qualifying debt issued with the FDIC guarantee.

Impact on Citigroup's Credit Spreads

As a result of government actions and for other reasons, credit spreads on Citigroup's debt instruments have substantially narrowed since September 30, 2008. Although this may change before the end of the year, if Citigroup's credit spreads are substantially narrower at December 31, 2008 than at September 30, 2008, it could have a meaningful impact on the value of derivative instruments and those liabilities for which the Company has elected the fair value option. See "Derivatives" on page 40 and Note 17 on Fair Value on page 125 for a discussion on the impact of changes in credit spreads in the third quarter.

Auction Rate Securities (ARS) Settlement

In the third quarter of 2008, Citigroup announced an agreement in principle with the New York Attorney General, under which it agreed to offer to purchase the failed ARS of its retail clients for par value. This agreement resulted in a $712 million loss being recorded during the third quarter.

The loss comprises (1) fines of $100 million ($50 million to the State of New York and $50 million to the other state regulatory agencies); (2) an estimated contingent loss of $425 million, recorded at the time of the announcement, reflecting the estimated difference between the fair value and par value of the securities to be purchased; and (3) an incremental loss of $187 million due to the decline in value of these ARS since the time of announcement (mainly due to the widening spreads on municipal obligations).

The securities Citigroup will be purchasing under this agreement have an estimated notional value of $6.2 billion, consisting of $4.2 billion of Preferred Share ARS, $1.8 billion of Municipal ARS and $0.2 billion of Student Loan ARS. The pretax losses of $712 million have been divided equally between *S&B* and GWM, both in *North America*.

Write-Downs on Structured Investment Vehicles (SIVs)

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During the third quarter of 2008, Citigroup wrote down $2.0 billion on SIV assets, bringing the year-to-date write-downs to $2.2 billion. Citigroup increased its mezzanine financing to $4.5 billion, reflecting an increase of $1.0 billion from the original $3.5 billion financing. This additional mezzanine financing was funded subsequent to September 30, 2008. The total SIV assets as of September 30, 2008 and June 30, 2008 were approximately $27.5 billion and $34.8 billion, respectively. See "Structured Investment Vehicles" on page 74 for a further discussion.

Write-downs on Alt-A Mortgage Securities in S&B

During the third quarter of 2008, Citigroup recorded additional pretax losses of approximately $1.2 billion, net of hedges, on Alt-A mortgage securities held in *S&B*, bringing the year-to-date net loss to $2.5 billion. For these purposes, Alt-A mortgage securities are non-agency residential mortgage-backed securities (RMBS) where: (1) the underlying collateral has weighted average FICO scores between 680 and 720, or (2) for instances where FICO scores are greater than 720, RMBS have 30% or less of the underlying collateral composed of full documentation loans.

The Company had $13.6 billion in Alt-A mortgage securities carried at fair value at September 30, 2008, which decreased from $16.4 billion at June 30, 2008. Of the $13.6 billion, $3.4 billion were classified as Trading assets, of which $573 million of fair value write-downs, net of hedging, were recorded in earnings, and $10.2 billion were classified as available-for-sale investments, on which $580 million of write-downs were recorded in earnings due to other-than-temporary impairments. In addition, an incremental $1.5 billion of pretax fair value unrealized losses were recorded in Accumulated Other Comprehensive Income (OCI).

Write-Downs on Monoline Insurers

During the third quarter of 2008, Citigroup recorded pretax write-downs of credit value adjustments (CVA) of $919 million on its exposure to monoline insurers, bringing the year-to-date write-downs to $4.8 billion. CVA is calculated by applying the counterparty's current credit spread to the expected exposure on the trade. The majority of the exposure relates to hedges on super senior positions that were executed

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with various monoline insurance companies. See "Direct Exposure to Monolines" on page 38 for a further discussion.

Write-Downs on Highly Leveraged Loans and Financing Commitments

Due to the continued dislocation of the credit markets and the reduced market interest in higher risk/higher yield instruments that began during the second half of 2007, liquidity in the market for highly leveraged financings is very limited. This has resulted in the Company's recording additional pretax write-downs of $792 million on funded and unfunded highly leveraged finance exposures, bringing the total year-to-date write-downs to $4.3 billion.

Citigroup's exposure to highly leveraged financings totaled $23 billion at September 30, 2008 ($10 billion in funded and $13 billion in unfunded commitments), reflecting a decrease of $1 billion from June 30, 2008. See "Highly Leveraged Financing Commitments" on page 78 for further discussion.

Write-Downs on Commercial Real Estate Exposures

S&B's commercial real estate exposure can be split into three categories: assets held at fair value, loans and commitments, and equity and other investments. For assets that are held at fair value, Citigroup recorded an additional $518 million of fair value write-downs on these exposures, net of hedges, during the third quarter of 2008 on commercial real estate exposure, bringing the year-to-date fair value write-downs to $1.6 billion. See "Exposure to Commercial Real Estate" on page 37 for a further discussion.

Write-Downs on Subprime-Related Direct Exposures

During the third quarter of 2008, *S&B* recorded losses of $394 million pretax, net of hedges, on its subprime-related direct exposures, bringing the total losses year-to-date to $9.7 billion. The Company's remaining $19.6 billion in U.S. subprime net direct exposure in S&B at September 30, 2008 consisted of (a) approximately $16.3 billion of net exposures to the super senior tranches of collateralized debt obligations, which are collateralized by asset-backed securities, derivatives on asset-backed securities or both and (b) approximately $3.3 billion of subprime-related exposures in its lending and structuring business. See "Exposure to U.S. Real Estate" on page 34 for a further discussion of such exposures and the associated losses recorded during the third quarter of 2008.

Losses on Auction Rate Securities (ARS)

As of September 30, 2008, ARS classified as Trading assets totaled $5.2 billion compared to $5.6 billion as of June 30, 2008. A significant majority are ARS where the underlying assets are student loans, while the remainder are ARS where the underlying assets are U.S. municipal securities as well as various other assets.

During the third quarter of 2008, *S&B* recorded $166 million in pretax losses in Principal transactions, primarily due to widening spreads and reduced liquidity in the market. The total year-to-date net losses on ARS positions was $1.4 billion, a significant majority of which relates to ARS where student loans are the underlying assets.

Credit Reserves

During the third quarter of 2008, the Company recorded a net build of $3.9 billion to its credit reserves. The build consisted of $3.2 billion in Consumer ($2.3 billion in *North America* and $855 million in regions outside of *North America*), $612 million in ICG and $64 million in GWM.

The $2.3 billion build in *North America Consumer* primarily reflected a weakening of leading credit indicators, including higher delinquencies on first mortgages, unsecured personal loans, credit cards and auto loans. Reserves also increased due to trends in the U.S. macroeconomic environment, including the housing market downturn and rising unemployment rates.

The $855 million build in regions outside of *North America* was primarily driven by deterioration in Mexico, Brazil and *EMEA* cards, and India Consumer Banking.

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The build of $612 million in ICG primarily reflected loan loss reserves for specific counterparties, as well as a weakening in credit quality in the corporate loan portfolio.

As the environment for consumer credit continues to deteriorate, the Company has taken many actions to manage risks such as tightening underwriting criteria and reducing credit lines. However, credit card losses may continue to rise well into 2009, and it is possible that the Company's loss rates may exceed their historical peaks.

The total allowance for loan losses and unfunded lending commitments totaled $25.0 billion at September 30, 2008.

Repositioning Charges

In the third quarter of 2008, Citigroup recorded repositioning charges of $459 million pretax related to Citigroup's ongoing reengineering plans, which will result in certain branch closings and headcount reductions of approximately 6,300 employees. The year-to-date repositioning charges equal $1.6 billion. Direct staff at September 30, 2008 was approximately 352,000, a decrease of approximately 11,000 from June 30, 2008.

Sale of CitiCapital

On July 31, 2008, Citigroup sold CitiCapital, the equipment finance unit in *North America*. A pre-tax loss of $517 million was recorded in the second quarter of 2008 in Discontinued Operations on the Company's Consolidated Statement of Income and was reduced by approximately $9 million in the third quarter for various closing adjustments. Approximately $4 million of net income related to CitiCapital was recorded in the third quarter of 2008. In addition, the income statement results of all CitiCapital businesses have been reported as Discontinued Operations for all periods presented.

Sale of CitiStreet

In the third quarter of 2008, Citigroup and State Street Corporation completed the sale of CitiStreet, a benefits servicing business, to ING Group in an all-cash transaction valued at $900 million. CitiStreet is a joint venture formed in 2000, which, prior to the sale, was owned 50 percent each by Citigroup and State Street. The transaction closed on July 1, 2008 and generated an after-tax gain of $222 million ($347 million pretax) that was recorded in GWM.

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Sale of Citigroup's German Retail Banking Operation

On July 11, 2008, Citigroup announced the agreement to sell its German retail banking operations to Credit Mutuel for Euro 4.9 billion in cash plus the German retail banks operating net earnings accrued in 2008 through the closing. The transaction is expected to result in an after-tax gain of approximately $4 billion. The sale does not include the corporate and investment banking business or the Germany-based European data center. The sale is expected to close in the fourth quarter of 2008 pending regulatory approvals.

The German retail banking operations generated total revenue of $1.7 billion and $1.6 billion, and pretax earnings of $521 million and $398 million for the nine months ended September 30, 2008 and 2007, respectively. These results are reported in Discontinued operations on the Company's Consolidated Statement of Income. In addition to these results, there was a $330 million pre-tax foreign exchange gain realized during the third quarter of 2008 from hedging the sale proceeds, which are denominated in Euros, and a tax benefit of $279 million that arose as a result of this sale. Including these two items, total revenue and after-tax income from discontinued operations for the nine months ended September 30, 2008 was $2.0 billion and $829 million, respectively. Furthermore, the assets and liabilities as of September 30, 2008 of the German retail banking operations to be sold are included within Assets of discontinued operations held for sale, and liabilities of discontinued operations held for sale, respectively, on the Company's Consolidated Balance Sheet.

Sale of Citigroup's Interest in Citigroup Global Services Limited

On October 8, 2008, Citigroup announced an agreement with Tata Consultancy Services Limited (TCS) to sell all of Citigroup's interest in Citigroup Global Services Limited (CGSL) for all cash consideration of approximately $505 million, subject to closing adjustments. CGSL is the Citigroup captive provider of business process outsourcing services solely within the Banking and Financial Services sector.

In addition to the sale, Citigroup signed an agreement for TCS to provide, through CGSL, process outsourcing services to Citigroup and its affiliates in an aggregate amount of $2.5 billion over a period of 9.5 years. The agreement builds upon the existing relationship between Citigroup and TCS, whereby TCS provides application development, infrastructure support, help desk and other process outsourcing services to Citigroup. CGSL generated for the full year 2007 approximately $212 million of revenues and pretax earnings of approximately $37 million. CGSL does not qualify as a discontinued operation due to the continued involvement of Citigroup.

The transaction is expected to close in the fourth quarter of 2008 pending regulatory approvals and required consents.

Lehman Brothers Holding, Inc. Bankruptcy

On September 15, 2008, Lehman Brothers Holding, Inc. ("LBHI", and, together with its subsidiaries, "Lehman") filed for Chapter 11 bankruptcy in U.S. Federal Court. A number of LBHI subsidiaries have subsequently filed bankruptcy or similar insolvency proceedings in the U.S. and other jurisdictions. Lehman's bankruptcy caused Citigroup to terminate cash management and foreign exchange clearance arrangements, close out approximately 40,000 Lehman foreign exchange, derivative and other transactions and quantify other exposures. Citigroup expects to file claims in the relevant Lehman bankruptcy proceedings, as appropriate. Citigroup's net exposure, after application of available collateral and offsets, is expected to be modest.

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SEGMENT AND REGIONAL−NET INCOME (LOSS) AND REVENUE

The following tables present net income (loss) and revenues for Citigroup's businesses on a segment view and on a regional view:

Citigroup Net Income (Loss)−Segment View

In millions of dollars	Third Quarter 2008	Third Quarter 2007	% Change	Nine Months 2008	Nine Months 2007	% Change
Global Cards						
North America	**$ (873)**	$ 808	NM	**$ (158)**	$ 2,391	NM
EMEA	**(25)**	30	NM	**21**	112	(81)%
Latin America	**(36)**	563	NM	**645**	982	(34)
Asia	**32**	41	(22)%	**268**	255	5
Total Global Cards	**$ (902)**	$1,442	NM	**$ 776**	$ 3,740	(79)%
Consumer Banking						
North America	**$(1,080)**	$ 59	NM	**$ (2,364)**	$ 1,700	NM
EMEA	**(94)**	(28)	NM	**(242)**	(58)	NM
Latin America	**29**	102	(72)%	**376**	454	(17)%
Asia	**46**	23	100	**355**	639	(44)
Total Consumer Banking	**$(1,099)**	$ 156	NM	**$ (1,875)**	$ 2,735	NM
Institutional Clients Group (ICG)						
North America	**$(2,950)**	$ (720)	NM	**$(11,758)**	$ 2,002	NM

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EMEA	**104**	(26)	NM	**(1,127)**	1,472	NM
Latin America	**271**	407	(33)%	**1,055**	1,164	(9)%
Asia	**558**	606	(8)	**1,412**	1,930	(27)
Total ICG	**$(2,017)**	$ 267	NM	**$(10,418)**	$ 6,568	NM
Global Wealth Management (GWM)						
North America	**$ 264**	$ 334	(21)%	**$ 738**	$ 1,029	(28)%
EMEA	**24**	4	NM	**70**	57	23
Latin America	**16**	12	33	**57**	56	2
Asia	**59**	140	(58)	**197**	308	(36)
Total GWM	**$ 363**	$ 490	(26)%	**$ 1,062**	$ 1,450	(27)%
Corporate/Other(1)	**$ 232**	$ (246)	NM	**$ (533)**	$ (1,473)	64%
Income (Loss) from Continuing Operations	**$(3,423)**	$2,109	NM	**$(10,988)**	$13,020	NM
Discontinued Operations	**$ 608**	$ 103		**$ 567**	$ 430	
Net Income (Loss)	**$(2,815)**	$2,212	NM	**$(10,421)**	$13,450	NM

(1) The nine months ending September 30, 2007 include a $1,475 million Restructuring charge related to the Company's Structural Expense Initiatives project announced on April 11, 2007.

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Citigroup Net Income (Loss)−Regional View

In millions of dollars	Third Quarter 2008	Third Quarter 2007	% Change	Nine Months 2008	Nine Months 2007	% Change
North America						
Global Cards	**$ (873)**	$ 808	NM	**$ (158)**	$ 2,391	NM
Consumer Banking	**(1,080)**	59	NM	**(2,364)**	1,700	NM
ICG	**(2,950)**	(720)	NM	**(11,758)**	2,002	NM
Securities & Banking	**(3,037)**	(780)	NM	**(11,975)**	1,856	NM
Transaction Services	**87**	60	45%	**217**	146	49%
GWM	**264**	334	(21)	**738**	1,029	(28)
Total *North America*	**$(4,639)**	$ 481	NM	**$(13,542)**	$ 7,122	NM
EMEA						
Global Cards	**$ (25)**	$ 30	NM	**$ 21**	$ 112	(81)%
Consumer Banking	**(94)**	(28)	NM	**(242)**	(58)	NM
ICG	**104**	(26)	NM	**(1,127)**	1,472	NM
Securities & Banking	**(175)**	(205)	15%	**(1,866)**	970	NM
Transaction Services	**279**	179	56	**739**	502	47
GWM	**24**	4	NM	**70**	57	23

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Total *EMEA*	**$ 9**	$ (20)	NM	**$ (1,278)**	$ 1,583	NM
Latin America						
Global Cards	**$ (36)**	$ 563	NM	**$ 645**	$ 982	(34)%
Consumer Banking	**29**	102	(72)%	**376**	454	(17)
ICG	**271**	407	(33)	**1,055**	1,164	(9)
Securities & Banking	**126**	297	(58)	**636**	887	(28)
Transaction Services	**145**	110	32	**419**	277	51
GWM	**16**	12	33	**57**	56	2
Total *Latin America*	**$ 280**	$1,084	(74)%	**$ 2,133**	$ 2,656	(20)%
Asia						
Global Cards	**$ 32**	$ 41	(22)%	**$ 268**	$ 255	5%
Consumer Banking	**46**	23	100	**355**	639	(44)
ICG	**558**	606	(8)	**1,412**	1,930	(27)
Securities & Banking	**252**	364	(31)	**537**	1,300	(59)
Transaction Services	**306**	242	26	**875**	630	39
GWM	**59**	140	(58)	**197**	308	(36)
Total *Asia*	**$ 695**	$ 810	(14)%	**$ 2,232**	$ 3,132	(29)%

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Corporate/Other	**232**	(246)	NM	**(533)**	(1,473)	64%
Income (Loss) from Continuing Operations	**$(3,423)**	$2,109	NM	**$(10,988)**	$13,020	NM
Income (Loss) from Discontinued Operations	**$ 608**	$ 103		**$ 567**	$ 430	
Net Income (Loss)	**$(2,815)**	$2,212	NM	**$(10,421)**	$13,450	NM

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Citigroup Revenues−Segment View

In millions of dollars	Third Quarter 2008	Third Quarter 2007	% Change	Nine Months 2008	Nine Months 2007	% Change
Global Cards						
North America	**$ 1,388**	$ 3,510	(60)%	**$ 7,659**	$10,215	(25)%
EMEA	**593**	566	5	**1,789**	1,390	29
Latin America	**1,143**	1,728	(34)	**4,148**	3,585	16
Asia	**665**	538	24	**1,999**	1,582	26
Total Global Cards	**$ 3,789**	$ 6,342	(40)%	**$ 15,595**	$16,772	(7)%
Consumer Banking						
North America	**$ 4,414**	$ 4,164	6%	**$ 13,023**	$12,446	5%
EMEA	**622**	625	−	**2,084**	1,788	17
Latin America	**1,015**	1,071	(5)	**3,101**	3,013	3
Asia	**1,378**	1,442	(4)	**4,367**	4,375	−
Total Consumer Banking	**$ 7,429**	$ 7,302	2%	**$ 22,575**	$21,622	4%
Institutional Clients Group (ICG)						
North America	**$ (2,165)**	$ 110	NM	**$(11,737)**	$ 8,381	NM
EMEA	**1,913**	1,398	37%	**3,786**	7,218	(48)%

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Latin America	**828**	1,103	(25)	**2,915**	3,053	(5)
Asia	**1,817**	2,006	(9)	**5,410**	5,879	(8)
Total ICG	**$ 2,393**	$ 4,617	(48)%	**$ 374**	$24,531	(98)%
Global Wealth Management (GWM)						
North America	**$ 2,317**	$ 2,455	(6)%	**$ 7,120**	$ 7,281	(2)%
EMEA	**147**	139	6	**470**	384	22
Latin America	**92**	92	–	**294**	275	7
Asia	**608**	833	(27)	**1,874**	1,594	18
Total GWM	**$ 3,164**	$ 3,519	(10)%	**$ 9,758**	$ 9,534	2%
Corporate/Other	**(95)**	(140)	32	**(1,104)**	(383)	NM
Total Net Revenues	**$16,680**	$21,640	(23)%	**$ 47,198**	$72,076	(35)%

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Citigroup Revenues−Regional View

In millions of dollars	Third Quarter 2008	Third Quarter 2007	% Change	Nine Months 2008	Nine Months 2007	% Change
North America						
Global Cards	**$ 1,388**	$ 3,510	(60)%	**$ 7,659**	$10,215	(25)%
Consumer Banking	**4,414**	4,164	6	**13,023**	12,446	5
ICG	**(2,165)**	110	NM	**(11,737)**	8,381	NM
Securities & Banking	**(2,693)**	(336)	NM	**(13,254)**	7,226	NM
Transaction Services	**528**	446	18	**1,517**	1,155	31
GWM	**2,317**	2,455	(6)	**7,120**	7,281	(2)
Total *North America*	**$ 5,954**	$10,239	(42)%	**$ 16,065**	$38,323	(58)%
EMEA						
Global Cards	**$ 593**	$ 566	5%	**$ 1,789**	$ 1,390	29%
Consumer Banking	**622**	625	−	**2,084**	1,788	17
ICG	**1,913**	1,398	37	**3,786**	7,218	(48)
Securities & Banking	**1,043**	674	55	**1,234**	5,216	(76)
Transaction Services	**870**	724	20	**2,552**	2,002	27
GWM	**147**	139	6	**470**	384	22

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Total *EMEA*	**$ 3,275**	$ 2,728	20%	**$ 8,129**	$10,780	(25)%
Latin America						
Global Cards	**$ 1,143**	$ 1,728	(34)%	**$ 4,148**	$ 3,585	16%
Consumer Banking	**1,015**	1,071	(5)	**3,101**	3,013	3
ICG	**828**	1,103	(25)	**2,915**	3,053	(5)
Securities & Banking	**463**	812	(43)	**1,850**	2,266	(18)
Transaction Services	**365**	291	25	**1,065**	787	35
GWM	**92**	92	–	**294**	275	7
Total *Latin America*	**$ 3,078**	$ 3,994	(23)%	**$ 10,458**	$ 9,926	5%
Asia						
Global Cards	**$ 665**	$ 538	24%	**$ 1,999**	$ 1,582	26%
Consumer Banking	**1,378**	1,442	(4)	**4,367**	4,375	–
ICG	**1,817**	2,006	(9)	**5,410**	5,879	(8)
Securities & Banking	**1,106**	1,398	(21)	**3,323**	4,257	(22)
Transaction Services	**711**	608	17	**2,087**	1,622	29
GWM	**608**	833	(27)	**1,874**	1,594	18
Total *Asia*	**$ 4,468**	$ 4,819	(7)%	**$ 13,650**	$13,430	2%

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Corporate/Other	**(95)**	(140)	32%	**(1,104)**	(383)	NM
Total Net Revenue	**$16,680**	$21,640	(23)%	**$ 47,198**	$72,076	(35)%

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GLOBAL CARDS

In millions of dollars	Third Quarter 2008	Third Quarter 2007	% Change	Nine Months 2008	Nine Months 2007	% Change
Net interest revenue	**$ 2,884**	$2,723	6%	**$ 8,588**	$ 7,674	12%
Non-interest revenue	**905**	3,619	(75)	**7,007**	9,098	(23)
Revenues, net of interest expense	**$ 3,789**	$6,342	(40)%	**$15,595**	$16,772	(7)%
Operating expenses	**2,595**	2,610	(1)	**7,900**	7,489	5
Provision for credit losses and for benefits and claims	**2,672**	1,568	70	**6,582**	3,730	76
Income (loss) before taxes and minority interest	**$(1,478)**	$2,164	NM	**$ 1,113**	$ 5,553	(80)%
Income taxes (benefits)	**(579)**	719	NM	**327**	1,806	(82)
Minority interest, net of taxes	**3**	3	–	**10**	7	43
Net income (loss)	**$ (902)**	$1,442	NM	**$ 776**	$ 3,740	(79)%
Average assets *(in billions of dollars)*	**$ 119**	$ 113	5%	**$ 122**	$ 109	12%
Return on assets	**(3.02)%**	5.06%		**0.85%**	4.59%	
Revenues, net of interest expense, by region:						
North America	**$ 1,388**	$3,510	(60)%	**$ 7,659**	$10,215	(25)%
EMEA	**593**	566	5	**1,789**	1,390	29
Latin America	**1,143**	1,728	(34)	**4,148**	3,585	16

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Asia	**665**	538	24	**1,999**	1,582	26
Total revenues	**$ 3,789**	$6,342	(40)%	**$15,595**	$16,772	(7)%
Net income (loss) by region:						
North America	**$ (873)**	$ 808	NM	**$ (158)**	$ 2,391	NM
EMEA	**(25)**	30	NM	**21**	112	(81)%
Latin America	**(36)**	563	NM	**645**	982	(34)
Asia	**32**	41	(22)%	**268**	255	5
Total net income (loss)	**$ (902)**	$1,442	NM	**$ 776**	$ 3,740	(79)%
Key Drivers *(in billions of dollars)*						
Average loans	**$ 89.9**	$ 82.6	9%			
Purchase sales	**$ 111.1**	$110.6	–			
Open accounts *(in millions)*	**182.7**	184.0	(1)			
Loans 90+ days past due as a % of EOP loans	**2.39%**	2.02%				

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3Q08 vs. 3Q07

Global Cards revenue decreased 40%. Net Interest Revenue was 6% higher than the prior year primarily driven by growth in average loans of 9%. Non-Interest Revenue decreased 75% primarily due to lower securitization results in *North America* and the absence of a prior-year $729 million pretax gain on sale of Redecard shares.

In *North America*, a 60% revenue decline was mainly due to lower securitization revenue which was driven primarily by a write-down of $1.4 billion in the residual interest in securitized balances. The residual interest was primarily affected by deterioration in the projected credit loss assumption used to value the asset.

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Outside of *North America*, revenue decreased by 15% primarily due to the absence of a prior-year gain on sale of Redecard shares. Excluding this item, revenue increased 14% with 5% growth in *EMEA*, 14% in *Latin America* and 24% in *Asia*. These increases were driven by growth in purchase sales and average loans in all regions. Revenues also increased driven by foreign currency translation gains related to the strengthening of local currencies (generally referred to hereinafter as "fx translation") and the Bank of Overseas Chinese acquisition.

Operating expenses decreased 1%, primarily due to lower compensation and marketing expenses, partially offset by business volumes, higher credit management costs and repositioning charges, fx translation and acquisitions.

Provision for credit losses and for benefits and claims increased $1.1 billion, reflecting increases of $543 million in net credit losses and $566 million in loan loss reserve builds. In *North America*, credit costs increased $620 million, driven by higher net credit losses, up $311 million or 68%, and a higher loan loss reserve build, up $309 million. The net charge to increase loan loss reserves included $243 million related to assets that were brought back on to the balance sheet due to rate and liquidity disruptions in the securitization market. Higher credit costs reflected a weakening of leading credit indicators, trends in the macroeconomic environment, including the housing market downturn, higher fuel costs, rising unemployment trends, and higher bankruptcy filings, as the continued acceleration in the rate at which delinquent customers advanced to write-off, a net charge to increase loan loss reserves related to an increase in reported receivables as maturing securitizations resulted in on-balance sheet funding, and also reflected higher business volumes. The net credit loss ratio increased by 293 basis points to 7.30%.

Outside of *North America*, credit costs increased by $79 million, $303 million, and $107 million in *EMEA*, *Latin*

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America, and *Asia*, respectively. These increases were driven by higher net credit losses, which were up $5 million, $185 million, and $42 million in *EMEA*, *Latin America*, and *Asia*, respectively. Higher net credit losses were driven by Mexico, Brazil, and India. Also contributing to the increase were higher loan loss reserve builds, which were up $74 million, $118 million, and $65 million in *EMEA*, *Latin America*, and *Asia*, respectively, as well as higher business volumes.

2008 YTD vs. 2007 YTD

Global Cards revenue decreased 7%. Net Interest Revenue was 12% higher than the prior year primarily driven by growth in average loans of 16% and purchase sales of 6%. Non-Interest Revenue decreased by 23% primarily due to lower securitization results in *North America*. Results were also impacted by the following pre-tax gains: sale of Mastercard shares in the first, second and third quarters of 2007 totaling $322 million, sales of Redecard shares $729 million in the third quarter of 2007 and $663 million in the first quarter of 2008, IPO and subsequent sales of Visa shares in the first and third quarter of 2008 totaling $523 million, Upromise Cards portfolio sale in the second quarter of 2008 of $170 million and DCI sale of $111 million in the second quarter of 2008.

In *North America*, a 25% revenue decline was driven by lower securitization revenues, which reflected the impact of higher funding costs and higher credit losses in the securitization trusts, the absence of a $257 million prior year gain on sale of Mastercard shares, partially offset by a current period gain from sale of Visa shares, the Upromise Cards portfolio sale, and the DCI sale resulting in pre-tax gains of $349 million, $170 million and $29 million, respectively. Average loans were up 2% while purchase sales remained flat.

Outside of *North America*, revenues increased by 29%, 16%, and 26% in *EMEA*, *Latin America*, and *Asia*, respectively. These increases were driven by double-digit growth in purchase sales and average loans in all regions. The pretax gain on sale of DCI in the second quarter of 2008 impacted *EMEA*, *Latin America*, and *Asia* by $34 million, $17 million, and $31 million, respectively. The pretax gain on sale of Visa shares in the first and third quarters of 2008 impacted *Latin America* and *Asia* by $37 million and $138 million, respectively. Current-year revenues were unfavorably impacted by a $66 million pretax lower gain on sales of Redecard shares in *Latin America* and the absence of the prior-year pretax gain on sale of MasterCard shares of $7 million, $37 million and $21 million for *EMEA*, *Latin America* and *Asia*, respectively. Results include the impact of fx translation, as well as the acquisitions of Egg, Grupo Financiero Uno, Grupo Cuscatlán, and Bank of Overseas Chinese.

Operating expenses increased 5%, primarily due to business volumes, higher credit management costs, the impact of acquisitions, repositioning charges and the impact of fx translation. These increases were partially offset by a $159 million Visa Litigation reserve release and $36 million legal vehicle restructuring in Mexico, both in the first quarter of 2008.

Provision for credit losses and for benefits and claims increased $2.9 billion reflecting an increase of $1.5 billion in net credit losses and $1.4 billion in loan loss reserve builds. In *North America*, credit costs increased $1.4 billion, driven by higher net credit losses, up $674 million or 48%, and a higher loan loss reserve build, up $764 million. Higher credit costs reflected a weakening of leading credit indicators, trends in the macro-economic environment, including the housing market downturn, higher fuel costs, rising unemployment trends, higher bankruptcy filings, the continued acceleration in the rate at which delinquent customers advanced to write-off a net charge to increase loan loss reserves related to an increase in reported receivables as maturing securitizations resulted in on-balance sheet funding, and also reflected higher business volumes.

Outside of *North America*, credit costs increased by $277 million, $894 million, and $237 million in *EMEA*, *Latin America*, and *Asia*, respectively. These increases were driven by higher net credit losses, which were up $170 million, $542 million, and $105 million in *EMEA*, *Latin America*, and *Asia*, respectively. Higher net credit losses were driven by Mexico, Brazil, and India, as well as the impact of acquisitions. Also contributing to the increase were higher loan loss reserve builds, which were up $107 million, $352 million, and $132 million in *EMEA*, *Latin America*, and *Asia*, respectively, and higher business volumes.

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CONSUMER BANKING

In millions of dollars	Third Quarter 2008	Third Quarter 2007	% Change	Nine Months 2008	Nine Months 2007	% Change
Net interest revenue	**$ 5,709**	$5,258	9%	**$17,139**	$15,457	11%
Non-interest revenue	**1,720**	2,044	(16)	**5,436**	6,165	(12)
Revenues, net of interest expense	**$ 7,429**	$7,302	2%	**$22,575**	$21,622	4%
Operating expenses	**4,188**	4,270	(2)	**12,939**	12,054	7
Provision for credit losses and for benefits and claims	**5,333**	3,005	77	**13,391**	5,928	NM
Income (loss) before taxes and minority interest	**$(2,092)**	$ 27	NM	**$ (3,755)**	$ 3,640	NM
Income taxes (benefits)	**(996)**	(136)	NM	**(1,894)**	872	NM
Minority interest, net of taxes	**3**	7	(57)%	**14**	33	(58)%
Net income (loss)	**$(1,099)**	$ 156	NM	**$ (1,875)**	$ 2,735	NM
Average assets *(in billions of dollars)*	**$ 542**	$ 576	(6)%	**$ 560**	$ 573	(2)%
Return on assets	**(0.81)%**	0.11%		**(0.45)%**	0.64%	
Revenues, net of interest expense, by region:						
North America	**$ 4,414**	$4,164	6%	**$13,023**	$12,446	5%
EMEA	**622**	625	–	**2,084**	1,788	17
Latin America	**1,015**	1,071	(5)	**3,101**	3,013	3

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Asia	**1,378**	1,442	(4)	**4,367**	4,375	–
Total revenues	**$ 7,429**	$7,302	2%	**$22,575**	$21,622	4%
Net income (loss) by region:						
North America	**$(1,080)**	$ 59	NM	**$ (2,364)**	$ 1,700	NM
EMEA	**(94)**	(28)	NM	**(242)**	(58)	NM
Latin America	**29**	102	(72)	**376**	454	(17)
Asia	**46**	23	100	**355**	639	(44)
Total net income (loss)	**$(1,099)**	$ 156	NM	**$ (1,875)**	$ 2,735	NM
Consumer Finance Japan (CFJ)−NIR	**$ 224**	$ 263	(15)%	**$ 661**	$ 1,022	(35)%
Consumer Banking, excluding CFJ−NIR	**$ 5,485**	$4,995	10%	**$16,478**	$14,435	14%
CFJ−Operating expenses	**$ 84**	$ 251	(67)%	**$ 280**	$ 479	(42)%
Consumer Banking, excluding CFJ-operating expenses	**$ 4,104**	$4,019	2%	**$12,659**	$11,575	9%
CFJ−Net income	**$ (159)**	$ (298)	47	**$ (399)**	$ (336)	(19)
Consumer Banking, excluding CFJ−Net income (loss)	**$ (940)**	$ 454	NM	**$ (1,476)**	$ 3,071	NM
Key Indicators						
Average loans *(in billions)*	**$ 390.7**	$386.0	1%			
Average deposits *(in billions)*	**$ 286.8**	$283.1	1			

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Accounts *(in millions)*	**80.0**	76.6	4
Loans 90+ days past due as % of EOP loans	**2.86%**	1.69%	
Branches	**7,875**	8,014	(2)

NM Not meaningful

3Q08 vs 3Q07

Consumer Banking revenues grew 2%, as increased revenues in *North America* were partially offset by declines in *Latin America* and *Asia*. *Net Interest Revenue* was 9% higher than the prior year from spread expansion and growth in average loans and deposits of 1%. *Non-Interest Revenue* declined 16%, primarily due to a 26% decline in investment sales and a $192 million loss resulting from the mark-to-market on the Mortage Servicing Rights (MSR) asset and related hedge in *North America*. Current and historical German Retail Banking operations income statement items have been reclassified as discontinued operations within the Corporate/Other Segment.

In *North America*, revenues increased 6%. *Net Interest Revenue* was 13% higher than the prior-year period, primarily driven by volume growth in personal loans, as well as increased deposit revenue. Average loans and deposits were essentially flat with the prior-year period, with a reduction in residential real estate loans offset by growth in personal loans. *Non-Interest Revenue* declined 14%, mainly due to a $192 million loss from the mark-to-market on the MSR asset and related hedge. Revenues in *EMEA* remained flat as growth in average loans of 5% was offset by softening investment sales

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revenues due to market volatility. Revenues in *Latin America* were down 5% versus last year driven by spread compression not fully offset by average loan and deposit growth of 15% and 5%, respectively. *Asia,* excluding CFJ, revenues declined 2%, as growth in average loans and deposits, up 8% and 4%, respectively, was more than offset by a decline in investment sales, down 56%, due to a decline in equity markets across *Asia*. In CFJ, revenues declined 15%, reflecting an 8% decline in average loans as the portfolio continues to be managed down.

Consumer Banking *Operating Expenses* declined 2%, as benefits from re-engineering efforts more than offset the impact of acquisitions and higher credit management costs. Expenses in the third quarter of 2007 included a $152 million write-down of customer intangibles and fixed assets in CFJ expenses in the third quarter of 2008 included a $150 million repositioning charge.

North America expenses increased 2%, mainly due to an $87 million repositioning charge, higher credit management expenses and acquisitions, partially offset by lower compensation costs. *EMEA* expenses were essentially even with the prior-year period. Expenses in *Latin America* increased 5%, primarily driven by a $61 million repositioning charge and higher business volumes. *Asia* expenses declined 19%, primarily due to a $152 million write-down of customer intangibles and fixed assets recorded in the prior-year period.

Provisions for credit losses and for benefits and claims increased 77% or $2.3 billion reflecting significantly higher net credit losses up $1.6 billion, primarily in *North America* and *Latin America*, as well as a $739 million incremental pretax charge to increase loan loss reserves in *North America*.

North America credit costs increased $2.2 billion, due to higher net credit losses, up $1.4 billion, and increased loan loss reserves, up $739 million from the prior-year period. Higher credit costs were mainly driven by residential real estate loans and reflected a weakening of leading credit indicators, as well as trends in the macro-economic environment. The net credit loss ratio increased 194 basis points to 2.95%. Credit costs increased 45% in *EMEA*, reflecting higher net credit losses, up 55% or $67 million, and an $18 million incremental net charge to increase loan loss reserves. Higher credit costs reflected weakening in the macro-economic environment in certain developed countries, such as Spain and the U.K.. The net credit loss ratio increased 96 basis points to 2.95% with some impact due to lower volumes. Credit costs in *Latin America* increased 15%, as higher net credit losses, up $94 million, reflected deterioration in Mexico, Brazil and Colombia. The increase in credit costs was partially offset by a $13 million net release to loan loss reserves in the quarter, mainly due to reduced exposures to specific government-related entities. The net credit loss ratio increased 202 basis points to 4.53%. Credit costs in *Asia* increased 8%, driven by higher net credit losses, up 13% or $54 million. Higher credit costs were mainly driven by continued deterioration in the credit environment in India, where the business is being actively repositioned to reduce costs and mitigate losses. The net credit loss ratio increased 23 basis points to 3.23%.

2008 YTD vs. 2007 YTD

Consumer Banking revenue increased 4%. *Net Interest Revenue* was 11% higher than the prior year, as growth of 8% in average loans and 8% in deposits and margin expansion was partially offset by a 35% *net interest revenue* decline in CFJ. Acquisitions and fx translation also contributed to the increase in revenues. *Non-Interest Revenue* declined 12%, primarily due to a 20% decline in investment sales and a loss from the mark-to-market on the MSR asset and related hedge in *North America*.

In *North America*, revenues increased 5%. *Net Interest Revenue* was 14% higher than the prior year, primarily due to increased average loans and deposits, up 6% and 2%, respectively, margin expansion in residential real estate loans, and higher deposit revenue. *Non-Interest Revenue* declined 19%, mainly due to a loss from the mark-to-market on the MSR asset and related hedge. Excluding the impact from the MSR asset and related hedge, total revenues increased 12%. Revenues in *EMEA* increased by 17%, driven by strong growth in average loans and deposits, improved net interest margin and the impact of the Egg acquisition. Revenues in *Latin America* were up 3%, driven by 21% growth in average loans and 11% growth in deposits (including the impact of acquisitions of Grupo Financiero Uno and Grupo Cuscatlan), partially offset by spread compression and lower revenues from the Chile divestiture. *Asia* revenues were basically flat, as growth in average loans and deposits of 11% and 9%, respectively, was offset by a 34% total revenue decline in CFJ and lower investment sales. Excluding CFJ, revenues increased 6%. Volume growth in *EMEA, Latin America* and *Asia* was partially offset by a double-digit decline in investment sales due to a decline in equity markets across the regions.

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Operating expense growth of 7% was primarily driven by higher business volumes, increased credit management costs, a $492 million repositioning charge, and acquisitions, partially offset by a $221 million benefit related to a legal vehicle repositioning in Mexico, lower incentive compensation expenses and the prior year write-down of customer intangibles and fixed assets in CFJ.

Expenses were up 10% in *North America*, primarily driven by a $304 million repositioning charge, higher credit management expenses, and acquisitions. Excluding the repositioning charge, expenses increased 5%. *EMEA* expenses were up 17% primarily due to the impact of repositioning charges in 2008 and the impact of the Egg acquisition, partially offset by a decline in incentive compensation and the benefits from re-engineering efforts and fx translation. Expenses decreased 1% in *Latin America* primarily driven by a $221 million benefit related to a legal vehicle repositioning in Mexico, offset by acquisitions and volume growth. The 2% growth in *Asia* was primarily driven by the acquisition of BOOC and higher volumes.

Provisions for credit losses and for benefits and claims increased $7.5 billion, reflecting significantly higher net credit losses in *North America*, Mexico and India, as well as a $3.2 billion incremental pretax charge to increase loan loss reserves, primarily in *North America*. The impact of portfolio growth and acquisitions also contributed to the increase in credit costs.

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Credit costs in *North America* increased by $6.5 billion, due to higher net credit losses, up $3.5 billion, and a $3.0 billion incremental pre-tax charge to increase loan loss reserves. Higher credit costs reflected a weakening of leading credit indicators, including higher delinquencies in first and second mortgages, auto and unsecured personal loans, as well as trends in the macro-economic environment, including the housing market downturn. The net credit loss ratio increased 151 basis points to 2.42%. *EMEA* credit costs increased 53% reflecting deterioration in Western European countries as well as the Egg acquisition. In *Latin America*, credit costs increased $265 million, primarily due to higher net credit losses, the absence of recoveries in the prior-year period in Mexico and lower loan loss reserve builds. Credit costs in *Asia* increased 25% primarily driven by a $149 million incremental pretax charge to increase loan loss reserves, increased credit costs, especially in India, acquisitions and portfolio growth.

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INSTITUTIONAL CLIENTS GROUP (ICG)

In millions of dollars	Third Quarter 2008	Third Quarter 2007	% Change	Nine Months 2008	Nine Months 2007	% Change
Net interest revenue	**$ 4,450**	$3,374	32%	**$ 13,576**	$ 8,619	58%
Non-interest revenue	**(2,057)**	1,243	NM	**(13,202)**	15,912	NM
Revenues, net of interest expense	**$ 2,393**	$4,617	(48)%	**$ 374**	$24,531	(98)%
Operating expenses	**5,202**	4,463	17	**17,030**	15,203	12%
Provision for credit losses and for benefits and claims	**997**	238	NM	**1,920**	514	NM
Income (loss) before taxes and minority interest	**$(3,806)**	$ (84)	NM	**$(18,576)**	$ 8,814	NM
Income taxes (benefits)	**(1,690)**	(320)	NM	**(8,084)**	2,153	NM
Minority interest, net of taxes	**(99)**	(31)	NM	**(74)**	93	NM
Net income (loss)	**$(2,017)**	$ 267	NM	**$(10,418)**	$ 6,568	NM
Average assets *(in billions of dollars)*	**$ 1,203**	$1,434	(16)%	**$ 1,333**	$ 1,293	3%
Revenues, net of interest expense, by region:						
North America	**$(2,165)**	$ 110	NM	**$(11,737)**	$ 8,381	NM
EMEA	**1,913**	1,398	37%	**3,786**	7,218	(48)%
Latin America	**828**	1,103	(25)	**2,915**	3,053	(5)
Asia	**1,817**	2,006	(9)	**5,410**	5,879	(8)

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Total revenues	**$ 2,393**	$4,617	(48)%	**$ 374**	$24,531	(98)%
Net income (loss) by region:						
North America	**$(2,950)**	$ (720)	NM	**$(11,758)**	$ 2,002	NM
EMEA	**104**	(26)	NM	**(1,127)**	1,472	NM
Latin America	**271**	407	(33)%	**1,055**	1,164	(9)%
Asia	**558**	606	(8)	**1,412**	1,930	(27)
Total net income (loss)	**$(2,017)**	$ 267	NM	**$(10,418)**	$ 6,568	NM
Total net income (loss) by product:						
Securities and Banking	**$(2,834)**	$ (324)	NM	**$(12,668)**	$ 5,013	NM
Transaction Services	**817**	591	38%	**2,250**	1,555	45%
Total net income (loss)	**$(2,017)**	$ 267	NM	**$(10,418)**	$ 6,568	NM
Securities and Banking						
Revenue details						
Net Investment Banking	**$ 142**	$ 528	(73)%	**$ (1,072)**	$ 3,592	NM
Lending	**1,346**	439	NM	**2,025**	1,513	34%
Equity markets	**476**	1,033	(54)	**2,853**	4,098	(30)
Fixed income markets	**(2,412)**	733	NM	**(10,068)**	9,836	NM

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Other Securities and Banking	**367**	(185)	NM	**(585)**	(74)	NM
Total Securities and Banking Revenues	**$ (81)**	$2,548	NM	**$ (6,847)**	$18,965	NM
Transaction Services	**2,474**	2,069	20%	**7,221**	5,566	30%
Total revenues	**$ 2,393**	$4,617	(48)%	**$ 374**	$24,531	(98)%
Transaction Services						
Key Indicators						
Average deposits and other customer liability balances *(in billions)*	**$ 273**	$ 256	7%			
Assets under custody *(EOP in trillions)*	**$ 11.9**	$ 12.7	(6)%			

NM Not meaningful

3Q08 vs. 3Q07

Revenues, net of interest expense, were negative in *S&B* due to substantial write-downs and losses related to the fixed income and credit markets. These included write-downs of $2.0 billion on SIV assets, write-downs of $1.2 billion, net of hedges, on Alt-A mortgages, downward credit value adjustments of $919 million related to exposure to monoline insurers, write-downs of $792 million, net of underwriting fees, on funded and unfunded highly leveraged finance commitments, write-downs of $518 million on commercial real estate positions, and net write-downs of $394 million on subprime-related direct exposures. Negative revenues also included a $306 million

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write-down related to the ARS settlement and were partially offset by a $1.5 billion gain related to the inclusion of Citigroup's credit spreads in the determination of the market value of those liabilities for which the fair value option was elected. *Transaction Services* revenues were up 20% to a record $2.5 billion, reflecting double-digit revenue growth across all regions. Average deposits and other customer liability balances increased 7%, while a decline in global equity markets resulted in a 6% reduction in assets under custody.

Operating expenses increased in *S&B*, reflecting a significant downward adjustment to incentive compensation in the prior-year period. Expense growth also includes a $221 million repositioning charge in the current quarter, partially offset by a decline in other operating and administrative costs. *Transaction Services* expenses grew 5%, primarily driven by higher business volumes and the Bisys acquisition.

The *provision for credit losses* in *S&B* increased significantly, mainly driven by an incremental net charge to increase loan loss reserves of $447 million, reflecting loan loss reserves for specific counterparties, as well as a weakening in credit quality in the corporate loan portfolio. Credit costs were also driven by a $287 million increase in net credit losses, mainly associated with loan sales.

2008 YTD vs. 2007 YTD

Revenues, net of interest expense, were negative in *S&B* due to substantial write-downs and losses related to the fixed income and credit markets. Included in this decrease are $9.7 billion of write-downs on subprime-related direct exposure, $4.8 billion of downward credit market value adjustments related to exposure to monoline insurers, $4.3 billion of write-downs (net of underwriting fees) on funded and unfunded highly leveraged finance commitments, $2.5 billion of write-downs on Alt-A mortgage securities, net of hedges, $2.2 billion of write-downs of SIV assets, $1.6 billion of write-downs on commercial real estate positions and $1.4 billion of write-downs on auction rate securities inventory due to failed auctions, predominately in the first quarter of 2008, and deterioration in the credit markets. *Transaction Services* revenues grew 30% driven by new business wins and implementations, growth in customer liability balances and the impact of acquisitions.

Operating expenses increased 17% in *Transaction Services* due to increased investment spending, business volumes and the acquisition of The Bisys Group. Expenses increased 11% in *S&B*, reflecting $773 million of repositioning charges and the absence of a litigation reserve release recorded in the prior year, offset partially by a decrease in compensation costs.

The *provision for credit losses* in *S&B* increased, primarily from a $799 million increase in net credit losses mainly associated with loan sales and an incremental net charge to increase loan loss reserves of $542 million, reflecting loan loss reserves for specific counterparties, as well as a weakening in credit quality in the corporate loan portfolio. *Transaction Services* credit costs increased, primarily due to a charge to increase loan loss reserves, mainly from the commercial banking portfolio in the emerging markets.

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GLOBAL WEALTH MANAGEMENT

In millions of dollars	Third Quarter 2008	Third Quarter 2007	% Change	Nine Months 2008	Nine Months 2007	% Change
Net interest revenue	**$ 671**	$ 538	25%	**$1,840**	$1,593	16%
Non-interest revenue	**2,493**	2,981	(16)	**7,918**	7,941	–
Revenues, net of interest expense	**$3,164**	$3,519	(10)%	**$9,758**	$9,534	2%
Operating expenses	**2,513**	2,621	(4)	**7,943**	7,185	11
Provision for credit losses and for benefits and claims	**65**	57	14	**126**	86	47
Income before taxes and minority interest	**$ 586**	$ 841	(30)%	**$1,689**	$2,263	(25)%
Income taxes (benefits)	**225**	312	(28)	**616**	759	(19)
Minority interest, net of taxes	**(2)**	39	NM	**11**	54	(80)
Net income	**$ 363**	$ 490	(26)%	**$1,062**	$1,450	(27)%
Average assets *(in billions of dollars)*	**$ 111**	$ 97	14%	**$ 109**	$ 80	36%
Return on assets	**1.30%**	2.00%		**1.30%**	2.42%	
Revenues, net of interest expense, by region:						
North America	**$2,317**	$2,455	(6)%	**$7,120**	$7,281	(2)%
EMEA	**147**	139	6	**470**	384	22
Latin America	**92**	92	–	**294**	275	7

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Asia	**608**	833	(27)	**1,874**	1,594	18
Total revenues	**$3,164**	$3,519	(10)%	**$9,758**	$9,534	2%
Net income by region:						
North America	**$ 264**	$ 334	(21)%	**$ 738**	$1,029	(28)%
EMEA	**24**	4	NM	**70**	57	23
Latin America	**16**	12	33	**57**	56	2
Asia	**59**	140	(58)	**197**	308	(36)
Total net income	**$ 363**	$ 490	(26)%	**$1,062**	$1,450	(27)%
Key Indicators *(in billions of dollars, except for offices)*						
Average loans	**$ 64**	$ 57	12%			
Average deposits and other customer liability balances	**$ 124**	$ 119	4%			
Offices	**831**	871	(5)			
Total client assets	**$1,532**	$1,820	(16)%			
Clients assets under fee-based management	**$ 415**	$ 515	(19)			

NM Not meaningful

3Q08 vs. 3Q07

Revenues, net of interest expense, declined 10% primarily due to the impact of challenging market conditions on Investment and Capital Market revenues, particularly in *North America* and *Asia*, partially offset by greater Banking revenues in *North America*, *EMEA* and *Asia* and an increase in Lending revenues across regions. The consolidated revenue also includes the gain on sale of CitiStreet and charges related to settlement of auction rate securities (ARS).

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Total client assets, including assets under fee-based management, decreased $288 billion, or 16%, mainly reflecting the impact of market declines over the past year. Net client asset flows decreased compared to the prior year, to $3 billion. GWM had 14,735 financial advisors/ bankers as of September 30, 2008, compared with 15,458 as of September 30, 2007, driven by attrition in *North America* and *Asia*, as well as planned eliminations.

Operating expenses decreased 4% driven by lower variable expense and incentive compensation, and the impact of reengineering projects, partially offset by the ARS settlement penalty of $50 million.

The *provision for credit losses* increased by $8 million. Provision for the quarter represents builds related to SFAS 114 impaired loans and additional reserves due to loan deterioration.

2008 YTD vs. 2007 YTD

Revenues, net of interest expense, increased 2% primarily due to the impact of the Nikko Cordial acquisition, an increase in Banking and Lending revenues across most regions and an increase in *EMEA* and *Latin America* Capital Markets, partially offset by lower Capital Markets revenue in *Asia* and *North America*.

Operating expenses increased 11% primarily due to the impact of acquisitions, a reserve of $250 million in the first quarter of 2008 related to an offer to facilitate the liquidation of investments in a Citi-managed fund for its clients, repositioning charges, and the ARS settlement penalty.

The *provision for credit losses* increased by $40 million, reflecting reserve builds and $9 million of write-downs in

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Asia. The reserve builds in 2008 were mainly for mortgages, FAS114 impairment, additional reserves required due to deterioration in risk rating of a loan facility and for lending to address client liquidity needs related to their auction rate securities holdings in *North America*.

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CORPORATE/OTHER

In millions of dollars	Third Quarter 2008	Third Quarter 2007	Nine Months 2008	Nine Months 2007
Net interest revenue	**$(308)**	$ (49)	**$ (704)**	$ (197)
Non-interest revenue	**213**	(91)	**(400)**	(186)
Revenues, net of interest expense	**$ (95)**	$(140)	**$(1,104)**	$ (383)
Operating expense	**(73)**	188	**32**	1,771
Provision for loan losses	**–**	(1)	**–**	(2)
(Loss) before taxes and minority interest	**$ (22)**	$(327)	**$(1,136)**	$(2,152)
Income taxes (benefits)	**(254)**	(83)	**(602)**	(682)
Minority interest, net of taxes	**–**	2	**(1)**	3
Income (loss) from continuing operations	**$ 232**	$(246)	**$ (533)**	$(1,473)
Income (loss) from discontinued operations, net of tax	**$ 608**	$ 103	**$ 567**	$ 430
Net income (loss)	**$ 840**	$(143)	**$ 34**	$(1,043)

3Q08 vs. 3Q07

Revenues, net of interest expense, increased primarily due to lower funding costs and effective hedging activities, partly offset by funding of higher tax assets and enhancements to our liquidity position.

Operating expenses decreased primarily due to Incentive Compensation accrual reductions and lower SFAS 123(R)-related expenses, partly offset by repositioning charges.

Income tax benefits increased due to higher tax benefits held at Corporate.

2008 YTD vs. 2007 YTD

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Revenues, net of interest expense, decreased primarily due to inter-company transaction costs related to current year capital raises and the sale of CitiCapital, funding of higher tax assets and enhancements to our liquidity position as well as the absence of a prior-year gain on the sale of certain corporate-owned assets.

Operating expenses, excluding the 2007 first quarter repositioning charge of $1,836 million, decreased primarily due to lower Incentive Compensation accrual reductions and SFAS 123(R)-related expenses.

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REGIONAL DISCUSSIONS

The following are the four regions in which Citigroup operates. The regional results are fully reflected in the previous segment discussions.

NORTH AMERICA

In millions of dollars	Third Quarter 2008	Third Quarter 2007	% Change	Nine Months 2008	Nine Months 2007	% Change
Net interest revenue	**$ 7,072**	$ 5,876	20%	**$ 20,943**	$16,798	25%
Non-interest revenue	**(1,118)**	4,363	NM	**(4,878)**	21,525	NM
Total Revenues, net of interest expense	**$ 5,954**	$10,239	(42)%	**$ 16,065**	$38,323	(58)%
Total operating expenses	**7,533**	6,844	10	**23,956**	21,912	9
Provisions for credit losses and for benefits and claims	**$ 6,078**	$ 2,774	NM	**$ 14,888**	$ 5,803	NM
Income (loss) before taxes and minority interest	**$(7,657)**	$ 621	NM	**$(22,779)**	$10,608	NM
Income taxes (benefits)	**(2,892)**	143	NM	**(9,127)**	3,393	NM
Minority interest, net of tax	**(126)**	(3)	NM	**(110)**	93	NM
Net income (loss)	**$(4,639)**	$ 481	NM	**$(13,542)**	$ 7,122	NM
Average assets *(in billions of dollars)*	**$ 1,118**	$ 1,254	(11)%	**$ 1,226**	$ 1,208	1%
Return on assets	**(1.65)%**	0.15%		**(1.48)%**	0.79%	
Key Drivers *(in billions of dollars, except branches)*						
Average Loans	**$ 526.5**	$ 516.0	2%			

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Average Consumer Banking Loans	**$ 291.7**	$ 293.2	(1)
Average deposits (and other consumer liability balances)	**$ 250.8**	$ 244.2	3
Branches/offices	**4,117**	4,178	(1)

NM Not meaningful

3Q08 vs. 3Q07

Total revenues decreased 42%. *Net Interest Revenue* was 20% higher than the prior year primarily driven by lower funding costs which resulted in higher spreads during the quarter. The increase was also driven by growth in average loans of 2% and average deposits of 3%. *Non-Interest Revenue* decreased $5.5 billion primarily due to *S&B*'s write-downs and losses related to the credit markets. These included write-downs on SIV assets, Alt-A mortgages, funded and unfunded highly leveraged finance commitments and positions, subprime-related direct exposures and a downward credit value adjustments related to exposure to monoline insurers. *S&B* revenues also included a write-down related to the ARS settlement. These write-downs were partially offset by a $1.5 billion gain from the change in Citigroup's own credit spreads for those liabilities to which the Company has elected the fair value option. In Global Cards, a 60% revenue decline was due to lower securitization revenue which was driven primarily by a write-down of $1.4 billion in the residual interest in securitized balances. The residual interest was primarily affected by deterioration in the projected credit loss assumption used to value the asset. Revenues also included a $347 million gain on the sale of CitiStreet recorded in GWM. In Consumer Banking, revenue was negatively impacted by the loss from the mark-to-market on the MSR asset and related hedge.

Operating expenses increased 10% primarily due to repositioning charges, a $100 million fine related to the ARS settlement, and the impact of acquisitions. Expense growth was partially offset by benefits from re-engineering efforts.

Provisions for credit losses and for benefits and claims increased $3.3 billion primarily reflecting a weakening of leading credit indicators, including higher delinquencies on residential real estate loans, unsecured personal loans, credit cards and auto loans. Credit costs also increased due to trends in the U.S. macroeconomic environment, including the housing market downturn and rising unemployment rates. Additionally, the increase reflected loan loss reserves for specific counterparties, as well as a weakening in credit quality in the corporate loan portfolio.

2008 YTD vs. 2007 YTD

Total revenues decreased 58%. *Net Interest Revenue* was 25% higher than the prior year primarily driven by lower funding costs which resulted in higher spreads during the first nine months of 2008. The increase was also driven by growth in average loans of 8% and average deposits of 6%. *Non-Interest Revenue* decreased $26.4 billion driven by substantial

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write-downs and losses related to the fixed income and credit markets in *S&B*. The decrease in *S&B* was partially offset by a $1.5 billion gain from the change in Citigroup's own credit spreads of those liabilities for which the Company has elected the fair value option. In Global Cards, a 25% revenue decline was due to lower securitization revenue which was driven primarily by a write-down in the residual interest in securitized balances. The decrease was also attributable to the absence of a prior-year $257 million gain on sale of MasterCard shares. The decrease was partially offset by a $349 million gain on the IPO of Visa shares in the 2008 first quarter and gains in the 2008 second quarter of $170 million on the Upromise Cards Portfolio sale and $29 million on the sale of DCI. Negative revenues were also partially offset by a $347 million gain on the sale of CitiStreet in 2008 third quarter. In Consumer Banking, revenue was negatively impacted by the loss from the MSR-related mark-to-market.

Operating expenses increased 9%, reflecting repositioning charges, the impact of acquisitions, a $100 million fine related to the ARS settlement and the absence of a prior year litigation reserve release in *S&B*. Expense growth was partially offset by benefits from re-engineering efforts and by a partial release of the Visa-related litigation reserve in the first quarter 2008.

Provisions for credit losses and for benefits and claims increased $9.1 billion primarily reflecting a weakening of leading credit indicators, including higher delinquencies on residential real estate loans, unsecured personal loans, credit cards and auto loans. Credit costs also increased due to trends in the U.S. macroeconomic environment, including the housing market downturn and rising unemployment rates. Additionally, the increase reflected loan loss reserves for specific counterparties, as well as a weakening in credit quality in the corporate loan portfolio.

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EMEA

In millions of dollars	Third Quarter 2008	Third Quarter 2007	% Change	Nine Months 2008	Nine Months 2007	% Change
Net interest revenue	**$2,066**	$1,922	7%	**$ 6,537**	$ 5,149	27%
Non-interest revenue	**1,209**	806	50	**1,592**	5,631	(72)
Total Revenues, net of interest expense	**$3,275**	$2,728	20%	**$ 8,129**	$10,780	(25)%
Total operating expenses	**2,504**	2,362	6	**8,464**	7,755	9
Provisions for credit losses and for benefits and claims	**$ 988**	$ 620	59	**$ 2,056**	$ 1,264	63
Income (loss) before taxes and minority interest	**$ (217)**	$ (254)	15%	**$(2,391)**	$ 1,761	NM
Income taxes (benefits)	**(254)**	(255)	–	**(1,183)**	115	NM
Minority interest, net of tax	**28**	21	33	**70**	63	11%
Net income (loss)	**$ 9**	$ (20)	NM	**$(1,278)**	$ 1,583	NM
Average assets *(in billions of dollars)*	**$ 364**	$ 440	(17)%	**$ 390**	$ 398	(2)%
Return on assets	**0.01%**	(0.02)%		**(0.44)%**	0.53%	
Key Drivers *(in billions of dollars, except branches)*						
Average Loans	**$113.4**	$128.3	(12)%			
Average Consumer Banking Loans	**$ 25.3**	$ 24.0	5			
Average deposits (and other consumer liability balances)	**$160.6**	$150.5	7			

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Branches/offices	**788**	782	1

NM Not meaningful

3Q08 vs. 3Q07

Total Revenues increased 20% largely driven by *S&B* and *Transaction Services*. In Global Cards, revenues increased by 5%, driven by higher purchase sales and average loans, up 7% and 14%, respectively. Consumer Banking revenues remained flat as growth in average loans of 5% was offset by impairment of the U.K. Held for Sale loan portfolio and softening revenues due to market volatility. Current and historical Germany retail banking results and condition have been reclassified as discontinued operations and are included in the Corporate/ Other segment.

In ICG, *S&B* revenues were up 55% from the 2007 third quarter, mainly because the subprime-related direct exposures are now managed primarily in *North America* and have been transferred from *EMEA* to *North America* (from the second quarter of 2008 forward). The current quarter included write-downs in commercial real estate positions and highly-leveraged finance commitments. Revenues also reflected strong results in local markets sales and trading. *Transaction Services* revenues increased 20% with continued growth in customer liability balances, up 16%.

Revenues in GWM grew by 6% with the strength of annuity revenues more than offsetting a decline in capital markets and investment revenue. Average loans grew 12% while client assets under fee-based management decreased 19% primarily due to lower market values.

Operating Expenses were up 6% from the third quarter of 2007 but declined for the third consecutive quarter. The growth from the prior period was primarily driven by lower compensation accruals in *S&B* in the third quarter of 2007. Underlying costs continue to trend down reflecting lower headcount and continued benefits from re-engineering efforts.

Provisions for credit losses and for benefits and claims increased 59%. The increase was primarily driven by losses associated with loan sales in *S&B*, deterioration in the credit environment in Southern Europe, the U.K. and Pakistan and higher loan loss reserve builds.

2008 YTD vs. 2007 YTD

Revenues were down 25% due to write-downs in *S&B*, partially offset by double-digit growth across all other segments.

Global Cards revenues increased by 29%, driven by double-digit growth in purchase sales and average loans. Revenues in Consumer Banking increased by 17%, driven by strong growth in average loans and deposits and improved net interest margin and the impact of the Egg acquisition.

In ICG, *S&B* revenue was down 76% from last year due to write-downs on subprime-related direct exposures in the first quarter of 2008 and write-downs in commercial real estate positions and in funded and unfunded highly-leveraged loan commitments. Revenues in *S&B* also included a strong performance in local markets sales and trading. *Transaction Services* revenues increased by 27% driven by increased customer volumes and deposit growth.

Revenues in GWM grew by 22% primarily driven by an increase in annuity revenues and the impact of the acquisition of Quilter.

Operating Expenses were up 9% compared to 2007 due to the impact of organizational and repositioning charges in 2008, the impact of acquisitions and fx translation, offset by a decline in incentive compensation and the benefits from reengineering efforts.

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Provisions for credit losses and for benefits and claims increased 63% primarily due to an increase in net credit losses and an incremental net charge to increase loan loss reserves.

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LATIN AMERICA

In millions of dollars	Third Quarter 2008	Third Quarter 2007	% Change	Nine Months 2008	Nine Months 2007	% Change
Net interest revenue	**$2,061**	$1,933	7%	**$ 6,245**	$5,212	20%
Non-interest revenue	**1,017**	2,061	(51)	**4,213**	4,714	(11)
Total Revenues, net of interest expense	**$3,078**	$3,994	(23)%	**$10,458**	$9,926	5%
Total operating expenses	**1,849**	1,830	1	**5,158**	4,962	4
Provisions for credit losses and for benefits and claims	**$ 968**	$ 640	51	**$ 2,534**	$1,307	94
Income before taxes and minority interest	**$ 261**	$1,524	(83)%	**$ 2,766**	$3,657	(24)%
Income taxes	**(20)**	439	NM	**630**	999	(37)
Minority interest, net of tax	**1**	1	–	**3**	2	50
Net income	**$ 280**	$1,084	(74)%	**$ 2,133**	$2,656	(20)%
Average assets *(in billions of dollars)*	**$ 156**	$ 150	4%	**$ 156**	$ 141	11%
Return on assets	**0.71%**	2.87%		**1.83%**	2.52%	
Key Drivers *(in billions of dollars, except branches)*						
Average Loans	**$ 61.0**	$ 58.5	4%			
Average Consumer Banking Loans	**16.0**	13.9	15			
Average deposits (and other consumer liability balances)	**$ 67.9**	$ 66.0	3%			

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Branches/offices	**2,598**	2,664	(2)

NM Not meaningful

3Q08 vs. 3Q07

Total Revenue was 23% lower than the prior year, due to the absence of of $729 million from the Redecard gain on sale recorded last year in the Global Cards business. Consumer Banking revenues declined 5% largely resulting from the Chile business divestiture in the first quarter of 2008, partially offset by growth in deposits of 5% and in average loans of 15%. *S&B* revenues decreased 43%, driven by adverse market conditions impacting the FX, interest rates and equities businesses. *Transaction Services* revenues grew 25%, due to steady growth in the Direct Custody business, as average customer deposits increased 11%, and due to the impact of the Cuscatlan acquisition. GWM revenues were flat due to increased market volatility.

Operating expense increased slightly over the prior year, up 1%, mainly because of $95 million in repositioning charges. Excluding these charges, expenses declined 4%, with declines in legal costs, advertising and marketing, and incentive compensation, partially offset by an increase in Cards and the impact of fx translation.

Provisions for credit losses and for benefits and claims increased $328 million or 51% as the credit environment worsened, particularly in Mexico and Brazil. Net credit losses grew 82% primarily due to portfolio growth and deteriorating portfolio quality in Cards and Consumer Banking.

2008 YTD vs. 2007 YTD

Total Revenue was 5% higher than the prior year, with a growth of 15% in average loans, and 17% in total customer deposits. *Transaction Services* revenues increased 35%, mainly from the custody business as average deposits grew rapidly in the third quarter of 2007 and have remained at those levels. [Global Cards grew 16% on higher volumes; the first nine months of 2008 include a $663 million Redecard gain on sale, while the first nine months of 2007 included a $729 million Redecard gain on sale.] Revenue gains were partially offset by an 18% decrease in *S&B* revenues due to write-downs and losses related to fixed income and equities.

Operating expense growth of 4% was primarily driven by acquisitions and volume growth, higher collection costs, legal costs and reserves, and repositioning charges, partially offset by a $282 million benefit related to a legal vehicle repositioning in Mexico in the first quarter of 2008. Certain poorly performing branches were closed, mainly in Brazil and Mexico, partially offset by openings in Mexico, due to repositioning and realignment in both Retail and Consumer Finance.

Provisions for credit losses and for benefits and claims increased 94% as the credit environment worsened, primarily reflecting a $953 million increase in net credit losses and an increase in loan loss reserve builds, reflecting a legacy portfolio sale in 2007, asset deterioration, and volume growth.

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ASIA

In millions of dollars	Third Quarter 2008	Third Quarter 2007	% Change	Nine Months 2008	Nine Months 2007	% Change
Net interest revenue (NIR)	**$2,514**	$2,162	16%	**$ 7,417**	$ 6,185	20%
Non-interest revenue	**1,954**	2,657	(26)	**6,233**	7,245	(14)
Total Revenues, net of interest expense	**$4,468**	$4,819	(7)%	**$13,650**	$13,430	2%
Total operating expenses	**2,612**	2,928	(11)	**8,234**	7,302	13
Provisions for credit losses and for benefits and claims	**$1,032**	$ 832	24%	**$ 2,540**	$ 1,883	35%
Income before taxes and minority interest	**$ 824**	$1,059	(22)%	**$ 2,876**	$ 4,245	(32)%
Income taxes	**127**	249	(49)	**650**	1,079	(40)
Minority interest, net of tax	**2**	–	–	**(6)**	34	NM
Net income	**$ 695**	$ 810	(14)%	**$ 2,232**	$ 3,132	(29)%
Average assets						
(in billions of dollars)	**$ 337**	$ 375	(10)%	**$ 352**	$ 307	15%
Return on assets	**0.82%**	0.86%		**0.85%**	1.36%	
Consumer Finance Japan (CFJ)–NIR	**$ 224**	$ 263	(15)%	**$ 661**	$ 1,022	(35)%
Asia excluding CFJ–NIR	**$2,290**	$1,899	21	**$ 6,756**	$ 5,163	31%
CFJ–Operating Expenses	**$ 84**	$ 251	(67)%	**$ 280**	$ 479	(42)%

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Asia excluding CFJ−Operating Expenses	**$2,528**	$2,677	(6)%	**$ 7,954**	$ 6,823	17%
CFJ−Net Income	**$ (159)**	(298)	47%	**$ (399)**	$ (336)	(19)%
Asia excluding CFJ−Net Income	**$ 854**	1,108	(23)	**$ 2,631**	$ 3,468	(24)%
Key Drivers						
(in billions of dollars, except branches)						
Average Loans	**$128.1**	$129.4	(1)%			
Average Consumer Banking Loans	**$ 49.9**	$ 46.4	8			
Average deposits (and other consumer liability balances)	**$204.5**	$197.4	4			
Branches/offices	**1,203**	1,261	(5)%			

3Q08 vs. 3Q07

Net Interest Revenue increased 16%. Global Cards Revenue growth of 11% was driven by 14% growth in purchase sales and 17% growth in average loans. Consumer Banking excluding Consumer Finance Japan (CFJ) grew by 4%, driven by 8% growth in average loans and 4% growth in deposits. *Transaction Services* exhibited strong Revenue growth across all products resulting in 19% growth. *S&B* grew $226 million, reflecting improved spreads.

Non-Interest Revenue decreased 26%, as *S&B* continued to be impacted by market volatility and declining valuations. Outside of *S&B*, non-interest revenue increased in Global Cards and *Transaction Services*, partially offset by lower Investment Sales in Consumer Banking and GWM.

Operating Expenses decreased 11% reflecting a lower level of incentive compensation, the benefits of reengineering, and the absence of a prior-year restructuring charge, partly offset by the current year repositioning charge.

Provisions for credit losses and for benefits and claims increased 24% driven by a $372 million pretax charge to increase loan loss reserves and by higher credit costs which were due to a combination of portfolio growth and some deterioration in the macroeconomic environment, including India.

Asia Excluding CFJ

As disclosed in the table above, NIR excluding CFJ increased 21% and 31% in the 2008 third quarter and year-to-date periods, respectively. *Operating Expenses* excluding CFJ decreased 6% in the third quarter while it increased 17% in the year-to-date period, and Net income excluding CFJ decreased 23% and 24%, respectively.

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2008 YTD vs. 2007 YTD

Net Interest Revenue increased 20%. Global Cards growth of 19% was driven by 20% growth in purchase sales and 24% growth in average loans. Consumer Banking excluding CFJ grew by 15%, driven by growth of 14% in average loans and 9% growth in deposits. *Transaction Services* exhibited strong growth across all products resulting in 28% growth. *S&B* grew $738 million reflecting better spreads in the quarter, and higher dividend revenue. Growth was also impacted by foreign exchange, acquisitions and portfolio purchases.

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Non-Interest Revenue decreased 14% as *S&B* continued to be impacted by market volatility and declining valuations. Outside of *S&B*, non-interest revenue increased 17% with strong growth in Global Cards, *Transaction Services* and GWM, partially offset by lower Investment Sales in Consumer Banking and GWM. Results included a $31 million gain on the sale of DCI, partially offset by a $21 million gain on the sale of MasterCard shares in the prior-year period.

Operating Expense increased 13% primarily driven by the impact of acquisitions, strengthening local currencies and repositioning charges, partly offset by benefits of reengineering.

Provisions for credit losses and for benefits and claims increased 35% primarily driven by a $267 million incremental pretax charge to increase loan loss reserves, increased credit costs in India, acquisitions and portfolio growth.

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MANAGING GLOBAL RISK

Citigroup's risk management framework balances strong corporate oversight with well-defined independent risk management functions for each business and region, as well as cross-business product expertise. The Citigroup risk management policies and practices are described in Citigroup's 2007 Annual Report on Form 10-K.

DETAILS OF CREDIT LOSS EXPERIENCE

In millions of dollars	3rd Qtr. 2008	2nd Qtr.(1) 2008	1st Qtr.(1) 2008	4th Qtr.(1) 2007	3rd Qtr.(1) 2007
Allowance for loan losses at beginning of period	**$20,777**	$ 18,257	$ 16,117	$ 12,728	$ 10,381
Provision for loan losses					
Consumer(2)	**$ 7,855**	$ 6,259	$ 5,332	$ 6,438	$ 4,427
Corporate	**1,088**	724	245	882	154
	$ 8,943	$ 6,983	$ 5,577	$ 7,320	$ 4,581
Gross credit losses					
Consumer					
In U.S. offices	**$ 3,069**	$ 2,599	$ 2,325	$ 1,895	$ 1,364
In offices outside the U.S.	**1,914**	1,798	1,637	1,415	1,434
Corporate					
In U.S. offices	**160**	346	40	596	20
In offices outside the U.S.	**200**	36	97	169	74
	$ 5,343	$ 4,779	$ 4,099	$ 4,075	$ 2,892
Credit recoveries					
Consumer					

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In U.S. offices	**$ 137**	$ 148	$ 172	$ 162	$ 160
In offices outside the U.S.	**252**	286	253	254	219
Corporate					
In U.S. offices	**3**	24	3	15	1
In offices outside the U.S.	**31**	1	33	55	59
	$ 423	$ 459	$ 461	$ 486	$ 439
Net credit losses					
In U.S. offices	**$ 3,089**	$ 2,773	$ 2,190	$ 2,314	$ 1,223
In offices outside the U.S.	**1,831**	1,547	1,448	1,275	1,230
Total	**$ 4,920**	$ 4,320	$ 3,638	$ 3,589	$ 2,453
Other−net(3)(4)(5)(6)(7)	**$ (795)**	$ (143)	$ 201	$ (342)	$ 219
Allowance for loan losses at end of period	**$24,005**	$ 20,777	$ 18,257	$ 16,117	$ 12,728
Allowance for unfunded lending commitments(8)	**$ 957**	$ 1,107	$ 1,250	$ 1,250	$ 1,150
Total allowance for loan losses and unfunded lending commitments	**$24,962**	$ 21,884	$ 19,507	$ 17,367	$ 13,878
Net consumer credit losses	**$ 4,594**	$ 3,963	$ 3,537	$ 2,894	$ 2,419
As a percentage of average consumer loans	**3.35%**	2.83%	2.52%	2.07%	1.82%
Net corporate credit losses (recoveries)	**$ 326**	$ 357	$ 101	$ 695	$ 34

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As a percentage of average corporate loans	**0.19%**	0.19%	0.05%	0.34%	0.02%

(1) Reclassified to conform to the current period's presentation

(2) Included in the allowance for loan losses are reserves for Trouble Debt Restructurings (TDRs) of $1,443 million, $882 million, and $443 million as of September 30, 2008, June 30, 2008 and March 31, 2008, respectively.

(3) The third quarter of 2008 primarily includes reductions to the credit loss reserves of $23 million related to securitizations, reductions of $244 million related to the pending sale of Citigroup's German Retail Banking Operation and reductions of approximately $500 million related to foreign currency translation.

(4) The second quarter of 2008 primarily includes reductions to the credit loss reserves of $21 million related to securitizations, reductions of $156 million related to the sale of CitiCapital and additions of $56 million related to purchase price adjustments for the Grupo Cuscatlan acquisition.

(5) The first quarter of 2008 primarily includes reductions to the credit loss reserves of $58 million related to securitizations, additions of $50 million related to the BOOC acquisition and additions of $217 million related to fx translation.

(6) The fourth quarter of 2007 primarily includes reductions to the credit loss reserves of $150 million related to securitizations and $7 million related to transfers to loans held-for-sale, reductions of $151 million related to purchase price adjustments for the Egg Bank acquisition and reductions of $83 million related to the transfer of the U.K. CitiFinancial portfolio to Loans held-for-sale.

(7) The third quarter of 2007 primarily includes additions related to purchase accounting adjustments related to the acquisition of Grupo Cuscatlan of $181 million, offset by reductions of $73 million related to securitizations.

(8) Represents additional credit loss reserves for unfunded corporate lending commitments and letters of credit recorded within Other Liabilities on the Consolidated Balance Sheet.

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Consumer Loan Balances, Net of Unearned Income

In billions of dollars	End of Period			Average		
	Sept. 30, 2008	Jun. 30,(1) 2008	Sept. 30,(1) 2007	3rd Qtr. 2008	2nd Qtr.(1) 2008	3rd Qtr.(1) 2007
On-balance sheet(2)	**$539.0**	$ 550.1	$ 537.0	**$544.6**	$ 563.9	$ 527.5
Securitized receivables (all in *North America Cards*)	**107.9**	111.0	104.0	**108.8**	107.4	101.1
Credit card receivables held-for-sale(3)	**–**	–	3.0	**–**	1.0	3.0
Total managed(4)	**$646.9**	$ 661.1	$ 644.0	**$653.4**	$ 672.3	$ 631.6

(1) Reclassified to conform to the current period's presentation.

(2) Total loans and total average loans exclude certain interest and fees on credit cards of approximately $3 billion and $3 billion for the third quarter of 2008, approximately $3 billion and $2 billion for the second quarter of 2008 and approximately $2 billion and $2 billion for the third quarter of 2007, respectively, which are included in Consumer Loans on the Consolidated Balance Sheet.

(3) Included in Other Assets on the Consolidated Balance Sheet.

(4) This table presents loan information on a held basis and shows the impact of securitizations to reconcile to a managed basis. Although a managed basis presentation is not in conformity with GAAP, the Company believes managed credit statistics provide a representation of performance and key indicators of the credit card business that are consistent with the way management reviews operating performance and allocates resources. Held-basis reporting is the related GAAP measure.

Citigroup's total allowance for loans, leases and unfunded lending commitments of $25.0 billion is available to absorb probable credit losses inherent in the entire portfolio. For analytical purposes only, the portion of Citigroup's allowance for loan losses attributed to the Consumer portfolio was $19.1 billion at September 30, 2008, $16.5 billion at June 30, 2008 and $9.2 billion at September 30, 2007. The increase in the allowance for loan losses from September 30, 2007 of $9.9 billion included net builds of $10.9 billion.

The builds consisted of $10.8 billion in Consumer ($8.8 billion in *North America* and $2.0 billion in regions outside of *North America*) and $131 million in GWM.

The build of $8.8 billion in *North America* Consumer primarily reflects an increase in the losses embedded in the portfolio as a result of weakening leading credit indicators, including increased delinquencies on first mortgages, unsecured personal loans, credit cards, and auto loans. Also, the build reflected trends in the U.S. macro-economic environment, including the housing market downturn, rising unemployment rates and portfolio growth. The build of $2.0 billion in regions outside of *North America* Consumer primarily reflects portfolio growth and the impact of recent acquisitions and credit deterioration in certain countries.

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On-balance-sheet consumer loans of $539.0 billion increased $2.0 billion from September 30, 2007, primarily driven by increases in all Global Cards and GWM regions, partially offset by decreases in Consumer Banking. Net credit losses, delinquencies and the related ratios are affected by the credit performance of the portfolios, including bankruptcies, unemployment, global economic conditions, portfolio growth and seasonal factors, as well as macroeconomic and regulatory policies.

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EXPOSURE TO U.S. REAL ESTATE IN SECURITIES AND BANKING

Subprime-Related Direct Exposure in Securities and Banking

The following table summarizes Citigroup's U.S. subprime-related direct exposures in Securities and Banking (S&B) at September 30, 2008 and June 30, 2008:

In billions of dollars	June 30, 2008 exposures	Third quarter 2008 write-downs(1)	Third quarter 2008 sales/ transfers(2)	September 30, 2008 exposures
Direct ABS CDO Super Senior Exposures:				
Gross ABS CDO Super Senior Exposures (A)	**$ 27.9**			**$ 25.7**
Hedged Exposures (B)	**9.8**			**9.4**
Net ABS CDO Super Senior Exposures:				
ABCP/CDO(3)	**$ 14.4**	**$ (0.8)**	**$ (0.3)**	**$ 13.3**
High grade	**2.0**	**0.2(4)**	**(1.1)**	**1.1**
Mezzanine	**1.6**	**0.3(4)**	**(0.2)**	**1.7**
ABS CDO-squared	**0.2**	**0.0**	**(0.0)**	**0.1**
Total Net Direct ABS CDO Super Senior Exposures (A-B)=(C)	**$ 18.1**	**$ (0.3)**	**$ (1.5)(5)**	**$ 16.3**
Lending & Structuring Exposures:				
CDO warehousing/unsold tranches of ABS CDOs	**$ 0.1**	**$ (0.0)**	**$ (0.0)**	**$ 0.1**
Subprime loans purchased for sale or securitization	**2.8**	**(0.3)**	**(0.4)**	**2.1**
Financing transactions secured by subprime	**1.5**	**(0.2)(4)**	**(0.2)**	**1.1**
Total Lending and Structuring Exposures (D)	**$ 4.3**	**$ (0.5)**	**$ (0.6)**	**$ 3.3**
Total Net Exposures C+D(6)	**$ 22.5**	**$ (0.8)**	**$ (2.1)**	**$ 19.6**
Credit Adjustment on Hedged Counterparty Exposures (E)(7)		**$ (0.9)**		
Total Net Write-Downs (C+D+E)		**$ (1.7)**		

Note: Table may not foot or cross-foot due to roundings.

(1) Includes net profits associated with liquidations.

(2) Reflects sales, transfers, repayment of principal and liquidations.

(3) Consists of older vintage, high grade ABS CDOs.

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(4) Includes $357 million recorded in credit costs.

(5) A portion of the underlying securities was purchased in liquidations of CDOs and is reported as Trading account assets. As of September 30, 2008, $347 million relating to deals liquidated were held in the trading books.

(6) Composed of net CDO super senior exposures and gross Lending and Structuring exposures.

(7) SFAS 157 adjustment related to counterparty credit risk.

Subprime-Related Direct Exposure in Securities and Banking

The Company had approximately $19.6 billion in net U.S. subprime-related direct exposures in its *S&B* business at September 30, 2008.

The exposure consisted of (a) approximately $16.3 billion of net exposures in the super senior tranches (i.e., most senior tranches) of collateralized debt obligations which are collateralized by asset-backed securities, derivatives on asset-backed securities or both (ABS CDOs), and (b) approximately $3.3 billion of exposures in its lending and structuring business.

Direct ABS CDO Super Senior Exposures

The net $16.3 billion in ABS CDO super senior exposures as of September 30, 2008 is collateralized primarily by subprime residential mortgage-backed securities (RMBS), derivatives on RMBS or both. These exposures include $13.3 billion in commercial paper (ABCP) issued as the super senior tranches of ABS CDOs and approximately $3.0 billion of other super senior tranches of ABS CDOs.

Citigroup's CDO super senior subprime direct exposures are Level 3 assets and are subject to valuation based on significant unobservable inputs. Fair value of these exposures (other than high grade and mezzanine as described below) is based on estimates of future cash flows from the mortgage loans underlying the assets of the ABS CDOs. To determine the performance of the underlying mortgage loan portfolios, the Company estimates the prepayments, defaults and loss severities based on a number of macroeconomic factors, including housing price changes, unemployment rates, interest rates, and borrower and loan attributes, such as age, credit scores, documentation status, loan-to-value (LTV) ratios, and debt-to-income (DTI) ratios. The model is calibrated using available mortgage loan information including historical loan performance. In addition, the methodology estimates the impact of geographic concentration of mortgages, and the impact of reported fraud in the origination of subprime mortgages. An appropriate discount rate is then applied to the cash flows generated for each ABCP and CDO-squared tranche, in order to estimate its current fair value.

When necessary, the valuation methodology used by Citigroup is refined and the inputs used for the purposes of estimation are modified, in part, to reflect ongoing market developments. More specifically, the inputs of home price appreciation (HPA) assumptions and delinquency data were updated during the quarter along with discount rates that are based upon a weighted average combination of implied spreads from single name ABS bond prices and ABX indices, as well as CLO spreads.

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As was the case in the second quarter of 2008, the third quarter housing-price changes were estimated using a forward-looking projection. However, for the third quarter of 2008, this projection incorporates the Loan Performance Index, whereas in the second quarter of 2008, it incorporated the S&P Case Shiller Index. This change was made because the Loan Performance Index provided more comprehensive geographic data. In addition, the Company's mortgage default model has been updated for mortgage performance data from the first half of 2008, a period of sharp home price declines and high levels of mortgage foreclosures.

The valuation as of September 30, 2008 assumes a cumulative decline in U.S. housing prices from peak to trough of 32%. This rate assumes declines of 16% and 10% in 2008 and 2009, respectively, the remainder of the 32% decline having already occurred before the end of 2007. The valuation methodology as of June 30, 2008 assumed a cumulative decline in U.S. housing prices from peak to trough of 23%, with assumed declines of 12% and 3% in 2008 and 2009, respectively.

In addition, during the second and third quarters of 2008, the discount rates were based on a weighted average combination of the implied spreads from single name ABS bond prices, ABX indices and CLO spreads, depending on vintage and asset types. To determine the discount margin, the Company applies the mortgage default model to the bonds underlying the ABX indicies and other referenced cash bonds and solves for the discount margin that produces the market prices of those instruments. Using this methodology, the impact of the decrease of the home price appreciation projection from -23% to -32% resulted in a decrease in the discount margins incorporated in the valuation model. Additionally, there were a number of liquidations of high-grade and mezzanine positions during the third quarter. These were at prices close to the value of trader prices. The liquidation proceeds in total were also above the June 30th carrying amount of the positions liquidated.

For the third quarter of 2008, the valuation of the high-grade and mezzanine ABS CDO positions was changed from model valuation to trader prices based on the underlying assets of each high-grade and mezzanine ABS CDO. Unlike the ABCP and CDO-squared positions, the high-grade and mezzanine positions are now largely hedged through the ABX and bond short positions, which are, by necessity, trader priced. Thus, this change brings closer symmetry in the way these long and short positions are valued by the Company. Additionally, there were a number of liquidations of high-grade and mezzanine positions during the third quarter. These were at prices close to the value of trader prices. The liquidation proceeds in total were also above the June 30, 2008 carrying amount of the positions liquidated. Citigroup intends to use trader marks to value this portion of the portfolio going forward so long as it remains largely hedged.

The primary drivers that currently impact the model valuations are the discount rates used to calculate the present value of projected cash flows and projected mortgage loan performance. In valuing its direct ABCP and CDO-squared super senior exposures, the Company has made its best estimate of the key inputs that should be used in its valuation methodology. However, the size and nature of these positions as well as current market conditions are such that changes in inputs such as the discount rates used to calculate the present value of the cash flows can have a significant impact on the reported value of these exposures. For instance, each 10 basis point change in the discount rate used generally results in an approximate $48 million change in the fair value of the Company's direct ABCP and CDO-squared super senior exposures as at September 30, 2008. This applies to both decreases in the discount rate (which would decrease the value of these assets and increase reported write-downs) and increases in the discount rate (which would decrease the value of these assets and increase reported write-downs).

Estimates of the fair value of the CDO super senior exposures depend on market conditions and are subject to further change over time. In addition, while Citigroup believes that the methodology used to value these exposures is reasonable, the methodology is subject to continuing refinement, including those made as a result of market developments. Further, any observable transactions in respect of some or all of these exposures could be employed in the fair valuation process in accordance with and in the manner called for by SFAS 157.

Lending and Structuring Exposures

The $3.3 billion of subprime-related exposures includes approximately $0.1 billion of CDO warehouse inventory and unsold tranches of ABS CDOs, approximately $2.1 billion of actively managed subprime loans purchased for resale or securitization, at a discount to par, during 2007, and approximately $1.1 billion of financing transactions with customers secured by subprime collateral. These amounts represent the fair value as determined using observable inputs and other market data. The majority of the change from the June 30, 2008 balances reflects sales, transfers and liquidations.

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S&B also has trading positions, both long and short, in U.S. subprime RMBS and related products, including ABS CDOs, which are not included in the figures above. The exposure from these positions is actively managed and hedged, although the effectiveness of the hedging products used may vary with material changes in market conditions.

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Direct Exposure to Monolines

In its *S&B* business, the Company has exposure to various monoline bond insurers (Monolines) listed in the table below from hedges on certain investments and from trading positions. The hedges are composed of credit default swaps and other hedge instruments. The Company recorded an additional $919 million in credit market value adjustments (CVA) during the third quarter of 2008 on the market value exposures to the Monolines. In addition, the Company recorded releases/utitilizations against the credit market value adjustment of $1.2 billion during the quarter.

The following table summarizes the market value of the Company's direct exposures to and the corresponding notional amounts of transactions with the various Monolines as well as the aggregate credit market value adjustment associated with these exposures as of September 30, 2008 and June 30, 2008 in *S&B*:

In millions of dollars	September 30, 2008		Net Market Value Exposure June 30, 2008
	Net Market Value Exposure	Notional Amount of Transactions	
Direct Subprime ABS CDO Super Senior:			
Ambac	$ 3,952	$ 5,298	$ 3,658
FGIC	1,300	1,450	1,260
ACA	–	–	519
Subtotal Direct Subprime ABS CDO Super Senior	**$ 5,252**	**$ 6,748**	**$ 5,437**
Trading Assets−Subprime:			
Ambac	–	–	$ 1,210
Trading Assets−Subprime	–	–	**$ 1,210**
Trading Assets−Non Subprime:			
MBIA	$ 1,167	$ 4,538	$ 1,103
FSA	126	1,126	94

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ACA	–	–	122
Assured	63	488	51
Radian	27	150	19
Ambac	(83)	1,043	2
Trading Assets−Non Subprime	**$ 1,300**	**$ 7,345**	**$ 1,391**
Subtotal Trading Assets	**$ 1,300**	**$ 7,345**	**$ 2,601**
Credit Market Value Adjustment	**$ (4,564)**		**$ (4,890)**
Total Net Market Value Direct Exposure	**$ 1,988**	**$ 14,093**	**$ 3,148**

The market value exposure, net of payable and receivable positions, represents the market value of the contract as of September 30 and June 30, 2008, excluding the credit market value adjustment. The notional amount of the transactions, including both long and short positions, is used as a reference value to calculate payments. The credit market value adjustment is a downward adjustment to the market value exposure to a counterparty to reflect the counterparty's creditworthiness in respect of the obligations in question.

Credit market value adjustments are based on credit spreads and on estimates of the terms and timing of the payment obligations of the Monolines. Timing in turn depends on estimates of the performance of the transactions to which the Company's exposure relates, estimates of whether and when liquidation of such transactions may occur and other factors, each considered in the context of the terms of the monolines' obligations. For a further discussion of the use of estimates by the Company, see the Company's 2007 Annual Report on Form 10-K.

As of September 30, 2008 and June 30, 2008, the Company had $9.4 billion notional amount of hedges against its Direct Subprime ABS CDO super senior positions. Of that $9.4 billion, $6.7 billion was purchased from monolines and is included in the notional amount of transactions in the table above. The market value of the hedges provided by the monolines against our direct subprime ABS CDO super senior positions was $5.3 billion as of September 30, 2008 and $5.4 billion as of June 30, 2008.

In addition, there was $1.3 billion and $2.6 billion of market value exposure to monolines related to our trading assets as of September 30, 2008 and June 30, 2008, respectively. Trading assets include trading positions, both long and short, in U.S. subprime residential mortgage-backed securities (RMBS) and related products, including ABS CDOs. There was $1.2 billion net market value exposure related to subprime trading positions with a notional amount of $1.4 billion as of June 30, 2008, which was settled during the third quarter of 2008. The transaction was settled for a gain relative to the June 30, 2008 net market value exposure, which includes the credit market value adjustment related to this position.

The notional amount of transactions related to the remaining non-subprime trading assets as of September 30, 2008 was $7.3 billion with a corresponding market value exposure of $1.3 billion. The $7.3 billion notional amount of transactions comprised $2.0 billion primarily in interest rate swaps with a corresponding market value exposure of $15 million. The remaining notional amount of $5.2 billion was in the form of credit default swaps and total return swaps with a market value exposure of $1.2 billion.

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The notional amount of transactions related to the remaining non-subprime trading assets at June 30, 2008 was $10.0 billion with a net market value exposure of $1.4 billion. The $10.1 billion notional amount of transactions comprised $2.8 billion primarily in interest rate swaps with a market value exposure of $14 million. The remaining notional amount of $7.3 billion was in the form of credit default swaps and total return swaps with a market value of $1.4 billion.

During the third quarter of 2008, the Company recorded an increase in the credit market value adjustment of $919 million. This increase was offset by utilizations/releases of $1.245 billion, resulting in a net decrease to the quarter-end balance of $326 million.

The Company has purchased mortgage insurance from various monoline mortgage insurers on first mortgage loans. The notional amount of this insurance protection was approximately $500 million as of September 30, 2008 and approximately $400 million as of June 30, 2008 with nominal pending claims against this notional amount.

In addition, Citigroup has indirect exposure to Monolines in various other parts of its businesses. Indirect exposure includes circumstances in which the Company is not a contractual counterparty to the Monolines, but instead owns securities which may benefit from embedded credit enhancements provided by a Monoline. For example, corporate or municipal bonds in the trading business may be

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insured by the Monolines. The previous table does not capture this type of indirect exposure to the Monolines.

Exposure to Commercial Real Estate

The Company, through its business activities and as a capital markets participant, incurs exposures that are directly or indirectly tied to the global commercial real estate market. These exposures are represented primarily by the following three categories:

(1) Assets held at fair value: approximately $11.1 billion of securities, loans and other items linked to commercial real estate that are carried at fair value as Trading account assets, approximately $3.7 billion of commercial real estate loans and loan commitments classified as held-for-sale and measured at the lower of cost or market (LOCOM) and approximately $2.1 billion of securities backed by commercial real estate carried at fair value as available-for-sale Investments. Changes in fair value for these Trading account assets and held-for-sale loans and loan commitments are reported in current earnings, while changes in fair value for these available-for-sale investments are reported in OCI with other-than-temporary impairments reported in current earnings.

The majority of these exposures are classified as Level 3 in the fair value hierarchy. In recent months, weakening activity in the trading markets for some of these instruments resulted in reduced liquidity, thereby decreasing the observable inputs for such valuations and could have an adverse impact on how these instruments are valued in the future if such conditions persist.

(2) Loans and commitments: approximately $19.8 billion of commercial real estate loan exposures, all of which are recorded at cost, less loan loss reserves. The impact from changes in credit is reflected in the calculation of the allowance for credit losses and in net credit losses.

(3) Equity and other investments: Approximately $5.3 billion of equity and other investments such as limited partner fund investments which are accounted for under the equity method.

Exposure to Alt-A Mortgage Securities

See "Events in 2008" on page 8 for a description of incremental write-downs on Alt-A mortgage securities in *S&B*.

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EVALUATING INVESTMENTS FOR OTHER THAN TEMPORARY IMPAIRMENTS

Available-for-Sale Unrealized Losses

The following table presents the amortized cost, the gross unrealized gains and losses, and the fair value for available-for-sale securities at September 30, 2008:

In millions of dollars	September 30, 2008				Variance vs. June 30, 2008			
	Amortized cost	Gross pretax unrealized gains	Gross pretax unrealized losses	Fair value	Amortized cost	Gross pretax unrealized gains	Gross pretax unrealized losses	Fair value
Securities available-for-sale								
Mortgage-backed securities	**$ 56,641**	**$ 48**	**$ 7,878**	**$ 48,811**	$ (5,305)	$ 14	3,464	$ (8,755)
U.S. Treasury and federal agencies	**26,834**	**53**	**138**	**26,749**	(11,624)	27	(107)	(11,490)
State and municipal	**14,133**	**8**	**1,762**	**12,379**	393	(54)	1,039	(700)
Foreign government	**69,542**	**303**	**720**	**69,125**	(2,865)	(16)	(647)	(2,234)
U.S. corporate	**12,024**	**26**	**457**	**11,593**	3,735	(13)	268	3,454
Other debt securities	**14,673**	**47**	**176**	**14,544**	(4,500)	(25)	(110)	(4,415)
Total debt securities available-for-sale	**$ 193,847**	**$ 485**	**$ 11,131**	**$183,201**	$ (20,166)	$ (67)	$ 3,907	$(24,140)
Marketable equity securities available-for-sale	**$ 2,363**	**$ 1,250**	**$ 193**	**$ 3,420**	$ (86)	$ (464)	$ 69	$ (619)
Total securities available-for-sale	**$ 196,210**	**$ 1,735**	**$ 11,324**	**$186,621**	$ (20,252)	$ (531)	$ 3,976	$(24,759)

The Company conducts periodic reviews to identify and evaluate each investment that has an unrealized loss, in accordance with FASB Staff Position FAS No. 115-1, "The Meaning of Other-Than-Temporary Impairment and Its Application to Certain Investments" (FSP FAS 115-1). An unrealized loss exists when the current fair value of an individual security is less than its amortized cost basis. Unrealized losses that are determined to be temporary in nature are recorded, net of tax, in other comprehensive income (OCI).

Management has determined that the unrealized losses reflected in the table above are temporary in nature. The Company's process for identifying other-than-temporary impairment is described in more detail in Footnote 10 on page 100.

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Mortgage-backed securities

The increase in gross unrealized losses on mortgage-backed securities during the quarter ended September 30, 2008 was primarily related to ongoing widening of market credit spreads on Alt-A and Non-Agency securities. These increased market spreads reflect increased risk/ liquidity premiums that buyers securities are currently demanding. As market liquidity for these types of securities has decreased, the primary buyers of these securities typically demand a return on investments that is significally higher than historically experienced.

Consistent with prior periods, the Company has assessed each position for credit impairment. However, given the declines in fair values, and general concerns regarding housing prices, and the delinquency and default rates on the mortgage loans underlying these securities, the Company's analysis to identify securities in which it is not probable that all principal and interest contractually due will be recovered has been enhanced. The extent of the Company's analysis and the stress on assumptions used in the analysis are increased for securities where the current fair value or other characteristics of the security warrant heightened scrutiny regarding the credit quality of the investment.

For U.S. mortgage-backed securities (and in particular for Alt-A and other mortgage-backed securities that have significant unrealized losses as a percentage of amortized cost), credit impairment is assessed using a cash flow model that estimates the cash flows on the underlying mortgages, using the security-specific collateral and transaction structure. The model estimates cash flows from the underlying mortgage loans and distributes those cash flows to various tranches of securities, considering the transaction structure and any subordination and credit enhancements that exist in that structure. The cash flow model incorporates actual cash flows on the mortgage-backed securities through the current period, and then projects remaining cash flows using a number of assumptions, including default rates, prepayment rates, and recovery rates (on foreclosed properties).

Management develops specific assumptions using as much market data as possible, and includes internal estimates as well as estimates published by rating agencies and other third-party sources. If the models predict, given the forward-looking assumptions, that it is not probable that a mortgage-backed security will recover all principal and interest due, the Company records other-than-temporary impairment in the Consolidated Statement of Income equal to the entire decline in fair value of the mortgage-backed security. During the third quarter of 2008, the Company recorded approximately $600 million of pretax losses in the Consolidated Statement of Income for mortgage-backed securities where management determined it was not probable the Company would be able to collect all principal and interest when due.

Where a mortgage-backed security is not deemed to be credit-impaired, management performs additional analysis to assess whether it has the intent and ability to hold each security for a period of time sufficient for a forecasted recovery of fair value. In most cases, management has asserted

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that it has the intent and ability to hold investments for the forecasted recovery period, which in some cases may be the security's maturity date. Where such an assertion has not been made, the securities decline in fair value is deemed to be other-than-temporary and recorded in earnings. Management has asserted significant holding periods for mortgage-backed securities that in certain cases now approach the maturity of the securities. The weighted-average estimated life of the securities is currently approximately 7 years for U.S. mortgage-backed securities, and approximately 4 years for European mortgage-backed securities. The estimated life of the securities may change depending on future performance of the underlying loans, including prepayment activity and experienced credit losses.

State and Municipal Debt Securities

The increase in gross unrealized losses on state and municipal debt securities during the quarter ended September 30, 2008 was a result of market disruption late in the quarter causing reduced liquidity and an increase in short-term yields. The Company continues to believe that receipt of all principal and interest on these securities is probable.

For further disclosures regarding available-for-sale investments, see footnote 10 on 100.

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CITIGROUP DERIVATIVES

Notionals(1)

In millions of dollars	Trading derivatives(2)		Asset/liability management hedges(3)	
	September 30, 2008	December 31, 2007	September 30, 2008	December 31, 2007
Interest rate contracts				
Swaps	**$16,581,844**	$16,433,117	**$ 778,256**	$ 521,783
Futures and forwards	**2,953,595**	1,811,599	**164,513**	176,146
Written options	**3,417,946**	3,479,071	**28,470**	16,741
Purchased options	**3,516,775**	3,639,075	**83,731**	167,080
Total interest rate contract notionals	**$26,470,160**	$25,362,862	**$ 1,054,970**	$ 881,750
Foreign exchange contracts				
Swaps	**$ 947,800**	$ 1,062,267	**$ 64,131**	$ 75,622
Futures and forwards	**2,760,597**	2,795,180	**45,167**	46,732
Written options	**644,152**	653,535	**6,509**	292
Purchased options	**651,239**	644,744	**1,038**	686
Total foreign exchange contract notionals	**$ 5,003,788**	$ 5,155,726	**$ 116,845**	$ 123,332
Equity contracts				
Swaps	**$ 142,569**	$ 140,256	**$ –**	$ –
Futures and forwards	**24,030**	29,233	**–**	–
Written options	**848,644**	625,157	**–**	–
Purchased options	**806,346**	567,030	**–**	–
Total equity contract notionals	**$ 1,821,589**	$ 1,361,676	**$ –**	$ –
Commodity and other contracts				
Swaps	**$ 44,734**	$ 29,415	**$ –**	$ –
Futures and forwards	**100,212**	66,860	**–**	–
Written options	**32,480**	27,087	**–**	–
Purchased options	**37,076**	30,168	**–**	–
Total commodity and other contract notionals	**$ 214,502**	$ 153,530	**$ –**	$ –
Credit derivatives(4)				
Citigroup as the Guarantor:				
Credit default swaps	**$ 1,575,754**	$ 1,755,440	**$ –**	$ –
Total return swaps	**2,048**	12,121	**–**	–
Credit default options	**581**	276	**–**	–
Citigroup as the Beneficiary:				
Credit default swaps	**$ 1,672,042**	$ 1,890,611	**$ –**	$ –
Total return swaps	**40,257**	15,895	**–**	–
Credit default options	**742**	450	**–**	–
Total credit derivatives	**$ 3,291,424**	$ 3,674,793	**$ –**	$ –
Total derivative notionals	**$36,801,463**	$35,708,587	**$ 1,171,815**	$ 1,005,082

[Table continues on the following page.]

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Mark-to-Market (MTM) Receivables/Payables

In millions of dollars	Derivatives receivables–MTM September 30, 2008	Derivatives receivables–MTM December 31, 2007	Derivatives payables–MTM September 30, 2008	Derivatives payables–MTM December 31, 2007
Trading Derivatives(2)				
Interest rate contracts	**$ 285,307**	$ 269,400	**$ 286,838**	$ 257,329
Foreign exchange contracts	**123,328**	77,942	**115,397**	71,991
Equity contracts	**35,487**	27,934	**63,889**	66,916
Commodity and other contracts	**17,310**	8,540	**17,444**	8,887
Credit derivatives:				
Citigroup as the Guarantor	**3,831**	4,967	**144,400**	73,103
Citigroup as the Beneficiary	**162,161**	78,426	**4,426**	11,191
Total	**$ 627,424**	$ 467,209	**$ 632,394**	$ 489,417
Less: Netting agreements, cash collateral and market value adjustments	**(534,516)**	(390,328)	**(529,033)**	(385,876)
Net Receivables/Payables	**$ 92,908**	$ 76,881	**$ 103,361**	$ 103,541
Asset/Liability Management Hedges(3)				
Interest rate contracts	**$ 4,896**	$ 8,529	**$ 3,780**	$ 7,176
Foreign exchange contracts	**2,451**	1,634	**971**	972
Total	**$ 7,347**	$ 10,163	**$ 4,751**	$ 8,148

(1) Includes the notional amounts for long and short derivative positions.

(2) Trading derivatives include proprietary positions, as well as certain hedging derivatives instruments that qualify for hedge accounting in accordance with SFAS No. 133, *"Accounting for Derivative Instruments and Hedging Activities"* (SFAS 133).

(3) Asset/Liability Management Hedges include only those end-user derivative instruments where the changes in market value are recorded in Other assets or Other liabilities.

(4) Credit Derivatives are arrangements designed to allow one party (the "protection buyer") to transfer the credit risk of a "reference borrower" or "reference asset" to another party (the "protection seller"). These arrangements allow a protection seller to assume the credit risk associated with a reference borrower or reference asset. The Company has entered into credit derivatives positions for purposes such as risk management, yield enhancement, reduction of credit concentrations, and diversification of overall risk.

The market value adjustments applied by the Company consist of the following items:

Liquidity adjustments are applied to items in Level 2 or Level 3 of the fair-value hierarchy (see note 17 on page 126 for more details) to ensure that the fair value reflects the price at which the entire position could be liquidated. The liquidity reserve is based on the bid/offer spread for an instrument, adjusted to take into account the size of the position.

Counterparty credit-risk adjustments are applied to derivatives such as over-the-counter derivatives, where the base valuation uses market parameters based on the LIBOR interest rate curves. Not all counterparties have the same credit risk as that implied by the relevant LIBOR curve, so it is necessary to consider the market view of the credit risk of a counterparty in order

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to estimate the fair value of such an item.

Bilateral or "own" credit-risk adjustments are applied to reflect the Company's own credit risk when valuing derivatives at fair value, in accordance with the requirements of SFAS 157. The methodology is consistent with that applied in determining counterparty credit-risk adjustments, but incorporates the Company's own credit risk as observed in the credit default swap market.

Counterparty and own credit adjustments consider the estimated future cash flows between Citi and its counterparties under the terms of the derivative instrument, and the effect of credit risk on the valuation of those cash flows, rather than a point-in-time assessment of the current recognized net asset or liability. Furthermore, the credit-risk adjustments take into account the effect of credit-risk mitigants such as pledged collateral and any legal right of offset (to the extent such offset exists) with a counterparty through arrangements such as netting agreements. All or a portion of these credit value adjustments may be reversed or otherwise adjusted in future periods in the event of changes in the credit risk of Citi or its counterparties, changes in the credit mitigants associated with the derivative instruments, or, if such adjustments are not realized, upon settlement of the derivative instruments. A narrowing of Citigroup's credit spreads would generally adversely affect revenues.

The credit valuation adjustment (CVA) to the fair value of derivative instruments as of September 30, 2008 was as follows (in millions of dollars):

Non-Monoline				
Counterparty	**Citigroup (Own)**	**Total**	**Monoline Counterparty**	**Total CVA**
$ (3,841)	$ 4,494	$653	$ (4,564)	**$(3,911)**

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The pre-tax gains (losses) related to changes in credit valuation adjustments on derivatives for the specified periods were as follows (in millions of dollars):

In millions of dollars gain (loss)	Non-Monoline				
	Counterparty	Citigroup (Own)	Net	Monoline Counterparty	Net Gain (Loss)
Three months ended September 30, 2008	$ (852)	$ 1,951	$1,099	$ (919)	**$ 180**
Nine months ended September 30, 2008	$ (2,237)	$ 3,164	$ 927	$ (4,838)	**$ (3,911)**

The own-credit amounts shown above relate solely to the derivative portfolio, and do not include:

own-credit adjustments for non-derivative liabilities measured at fair value due to fair value election under SFAS 155 or SFAS 159. See footnote 17 on page 126 for further information.

The effect of counterparty credit risk embedded in non-derivative instruments. During 2008, general spread widening has negatively affected the market value of a range of financial instruments. Losses on non-derivative instruments, such as bonds and loans, related to counterparty credit risk are not included in the table above.

Credit Derivatives

The Company makes markets in and trades a range of credit derivatives, both on behalf of clients as well as for its own account. Through these contracts, the Company either purchases or writes protection on either a single-name or a portfolio of credits. The Company uses credit derivatives to help mitigate credit risk in its corporate loan portfolio and other cash positions, to take proprietary trading positions, and to facilitate client transactions.

Credit derivatives generally require that the seller of credit protection make payments to the buyer upon the occurrence of predefined events (settlement triggers). These settlement triggers are defined by the form of the derivative and the referenced credit and are generally limited to the market standard of failure to pay on indebtedness and bankruptcy of the reference credit and, in a more limited range of transactions, debt restructuring. Credit derivative transactions referring to emerging market reference credits will also typically include additional settlement triggers to cover the acceleration of indebtedness and the risk of repudiation or a payment moratorium. In certain transactions on a portfolio of referenced credits or asset-backed securities, the seller of protection may not be required to make payment until a specified amount of losses has occurred with respect to the portfolio and/or may only be required to pay for losses up to a specified amount.

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The following tables summarize the key characteristics of the Company's credit derivative portfolio by activity, counterparty and derivative instrument as of September 30, 2008 and December 31, 2007:

September 30, 2008:

In millions of dollars	Market values		Notionals	
	Receivable	Payable	Beneficiary	Guarantor
By Activity:				
Credit portfolio	$ 2,143	$ 53	$ 80,413	$ –
Dealer/client	163,849	148,773	1,632,628	1,578,383
Total by Activity	$165,992	$148,826	$1,713,041	$1,578,383
By Industry/Counterparty				
Bank	$ 92,169	$ 91,263	$1,054,002	$1,017,928
Broker-dealer	41,667	40,231	434,390	399,523
Monoline	6,641	114	11,537	176
Non-financial	398	517	4,477	6,578
Insurance and other financial institutions	25,117	16,701	208,635	154,178
Total by Industry/Counterparty	$165,992	$148,826	$1,713,041	$1,578,383
By Instrument:				
Credit default swaps and options	$164,235	$148,103	$1,672,785	$1,576,338
Total return swaps and other	1,757	723	40,256	2,045
Total by Instrument	$165,992	$148,826	$1,713,041	$1,578,383

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December 31, 2007(1):

In millions of dollars	Market values		Notionals	
	Receivable	Payable	Beneficiary	Guarantor
By Activity:				
Credit portfolio	$ 626	$ 129	$ 91,228	$ –
Dealer/client	82,767	84,165	1,815,728	1,767,837
Total by Activity	$ 83,393	$84,294	$1,906,956	$1,767,837
By Industry/Counterparty:				
Bank	$ 28,571	$34,425	$1,035,217	$ 970,831
Broker-dealer	28,183	31,519	633,745	585,549
Monoline	5,044	88	15,064	1,243
Non-financial	220	331	3,682	4,253
Insurance and other financial institutions	21,375	17,931	219,248	205,961
Total by Industry/Counterparty	$ 83,393	$84,294	$1,906,956	$1,767,837
By Instrument:				
Credit default swaps and options	$ 82,752	$83,015	$1,891,061	$1,755,716
Total return swaps and other	641	1,279	15,895	12,121
Total by Instrument	$ 83,393	$84,294	$1,906,956	$1,767,837

(1) Reclassified to conform to current period's presentation.

The market values shown are prior to the application of any netting agreements, cash collateral, and market or credit value adjustments.

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The Company actively participates in trading a variety of credit derivatives products to manage its own credit risk in loan and other portfolios ("credit portfolio" activity) and as an active two-way market-maker for clients ("dealer/client" activity). During 2007, Citigroup and the industry experienced a material increase in trading volumes. The volatility and liquidity challenges in the credit markets during the third and fourth quarters drove derivatives trading volumes as credit derivatives became the instrument of choice for managing credit risk. The majority of this activity was transacted with other financial intermediaries, including both banks and broker-dealers. During the full year 2007, the total notional amount of protection purchased and sold increased $906 billion and $824 billion, respectively, and by various market participants. The total market value increase of $69 billion each for protection purchased and sold was primarily due to an increase in volume growth of $63 billion and $62 billion, and market spread changes of $6 billion and $7 billion for protection purchased and sold, respectively.

During the first nine months of 2008, the total notional amount of protection purchased and sold decreased $194 billion and $189 billion, respectively as volume continued to decline. The corresponding market value increased $83 billion for protection purchased and $65 billion for protection sold. These market value increases were due to changes in market conditions.

The Company generally has a mismatch between the total notional amounts of protection purchased and sold, and it may hold the reference assets directly rather than entering into offsetting credit derivative contracts as and when desired. The open risk exposures from credit derivative contracts are largely matched after certain cash positions in reference assets are considered and after notional amounts are adjusted, either to a duration-based equivalent basis, or to reflect the level of subordination in tranched structures.

The Company actively monitors its counterparty credit risk in credit derivative contracts. Approximately 84% and 77% of

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the receivables as of September 30, 2008 and December 31, 2007, respectively, are from counterparties with which the Company maintains collateral agreements. A majority of the Company's top 15 counterparties (by receivable balance owed to the Company) are banks, financial institutions or other dealers. Contracts with these counterparties do not include ratings-based termination events. However, counterparty rating downgrades may have an incremental effect by lowering the threshold at which the Company may call for additional collateral. A number of the remaining significant counterparties are monolines. See page 38 for a discussion of the Company's exposure to monolines. The master agreements with these monolines are generally unsecured. As with all derivative contracts, the Company considers counterparty credit risk in the valuation of its positions and recognizes credit valuation adjustments as appropriate. During the third quarter of 2008, the Company recorded an additional $919 million in credit market value adjustments on market value exposures to the monolines as a result of widening credit spreads and an increase in the expected exposure to the monolines.

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MARKET RISK MANAGEMENT PROCESS

Market risk encompasses liquidity risk and price risk, both of which arise in the normal course of business of a global financial intermediary. Liquidity risk is the risk that an entity may be unable to meet a financial commitment to a customer, creditor, or investor when due, as a result of the unavailability of funds. Liquidity risk is discussed in the "Capital Resources and Liquidity" section beginning on page 59. Price risk is the earnings risk from changes in interest rates, foreign exchange rates, equity and commodity prices, and in their implied volatilities. Price risk arises in non-trading portfolios, as well as in trading portfolios.

Interest Rate Exposure (IRE)

The exposures in the following table represent the approximate annualized risk to Net Interest Revenue (NIR) assuming an unanticipated parallel instantaneous 100bp change, as well as a more gradual 100bp (25bps per quarter) parallel change in rates as compared with the market forward interest rates in selected currencies.

In millions of dollars	**September 30, 2008**		**June 30, 2008**		**September 30, 2007**	
	Increase	**Decrease**	**Increase**	**Decrease**	**Increase**	**Decrease**
U.S. dollar						
Instantaneous change	**$(1,811)**	**$ 893**	**$(1,236)**	**$ 1,170**	$ (684)	$ 738
Gradual change	**$ (707)**	**$ 490**	**$ (756)**	**$ 633**	$ (337)	$ 372
Mexican peso						
Instantaneous change	**$ (23)**	**$ 23**	**$ (24)**	**$ 24**	$ 5	$ (5)
Gradual change	**$ (19)**	**$ 19**	**$ (19)**	**$ 19**	$ (1)	$ 1
Euro						
Instantaneous change	**$ (52)**	**$ 52**	**$ (71)**	**$ 71**	$ (92)	$ 92
Gradual change	**$ (41)**	**$ 41**	**$ (51)**	**$ 51**	$ (38)	$ 38
Japanese yen						
Instantaneous change	**$ 142**	**NM**	**$ 131**	**NM**	$ 58	NM
Gradual change	**$ 72**	**NM**	**$ 73**	**NM**	$ 43	NM

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Pound sterling						
Instantaneous change	**$ 16**	**$ (16)**	**$ 13**	**$ (13)**	$ (5)	$ 5
Gradual change	**$ 13**	**$ (13)**	**$ 15**	**$ (15)**	$ 8	$ (8)

NM Not meaningful. A 100 basis point decrease in interest rates would imply negative rates for the Japanese yen yield curve.

The changes in the U.S. dollar interest rate exposures from June 30, 2008 primarily reflect movements in customer-related asset and liability mix, the expected impact of market rates on customer behavior, as well as Citigroup's view of prevailing interest rates.

The following table shows the estimated one year impact to NIR from the change in a combination of two factors, the overnight rate and the 10-year rate, under six different scenarios.

	Scenario 1	**Scenario 2**	**Scenario 3**	**Scenario 4**	**Scenario 5**	**Scenario 6**
Overnight rate change (bp)	–	100	200	(200)	(100)	–
10-year rate change (bp)	(100)	–	100	(100)	–	100
Impact to net interest revenue *(in millions of dollars)*	$ (100)	$ (585)	$(1,139)	$ 935	$ 518	$ (56)

Value at Risk (VAR)

For Citigroup's major trading centers, the aggregate pretax VAR in the trading portfolios was $237 million, $255 million, and $135 million at September 30, 2008, June 30, 2008, and September 30, 2007, respectively. Daily exposures averaged $240 million during the third quarter of 2008 and ranged from $265 million to $220 million.

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The following table summarizes VAR to Citigroup in the trading portfolios at September 30, 2008, June 30, 2008, and September 30, 2007, including the Total VAR, the specific risk only component of VAR, and Total−General market factors only, along with the quarterly averages:

In million of dollars	September 30, 2008(1)	Third Quarter 2008 Average(1)	June 30, 2008(1)	Second Quarter 2008 Average(1)	September 30, 2007	Third Quarter 2007 Average
Interest rate	**$ 240**	**$ 265**	$ 288	$ 301	$ 96	$ 101
Foreign exchange	**40**	**43**	47	49	28	29
Equity	**106**	**99**	95	79	104	98
Commodity	**20**	**20**	45	51	33	31
Covariance adjustment	**(169)**	**(187)**	(220)	(188)	(126)	(118)
Total−All market risk factors, including general and specific risk	**$ 237**	**$ 240**	$ 255	$ 292	$ 135	$ 141
Specific risk only component	**$ 20**	**$ 14**	$ 15	$ 7	$ 24	$ 26
Total−General market factors only	**$ 217**	**$ 226**	$ 240	$ 285	$ 111	$ 115

(1) The Sub-Prime Group (SPG) exposures became fully integrated into VAR during the first quarter of 2008. As a result, September 30, 2008 and third quarter 2008 average VAR increased by approximately $60 million and $73 million, respectively. June 30, 2008 and second quarter 2008 VAR increased by approximately $95 million and $135 million, respectively.

The specific risk only component represents the level of equity and debt issuer-specific risk embedded in VAR. Citigroup's specific risk model conforms to the 4x-multiplier treatment and is subject to extensive annual hypothetical back-testing.

The table below provides the range of VAR in each type of trading portfolio that was experienced during the quarters ended:

In millions of dollars	September 30, 2008		June 30, 2008		September 30, 2007	
	Low	High	Low	High	Low	High
Interest rate	**$239**	**$292**	$268	$339	$ 87	$119

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Foreign exchange	**28**	**71**	33	81	23	35
Equity	**80**	**134**	63	181	82	120
Commodity	**12**	**46**	40	60	24	41

OPERATIONAL RISK MANAGEMENT PROCESS

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people or systems, or from external events. It includes the reputation and franchise risk associated with business practices or market conduct that the Company undertakes. Operational risk is inherent in Citigroup's global business activities and, as with other risk types, is managed through an overall framework with checks and balances that include:

Recognized ownership of the risk by the businesses;

Oversight by independent risk management; and

Independent review by Audit and Risk Review (ARR).

Framework

Citigroup's approach to operational risk is defined in the Citigroup Risk and Control Self-Assessment (RCSA)/Operational Risk Policy.

The objective of the Policy is to establish a consistent, value-added framework for assessing and communicating operational risk and the overall effectiveness of the internal control environment across Citigroup. Each major business segment must implement an operational risk process consistent with the requirements of this Policy.

The RCSA standards establish a formal governance structure to provide direction, oversight, and monitoring of Citigroup's RCSA programs. The RCSA standards for risk and control assessment are applicable to all businesses and staff functions. They establish RCSA as the process whereby important risks inherent in the activities of a business are identified and the effectiveness of the key controls over those risks are evaluated and monitored. RCSA processes facilitate Citigroup's adherence to internal control over financial reporting, regulatory requirements (including Sarbanes-Oxley and FDICIA) the International Convergence of Capital Measurement and Capital Standards (Basel II), and other corporate initiatives, including Operational Risk Management and alignment of capital assessments with risk management objectives. The entire process is subject to audit by Citigroup's ARR, and the results of RCSA are included in periodic management reporting, including reporting to senior management and the Audit and Risk Management Committee.

The operational risk standards facilitate the effective communication of operational risk both within and across businesses. Information about the businesses' operational risk, historical losses, and the control environment is reported by each major business segment and functional area, and summarized for senior management and the Citigroup Board of Directors.

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Measurement and Basel II

To support advanced capital modeling and management, the businesses are required to capture relevant operational risk information. The risk capital calculation is designed to qualify as an "Advanced Measurement Approach" (AMA) under Basel II. It uses a combination of internal and external loss data to support statistical modeling of capital requirement estimates, which are then adjusted to reflect qualitative data regarding the operational risk and control environment.

Information Security and Continuity of Business

Information security and the protection of confidential and sensitive customer data are a priority of Citigroup. The Company has implemented an Information Security Program that complies with the Gramm-Leach-Bliley Act and other regulatory guidance. The Information Security Program is reviewed and enhanced periodically to address emerging threats to customers' information.

The Corporate Office of Business Continuity, with the support of senior management, continues to coordinate global preparedness and mitigate business continuity risks by reviewing and testing recovery procedures.

COUNTRY AND FFIEC CROSS-BORDER RISK MANAGEMENT PROCESS

Country Risk

Country risk is the risk that an event in a foreign country will impair the value of Citigroup assets or will adversely affect the ability of obligors within that country to honor their obligations to Citigroup. Country risk events may include sovereign defaults, banking or currency crises, social instability, and changes in governmental policies (for example, expropriation, nationalization, confiscation of assets and other changes in legislation relating to international ownership). Country risk includes local franchise risk, credit risk, market risk, operational risk, and cross-border risk.

The country risk management framework at Citigroup includes a number of tools and management processes designed to facilitate the ongoing analysis of individual countries and their risks. These include country risk rating models, scenario planning and stress testing, internal watch lists, and the Country Risk Committee process.

The Citigroup Country Risk Committee is the senior forum to evaluate the Company's total business footprint within a specific country franchise with emphasis on responses to current potential country risk events. The Committee is chaired by the Head of Global Country Risk Management and includes as its members senior risk management officers, senior regional business heads, and senior product heads. The Committee regularly reviews all risk exposures within a country, makes recommendations as to actions, and follows up to ensure appropriate accountability.

Cross-Border Risk

Cross-border risk is the risk that actions taken by a non-U.S. government may prevent the conversion of local currency into non-local currency and/or the transfer of funds outside the country, thereby impacting the ability of the Company and its customers to transact business across borders.

Examples of cross-border risk include actions taken by foreign governments such as exchange controls, debt moratoria, or restrictions on the remittance of funds. These actions might restrict the transfer of funds or the ability of the Company to obtain payment from customers on their contractual obligations.

Management oversight of cross-border risk is performed through a formal review process that includes annual setting of cross-border limits and/or exposures, monitoring of economic conditions globally, and the establishment of internal cross-border risk management policies.

Under Federal Financial Institutions Examination Council (FFIEC) regulatory guidelines, total reported cross-border outstandings include cross-border claims on third parties, as well as investments in and funding of local franchises. Cross-border claims on third parties

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(trade and short-, medium- and long-term claims) include cross-border loans, securities, deposits with banks, investments in affiliates, and other monetary assets, as well as net revaluation gains on foreign exchange and derivative products.

Cross-border outstandings are reported based on the country of the obligor or guarantor. Outstandings backed by cash collateral are assigned to the country in which the collateral is held. For securities received as collateral, cross-border outstandings are reported in the domicile of the issuer of the securities. Cross-border resale agreements are presented based on the domicile of the counterparty in accordance with FFIEC guidelines.

Investments in and funding of local franchises represent the excess of local country assets over local country liabilities. Local country assets are claims on local residents recorded by branches and majority-owned subsidiaries of Citigroup domiciled in the country, adjusted for externally guaranteed claims and certain collateral. Local country liabilities are obligations of non-U.S. branches and majority-owned subsidiaries of Citigroup for which no cross-border guarantee has been issued by another Citigroup office.

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The table below shows all countries where total Federal Financial Institutions Examination Council (FFIEC) cross-border outstandings exceed 0.75% of total Citigroup assets:

	September 30, 2008								December 31, 2007	
	Cross-Border Claims on Third Parties									
In billions of U.S. dollars	Banks	Public	Private	Total	Trading and Short-Term Claims(1)	Investments in and Funding of Local Franchises(2)	Total Cross-Border Outstandings	Commitments	Total Cross-Border Outstandings	Commitments
Germany	**$ 8.2**	**$ 5.4**	**$ 8.9**	**$22.5**	**$ 19.9**	**$ 13.8**	**$ 36.3**	**$ 42.9**	$ 29.3	$ 46.4
India	**1.0**	**0.1**	**8.9**	**10.0**	**7.1**	**20.7**	**30.7**	**1.7**	39.0	1.7
Cayman Islands	**0.3**	**–**	**28.0**	**28.3**	**25.8**	**–**	**28.3**	**8.6**	9.0	6.9
United Kingdom	**9.8**	**–**	**16.3**	**26.1**	**23.8**	**–**	**26.1**	**215.8**	24.7	366.0
South Korea	**2.2**	**0.4**	**2.7**	**5.3**	**5.1**	**16.2**	**21.5**	**17.3**	21.9	22.0
Netherlands	**6.5**	**0.5**	**13.7**	**20.7**	**14.3**	**–**	**20.7**	**55.0**	23.1	20.2
France	**9.2**	**2.3**	**7.8**	**19.3**	**16.4**	**–**	**19.3**	**54.7**	24.3	107.8
Italy	**1.2**	**6.4**	**3.2**	**10.8**	**8.7**	**4.5**	**15.3**	**15.0**	18.8	5.1
Spain	**4.6**	**0.3**	**6.8**	**11.7**	**8.8**	**3.6**	**15.3**	**12.2**	21.3	7.4

(1) Included in total cross-border claims on third parties.

(2) Represents the excess of local country assets over local country liabilities.

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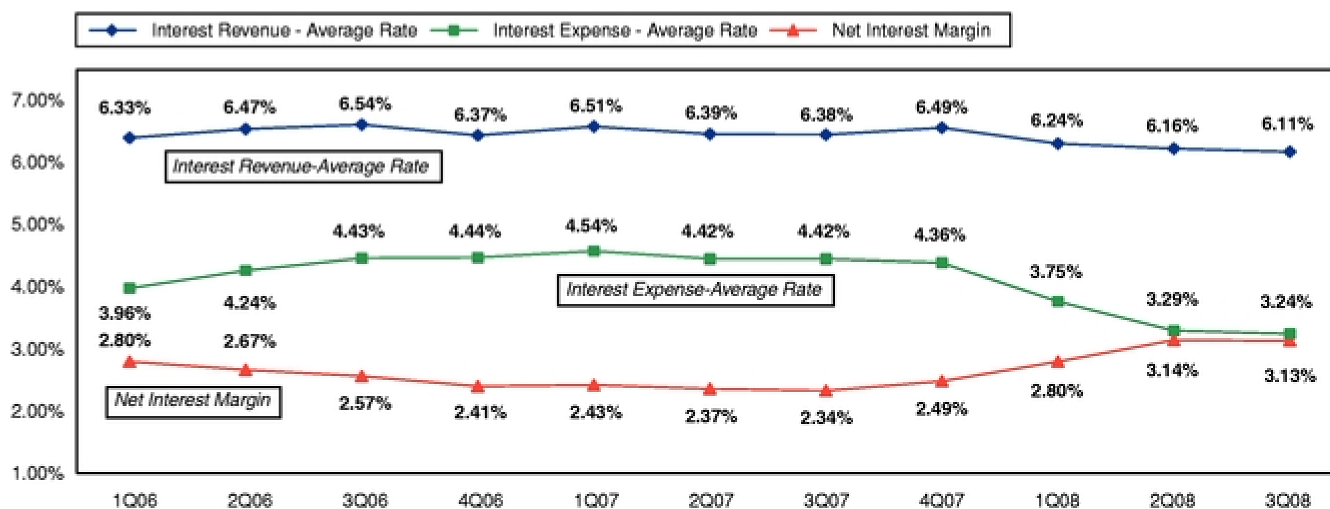
INTEREST REVENUE/EXPENSE AND YIELDS

Average Rates−Interest Revenue, Interest Expense, and Net Interest Margin



In millions of dollars	3rd Qtr. 2008	2nd Qtr. 2008	3rd Qtr. 2007	Change 3Q08 vs. 3Q07
Interest Revenue(1)	**$ 26,182**	$ 27,372	$32,267	(19)%
Interest Expense(2)	**12,776**	13,407	20,423	(37)
Net Interest Revenue(1)(2)	**$ 13,406**	$ 13,965	$11,844	13%
Interest Revenue−Average Rate	**6.11%**	6.16%	6.38%	(27) bps
Interest Expense−Average Rate	**3.24%**	3.29%	4.42%	(118) bps
Net Interest Margin (NIM)	**3.13%**	3.14%	2.34%	79 bps
Interest Rate Benchmarks:				
Federal Funds Rate−End of Period	**2.00%**	2.00%	4.75%	(275) bps
2 Year U.S. Treasury Note−Average Rate	**2.36%**	2.42%	4.39%	(203) bps

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10 Year U.S. Treasury Note−Average Rate	**3.86%**	3.88%	4.74%	(88) bps
10 Year vs. 2 Year Spread	**150 bps**	146 bps	35 bps	

(1) Excludes taxable equivalent adjustment (based on the U.S. federal statutory tax rate of 35%) of $51 million, $65 million, and $34 million for the third quarter of 2008, the second quarter of 2008, and the third quarter of 2007, respectively.

(2) Excludes expenses associated with hybrid financial instruments and beneficial interest in consolidated VIEs. These obligations are classified as Long-term debt and accounted for at fair value with changes recorded in Principal transactions. In addition, the majority of the funding provided by Treasury to CitiCapital operations is excluded from this line.

Reclassified to conform to the current period's presentation and has been reclassified to exclude Discontinued Operations.

A significant portion of the Company's business activities is based upon gathering deposits and borrowing money and then lending or investing those funds, including market-making activities in tradeable securities. Net interest margin (NIM) is calculated by dividing annualized gross interest revenue less gross interest expense by average interest earning assets.

During the third quarter of 2008, the significantly lower cost of funding offset the lower asset yields, resulting in relatively flat NIM. Both the average assets and liabilities showed decline in yields resulting from a full quarter of lower Fed Funds target rate.

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AVERAGE BALANCES AND INTEREST RATES−ASSETS(1)(2)(3)

In millions of dollars	Average Volume 3rd Qtr. 2008	Average Volume 2nd Qtr. 2008	Average Volume 3rd Qtr. 2007	Interest Revenue 3rd Qtr. 2008	Interest Revenue 2nd Qtr. 2008	Interest Revenue 3rd Qtr. 2007	% Average Rate 3rd Qtr. 2008	% Average Rate 2nd Qtr. 2008	% Average Rate 3rd Qtr. 2007
Assets									
Deposits with banks(4)	**$ 66,922**	$ 63,952	$ 60,972	**$ 803**	$ 773	$ 855	**4.77%**	4.86%	5.56%
Federal funds sold and securities borrowed or purchased under agreements to resell(5)									
In U.S. offices	**$ 157,355**	$ 182,672	$ 213,438	**$ 1,272**	$ 1,326	$ 3,217	**3.22%**	2.92%	5.98%
In offices outside the U.S.(4)	**76,982**	59,182	156,123	**950**	1,051	1,873	**4.91**	7.14	4.76
Total	**$ 234,337**	$ 241,854	$ 369,561	**$ 2,222**	$ 2,377	$ 5,090	**3.77%**	3.95%	5.46%
Trading account assets(6)(7)									
In U.S. offices	**$ 210,248**	$ 241,068	$ 281,590	**$ 2,740**	$ 3,249	$ 3,662	**5.18%**	5.42%	5.16%
In offices outside the U.S.(4)	**158,409**	169,278	206,098	**1,414**	1,395	1,494	**3.55**	3.31	2.88
Total	**$ 368,657**	$ 410,346	$ 487,688	**$ 4,154**	$ 4,644	$ 5,156	**4.48%**	4.55%	4.19%
Investments(1)									
In U.S. offices									
Taxable	**$ 118,950**	$ 110,977	$ 127,706	**$ 1,185**	$ 1,105	$ 1,636	**3.96%**	4.00%	5.08%
Exempt from U.S. income tax	**13,057**	13,089	19,207	**136**	138	242	**4.14**	4.24	5.00

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In offices outside the U.S.(4)	**93,171**	97,989	110,981	**1,276**	1,305	1,462	**5.45**	5.36	5.23
Total	**$ 225,178**	$ 222,055	$ 257,894	**$ 2,597**	$ 2,548	$ 3,340	**4.59%**	4.62%	5.14%
Loans (net of unearned income)(8)									
Consumer loans									
In U.S. offices	**$ 362,490**	$ 379,970	$ 364,576	**$ 7,034**	$ 7,269	$ 7,649	**7.72%**	7.69%	8.32%
In offices outside the U.S.(4)	**183,829**	185,369	166,660	**4,891**	4,939	4,440	**10.58**	10.72	10.57
Total consumer loans	**$ 546,319**	$ 565,339	$ 531,236	**$11,925**	$12,208	$12,089	**8.68%**	8.69%	9.03%
Corporate loans									
In U.S. offices	**$ 41,006**	$ 42,377	$ 39,346	**$ 499**	$ 464	$ 662	**4.84%**	4.40%	6.68%
In offices outside the U.S.(4)	**131,597**	146,885	163,003	**3,104**	3,269	3,590	**9.38**	8.95	8.74
Total corporate loans	**$ 172,603**	$ 189,262	$ 202,349	**$ 3,603**	$ 3,733	$ 4,252	**8.30%**	7.93%	8.34%
Total loans	**$ 718,922**	$ 754,601	$ 733,585	**$15,528**	$15,941	$16,341	**8.59%**	8.50%	8.84%
Other interest-earning Assets	**$ 92,022**	$ 94,129	$ 97,506	**$ 878**	$ 1,089	$ 1,485	**3.80%**	4.65%	6.04%
Total interest-earning Assets	**$1,706,038**	$1,786,937	$2,007,206	**$26,182**	$27,372	$32,267	**6.11%**	6.16%	6.38%
Non-interest-earning assets(6)	**363,733**	373,759	252,557						
Total Assets from discontinued operations	**$ 25,237**	$ 35,165	$ 36,838						

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Total assets	**$2,095,008**	$2,195,861	$2,296,601

(1) Interest revenue excludes the taxable equivalent adjustments (based on the U.S. federal statutory tax rate of 35%) of $51 million, $65 million, and $34 million for the third quarter of 2008, the second quarter of 2008, and the third quarter of 2007, respectively.

(2) Interest rates and amounts include the effects of risk management activities associated with the respective asset and liability categories. See Note 16 on page 121.

(3) Monthly or quarterly averages have been used by certain subsidiaries where daily averages are unavailable.

(4) Average rates reflect prevailing local interest rates, including inflationary effects and monetary correction in certain countries.

(5) Average volumes of securities borrowed or purchased under agreements to resell are reported net pursuant to FIN 41 and Interest revenue excludes the impact of FIN 41.

(6) The fair value carrying amounts of derivative and foreign exchange contracts are reported in non-interest-earning assets and other non-interest-bearing liabilities.

(7) Interest expense on Trading account liabilities of ICG is reported as a reduction of Interest revenue. Interest revenue and Interest expense on cash collateral positions are reported in Trading account assets and Trading account liabilities, respectively.

(8) Includes cash-basis loans.

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AVERAGE BALANCES AND INTEREST RATES–LIABILITIES AND EQUITY, AND NET INTEREST REVENUE(1)(2)(3)

In millions of dollars	Average Volume			Interest Revenue			% Average Rate		
	3rd Qtr. 2008	2nd Qtr. 2008	3rd Qtr. 2007	3rd Qtr. 2008	2nd Qtr. 2008	3rd Qtr. 2007	3rd Qtr. 2008	2nd Qtr. 2008	3rd Qtr. 2007
Liabilities									
Deposits									
In U. S. offices									
Savings deposits(4)	**$ 155,260**	$ 163,923	$ 148,736	**$ 611**	$ 683	$ 1,221	**1.57%**	1.68%	3.26%
Other time deposits	**54,928**	57,911	56,473	**554**	614	766	**4.01**	4.26	5.38
In offices outside the U.S.(5)	**464,429**	488,304	502,059	**3,750**	3,785	5,469	**3.21**	3.12	4.32
Total	**$ 674,617**	$ 710,138	$ 707,268	**$ 4,915**	$ 5,082	$ 7,456	**2.90%**	2.88%	4.18%
Federal funds purchased and securities loaned or sold under agreements to repurchase(6)									
In U.S. offices	**$ 160,202**	$ 195,879	$ 272,927	**$ 1,185**	$ 1,299	$ 4,052	**2.94%**	2.67%	5.89%
In offices outside the U.S.(5)	**102,178**	87,468	155,354	**1,552**	1,665	2,379	**6.04**	7.66	6.08
Total	**$ 262,380**	$ 283,347	$ 428,281	**$ 2,737**	$ 2,964	$ 6,431	**4.15%**	4.21%	5.96%
Trading account liabilities(7)(8)									
In U.S. offices	**$ 30,251**	$ 29,764	$ 48,063	**$ 251**	$ 413	$ 302	**3.30%**	5.58%	2.49%

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In offices outside the U.S.(5)	**42,789**	46,184	69,791	**39**	43	69	**0.36**	0.37	0.39
Total	**$ 73,040**	$ 75,948	$ 117,854	**$ 290**	$ 456	$ 371	**1.58%**	2.41%	1.25%
Short-term borrowings									
In U.S. offices	**$ 149,398**	$ 152,356	$ 187,286	**$ 729**	$ 814	$ 1,755	**1.94%**	2.15%	3.72%
In offices outside the U.S.(5)	**50,966**	65,411	76,164	**224**	180	210	**1.75**	1.11	1.09
Total	**$ 200,364**	$ 217,767	$ 263,450	**$ 953**	$ 994	$ 1,965	**1.89%**	1.84%	2.96%
Long-term debt(9)									
In U.S. offices	**$ 323,788**	$ 315,686	$ 273,739	**$ 3,460**	$ 3,454	$ 3,647	**4.25%**	4.40%	5.29%
In offices outside the U.S.(5)	**36,430**	37,647	41,612	**421**	457	553	**4.60**	4.88	5.27
Total	**$ 360,218**	$ 353,333	$ 315,351	**$ 3,881**	$ 3,911	$ 4,200	**4.29%**	4.45%	5.28%
Total interest-bearing liabilities	**$1,570,619**	$1,640,533	$1,832,204	**$12,776**	$13,407	$20,423	**3.24%**	3.29%	4.42%
Demand deposits in U.S. offices	**13,503**	13,402	13,683						
Other non-interest-bearing liabilities(7)	**360,076**	386,579	305,391						
Total liabilities from discontinued operations	**19,039**	20,337	18,516						
Total liabilities	**$1,963,237**	$2,060,851	$2,169,794						

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Total stockholders' equity	**$ 131,771**	$ 135,010	$ 126,807						
Total liabilities and stockholders' equity	**$2,095,008**	$2,195,861	$2,296,601						
Net interest revenue as a percentage of average interest-earning assets(10)									
In U.S. offices	**$ 976,773**	$1,036,000	$1,116,639	**$ 6,424**	$ 6,631	$ 5,716	**2.62%**	2.57%	2.03%
In offices outside the U.S.(5)	**729,265**	750,937	890,567	**6,982**	7,334	6,128	**3.81%**	3.93%	2.73%
Total	**$1,706,038**	$1,786,937	$2,007,206	**$13,406**	$13,965	$11,844	**3.13%**	3.14%	2.34%

(1) Interest revenue excludes the taxable equivalent adjustments (based on the U.S. federal statutory tax rate of 35%) of $51 million, $65 million, and $34 million for the third quarter of 2008, the second quarter of 2008, and the third quarter of 2007, respectively.

(2) Interest rates and amounts include the effects of risk management activities associated with the respective asset and liability categories. See Note 16 on page 121.

(3) Monthly or quarterly averages have been used by certain subsidiaries where daily averages are unavailable.

(4) Savings deposits consist of Insured Money Market Rate accounts, NOW accounts, and other savings deposits.

(5) Average rates reflect prevailing local interest rates, including inflationary effects and monetary corrections in certain countries.

(6) Average volumes of securities loaned or sold under agreements to repurchase are reported net pursuant to FIN 41 and Interest expense excludes the impact of FIN 41.

(7) The fair value carrying amounts of derivative and foreign exchange contracts are reported in non-interest-earning assets and other non-interest-bearing liabilities.

(8) Interest expense on Trading account liabilities of ICG is reported as a reduction of Interest revenue. Interest revenue and Interest expense on cash collateral positions are reported in Trading account assets and Trading account liabilities, respectively.

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(9) Excludes hybrid financial instruments and beneficial interests in consolidated VIEs that are classified as long-term debt as these obligations are accounted for at fair value with changes recorded in Principal Transactions. In addition, the majority of the funding provided by Corporate Treasury to CitiCapital operations is excluded from this line.

(10) Includes allocations for capital and funding costs based on the location of the asset.

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AVERAGE BALANCES AND INTEREST RATES−ASSETS(1)(2)(3)(4)

In millions of dollars	Average Volume		Interest Revenue		% Average Rate	
	Nine Months 2008	**Nine Months 2007**	**Nine Months 2008**	**Nine Months 2007**	**Nine Months 2008**	**Nine Months 2007**
Assets						
Deposits with banks(5)	**$ 64,729**	$ 52,249	**$ 2,360**	$ 2,301	**4.87%**	5.89%
Federal funds sold and securities borrowed or purchased under agreements to resell(6)						
In U.S. offices	**$ 172,482**	$ 194,217	**$ 4,344**	$ 9,098	**3.36%**	6.26%
In offices outside the U.S.(5)	**80,353**	133,672	**3,427**	4,943	**5.70**	4.94
Total	**$ 252,835**	$ 327,889	**$ 7,771**	$ 14,041	**4.11%**	5.73%
Trading account assets(7)(8)						
In U.S. offices	**$ 235,157**	$ 260,893	**$ 9,623**	$ 9,595	**5.47%**	4.92%
In offices outside the U.S.(5)	**169,467**	173,244	**3,974**	3,876	**3.13**	2.99
Total	**$ 404,624**	$ 434,137	**$ 13,597**	$ 13,471	**4.49%**	4.15%
Investments(1)						
In U.S. offices						
Taxable	**$ 111,467**	$ 145,794	**$ 3,469**	$ 5,497	**4.16%**	5.04%
Exempt from U.S. income tax	**13,059**	18,329	**433**	705	**4.43**	5.14

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In offices outside the U.S.(5)	**96,974**	109,145	**3,930**	4,225	**5.41**	5.18
Total	**$ 221,500**	$ 273,268	**$ 7,832**	$ 10,427	**4.72%**	5.10%
Loans (net of unearned income)(9)						
Consumer loans						
In U.S. offices	**$ 375,982**	$ 357,422	**$ 21,831**	$ 22,339	**7.76%**	8.36%
In offices outside the U.S.(5)	**183,450**	152,362	**14,659**	12,186	**10.67**	10.69
Total consumer loans	**$ 559,432**	$ 509,784	**$ 36,490**	$ 34,525	**8.71%**	9.05%
Corporate loans						
In U.S. offices	**$ 42,302**	$ 33,035	**$ 1,611**	$ 1,718	**5.09%**	6.95%
In offices outside the U.S.(5)	**143,839**	150,550	**9,782**	9,857	**9.08**	8.75
Total corporate loans	**$ 186,141**	$ 183,585	**$ 11,393**	$ 11,575	**8.18%**	8.43%
Total loans	**$ 745,573**	$ 693,369	**$ 47,883**	$ 46,100	**8.58%**	8.89%
Other interest-earning assets	**$ 101,766**	$ 82,782	**$ 3,301**	$ 3,233	**4.33%**	5.22%
Total interest-earning assets	**$1,791,027**	$1,863,694	**$ 82,744**	$ 89,573	**6.17%**	6.43%
Non-interest-earning assets(7)	**381,699**	232,997				
Total assets from discontinued operations	**32,686**	36,801				

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Total assets	**$2,205,412**	$2,133,492

(1) Interest revenue excludes the taxable equivalent adjustments (based on the U.S. federal statutory tax rate of 35%) of $164 million and $94 million for the first nine months of 2008 and 2007, respectively.

(2) Interest rates and amounts include the effects of risk management activities associated with the respective asset and liability categories. See Note 16 on page 121.

(3) Monthly or quarterly averages have been used by certain subsidiaries where daily averages are unavailable.

(4) Detailed average volume, interest revenue and interest expense exclude discontinued operations. See Note 2 on page 92.

(5) Average rates reflect prevailing local interest rates, including inflationary effects and monetary correction in certain countries.

(6) Average volumes of securities borrowed or purchased under agreements to resell are reported net pursuant to FIN 41 and interest revenue excludes the impact of FIN 41.

(7) The fair value carrying amounts of derivative and foreign exchange contracts are reported in non-interest-earning assets and other non-interest bearing liabilities.

(8) Interest expense on Trading account liabilities of ICG is reported as a reduction of interest revenue. Interest revenue and interest expense on cash collateral positions are reported in Trading account assets and Trading account liabilities, respectively.

(9) Includes cash-basis loans.

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AVERAGE BALANCES AND INTEREST RATES–LIABILITIES AND EQUITY, AND NET INTEREST REVENUE(1)(2)(3)(4)

In millions of dollars	Average Volume		Interest Expense		% Average Rate	
	Nine Months 2008	**Nine Months 2007**	**Nine Months 2008**	**Nine Months 2007**	**Nine Months 2008**	**Nine Months 2007**
Liabilities						
Deposits						
In U. S. offices						
Savings deposits(5)	**$ 161,377**	$ 147,171	**$ 2,334**	$ 3,569	**1.93%**	3.24
Other time deposits	**59,210**	55,005	**1,945**	2,346	**4.39**	5.70
In offices outside the U.S.(6)	**486,320**	469,567	**11,912**	14,869	**3.27**	4.23
Total	**$ 706,907**	$ 671,743	**$ 16,191**	$ 20,784	**3.06%**	4.14
Federal funds purchased and securities loaned or sold under agreements to repurchase(7)						
In U.S. offices	**$ 188,653**	$ 247,893	**$ 4,519**	$ 11,193	**3.20%**	6.04
In offices outside the U.S.(6)	**103,237**	145,660	**5,085**	6,633	**6.58**	6.09
Total	**$ 291,890**	$ 393,553	**$ 9,604**	$ 17,826	**4.40%**	6.06
Trading account liabilities(8)(9)						
In U.S. offices	**$ 32,576**	$ 49,507	**$ 934**	$ 849	**3.83%**	2.29
In offices outside the U.S.(6)	**47,468**	59,360	**145**	209	**0.41**	0.47

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Total	**$ 80,044**	$ 108,867	**$ 1,079**	$ 1,058	**1.80%**	1.30
Short-term borrowings						
In U.S. offices	**$ 156,458**	$ 167,264	**$ 2,695**	$ 4,629	**2.30%**	3.70
In offices outside the U.S.(6)	**60,264**	59,010	**633**	601	**1.40**	1.36
Total	**$ 216,722**	$ 226,274	**$ 3,328**	$ 5,230	**2.05%**	3.09
Long-term debt(10)						
In U.S. offices	**$ 312,940**	$ 256,617	**$ 10,745**	$ 10,217	**4.59%**	5.32
In offices outside the U.S.(6)	**37,956**	34,052	**1,358**	1,312	**4.78**	5.15
Total	**$ 350,896**	$ 290,669	**$ 12,103**	$ 11,529	**4.61%**	5.30
Total interest-bearing liabilities	**$1,646,459**	$1,691,106	**$ 42,305**	$ 56,427	**3.43%**	4.46
Demand deposits in U.S. offices	**13,288**	12,025				
Other non-interest bearing liabilities(8)	**394,985**	288,490				
Total liabilities from discontinued operations	**19,435**	18,235				
Total liabilities	**$2,074,167**	$2,009,856				
Total stockholders' equity(11)	**$ 131,245**	$ 123,636				
Total liabilities and stockholders' equity	**$2,205,412**	$2,133,492				

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Net interest revenue as a percentage of average interest-earning assets(12)						
In U.S. offices	**$1,025,789**	$1,075,893	**$ 19,187**	$ 15,991	**2.50%**	1.99%
In offices outside the U.S.(6)	**765,238**	787,801	**21,252**	17,155	**3.71**	2.91
Total	**$1,791,027**	$1,863,694	**$ 40,439**	$ 33,146	**3.02%**	2.38%

(1) Interest revenue the taxable equivalent adjustments (based on the U.S. federal statutory tax rate of 35%) of $164 million and $94 million for the first nine months of 2008 and 2007, respectively.

(2) Interest rates and amounts include the effects of risk management activities associated with the respective asset and liability categories. See Note 16 on page 121.

(3) Monthly or quarterly averages have been used by certain subsidiaries where daily averages are unavailable.

(4) Detailed average volume, interest revenue and interest expense exclude discontinued operations. See Note 2 on page 92.

(5) Savings deposits consist of Insured Money Market Rate accounts, NOW accounts, and other savings deposits.

(6) Average rates reflect prevailing local interest rates, including inflationary effects and monetary corrections in certain countries.

(7) Average volumes of securities loaned or sold under agreements to repurchase are reported net pursuant to FIN 41 and interest expense excludes the impact of FIN 41.

(8) The fair value carrying amounts of derivative and foreign exchange contracts are reported in non-interest-earning assets and other non-interest bearing liabilities.

(9) Interest expense on Trading account liabilities of ICG is reported as a reduction of interest revenue. Interest revenue and interest expense on cash collateral positions are reported in Trading account assets and Trading account liabilities, respectively.

(10) Excludes hybrid financial instruments and beneficial interests in consolidated VIEs that are classified as long-term debt as these obligations are accounted for at fair value with changes recorded in Principal Transactions. In addition, the majority of the funding provided by Corporate Treasury to CitiCapital is excluded from this line.

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(11) Includes equity from discontinued operations.

(12) Includes allocations for capital and funding costs based on the location of the asset.

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ANALYSIS OF CHANGES IN INTEREST REVENUE(1)(2)

In millions of dollars	3rd Qtr. 2008 vs. 2nd Qtr. 2008 Increase (Decrease) Due to Change in: Average Volume	Average Rate	Net Change	3rd Qtr. 2008 vs. 3rd Qtr. 2007 Increase (Decrease) Due to Change in: Average Volume	Average Rate	Net Change
Deposits with banks(3)	**$ 36**	**$ (6)**	**$ 30**	$ 79	$ (131)	$ (52)
Federal funds sold and securities borrowed or purchased under agreements to resell						
In U.S. offices	**$ (195)**	**$ 141**	**$ (54)**	$ (704)	$ (1,241)	$ (1,945)
In offices outside the U.S.(3)	**268**	**(369)**	**(101)**	(975)	52	(923)
Total	**$ 73**	**$ (228)**	**$ (155)**	$ (1,679)	$ (1,189)	$ (2,868)
Trading account assets(4)						
In U.S. offices	**$ (404)**	**$ (105)**	**$ (509)**	$ (930)	$ 8	$ (922)
In offices outside the U.S.(3)	**(93)**	**112**	**19**	(386)	306	(80)
Total	**$ (497)**	**$ 7**	**$ (490)**	$ (1,316)	$ 314	$ (1,002)
Investments(1)						
In U.S. offices	**$ 79**	**$ (1)**	**$ 78**	$ (177)	$ (380)	$ (557)
In offices outside the U.S.(3)	**(65)**	**36**	**(29)**	(242)	56	(186)
Total	**$ 14**	**$ 35**	**$ 49**	$ (419)	$ (324)	$ (743)

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Loans−consumer						
In U.S. offices	**$ (338)**	**$ 103**	**$ (235)**	$ (44)	$ (571)	$ (615)
In offices outside the U.S.(3)	**(41)**	**(7)**	**(48)**	457	(6)	451
Total	**$ (379)**	**$ 96**	**$ (283)**	$ 413	$ (577)	$ (164)
Loans−corporate						
In U.S. offices	**$ (15)**	**$ 50**	**$ 35**	$ 27	$ (190)	$ (163)
In offices outside the U.S.(3)	**(354)**	**189**	**(165)**	(728)	242	(486)
Total	**$ (369)**	**$ 239**	**$ (130)**	$ (701)	$ 52	$ (649)
Total loans	**$ (748)**	**$ 335**	**$ (413)**	$ (288)	$ (525)	$ (813)
Other interest-earning assets	**$ (24)**	**$ (187)**	**$ (211)**	$ (79)	$ (528)	$ (607)
Total interest revenue	**$ (1,146)**	**$ (44)**	**$ (1,190)**	$ (3,702)	$ (2,383)	$ (6,085)

(1) The taxable equivalent adjustment is based on the U.S. federal statutory tax rate of 35%, and is excluded from this presentation.

(2) Rate/volume variance is allocated based on the percentage relationship of changes in volume and changes in rate to the total net change.

(3) Changes in average rates reflect changes in prevailing local interest rates, including inflationary effects and monetary corrections in certain countries.

(4) Interest expense on trading account liabilities of ICG is reported as a reduction of Interest revenue. Interest revenue and Interest expense on cash collateral positions are reported in trading account assets and Trading account liabilities, respectively.

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ANALYSIS OF CHANGES IN INTEREST EXPENSE AND NET INTEREST REVENUE(1)(2)

In millions of dollars	3rd Qtr. 2008 vs. 2nd Qtr. 2008 Increase (Decrease) Due to Change in: Average Volume	Average Rate	Net Change	3rd Qtr. 2008 vs. 3rd Qtr. 2007 Increase (Decrease) Due to Change in: Average Volume	Average Rate	Net Change
Deposits						
In U.S. offices	**$ (66)**	**$ (66)**	**$ (132)**	$ 47	$ (869)	$ (822)
In offices outside the U.S.(3)	**(190)**	**155**	**(35)**	(386)	(1,333)	(1,719)
Total	**$ (256)**	**$ 89**	**$ (167)**	$ (339)	$ (2,202)	$ (2,541)
Federal funds purchased and securities loaned or sold under agreements to repurchase						
In U.S. offices	**$ (253)**	**$ 139**	**$ (114)**	$ (1,294)	$ (1,573)	$ (2,867)
In offices outside the U.S.(3)	**254**	**(367)**	**(113)**	(808)	(19)	(827)
Total	**$ 1**	**$ (228)**	**$ (227)**	$ (2,102)	$ (1,592)	$ (3,694)
Trading account liabilities(4)						
In U.S. offices	**$ 7**	**$ (169)**	**$ (162)**	$ (131)	$ 80	$ (51)
In offices outside the U.S.(3)	**(3)**	**(1)**	**(4)**	(25)	(5)	(30)
Total	**$ 4**	**$ (170)**	**$ (166)**	$ (156)	$ 75	$ (81)
Short-term borrowings						

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In U.S. offices	**$ (16)**	**$ (69)**	**$ (85)**	$ (305)	$ (721)	$ (1,026)
In offices outside the U.S.(3)	**(46)**	**90**	**44**	(84)	98	14
Total	**$ (62)**	**$ 21**	**$ (41)**	$ (389)	$ (623)	$ (1,012)
Long-term debt						
In U.S. offices	**$ 87**	**$ (81)**	**$ 6**	$ 603	$ (790)	$ (187)
In offices outside the U.S.(3)	**(14)**	**(22)**	**(36)**	(64)	(68)	(132)
Total	**$ 73**	**$ (103)**	**$ (30)**	$ 539	$ (858)	$ (319)
Total interest expense	**$ (240)**	**$ (391)**	**$ (631)**	$ (2,447)	$ (5,200)	$ (7,647)
Net interest revenue	**$ (906)**	**$ 347**	**$ (559)**	$ (1,255)	$ 2,817	$ 1,562

(1) The taxable equivalent adjustment is based on the U.S. federal statutory tax rate of 35%, and is excluded from this presentation.

(2) Rate/volume variance is allocated based on the percentage relationship of changes in volume and changes in rate to the total net change.

(3) Changes in average rates reflect changes in prevailing local interest rates, including inflationary effects and monetary corrections in certain countries.

(4) Interest expense on trading account liabilities of ICG is reported as a reduction of Interest revenue. Interest revenue and Interest expense on cash collateral positions are reported in trading account assets and Trading account liabilities, respectively.

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ANALYSIS OF CHANGES IN INTEREST REVENUE, INTEREST EXPENSE, AND NET INTEREST REVENUE(1)(2)(3)

In millions of dollars	Nine Months 2008 vs. Nine Months 2007 Increase (Decrease) Due to Change in: Average Volume	Average Rate	Net Change(2)
Deposits at interest with banks(4)	$ 495	$ (436)	$ 59
Federal funds sold and securities borrowed or purchased under agreements to resell			
In U.S. offices	$ (926)	$ (3,828)	$ (4,754)
In offices outside the U.S.(4)	(2,190)	674	(1,516)
Total	$ (3,116)	$ (3,154)	$ (6,270)
Trading account assets(5)			
In U.S. offices	$ (996)	$ 1,024	$ 28
In offices outside the U.S.(4)	(86)	184	98
Total	$ (1,082)	$ 1,208	$ 126
Investments(1)			
In U.S. offices	$ (1,346)	$ (954)	$ (2,300)
In offices outside the U.S.(4)	(487)	192	(295)
Total	$ (1,833)	$ (762)	$ (2,595)
Loans–consumer			

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In U.S. offices	$ 1,125	$ (1,633)	$ (508)
In offices outside the U.S.(4)	2,484	(11)	2,473
Total	$ 3,609	$ (1,644)	$ 1,965
Loans–corporate			
In U.S. offices	$ 416	$ (523)	$ (107)
In offices outside the U.S.(4)	(449)	374	(75)
Total	$ (33)	$ (149)	$ (182)
Total loans	$ 3,576	$ (1,793)	$ 1,783
Other interest-earning assets	$ 669	$ (601)	$ 68
Total interest revenue	$ (1,291)	$ (5,538)	$ (6,829)
Deposits			
In U.S. offices	$ 500	$ (2,136)	$ (1,636)
In offices outside the U.S.(4)	514	(3,471)	(2,957)
Total	$ 1,014	$ (5,607)	$ (4,593)
Federal funds purchased and securities loaned or sold under agreements to repurchase			
In U.S. offices	$ (2,251)	$ (4,423)	$ (6,674)

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In offices outside the U.S.(4)	**(2,055)**	**507**	**(1,548)**
Total	**$ (4,306)**	**$ (3,916)**	**$ (8,222)**
Trading account liabilities(5)			
In U.S. offices	**$ (356)**	**$ 441**	**$ 85**
In offices outside the U.S.(4)	**(39)**	**(25)**	**(64)**
Total	**$ (395)**	**$ 416**	**$ 21**
Short-term borrowings			
In U.S. offices	**$ (283)**	**$ (1,651)**	**$ (1,934)**
In offices outside the U.S.(4)	**13**	**19**	**32**
Total	**$ (270)**	**$ (1,632)**	**$ (1,902)**
Long-term debt			
In U.S. offices	**$ 2,053**	**$ (1,525)**	**$ 528**
In offices outside the U.S.(4)	**144**	**(98)**	**46**
Total	**$ 2,197**	**$ (1,623)**	**$ 574**
Total interest expense	**$ (1,760)**	**$(12,362)**	**$ (14,122)**
Net interest revenue	**$ 469**	**$ 6,824**	**$ 7,293**

(1) The taxable equivalent adjustment is based on the U.S. federal statutory tax rate of 35% and is excluded from this presentation.

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(2) Rate/volume variance is allocated based on the percentage relationship of changes in volume and changes in rate to the total net change.

(3) Detailed average volume, interest revenue and interest expense exclude discontinued operations. See Note 2 on page 92.

(4) Changes in average rates reflect changes in prevailing local interest rates, including inflationary effects and monetary corrections in certain countries.

(5) Interest expense on Trading account liabilities of ICG is reported as a reduction of interest revenue. Interest revenue and interest expense on cash collateral positions are reported in Trading account assets and Trading account liabilities, respectively.

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CAPITAL RESOURCES AND LIQUIDITY

CAPITAL RESOURCES

Citigroup is subject to risk-based capital ratio guidelines issued by the FRB. Capital adequacy is measured via two risk-based ratios, Tier 1 and Total Capital (Tier 1 + Tier 2 Capital). Tier 1 Capital is considered core capital while Total Capital also includes other items such as subordinated debt and loan loss reserves. Both measures of capital are stated as a percent of risk-adjusted assets. Risk-adjusted assets are measured primarily on their perceived credit risk and include certain off-balance-sheet exposures, such as unfunded loan commitments and letters of credit and the notional amounts of derivative and foreign exchange contracts. Citigroup is also subject to the Leverage Ratio requirement, a non-risk-based asset ratio, which is defined as Tier 1 Capital as a percentage of adjusted average assets.

To be "well capitalized" under federal bank regulatory agency definitions, a bank holding company must have a Tier 1 Capital Ratio of at least 6%, a Total Capital Ratio of at least 10%, and a Leverage Ratio of at least 3%, and not be subject to an FRB directive to maintain higher capital levels.

As noted in the following table, Citigroup maintained a "well capitalized" position at September 30, 2008 and December 31, 2007.

Citigroup Regulatory Capital Ratios

	September 30, 2008	December 31, 2007
Tier 1 Capital	**8.19%**	7.12%
Total Capital (Tier 1 and Tier 2)	**11.68**	10.70
Leverage(1)	**4.70**	4.03

(1) Tier 1 Capital divided by adjusted average assets.

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Components of Capital Under Regulatory Guidelines

In millions of dollars	Sept. 30, 2008	Dec. 31,(1) 2007
Tier 1 Capital		
Common stockholders' equity(2)	**$ 98,638**	$ 113,447
Qualifying perpetual preferred stock	**27,424**	–
Qualifying mandatorily redeemable securities of subsidiary trusts	**23,674**	23,594
Minority interest	**1,479**	4,077
Less: Net unrealized gains (losses) on securities available-for-sale, net of tax(3)	**(6,186)**	471
Less: Accumulated net losses on cash flow hedges, net of tax	**(3,475)**	(3,163)
Less: Pension liability adjustment, net of tax(4)	**(1,149)**	(1,196)
Less: Cumulative effect included in fair value of financial liabilities attributable to own credit worthiness, net of tax(5)	**2,215**	1,352
Less: Restricted Core Capital Elements(6)	–	1,364
Less: Disallowed Deferred Tax Assets(7)	**10,023**	–
Less: Intangible assets:		
Goodwill	**40,824**	41,053
Other disallowed intangible assets	**11,584**	10,511
Other	**(1,104)**	(1,500)
Total Tier 1 Capital	**$ 96,275**	$ 89,226

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Tier 2 Capital		
Allowance for credit losses(8)	**$ 14,888**	$ 15,778
Qualifying debt(9)	**25,724**	26,690
Unrealized marketable equity securities gains(3)	**475**	1,063
Restricted Core Capital Elements(6)	**–**	1,364
Total Tier 2 Capital	**$ 41,087**	$ 44,895
Total Capital (Tier 1 and Tier 2)	**$ 137,362**	$ 134,121
Risk-Adjusted Assets(10)	**$1,175,706**	$1,253,321

(1) Reclassified to conform to the current period's presentation.

(2) Reflects prior period adjustment to opening retained earnings as presented in the consolidated statement of changes in stockholders' equity on page 84.

(3) Tier 1 Capital excludes unrealized gains and losses on debt securities available-for-sale in accordance with regulatory risk-based capital guidelines. Institutions are required to deduct from Tier 1 Capital net unrealized holding gains on available-for-sale equity securities with readily determinable fair values, net of tax. The federal bank regulatory agencies permit institutions to include in Tier 2 Capital up to 45% of pretax net unrealized holding gains on available-for-sale equity securities with readily determinable fair values, net of tax.

(4) The FRB granted industry-wide interim capital relief for the impact of adopting SFAS 158.

(5) The impact of including Citigroup's own credit rating in valuing liabilities for which the fair value option has been selected is excluded from Tier 1 Capital, in accordance with regulatory risk-based capital guidelines.

(6) Represents the excess of allowable restricted core capital in Tier 1 Capital. Restricted core capital is limited to 25% of all core capital elements, net of goodwill.

(7) Represents net deferred tax assets that did not qualify for inclusion in Tier 1 capital based on the capital guidelines at September 30, 2008.

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(8) Can include up to 1.25% of risk-adjusted assets. Any excess allowance is deducted from risk-adjusted assets.

(9) Includes qualifying subordinated debt in an amount not exceeding 50% of Tier 1 Capital.

(10) Includes risk-weighted credit equivalent amounts, net of applicable bilateral netting agreements, of $101.2 billion for interest rate, commodity and equity derivative contracts and foreign-exchange contracts as of September 30, 2008, compared with $91.3 billion as of December 31, 2007. Market-risk-equivalent assets included in risk-adjusted assets amounted to $95.9 billion at September 30, 2008 and $109.0 billion at December 31, 2007, respectively. Risk-adjusted assets also include the effect of other off-balance-sheet exposures, such as unused loan commitments and letters of credit, and reflect deductions for certain intangible assets and any excess allowance for credit losses.

Common stockholders' equity decreased approximately $14.8 billion to $98.6 billion, representing 4.8% of total assets, as of September 30, 2008 from $113.4 billion and 5.2% at December 31, 2007.

During the first nine months of 2008, the Company completed the following common stock and preferred stock issuances:

$12.5 billion of Convertible Preferred Stock in a Private Offering

Approximately $3.2 billion of Convertible Preferred Stock in a Public Offering

Approximately $11.7 billion of Straight Preferred Stock in Public Offerings

Approximately $4.9 billion of Common Stock in a Public Offering

Subsequent to September 30, 2008, Citigroup raised $25 billion through the sale of non-voting perpetual preferred stock and a warrant to purchase common stock to the U.S. Department of the Treasury as part of the Treasury's previously announced TARP Capital Purchase Program.

All of the proceeds will be treated as Tier 1 Capital for regulatory purposes. Taking this issuance into account, on a pro forma basis, at September 30, 2008, Citigroup's Tier 1 Capital ratio would have been approximately 10.4%.

The preferred stock will have an aggregate liquidation preference of $25 billion and an annual dividend rate of 5% for the first five years, and 9% thereafter. Dividends will be cumulative and payable quarterly. The warrant will have an exercise price of $17.85 and will be exercisable for 210,084,034 shares of common stock, which would be reduced by one-half if Citigroup raises an additional $25 billion through the issuance of Tier 1-qualifying perpetual preferred or common stock by December 31, 2009.

The terms of the $12.5 billion of 7% convertible preferred stock sold in private offerings in January 2008 provide for the purchase of Citigroup common shares at a price per share originally equal to $31.62. This purchase price is subject to reset in the case of certain equity and equity-linked issuances of Citigroup with gross proceeds in excess of $5 billion prior to January 23, 2009. After giving effect to Citigroup's issuance of common stock in April 2008 and the issuance of the warrant in October 2008, if the applicable reset were effected currently, the maximum purchase price per share would be $27.6958. The actual reset will be determined and effected within 90 days after January 23, 2009 and will be subject to further adjustment for additional issues of reset-causing equity or equity-linked securities before January 23, 2009, provided that the reset purchase price cannot be less than $26.3517 per share.

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Common Equity

The table below summarizes the change in common stockholders' equity:

In billions of dollars	
Common Equity, December 31, 2007	**$113.4**
Net income (loss)	**(10.4)**
Employee benefit plans and other activities	**1.6**
Dividends	**(6.0)**
Issuance of common stock	**4.9**
Issuance of shares for Nikko Cordial acquisition	**4.4**
Net change in Accumulated other comprehensive income (loss), net of tax	**(9.3)**
Common Equity, September 30, 2008	**$ 98.6**

As of September 30, 2008, $6.7 billion remained under authorized repurchase programs after the repurchase of $0.7 billion in shares during 2007. In addition, under the TARP Capital Purchase Program the Company is restricted from repurchasing common stock, subject to certain exceptions including in the ordinary course of business as part of employee benefit programs. On October 20, 2008, the Board decreased the quarterly dividend on the Company's common stock to $0.16 per share.

Capital Resources of Citigroup's Depository Institutions

Citigroup's subsidiary depository institutions in the United States are subject to risk-based capital guidelines issued by their respective primary federal bank regulatory agencies, which are similar to the FRB's guidelines. To be "well capitalized" under federal bank regulatory agency definitions, Citigroup's depository institutions must have a Tier 1 Capital Ratio of at least 6%, a Total Capital (Tier 1 + Tier 2 Capital) Ratio of at least 10% and a Leverage Ratio of at least 5%, and not be subject to a regulatory directive to meet and maintain higher capital levels.

At September 30, 2008, all of Citigroup's subsidiary depository institutions were "well capitalized" under the federal regulatory agencies' definitions, including Citigroup's primary depository institution, Citibank, N.A., as noted in the following table:

Citibank, N.A. Components of Capital and Ratios Under Regulatory Guidelines

In billions of dollars	**September 30, 2008**	**December 31, 2007**

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Tier 1 Capital	**$**	**77.2**	$	82.0
Total Capital (Tier 1 and Tier 2)		**116.5**		121.6
Tier 1 Capital Ratio		**8.86%**		8.98%
Total Capital (Tier 1 and Tier 2) Ratio		**13.38**		13.33
Leverage Ratio(1)		**6.51**		6.65

(1) Tier 1 Capital divided by adjusted average assets.

Citibank, N.A. had a net loss of $1.5 billion for the first nine months of 2008.

Citibank, N.A. did not issue any additional subordinated notes during the first nine months of 2008. For the full year 2007, Citibank, N.A. issued an additional $5.2 billion of subordinated notes to Citicorp Holdings Inc. that qualify for inclusion in Citibank, N.A.'s Tier 2 Capital. Total subordinated notes issued to Citicorp Holdings Inc. that were outstanding at September 30, 2008 and December 31, 2007, and included in Citibank, N.A.'s Tier 2 Capital, amounted to $28.2 billion.

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The following table presents the estimated sensitivity of Citigroup's and Citibank, N.A.'s Capital Ratios to changes of $100 million of Tier 1 or Total Capital (numerator) or changes of $1 billion in risk-adjusted assets or adjusted average assets (denominator) based on financial information as of September 30,2008. This information is provided solely for the purpose of analyzing the impact that a change in the Company's financial position or results of operations has on these ratios. These sensitivities only consider a single change to either a component of Capital, risk-adjusted assets or adjusted average assets. Accordingly, an event that affects more than one factor may have a larger basis point impact than what is reflected in this table.

	Tier 1 Capital Ratio		Total Capital Ratio		Leverage Ratio	
	Impact of $100 million change in Tier 1 Capital	Impact of $1 billion change in risk-adjusted assets	Impact of $100 million change in Total Capital	Impact of $1 billion change in risk-adjusted assets	Impact of $100 million change in Tier 1 Capital	Impact of $1 billion change in adjusted average assets
Citigroup	0.9 bps	0.7 bps	0.9 bps	1.0 bps	0.5 bps	0.2 bps
Citibank, N.A.	1.1 bps	1.0 bps	1.1 bps	1.5 bps	0.8 bps	0.6 bps

Broker-Dealer Subsidiaries

At September 30, 2008, Citigroup Global Markets Inc., an indirect wholly owned subsidiary of Citigroup Global Market Holdings Inc. (CGMHI), had net capital, computed in accordance with the Net Capital Rule, of $4.9 billion, which exceeded the minimum requirement by $3.9 billion.

In addition, certain of the Company's broker-dealer subsidiaries are subject to regulation in the other countries in which they do business, including requirements to maintain specified levels of net capital or its equivalent. The Company's broker-dealer subsidiaries were in compliance with their capital requirements at September 30, 2008.

Regulatory Capital Standards Developments

Citigroup supports the move to a new set of risk-based regulatory capital standards, published on June 26, 2004 (and subsequently amended in November 2005) by the Basel Committee on Banking Supervision, consisting of central banks and bank supervisors from 13 countries. The international version of the Basel II framework will allow Citigroup to leverage internal risk models used to measure credit, operational, and market risk exposures to drive regulatory capital calculations.

On December 7, 2007, the U.S. banking regulators published the rules for large banks to comply with Basel II in the U.S. These rules require Citigroup, as a large and internationally active bank, to comply with the most advanced Basel II approaches for calculating credit and operational risk capital requirements. The U.S. implementation timetable consists of a parallel calculation period under the current regulatory capital regime (Basel I) and Basel II, starting any time between April 1, 2008, and April 1, 2010 followed by a three-year transition period, typically starting 12 months after the beginning of parallel reporting. The U.S. regulators have reserved the right to change how Basel II is applied in the U.S. following a review at the end of the second year of the transitional period, and to retain the existing prompt corrective action and leverage capital requirements applicable to banking organizations in the U.S. The Company is currently reviewing its timetable for adoption.

The regulators have not determined any regulatory response to proposed changes of accounting treatment regarding Qualifying Special Purpose Entities (QSPEs) or variable interest entities.

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FUNDING

Overview

As a bank holding company, substantially all of Citigroup's net earnings are generated within its operating subsidiaries. These subsidiaries make funds available to Citigroup, primarily in the form of dividends. Certain subsidiaries' dividend paying abilities may be limited by covenant restrictions in credit agreements, regulatory requirements and/or rating agency requirements that also impact their capitalization levels.

Our liquidity position remained very strong during the third quarter of 2008 and will continue to be enhanced through the sale of perpetual preferred stock and warrants to the U.S. Department of the Treasury, sale of our German Retail Banking Operations and continued balance sheet de-leveraging.

During the second half of 2007 and the first nine months of 2008, the Company took a series of actions to reduce potential funding risks related to short-term market dislocations. The amount of commercial paper outstanding was reduced and the weighted-average maturity was extended, the Parent Company liquidity portfolio (a portfolio of cash and highly liquid securities) and broker-dealer "cash box" (unencumbered cash deposits) were increased substantially, and the amount of unsecured overnight bank borrowings was reduced. For each of the past five months in the period ending September 30, 2008, the Company was, on average, a net lender of funds in the interbank market. As of September 30, 2008, the Parent Company liquidity portfolio and broker-dealer "cash box" totaled $50.5 billion as compared with $24.2 billion at December 31, 2007 and $24.0 billion at September 30, 2007.

These actions served Citigroup well during the unprecedented market conditions at the end of the 2008 third quarter. Continued de-leveraging and the enhancement of our liquidity position have allowed the combined Parent and Broker−Dealer entities to maintain sufficient liquidity to meet all maturing unsecured debt obligations due within a one-year time horizon without accessing the unsecured markets.

Citigroup's funding continues to be enhanced by a large retail and corporate deposit base of $780 billion. These deposits are diversified across products and regions, with approximately two-thirds of them outside of the U.S. This diversification, including deep access to international deposits, provides the Company with an important, stable and low-cost source of funding. A significant portion of these deposits has been, and is expected to be, long-term and stable, and are considered core. During the three months ending September 30, 2008, the Company's deposit base remained stable with deposits lower by $23.3 billion, or 1%. The decrease reflected the reclassification of $13.5 billion in deposits held by our German Retail Banking operations to discontinued operations. Deposit balances were also negatively impacted by a stronger U.S. dollar and by the Company's decisions to reduce deposits, considered wholesale funding, consistent with the Company's de-leveraging efforts. On a constant dollar basis, deposit volumes were higher during the third quarter. On a volume basis, significant increases in *Transaction Services* deposits were driven by higher cash balances maintained by clients and a flight to quality. Overall, consumer deposits outside the U.S. were essentially flat, excluding the impact of foreign exchange translation and the reclassification of the deposits of the German Retail Banking business.

Banking Subsidiaries

There are various legal limitations on the ability of Citigroup's subsidiary depository institutions to extend credit, pay dividends or otherwise supply funds to Citigroup and its nonbank subsidiaries. The approval of the Office of the Comptroller of the Currency, in the case of national banks, or the Office of Thrift Supervision, in the case of federal savings banks, is required if total dividends declared in any calendar year exceed amounts specified by the applicable agency's regulations. State-chartered depository institutions are subject to dividend limitations imposed by applicable state law.

In determining the declaration of dividends, each depository institution must also consider its effect on applicable risk-based capital and leverage ratio requirements, as well as policy statements of the federal regulatory agencies that indicate that banking organizations should generally pay dividends out of current operating earnings. Consistent with these rules and other considerations, Citigroup estimates that, as of September 30, 2008, its subsidiary depository institutions could distribute dividends to Citigroup of approximately $7.2 billion.

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At September 30, 2008, long-term debt and commercial paper outstanding for Citigroup Parent Company, CGMHI, Citigroup Funding Inc. (CFI) and Citigroup's Subsidiaries were as follows:

In billions of dollars	Citigroup Parent company	CGMHI(1)	Citigroup Funding Inc.(1)	Other Citigroup Subsidiaries(2)
Long-term debt	$ 185.1	$ 21.9	$ 41.6	$ 144.5
Commercial paper	$ –	$ –	$ 28.7	$ 1.0

(1) Citigroup Inc. guarantees all of CFI's debt and CGMHI's publicly issued securities.

(2) At September 30, 2008, approximately $76.0 billion relates to collateralized advances from the Federal Home Loan Bank and $19.4 billion related to the consolidation of the ICG Structured Investment Vehicles.

See Note 12 to the Consolidated Financial Statements on page 104 for further detail on long-term debt and commercial paper outstanding.

Citigroup's ability to access the capital markets and other sources of wholesale funds, as well as the cost of these funds, is highly dependent on its credit ratings. The table below indicates the current ratings for Citigroup.

On September 29, 2008, Fitch Ratings, Moody's Investors Service, and Standard & Poor's placed the ratings outlook of Citigroup, Inc. and its subsidiaries on "Watch Negative", "Under Review for possible downgrade", and "CreditWatch with negative implication", respectively.

As a result of the Citigroup guarantee, changes in ratings and ratings outlooks for Citigroup Funding Inc. are the same as those of Citigroup Inc. noted above.

Citigroup's Debt Ratings as of September 30, 2008

	Citigroup Inc.		Citigroup Funding Inc.		Citibank, N.A.	
	Senior Debt	Commercial paper	Senior debt	Commercial paper	Long-term	Short-term
Fitch Ratings	AA-	F1+	AA-	F1+	AA-	F1+
Moody's Investors Service	Aa3	P-1	Aa3	P-1	Aa1	P-1
Standard & Poor's	AA-	A-1+	AA-	A-1+	AA	A-1+

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LIQUIDITY

Citigroup's liquidity management is structured to optimize the free flow of funds through the Company's legal and regulatory structure. Principal constraints relate to legal and regulatory limitations, sovereign risk and tax considerations. Consistent with these constraints, Citigroup's primary objectives for liquidity management are established by entity and in aggregate across three main operating entities as follows:

Parent Holding Company

Broker-Dealer Entities

Bank Entities

Within this construct, there is a funding framework for the Company's activities. The primary benchmark for the Parent and Broker-Dealer Entities is that on a combined basis, Citigroup maintains sufficient liquidity to meet all maturing unsecured debt obligations due within a one-year time horizon without accessing the unsecured markets. The resulting "short-term ratio" is monitored on a daily basis.

OFF-BALANCE SHEET ARRANGEMENTS

Overview

Citigroup and its subsidiaries are involved with numerous types of off-balance-sheet arrangements, including special purpose entities (SPEs), lines and letters of credit and loan commitments.

Uses of SPEs

An SPE is an entity in the form of a trust or other legal vehicle designed to fulfill a specific limited need of the company that organized it.

The principal uses of SPEs are to obtain liquidity and favorable capital treatment by securitizing certain of Citigroup's financial assets, to assist clients in securitizing their financial assets, and to create investment products for clients. SPEs may be organized as trusts, partnerships, or corporations. In a securitization, the company transferring assets to an SPE converts those assets into cash before they would have been realized in the normal course of business, through the SPE's issuing debt and equity instruments, certificates, commercial paper, and other notes of indebtedness, which are recorded on the balance sheet of the SPE and not reflected on the transferring company's balance sheet, assuming applicable accounting requirements are satisfied. Investors usually have recourse to the assets in the SPE and often benefit from other credit enhancements, such as a collateral account or overcollateralization in the form of excess assets in the SPE, or from a liquidity facility, such as a line of credit, liquidity put option or asset purchase agreement. The SPE can typically obtain a more favorable credit rating from rating agencies than the transferor could obtain for its own debt issuances, resulting in less expensive financing costs. The SPE may also enter into derivative contracts in order to convert the yield or currency of the underlying assets to match the needs of the SPE investors, or to limit or change the credit risk of the SPE. Citigroup may be the provider of certain credit enhancements as well as the counterparty to any related derivative contracts.

SPEs may be Qualifying SPEs (QSPEs) or Variable Interest Entities (VIEs) or neither.

Qualifying SPEs

QSPEs are a special class of SPEs defined in FASB Statement No. 140, "Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities" (SFAS 140). These SPEs have significant limitations on the types of assets and derivative instruments they may own and the types and extent of activities and decision-making they may engage in. Generally, QSPEs are passive entities designed to purchase assets and pass through the cash flows from those assets to the investors in the QSPE. QSPEs may not actively manage their assets

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through discretionary sales and are generally limited to making decisions inherent in servicing activities and issuance of liabilities. QSPEs are generally exempt from consolidation by the transferor of assets to the QSPE and any investor or counterparty.

Variable Interest Entities

VIEs are entities defined in FASB Interpretation No. 46, "Consolidation of Variable Interest Entities (revised December 2003)" (FIN 46-R), and are entities that have either a total equity investment at risk that is insufficient to permit the entity to finance its activities without additional subordinated financial support or whose equity investors lack the characteristics of a controlling financial interest (i.e., ability to make significant decisions through voting rights, right to receive the expected residual returns of the entity, and obligation to absorb the expected losses of the entity). Investors that finance the VIE through debt or equity interests, or other counterparties that provide other forms of support, such as guarantees, subordinated fee arrangements, or certain types of derivative contracts, are variable interest holders in the entity. The variable interest holder, if any, that will absorb a majority of the entity's expected losses, receive a majority of the entity's expected residual returns, or both, is deemed to be the primary beneficiary and must consolidate the VIE. Consolidation under FIN 46-R is based on *expected* losses and residual returns, which consider various scenarios on a probability-weighted basis. Consolidation of a VIE is, therefore, determined based primarily on variability generated in scenarios that are considered most likely to occur, rather than based on scenarios that are considered more remote. Certain variable interests may absorb significant amounts of losses or residual returns contractually, but if those scenarios are considered very unlikely to occur, they may not lead to consolidation of the VIE.

All of these facts and circumstances are taken into consideration when determining whether the Company has variable interests that would deem it to be the primary beneficiary and, therefore, require consolidation of the related VIE or otherwise rise to the level where disclosure would provide useful information to the users of the Company's financial statements. In some cases, it is qualitatively clear based on the extent of the Company's involvement or the seniority of its investments that the Company is not the primary beneficiary of the VIE. In other cases, a more detailed and quantitative analysis is required to make such a determination.

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The Company generally considers the following types of involvement to be significant:

Assisting in the structuring of a transaction and retaining any amount of debt financing (e.g., loans, notes, bonds, or other debt instruments) or an equity investment (e.g., common shares, partnership interests, or warrants);

Writing a "liquidity put" or other liquidity facility to support the issuance of short-term notes;

Writing credit protection (e.g., guarantees, letters of credit, credit default swaps or total return swaps where the Company receives the total return or risk on the assets held by the VIE); or

Certain transactions where the Company is the investment manager and receives variable fees for services.

Thus, the Company's definition of "significant" involvement generally includes all variable interests held by the Company, even those where the likelihood of loss or the notional amount of exposure to any single legal entity is small. Involvement with a VIE as described above, regardless of the seniority or perceived risk of the Company's involvement, is included as significant.

In various other transactions the Company may act as a derivative counterparty (for example, interest rate swap, cross-currency swap, or purchaser of credit protection under a credit default swap or total return swap where the Company *pays* the total return on certain assets to the SPE); may act as underwriter or placement agent; may provide administrative, trustee, or other services; or may make a market in debt securities or other instruments issued by VIEs. The Company generally considers such involvement, by itself, "not significant" under FIN 46-R.

Citigroup's total involvement with SPEs, including QSPEs, consolidated VIEs and significant unconsolidated VIEs as of September 30, 2008 and December 31, 2007 is presented below:

	September 30, 2008			
In millions of dollars of SPE assets	**Total involvement with SPEs**	**QSPE assets**	**Consolidated VIE assets**	**Significant unconsolidated VIE assets(1)**
Consumer Banking				
Credit card securitizations	**$ 122,490**	**$122,490**	**$ –**	**$ –**
Mortgage loan securitizations	**578,277**	**578,273**	**4**	**–**
Other	**17,579**	**15,999**	**1,580**	**–**
Total	**$ 718,346**	**$716,762**	**$ 1,584**	**$ –**

Institutional Clients Group

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Citi-administered asset-backed commercial paper conduits (ABCP)	$ 63,462	$ –	$ –	$ 63,462
Third-party commercial paper conduits	23,304	–	–	23,304
Collateralized debt obligations (CDOs)	34,508	–	16,347	18,161
Collateralized loan obligations (CLOs)	24,515	–	156	24,359
Mortgage loan securitizations	88,721	88,721	–	–
Asset-based financing	113,331	–	3,966	109,365
Municipal securities tender option bond trusts (TOBs)	39,531	8,795	13,042	17,694
Municipal investments	16,382	–	940	15,442
Client intermediation	12,336	–	3,702	8,634
Structured investment vehicles	27,467	–	27,467	–
Investment funds	13,454	–	2,991	10,463
Other	26,035	5,285	11,219	9,531
Total	$ 483,046	$102,801	$ 79,830	$ 300,415
Global Wealth Management				
Investment Funds	$ 463	$ –	$ 435	$ 28
Corporate/Other				
Trust preferred securities	$ 23,836	$ –	$ –	$ 23,836

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Citigroup Total	**$1,225,691**	**$819,563**	**$ 81,849**	**$ 324,279**

(1) A significant unconsolidated VIE is an entity where the Company has any variable interest, considered to be significant as discussed above, regardless of the likelihood of loss or the notional amount of exposure.

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In millions of dollars of SPE assets	December 31, 2007(1) Total involvement with SPEs	QSPE assets	Consolidated VIE assets	Significant unconsolidated VIE assets(2)
Consumer Banking				
Credit card securitizations	$ 125,109	$125,109	$ –	$ –
Mortgage loan securitizations	550,965	550,902	63	–
Leasing	35	–	35	–
Other	16,267	14,882	1,385	–
Total	$ 692,376	$690,893	$ 1,483	$ –
Institutional Clients Group				
Citi-administered asset-backed commercial paper conduits (ABCP)	$ 72,558	$ –	$ –	$ 72,558
Third-party commercial paper conduits	27,021	–	–	27,021
Collateralized debt obligations (CDOs)	74,106	–	22,312	51,794
Collateralized loan obligations (CLOs)	23,227	–	1,353	21,874
Mortgage loan securitizations	92,263	92,263	–	–
Asset-based financing	96,072	–	4,468	91,604
Municipal securities tender option bond trusts (TOBs)	50,129	10,556	17,003	22,570
Municipal investments	13,715	–	53	13,662

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Client intermediation	12,383	–	2,790	9,593
Structured investment vehicles	58,543	–	58,543	–
Investment funds	11,422	–	140	11,282
Other	37,895	14,526	12,809	10,560
Total	$ 569,334	$117,345	$ 119,471	$ 332,518
Global Wealth Management				
Investment Funds	$ 656	$ –	$ 604	$ 52
Corporate/Other				
Trust preferred securities	$ 23,756	$ –	$ –	$ 23,756
Citigroup Total	$1,286,122	$808,238	$ 121,558	$ 356,326

(1) Updated to conform to the current period's presentation.

(2) A significant unconsolidated VIE is an entity where the Company has any variable interest considered to be significant as discussed above, regardless of the likelihood of loss, or the notional amount of exposure.

These tables do not include:

Certain venture capital investments made by some of the Company's private equity subsidiaries as the Company accounts for these investments in accordance with the Investment Company Audit Guide.

Certain limited partnerships where the Company is the general partner and the limited partners have the right to replace the general partner or liquidate the funds.

Certain investment funds for which the Company provides investment management services and personal estate trusts for which the Company provides administrative, trustee and/or investment management services.

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VIEs and QSPEs structured by third parties where the Company holds securities in trading inventory. These investments are made on arm's-length terms, are typically held for relatively short periods of time and are not considered to represent significant involvement in the VIE.

VIE structures in which the Company transferred assets to the VIE that did not qualify as a sale, and where the Company did not have any other involvement that is deemed to be a variable interest with the VIE that was deemed significant. These transfers are accounted for as secured borrowings by the Company.

The significant variances between the balances reported in the September 30, 2008 and December 31, 2007 tables are primarily due to:

An increase in Consumer Banking mortgage QSPE assets of $27 billion from new loan securitizations.

A decrease of significant unconsolidated CDOs of $34 billion resulting from the consolidation of certain other CDOs as discussed on page 70, liquidations of certain CDOs, and asset sales.

An increase of significant unconsolidated asset-based financings of $18 billion due to higher levels of assets supporting the Company's financing positions, increased business activity, and the senior debt securities retained in the Company's April 17, 2008 sale of a corporate loan portfolio. The latter is further discussed on page 78.

A decrease in significant unconsolidated TOBs of $5 billion which reflects the liquidations of customer TOB trusts.

A decrease in consolidated assets of structured investment vehicles of $31 billion due to the execution of their asset reduction plan as described on page 119.

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An increase in consolidated assets of investment funds of $3 billion due to the consolidation of Falcon multi-strategy fixed income funds and the ASTA/MAT municipal funds as further discussed on page 76.

Primary Uses of SPEs by Consumer Banking

Securitization of Credit Card Receivables

Credit card receivables are sold through securitized trusts, which are established to purchase the receivables. Credit card securitizations are revolving securitizations; that is, as customers pay their credit card balances, the cash proceeds are used to purchase new receivables and replenish the receivables in the trusts. The Company relies on securitizations to fund a significant portion of its managed *N.A.Cards* business, which includes both on-balance-sheet and securitized receivables.

The following table reflects amounts related to the Company's securitized credit card receivables at September 30, 2008 and December 31, 2007:

In billions of dollars	September 30, 2008	December 31, 2007
Principal amount of credit card receivables in trusts	**$ 122.5**	$ 125.1
Ownership interests in principal amount of trust credit card receivables:		
Sold to investors via trust-issued securities	**$ 100.5**	$ 102.3
Retained by Citigroup as trust-issued securities	**6.3**	4.5
Retained by Citigroup via non-certificated interests recorded as consumer loans	**15.7**	18.3
Total ownership interests in principal amount of trust credit card receivables	**$ 122.5**	$ 125.1
Other amounts recorded on the balance sheet related to interests retained in the trust assets:		
Other retained interest in securitized assets	**$ 2.8**	$ 3.0
Residual interest in securitized assets(1)	**1.6**	3.4
Amounts payable to trusts	**2.0**	1.6

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(1) Includes net unbilled interest in sold balances of $0.6 billion and $0.7 billion as of September 30, 2008 and December 31, 2007, respectively.

In the third quarters of 2008 and 2007, the Company recorded net gains (losses) from securitization of credit card receivables of ($1,443) million and $169 million, and ($1,398) million and $747 million during the first nine months of 2008 and 2007, respectively. Net gains (losses) reflect the following:

- incremental gains from new securitizations
- the reversal of the allowance for loan losses associated with receivables sold
- net gains on replenishments of the trust assets offset by other-than-temporary impairments
- mark-to-market changes for the portion of the residual interest classified as trading assets

Securitization of Originated Mortgage and Other Consumer Loans

The Company's Consumer business provides a wide range of mortgage and other consumer loan products to its customers. Once originated, the Company often securitizes these loans (primarily mortgage and student loans). In addition to providing a source of liquidity and less expensive funding, securitizing these assets also reduces the Company's credit exposure to the borrowers.

The Company's mortgage and student loan securitizations are primarily non-recourse, thereby effectively transferring the risk of future credit losses to the purchasers of the securities issued by the trust. However, the Company's Consumer business generally retains the servicing rights.

The Company recognized gains (losses) related to the securitization of these mortgage and other consumer loan products of ($80) million and $60 million in the third quarters of 2008 and 2007, respectively, and $2 million and $249 million in the first nine months of 2008 and 2007, respectively.

Primary Uses of SPEs by Institutional Clients Group

Citi-administered Asset-backed Commercial Paper Conduits

The Company is active in the asset-backed commercial paper conduit business as administrator of several multi-seller commercial paper conduits, and also as a service provider to single-seller and other commercial paper conduits sponsored by third parties.

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The multi-seller commercial paper conduits are designed to provide the Company's customers access to low-cost funding in the commercial paper markets. The conduits purchase assets from or provide financing facilities to customers and are funded by issuing commercial paper to third-party investors. The conduits generally do not purchase assets originated by the Company. The funding of the conduit is facilitated by the liquidity support and credit enhancements provided by the Company and by certain third parties. As administrator to the conduits, the Company is responsible for the selection and structuring of assets purchased or financed by the conduits, making decisions regarding the funding of the conduits, including determining the tenor and other features of the commercial paper issued, monitoring the quality and performance of the conduits' assets, and facilitating the operations and cash flows of the conduits.

In return, the Company earns structuring fees from clients for individual transactions and earns an administration fee from the conduit, which is equal to the income from client program and liquidity fees of the conduit after payment of interest costs and other fees. This administration fee is fairly stable, since most risks and rewards of the underlying assets are passed back to the customers and, once the asset pricing is negotiated, most ongoing income, costs and fees are relatively stable as a percentage of the conduit's size.

The conduits administered by the Company do not generally invest in liquid securities that are formally rated by third parties. The assets are privately negotiated and structured transactions that are designed to be held by the conduit, rather than actively traded and sold. The yield earned by the conduit on each asset is generally tied to the rate on the commercial paper issued by the conduit, thus passing interest rate risk to the client. Each asset purchased by the conduit is structured with transaction-specific credit enhancement features provided by the third-party seller, including over-collateralization, cash and excess spread collateral accounts, direct recourse or third-party guarantees. Credit enhancements are sized based on historic asset performance to achieve an internal risk rating that, on average, approximates an AA or A rating.

Over time, substantially all of the funding of the conduits is in the form of commercial paper, with a weighted average life historically ranging from 35-45 days. As of September 30, 2008 and December 31, 2007, the weighted average life of the commercial paper issued was approximately 58 days and 30 days, respectively. In addition, the conduits have issued Subordinate Loss Notes and equity with a notional amount of approximately $81 million and $77 million as of September 30, 2008 and December 31, 2007, respectively, with varying remaining tenors ranging from nine months to seven years.

The primary credit enhancement provided to the conduit investors is in the form of transaction-specific credit enhancement described above. In addition, there are two additional forms of credit enhancement that protect the commercial paper investors from defaulting assets. First, the Subordinate Loss Notes issued by each conduit absorb any credit losses up to their full notional amount. It is expected that the Subordinate Loss Notes issued by each conduit are sufficient to absorb a majority of the expected losses from each conduit, thereby making the single investor in the Subordinate Loss Note the primary beneficiary under FIN 46-R. Second, each conduit has obtained either a letter of credit from the Company or a surety bond from a monoline insurer that will reimburse the conduit for any losses up to a specified amount, which is generally 8-10% of the conduit's assets. Where surety bonds are obtained, the Company, in turn, provides the surety bond provider a reimbursement guarantee up to a stated amount for aggregate losses incurred by any of the conduits covered by the surety bond. The total of the letters of credit and the reimbursement guarantee provided by the Company is approximately $1.8 billion and is considered in the Company's maximum exposure to loss. The net result across all multi-seller conduits administered by the Company is that, in the event of defaulted assets in excess of the transaction-specific credit enhancement described above, any losses in each conduit are allocated in the following order:

Subordinate Loss Note holders

the Company

the monoline insurer, if any (up to the 8%-10% cap), and

the commercial paper investors.

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The Company, along with third parties, also provides the conduits with two forms of liquidity facilities that are used to provide funding to the conduits in the event of a market disruption, among other events. Each asset of the conduit is supported by a transaction-specific liquidity facility in the form of an asset purchase agreement (APA). Under the APA, the Company has agreed to purchase non-defaulted eligible receivables from the conduit at par. Any assets purchased under the APA are subject to increased pricing. The APA is not designed to provide credit support to the conduit, as it generally does not permit the purchase of defaulted or impaired assets and generally reprices the assets purchased to consider any potential increased credit risk. The APA covers all assets in the conduits and is considered in the Company's maximum exposure to loss. In addition, the Company provides the conduits with program-wide liquidity in the form of short-term lending commitments. Under these commitments, the Company has agreed to lend to the conduits in the event of a short-term disruption in the commercial paper market, subject to specified conditions. The total notional exposure under the program-wide liquidity agreement is $11.3 billion and is considered in the Company's maximum exposure to loss. The Company receives fees for providing both types of liquidity agreements, and considers these fees to be on fair market terms.

Finally, the Company is one of several named dealers in the commercial paper issued by the conduits and earns a market-based fee for providing such services. Along with third-party dealers, the Company makes a market in the commercial paper and may from time to time fund commercial paper pending sale to a third party. On specific dates with less liquidity in the market, the Company may hold in inventory commercial paper issued by conduits administered by the Company, as well as conduits administered by third parties. The amount of commercial paper issued by its administered conduits held in inventory fluctuates based on market conditions and activity. As of September 30, 2008 and December 31, 2007, the Company owned approximately $449 million and $10 million, respectively, of commercial paper issued by its administered conduits.

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FIN 46-R requires that the Company quantitatively analyze the expected variability of the Conduit to determine whether the Company is the primary beneficiary of the conduit. The Company performs this analysis on a quarterly basis, and has concluded that the Company is not the primary beneficiary of the conduits as defined in FIN 46-R and, therefore, does not consolidate the conduits it administers. In conducting this analysis, the Company considers three primary sources of variability in the conduit: credit risk, interest rate risk and fee variability.

The Company models the credit risk of the conduit's assets using a Credit Value at Risk (C-VaR) model. The C-VaR model considers changes in credit spreads (both within a rating class as well as due to rating upgrades and downgrades), name-specific changes in credit spreads, credit defaults and recovery rates and diversification effects of pools of financial assets. The model incorporates data from independent rating agencies as well as the Company's own proprietary information regarding spread changes, ratings transitions and losses given default. Using this credit data, a Monte Carlo simulation is performed to develop a distribution of credit risk for the portfolio of assets owned by each conduit, which is then applied on a probability-weighted basis to determine expected losses due to credit risk. In addition, the Company continuously monitors the specific credit characteristics of the conduit's assets and the current credit environment to confirm that the C-VaR model used continues to incorporate the Company's best information regarding the expected credit risk of the conduit's assets.

The Company also analyzes the variability in the fees that it earns from the conduit, using monthly actual historical cash flow data to determine average fee and standard deviation measures for each conduit. Because any unhedged interest rate and foreign currency risk not contractually passed on to customers is absorbed by the fees earned by the Company, the fee variability analysis incorporates those risks.

The fee variability and credit risk variability are then combined into a single distribution of the conduit's overall returns. This return distribution is updated and analyzed on at least a quarterly basis to ensure that the amount of the Subordinate Loss Notes issued to third parties is sufficient to absorb greater than 50% of the total expected variability in the conduit's returns. The expected variability absorbed by the Subordinate Loss Note investors is therefore measured to be greater than the expected variability absorbed by the Company through its liquidity arrangements and other fees earned, the surety bond providers, and the investors in commercial paper and medium-term notes. While the notional amounts of the Subordinate Loss Notes are quantitatively small compared to the size of the conduits, this is reflective of the fact that most of the substantive risks of the conduits are absorbed by the enhancements provided by the sellers and other third parties that provide transaction-level credit enhancements. Because FIN 46-R requires these risks and related enhancements to be excluded from the analysis, the remaining risks and expected variability are quantitatively small. The calculation of variability under FIN 46-R focuses primarily on *expected* variability, rather than the risks associated with extreme outcomes (for example, large levels of default) that are expected to occur very infrequently. So while the Subordinate Loss Notes are sized appropriately compared to expected losses as measured in FIN 46-R, they do not provide significant protection against extreme or unusual credit losses.

The following tables describe the important characteristics of assets owned by the administered multi-seller conduits as of September 30, 2008 and December 31, 2007:

	Weighted average life	Credit rating distribution			
		AAA	AA	A	BBB
September 30, 2008	3.7years	35%	48%	11%	6%
December 31, 2007	2.5 years	30%	59%	9%	2%

Asset Class	% of Total Portfolio	
	September 30, 2008	December 31, 2007

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Student loans	24%	21%
Trade receivables	15%	16%
Credit cards and consumer loans	7%	13%
Portfolio finance	15%	11%
Commercial loans and corporate credit	17%	15%
Export finance	10%	9%
Auto	8%	8%
Residential mortgage	4%	7%
Total	100%	100%

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Third-party Conduits

The Company also provides liquidity facilities to single- and multi-seller conduits sponsored by third parties. These conduits are independently owned and managed and invest in a variety of asset classes, depending on the nature of the conduit. The facilities provided by the Company typically represent a small portion of the total liquidity facilities obtained by each conduit, and are collateralized by the assets for each conduit. The notional amount of these facilities is approximately $1.3 billion and $2.2 billion as of September 30, 2008 and December 31, 2007, respectively. The conduits received $25 million of funding as of September 30, 2008, compared to zero as of December 31, 2007.

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Collateralized Debt Obligations

A collateralized debt obligation (CDO) is an SPE that purchases a pool of assets consisting of asset-backed securities and/or synthetic exposures through derivatives on asset-backed securities and issues multiple tranches of equity and notes to investors. A third-party manager is typically retained by the CDO to select the pool of assets and manage those assets over the term of the CDO. The Company earns fees for warehousing assets prior to the creation of a CDO, structuring CDOs, and placing securities with investors. In addition, the Company has retained interests in many of the CDOs it has structured and makes a market in those issued securities.

A cash CDO, or arbitrage CDO, is a CDO designed to take advantage of the difference between the anticipated yield on a portfolio of selected assets, typically residential mortgage-backed securities, and the cost of funding the CDO through the sale of notes to investors. "Cash flow" CDOs are vehicles in which the CDO passes on cash flows from a pool of assets, while "market value" CDOs pay to investors the market value of the pool of assets owned by the CDO at maturity. In these transactions, all of the equity and notes issued by the CDO are funded, as the cash is needed to purchase the debt securities. In a typical cash CDO, the third-party manager selects a portfolio of assets, which the Company funds through a "warehouse" financing arrangement prior to the creation of the CDO. The Company then sells the debt securities to the CDO in exchange for cash raised through the issuance of notes. The Company's involvement in cash CDOs after issuance is typically limited to investing in a portion of the notes or loans issued by the CDO, making a market in those securities, and acting as derivative counterparty for interest rate or foreign currency swaps used in the structuring of the CDO.

A synthetic CDO is similar to a cash CDO, except that the CDO obtains exposure to all or a portion of the referenced assets synthetically through derivative instruments, such as credit default swaps. Because the CDO does not need to raise cash sufficient to purchase the entire referenced portfolio, a substantial portion of the senior tranches of risk is typically passed on to CDO investors in the form of unfunded liabilities or derivative instruments. Thus, the CDO writes credit protection on selected referenced debt securities to the Company or third parties, and the risk is then passed on to the CDO investors in the form of funded notes or purchased credit protection through derivative instruments. Any cash raised from investors is invested in a portfolio of collateral securities or investment contracts. The collateral is then used to support the CDO's obligations on the credit default swaps written to counterparties. The Company's involvement in synthetic CDOs after issuance generally includes purchasing credit protection through credit default swaps with the CDO, owning a portion of the capital structure of the CDO in the form of both unfunded derivative positions (primarily super senior exposures discussed below) and funded notes, entering into interest rate swap and total return swap transactions with the CDO, lending to the CDO, and making a market in those funded notes.

The following table describes credit ratings of assets of unconsolidated CDOs with which the Company had significant involvement as of September 30, 2008 and December 31, 2007:

	Credit rating distribution					
	Weighted average life	A or higher	BBB	BB/B	CCC	Unrated
September 30, 2008	3.6 years	24%	13%	10%	33%	20%
December 31, 2007	5.1 years	40%	20%	12%	25%	3%

Asset-Backed Commercial Paper CDOs (CPCDOs)

During the second half of 2007, the market interest rates on commercial paper issued by certain CDO structures increased significantly. To pre-empt the formal exercise of liquidity puts provided by the Company to its CDO structures, the Company purchased all of the outstanding commercial paper issued by these entities, which totaled approximately $25 billion. Because of these purchases, which are deemed to be FIN 46-R reconsideration events, and because the value of the CDOs' commercial paper and subordinated tranches were deteriorating as the underlying collateral of the CDOs (primarily residential mortgage-backed securities) was being downgraded, the Company

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concluded that it was the primary beneficiary of these entities and began consolidating them in the fourth quarter of 2007. The commercial paper was subsequently converted to a funding note.

Upon consolidation, the Company reflected the underlying assets of the CDOs on its balance sheet in Trading account assets at fair value, eliminated the commercial paper assets previously recognized, and recognized the subordinate CDO liabilities (owned by third parties) at fair value. This resulted in a balance sheet gross-up of approximately $400 million as of December 31, 2007 compared to the prior accounting treatment as unconsolidated VIEs.

During the third quarter of 2008 and the fourth quarter of 2007, the Company recognized pretax losses of $0.8 billion and $4.3 billion, respectively, for changes in the fair value of the consolidated CPCDOs' assets.

CDO Super Senior Exposure

In addition to asset-backed commercial paper positions in consolidated CDOs, the Company has retained significant portions of the "super senior" positions issued by certain CDOs. These positions are referred to as "super senior," because they represent the most senior positions in the CDO and, at the time of structuring, were senior to tranches rated AAA by independent rating agencies. However, since inception of these transactions, the subordinate positions have diminished significantly in value and in rating. There have been substantial reductions in value of these super senior positions since the fourth quarter of 2007.

At inception of the transactions, the super senior tranches were well protected from the expected losses of these CDOs. Subsequent declines in value of the subordinate tranches and the super senior tranches in the fourth quarter of 2007

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indicated that the super senior tranches now are exposed to a significant portion of the expected losses of the CDOs, based on current market assumptions. The Company evaluates these transactions for consolidation when reconsideration events occur, as defined in FIN 46-R. The Company continues to monitor its involvement in these transactions and, if the Company were to acquire additional interests in these vehicles or if the CDOs' contractual arrangements were to be changed to reallocate expected losses or residual returns among the various interest holders, the Company may be required to consolidate the CDOs. For cash CDOs, the net result of such consolidation would generally be to gross up the Company's balance sheet by the current fair value of the subordinate securities held by third parties, which amounts are not considered material. For synthetic CDOs, the net result of such consolidation may reduce the Company's balance sheet by eliminating intercompany derivative receivables and payables in consolidation.

During the third quarter, the Company purchased additional interests in certain CDO transactions. These purchases were determined to be reconsideration events as defined in FIN 46-R, and as a result it was determined that the Company is required to consolidate certain CDO's as it has become the primary beneficiary.

The consolidation of these entities reduced the disclosed total assets of significant unconsolidated VIEs reflected above by $9.3 billion (representing the original cost basis or total notional of the VIE's asset positions), and reduced the Company's disclosed maximum exposure to significant unconsolidated VIEs by $0.9 billion. Upon consolidating these VIEs, the Company eliminates previously recognized assets and liabilities (including derivative payables and receivables with the VIEs), and recognizes the underlying third-party assets and liabilities of the VIEs at current fair value. The current fair value of the assets owned by these CDO VIEs is approximately $1.6 billion. The consolidation of the CDOs results in a net reduction of assets on the Company's consolidated balance sheet of approximately $4.5 billion.

Collateralized Loan Obligations

A collateralized loan obligation (CLO) is substantially similar to the CDO transactions described above, except that the assets owned by the SPE (either cash instruments or synthetic exposures through derivative instruments) are corporate loans and to a lesser extent corporate bonds, rather than asset-backed debt securities.

The following table describes credit ratings of assets of unconsolidated CLOs with which the Company had significant involvement as of September 30, 2008 and December 31, 2007, respectively:

Credit rating distribution

	Weightedp average life	A or Higher	BBB	BB/B	CCC	Unrated
September 30, 2008	4.1 years	1%	5%	71%	0%	23%
December 31, 2007	5.0 years	7%	11%	56%	0%	26%

Mortgage Loan Securitizations

CMB is active in structuring and underwriting residential and commercial mortgage-backed securitizations. In these transactions, the Company or its customer transfers loans into a bankruptcy-remote SPE. These SPEs are designed to be QSPEs as described above. The Company may hold residual interests and other securities issued by the SPEs until they can be sold to independent investors and makes a market in those securities on an ongoing basis. These securities are held as trading assets on the balance sheet, are managed as part of the Company's trading activities, and are marked to market with changes in value recognized in earnings. The Company sometimes retains servicing rights for certain entities. The table on page 64 shows the assets for mortgage QSPEs in which ICG acted as principal in transferring mortgages to the QSPE.

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Asset-Based Financing

The Company provides loans and other forms of financing to VIEs that hold assets. Those loans are subject to the same credit approvals as all other loans originated or purchased by the Company, and related loan loss reserves are reported as part of the Company's Allowance for loan losses. Financings in the form of debt securities or derivatives are, in most circumstances, reported in Trading account assets and accounted for at fair value through earnings.

The primary types of asset-based financing, total assets of the unconsolidated VIEs with significant involvement, and the Company's maximum exposure to loss at September 30, 2008 and December 31, 2007 are shown below. For the Company to realize that maximum loss, the VIE (borrower) would have to default with no recovery from the assets held by the VIE.

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In billions of dollars	September 30, 2008		December 31, 2007	
Type	Total assets	Maximum exposure	Total assets	Maximum exposure
Commercial and other real estate	$ 46.1	$ 11.7	$34.3	$ 16.0
Hedge funds and equities	37.3	12.7	36.0	13.1
Corporate loans	9.8	8.3	–	–
Asset purchasing vehicles/SIVs	3.2	0.8	10.2	2.5
Other assets	13.0	3.5	11.1	2.7
Total	$109.4	$ 37.0	$91.6	$ 34.3

The amounts disclosed as corporate loan assets and exposure relate to the senior financing the Company provided to the purchaser of a portfolio of corporate loans, including highly leveraged loans. The Company has purchased credit protection on the senior financing via total return swaps with the third parties who also own the subordinate interests in the loans. The credit risk in the total return swap is protected through margin agreements that provide for both initial margin as well as additional margin at specified triggers.

The Company's involvement in the asset purchasing vehicles and Structured Investment Vehicles (SIVs) sponsored and managed by third parties is primarily in the form of providing backstop liquidity. Those vehicles finance a majority of their asset purchases with commercial paper and short-term notes. Certain of the assets owned by the vehicles have suffered significant declines in fair value, leading to an inability to re-issue maturing commercial paper and short-term notes. Citigroup has been required to provide loans to those vehicles to replace maturing commercial paper and short-term notes, in accordance with the original terms of the backstop liquidity facilities.

The asset quality of the third-party asset purchasing vehicles and SIVs to which the Company had provided backstop liquidity as of September 30, 2008 and December 31, 2007 consisted of the following:

	Credit rating distribution				
	A or Higher	BBB	BB/B	CCC	Unrated
September 30, 2008	64%	2%	34%	0%	0%
December 31, 2007	96%	1%	3%	0%	0%

Municipal Securities Tender Option Bond (TOB) Trusts

The Company sponsors TOB trusts that hold fixed- and floating-rate, tax-exempt securities issued by state and local municipalities. The trusts are single-issuer trusts whose assets are purchased from the Company and from the secondary market. The trusts issue long-term senior floating-rate notes ("Floaters") and junior residual securities ("Residuals"). The Floaters have a long-term rating based on the long-term rating

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of the underlying municipal bond and a short-term rating based on that of the liquidity provider to the trust. The Residuals are generally rated based on the long-term rating of the underlying municipal bond and entitle the holder to the residual cash flows from the issuing trust.

The Company sponsors three kinds of TOB trusts: customer TOB trusts, proprietary TOB trusts, and QSPE TOB trusts.

Customer TOB trusts are trusts through which customers finance investments in municipal securities and are not consolidated by the Company. Proprietary and QSPE TOB trusts, on the other hand, provide the Company with the ability to finance its own investments in municipal securities.

Proprietary TOB trusts are generally consolidated, in which case the financing (the Floaters) is recognized on the Company's balance sheet as a liability. However, certain proprietary TOB trusts are not consolidated by the Company, where the Residuals are held by hedge funds that are consolidated and managed by the Company. The assets and the associated liabilities of these TOB trusts are not consolidated by the hedge funds (and, thus, are not consolidated by the Company) under the application of the AICPA Investment Company Audit Guide, which precludes consolidation of owned investments by investment companies. In accordance with the Audit Guide the hedge funds report their investments in the Residuals at fair value with changes in value included in earnings. The Company consolidates the hedge funds because the Company holds controlling financial interests in the hedge funds. Certain of the Company's equity investments in the hedge funds are hedged with derivatives transactions executed by the Company with third parties referencing the returns of the hedge funds.

QSPE TOB trusts provide the Company with the same exposure as proprietary TOB trusts and are not consolidated by the Company. The Company's residual interests in QSPE TOB trusts are evaluated for bifurcation in accordance with SFAS 133. Any embedded derivatives are separately reported at fair value, while the debt host contracts are classified as available-for-sale securities.

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The total assets and other characteristics of the three categories of TOB trusts as of September 30, 2008 and December 31, 2007 are as follows:

September 30, 2008

TOB trust type	Total assets *(in billions)*	Weighted average life	Credit rating distribution AAA/ Aaa	AA/ Aa1– AA-/ Aa3	Less than AA-/ Aa3
Customer TOB Trusts (Not consolidated)	$ 11.5	10.9 years	47%	38%	15%
Proprietary TOB Trusts (Consolidated and Non-consolidated)	$ 19.2	19.2 years	52%	46%	2%
QSPE TOB Trusts (Not consolidated)	$ 8.8	7.3 years	63%	34%	3%

December 31, 2007

TOB trust type	Total assets *(in billions)*	Weighted average life	Credit rating distribution AAA/ Aaa	AA/ Aa1– AA-/ Aa3	Less than AA-/ Aa3
Customer TOB Trusts (Not consolidated)	$ 17.6	8.4 years	84%	16%	–
Proprietary TOB Trusts (Consolidated and Non-consolidated)	$ 22.0	18.1 years	67%	33%	–
QSPE TOB Trusts (Not consolidated)	$ 10.6	3.0 years	80%	20%	–

Credit rating distribution is based on the external rating of the municipal bonds within the TOB trusts, including any credit enhancement provided by monoline insurance companies or the Company in the primary or secondary markets, as discussed below. The total assets for proprietary TOB Trusts (Consolidated and Non-consolidated) include $6.1 billion and $5.0 billion of assets as of September 30, 2008 and December 31, 2007, respectively, where the Residuals are held by hedge funds that are consolidated and managed by the Company.

The TOB trusts fund the purchase of their assets by issuing Floaters along with Residuals, which are frequently less than 1% of a trust's total funding. The tenor of the Floaters matches the maturity of the TOB trust and is equal to or shorter than the tenor of the municipal bond held by the trust. The Floaters bear interest rates that are typically reset weekly to a new market rate (based on the SIFMA index). Floater holders have an option to tender the Floaters they hold back to the trust periodically. Customer TOB trusts issue the Floaters and Residuals to third parties. Proprietary and QSPE TOB trusts issue the Floaters to third parties, and the Residuals are held by the Company.

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Approximately $2.8 billion as of September 30, 2008 and $5.7 billion as of December 31, 2007 of the municipal bonds owned by TOB trusts have an additional credit guarantee provided by the Company. In all other cases, the assets are either unenhanced or are insured with a monoline insurance provider in the primary market or in the secondary market. While the trusts have not encountered any adverse credit events as defined in the underlying trust agreements, certain monoline insurance companies have experienced downgrades. In these cases, the Company has proactively managed the TOB programs by applying additional secondary market insurance on the assets or proceeding with orderly unwinds of the trusts.

The Company, in its capacity as remarketing agent, facilitates the sale of the Floaters to third parties at inception of the trust and facilitates the reset of the Floater coupon and tenders of Floaters. If Floaters are tendered and the Company (in its role as remarketing agent) is unable to find a new investor within a specified period of time, it can declare a failed remarketing (in which case the trust is unwound) or may choose to buy the Floaters into its own inventory and may continue to try to sell it to a third-party investor. While the levels of the Company's inventory of Floaters fluctuates, the Company held approximately $7.0 billion and $0.9 billion of Floater inventory related to the Customer, Proprietary and QSPE TOB programs as of September 30, 2008 and December 31, 2007, respectively.

If a trust is unwound early due to an event other than a credit event on the underlying municipal bond, the underlying municipal bond is sold in the secondary market. If there is an accompanying shortfall in the trust's cash flows to fund the redemption of the Floaters after the sale of the underlying municipal bond, the trust draws on a liquidity agreement in an amount equal to the shortfall. Liquidity agreements are generally provided to the trust directly by the Company. For customer TOBs where the Residual is less than 25% of the trust's capital structure, the Company has a reimbursement agreement with the Residual holder under which the Residual holder reimburses the Company for any payment made under the liquidity arrangement. Through this reimbursement agreement, the Residual holder remains economically exposed to fluctuations in value of the municipal bond. These reimbursement agreements are actively margined based on changes in value of the underlying municipal bond to mitigate the Company's counterparty credit risk. In cases where a third party provides liquidity to a proprietary or QSPE TOB trust, a similar reimbursement arrangement is made whereby the Company (or a consolidated subsidiary of the Company) as Residual holder absorbs any losses incurred by the liquidity provider. As of September 30, 2008 and December 31, 2007, liquidity agreements provided with respect to customer TOB trusts totaled $8.8 billion and $14.4 billion, offset by reimbursement agreements in place with a notional amount of $6.8 billion and $11.5 billion, respectively. The remaining exposure relates to TOB transactions where the Residual owned by the customer is at least 25% of the bond value at the inception of the transaction. In addition, the Company has provided liquidity arrangements with a notional amount of $12.1 billion as of September 30, 2008, and $11.4 billion as of

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December 31, 2007, to QSPE TOB trusts and other non-consolidated proprietary TOB trusts described above.

The Company considers the customer and proprietary TOB trusts (excluding QSPE TOB trusts) to be variable interest entities within the scope of FIN 46-R. Because third-party investors hold the Residual and Floater interests in the customer TOB trusts, the Company's involvement and variable interests include only its role as remarketing agent and liquidity provider. On the basis of the variability absorbed by the customer through the reimbursement arrangement or significant residual investment, the Company does not consolidate the Customer TOB trusts. The Company's variable interests in the Proprietary TOB trusts include the Residual as well as the remarketing and liquidity agreements with the trusts. On the basis of the variability absorbed through these contracts (primarily the Residual), the Company generally consolidates the Proprietary TOB trusts. Finally, certain proprietary TOB trusts and QSPE TOB trusts are not consolidated by application of specific accounting literature. For the nonconsolidated proprietary TOB trusts and QSPE TOB trusts, the Company recognizes only its residual investment on its balance sheet at fair value and the third-party financing raised by the trusts is off-balance sheet.

Municipal Investments

Municipal investment transactions represent partnerships that finance the construction and rehabilitation of low-income affordable rental housing. The Company generally invests in these partnerships as a limited partner and earns a return primarily through the receipt of tax credits earned from the affordable housing investments made by the partnership.

Client Intermediation

Client intermediation transactions represent a range of transactions designed to provide investors with specified returns based on the returns of an underlying security, referenced asset or index. These transactions include credit-linked notes and equity-linked notes. In these transactions, the SPE typically obtains exposure to the underlying security, referenced asset or index through a derivative instrument such as a total return swap or a credit default swap. In turn, the SPE issues notes to investors that pay a return based on the specified underlying security, referenced asset or index. The SPE invests the proceeds in a financial asset or a guaranteed insurance contract (GIC) that serves as collateral for the derivative contract over the term of the transaction. The Company's involvement in these transactions includes being the counterparty to the SPE's derivative instruments and investing in a portion of the notes issued by the SPE. In certain transactions, the investor's maximum risk of loss is limited and the Company absorbs risk of loss above a specified level.

The Company's maximum risk of loss in these transactions is defined as the amount invested in notes issued by the SPE and the notional amount of any risk of loss absorbed by the Company through a separate instrument issued by the SPE. The derivative instrument held by the Company may generate a receivable from the SPE (for example, where the Company purchases credit protection from the SPE in connection with the SPE's issuance of a credit-linked note), which is collateralized by the assets owned by the SPE. These derivative instruments are not considered to be variable interests under FIN 46-R and any associated receivables are not included in the calculation of maximum exposure to the SPE.

Mutual Fund Deferred Sales Commission (DSC) Securitizations

Mutual Fund Deferred Sales Commission (DSC) receivables are assets purchased from distributors of mutual funds that are backed by distribution fees and contingent deferred sales charges (CDSC) generated by the distribution of certain shares to mutual fund investors. These share investors pay no upfront load, but the shareholder agrees to pay, in addition to the management fee imposed by the mutual fund, the distribution fee over a period of time and the CDSC (a penalty for early redemption to recover lost distribution fees). Asset managers use the proceeds from the sale of DSC receivables to cover sales commissions owed to brokers associated with the shares sold.

The Company purchases these receivables from mutual fund distributors and sells a diversified pool of receivables to a trust. The trust in turn issues two tranches of securities:

Senior term notes (generally 92-94%) via private placement to third-party investors. These notes are structured to have at least a single "A" rating standard. The senior notes receive all cash distributions until fully repaid, which is generally approximately 5-6 years;

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A residual certificate in the trust (generally 6-8%) to the Company. This residual certificate is fully subordinated to the senior notes, and receives no cash flows until the senior notes are fully paid.

Structured Investment Vehicles

Citigroup became the SIVs' primary beneficiary and began consolidating the SIVs on December 13, 2007, as a result of providing mezzanine financing to the SIVs, the terms of which were finalized on February 12, 2008. The mezzanine financing ranks senior to the junior notes and junior to the SIVs' senior debt. Citigroup increased its mezzanine financing to $4.5 billion, reflecting an increase of $1 billion from the original $3.5 billion financing. This additional mezzanine financing was funded subsequent to September quarter-end.

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The impact of this consolidation on Citigroup's Consolidated Balance Sheet as of September 30, 2008 and December 31, 2007 is as follows:

In billions of dollars	September 30, 2008	December 31, 2007
Assets		
Cash and due from banks	**$ 5.4**	$ 11.8
Trading account assets	**21.5**	46.4
Other assets	**0.6**	0.3
Total assets	**$ 27.5**	$ 58.5
Liabilities		
Short-term borrowings	**$ 5.0**	$ 11.7
Long-term borrowings	**21.7**	45.9
Other liabilities	**0.8**	0.9
Total liabilities	**$ 27.5**	$ 58.5

Balances include intercompany assets of $0.4 billion and intercompany liabilities of $6.7 billion as of September 30, 2008 and intercompany assets of $1 billion and intercompany liabilities of $7 billion as of December 31, 2007, respectively, which are eliminated in consolidation. In addition, long-term borrowings include the current portion of medium-term notes with an original maturity of greater than 364 days.

The following tables summarize the seven Citigroup-advised SIVs as of September 30, 2008 and December 31, 2007 as well as the aggregate asset mix and credit quality of the SIV assets.

In billions of dollars	September 30, 2008			December 31, 2007		
SIV	Assets	Short-term borrowings	Long-term borrowings	Assets	Short-term borrowings	Long-term borrowings
Beta	**$ 8.7**	**$ 1.1**	**$ 7.5**	$ 14.8	$ 0.4	$ 14.2

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Centauri	**8.1**	**1.7**	**6.2**	14.9	0.8	13.8
Dorada	**4.3**	**1.0**	**3.2**	8.4	1.0	7.2
Five	**3.8**	**0.8**	**2.9**	8.7	2.6	6.0
Sedna	**2.0**	–	**1.8**	9.1	5.5	3.6
Zela	**0.6**	**0.4**	**0.1**	1.9	1.1	0.7
Vetra	–	–	–	0.7	0.3	0.4
Total	**$27.5**	**$ 5.0**	**$ 21.7**	$58.5	$ 11.7	$ 45.9

	September 30, 2008				December 31, 2007			
	Average Asset Mix	Average Credit Quality(1)(2)			Average Asset Mix	Average Credit Quality(1)(2)		
		Aaa	Aa	A/Baa/B(3)		Aaa	Aa	A
Financial Institutions Debt	**57%**	**7%**	**40%**	**10%**	59%	12%	43%	4%
Sovereign Debt	–	–	–	–	1%	1%	–	–
Structured Finance								
MBS–Non-U.S. residential	**10%**	**10%**	–	–	12%	12%	–	–
CBOs, CLOs, CDOs	**6%**	**6%**	–	–	6%	6%	–	–
MBS–U.S. residential	**9%**	**9%**	–	–	7%	7%	–	–
CMBS	**4%**	**4%**	–	–	4%	4%	–	–

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Student loans	**8%**	**8%**	–	–	6%	6%	–	–
Credit cards	**5%**	**5%**	–	–	5%	5%	–	–
Other	**1%**	–	–	**1%**	–	–	–	
Total Structured Finance	**43%**	**42%**	–	**1%**	40%	40%	–	–
Total	**100%**	**49%**	**40%**	**11%**	100%	53%	43%	4%

(1) Credit ratings based on Moody's ratings of the notional values of credit exposures, including credit derivatives, as of September 30, 2008 and December 31, 2007.

(2) The SIVs have no direct exposure to U.S. subprime assets and have approximately $38 million and $50 million of indirect exposure to subprime assets through CDOs, which are Aaa rated and carry credit enhancements as of September 30, 2008 and December 31, 2007.

(3) At September 30, 2008 the breakout of ratings of financial institutions debt was; A-10%, B-<1%, and below B-<1%. At September 30, 2008 the other structured finance category was 1% Baa rated.

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Investment Funds

The Company is the investment manager for certain investment funds that invest in various asset classes including private equity, hedge funds, real estate, fixed income and infrastructure. The Company earns a management fee which is a percentage of capital under management, and may earn performance fees. In addition, for some of these funds, the Company has an ownership interest in the investment funds.

The Company has also established a number of investment funds as opportunities for qualified employees to invest in private equity investments. The Company acts as investment manager to these funds and may provide employees with financing on both a recourse and non-recourse basis for a portion of the employees' investment commitments.

Certain Fixed Income Funds Managed By Institutional Clients Group

Falcon multi-strategy fixed income funds

On February 20, 2008, the Company entered into a $500 million credit facility with the Falcon multi-strategy fixed income funds (the "Falcon funds") managed by Institutional Clients Group. As a result of providing this facility, the Company became the primary beneficiary of the Falcon funds and consolidated the assets and liabilities in its Consolidated Balance Sheet. At September 30, 2008, the total assets of the Falcon funds were approximately $1.3 billion.

ASTA/MAT municipal funds

On March 3, 2008, the Company made an equity investment of $661 million (under a $1 billion commitment) which provides for gain sharing with unaffiliated investors, in the Municipal Opportunity Funds (MOFs). The MOFs are funds managed by Institutional Clients Group that make leveraged investments in tax-exempt municipal bonds and accept investments through feeder funds known as ASTA and MAT. As a result of the Company's equity commitment, the Company became the primary beneficiary of the MOFs and consolidated the assets and liabilities in its Consolidated Balance Sheet. At September 30, 2008, the total assets of the MOFs were approximately $1.5 billion.

Primary Uses of SPEs by Corporate/Other

Trust Preferred Securities

The Company has raised financing through the issuance of trust preferred securities. In these transactions, the Company forms a statutory business trust and owns all of the voting equity shares of the trust. The trust issues preferred equity securities to third-party investors and invests the gross proceeds in junior subordinated deferrable interest debentures issued by the Company. These trusts have no other assets and no operations, revenues or cash flows other than those related to the issuance, administration, and repayment of the preferred equity securities held by third-party investors. These trusts' obligations are fully and unconditionally guaranteed by the Company.

Because the sole asset of the trust is a receivable from the Company, the Company is not permitted to consolidate the trusts under FIN 46-R, even though the Company owns all of the voting equity shares of the trust, has fully guaranteed the trusts' obligations, and has the right to redeem the preferred securities in certain circumstances. The Company recognizes the subordinated debentures on its balance sheet as long-term liabilities.

See Note 12 on page 104 for additional information about the Company's involvement with trust preferred securities. See Note 15 on page 109 for additional information regarding the Company's off-balance-sheet arrangements with respect to securitizations and SPEs.

Elimination of QSPEs and Changes in the FIN 46(R) Consolidation Model

The FASB has issued an Exposure Draft of a proposed standard that would eliminate Qualifying Special Purpose Entities (QSPEs) from the guidance in SFAS 140, "Accounting for Transfers and Servicing of Financial Assets and Extinguishment of Liabilities." While the proposed standard has not been finalized and the Board's proposals are subject to a public comment period, this change may have a significant impact on Citigroup's consolidated financial statements as the Company may lose sales treatment for assets previously sold to a QSPE, as well as for future sales, and for transfers of a portion of an asset. This proposed revision could become effective in January 2010. As of

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September 30, 2008, the total assets of QSPEs to which Citigroup, acting as principal, has transferred assets and received sales treatment were approximately $820 billion.

In connection with the proposed changes to SFAS 140, the FASB has also issued a separate exposure draft of a proposed standard that proposes three key changes to the consolidation model in FIN 46(R). First, the Board will now include former QSPEs in the scope of FIN 46(R). In addition, the FASB supports amending FIN 46(R) to change the method of analyzing which party to a variable interest entity (VIE) should consolidate the VIE to a primarily qualitative determination of power combined with benefits and losses instead of today's risks and rewards model. Finally, the proposed standard requires all VIEs and their primary beneficiaries to be reevaluated whenever circumstances change. The existing rules require reconsideration only when specified reconsideration events occur. As of September 30, 2008, the total assets of significant unconsolidated VIEs with which Citigroup is involved were approximately $325 billion.

The Company will be evaluating the impact of these changes on Citigroup's consolidated financial statements once the actual guidelines are completed.

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Credit Commitments and Lines of Credit

The table below summarizes Citigroup's credit commitments as of September 30, 2008 and December 31, 2007:

In millions of dollars	U.S.	Outside of U.S.	September 30, 2008	December 31, 2007
Financial standby letters of credit and foreign office guarantees	**$ 55,448**	**$ 27,536**	**$ 82,984**	$ 87,066
Performance standby letters of credit and foreign office guarantees	**5,997**	**10,207**	**16,204**	18,055
Commercial and similar letters of credit	**2,440**	**7,249**	**9,689**	9,175
One- to four-family residential mortgages	**832**	**363**	**1,195**	4,587
Revolving open-end loans secured by one- to four-family residential properties	**25,193**	**2,926**	**28,119**	35,187
Commercial real estate, construction and land development	**2,496**	**700**	**3,196**	4,834
Credit card lines(1)	**939,992**	**155,872**	**1,095,864**	1,103,535
Commercial and other consumer loan commitments(2)	**267,119**	**133,605**	**400,724**	473,631
Total	**$1,299,517**	**$338,458**	**$ 1,637,975**	$ 1,736,070

(1) Credit card lines are unconditionally cancelable by the issuer.

(2) Includes commercial commitments to make or purchase loans, to purchase third-party receivables, and to provide note issuance or revolving underwriting facilities. Amounts include $175 billion and $259 billion with original maturity of less than one year at September 30, 2008 and December 31, 2007, respectively.

See Note 18 to the Consolidated Financial Statements on page 143 for additional information on credit commitments and lines of credit.

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Highly Leveraged Financing Commitments

Included in the line item "Commercial and other consumer loan commitments" in the table above are highly leveraged financing commitments, which are agreements that provide funding to a borrower with higher levels of debt (measured by the ratio of debt capital to equity capital of the borrower) than is generally the case for other companies. Highly leveraged financing has been commonly employed in corporate acquisitions, management buy-outs and similar transactions.

In these financings, debt service (that is, principal and interest payments) absorbs a significant portion of the cash flows generated by the borrower's business. Consequently, the risk that the borrower may not be able to meet its debt obligations is greater. Due to this risk, the interest rates and fees charged for this type of financing are generally higher than other types of financing.

Prior to funding, highly leveraged financing commitments are assessed for impairment in accordance with SFAS 5 and losses are recorded when they are probable and reasonably estimable. For the portion of loan commitments that relate to loans that will be held for investment, loss estimates are made based on the borrower's ability to repay the facility according to its contractual terms. For the portion of loan commitments that relate to loans that will be held for sale, loss estimates are made in reference to current conditions in the resale market (both interest rate risk and credit risk are considered in the estimate). Loan origination, commitment, underwriting, and other fees are netted against any recorded losses.

Citigroup generally manages the risk associated with highly leveraged financings it has entered into by seeking to sell a majority of its exposures to the market prior to or shortly after funding. In certain cases, all or a portion of a highly leveraged financing to be retained is hedged with credit derivatives or other hedging instruments. Thus, when a highly leveraged financing is funded, Citigroup records the resulting loan as follows:

The portion that Citigroup will seek to sell is recorded as a loan held-for-sale in Other Assets on the Consolidated Balance Sheet, and measured at the lower-of-cost-or-market (LOCOM)

The portion that will be retained is recorded as a loan held-for-investment in Loans and measured at amortized cost less impairment.

Due to the dislocation of the credit markets and the reduced market interest in higher risk/higher yield instruments since the latter half of 2007, liquidity in the market for highly leveraged financings has been limited.

Citigroup's exposures for highly leveraged financings totaled $23 billion at September 30, 2008 ($10 billion funded, recorded as loans-held-for-sale in other assets and carried at LOCOM, and $13 billion in unfunded commitments). This compares to total commitments of $43 billion ($22 billion funded and $21 billion unfunded) at December 31, 2007. During the third quarter of 2008, the Company recorded an incremental net $792 million pretax write down on its highly leveraged financing commitments as a result of the reduction in liquidity in the market for such instruments. This brings the cumulative write-downs for the nine months of 2008 to $4.3 billion pretax.

On April 17, 2008, the Company completed the transfer of approximately $12 billion of loans to third parties, of which $8.5 billion relates to highly leveraged loans and commitments. In these transactions, the third parties purchased subordinate interests backed by the transferred loans. These subordinate interests absorb first loss on the transferred loans and provide the third parties with control of the loans. The Company retained senior debt securities backed by the transferred loans. These senior debt securities have a fair value of approximately $8.3 billion as of September 30, 2008 and are the Company's sole remaining risk with respect to the transferred loans. The Company purchased protection on these retained senior positions from the third party subordinate interest holders via total return swaps. The credit risk in the total return swap is protected through margin arrangements that provide for both initial margin as well as additional margin at specified triggers. These transactions were accounted for as sales of the transferred loans. The loans were removed from the balance sheet and the retained securities are classified as available-for-sale securities on the Company's consolidated balance sheet. Due to the initial cash margin received and the existing margin requirements on the total return swaps, and the substantive subordinate investments made by third parties, the Company believes that the transactions largely mitigate the Company's risk related to these transferred loans.

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FAIR VALUATION

For a discussion of fair value of assets and liabilities, see Note 17 to the Consolidated Financial Statements on page 125.

CONTROLS AND PROCEDURES

Disclosure

The Company's management, with the participation of the Company's CEO and CFO, has evaluated the effectiveness of the Company's disclosure controls and procedures (as defined in Rule 13a-15(e) under the Exchange Act) as of September 30, 2008 and, based on that evaluation, the CEO and CFO have concluded that at that date the Company's disclosure controls and procedures were effective.

Financial Reporting

There were no changes in the Company's internal control over financial reporting (as defined in Rule 13a-15(f) under the Exchange Act) during the fiscal quarter ended September 30, 2008 that materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

FORWARD-LOOKING STATEMENTS

In this Quarterly Report on Form 10-Q, the Company uses certain forward-looking statements when describing future business conditions. The Company's actual results may differ materially from those included in the forward-looking statements and are indicated by words such as "believe," "expect," "anticipate," "intend," "estimate," "may increase," "may fluctuate," and similar expressions, or future or conditional verbs such as "will," "should," "would," and "could."

These forward-looking statements involve external risks and uncertainties including, but not limited, to those described in the Company's 2007 Annual Report on Form 10-K section entitled "Risk Factors": economic conditions; credit, market and liquidity risk; competition; country risk; operational risk; fiscal and monetary policies; reputational and legal risk; and certain regulatory considerations. Risks and uncertainties disclosed in this 10-Q include, but are not limited to:

- the impact on the value of those liabilities for which the Company has elected the fair value option if credit spreads on the Company's debt instruments are substantially narrower at December 31, 2008 than at September 30, 2008;

- the possibility that credit card losses may continue to rise well into 2009 as the environment for consumer credit continues to deteriorate;

- the effectiveness of the hedging products used in connection with Securities & Banking's trading positions in U.S. subprime RMBS and related products, including ABS CDOs, in the event of material changes in market conditions; and

- the impact the elimination of QSPEs from the guidance on SFAS 140 may have on the Company's consolidated financial statements.

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Citigroup Inc.

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CONSOLIDATED FINANCIAL STATEMENTS

CITIGROUP INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF INCOME (Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
In millions of dollars, except per share amounts	**2008**	**2007(1)**	**2008**	**2007(1)**
Revenues				
Interest revenue	**$ 26,182**	$ 32,267	**$ 82,744**	$ 89,573
Interest expense	**12,776**	20,423	**42,305**	56,427
Net interest revenue	**$ 13,406**	$ 11,844	**$ 40,439**	$ 33,146
Commissions and fees	**$ 3,425**	$ 3,944	**$ 11,044**	$ 15,958
Principal transactions	**(2,904)**	(246)	**(15,156)**	5,547
Administration and other fiduciary fees	**2,165**	2,460	**6,752**	6,635
Realized gains (losses) from sales of investments	**(605)**	263	**(863)**	855
Insurance premiums	**823**	772	**2,513**	2,245
Other revenue	**370**	2,603	**2,469**	7,690
Total non-interest revenues	**$ 3,274**	$ 9,796	**$ 6,759**	$ 38,930
Total revenues, net of interest expense	**$ 16,680**	$ 21,640	**$ 47,198**	$ 72,076
Provision for credit losses and for benefits and claims				
Provision for loan losses	**$ 8,943**	$ 4,581	**$ 21,503**	$ 9,512

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Policyholder benefits and claims	**274**	236	**809**	694
Provision for unfunded lending commitments	**(150)**	50	**(293)**	50
Total provision for credit losses and for benefits and claims	**$ 9,067**	$ 4,867	**$ 22,019**	$ 10,256
Operating expenses				
Compensation and benefits	**$ 7,865**	$ 7,595	**$ 25,858**	$ 24,948
Premises and equipment	**1,771**	1,741	**5,388**	4,861
Technology/communication	**1,240**	1,159	**3,703**	3,268
Advertising and marketing	**515**	766	**1,799**	2,077
Restructuring	**8**	35	**(21)**	1,475
Other operating	**3,026**	2,856	**9,117**	7,073
Total operating expenses	**$ 14,425**	$ 14,152	**$ 45,844**	$ 43,702
Income (loss) from continuing operations before income taxes and minority interest	**$ (6,812)**	$ 2,621	**$(20,665)**	$ 18,118
Provision (benefits) for income taxes	**(3,294)**	492	**(9,637)**	4,908
Minority interest, net of income taxes	**(95)**	20	**(40)**	190
Income (loss) from continuing operations	**$ (3,423)**	$ 2,109	**$(10,988)**	$ 13,020
Discontinued operations				
Income from discontinued operations	**$ 501**	$ 148	**$ 896**	$ 631

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Gain (loss) on sale	**9**	–	**(508)**	–
Provision (benefits) for income taxes	**(98)**	45	**(179)**	201
Income from discontinued operations, net	**$ 608**	$ 103	**$ 567**	$ 430
Net Income (loss)	**$ (2,815)**	$ 2,212	**$(10,421)**	$ 13,450
Basic earnings per share(2)				
Income (loss) from continuing operations	**$ (0.71)**	$ 0.43	**$ (2.26)**	$ 2.65
Income from discontinued operations	**0.11**	0.02	**0.11**	0.09
Net Income (loss)	**$ (0.60)**	$ 0.45	**$ (2.15)**	$ 2.74
Weighted average common shares outstanding	**5,341.8**	4,916.1	**5,238.3**	4,897.1
Diluted earnings per share(2)				
Income (loss) from continuing operations	**$ (0.71)**	$ 0.42	**$ (2.26)**	$ 2.60
Income from discontinued operations	**0.11**	0.02	**0.11**	0.09
Net Income (loss)	**$ (0.60)**	$ 0.44	**$ (2.15)**	$ 2.69
Adjusted weighted average common shares outstanding	**5,867.3**	5,010.9	**5,752.8**	4,990.6

(1) Reclassified to conform to the current period's presentation.

(2) Diluted shares used in the diluted EPS calculation represent basic shares for the 2008 periods due to the net loss. Using actual diluted shares would result in anti-dilution.

See Notes to the unaudited Consolidated Financial Statement.

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CITIGROUP INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEET

In millions of dollars, except shares	September 30, 2008 (Unaudited)	December 31, 2007(1)
Assets		
Cash and due from banks (including segregated cash and other deposits)	**$ 63,026**	$ 38,206
Deposits at interest with banks	**78,670**	69,366
Federal funds sold and securities borrowed or purchased under agreements to resell (including $71,768 and $84,305 as of September 30, 2008 and December 31, 2007, respectively, at fair value)	**225,409**	274,066
Brokerage receivables	**80,532**	57,359
Trading account assets (including $117,667 and $157,221 pledged to creditors as of September 30, 2008 and December 31, 2007, respectively)	**457,462**	538,984
Investments (including $21,932 and $21,449 pledged to creditors as of September 30, 2008 and December 31, 2007, respectively)	**205,731**	215,008
Loans, net of unearned income		
Consumer (including $32 as of September 30, 2008 at fair value)	**543,436**	592,307
Corporate (including $3,430 and $3,727 as of September 30, 2008 and December 31, 2007, respectively, at fair value)	**173,519**	185,686
Loans, net of unearned income	**$ 716,955**	$ 777,993
Allowance for loan losses	**(24,005)**	(16,117)
Total loans, net	**$ 692,950**	$ 761,876

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Goodwill	**39,662**	41,053
Intangible assets (including $8,346 and $8,380 at September 30,2008 and December 31,2007, respectively, at fair value)	**23,464**	22,687
Other assets (including $14,110 and $9,802 as of September 30, 2008 and December 31, 2007 respectively, at fair value)	**164,598**	168,875
Assets of discontinued operations held for sale	**18,627**	–
Total assets	**$ 2,050,131**	$ 2,187,480
Liabilities		
Non-interest-bearing deposits in U.S. offices	**$ 61,694**	$ 40,859
Interest-bearing deposits in U.S. offices (including $1,655 and $1,337 as of September 30, 2008 and December 31, 2007, respectively, at fair value)	**215,423**	225,198
Non-interest-bearing deposits in offices outside the U.S.	**46,348**	43,335
Interest-bearing deposits in offices outside the U.S. (including $1,848 and $2,261 as of September 30, 2008 and December 31, 2007, respectively, at fair value)	**456,878**	516,838
Total deposits	**$ 780,343**	$ 826,230
Federal funds purchased and securities loaned or sold under agreements to repurchase (including $156,234 and $199,854 as of September 30, 2008 and December 31, 2007, respectively, at fair value)	**250,419**	304,243
Brokerage payables	**117,536**	84,951
Trading account liabilities	**169,283**	182,082

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Short-term borrowings (including $7,307 and $13,487 as of September 30, 2008 and December 31, 2007, respectively, at fair value)	**104,855**	146,488
Long-term debt (including $47,482 and $79,312 as of September 30, 2008 and December 31, 2007, respectively, at fair value)	**393,097**	427,112
Other liabilities (including $2,923 and $1,568 as of September 30, 2008 and December 31, 2007, respectively, at fair value)	**94,263**	102,927
Liabilities of discontinued operations held for sale	**14,273**	–
Total liabilities	**$ 1,924,069**	$ 2,074,033
Stockholders' equity		
Preferred stock ($1.00 par value; authorized shares: 30 million), at aggregate liquidation value	**$ 27,424**	$ –
Common stock ($.01 par value; authorized shares: 15 billion), issued shares–**5,671,743,807 at September 30, 2008** and 5,477,416,086 at December 31, 2007	**57**	55
Additional paid-in capital	**16,884**	18,007
Retained earnings	**105,340**	121,769
Treasury stock, at cost: **September 30, 2008–222,203,903 shares** and December 31, 2007–482,834,568 shares	**(9,642)**	(21,724)
Accumulated other comprehensive income (loss)	**(14,001)**	(4,660)
Total stockholders' equity	**$ 126,062**	$ 113,447
Total liabilities and stockholders' equity	**$ 2,050,131**	$ 2,187,480

(1) Reclassified to conform to the current period's presentation.

See Notes to the unaudited Consolidated Financial Statements.

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CITIGROUP INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY (Unaudited)

In millions of dollars, except shares in thousands	Nine Months Ended September 30, 2008	2007
Preferred stock at aggregate liquidation value		
Balance, beginning of period	**$ –**	$ 1,000
Issuance of preferred stock	**27,424**	–
Redemption or retirement of preferred stock	–	(800)
Balance, end of period	**$ 27,424**	$ 200
Common stock and additional paid-in capital		
Balance, beginning of period	**$ 18,062**	$ 18,308
Employee benefit plans	**(2,405)**	(74)
Issuance of common stock	**4,911**	–
Issuance of shares(1)	**(3,500)**	118
Other	**(127)**	–
Balance, end of period	**$ 16,941**	$ 18,352
Retained earnings		
Balance, beginning of period, as previously reported	**$ 121,769**	$ 129,267
Prior period adjustment(2)	–	(151)

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Balance, beginning of period, as restated	**$ 121,769**	$ 129,116
Adjustment to opening balance, net of tax(3)	**–**	(186)
Adjusted balance, beginning of period	**$ 121,769**	$ 128,930
Net income (loss)	**(10,421)**	13,450
Common dividends(4)	**(5,175)**	(8,043)
Preferred dividends	**(833)**	(43)
Balance, end of period	**$ 105,340**	$ 134,294
Treasury stock, at cost		
Balance, beginning of period	**$ (21,724)**	$ (25,092)
Issuance of shares pursuant to employee benefit plans	**4,210**	2,763
Treasury stock acquired**(5)**	**(7)**	(663)
Issuance of shares(1)	**7,858**	637
Other	**21**	26
Balance, end of period	**$ (9,642)**	$ (22,329)
Accumulated other comprehensive income (loss)		
Balance, beginning of period	**$ (4,660)**	$ (3,700)
Adjustment to opening balance, net of tax(6)	**–**	149

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Adjusted balance, beginning of period	**$ (4,660)**	$ (3,551)
Net change in unrealized gains and losses on investment securities, net of tax	**(6,657)**	(410)
Net change in cash flow hedges, net of tax	**(312)**	(1,396)
Net change in foreign currency translation adjustment, net of tax	**(2,419)**	1,558
Pension liability adjustment, net of tax	**47**	244
Net change in Accumulated other comprehensive income (loss)	**$ (9,341)**	$ (4)
Balance, end of period	**$ (14,001)**	$ (3,555)
Total common stockholders' equity (shares outstanding: 5,449,540 at September 30, 2008 and 4,994,581 at December 31, 2007)	**$ 98,638**	$ 126,762
Total stockholders' equity	**$ 126,062**	$ 126,962
Comprehensive income (loss)		
Net income (loss)	**$ (10,421)**	$ 13,450
Net change in Accumulated other comprehensive income (loss)	**(9,341)**	(4)
Total comprehensive income (loss)	**$ (19,762)**	$ 13,446

(1) The issuance of shares for the nine months ended September 30, 2008 related to the acquisition of the remaining stake in Nikko Cordial. The issuance of shares for the nine months ended September 30, 2007 related to the acquisition of Grupo Cuscatlan.

(2) Citigroup's January 1, 2007 opening Retained earnings balance has been reduced by $151 million to reflect a prior period adjustment to goodwill. This reduction adjusts goodwill to reflect a portion of the losses incurred in January 2002, related to the sale of the Argentinean subsidiary of Banamex, Bansud, that was recorded as an adjustment to the purchase price of Banamex. There is no tax benefit and there is no income statement impact for the quarter and nine-months ended September 30, 2008 and 2007 from this adjustment. See "Legal Proceedings" for further discussion.

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(3) The adjustment to the opening balance of Retained earnings represents the total of the after-tax gain (loss) amounts for the adoption of the following accounting pronouncements:

SFAS 157 for $75 million,

SFAS 159 for ($99) million,

FSP 13-2 for ($148) million, and

FIN 48 for ($14) million.

See Notes 1 and 17 on pages 88 and 126, respectively.

(4) Common dividends declared were $0.32 per share in the first, second and third quarters of 2008 and $0.54 per share in the first, second and third quarters of 2007.

(5) All open market repurchases were transacted under an existing authorized share repurchase plan.

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(6) The after-tax adjustment to the opening balance of Accumulated other comprehensive income (loss) represents the reclassification of the unrealized gains (losses) related to the Legg Mason securities as well as several miscellaneous items previously reported in accordance with SFAS No. 115, "*Accounting for Certain Investments in Debt and Equity Securities"* (SFAS 115). The related unrealized gains and losses were reclassified to Retained earnings upon the adoption of the fair value option in accordance with SFAS 159. See Notes 1 and 17 on pages 88 and 126 for further discussions.

See Notes to the unaudited Consolidated Financial Statements.

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CITIGROUP INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF CASH FLOWS (Unaudited)

In millions of dollars	Nine Months Ended September 30, 2008	2007(1)
Cash Flows from operating activities of continuing operations		
Net income (loss)	**$ (10,421)**	$ 13,450
Income from discontinued operations, net of taxes	**896**	430
Loss on sale, net of taxes	**(329)**	–
Income (loss) from continuing operations	**$ (10,988)**	$ 13,020
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities of continuing operations		
Amortization of deferred policy acquisition costs and present value of future profits	**252**	281
Additions to deferred policy acquisition costs	**(311)**	(358)
Depreciation and amortization	**1,953**	1,808
Provision for credit losses	**21,210**	9,562
Change in trading account assets	**81,930**	(150,371)
Change in trading account liabilities	**(12,799)**	54,434
Change in federal funds sold and securities borrowed or purchased under agreements to resell	**48,657**	(71,008)

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Change in federal funds purchased and securities loaned or sold under agreements to repurchase	**(53,824)**	79,143
Change in brokerage receivables net of brokerage payables	**9,412**	(16,633)
Net losses/(gains) from sales of investments	**863**	(855)
Change in loans held-for-sale	**22,398**	(28,908)
Other, net	**(9,800)**	(857)
Total adjustments	**$ 109,941**	$ (123,762)
Net cash provided by (used in) operating activities of continuing operations	**$ 98,953**	$ (110,742)
Cash flows from investing activities of continuing operations		
Change in deposits at interest with banks	**$ (9,326)**	$ (6,563)
Change in loans	**(187,859)**	(275,915)
Proceeds from sales and securitizations of loans	**203,863**	196,938
Purchases of investments	**(272,815)**	(202,646)
Proceeds from sales of investments	**60,255**	147,573
Proceeds from maturities of investments	**194,312**	100,577
Capital expenditures on premises and equipment	**(2,111)**	(2,804)
Proceeds from sales of premises and equipment, subsidiaries and affiliates, and repossessed assets	**15,644**	1,949

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Business acquisitions	–	(15,186)
Net cash used in investing activities of continuing operations	**$ 1,963**	$ (56,077)
Cash flows from financing activities of continuing operations		
Dividends paid	**$ (6,008)**	$ (8,086)
Issuance of common stock	**4,961**	1,007
Issuance (redemptions) of preferred stock	**27,424**	(800)
Treasury stock acquired	**(7)**	(663)
Stock tendered for payment of withholding taxes	**(377)**	(926)
Issuance of long-term debt	**67,311**	89,657
Payments and redemptions of long-term debt	**(94,073)**	(49,989)
Change in deposits	**(32,411)**	84,523
Change in short-term borrowings	**(41,633)**	63,063
Net cash (used in) provided by financing activities of continuing operations	**$ (74,813)**	$ 177,786
Effect of exchange rate changes on cash and cash equivalents	**(1,105)**	$ 810
Net cash from discontinued operations	**(178)**	(65)
Change in cash and due from banks	**$ 24,820**	$ 11,712
Cash and due from banks at beginning of period	**38,206**	$ 26,514

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Cash and due from banks at end of period	**$ 63,026**	$ 38,226
Supplemental disclosure of cash flow information for continuing operations		
Cash paid during the period for income taxes	**$ 2,123**	$ 4,623
Cash paid during the period for interest	**$ 44,294**	$ 53,158
Non-cash investing activities		
Transfers to repossessed assets	**$ 2,574**	$ 1,539

(1) Reclassified to conform to the current period's presentation

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CITIBANK, N.A. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEET

In millions of dollars, except shares	September 30, 2008 (Unaudited)	December 31, 2007
Assets		
Cash and due from banks	**$ 54,318**	$ 28,966
Deposits at interest with banks	**63,323**	57,216
Federal funds sold and securities purchased under agreements to resell	**39,227**	23,563
Trading account assets (including $17,741 and $22,716 pledged to creditors as of September 30, 2008 and December 31, 2007, respectively)	**202,793**	215,454
Investments (including $3,380 and $3,099 pledged to creditors as of September 30, 2008 and December 31, 2007, respectively)	**125,705**	150,058
Loans, net of unearned income	**587,275**	644,597
Allowance for loan losses	**(15,860)**	(10,659)
Total loans, net	**$ 571,415**	$ 633,938
Goodwill	**17,626**	19,294
Intangible assets	**10,618**	11,007
Premises and equipment, net	**5,889**	8,191
Interest and fees receivable	**7,702**	8,958
Other assets	**89,764**	95,070

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Assets of discontinued operations held for sale	**18,627**	–
Total assets	**$ 1,207,007**	$ 1,251,715
Liabilities		
Non-interest-bearing deposits in U.S. offices	**$ 61,252**	$ 41,032
Interest-bearing deposits in U.S. offices	**168,790**	186,080
Non-interest-bearing deposits in offices outside the U.S.	**42,293**	38,775
Interest-bearing deposits in offices outside the U.S.	**463,030**	516,517
Total deposits	**735,365**	$ 782,404
Trading account liabilities	**85,627**	59,472
Purchased funds and other borrowings	**83,848**	74,112
Accrued taxes and other expense	**10,220**	12,752
Long-term debt and subordinated notes	**144,970**	184,317
Other liabilities	**42,037**	39,352
Liabilities of discontinued operations held for sale	**14,273**	–
Total liabilities	**$ 1,116,340**	$ 1,152,409
Stockholder's equity		
Capital stock ($20 par value) outstanding shares: 37,534,553 in each period	**$ 751**	$ 751

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Surplus	**69,319**	69,135
Retained earnings	**30,431**	31,915
Accumulated other comprehensive income (loss)(1)	**(9,834)**	(2,495)
Total stockholder's equity	**$ 90,667**	$ 99,306
Total liabilities and stockholder's equity	**$ 1,207,007**	$ 1,251,715

(1) Amounts at September 30, 2008 and December 31, 2007 include the after-tax amounts for net unrealized gains (losses) on investment securities of ($6.233) billion and ($1.262) billion, respectively, for foreign currency translation of ($556) million and $1.687 billion, respectively, for cash flow hedges of ($2.298) billion and ($2.085) billion, respectively, and for pension liability adjustments of ($747) million and ($835) million, respectively.

See Notes to the unaudited Consolidated Financial Statements.

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CITIGROUP INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

1. BASIS OF PRESENTATION

The accompanying unaudited consolidated financial statements as of September 30, 2008 and for the three- and nine-month period ended September 30, 2008 include the accounts of Citigroup Inc. (Citigroup) and its subsidiaries (collectively, the Company). In the opinion of management, all adjustments, consisting of normal recurring adjustments, necessary for a fair presentation, have been reflected. The accompanying unaudited consolidated financial statements should be read in conjunction with the consolidated financial statements and related notes included in Citigroup's 2007 Annual Report on Form 10-K and Citigroup's Quarterly Reports on Form 10-Q for the quarter ended March 31, 2008 and June 30, 2008.

Certain financial information that is normally included in annual financial statements prepared in accordance with U.S. generally accepted accounting principles, but is not required for interim reporting purposes, has been condensed or omitted.

Management must make estimates and assumptions that affect the Consolidated Financial Statements and the related footnote disclosures. While management makes its best judgment, actual results could differ from those estimates. Current market conditions increase the risk and complexity of the judgments in these estimates.

Certain reclassifications have been made to the prior-period's financial statements to conform to the current period's presentation.

Significant Accounting Policies

The Company's accounting policies are fundamental to understanding management's discussion and analysis of the results of operations and financial condition. The Company has identified five policies as being significant because they require management to make subjective and/or complex judgments about matters that are inherently uncertain. These policies relate to Valuations of Financial Instruments, Allowance for Credit Losses, Securitizations, Income Taxes and Legal Reserves. The Company, in consultation with the Audit and Risk Management Committee of the Board of Directors, has reviewed and approved these significant accounting policies, which are further described in the Company's 2007 Annual Report on Form 10-K.

ACCOUNTING CHANGES

SEC Staff Guidance on Loan Commitments Recorded at Fair Value through Earnings

On January 1, 2008, the Company adopted Staff Accounting Bulletin No. 109 (SAB 109), which requires that the fair value of a written loan commitment that is marked to market through earnings should include the future cash flows related to the loan's servicing rights. However, the fair value measurement of a written loan commitment still must exclude the expected net cash flows related to internally developed intangible assets (such as customer relationship intangible assets).

SAB 109 applies to two types of loan commitments: (1) written mortgage loan commitments for loans that will be held-for-sale when funded that are marked to market as derivatives under FAS 133 (derivative loan commitments); and (2) other written loan commitments that are accounted for at fair value through earnings under Statement 159's fair-value election. SAB 109 supersedes SAB 105, which applied only to derivative loan commitments and allowed the expected future cash flows related to the associated servicing of the loan to be recognized only after the servicing asset had been contractually separated from the underlying loan by sale or securitization of the loan with servicing retained. SAB 109 was applied prospectively to loan commitments issued or modified in fiscal quarters beginning after December 15, 2007. The impact of adopting this SAB was immaterial.

Netting of Cash Collateral against Derivative Exposures

During April 2007, the FASB issued FASB Staff Position No. FIN 39-1, "Amendment of FASB Interpretation No. 39" (FSP FIN 39-1) modifying certain provisions of FIN 39, "Offsetting of Amounts Related to Certain Contracts". This amendment clarified the acceptability of

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the existing market practice of offsetting the amounts recorded for cash collateral receivables or payables against the fair value amounts recognized for net derivative positions executed with the same counterparty under the same master netting agreement, which was the Company's prior accounting practice. Thus, this amendment did not affect the Company's consolidated financial statements as of September 30, 2008.

Adoption of SFAS 157−Fair Value Measurements

The Company elected to early-adopt SFAS No. 157, "Fair Value Measurements" (SFAS 157), as of January 1, 2007. SFAS 157 defines fair value, expands disclosure requirements around fair value and specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect the Company's market assumptions. These two types of inputs create the following fair value hierarchy:

Level 1−Quoted prices for *identical* instruments in active markets.

Level 2−Quoted prices for *similar* instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations in which all significant inputs and significant value drivers are observable in active markets.

Level 3−Valuations derived from valuation techniques in which one or more significant inputs or significant value drivers are unobservable.

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This hierarchy requires the Company to use observable market data, when available, and to minimize the use of unobservable inputs when determining fair value.

For some products or in certain market conditions, observable inputs may not always be available. For example, during the market dislocations that started in the second half of 2007, certain markets became illiquid, and some key observable inputs used in valuing certain exposures were unavailable. When and if these markets become liquid, the valuation of these exposures will use the related observable inputs available at that time from these markets.

Under SFAS 157, Citigroup is required to take into account its own credit risk when measuring the fair value of derivative positions as well as the other liabilities for which fair value accounting has been elected under SFAS 155, "Accounting for Certain Hybrid Financial Instruments" (SFAS 155) and SFAS 159, "The Fair Value Option for Financial Assets and Financial Liabilities" (SFAS 159). The adoption of SFAS 157 has also resulted in some other changes to the valuation techniques used by Citigroup when determining fair value, most notably the changes to the way that the probability of default of a counterparty is factored in and the elimination of a derivative valuation adjustment which is no longer necessary under SFAS 157. The cumulative effect at January 1, 2007 of making these changes was a gain of $250 million after-tax ($402 million pretax), or $0.05 per diluted share, which was recorded in the first quarter of 2007 earnings within the *S&B* business.

SFAS 157 also precludes the use of block discounts for instruments traded in an active market, which were previously applied to large holdings of publicly traded equity securities, and requires the recognition of trade-date gains after consideration of all appropriate valuation adjustments related to certain derivative trades that use unobservable inputs in determining their fair value. Previous accounting guidance allowed the use of block discounts in certain circumstances and prohibited the recognition of day-one gains on certain derivative trades when determining the fair value of instruments not traded in an active market. The cumulative effect of these changes resulted in an increase to January 1, 2007 retained earnings of $75 million.

Fair Value Option (SFAS 159)

In conjunction with the adoption of SFAS 157, the Company early-adopted SFAS 159, "The Fair Value Option for Financial Assets and Financial Liabilities" (SFAS 159), as of January 1, 2007. SFAS 159 provides an option on an instrument-by-instrument basis for most financial assets and liabilities to be reported at fair value with changes in fair value reported in earnings. After the initial adoption, the election is made at the acquisition of a financial asset, financial liability, or a firm commitment and it may not be revoked. SFAS 159 provides an opportunity to mitigate volatility in reported earnings that resulted prior to its adoption from being required to apply fair value accounting to certain economic hedges (e.g., derivatives) while having to measure the assets and liabilities being economically hedged using an accounting method other than fair value.

Under the SFAS 159 transition provisions, the Company elected to apply fair value accounting to certain financial instruments held at January 1, 2007 with future changes in value reported in earnings. The adoption of SFAS 159 resulted in a decrease to January 1, 2007 retained earnings of $99 million.

See Note 17 on page 126 for additional information.

Accounting for Uncertainty in Income Taxes

In July 2006, the FASB issued FIN 48, "Accounting for Uncertainty in Income Taxes," which attempts to set out a consistent framework for preparers to use to determine the appropriate level of tax reserves to maintain for uncertain tax positions. This interpretation of FASB Statement No. 109 uses a two-step approach wherein a tax benefit is recognized if a position is more-likely-than-not to be sustained. The amount of the benefit is then measured to be the highest tax benefit which is greater than 50% likely to be realized. FIN 48 also sets out disclosure requirements to enhance transparency of an entity's tax reserves. Citigroup adopted this Interpretation as of January 1, 2007. The adoption of FIN 48 resulted in a reduction to 2007 opening retained earnings of $14 million.

The Company is presently under audit by the Internal Revenue Service (IRS) for 2003-2005. It is reasonably possible that the exam will conclude within the next 12 months. An estimate of the change in FIN 48 liabilities cannot be made at this time due to the number of items still being reviewed by the IRS.

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Leveraged Leases

On January 1, 2007, the Company adopted FASB Staff Position No. 13-2, "Accounting for a Change or Projected Change in the Timing of Cash Flows Relating to Income Taxes Generated by a Leverage Lease Transaction" (FSP 13-2), which provides guidance regarding changes or projected changes in the timing of cash flows relating to income taxes generated by a leveraged lease transaction.

Leveraged leases can provide significant tax benefits to the lessor, primarily as a result of the timing of tax payments. Since changes in the timing and/or amount of these tax benefits may have a significant effect on the cash flows of a lease transaction, a lessor, in accordance with FSP 13-2, will be required to perform a recalculation of a leveraged lease when there is a change or projected change in the timing of the realization of tax benefits generated by that lease. Previously, Citigroup did not recalculate the tax benefits if only the timing of cash flows had changed.

FUTURE APPLICATION OF ACCOUNTING STANDARDS

New Additional Disclosures for Derivative Instruments

In September 2008, the FASB issued FASB Staff Position No. FAS 133-1 and FIN 45-4 "Disclosures about Credit Derivatives and Certain Guarantees: An Amendment of FASB Statement No. 133 and FASB Interpretation No. 45, and Clarification of the Effective Date of FASB Statement No. 161," (FSP FAS 133-1 and FIN 45-4), that require additional disclosures for sellers of credit derivative instruments and certain guarantees. This FSP amends FASB Statement No. 133, "Accounting for Derivative Instruments and Hedging Activities," and FASB Interpretation No. 45, "Guarantor's Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness of Others," by requiring additional disclosures for certain guarantees and credit derivatives sold including: maximum potential amount

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of future payments, the related fair value, and the current status of the payment/performance risk.

These new disclosure requirements are effective for the 2008 Annual Report. While the Company already provides some of these disclosures, enhancements will be incorporated into the 2008 Annual Report.

In March 2008, the FASB issued SFAS No. 161, "Disclosures about Derivative Instruments and Hedging Activities" (SFAS 161), an amendment to SFAS 133. The standard requires enhanced disclosures about derivative instruments and hedged items that are accounted for under SFAS 133 and related interpretations. The standard will be effective for all of the Company's interim and annual financial statements beginning with the first quarter of 2009. The standard expands the disclosure requirements for derivatives and hedged items and has no impact on how Citigroup accounts for these instruments.

Business Combinations

In December 2007, the FASB issued Statement No. 141 (revised), *"Business Combinations*" (SFAS 141(R)), which attempts to improve the relevance, representational faithfulness, and comparability of the information that a reporting entity provides in its financial reports about a business combination and its effects. This Statement replaces SFAS 141, *"Business Combinations*". SFAS 141(R) retains the fundamental requirements in Statement 141 that the acquisition method of accounting (which Statement 141 called the *purchase method*) be used for all business combinations and for an acquirer to be identified for each business combination. This Statement also retains the guidance in SFAS 141 for identifying and recognizing intangible assets separately from goodwill. The most significant changes in SFAS 141(R) are: (1) acquisition costs and restructuring costs would now be expensed; (2) stock consideration will be measured based on the quoted market price as of the acquisition date instead of the date the deal is announced; (3) contingent consideration arising from contractual and noncontractual contingencies that meet the more-likely-than-not recognition threshold will be measured and recognized as an asset or liability at fair value at the acquisition date using a probability-weighted discounted cash flows model, with subsequent changes in fair value reflected in earnings. Noncontractual contingencies that do not meet the more-likely-than-not criteria will continue to be recognized when they are probable and reasonably estimable; and (4) acquirer records 100% step-up to fair value for all assets & liabilities, including the minority interest portion, and goodwill is recorded as if a 100% interest was acquired.

SFAS 141(R) is effective for Citigroup on January 1, 2009. The Company is currently evaluating the potential impact of adopting this statement.

Noncontrolling Interests in Subsidiaries

In December 2007, the FASB issued Statement No. 160, *"Noncontrolling Interests in Consolidated Financial Statements*" (SFAS 160), which establishes standards for the accounting and reporting of noncontrolling interests in subsidiaries (that is, minority interests) in consolidated financial statements and for the loss of control of subsidiaries.

SFAS 160 requires: (1) the equity interest of noncontrolling shareholders, partners, or other equity holders in subsidiaries to be accounted for and presented in equity, separately from the parent shareholder's equity, rather than as liabilities or as "mezzanine" items between liabilities and equity; (2) the amount of consolidated net income attributable to the parent and to the noncontrolling interests be clearly identified and presented on the face of the consolidated statement of income; and (3) when a subsidiary is deconsolidated, any retained noncontrolling equity investment in the former subsidiary be initially measured at fair value. The gain or loss on the deconsolidation of the subsidiary is measured using the fair value of any noncontrolling equity investment rather than the carrying amount of that retained investment.

SFAS 160 is effective for Citigroup on January 1, 2009. Early application is not allowed. The Company is currently evaluating the potential impact of adopting this statement.

Sale with Repurchase Financing Agreements

In February 2008, the FASB issued FASB Staff Position (FSP) FAS 140-3, "Accounting for Transfers of Financial Assets and Repurchase Financing Transactions." The objective of this FSP is to provide implementation guidance on whether the security transfer and

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contemporaneous repurchase financing involving the transferred financial asset must be evaluated as one linked transaction or two separate de-linked transactions.

Current practice records the transfer as a sale and the repurchase agreement as a financing. The FSP requires the recognition of the transfer and the repurchase agreement as one linked transaction, unless all of the following criteria are met: (1) the initial transfer and the repurchase financing are not contractually contingent on one another; (2) the initial transferor has full recourse upon default, and the repurchase agreement's price is fixed and not at fair value; (3) the financial asset is readily obtainable in the marketplace and the transfer and repurchase financing are executed at market rates; and (4) the maturity of the repurchase financing is before the maturity of the financial asset. The scope of this FSP is limited to transfers and subsequent repurchase financings that are entered into contemporaneously or in contemplation of one another.

The FSP will be effective for Citigroup on January 1, 2009. Early adoption is prohibited. The Company is currently evaluating the potential impact of adopting this FSP.

Revisions to the Earnings Per Share Calculation

In June 2008, the FASB issued FSP EITF 03-6-1, "Determining Whether Instruments Granted in Share-Based Payment Transactions are Participating Securities." Under the FSP, unvested share-based payment awards that contain nonforfeitable rights to dividends will be considered to be a separate class of common stock and will be included in the basic EPS calculation using the "two-class method." The FSP will be effective for the Company on January 1, 2009, and will require restatement of all prior periods presented.

In August 2008, the FASB also issued a revised Exposure Draft of a proposed amendment to FASB Statement No. 128, "Earnings per Share." This proposed amendment seeks to simplify the method of calculating EPS, while promoting the international convergence of accounting standards. This proposed amendment reaffirms the requirements of FSP EITF 03-6-1 for basic EPS and also changes the calculation of

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diluted EPS. The Exposure Draft does not contain an effective date.

The Company is currently evaluating the impact of these changes.

New Loss-Contingency Disclosures

In June 2008, the FASB issued an Exposure Draft proposing expanded disclosures regarding loss contingencies accounted for under FASB Statement No. 5, "Accounting for Contingencies," and FASB Statement No. 141(R), "Business Combinations." This proposal increases the number of loss contingencies subject to disclosure and requires substantial quantitative and qualitative information to be provided about those loss contingencies. The proposed effective date is December 31, 2009.

Elimination of QSPEs and Changes in the FIN 46(R) Consolidation Model

The FASB has issued an Exposure Draft of a proposed standard that would eliminate Qualifying Special Purpose Entities (QSPEs) from the guidance in SFAS 140, "Accounting for Transfers and Servicing of Financial Assets and Extinguishment of Liabilities." While the proposed standard has not been finalized and the Board's proposals are subject to a public comment period, this change may have a significant impact on Citigroup's consolidated financial statements as the Company may lose sales treatment for assets previously sold to a QSPE, as well as for future sales, and for transfers of a portion of an asset. This proposed revision could become effective in January 2010. As of September 30, 2008, the total assets of QSPEs to which Citigroup, acting as principal, has transferred assets and received sales treatment were approximately $820 billion.

In connection with the proposed changes to SFAS 140, the FASB has also issued a separate exposure draft of a proposed standard that proposes three key changes to the consolidation model in FIN 46(R). First, the Board will now include former QSPEs in the scope of FIN 46(R). In addition, the FASB supports amending FIN 46(R) to change the method of analyzing which party to a variable interest entity (VIE) should consolidate the VIE to a primarily qualitative determination of power combined with benefits and losses instead of today's risks and rewards model. Finally, the proposed standard requires all VIEs and their primary beneficiaries to be reevaluated whenever circumstances change. The existing rules require reconsideration only when specified reconsideration events occur. As of September 30, 2008, the total assets of significant unconsolidated VIEs with which Citigroup is involved were approximately $325 billion.

The Company will be evaluating the impact of these changes on Citigroup's consolidated financial statements once the actual guidelines are completed..

Investment Company Audit Guide (SOP 07-1)

In July 2007, the AICPA issued Statement of Position 07-1, "Clarification of the Scope of the Audit and Accounting Guide for Investment Companies and Accounting by Parent Companies and Equity Method Investors for Investments in Investment Companies" (SOP 07-1), which was expected to be effective for fiscal years beginning on or after December 15, 2007. However, in February 2008, the FASB delayed the effective date indefinitely by issuing an FSP SOP 07-1-1, "Effective Date of AICPA Statement of Position 07-1." SOP 07-1 sets forth more stringent criteria for qualifying as an investment company than does the predecessor Audit Guide. In addition, SOP 07-1 establishes new criteria for a parent company or equity method investor to retain investment company accounting in their consolidated financial statements. Investment companies record all their investments at fair value with changes in value reflected in earnings. The Company is currently evaluating the potential impact of adopting SOP 07-1.

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2. DISCONTINUED OPERATIONS

Sale of Citigroup's German Retail Banking Operation

On July 11, 2008, Citigroup announced the agreement to sell its German retail banking operations to Credit Mutuel for Euro 4.9 billion in cash plus the German operating net earnings accrued in 2008 through the closing. The transaction is expected to result in an after-tax gain of approximately $4 billion. The sale does not include the corporate and investment banking business or the Germany-based European data center. The sale is expected to close in the fourth quarter of 2008 pending regulatory approvals.

The German retail banking operations generated total revenue of $1.7 billion and $1.6 billion, and pretax earnings of $521 million and $398 million for the nine months ended September 30, 2008 and 2007, respectively. These results are reported in Discontinued operations on the Company's Consolidated Statement of Income. In addition to these results, there was a $330 million pre-tax FX gain realized during the third quarter of 2008 from the hedging of the sale proceeds, which are denominated in Euros, and a tax benefit of $279 million that arose as a result of this sale. Including these two items, total revenue and after-tax income from discontinued operations for the nine months ended September 30, 2008 was $2.0 billion and $829 million, respectively.

The German retail banking operations had total assets and total liabilities as of September 30, 2008, of $18.6 billion and $14.3 billion, respectively.

Results for all of the German retail banking businesses sold are reported as Discontinued operations for all periods presented. The assets and liabilities of the businesses being sold are included in Assets of Discontinued operations held for sale and Liabilities of Discontinued operations held for sale on the Consolidated Balance Sheet.

The following is a summary as of September 30, 2008 of the assets and liabilities of Discontinued operations held for sale on the Consolidated Balance Sheet for the operations related to the German retail banking businesses to be sold:

In millions of dollars	September 30, 2008
Assets	
Cash due from banks	$ 218
Deposits at interest with banks	22
Investments	998
Loans	15,632
Allowance for Loan Losses	(244)
Goodwill	1,162
Other Assets	839

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Total assets	**$ 18,627**
Liabilities	
Deposits	**$ 13,476**
Other Liabilities	**797**
Total liabilities	**$ 14,273**

(1) To mark assets held-for-sale to their selling price.

Summarized financial information for discontinued operations, including cash flows, related to the sale of the German retail bank follows:

In millions of dollars	Three Months Ended September 30, 2008	Three Months Ended September 30, 2007	Nine Months Ended September 30, 2008	Nine Months Ended September 30, 2007
Total revenues, net of interest expense	**$ 847**	$550	**$2,001**	$1,628
Income from discontinued operations	**$ 503**	$104	**$ 851**	$ 398
Provision (benefit) for income taxes (1)	**(101)**	34	**22**	128
Income from discontinued operations, net	**$ 604**	$ 70	**$ 829**	$ 270

(1) Includes the recognition of a German foreign tax credit...(more language to follow)

In millions of dollars	Nine Months Ended September 30, 2008	Nine Months Ended September 30, 2007
Cash flows from:		
Operating activities	**$(1,252)**	$(2,185)
Investing activities	**1,833**	(1,864)

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Financing activities	**(760)**	(385)
Net cash provided by discontinued operations	**$ (179)**	$ (647)

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CitiCapital

On July 31, 2008, the Company completed the sale of substantially all of its CitiCapital business unit to GE Capital, which includes its North American commercial lending and leasing business.

The total proceeds from the transaction were approximately $12.5 billion and resulted in an after-tax loss to Citigroup of $305 million, with both amounts subject to closing adjustments. This loss is included in Income from discontinued operations on the Company's Consolidated Statement of Income for the third quarter of 2008.

This transaction encompassed seven CitiCapital equipment finance business lines, including Healthcare Finance, Private Label Equipment Finance, Material Handling Finance, Franchise Finance, Construction Equipment Finance, Bankers Leasing, and CitiCapital Canada. CitiCapital's Tax Exempt Finance business was not part of the transaction and remained with Citigroup.

CitiCapital has approximately 1,400 employees and 160,000 customers throughout *North America*.

Results for all of the CitiCapital businesses sold, as well as the net loss recognized in the second quarter of 2008 from this sale, are reported as Discontinued operations for all periods presented.

Summarized financial information for discontinued operations, including cash flows, related to the sale of CitiCapital follows:

In millions of dollars	**Three Months Ended September 30, 2008**	**Three Months Ended September 30, 2007**	**Nine Months Ended September 30, 2008**	**Nine Months Ended September 30, 2007**
Total revenues, net of interest expense	**$ 96**	$203	**$ 14**	$778
Income (loss) from discontinued operations	**$ (2)**	$ 44	**$ 45**	$233
Gain (loss) from sale	**9**	–	**(508)**	–
Provision (benefit) for income taxes	**3**	11	**(201)**	73
Income (loss) from discontinued operations, net	**$ 4**	$ 33	**$(262)**	$160

In millions of dollars	**Nine Months Ended September 30, 2008**	**Nine Months Ended September 30, 2007**
Cash flows from:		

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Operating activities	**$(287)**	$(942)
Investing activities	**349**	968
Financing activities	**(61)**	(26)
Net cash provided by discontinued operations	**$ 1**	$ (1)

Combined Results for Discontinued Operations

Summarized financial information for the German retail banking operations and the CitiCapital business, is as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
In millions of dollars	2008	2007	2008	2007
Total revenues, net of interest expense	**$943**	$753	**$2,015**	$2,406
Income (loss) from discontinued operations	**$501**	$148	**$ 896**	$ 631
Gain (loss) from sale	**9**	–	**(508)**	–
Provision (benefit) for income taxes	**(98)**	45	**(179)**	201
Income (loss) from discontinued operations, net	**$608**	$103	**$ 567**	$ 430

	Nine Months Ended September 30,	
In millions of dollars	2008	2007
Cash flows from:		
Operating activities	**$(1,539)**	$(1,243)
Investing activities	**2182**	(897)

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Financing activities	**(821)**	(411)
Net cash provided by discontinued operations	**$ (178)**	$ (65)

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3. BUSINESS SEGMENTS

The following tables present certain information regarding the Company's operations by segment:

In millions of dollars, except identifiable assets in billions	Revenues, net of interest expense		Provision (benefit) for income taxes		Income (Loss) from Continuing Operations(1)		Identifiable assets	
	Three Months Ended September 30,						Sept. 30,	Dec. 31,
	2008	2007(2)	**2008**	2007(2)	**2008**	2007(2)	**2008(3)**	2007(2)
Global Cards	**$ 3,789**	$ 6,342	**$ (579)**	$ 719	**$ (902)**	$1,442	**$ 118**	$ 128
Consumer Banking	**7,429**	7,302	**(996)**	(136)	**(1,099)**	156	**536**	599
Institutional Clients Group	**2,393**	4,617	**(1,690)**	(320)	**(2,017)**	267	**1,166**	1,317
Global Wealth Management	**3,164**	3,519	**225**	312	**363**	490	**108**	104
Corporate/Other(4)	**(95)**	(140)	**(254)**	(83)	**232**	(246)	**103**	40
Total	**$16,680**	$21,640	**$(3,294)**	$ 492	**$(3,423)**	$2,109	**$ 2,031**	$ 2,188

In millions of dollars	Revenues, net of interest expense		Provision (benefit) for income taxes		Income (Loss) from Continuing Operations	
	Nine Months Ended September 30,					
	2008	2007(2)	**2008**	2007(2)	**2008**	2007(2)
Global Cards	**$15,595**	$16,772	**$ 327**	$1,806	**$ 776**	$ 3,740
Consumer Banking	**22,575**	21,622	**(1,894)**	872	**(1,875)**	2,735
Institutional Clients Group	**374**	24,531	**(8,084)**	2,153	**(10,418)**	6,568
Global Wealth Management	**9,758**	9,534	**616**	759	**1,062**	1,450
Corporate/Other(4)	**(1,104)**	(383)	**(602)**	(682)	**(533)**	(1,473)

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Total	**$47,198**	$72,076	**$(9,637)**	$4,908	**$(10,988)**	$13,020

(1) Includes pretax provisions for credit losses and for benefits and claims in the Global Cards results of $2.7 billion and $1.6 billion; in the Consumer Banking results of $5.3 billion and $3.0 billion; in the ICG results of $1.0 billion and $238 million; and in the GWM results of $65 million and $57 million for the third quarters of 2008 and 2007, respectively.

(2) Reclassified to conform to the current period's presentation.

(3) Identifiable assets at September 30, 2008 exclude assets of discontinued operations held-for-sale.

(4) Corporate/Other reflects the restructuring charge of $1.475 billion in the nine months ending September 30, 2007. See Note 7 on page 97 for further discussion.

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4. INTEREST REVENUE AND EXPENSE

For the three- and nine-month periods ended September 30, 2008 and 2007, interest revenue and expense consisted of the following:

In millions of dollars	Three Months Ended September 30, 2008	Three Months Ended September 30, 2007(1)	Nine Months Ended September 30, 2008	Nine Months Ended September 30, 2007(1)
Interest revenue				
Loan interest, including fees	**$15,528**	$16,341	**$47,883**	$46,100
Deposits at interest with banks	**803**	855	**2,360**	2,301
Federal funds sold and securities purchased under agreements to resell	**2,222**	5,090	**7,771**	14,041
Investments, including dividends	**2,597**	3,340	**7,832**	10,427
Trading account assets(2)	**4,154**	5,156	**13,597**	13,471
Other interest	**878**	1,485	**3,301**	3,233
Total interest revenue	**$26,182**	$32,267	**$82,744**	$89,573
Interest expense				
Deposits	**$ 4,915**	$ 7,456	**$16,191**	$20,784
Trading account liabilities(2)	**290**	371	**1,079**	1,058
Short-term debt and other liabilities	**3,690**	8,396	**12,932**	23,056
Long-term debt	**3,881**	4,200	**12,103**	11,529
Total interest expense	**$12,776**	$20,423	**$42,305**	$56,427

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Net interest revenue	**$13,406**	$11,844	**$40,439**	$33,146
Provision for loan losses	**8,943**	4,581	**21,503**	9,512
Net interest revenue after provision for loan losses	**$ 4,463**	$ 7,263	**$18,936**	$23,634

(1) Reclassified to conform to the current period's presentation.

(2) Interest expense on trading account liabilities of the Institutional Clients Group is reported as a reduction of interest revenue for Trading account assets.

5. COMMISSIONS AND FEES

Commissions and fees revenue includes charges to customers for credit and bank cards, including transaction-processing fees and annual fees; advisory, and equity and debt underwriting services; lending and deposit-related transactions, such as loan commitments, standby letters of credit, and other deposit and loan servicing activities; investment management-related fees, including brokerage services, and custody and trust services; and insurance fees and commissions.

The following table presents commissions and fees revenue for the three and nine months ended September 30, 2008 and 2007:

	Three Months Ended September 30,		Nine Months Ended September 30,	
In millions of dollars	2008	2007(1)	2008	2007(1)
Credit cards and bank cards	**$1,113**	$ 1,317	**$ 3,504**	$ 3,815
Investment banking	**545**	1,161	**2,337**	3,976
Smith Barney	**688**	817	**2,196**	2,394
ICG trading-related	**628**	717	**1,930**	2,001
Other Consumer	**235**	118	**870**	322
Transaction services	**359**	318	**1,076**	800
Checking-related	**282**	293	**868**	813
Nikko Cordial-related(2)	**271**	269	**871**	532

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Other ICG	**338**	108	**582**	249
Primerica	**98**	112	**315**	341
Loan servicing(3)	**(336)**	(268)	**771**	1,219
Corporate finance(4)	**(649)**	(1,076)	**(4,149)**	(595)
Other	**(147)**	58	**(127)**	91
Total commissions and fees	**$3,425**	$ 3,944	**$11,044**	$15,958

(1) Reclassified to conform to the current period's presentation.

(2) Commissions and fees for Nikko Cordial have not been detailed due to unavailability of the information.

(3) Includes fair value adjustments on mortgage servicing assets. The mark-to-market on the underlying economic hedges of the MSRs is included in Other revenue.

(4) Includes write-downs of approximately $792 million and $4.3 billion net of underwriting fees, for the three and nine months ended September 30, 2008 on funded and unfunded highly leveraged finance commitments. Write-downs were recorded on all highly leveraged finance commitments where there was value impairment, regardless of funding date.

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6. RETIREMENT BENEFITS

The Company has several non-contributory defined benefit pension plans covering U.S. employees and has various defined benefit pension and termination indemnity plans covering employees outside the United States. The principal U.S. defined benefit plan which formerly covered substantially all U.S. employees, is closed to new entrants and effective January 1, 2008 no longer accrues benefits for most employees. Employees satisfying certain age and service requirements remain covered by a prior final pay formula.

The Company also offers postretirement health care and life insurance benefits to certain eligible U.S. retired employees, as well as to certain eligible employees outside the United States. For information on the Company's Retirement Benefit Plans and Pension Assumptions, see Citigroup's 2007 Annual Report on Form 10-K.

The following tables summarize the components of the net expense recognized in the Consolidated Statement of Income for the three and nine months ended September 30, 2008 and 2007.

Net Expense (Benefit)

	Three Months Ended September 30,							
	Pension Plans				Postretirement Benefit Plans			
	U.S. Plans(1)		Plans Outside U.S.		U.S. Plans		Plans Outside U.S.	
In millions of dollars	**2008**	**2007**	**2008**	**2007**	**2008**	**2007**	**2008**	**2007**
Benefits earned during the period	**$ 3**	$ 92	**$ 54**	$ 49	**$ –**	$ –	**$ 9**	$ 9
Interest cost on benefit obligation	**176**	155	**93**	80	**17**	14	**26**	21
Expected return on plan assets	**(245)**	(222)	**(128)**	(133)	**(4)**	(2)	**(29)**	(30)
Amortization of unrecognized:								
Net transition obligation	**–**	–	**–**	1	**–**	–	**–**	–
Prior service cost (benefit)	**–**	(1)	**1**	1	**–**	–	**–**	–
Net actuarial loss	**–**	9	**6**	3	**3**	–	**5**	6
Net expense (benefit)	**$ (66)**	$ 33	**$ 26**	$ 1	**$ 16**	$ 12	**$ 11**	$ 6

Nine Months Ended September 30,

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In millions of dollars	Pension Plans				Postretirement Benefit Plans			
	U.S. Plans(1)		Plans Outside U.S.		U.S. Plans		Plans Outside U.S.	
	2008	**2007**	**2008**	**2007**	**2008**	**2007**	**2008**	**2007**
Benefits earned during the period	**$ 18**	$ 226	**$ 157**	$ 139	**$ 1**	$ 1	**$ 28**	$ 20
Interest cost on benefit obligation	**505**	481	**275**	229	**47**	44	**76**	56
Expected return on plan assets	**(712)**	(667)	**(378)**	(349)	**(9)**	(8)	**(86)**	(77)
Amortization of unrecognized:								
Net transition obligation	**–**	–	**1**	2	**–**	–	**–**	–
Prior service cost (benefit)	**(1)**	(2)	**3**	2	**–**	(2)	**–**	–
Net actuarial loss	**–**	63	**19**	28	**3**	2	**16**	10
Net expense (benefit)	**$(190)**	$ 101	**$ 77**	$ 51	**$ 42**	$ 37	**$ 34**	$ 9

(1) The U.S. plans exclude nonqualified pension plans, for which the net expense was $9 million and $11 million for the three months ended September 30, 2008 and 2007, respectively, and $29 million and $35 million for the first nine months of 2008 and 2007, respectively.

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Employer Contributions

Citigroup's pension funding policy for U.S. plans and non-U.S. plans is generally to fund to applicable minimum funding requirements, rather than to the amounts of accumulated benefit obligations. For the U.S. plans, the Company may increase its contributions above the minimum required contribution under the Employee Retirement Income Security Act of 1974 (ERISA), if appropriate to its tax and cash position and the plan's funded position. At September 30, 2008 and December 31, 2007, there were no minimum required contributions and no discretionary cash or non-cash contributions are currently planned for the U.S. plans. For the non-U.S. plans, the Company contributed $97 million as of September 30, 2008. Citigroup presently anticipates contributing an additional $65 million to fund its non-U.S. plans in 2008 for a total of $162 million.

7. RESTRUCTURING

During the first quarter of 2007, the Company completed a review of its structural expense base in a Company-wide effort to create a more streamlined organization, reduce expense growth and provide investment funds for future growth initiatives.

The primary goals of the 2007 Structural Expense Review were:

- Eliminate layers of management/improve workforce management;
- Consolidate certain back-office, middle-office and corporate functions;
- Increase the use of shared services;
- Expand centralized procurement; and
- Continue to rationalize operational spending on technology.

For the three months ended September 30, 2008, Citigroup recorded a pretax net restructuring expense of $8 million composed of a gross charge of $20 million and a credit of $12 million due to changes in estimates attributable to lower than anticipated costs of implementing certain projects and the sale of businesses in Europe.

The implementation of these restructuring initiatives also caused certain related premises and equipment assets to become redundant. The remaining depreciable lives of these assets were shortened, and accelerated depreciation charges began in the second quarter of 2007 in addition to normal scheduled depreciation.

Additional net charges totaling approximately $5 million pretax are anticipated to be recorded by the end of the fourth quarter of 2008. Of this charge, $5 million is attributable to Corporate/Other.

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The following table details the Company's restructuring reserves.

In millions of dollars	Severance		Contract termination costs	Asset write-downs(3)	Employee termination cost	Total Citigroup
	SFAS 112(1)	SFAS 146(2)				
Total Citigroup (pretax)						
Original restructuring charge, First quarter of 2007	**$ 950**	**$ 11**	**$ 25**	**$ 352**	**$ 39**	**$ 1,377**
Utilization	**–**	**–**	**–**	**(268)**	**–**	**(268)**
Balance at March 31, 2007	**$ 950**	**$ 11**	**$ 25**	**$ 84**	**$ 39**	**$ 1,109**
Second quarter of 2007:						
Additional Charge	**$ 8**	**$ 12**	**$ 23**	**$ 19**	**$ 1**	**$ 63**
Foreign exchange	**8**	**–**	**1**	**–**	**–**	**9**
Utilization	**(197)**	**(18)**	**(12)**	**(72)**	**(4)**	**(303)**
Balance at June 30, 2007	**$ 769**	**$ 5**	**$ 37**	**$ 31**	**$ 36**	**$ 878**
Third quarter of 2007:						
Additional Charge	**$ 11**	**$ 14**	**$ –**	**$ –**	**$ 10**	**$ 35**
Foreign exchange	**8**	**–**	**1**	**–**	**–**	**9**
Utilization	**(195)**	**(13)**	**(9)**	**(10)**	**(23)**	**(250)**
Balance at September 30, 2007	**$ 593**	**$ 6**	**$ 29**	**$ 21**	**$ 23**	**$ 672**

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Fourth quarter of 2007:						
Additional Charge	**$ 23**	**$ 70**	**$ 6**	**$ 8**	**$ –**	**$ 107**
Foreign Exchange	**3**	**–**	**–**	**–**	**–**	**3**
Utilization	**(155)**	**(44)**	**(7)**	**(13)**	**(6)**	**(225)**
Changes in Estimates	**(39)**	**–**	**(6)**	**(1)**	**(8)**	**(54)**
Balance at December 31, 2007	**$ 425**	**$ 32**	**$ 22**	**$ 15**	**$ 9**	**$ 503**
First quarter of 2008:						
Additional Charge	**$ 5**	**$ 5**	**$ 3**	**$ 2**	**$ –**	**$ 15**
Foreign Exchange	**5**	**–**	**–**	**–**	**–**	**5**
Utilization	**(114)**	**(22)**	**(4)**	**(2)**	**(1)**	**(143)**
Balance at March 31, 2008	**$ 321**	**$ 15**	**$ 21**	**$ 15**	**$ 8**	**$ 380**
Second quarter of 2008:						
Additional Charge	**$ 2**	**$ 9**	**$ 20**	**$ 3**	**$ –**	**$ 34**
Foreign Exchange	**–**	**–**	**–**	**–**	**–**	**–**
Utilization	**(77)**	**(12)**	**(5)**	**(3)**	**(3)**	**(100)**
Changes in Estimates	**(69)**	**(1)**	**–**	**(4)**	**(3)**	**(77)**
Balance at June 30, 2008	**$ 177**	**$ 11**	**$ 36**	**$ 11**	**$ 2**	**$ 237**

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Third quarter of 2008:

Additional Charge	**$ 1**	**$ –**	**$ 18**	**$ 1**	**$ –**	**$ 20**
Foreign Exchange	**(9)**	**–**	**(2)**	**–**	**–**	**(11)**
Utilization	**(67)**	**–**	**(9)**	**(1)**	**(2)**	**(79)**
Changes in Estimates	**(12)**	**–**	**–**	**–**	**–**	**(12)**
Balance at September 30, 2008	**$ 90**	**$ 11**	**$ 43**	**$ 11**	**$ –**	**$ 155**

(1) Accounted for in accordance with SFAS No. 112, "Employer's Accounting for Post Employment Benefits" (SFAS 112).

(2) Accounted for in accordance with SFAS No. 146, "Accounting for Costs Associated with Exit or Disposal Activities" (SFAS 146).

(3) Accounted for in accordance with SFAS No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets" (SFAS 144).

The total restructuring reserve balance as of September 30, 2008, net restructuring charges for the three-month period then ended and cumulative net restructuring expense incurred to date are presented below by business segment. The net expense is included in the Corporate/Other segment because this company-wide restructuring was a corporate initiative.

		Restructuring charges	
In millions of dollars	**Ending balance September 30, 2008**	**Three months ended September 30, 2008**	**Total Since Inception(1)**
Consumer Banking	$ 56	$ 1	$ 822
Global Cards	12	–	143
Institutional Clients Group	5	–	285
Global Wealth Management	21	–	98
Corporate/Other	61	19	160

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Total Citigroup (pretax)	$ 155	$ 20	$ 1,508

(1) Amounts shown net of $143 million related to changes in estimates recorded during fourth quarter 2007, second, and third quarter 2008.

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8. EARNINGS PER SHARE

The following is a reconciliation of the income and share data used in the basic and diluted earnings per share computations for the periods ended September 30, 2008 and 2007:

	Three Months Ended September 30,		Nine Months Ended September 30,	
In millions, except per share amounts	**2008**	**2007**	**2008**	**2007**
Income (loss) from continuing operations	**$ (3,423)**	$ 2,109	**$(10,988)**	$ 13,020
Discontinued operations	**608**	103	**567**	430
Preferred dividends	**(389)**	(6)	**(833)**	(36)
Income available to common stockholders for basic EPS	**$ (3,204)**	$ 2,206	**$(11,254)**	$ 13,414
Effect of dilutive securities	**270**	–	**606**	–
Income available to common stockholders for diluted EPS(1)	**$ (2,934)**	$ 2,206	**$(10,648)**	$ 13,414
Weighted average common shares outstanding applicable to basic EPS	**5,341.8**	4,916.1	**5,238.3**	4,897.1
Effect of dilutive securities:				
Convertible Securities	**489.2**	–	**489.2**	–
Options	**0.1**	15.2	**0.4**	22.4
Restricted and deferred stock	**36.2**	79.6	**24.9**	71.1
Adjusted weighted average common shares outstanding applicable to diluted EPS	**5,867.3**	5,010.9	**5,752.8**	4,990.6
Basic earnings per share(2)				
Income (loss) from continuing operations	**$ (0.71)**	$ 0.43	**$ (2.26)**	$ 2.65

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Discontinued operations	**0.11**	0.02	**0.11**	0.09
Net income (loss)	**$ (0.60)**	$ 0.45	**$ (2.15)**	$ 2.74
Diluted earnings per share(2)				
Income (loss) from continuing operations	**$ (0.71)**	$ 0.42	**$ (2.26)**	$ 2.60
Discontinued operations	**0.11**	0.02	**0.11**	0.09
Net income (loss)	**$ (0.60)**	$ 0.44	**$ (2.15)**	$ 2.69

(1) Due to the net loss in the first, second and third quarters of 2008, income (loss) available to common stockholders for basic EPS was used to calculate diluted earnings per share. Adding back the effect of dilutive securities would result in anti-dilution.

(2) Diluted shares used in the diluted EPS calculation represent basic shares for the 2008 periods due to the net loss. Using actual diluted shares would result in anti-dilution.

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9. TRADING ACCOUNT ASSETS AND LIABILITIES

Trading account assets and liabilities, at fair value, consisted of the following at September 30, 2008 and December 31, 2007:

In millions of dollars	September 30, 2008	December 31, 2007(1)
Trading account assets		
U.S. Treasury and federal agency securities	**$ 36,090**	$ 32,180
State and municipal securities	**17,893**	18,574
Foreign government securities	**60,401**	52,332
Corporate and other debt securities	**106,593**	156,242
Derivatives(2)	**92,908**	76,881
Equity securities	**70,280**	106,868
Mortgage loans and collateralized mortgage securities	**38,242**	56,740
Other	**35,055**	39,167
Total trading account assets	**$ 457,462**	$ 538,984
Trading account liabilities		
Securities sold, not yet purchased	**$ 65,922**	$ 78,541
Derivatives(2)	**103,361**	103,541
Total trading account liabilities	**$ 169,283**	$ 182,082

(1) Reclassified to conform to the current period's presentation.

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(2) Pursuant to master netting agreements.

10. INVESTMENTS

In millions of dollars	September 30, 2008	December 31, 2007
Securities available-for-sale	**$ 186,621**	$ 193,113
Non-marketable equity securities carried at fair value(1)	**11,227**	13,603
Non-marketable equity securities carried at cost(2)	**7,882**	8,291
Debt securities held-to-maturity(3)	**1**	1
Total	**$ 205,731**	$ 215,008

(1) Unrealized gains and losses for non-marketable equity securities carried at fair value are recognized in earnings.

(2) Non-marketable equity securities carried at cost are periodically evaluated for other-than-temporary impairment.

(3) Recorded at amortized cost.

The amortized cost and fair value of securities available-for-sale at September 30, 2008 and December 31, 2007 were as follows:

	September 30, 2008				December 31, 2007(1)	
In millions of dollars	Amortized cost	Gross unrealized gains	Gross unrealized losses	Fair value	Amortized cost	Fair value
Securities available-for-sale						
Mortgage-backed securities	**$ 56,641**	**$ 48**	**$ 7,878**	**$ 48,811**	$ 63,888	$ 63,075
U.S. Treasury and federal agencies	**26,834**	**53**	**138**	**26,749**	19,428	19,424
State and municipal	**14,133**	**8**	**1,762**	**12,379**	13,342	13,206
Foreign government	**69,542**	**303**	**720**	**69,125**	72,339	72,075

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U.S. corporate	**12,024**	**26**	**457**	**11,593**	9,648	9,598
Other debt securities	**14,673**	**47**	**176**	**14,544**	12,336	11,969
Total debt securities available-for-sale	**$193,847**	**$ 485**	**$ 11,131**	**$183,201**	$190,981	$189,347
Marketable equity securities available-for-sale	**$ 2,363**	**$ 1,250**	**$ 193**	**$ 3,420**	$ 1,404	$ 3,766
Total securities available-for-sale	**$196,210**	**$ 1,735**	**$ 11,324**	**$186,621**	$192,385	$193,113

(1) Reclassified to conform to the current period's presentation.

As described in more detail below, the Company conducts periodic reviews to identify and evaluate each investment that has an unrealized loss, in accordance with FASB Staff Position FAS No. 115-1, "The Meaning of Other-Than-

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Temporary Impairment and Its Application to Certain Investments" (FSP FAS 115-1). An unrealized loss exists when the current fair value of an individual security is less than its amortized cost basis. Unrealized losses that are determined to be temporary in nature are recorded, net of tax, in Accumlated other comprehensive income (OCI). Unrealized losses identified as other than temporary are recorded directly in the Consolidated Statement of Income.

For the investments in the table above, management has determined that the unrealized losses are temporary in nature. The primary factor considered in making that determination is management's intent and ability to hold each investment for a period of time sufficient to allow for an anticipated recovery in fair value. Management has the positive intent and ability to hold each investment until the earlier of its anticipated recovery or maturity. Other factors considered in determining whether a loss is temporary include:

The length of time and the extent to which fair value has been below cost;

The severity of the impairment;

The cause of the impairment and the financial condition and near-term prospects of the issuer; and

Activity in the market of the issuer which may indicate adverse credit conditions.

For each debt security whose fair value is less than amortized cost, the determination of whether the unrealized loss is other than temporary in nature is made in two steps.

First, management determines whether it is probable that the Company will receive all amounts due according to the contractual terms of the security (principal and interest). The identification of credit- impaired securities considers a number of factors, including the nature of the security and the underlying collateral, the amount of subordination or credit enhancement supporting the security, published rating agency and other third-party views and information, and other evidential analyses of the probable cash flows from the security. If recovery of all amounts due is not probable, a "credit impairment" is deemed to exist, and the entire unrealized loss is recorded directly in the Consolidated Statement of Income. This unrealized loss recorded in income represents the security's entire decline in fair value, including the decline due to forecasted cash flow shortfalls as well as general market spread widening.

For securities with no identified credit impairment, management then determines whether it has the positive intent and ability to hold each investment for a period of time sufficient to allow for an anticipated recovery in fair value. Management estimates the forecasted recovery period using current estimates of volatility in market interest rates (including liquidity and risk premiums). Management's assertion regarding its intent and ability to hold investments considers a number of factors, including a quantitative estimate of the expected recovery period and the length of that period (which may extend to maturity), the severity of the impairment, and management's intended strategy with respect to the identified security or portfolio. If management does not have the intent and ability to hold the security for a sufficient time period, the unrealized loss is recorded directly in the Consolidated Statement of Income.

The increase in gross unrealized losses on mortgage-backed securities and state and municipal debt securities during the quarter ended September 30, 2008 was primarily related to a widening of market spreads, reflecting an increase in risk/liquidity premiums. Management has asserted significant holding periods for mortgage-backed securities that in certain cases now approach maturity of the securities. The weighted-average estimated life of the securities is currently approximately 7 years for U.S. mortgage-backed securities, and approximately 4 years for European mortgage-backed securities. The estimated life of these securities may change depending on future performance of the underlying loans, including prepayment activity and experienced credit losses.

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11. GOODWILL AND INTANGIBLE ASSETS

Goodwill

The changes in goodwill during the first nine months of 2008 were as follows:

In millions of dollars	Goodwill
Balance at December 31, 2007 (as previously reported)	**$41,204**
Prior Period Adjustment(1)	**(151)**
Balance at December 31, 2007 (as restated)	**$41,053**
Purchase of the remaining shares of Nikko Cordial	**$ 1,492**
Purchase accounting adjustment–BOOC acquisition	**100**
Acquisition of the U.S. branches of Banco de Chile	**88**
Purchase accounting adjustment–Bisys acquisition	**68**
Foreign exchange translation and other	**670**
Balance at March 31, 2008	**$43,471**
Purchase accounting adjustment–Nikko Cordial	**$ (1,145)**
Sale of CitiCapital(2)	**(221)**
Acquisition of the Legg Mason Private Portfolio Group	**98**
Purchase accounting adjustment–Grupo Cuscatlan	**68**
Foreign exchange translation and other	**115**
Balance at June 30, 2008	**$42,386**

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Pending sale of German Retail Banking Operation(3)	**$ (1,162)**
Foreign exchange translation	**(1,466)**
Purchase accounting adjustment−Bisys	**(103)**
Other	**7**
Balance at September 30, 2008	**$39,662**

(1) Correction of an overstatement of goodwill to reflect a portion of the losses incurred in January 2002 related to the sale of the Argentinean subsidiary of Banamex, Bansud, that was recorded as an adjustment to the purchase price of Banamex. See Footnote 2 to the Consolidated Statement of Changes in Stockholders' Equity on page 84.

(2) Goodwill allocated to CitiCapital assets sold.

(3) Goodwill allocated to German Retail Banking Operation assets that were reclassified to Assets of discontinued operations held for sale.

Identification of New Reporting Units

The changes in the organizational structure resulted in the creation of new reporting segments. As a result, commencing with the third quarter 2008, the Company has identified new reporting units as required under SFAS 142, *Goodwill and Other Intangible Assets*. Goodwill affected by the reorganization has been reassigned from seven reporting units to ten, using a fair value approach. Subsequent to June 30, 2008, goodwill will be allocated to disposals and tested for impairment under the new reporting units.

During the first nine months of 2008, no goodwill was written off due to impairment.

Intangible Assets

The components of intangible assets were as follows:

	September 30, 2008			**December 31, 2007**		
In millions of dollars	**Gross carrying amount**	**Accumulated amortization**	**Net carrying amount**	**Gross carrying amount**	**Accumulated amortization**	**Net carrying amount**
Purchased credit card relationships	**$ 8,733**	**$ 4,537**	**$ 4,196**	$ 8,499	$ 4,045	$ 4,454
Core deposit intangibles	**1,520**	**741**	**779**	1,435	518	917
Other customer relationships	**3,676**	**215**	**3,461**	2,746	197	2,549

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Present value of future profits	**427**	**268**	**159**	427	257	170
Other(1)	**5,590**	**1,317**	**4,273**	5,783	1,157	4,626
Total amortizing intangible assets	**$19,946**	**$ 7,078**	**$12,868**	$18,890	$ 6,174	$12,716
Indefinite-lived intangible assets	**2,250**	**N/A**	**2,250**	1,591	N/A	1,591
Mortgage servicing rights	**8,346**	**N/A**	**8,346**	8,380	N/A	8,380
Total intangible assets	**$30,542**	**$ 7,078**	**$23,464**	$28,861	$ 6,174	$22,687

(1) Includes contract-related intangible assets.

N/A Not Applicable.

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The changes in intangible assets during the first nine months of 2008 were as follows:

In millions of dollars	Net carrying amount at December 31, 2007	Acquisitions	Amortization	Impairments(1)	FX and other(2)	Net carrying amount at September 30, 2008
Purchased credit card relationships	$ 4,454	$ 103	$ (504)	$ –	$ 143	**$ 4,196**
Core deposit intangibles	917	15	(120)	–	(33)	**779**
Other customer relationships	2,549	1,355	(162)	–	(281)	**3,461**
Present value of future profits	170	–	(10)	–	(1)	**159**
Indefinite-lived intangible assets	1,591	550	–	–	109	**2,250**
Other	4,626	189	(269)	(213)	(60)	**4,273**
	$ 14,307	$ 2,212	$ (1,065)	$ (213)	$ (123)	**$ 15,118**
Mortgage servicing rights(3)	$ 8,380					**$ 8,346**
Total intangible assets	$ 22,687					**$ 23,464**

(1) During the first quarter of 2008, Old Lane notified investors in its multi-strategy hedge fund that they would have the opportunity to redeem their investments in the fund, without restriction, effective July 31, 2008. In April 2008, substantially all unaffiliated investors had notified Old Lane of their intention to redeem their investments. Based on the Company's expectation of the level of redemptions in the fund, the Company expected that the cash flows from the hedge fund management contract will be lower than previously estimated. The Company performed an impairment analysis of the intangible asset relating to the hedge fund management contract. As a result, an impairment loss of $202 million, representing the remaining unamortized balance of the intangible assets, was recorded in the first quarter of 2008 operating expenses in the results of the ICG segment. The fair value was estimated using a discounted cash flow approach.

(2) Includes foreign exchange translation and purchase accounting adjustments.

(3) See page 111 for the roll-forward of mortgage servicing rights.

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12. DEBT

Short-Term Borrowings

Short-term borrowings consist of commercial paper and other borrowings as follows:

In millions of dollars	September 30, 2008	December 31, 2007
Commercial paper		
Citigroup Funding Inc.	**$ 28,685**	$ 34,939
Other Citigroup Subsidiaries	**967**	2,404
	$ 29,652	$ 37,343
Other short-term borrowings	**75,203**	109,145
Total short-term borrowings	**$ 104,855**	$ 146,488

Borrowings under bank lines of credit may be at interest rates based on LIBOR, CD rates, the prime rate, or bids submitted by the banks. Citigroup pays commitment fees for its lines of credit.

Some of Citigroup's non-bank subsidiaries have credit facilities with Citigroup's subsidiary depository institutions, including Citibank, N.A. Borrowings under these facilities must be secured in accordance with Section 23A of the Federal Reserve Act.

Long-Term Debt

In millions of dollars	September 30, 2008	December 31, 2007
Citigroup Parent Company	**$ 185,145**	$ 171,637
Other Citigroup Subsidiaries(1)	**144,542**	187,657
Citigroup Global Markets Holdings Inc.(2)	**21,856**	31,401
Citigroup Funding Inc.(3)(4)	**41,554**	36,417
Total long-term debt	**$ 393,097**	$ 427,112

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(1) At September 30, 2008 and December 31, 2007, collateralized advances from the Federal Home Loan Bank are $76.0 billion and $86.9 billion, respectively.

(2) Includes Targeted Growth Enhanced Term Securities (TARGETS) with no carrying value at September 30, 2008 and $48 million issued by TARGETS Trust XXIV at December 31, 2007 (the "CGMHI Trust"). CGMHI owned all of the voting securities of the CGMHI Trust. The CGMHI Trust had no assets, operations, revenues or cash flows other than those related to the issuance, administration, and repayment of the TARGETS and the CGMHI Trust's common securities. The CGMHI Trust's obligations under the TARGETS were fully and unconditionally guaranteed by CGMHI, and CGMHI's guarantee obligations were fully and unconditionally guaranteed by Citigroup.

(3) Includes Targeted Growth Enhanced Term Securities (CFI TARGETS) issued by TARGETS Trust XXVI with a carrying value of $27 million at September 30, 2008 and $55 million issued by TARGETS Trusts XXV and XXVI at December 31, 2007, (collectively, the "CFI Trusts"). CFI owns all of the voting securities of the CFI Trusts. The CFI Trusts have no assets, operations, revenues or cash flows other than those related to the issuance, administration, and repayment of the CFI TARGETS and the CFI Trusts' common securities. The CFI Trusts' obligations under the CFI TARGETS are fully and unconditionally guaranteed by CFI, and CFI's guarantee obligations are fully and unconditionally guaranteed by Citigroup.

(4) Includes Principal-Protected Trust Securities (Safety First Trust Securities) with carrying values of $371 million issued by Safety First Trust Series 2006-1, 2007-1, 2007-2, 2007-3, 2007-4, 2008-1, 2008-2, 2008-3, and 2008-4 (collectively, the "Safety First Trusts") at September 30, 2008 and $301 million issued by Safety First Trust Series 2006-1, 2007-1, 2007-2, 2007-3 and 2007- 4 at December 31, 2007. CFI owns all of the voting securities of the Safety First Trusts. The Safety First Trusts have no assets, operations, revenues or cash flows other than those related to the issuance, administration, and repayment of the Safety First Trust Securities and the Safety First Trusts' common securities. The Safety First Trusts' obligations under the Safety First Trust Securities are fully and unconditionally guaranteed by CFI, and CFI's guarantee obligations are fully and unconditionally guaranteed by Citigroup.

CGMHI has a syndicated five-year committed uncollateralized revolving line of credit facility with unaffiliated banks totaling $3.0 billion, which matures in 2011. CGMHI also has bilateral facilities totaling $575 million with unaffiliated banks maturing on various dates in 2009.

CGMHI also has committed long-term financing facilities with unaffiliated banks. At September 30, 2008, CGMHI had drawn down the full $2.075 billion available under these facilities, of which $1.08 billion is guaranteed by Citigroup. A bank can terminate these facilities by giving CGMHI prior notice (generally one year). CGMHI also has substantial borrowing arrangements consisting of facilities that CGMHI has been advised are available, but where no contractual lending obligation exists. These arrangements are reviewed on an ongoing basis to ensure flexibility in meeting CGMHI's short-term requirements.

The Company issues both fixed and variable rate debt in a range of currencies. It uses derivative contracts, primarily interest rate swaps, to effectively convert a portion of its fixed rate debt to variable rate debt and variable rate debt to fixed rate debt. The maturity structure of the derivatives generally corresponds to the maturity structure of the debt being hedged. In addition, the Company uses other derivative contracts to manage the foreign exchange impact of certain debt issuances.

Long-term debt at September 30, 2008 and December 31, 2007 includes $23.8 billion of junior subordinated debt. The Company formed statutory business trusts under the laws of the state of Delaware. The trusts exist for the exclusive purposes of (i) issuing Trust Securities representing undivided beneficial interests in the assets of the Trust; (ii) investing the gross proceeds of the Trust securities in junior subordinated deferrable interest debentures (subordinated debentures) of its parent; and (iii) engaging in only those activities necessary or incidental thereto. Upon approval from the Federal Reserve, Citigroup has the right to redeem these securities.

Citigroup has contractually agreed not to redeem or purchase (i) the 6.50% Enhanced Trust Preferred Securities of Citigroup Capital XV before September 15, 2056, (ii) the

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6.45% Enhanced Trust Preferred Securities of Citigroup Capital XVI before December 31, 2046, (iii) the 6.35% Enhanced Trust Preferred Securities of Citigroup Capital XVII before March 15, 2057, (iv) the 6.829% Fixed Rate/Floating Rate Enhanced Trust Preferred Securities of Citigroup Capital XVIII before June 28, 2047, (v) the 7.250% Enhanced Trust Preferred Securities of Citigroup Capital XIX before August 15, 2047, (vi) the 7.875% Enhanced Trust Preferred Securities of Citigroup Capital XX before December 15, 2067, and (vii) the 8.300% Fixed Rate/Floating Rate Enhanced Trust Preferred Securities of Citigroup Capital XXI before December 21, 2067 unless certain conditions, described in Exhibit 4.03 to Citigroup's Current Report on Form 8-K filed on September 18, 2006, in Exhibit 4.02 to Citigroup's Current Report on Form 8-K filed on November 28, 2006, in Exhibit 4.02 to Citigroup's Current Report on Form 8-K filed on March 8, 2007, in Exhibit 4.02 to Citigroup's Current Report on Form 8-K filed on July 2, 2007, in Exhibit 4.02 to Citigroup's Current Report on Form 8-K filed on August 17, 2007, in Exhibit 4.2 to Citigroup's Current Report on Form 8-K filed on November 27, 2007, and in Exhibit 4.2 to Citigroup's Current Report on Form 8-K filed on December 21, 2007, respectively, are met. These agreements are for the benefit of the holders of Citigroup's 6.00% Junior Subordinated Deferrable Interest Debentures due 2034.

Citigroup owns all of the voting securities of these subsidiary trusts. These subsidiary trusts have no assets, operations, revenues or cash flows other than those related to the issuance, administration, and repayment of the subsidiary trusts and the subsidiary trusts' common securities. These subsidiary trusts' obligations are fully and unconditionally guaranteed by Citigroup.

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The following table summarizes the financial structure of each of the Company's subsidiary trusts at September 30, 2008:

Trust securities with distributions guaranteed by Citigroup	**Issuance date**	**Securities issued**	**Liquidation value**	**Coupon rate**	**Common shares issued to parent**	**Junior subordinated debentures owned by trust**		
						Amount(1)	**Maturity**	**Redeemable by issuer beginning**
In millions of dollars, except share amounts								
Citigroup Capital III	Dec. 1996	200,000	$ 200	7.625%	6,186	$ 206	Dec. 1, 2036	Not redeemable
Citigroup Capital VII	July 2001	46,000,000	1,150	7.125%	1,422,681	1,186	July 31, 2031	July 31, 2006
Citigroup Capital VIII	Sept. 2001	56,000,000	1,400	6.950%	1,731,959	1,443	Sept. 15, 2031	Sept. 17, 2006
Citigroup Capital IX	Feb. 2003	44,000,000	1,100	6.000%	1,360,825	1,134	Feb. 14, 2033	Feb. 13, 2008
Citigroup Capital X	Sept. 2003	20,000,000	500	6.100%	618,557	515	Sept. 30, 2033	Sept. 30, 2008
Citigroup Capital XI	Sept. 2004	24,000,000	600	6.000%	742,269	619	Sept. 27, 2034	Sept. 27, 2009
Citigroup Capital XIV	June 2006	22,600,000	565	6.875%	40,000	566	June 30, 2066	June 30, 2011
Citigroup Capital XV	Sept. 2006	47,400,000	1,185	6.500%	40,000	1,186	Sept. 15, 2066	Sept. 15, 2011
Citigroup Capital XVI	Nov. 2006	64,000,000	1,600	6.450%	20,000	1,601	Dec. 31, 2066	Dec. 31, 2011
Citigroup Capital XVII	Mar. 2007	44,000,000	1,100	6.350%	20,000	1,101	Mar. 15, 2067	Mar. 15, 2012
Citigroup Capital XVIII	June 2007	500,000	891	6.829%	50	891	June 28, 2067	June 28, 2017
Citigroup Capital XIX	Aug. 2007	49,000,000	1,225	7.250%	20	1,226	Aug. 15, 2067	Aug. 15, 2012

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Citigroup Capital XX	Nov. 2007	31,500,000	788	7.875%	20,000	788	Dec. 15, 2067	Dec. 15, 2012
Citigroup Capital XXI	Dec. 2007	3,500,000	3,500	8.300%	500	3,501	Dec. 21, 2077	Dec. 21, 2037
Citigroup Capital XXIX	Nov. 2007	1,875,000	1,875	6.320%	10	1,875	Mar. 15, 2041	Mar. 15, 2013
Citigroup Capital XXX	Nov. 2007	1,875,000	1,875	6.455%	10	1,875	Sept. 15, 2041	Sept. 15, 2013
Citigroup Capital XXXI	Nov. 2007	1,875,000	1,875	6.700%	10	1,875	Mar. 15, 2042	Mar. 15, 2014
Citigroup Capital XXXII	Nov. 2007	1,875,000	1,875	6.935%	10	1,875	Sept. 15, 2042	Sept. 15, 2014
Adam Capital Trust III	Dec. 2002	17,500	18	3 mo. LIB +335 bp.	542	18	Jan. 07, 2033	Jan. 07, 2008
Adam Statutory Trust III	Dec. 2002	25,000	25	3 mo. LIB +325 bp.	774	26	Dec. 26, 2032	Dec. 26, 2007
Adam Statutory Trust IV	Sept. 2003	40,000	40	3 mo. LIB +295 bp.	1,238	41	Sept. 17, 2033	Sept. 17, 2008
Adam Statutory Trust V	Mar. 2004	35,000	35	3 mo. LIB +279 bp.	1,083	36	Mar. 17, 2034	Mar. 17, 2009
Total obligated			$ 23,422			$ 23,584		

(1) Represents the proceeds received from the Trust at the date of issuance.

In each case, the coupon rate on the debentures is the same as that on the trust securities. Distributions on the trust securities and interest on the debentures are payable quarterly, except for Citigroup Capital III, Citigroup Capital XVIII and Citigroup Capital XXI on which distributions are payable semiannually.

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13. PREFERRED STOCK

The following table summarizes the Company's Preferred stock outstanding at September 30, 2008 and December 31, 2007:

	Dividend Rate	Redemption price per depositary share	Number of depositary shares	Convertible to approximate number of Citigroup common shares	Carrying Value (in millions of dollars) September 30, 2008	Carrying Value (in millions of dollars) December 31, 2007
Series A(1)	7.000%	$ 50	137,600,000	**248,413,202**	**$ 6,880**	$ –
Series B(1)	7.000%	**50**	60,000,000	**108,319,710**	**3,000**	–
Series C(1)	7.000%	**50**	20,000,000	**36,106,570**	**1,000**	–
Series D(1)	7.000%	**50**	15,000,000	**27,079,928**	**750**	–
Series E(2)	8.400%	**1,000**	6,000,000	–	**6,000**	–
Series F(3)	8.500%	**25**	81,600,000	–	**2,040**	–
Series J(1)	7.000%	**50**	9,000,000	**16,247,957**	**450**	–
Series K(1)	7.000%	**50**	8,000,000	**14,442,628**	**400**	–
Series L1(1)	7.000%	**50**	100,000	**180,533**	**5**	–
Series N(1)	7.000%	**50**	300,000	**541,599**	**15**	–
Series T(4)	6.500%	**50**	63,373,000	**93,940,986**	**3,169**	–
Series AA(5)	8.125%	**25**	148,600,000	–	**3,715**	–
				545,273,113	**$ 27,424**	$ –

(1) Issued on January 23, 2008 as depositary shares, each representing a 1/1000th interest in a share of the corresponding series of Non-Cumulative Convertible Preferred Stock. Redeemable in whole or in part on or after February 15, 2015. Convertible into Citigroup common stock at a conversion rate of approximately 1,805.3285 per share, which is subject to adjustment under certain conditions. The dividend of $0.88 per depositary share is payable quarterly when, as and if declared by the Company's Board of Directors. Redemption is

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subject to a capital replacement covenant.

(2) Issued on April 28, 2008 as depositary shares, each representing a 1/25tth interest in a share of the corresponding series of Fixed Rate/ Floating Rate Non-Cumulative Preferred Stock. Redeemable in whole or in part on or after April 30, 2018. Dividends are payable semi-annually for the first 10 years until April 30, 2018 at $42.70 per depositary share and thereafter quarterly at floating rate when, as and if declared by the Company's Board of Directors.

(3) Issued on May 13, 2008 and May 28, 2008 as depositary shares, each representing a 1/1000tth interest in a share of the corresponding series of Non-Cumulative Preferred Stock. Redeemable in whole or in part on or after June 15, 2013. The dividend of $0.53 per depositary share is payable quarterly when, as and if declared by the Company's Board of Directors.

(4) Issued on January 23, 2008 and January 29, 2008 as depositary shares, each representing a 1/1000th interest in a share of the corresponding series of Non-Cumulative Convertible Preferred Stock. Redeemable in whole in or part on or after February 15, 2015. Convertible into Citigroup common stock at a conversion rate of approximately 1,482.3503 per share, which is subject to adjustment under certain conditions. The dividend of $0.81 per depositary share is payable quarterly when, as and if declared by the Company's Board of Directors. Redemption is subject to a capital replacement covenant.

(5) Issued on January 25, 2008 as depositary shares, each representing a 1/1000tth interest in a share of the corresponding series of Non-Cumulative Preferred Stock. Redeemable in whole or in part on or after February 15, 2018. The dividend of $0.51 per depositary share is payable quarterly when, as and if declared by the Company's Board of Directors. Redemption is subject to a capital replacement covenant.

If dividends are declared on Series E as scheduled, the impact from preferred dividends on earnings per share in the first and third quarters will be lower than the impact in the second and fourth quarters. All other series currently have a quarterly dividend declaration schedule.

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14. CHANGES IN ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)

Changes in each component of "Accumulated Other Comprehensive Income (Loss)" for first, second and third quarters of 2008 were as follows:

In millions of dollars	Net unrealized gains (losses) on investment securities	Foreign currency translation adjustment	Cash flow hedges	Pension liability adjustments	Accumulated other comprehensive income (loss)
Balance, December 31, 2007	**$ 471**	**$ (772)**	**$(3,163)**	**$ (1,196)**	**$ (4,660)**
Increase in net unrealized losses on investment securities, net of taxes(1)	(2,464)	–	–	–	(2,464)
Less: Net losses included in income, after taxes	77	–	–	–	77
Foreign currency translation adjustment, net of taxes(2)	–	1,273	–	–	1,273
Cash flow hedges, net of taxes(3)	–	–	(1,638)	–	(1,638)
Pension liability adjustment, net of taxes	–	–	–	31	31
Change	**$ (2,387)**	**$ 1,273**	**$(1,638)**	**$ 31**	**$ (2,721)**
Balance, March 31, 2008	**$ (1,916)**	**$ 501**	**$(4,801)**	**$ (1,165)**	**$ (7,381)**
Increase in net unrealized losses on investment securities, net of taxes(4)	(1,418)	–	–	–	(1,418)
Less: Net losses included in income, after taxes	90	–	–	–	90
Foreign currency translation adjustment, net of taxes(5)	–	(162)	–	–	(162)

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Cash flow hedges, net of taxes(6)	–	–	878	–	878
Pension liability adjustment, net of taxes	–	–	–	(56)	(56)
Change	**$ (1,328)**	**$ (162)**	**$ 878**	**$ (56)**	**$ (668)**
Balance, June 30, 2008	**$ (3,244)**	**$ 339**	**$(3,923)**	**$ (1,221)**	**$ (8,049)**
Increase in net unrealized losses on investment securities, net of taxes(7)	$ (3,320)	–	–	–	$ (3,320)
Less: Net losses included in income, after taxes	378	–	–	–	378
Foreign currency translation adjustment, net of taxes(8)	–	(3,530)	–	–	(3,530)
Cash flow hedges, net of taxes(9)	–	–	448	–	448
Pension liability adjustment, net of taxes	–	–	–	72	72
Change	**(2,942)**	**(3,530)**	**448**	**72**	**(5,952)**
Balance, September 30, 2008	**$ (6,186)**	**$ (3,191)**	**$(3,475)**	**$ (1,149)**	**$ (14,001)**

(1) Primarily related to mortgage-backed securities activity.

(2) Reflects, among other items, the movements in the Japanese yen, Mexican peso, Euro, Korean won, and Turkish lira against the U.S. dollar, and changes in related tax effects.

(3) Primarily reflects the decrease in market interest rates during the first quarter of 2008 in Citigroup's pay-fixed/receive-floating swap programs hedging floating rate deposits and long-term debt. Also reflects the widening of interest rate spreads during the period.

(4) Primarily related to foreign government securities, foreign marketable equity securities, and mortgage-backed securities activities.

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(5) Reflects, among other items, the movements in the Japanese yen, Mexican peso, Korean won, Brazilian real, and Indian rupee against the U.S. dollar, and changes in related tax effects.

(6) Primarily reflects the increase in market interest rates during the second quarter of 2008 in Citigroup's pay-fixed/receive-floating swap programs hedging floating rate deposits and long-term debt.

(7) Primarily related to an increase in unrealized losses on Alt-A non agency mortgage-backed securities and on Municipal debt securities.

(8) Reflects, among other items, the movements in the Mexican peso, Korean won, Pound sterling, Brazilian real, Australian dollar and Polish zloty against the U.S. dollar.

(9) Primarily reflects the increase in market interest rates during the third quarter of 2008 in Citigroup's pay-fixed/receive-floating swap programs hedging floating rate deposits and long-term debt.

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15. SECURITIZATIONS AND VARIABLE INTEREST ENTITIES

The Company primarily securitizes credit card receivables and mortgages. Other types of assets securitized include corporate debt instruments (in cash and synthetic form), auto loans, and student loans.

After securitization of credit card receivables, the Company continues to maintain credit card customer account relationships and provides servicing for receivables transferred to the trusts. The Company provides and at times arranges for third parties to provide credit enhancement to the trusts, including cash collateral accounts, subordinated securities, liquidity facilities and letters of credit. As specified in some of the sale agreements, the net revenue collected each month is accumulated up to a predetermined maximum amount, and is available over the remaining term of that transaction to make payments of yield, fees, and transaction costs in the event that net cash flows from the receivables are not sufficient. Once the predetermined amount is reached, net revenue is recognized by the Citigroup subsidiary that sold the receivables.

The Company provides a wide range of mortgage and other loan products to a diverse customer base. In connection with the securitization of these loans, the Company's U.S. Consumer business retains the servicing rights, which entitle the Company to a future stream of cash flows based on the outstanding principal balances of the loans and the contractual servicing fee. Failure to service the loans in accordance with contractual requirements may lead to a termination of the servicing rights and the loss of future servicing fees. In non-recourse servicing, the principal credit risk to the Company is the cost of temporary advances of funds. In recourse servicing, the servicer agrees to share credit risk with the owner of the mortgage loans such as FNMA or FHLMC or with a private investor, insurer, or guarantor. Losses on recourse servicing occur primarily when foreclosure sale proceeds of the property underlying a defaulted mortgage loan are less than the outstanding principal balance and accrued interest of the loan and the cost of holding and disposing of the underlying property. The Company's mortgage loan securitizations are primarily non-recourse, thereby effectively transferring the risk of future credit losses to the purchasers of the securities issued by the trust. Institutional Clients Group retains servicing for a limited number of its mortgage securitizations.

The following tables summarize selected cash flow information related to credit card, mortgage, and certain other securitizations for the three months ended September 30, 2008 and 2007:

	Three Months Ended September 30, 2008			
In billions of dollars	**Credit cards**	**U.S. Consumer mortgages**	**Institutional Clients Group mortgages**	**Other(1)**
Proceeds from new securitizations	**$ 3.3**	**$ 19.1**	**$ 0.7**	**$ 0.6**
Proceeds from collections reinvested in new receivables	**56.2**	**–**	**–**	**0.3**
Contractual servicing fees received	**0.5**	**0.4**	**–**	**–**
Cash flows received on retained interests and other net cash flows	**1.8**	**0.2**	**–**	**0.2**

Three Months Ended September 30, 2007

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In billions of dollars	Credit cards	U.S. Consumer mortgages	Institutional Clients Group mortgages	Other(1)
Proceeds from new securitizations	7.1	$ 26.4	$ 7.5	$ 3.3
Proceeds from collections reinvested in new receivables	58.1	–	–	0.3
Contractual servicing fees received	0.6	0.5	–	–
Cash flows received on retained interests and other net cash flows	2.1	0.1	–	–

	Nine Months Ended September 30, 2008			
In billions of dollars	Credit cards	U.S. Consumer mortgages	Institutional Clients Group mortgages	Other(1)
Proceeds from new securitizations	**$ 22.4**	**$ 67.2**	**$ 5.9**	**$ 3.3**
Proceeds from collections reinvested in new receivables	**168.4**	–	–	**0.9**
Contractual servicing fees received	**1.5**	**1.3**	–	–
Cash flows received on retained interests and other net cash flows	**5.7**	**0.5**	**0.2**	**0.6**

	Nine Months Ended September 30, 2007			
In billions of dollars	Credit cards	U.S. Consumer mortgages	Institutional Clients Group mortgages	Other(1)
Proceeds from new securitizations	$ 19.7	$ 83.0	$ 37.1	$ 7.5
Proceeds from collections reinvested in new receivables	165.8	–	–	1.6

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Contractual servicing fees received	1.7	1.3	−	0.1
Cash flows received on retained interests and other net cash flows	6.3	0.2	−	0.1

(1) Other includes student loans and other assets

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The Company recognized gains (losses) on securitizations of U.S. Consumer mortgages of ($81) million and $46 million for the third quarters of 2008 and 2007, respectively, and ($4) and $129 million for the nine-month periods ended September 30, 2008 and 2007, respectively. In the third quarter of 2008 and 2007, the Company recorded gains (losses) of ($1,443) million and $169 million related to the securitization of credit card receivables, and ($1,398) million and $747 million for the nine months ended September 30, 2008 and 2007, respectively. Gains (losses) recognized on the securitization of Institutional Clients Group activities and other assets during the third quarter of 2008 and 2007 were $1 million and $15 million, respectively, and $6 million and $120 million for the first nine months ended September 30, 2008 and 2007, respectively.

Key assumptions used for the securitization of credit cards, mortgages, and certain other assets during the third quarter of 2008 and 2007 in measuring the fair value of retained interests at the date of sale or securitization are as follows:

	Three Months Ended September 30, 2008			
	Credit Cards	U.S. Consumer Mortgages	Institutional Clients Group mortgages	Other(1)(2)
Discount rate	**14.5% to 20.9%**	**10.8% to 15.3%**	**5.0% to 53.8%**	**N/A**
Constant prepayment rate	**5.9% to 20.0%**	**4.7% to 8.0%**	**2.0% to 23.2%**	**N/A**
Anticipated net credit losses	**5.8% to 8.3%**	**N/A**	**25.0% to 80.0%**	**N/A**

	Three Months Ended September 30, 2007			
	Credit Cards	U.S. Consumer Mortgages	Institutional Clients Group mortgages	Other(1)(2)
Discount rate	12.8% to 16.8%	10.0% to 17.5%	4.1% to 27.9%	N/A
Constant prepayment rate	6.9% to 22.0%	4.9% to 13.3%	10.0% to 52.5%	N/A
Anticipated net credit losses	3.7% to 6.2%	N/A	24.0% to 100.0%	N/A

(1) Other includes student loans and other assets. There were no securitizations of student loans during the third quarters of 2008 and 2007.

(2) Retained interests obtained in the 2008 and 2007 third quarters were valued using third-party quotations and thus are not dependent on proprietary valuation models using assumptions.

As required by SFAS 140, the effect of two negative changes in each of the key assumptions used to determine the fair value of retained interests must be disclosed. The negative effect of each change must be calculated independently, holding all other assumptions constant. Because the key assumptions may not in fact be independent, the net effect of simultaneous adverse changes in the key assumptions may be less than the sum of the individual effects shown below.

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At September 30, 2008, the key assumptions used to value retained interests and the sensitivity of the fair value to adverse changes of 10% and 20% in each of the key assumptions were as follows:

Key Assumptions at September 30, 2008

	September 30, 2008			
	Credit Cards	U.S. Consumer Mortgages(1)	Institutional Clients Group mortgages	Other(2)
Discount rate	**17.4% to 20.9%**	**12.5%**	**5.0% to 53.8%**	**11.1% to 14.1%**
Constant prepayment rate	**5.9% to 19.9%**	**8.5%**	**2.0% to 23.2%**	**1.1% to 9.9%**
Anticipated net credit losses	**6.2% to 8.3%**	**N/A**	**25.0% to 80.0%**	**0.3% to 0.9%**
Weighted average life	**11.7 to 12.0 months**	**6.7 years**	**2 to 22 years**	**4 to 10 years**

(1) Includes mortgage servicing rights.

(2) Other includes student loans and other assets.

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In millions of dollars	September 30, 2008					
	Credit Cards					
	Residual interest	Retained certificates	Other retained interests	U.S. Consumer mortgages	Institutional Clients Group mortgages	Other(1)
Carrying value of retained interests	**$ 1,036**	**$ 6,013**	**$ 3,374**	**$ 11,178**	**$ 1,611**	**$ 2,133**
Discount Rates						
Adverse change of 10%	$ (54)	$ (9)	$ (7)	$ (344)	$ (73)	$ (30)
Adverse change of 20%	(106)	(15)	(14)	(662)	(139)	(58)
Constant prepayment rate						
Adverse change of 10%	$ (112)	$ –	$ –	$ (522)	$ (19)	$ (10)
Adverse change of 20%	(210)	–	–	(998)	(33)	(20)
Anticipated net credit losses						
Adverse change of 10%	$ (380)	$ –	$ (55)	$ (20)	$ (74)	$ (7)
Adverse change of 20%	(611)	–	(109)	(40)	(132)	(14)

(1) Other includes student loans and other assets. Sensitivity analysis excludes $946 million of retained interests that are valued using third-party quotations and thus are not dependent on proprietary valuation models.

Managed Loans

After securitization of credit card receivables, the Company continues to maintain credit card customer account relationships and provides servicing for receivables transferred to the trusts. As a result, the Company considers the securitized credit card receivables to be part of the business it manages.

The following tables present a reconciliation between the managed basis and on-balance sheet credit card portfolios and the related delinquencies (loans which are 90 days or more past due) and credit losses, net of recoveries.

In millions of dollars, except loans in billions	Sept. 30, 2008	Dec. 31, 2007

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Loan amounts, at period end		
On balance sheet	**$ 89.4**	$ 94.1
Securitized amounts	**107.9**	108.1
Loans held-for-sale	**–**	1.0
Total managed loans	**$ 197.3**	$203.2
Delinquencies, at period end		
On balance sheet	**$ 2,136**	$1,937
Securitized amounts	**2,248**	1,864
Loans held-for-sale	**–**	14
Total managed delinquencies	**$ 4,384**	$3,815

Credit losses, net of recoveries, for the three months ended September 30,	2008	2007
On balance sheet	**$1,588**	$1,045
Securitized amounts	**1,935**	1,198
Loans held-for-sale	**–**	–
Total managed	**$3,523**	$2,243

Credit losses, net of recoveries, for the nine months ended September 30,	2008	2007

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On balance sheet	**$4,248**	$2,757
Securitized amounts	**5,292**	3,506
Loans held-for-sale	–	–
Total managed	**$9,540**	$6,263

Mortgage Servicing Rights

The fair value of capitalized mortgage loan servicing rights (MSRs) was $8.3 billion and $10.0 billion at September 30, 2008 and 2007, respectively. The following table summarizes the changes in capitalized MSRs:

In millions of dollars	**Three Months Ended September 30, 2008**	**2007**
Balance, beginning of period	**$8,934**	$10,072
Originations	**297**	477
Purchases	–	271
Changes in fair value of MSRs due to changes in inputs and assumptions	**(595)**	(555)
Transfer to Trading account assets	–	–
Other changes(1)	**(290)**	(308)
Balance, end of period	**$8,346**	$ 9,957

In millions of dollars	**Nine Months Ended September 30, 2008**	**2007**

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Balance, beginning of period	**$8,380**	$5,439
Originations	**1,066**	1,438
Purchases	**1**	3,404
Changes in fair value of MSRs due to changes in inputs and assumptions	**(90)**	611
Transfer to Trading account assets	**(163)**	−
Other changes(1)	**(848)**	(935)
Balance, end of period	**$8,346**	$9,957

(1) Represents changes due to customer payments and passage of time.

The market for MSRs is not sufficiently liquid to provide participants with quoted market prices. Therefore, the Company uses an option-adjusted spread valuation approach to determine the fair value of MSRs. This approach consists of projecting servicing cash flows under multiple interest rate scenarios, and discounting these cash flows using risk-adjusted discount rates. The key assumptions used in the valuation of MSRs include mortgage prepayment speeds and discount rates. The model assumptions and the MSRs' fair value estimates are compared to observable trades of similar

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MSR portfolios and interest-only security portfolios, as available, as well as to MSR broker valuations and industry surveys. The cash flow model and underlying prepayment and interest rate models used to value these MSRs are subject to validation in accordance with the Company's model validation policies.

The fair value of the MSRs is primarily affected by changes in prepayments that result from shifts in mortgage interest rates. In managing this risk, the Company economically hedges a significant portion of the value of its MSRs through the use of interest rate derivative contracts, forward purchase commitments of mortgage-backed securities, and purchased securities classified as trading. The amount of contractually specified servicing fees, late fees and ancillary fees earned were $429 million, $25 million and $16 million, respectively, for the quarter ended September 30, 2008, and $481 million, $24 million, and $16 million, respectively, for the third quarter of 2007. These fees are classified in the Consolidated Statement of Income as Commissions and Fees.

Special-Purpose Entities

Primary Uses of and Involvement in SPEs

Citigroup is involved with many types of special-purpose entities (SPEs) in the normal course of business. The primary uses of SPEs are to obtain sources of liquidity for the Company and its clients through securitization vehicles and commercial paper conduits; to create investment products for clients; to provide asset-based financing to clients; or to raise financing for the Company.

The Company provides various products and services to SPEs. For example, it may:

- Underwrite securities issued by SPEs and subsequently make a market in those securities;
- Provide liquidity facilities to support short-term obligations of the SPE issued to third parties;
- Provide credit enhancement in the form of letters of credit, guarantees, credit default swaps or total return swaps (where the Company receives the total return on certain assets held by the SPE);
- Enter into interest rate, currency or other derivative contracts with the SPE;
- Act as investment manager;
- Provide debt financing to or have an ownership interest in the SPE; or
- Provide administrative, trustee or other services.

SPEs used by the Company are generally accounted for as qualifying SPEs (QSPEs) or Variable Interest Entities (VIEs), as described below.

Qualifying SPEs

QSPEs are a special class of SPEs defined in FASB Statement No. 140, "Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities" (SFAS 140). These SPEs have significant limitations on the types of assets and derivative instruments they may own and the types and extent of activities and decision-making they may engage in. Generally, QSPEs are passive entities designed to purchase assets and pass through the cash flows from those assets to the investors in the QSPE. QSPEs may not actively manage their assets

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through discretionary sales and are generally limited to making decisions inherent in servicing activities and issuance of liabilities. QSPEs are generally exempt from consolidation by the transferor of assets to the QSPE and any investor or counterparty.

The following table summarizes the Company's involvement in QSPEs by business segment at September 30, 2008 and December 31, 2007:

In million of dollars	**Assets of QSPEs**		**Retained interests**	
	Sept. 30, 2008	**Dec.31,(1) 2007**	**Sept. 30, 2008**	**Dec. 31,(1) 2007**
Global Consumer				
Credit Cards	**$122,490**	$125,109	**$10,423**	$ 10,683
Mortgages	**578,273**	550,902	**11,263**	13,801
Other	**15,999**	14,882	**936**	981
Total	**$716,762**	$690,893	**$22,622**	$ 25,465
Institutional Clients Group				
Mortgages	**$ 88,721**	$ 92,263	**$ 1,611**	$ 4,617
Municipal TOBs	**8,795**	10,556	**946**	817
DSC Securitizations and other	**5,285**	14,526	**166**	344
Total	**$102,801**	$117,345	**$ 2,723**	$ 5,778
Citigroup Total	**$819,563**	$808,238	**$25,345**	$ 31,243

(1) Updated to conform to the current period's presentation.

Credit Card Master Trusts

The Company securitizes credit card receivables through trusts which are established to purchase the receivables. Citigroup sells receivables into the QSPE trusts on a non-recourse basis. Credit card securitizations are revolving securitizations; that is, as customers pay

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their credit card balances, the cash proceeds are used to purchase new receivables and replenish the receivables in the trusts. The Company relies on securitizations to fund a significant portion of its managed *N.A. Cards* business.

Citigroup is a provider of liquidity facilities to the commercial paper programs of the two primary securitization trusts it transacts with. Both facilities are made available on market terms to each trust. With respect to the Palisades commercial paper program in the Omni Master Trust, Citibank (South Dakota), N. A. is the sole provider of a full liquidity facility. The liquidity facility requires Citibank (South Dakota), N.A. to purchase Palisades's commercial paper at maturity if the commercial paper does not roll over as long as there are available credit enhancements outstanding, typically in the form of subordinated notes. The Palisades liquidity commitment amounted to $9.5 billion at September 30, 2008 and $7.5 billion at December 31, 2007. During the 2008 second quarter, Citibank (South Dakota) N.A. also became the sole provider of a full liquidity facility to the Dakota commercial program of the Citibank Master Credit Card Trust. This facility requires Citibank (South Dakota) N.A. to purchase Dakota commercial paper at maturity if the commercial paper does not roll over as long as there are

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available credit enhancements outstanding, typically in the form of subordinated notes. The Dakota liquidity commitment amounted to $9.0 billion at September 30, 2008.

Mortgage and Other Consumer Loan Securitization Vehicles

The Company's Consumer business provides a wide range of mortgage and other consumer loan products to its customers. Once originated, the Company often securitizes these loans (primarily mortgage and student loans) through the use of QSPEs. In addition to providing a source of liquidity and less expensive funding, securitizing these assets also reduces the Company's credit exposure to the borrowers. These mortgage and student loan securitizations are primarily non-recourse to the Company, thereby effectively transferring the risk of future credit losses to the purchasers of the securities issued by the trust. However, the Company generally retains the servicing rights and a residual interest in future cash flows from the trusts.

Municipal Tender Option Bond (TOB) QSPEs

The Company sponsors QSPE TOB trusts that hold municipal securities and issue long-term senior floating-rate notes ("Floaters") to third-party investors and junior residual securities ("Residuals") to the Company.

Unlike other Proprietary TOB trusts, and to conform to the requirements for a QSPE, the Company has no ability to unilaterally unwind QSPE TOB trusts. The Company would reconsider consolidation of the QSPE TOB trusts in the event that the amount of Floaters held by third parties decreased to such a level that the QSPE TOB trusts no longer met the definition of a QSPE because of insufficient third-party investor ownership of the Floaters.

Mutual Fund Deferred Sales Commission (DSC) Securitizations

Mutual Fund Deferred Sales Commission (DSC) receivables are assets purchased from distributors of mutual funds that are backed by distribution fees and contingent deferred sales charges (CDSC) generated by the distribution of certain shares to mutual fund investors. These share investors pay no upfront load, but the shareholder agrees to pay, in addition to the management fee imposed by the mutual fund, the distribution fee over a period of time and the CDSC (a penalty for early redemption to recover lost distribution fees). Asset managers use the proceeds from the sale of DSC receivables to cover the sales commissions associated with the shares sold.

The Company purchases these receivables from mutual fund distributors and sells a diversified pool of receivables to a trust. The trust in turn issues two tranches of securities:

Senior term notes (generally 92-94%) via private placement to third-party investors. These notes are structured to have at least a single "A" rating standard. The senior notes receive all cash distributions until fully repaid, which is generally approximately 5-6 years;

A residual certificate in the trust (generally 6-8%) to the Company. This residual certificate is fully subordinated to the senior notes, and receives no cash flows until the senior notes are fully paid.

Mortgage Loan Securitizations

Institutional Clients Group is active in structuring and underwriting residential and commercial mortgage-backed securitizations. In these transactions, the Company or its customer transfers loans into a bankruptcy-remote SPE. These SPEs are designed to be QSPEs as described above. The Company may hold residual interests and other securities issued by the SPEs until they can be sold to independent investors, and makes a market in those securities on an ongoing basis. The Company sometimes retains servicing rights for certain entities. These securities are held as trading assets on the balance sheet, are managed as part of the Company's trading activities, and are marked−to-market with most changes in value recognized in earnings. The table above shows the assets and retained interests for mortgage QSPEs in which the Company acted as principal in transferring mortgages to the QSPE.

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Variable Interest Entities

VIEs are entities defined in FIN 46-R as entities which either have a total equity investment at risk that is insufficient to permit the entity to finance its activities without additional subordinated financial support or whose equity investors lack the characteristics of a controlling financial interest (i.e., ability to make significant decisions through voting rights, right to receive the expected residual returns of the entity, and obligation to absorb the expected losses of the entity). Investors that finance the VIE through debt or equity interests, or other counterparties that provide other forms of support, such as guarantees, subordinated fee arrangements, or certain types of derivative contracts, are variable interest holders in the entity. The variable interest holder, if any, that will absorb a majority of the entity's expected losses, receive a majority of the entity's expected residual returns, or both, is deemed to be the primary beneficiary and must consolidate the VIE. Consolidation under FIN 46-R is based on *expected* losses and residual returns, which consider various scenarios on a probability-weighted basis. Consolidation of a VIE is, therefore, determined based primarily on variability generated in scenarios that are considered most likely to occur, rather than based on scenarios that are considered more remote. Certain variable interests may absorb significant amounts of losses or residual returns contractually, but if those scenarios are considered very unlikely to occur, they may not lead to consolidation of the VIE.

All of these facts and circumstances are taken into consideration when determining whether the Company has variable interests that would deem it the primary beneficiary and, therefore, require consolidation of the related VIE or otherwise rise to the level where disclosure would provide useful information to the users of the Company's financial statements. In some cases, it is qualitatively clear based on the extent of the Company's involvement or the seniority of its investments that the Company is not the primary beneficiary of the VIE. In other cases, more detailed and quantitative analysis is required to make such a determination.

FIN 46-R requires disclosure of the Company's maximum exposure to loss where the Company has "significant" variable interests in an unconsolidated VIE. FIN 46-R does not define "significant" and, as such, judgment is required. The Company

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generally considers the following types of involvement to be "significant":

Retaining any amount of debt financing (e.g., loans, notes, bonds, or other debt instruments) or an equity investment (e.g., common shares, partnership interests, or warrants) in any VIE where the Company has assisted with the structuring of the transaction;

Writing a "liquidity put" or other facility to support the issuance of short-term notes;

Writing credit protection (e.g., guarantees, letters of credit, credit default swaps or total return swaps where the Company *receives* the total return or risk on the assets held by the VIE); or

Certain transactions where the Company is the investment manager and receives variable fees for services.

Thus, the Company's definition of "significant" involvement generally includes all variable interests held by the Company, even those where the likelihood of loss or the notional amount of exposure to any single legal entity is small. Involvement with a VIE as described above, regardless of the seniority or perceived risk of the Company's involvement, is included as significant. The Company believes that this more expansive interpretation of "significant" provides more meaningful and consistent information regarding its involvement in various VIE structures and provides more data for an independent assessment of the potential risks of the Company's involvement in various VIEs and asset classes.

In various other transactions the Company may act as a derivative counterparty (for example, interest rate swap, cross-currency swap, or purchaser of credit protection under a credit default swap or total return swap where the Company *pays* the total return on certain assets to the SPE); may act as underwriter or placement agent; may provide administrative, trustee, or other services; or may make a market in debt securities or other instruments issued by VIEs. The Company generally considers such involvement, by itself, "not significant" under FIN 46-R.

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The following tables summarize the Company's significant involvement in VIEs in millions of dollars:

	As of September 30, 2008					
			Maximum exposure to loss in significant unconsolidated VIEs(1)			
			Funded exposures		Unfunded exposures	
	Consolidated VIE assets	Significant unconsolidated VIE assets(2)	Debt investments	Equity investments	Funding Commitments	Guarantees and derivatives
Consumer Banking						
Mortgages	$ –	$ –	$ –	$ –	$ –	$ –
Leasing	4	–	–	–	–	–
Other	1,580	–	–	–	–	–
Total	$ 1,584	$ –	$ –	$ –	$ –	$ –
Institutional Clients Group						
Citi-administered asset-backed commercial paper conduits (ABCP)	$ –	$ 63,462	$ –	$ –	$ 63,462	$ –
Third-party commercial paper conduits	–	23,304	25	–	1,296	16
Collateralized debt obligations (CDOs)	16,347	18,161	1,613	1	292	595
Collateralized loan obligations (CLOs)	156	24,359	1,526	3	334	171
Asset-based financing	3,966	109,365	30,790	55	6,058	129
Municipal securities tender option bond trusts (TOBs)	13,042	17,694	3,772	110	9,040	3,638

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Municipal investments	**940**	**15,442**	**–**	**2,415**	**1,015**	**–**
Client intermediation	**3,702**	**8,634**	**2,122**	**–**	**–**	**2**
Structured investment vehicles	**27,467**	**–**	**–**	**–**	**–**	**–**
Investment funds	**2,991**	**10,463**	**–**	**317**	**–**	**–**
Other	**11,219**	**9,531**	**607**	**790**	**398**	**–**
Total	**$ 79,830**	**$ 300,415**	**$ 40,455**	**$ 3,691**	**$ 81,895**	**$ 4,551**
Global Wealth Management						
Investment funds	**$ 435**	**$ 28**	**$ 25**	**$ –**	**$ 10**	**$ –**
Corporate/Other						
Trust Preferred Securities	**$ –**	**$ 23,836**	**$ –**	**$ 162**	**$ –**	**$ –**
Total Citigroup	**$ 81,849**	**$ 324,279**	**$ 40,480**	**$ 3,853**	**$ 81,905**	**$ 4,551**

(1) The definition of maximum exposure to loss is included in the text that follows.

(2) A significant unconsolidated VIE is an entity where the Company has any variable interest considered to be significant as discussed on page 113, regardless of the likelihood of loss or the notional amount of exposure.

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As of September 30, 2008 (continued)	As of December 31, 2007(1)		
Maximum exposure to loss in significant unconsolidated VIEs (continued)			
Total maximum exposure	Consolidated VIE assets	Significant unconsolidated VIE assets(2)	Maximum exposure to loss in significant unconsolidated VIE assets(3)
$ –	$ 63	$ –	$ –
–	35	–	–
–	1,385	–	–
$ –	$ 1,483	$ –	$ –
$ 63,462	$ –	$ 72,558	$ 72,558
1,337	–	27,021	2,154
2,501	22,312	51,794	13,979
2,034	1,353	21,874	4,762
37,032	4,468	91,604	34,297
16,560	17,003	22,570	17,843
3,430	53	13,662	2,711
2,124	2,790	9,593	1,643
–	58,543	–	–
317	140	11,282	212
1,795	12,809	10,560	1,882
$ 130,592	$ 119,471	$ 332,518	$ 152,041
$ 35	$ 604	$ 52	$ 45
$ 162	$ –	$ 23,756	$ 162
$ 130,789	$ 121,558	$ 356,326	$ 152,248

(1) Reclassified to conform to the current period's presentation.

(2) A significant unconsolidated VIE is an entity where the Company has any variable interest considered to be significant, regardless of the likelihood of loss or the notional amount of exposure.

(3) The definition of maximum exposure to loss is included in the text that follows.

These tables do not include:

Certain venture capital investments made by some of the Company's private equity subsidiaries, as the Company accounts for these investments in accordance with the AICPA Investment Company Audit Guide;

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Certain limited partnerships where the Company is the general partner and the limited partners have the right to replace the general partner or liquidate the funds;

Certain investment funds for which the Company provides investment management services and personal estate trusts for which the Company provides administrative, trustee and/or investment management services;

VIEs structured by third parties where the Company holds securities in trading inventory. These investments are made on arm's-length terms, and are typically held for relatively short periods of time; and

Transferred assets to a VIE where the transfer did not qualify as a sale and where the Company did not have any other involvement that is deemed to be a variable interest with the VIE. These transfers are accounted for as secured borrowings by the Company.

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The asset balances for consolidated VIEs represent the carrying amounts of the assets consolidated by the Company. The carrying amount may represent the amortized cost or the current fair value of the assets depending on the legal form of the asset (security or loan) and the Company's standard accounting policies for the asset type and line of business.

The asset balances for unconsolidated VIEs where the Company has significant involvement represent the most current information available to the Company regarding the remaining principal balance of cash assets owned. In most cases, the asset balances represent an amortized cost basis without regard to impairments in fair value, unless fair value information is readily available to the Company. For VIEs that obtain asset exposures synthetically through derivative instruments (for example, synthetic CDOs), the Company includes the full original notional amount of the derivative as an asset.

The maximum funded exposure represents the balance sheet carrying amount of the Company's investment in the VIE in the form of purchased debt, funded loans or retained equity interest. It reflects the initial amount of cash invested in the VIE plus any accrued interest and is adjusted for any impairments in value recognized in earnings and any cash principal payments received. The maximum exposure of unfunded positions represents the remaining undrawn committed amount, including liquidity and credit facilities (such as guarantees) provided by the Company, or the notional amount of a derivative instrument considered to be a variable interest, adjusted for any declines in fair value recognized in earnings. In certain transactions, the Company has entered into derivative instruments or other arrangements that are not considered variable interests in the VIE under FIN 46-R (for example, interest rate swaps, cross-currency swaps, or where the Company is the purchaser of credit protection under a credit default swap or total return swap where the Company *pays* the total return on certain assets to the SPE). Receivables under such arrangements are not included in the maximum exposure amounts.

Consolidated VIEs–Balance Sheet Classification

The following table presents the carrying amounts and classification of consolidated assets that are collateral for VIE obligations:

In billions of dollars	September 30, 2008	December 31, 2007
Cash	**$ 8.1**	$ 12.3
Trading account assets	**52.6**	87.3
Investments	**15.3**	15.0
Loans	**2.0**	2.2
Other assets	**3.8**	4.8
Total assets of consolidated VIEs	**$ 81.8**	$ 121.6

The consolidated VIEs included in the table above represent hundreds of separate entities with which the Company is involved. In general, the third-party investors in the obligations of consolidated VIEs have recourse only to the assets of the VIEs and do not have recourse to the Company, except where the Company has provided a guarantee to the investors or is the counterparty to certain derivative transactions involving the VIE. Thus, the Company's maximum exposure to loss related to consolidated VIEs is significantly less than the carrying value of the consolidated VIE assets due to outstanding third-party financing.

Citi-Administered Asset-Backed Commercial Paper Conduits

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The Company is active in the asset-backed commercial paper conduit business as administrator of several multi-seller commercial paper conduits, and also as a service provider to single-seller and other commercial paper conduits sponsored by third parties.

The multi-seller commercial paper conduits are designed to provide the Company's customers access to low-cost funding in the commercial paper markets. The conduits purchase assets from or provide financing facilities to customers and are funded by issuing high-grade commercial paper to third-party investors. The conduits generally do not purchase assets originated by the Company. The funding of the conduit is facilitated by the liquidity support and credit enhancement provided by the Company and by certain third parties. As administrator to the conduits, the Company is responsible for selecting and structuring assets purchased or financed by the conduits, making decisions regarding the funding of the conduit, including determining the tenor and other features of the commercial paper issued, monitoring the quality and performance of the conduit's assets, and facilitating the operations and cash flows of the conduit. In return, the Company earns structuring fees from clients for individual transactions and earns an administration fee from the conduit, which is equal to the income from client program and liquidity fees of the conduit after payment of interest costs and other fees.

Third-Party Conduits

The Company also provides liquidity facilities to single-and multi-seller conduits sponsored by third parties. These conduits are independently owned and managed and invest in a variety of asset classes, depending on the nature of the conduit. The facilities provided by the Company typically represent a small portion of the total liquidity facilities obtained by each conduit, and are collateralized by the assets of each conduit. The notional amount of these facilities is approximately $1.3 billion as of September 30, 2008, and $2.2 billion as of December 31, 2007. The conduits received $25 million of funding as of September 30, 2008, compared to zero as of December 31, 2007.

Collateralized Debt Obligations

A collateralized debt obligation (CDO) is an SPE that purchases a pool of assets consisting of asset-backed securities and/or synthetic exposures through derivatives on asset-backed securities and issues multiple tranches of equity and notes to investors. A third-party manager is typically retained by the CDO to select the pool of assets and manage those assets over the term of the CDO. The Company earns fees for warehousing assets prior to the creation of a CDO, structuring CDOs, and placing debt securities with investors. In addition, the Company has retained interests in many of the CDOs it has structured and makes a market in those issued notes.

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Collateralized Loan Obligations

A collateralized loan obligation (CLO) is substantially similar to the CDO transactions described above, except that the assets owned by the SPE (either cash instruments or synthetic exposures through derivative instruments) are corporate loans and to a lesser extent corporate bonds, rather than asset-backed debt securities.

Certain of the assets and exposure amounts relate to CLO warehouses, whereby the Company provides senior financing to the CLO to purchase assets during the warehouse period. The senior financing is repaid upon issuance of notes to third-parties.

Asset-Based Financing

The Company provides loans and other forms of financing to VIEs that hold assets. Those loans are subject to the same credit approvals as all other loans originated or purchased by the Company, and related loan loss reserves are reported as part of the Company's Allowance for loan losses. Financing in the form of debt securities or derivatives is, in most circumstances, reported in Trading account assets and accounted for at fair value with changes in value reported in earnings.

Municipal Securities Tender Option Bond (TOB) Trusts

The Company sponsors TOB trusts that hold fixed- and floating-rate, tax-exempt securities issued by state or local municipalities. The trusts are single-issuer trusts whose assets are purchased from the Company and from the secondary market. The trusts issue long-term senior floating rate notes ("Floaters") and junior residual securities ("Residuals"). The Floaters have a long-term rating based on the long-term rating of the underlying municipal bond and a short-term rating based on that of the liquidity provider to the trust. The Residuals are generally rated based on the long-term rating of the underlying municipal bond and entitle the holder to the residual cash flows from the issuing trust.

The Company sponsors three kinds of TOB trusts: customer TOB trusts, proprietary TOB trusts, and QSPE TOB trusts. Customer TOB trusts are trusts through which customers finance investments in municipal securities and are not consolidated by the Company. Proprietary and QSPE TOB trusts, on the other hand, provide the Company with the ability to finance its own investments in municipal securities. Proprietary TOB trusts are generally consolidated, in which case the financing (the Floaters) is recognized on the Company's balance sheet as a liability. However, certain proprietary TOB trusts, the Residuals of which are held by hedge funds that are consolidated and managed by the Company, are not consolidated by the Company. The assets and the associated liabilities of these TOB trusts are not consolidated by the hedge funds (and, thus, are not consolidated by the Company) under the application of the AICPA Investment Company Audit Guide, which precludes consolidation of owned investments by investment companies. In accordance with the Audit Guide, the hedge funds report their investments in the Residuals at fair value with changes in value included in earnings. The Company consolidates the hedge funds because the Company holds controlling financial interests in the hedge funds. Certain of the Company's equity investments in the hedge funds are hedged with derivatives transactions executed by the Company with third parties referencing the returns of the hedge fund. QSPE trusts provide the Company with the same exposure as proprietary TOB trusts and are not consolidated by the Company. The Company's residual interest in QSPE TOB trusts are evaluated for bifurcation in accordance with SFAS 133. Any embedded derivatives are separately reported at fair value, while the debt host contracts are classified as available-for-sale securities.

The total assets of the three categories of TOB trusts as of September 30, 2008 and December 31, 2007 are as follows:

In billions of dollars	September 30, 2008	December 31, 2007
TOB trust type		
Customer TOB Trusts (Not consolidated)	**$ 11.5**	$ 17.6
Proprietary TOB Trusts (Consolidated and Non-consolidated)	**$ 19.2**	$ 22.0

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QSPE TOB Trusts (Not consolidated)	**$ 8.8**	$ 10.6

Municipal Investments

Municipal investment transactions represent partnerships that finance the construction and rehabilitation of low-income affordable rental housing. The Company generally invests in these partnerships as a limited partner and earns a return primarily through the receipt of tax credits accorded the affordable housing investments made by the partnership.

Client Intermediation

Client intermediation transactions represent a range of transactions designed to provide investors with specified returns based on the returns of an underlying security, referenced asset or index. These transactions include credit-linked notes and equity-linked notes. In these transactions, the SPE typically obtains exposure to the underlying security, referenced asset or index through a derivative instrument such as a total return swap or a credit default swap. In turn the SPE issues notes to investors that pay a return based on the specified underlying security, referenced asset or index. The SPE invests the proceeds in a financial asset or a guaranteed insurance contract (GIC) that serves as collateral for the derivative contract over the term of the transaction.

The Company's involvement in these transactions includes being the counterparty to the SPE's derivative instruments and investing in a portion of the notes issued by the SPE.

Other

Other vehicles include the Company's interests in entities established to facilitate various client financing transactions as well as a variety of investment partnerships.

Structured Investment Vehicles

On December 13, 2007, as a result of providing mezzanine financing to the SIVs, the terms of which were finalized on February 12, 2008, the Company became the primary beneficiary of the SIVs and began consolidating these entities. The Company increased its mezzanine financing to $4.5 billion, reflecting an increase of $1 billion from the original $3.5 billion financing. This additional mezzanine financing was funded subsequent to September quarter-end.

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Investment Funds

The Company is the investment manager for certain VIEs that invest in various asset classes including private equity, hedge funds, real estate, fixed income and infrastructure. The Company earns a management fee, which is a percentage of capital under management, and may earn performance fees. In addition, for some of these funds, the Company has an ownership interest in the investment funds. As of September 30, 2008 and December 31, 2007 the total amount invested in these funds was $0.3 billion and $0.2 billion, respectively.

The Company has also established a number of investment funds as opportunities for qualified employees to invest in private equity investments. The Company acts as investment manager to these funds and may provide employees with financing on both a recourse and non-recourse basis for a portion of the employees' investment commitments.

Certain Fixed Income Funds Managed by Institutional Clients Group

Falcon multi-strategy fixed income funds

On February 20, 2008, the Company entered into a $500 million credit facility with the Falcon multi-strategy fixed income funds (the "Falcon funds") managed by Institutional Clients Group. As a result of providing this facility, the Company became the primary beneficiary of the Falcon funds and consolidated the assets and liabilities in its Consolidated Balance Sheet. At September 30, 2008, the total assets of the Falcon funds were approximately $1.3 billion.

ASTA/MAT municipal funds

On March 3, 2008, the Company made an equity investment of $661 million (under a $1 billion commitment) which provides for gain sharing with unaffiliated investors, in the Municipal Opportunity Funds (MOFs). The MOFs are funds managed by Institutional Clients Group that make leveraged investments in tax-exempt municipal bonds and accept investments through feeder funds known as ASTA and MAT. As a result of the Company's equity commitment, the Company became the primary beneficiary of the MOFs and consolidated the assets and liabilities in its Consolidated Balance Sheet. At September 30, 2008, the total assets of the MOFs were approximately $1.5 billion.

Trust Preferred Securities

The Company has raised financing through the issuance of trust preferred securities. In these transactions, the Company forms a statutory business trust and owns all of the voting equity shares of the trust. The trust issues preferred equity securities to third-party investors and invests the gross proceeds in junior subordinated deferrable interest debentures issued by the Company. These trusts have no other assets and no operations, revenues or cash flows other than those related to the issuance, administration, and repayment of the preferred equity securities held by third-party investors. These trusts' obligations are fully and unconditionally guaranteed by the Company.

Because the sole asset of the trust is a receivable from the Company, the Company is not permitted to consolidate the trusts under FIN 46-R, even though the Company owns all of the voting equity shares of the trust, has fully guaranteed the trusts' obligations, and has the right to redeem the preferred securities in certain circumstances. The Company recognizes the subordinated debentures on its balance sheet as long-term liabilities.

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16. DERIVATIVES ACTIVITIES

In the ordinary course of business, Citigroup enters into various types of derivative transactions. These derivative transactions include:

Futures and forward contracts which are commitments to buy or sell at a future date a financial instrument, commodity or currency at a contracted price and may be settled in cash or through delivery.

Swap contracts which are commitments to settle in cash at a future date or dates that may range from a few days to a number of years, based on differentials between specified financial indices, as applied to a notional principal amount.

Option contracts which give the purchaser, for a fee, the right, but not the obligation, to buy or sell within a limited time a financial instrument, commodity or currency at a contracted price that may also be settled in cash, based on differentials between specified indices or prices.

Citigroup enters into these derivative contracts for the following reasons:

Trading Purposes−Customer Needs−Citigroup offers its customers derivatives in connection with their risk-management actions to transfer, modify or reduce their interest rate, foreign exchange and other market/credit risks or for their own trading purposes. As part of this process, Citigroup considers the customers' suitability for the risk involved, and the business purpose for the transaction. Citigroup also manages its derivative-risk positions through offsetting trade activities, controls focused on price verification, and daily reporting of positions to senior managers.

Trading Purposes−Own Account−Citigroup trades derivatives for its own account. Trading limits and price verification controls are key aspects of this activity.

Asset/Liability Management Hedging−Citigroup uses derivatives in connection with its risk-management activities to hedge certain risks or reposition the risk profile of the Company. For example, Citigroup may issue fixed-rate long-term debt and then enter into a receive-fixed, pay-variable-rate interest rate swap with the same tenor and notional amount to convert the interest payments to a net variable-rate basis. This strategy is the most common form of an interest rate hedge, as it minimizes interest cost in certain yield curve environments. Derivatives are also used to manage risks inherent in specific groups of on-balance sheet assets and liabilities, including investments, corporate and consumer loans, deposit liabilities, as well as other interest-sensitive assets and liabilities. In addition, foreign exchange contracts are used to hedge non-U.S.-dollar denominated debt, available-for-sale securities, net capital exposures and foreign-exchange transactions.

Citigroup accounts for its hedging activity in accordance with SFAS 133. As a general rule, SFAS 133 hedge accounting is permitted for those situations where the Company is exposed to a particular risk, such as interest rate or foreign-exchange risk, that causes changes in the fair value of an asset or liability, or variability in the expected future cash flows of an existing asset, liability or a forecasted transaction that may affect earnings.

Derivative contracts hedging the risks associated with the changes in fair value are referred to as *fair value hedges*, while contracts hedging the risks affecting the expected future cash flows are called *cash flow hedges*. Hedges that utilize derivatives or debt instruments to manage the foreign exchange risk associated with equity investments in non-U.S.-dollar functional currency foreign subsidiaries (net investment in a foreign operation) are called *net investment hedges*.

All derivatives are reported on the balance sheet at fair value. In addition, where applicable, all such contracts covered by master netting agreements are reported net. Gross positive fair values are netted with gross negative fair values by counterparty pursuant to a valid master

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netting agreement. In addition payables and receivables in respect of cash collateral received from or paid to a given counterparty is included in this netting. However, non-cash collateral is not included.

As of September 30, 2008 and December 31, 2007, the amount of payables in respect of cash collateral received that was netted with unrealized gains from derivatives was $29 billion and $26 billion, respectively, while the amount of receivables in respect of cash collateral paid that was netted with unrealized losses from derivatives was $27 billion and $37 billion, respectively.

If certain hedging criteria specified in SFAS 133 are met, including testing for hedge effectiveness, special hedge accounting may be applied. The hedge-effectiveness assessment methodologies for similar hedges are performed in a similar manner and are used consistently throughout the hedging relationships. For fair-value hedges, the changes in value of the hedging derivative, as well as the changes in value of the related hedged item, due to the risk being hedged, are reflected in current earnings. For cash-flow hedges and net-investment hedges, the changes in value of the hedging derivative are reflected in Accumulated other comprehensive income (loss) in stockholders' equity to the extent the hedge was effective. Hedge ineffectiveness, in either case, is reflected in current earnings.

Continuing with the example referred to above, for Asset/Liability Management Hedging, the fixed-rate long-term debt may be recorded at amortized cost under current U.S. GAAP. However, by electing to use SFAS 133 hedge accounting, the carrying value of this note is adjusted for changes in the benchmark interest rate, with any such changes in value recorded in current earnings. The related interest-rate swap is also recorded on the balance sheet at fair value, with any changes in fair value reflected in earnings. Thus, any ineffectiveness resulting from the hedging relationship is recorded in current earnings. Alternatively, an economic hedge, which does not meet the SFAS 133 hedging criteria, would involve only recording the derivative at fair value on the balance sheet, with its associated changes in fair

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value recorded in earnings. The debt would continue to be carried at amortized cost and, therefore, current earnings would be impacted only by the interest rate shifts that cause the change in the swap's value and the underlying yield of the debt. This type of hedge is undertaken when SFAS 133 hedge requirements cannot be achieved or management decides not to apply SFAS 133 hedge accounting. Another alternative for the Company would be to elect to carry the note at fair value under SFAS 159. Once the irrevocable election is made upon issuance of the note, the full change in fair value of the note would be reported in earnings. The related interest rate swap, with changes in fair value also reflected in earnings, provides a natural offset to the note's fair value change. To the extent the two offsets would not be exactly equal, the difference would be reflected in current earnings. This type of economic hedge is undertaken when the Company prefers to follow this simpler method that achieves similar financial statement results to an SFAS 133 fair-value hedge.

Fair-value hedges

Hedging of benchmark interest rate risk–Citigroup hedges exposure to changes in the fair value of fixed-rate financing transactions, including liabilities related to outstanding debt, and borrowings. The fixed cash flows from those financing transactions are converted to benchmark variable-rate cash flows by entering into receive-fixed, pay-variable interest rate swaps. Typically these fair-value hedge relationships use dollar-offset ratio analysis to assess whether the hedging relationships are highly effective at inception and on an ongoing basis.

Citigroup also hedges exposure to changes in the fair value of fixed-rate assets, including available-for-sale debt securities and interbank placements. The hedging instruments used are receive-variable, pay-fixed interest rate swaps and future contracts. Most of these fair-value hedging relationships use dollar-offset ratio analysis to assess whether the hedging relationships are highly effective at inception and on an ongoing basis, while certain others use regression analysis.

For a small number of fair-value hedges of benchmark interest-rate risk, Citigroup uses the "shortcut" method as SFAS 133 allows the Company to assume no ineffectiveness if the hedging relationship involves an interest-bearing financial asset or liability and an interest-rate swap. In order to assume no ineffectiveness, Citigroup ensures that all the shortcut method requirements of SFAS 133 for these types of hedging relationships are met. The amount of shortcut method hedges that Citigroup uses is de minimis.

Hedging of foreign-exchange risk–Citigroup hedges the change in fair value attributable to foreign-exchange rate movements in available-for-sale securities that are denominated in currencies other than the functional currency of the entity holding the securities, which may be in or outside the U.S. Typically, the hedging instrument employed is a forward foreign-exchange contract. In this type of hedge, the change in fair value of the hedged available-for-sale security attributable to the portion of foreign-exchange risk hedged is reported in earnings and not Accumulated other comprehensive income–a process that serves to offset substantially the change in fair value of the forward contract that is also reflected in earnings. Citigroup typically considers the premium associated with forward contracts (differential between spot and contractual forward rates) as the cost of hedging; this is generally excluded from the assessment of hedge effectiveness and reflected directly in earnings. Dollar-offset method is typically used to assess hedge effectiveness. Since that assessment is based on changes in fair value attributable to changes in spot rates on both the available-for-sale securities and the forward contracts for the portion of the relationship hedged, the amount of hedge ineffectiveness is not significant.

Cash-flow hedges

Hedging of benchmark interest rate risk–Citigroup hedges variable cash flows resulting from floating-rate liabilities and roll-over (re-issuance) of short-term liabilities. Variable cash flows from those liabilities are converted to fixed-rate cash flows by entering into receive-variable, pay-fixed interest-rate swaps and receive-variable, pay-fixed forward-starting interest-rate swaps. For some hedges, the hedge ineffectiveness is eliminated by matching all terms of the hedged item and the hedging derivative at inception and on an ongoing basis. Citigroup does not exclude any terms from consideration when applying the matched terms method. To the extent all terms are not perfectly matched, these cash-flow hedging relationships use either regression analysis or dollar-offset ratio analysis to assess whether the hedging relationships are highly effective at inception and on an ongoing basis. Since efforts are made to match the terms of the derivatives to those of the hedged forecasted cash flows as closely as possible, the amount of hedge ineffectiveness is not significant even when the terms do not match perfectly.

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Citigroup also hedges variable cash flows resulting from investments in floating-rate available-for-sale debt securities. Variable cash flows from those assets are converted to fixed-rate cash flows by entering into receive-fixed, pay-variable interest rate swaps. These cash-flow hedging relationships use either regression analysis or dollar-offset ratio analysis to assess whether the hedging relationships are highly effective at inception and on an ongoing basis. Since efforts are made to align the terms of the derivatives to those of the hedged forecasted cash flows as closely as possible, the amount of hedge ineffectiveness is not significant.

Citigroup is currently not using the shortcut method for any cash-flow hedging relationships.

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Hedging of foreign exchange risk−Citigroup locks in the functional currency equivalent of cash flows of various balance sheet liability exposures, including deposits, short-term borrowings and long-term debt (and the forecasted issuances or rollover of such items) that are denominated in a currency other than the functional currency of the issuing entity. Depending on the risk management objectives, these types of hedges are designated as either cash-flow hedges of only foreign exchange risk or cash-flow hedges of both foreign exchange and interest-rate risk. The hedging instruments used are foreign-exchange forward contracts, cross-currency swaps and foreign-currency options. For some hedges, Citigroup matches all terms of the hedged item and the hedging derivative at inception and on an ongoing basis to eliminate hedge ineffectiveness. Citigroup does not exclude any terms from consideration when applying the matched terms method. To the extent all terms are not perfectly matched, any ineffectiveness is measured using the "hypothetical derivative method" from FASB Derivative Implementation Group Issue G7. Efforts are made to match up the terms of the hypothetical and actual derivatives used as closely as possible. As a result, the amount of hedge ineffectiveness is not significant even when the terms do not match perfectly.

Hedging the overall changes in cash flows−In situations where the contractual rate of a variable-rate asset or liability is not a benchmark rate, Citigroup designates the risk of overall changes in cash flows as the hedged risk. Citigroup primarily hedges variability in the total cash flows related to non-benchmark-rate-based liabilities and uses receive-variable, pay-fixed interest rate swaps as the hedging instrument. These cash flow hedging relationships use regression analysis to assess effectiveness at inception and on an ongoing basis.

Net investment hedges

Consistent with SFAS No. 52, "Foreign Currency Translation" (SFAS 52), SFAS 133 allows hedging of the foreign-currency risk of a net investment in a foreign operation. Citigroup primarily uses foreign-currency forwards, options swaps and foreign-currency-denominated debt instruments to manage the foreign-exchange risk associated with Citigroup's equity investments in several non-U.S. dollar functional currency foreign subsidiaries. In accordance with SFAS 52, Citigroup records the change in the carrying amount of these investments in the cumulative translation adjustment account within Accumulated other comprehensive income (loss). Simultaneously, the effective portion of the hedge of this exposure is also recorded in the cumulative translation adjustment account, and the ineffective portion, if any, is immediately recorded in earnings.

For derivatives used in net investment hedges, Citigroup follows the forward rate method from FASB Derivative Implementation Group Issue H8. According to that method, all changes in fair value, including changes related to the forward rate component of the foreign-currency forward contracts and the time value of foreign currency option, are recorded in the cumulative translation adjustment account. For foreign-currency-denominated debt instruments that are designated as hedges of net investments the translation gain or loss that is recorded in the cumulative translation adjustment account is based on the spot exchange rate between the functional currency of the respective subsidiary and the U.S. dollar, which is the functional currency of Citigroup. To the extent the notional amount of the hedging instrument exactly matches the hedged net investment and the underlying exchange rate of the derivative hedging instrument relates to the exchange rate between the functional currency of the net investment and Citigroup's functional currency (or, in the case of the non-derivative debt instrument, such instrument is denominated in the functional currency of the net investment), no ineffectiveness is recorded in earnings.

Key aspects of achieving SFAS 133 hedge accounting are documentation of hedging strategy and hedge effectiveness at the hedge inception and substantiating hedge effectiveness on an ongoing basis. A derivative must be highly effective in accomplishing the hedge objective of offsetting either changes in the fair value or cash flows of the hedged item for the risk being hedged. Any ineffectiveness in the hedge relationship is recognized in current earnings. The assessment of effectiveness excludes changes in the value of the hedged item that are unrelated to the risks being hedged. Similarly, the assessment of effectiveness may exclude changes in the fair value of a derivative related to time value that, if excluded, are recognized in current earnings.

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The following table summarizes certain information related to the Company's hedging activities for the three and nine months ended September 30, 2008 and 2007:

In millions of dollars	Three Months Ended September 30,		Nine Months Ended September 30,	
	2008	**2007**	**2008**	**2007**
Fair value hedges				
Hedge ineffectiveness recognized in earnings	**$ (24)**	$ 85	**$ 60**	$ 93
Net gain (loss) excluded from assessment of effectiveness	**(61)**	120	**79**	375
Cash flow hedges				
Hedge ineffectiveness recognized in earnings	**(6)**	–	**(21)**	–
Net gain (loss) excluded from assessment of effectiveness	**(2)**	–	**(5)**	–
Net investment hedges				
Net gain (loss) included in foreign currency translation adjustment within Accumulated other comprehensive income	**$ 1,444**	$ (572)	**$ 967**	$ (716)

For cash-flow hedges, any changes in the fair value of the end-user derivative remaining in Accumulated other comprehensive income (loss) on the Consolidated Balance Sheet will be included in earnings of future periods to offset the variability of the hedged cash flows when such cash flows affect earnings.

The change in Accumulated other comprehensive income (loss) from cash-flow hedges for the three and nine months ended September 30, 2008 and 2007 can be summarized as follows (after-tax):

In millions of dollars	**2008**	**2007**
Beginning balance, January 1,	**$ (3,163)**	$ (61)
Net (loss) from cash flow hedges	**(1,833)**	(347)
Net amounts reclassified to earnings	**195**	(92)

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Ending balance, March 31,	**$ (4,801)**	$ (500)
Net gain from cash flow hedges	**$ 752**	$ 1,127
Net amounts reclassified to earnings	**126**	(81)
Balance at June 30,	**$ (3,923)**	$ 546
Net gain (loss) from cash flow hedges	**$ 192**	$ (1,949)
Net amounts reclassified to earnings	**256**	(54)
Balance at September 30,	**$ (3,475)**	$ (1,457)

Derivatives may expose Citigroup to market, credit or liquidity risks in excess of the amounts recorded on the Consolidated Balance Sheet. Market risk on a derivative product is the exposure created by potential fluctuations in interest rates, foreign-exchange rates and other values, and is a function of the type of product, the volume of transactions, the tenor and terms of the agreement and the underlying volatility. Credit risk is the exposure to loss in the event of nonperformance by the other party to the transaction where the value of any collateral held is not adequate to cover such losses. The recognition in earnings of unrealized gains on these transactions is subject to management's assessment as to collectibility. Liquidity risk is the potential exposure that arises when the size of the derivative position may not be able to be rapidly adjusted in periods of high volatility and financial stress at a reasonable cost.

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17. FAIR VALUE (SFAS 155, SFAS 156, SFAS 157, and SFAS 159)

Effective January 1, 2007, the Company adopted SFAS 157 and SFAS 159. Both standards address aspects of the expanding application of fair-value accounting. SFAS 157 defines fair value, establishes a consistent framework for measuring fair value and expands disclosure requirements about fair-value measurements. SFAS 157, among other things, requires the Company to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. In addition, SFAS 157 precludes the use of block discounts when measuring the fair value of instruments traded in an active market, which discounts were previously applied to large holdings of publicly traded equity securities. It also requires recognition of trade-date gains related to certain derivative transactions whose fair value has been determined using unobservable market inputs. This guidance supersedes the guidance in Emerging Issues Task Force Issue No. 02-3, "Issues Involved in Accounting for Derivative Contracts Held for Trading Purposes and Contracts Involved in Energy Trading and Risk Management Activities" (EITF Issue 02-3), which prohibited the recognition of trade-date gains for such derivative transactions when determining the fair value of instruments not traded in an active market.

As a result of the adoption of SFAS 157, the Company has made some amendments to the techniques used in measuring the fair value of derivative and other positions. These amendments change the way that the probability of default of a counterparty is factored into the valuation of derivative positions, include for the first time the impact of Citigroup's own credit risk on derivatives and other liabilities measured at fair value, and also eliminate the portfolio servicing adjustment that is no longer necessary under SFAS 157.

Under SFAS 159, the Company may elect to report most financial instruments and certain other items at fair value on an instrument-by-instrument basis with changes in fair value reported in earnings. After the initial adoption, the election is made at the acquisition of an eligible financial asset, financial liability, or firm commitment or when certain specified reconsideration events occur. The fair value election may not be revoked once an election is made.

Additionally, the transition provisions of SFAS 159 permit a one-time election for existing positions at the adoption date with a cumulative-effect adjustment included in opening retained earnings and future changes in fair value reported in earnings.

The Company also has elected the fair value accounting provisions permitted under FASB Statement No. 155, "Accounting for Certain Hybrid Financial Instruments" (SFAS 155), and FASB Statement No 156, "Accounting for Servicing of Financial Assets" (SFAS 156) for certain assets and liabilities. In accordance with SFAS 155, which was primarily adopted on a prospective basis, hybrid financial instruments−such as structured notes containing embedded derivatives that otherwise would require bifurcation, as well as certain interest-only instruments may be accounted for at fair value if the Company makes an irrevocable election to do so on an instrument-by-instrument basis. The changes in fair value are recorded in current earnings. Additional discussion regarding the applicable areas in which SFAS 155 was adopted is presented below.

SFAS 156 requires all servicing rights to be recognized initially at fair value. At its initial adoption, the standard permits a one-time irrevocable election to re-measure each class of servicing rights at fair value, with the changes in fair value recorded in current earnings. The classes of servicing rights are identified based on the availability of market inputs used in determining their fair values and the methods for managing their risks. The Company has elected fair-value accounting for its mortgage and student loan classes of servicing rights. The impact of adopting this standard was not material. See Note 15 on page 109 for further discussions regarding the accounting and reporting of mortgage servicing rights.

Fair-Value Hierarchy

SFAS 157 specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect the Company's market assumptions. These two types of inputs have created the following fair-value hierarchy:

Level 1−Quoted prices for *identical* instruments in active markets.

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Level 2−Quoted prices for *similar* instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations in which all significant inputs and significant value drivers are observable in active markets.

Level 3−Valuations derived from valuation techniques in which one or more significant inputs or significant value drivers are *unobservable.*

This hierarchy requires the use of observable market data when available. The Company considers relevant and observable market prices in its valuations where possible. The frequency of transaction, the size of the bid-ask spread and the amount of adjustment necessary when comparing similar transactions are all factors in determining the liquidity of markets and the relevance of observed prices in those markets.

Determination of Fair Value

For assets and liabilities carried at fair value, the Company measures such value using the procedures set out below, irrespective of whether these assets and liabilities are carried at fair value as a result of an election under SFAS 159, SFAS 155 or SFAS 156, or whether they were previously carried at fair value.

When available, the Company generally uses quoted market prices to determine fair value, and classifies such items in Level 1. In some cases where a market price is available the Company will make use of acceptable practical expedients (such as matrix pricing) to calculate fair value, in which case the items are classified in Level 2.

If quoted market prices are not available, fair value is based upon internally developed valuation techniques that use, where possible, current market-based or independently

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sourced market parameters, such as interest rates, currency rates, option volatilities, etc. Items valued using such internally generated valuation techniques are classified according to the lowest level input or value driver that is significant to the valuation. Thus, an item may be classified in Level 3 even though there may be some significant inputs that are readily observable.

Where available, the Company may also make use of quoted prices for recent trading activity in positions with the same or similar characteristics to that being valued. The frequency and size of transactions and the amount of the bid-ask spread are among the factors considered in determining the liquidity of markets and the relevance of observed prices from those markets. If relevant and observable prices are available, those valuations would be classified as Level 2. If prices are not available, other valuation techniques would be used and the item would be classified as Level 3.

Fair value estimates from internal valuation techniques are verified, where possible, to prices obtained from independent vendors or brokers. Vendors and brokers valuations may be based on a variety of inputs ranging from observed prices to proprietary valuation models.

The following section describes the valuation methodologies used by the Company to measure various financial instruments at fair value, including an indication of the level in the fair value hierarchy in which each instrument is generally classified. Where appropriate the description includes details of the valuation models, the key inputs to those models as well as any significant assumptions.

Securities purchased under agreements to resell & securities sold under agreements to repurchase

No quoted prices exist for such instruments and so fair value is determined using a discounted cash-flow technique. Cash flows are estimated based on the terms of the contract, taking into account any embedded derivative or other features. Expected cash flows are discounted using market rates appropriate to the maturity of the instrument as well as the nature and amount of collateral taken or received. Generally, such instruments are classified within Level 2 of the fair-value hierarchy as the inputs used in the fair valuation are readily observable.

Trading Account Assets−Trading Securities and Trading Loans

When available, the Company uses quoted market prices to determine the fair value of trading securities; such items are classified in Level 1 of the fair-value hierarchy. Examples include some government securities and exchange-traded equity securities.

For bonds and secondary market loans traded over the counter, the Company generally determines fair value utilizing internal valuation techniques. Fair values estimates from internal valuation techniques are verified, where possible, to prices obtained from independent vendors. Vendors compile prices from various sources and may apply matrix pricing for similar bonds or loans where no price is observable. If available, the Company may also use quoted prices for recent trading activity of assets with similar characteristics to the bond or loan being valued. Trading securities and loans priced using such methods are generally classified as Level 2. However, when less liquidity exists for a security or loan, a quoted price is stale, or prices from independent sources vary, a loan or security is generally classified as Level 3.

Where the Company's principal market for a portfolio of loans is the securitization market, the Company uses the securitization price to determine the fair value of the portfolio. The securitization price is determined from the assumed proceeds of a hypothetical securitization in the current market, adjusted for transformation costs (i.e., direct costs other than transaction costs) and securitization uncertainties such as market conditions and liquidity. As a result of the severe reduction in the level of activity in certain securitization markets since the second half of 2007, observable securitization prices for certain directly comparable portfolios of loans have not been readily available. Therefore, such portfolios of loans are generally classified within Level 3 of the fair value hierarchy. However, for other loan securitization markets, such as those related to conforming prime fixed rate and conforming adjustable-rate mortgage loans, pricing verification of the hypothetical securitizations has been possible, since these markets have remained active. Accordingly, these loan portfolios are classified as Level 2 within the fair value hierarchy.

Trading Account Assets and Liabilities−Derivatives

Exchange-traded derivatives are generally fair valued using quoted market (i.e., exchange) prices and so are classified within Level 1 of the fair-value hierarchy.

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The majority of derivatives entered into by the Company are executed over the counter and so are valued using internal valuation techniques as no quoted market prices exist for such instruments. The valuation techniques and inputs depend on the type of derivative and the nature of the underlying instrument. The principal techniques used to value these instruments are discounted cash flows, Black-Scholes and Monte Carlo simulation. The fair values of derivative contracts reflect cash the Company has paid or received (for example, option premiums paid and received).

The key inputs depend upon the type of derivative and the nature of the underlying instrument and include interest rate yield curves, foreign-exchange rates, the spot price of the underlying, volatility, and correlation. The item is placed in either Level 2 or Level 3 depending on the observability of the significant inputs to the model. Correlation and items with longer tenors are generally less observable.

Subprime-Related Direct Exposures in CDOs

The Company accounts for its CDO super senior subprime direct exposures and the underlying securities on a fair-value basis with all changes in fair value recorded in earnings. Citigroup's CDO super senior subprime direct exposures are not subject to valuation based on observable transactions. Accordingly, the fair value of these exposures is based on management's best estimates based on facts and circumstances as of the date of these consolidated financial statements.

Citigroup's CDO super senior subprime direct exposures are Level 3 assets and are subject to valuation based on significant unobservable inputs. Fair value of these exposures (other than high grade and mezzanine as described below) is based on estimates of future cash flows from the

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mortgage loans underlying the assets of the ABS CDOs. To determine the performance of the underlying mortgage loan portfolios, the Company estimates the prepayments, defaults and loss severities based on a number of macroeconomic factors, including housing price changes, unemployment rates, interest rates, and borrower and loan attributes, such as age, credit scores, documentation status, loan-to-value (LTV) ratios, and debt-to-income (DTI) ratios. The model is calibrated using available mortgage loan information including historical loan performance. In addition, the methodology estimates the impact of geographic concentration of mortgages, and the impact of reported fraud in the origination of subprime mortgages. An appropriate discount rate is then applied to the cash flows generated for each ABCP and CDO-squared tranche, in order to estimate its current fair value.

When necessary, the valuation methodology used by Citigroup is refined and the inputs used for the purposes of estimation are modified, in part, to reflect ongoing market developments. More specifically, the inputs of home price appreciation (HPA) assumptions and delinquency data were updated during the quarter along with discount rates that are based upon a weighted average combination of implied spreads from single name ABS bond prices and ABX indices, as well as CLO spreads.

As was the case in the second quarter of 2008, the third quarter housing-price changes were estimated using a forward-looking projection. However, for third quarter 2008, this projection incorporates the Loan Performance Index, whereas in second quarter 2008, it incorporated the S&P Case Shiller Index. This change was made because the Loan Performance Index provided more comprehensive geographic data. In addition, the Company's mortgage default model has been updated for mortgage performance data from the first half of 2008, a period of sharp home price declines and high levels of mortgage foreclosures.

The valuation as of September 30, 2008 assumes a cumulative decline in U.S. housing prices from peak to trough of 32%. This rate assumes declines of 16% and 10% in 2008 and 2009, respectively, the remainder of the 32% decline having already occurred before the end of 2007. The valuation methodology as of June 30, 2008 assumed a cumulative decline in U.S. housing prices from peak to trough of 23%, with assumed declines of 12% and 3% in 2008 and 2009, respectively.

In addition, during the second and third quarters of 2008, the discount rates were based on a weighted average combination of the implied spreads from single name ABS bond prices, ABX indices and CLO spreads, depending on vintage and asset types. To determine the discount margin, the Company applies the mortgage default model to the bonds underlying the ABX indices and other referenced cash bonds and solves for the discount margin that produces the market prices of those instruments. Using this methodology, the impact of the decrease of the home price appreciation projection from -23% to -32% resulted in a decrease in the discount margins incorporated in the valuation model.

For the third quarter of 2008, the valuation of the high grade and mezzanine ABS CDO positions was changed from model valuation to trader prices based on the underlying assets of each high grade and mezzanine ABS CDO. Unlike the ABCP and CDO-squared positions, the high grade and mezzanine positions are now largely hedged through the ABX and bond short positions, which are by necessity, trader priced. Thus, this change brings closer symmetry in the way these long and short positions are valued by the Company. Citigroup intends to use trader marks to value this portion of the portfolio going forward so long as it remains largely hedged.

The primary drivers that currently impact the super senior valuations are the discount rates used to calculate the present value of projected cash flows and projected mortgage loan performance.

Given the above, the Company's CDO super senior subprime direct exposures were classified in Level 3 of the fair-value hierarchy.

For most of the lending and structuring direct subprime exposures (excluding super seniors), fair value is determined utilizing observable transactions where available, other market data for similar assets in markets that are not active and other internal valuation techniques.

Investments

The investments category includes available-for-sale debt and equity securities, whose fair value is determined using the same procedures described for trading securities above or, in some cases, using vendor prices as the primary source.

Also included in investments are nonpublic investments in private equity and real estate entities held by the *S&B* business. Determining the fair value of nonpublic securities involves a significant degree of management resources and judgment as no quoted prices exist and such securities are generally very thinly traded. In addition, there may be transfer restrictions on private equity securities. The Company uses an

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established process for determining the fair value of such securities, using commonly accepted valuation techniques, including the use of earnings multiples based on comparable public securities, industry specific non-earnings-based multiples and discounted cash flow models. In determining the fair value of nonpublic securities, the Company also considers events such as a proposed sale of the investee company, initial public offerings, equity issuances, or other observable transactions.

Private equity securities are generally classified in Level 3 of the fair value hierarchy.

Short-Term Borrowings and Long-Term Debt

The fair value of non-structured liabilities is determined by discounting expected cash flows using the appropriate discount rate for the applicable maturity. Such instruments are generally classified in Level 2 of the fair-value hierarchy as all inputs are readily observable.

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The Company determines the fair value of structured liabilities (where performance is linked to structured interest rates, inflation or currency risks) and hybrid financial instruments (performance linked to risks other than interest rates, inflation or currency risks) using the appropriate derivative valuation methodology (described above) given the nature of the embedded risk profile. Such instruments are classified in Level 2 or Level 3 depending on the observability of significant inputs to the model.

Market Valuation Adjustments

Liquidity adjustments are applied to items in Level 2 or Level 3 of the fair-value hierarchy to ensure that the fair value reflects the price at which the entire position could be liquidated. The liquidity reserve is based on the bid/offer spread for an instrument, adjusted to take into account the size of the position.

Counterparty credit-risk adjustments are applied to derivatives such as over-the-counter derivatives, where the base valuation uses market parameters based on the LIBOR interest rate curves. Not all counterparties have the same credit risk as that implied by the relevant LIBOR curve, so it is necessary to consider the market view of the credit risk of a counterparty in order to estimate the fair value of such an item.

Bilateral or "own" credit-risk adjustments are applied to reflect the Company's own credit risk when valuing derivatives and liabilities measured at fair value, in accordance with the requirements of SFAS 157.

Counterparty and own credit adjustments consider the estimated future cash flows between Citi and its counterparties under the terms of the instrument, and the effect of credit risk on the valuation of those cash flows, rather than a point-in-time assessment of the current recognized net asset or liability. Furthermore, the credit-risk adjustments take into account the effect of credit-risk mitigants such as pledged collateral and any legal right of offset (to the extent such offset exists) with a counterparty through arrangements such as netting agreements.

Auction Rate Securities

Auction Rate Securities (ARS) are long-term municipal bonds, corporate bonds, securitizations and preferred stocks with interest rates or dividend yields that are re-set through periodic auctions. The coupon paid in the current period is based on the rate determined by the prior auction. In the event of an auction failure, ARS holders receive a 'fail rate' coupon, which is specified by the original issue documentation of each ARS.

Where insufficient orders to purchase all of the ARS issue to be sold in an auction were received, the primary dealer or auction agent would traditionally have purchased any residual unsold inventory (without a contractual obligation to do so). This residual inventory would then be repaid through subsequent auctions, typically in a short timeframe. Due to this auction mechanism and generally liquid market, ARS have historically traded and were valued as short-term instruments.

Citigroup acted in the capacity of primary dealer for approximately $72 billion of ARS and continued to purchase residual unsold inventory in support of the auction mechanism until mid-February 2008. After this date, liquidity in the ARS market deteriorated significantly, auctions failed due to a lack of bids from third-party investors, and Citigroup ceased to purchase unsold inventory. Following a number of ARS refinancings, at September 30, 2008, Citigroup continued to act in the capacity of primary dealer for approximately $41 billion of outstanding ARS.

The Company classifies its ARS as trading securities and accounts for them on a fair value basis with all changes in fair value recorded in earnings.

Prior to our first auction failing in the first quarter of 2008, Citigroup valued ARS based on observation of auction market prices, because the auctions had a short maturity period (7, 28, and 35 days). This generally resulted in valuations at par. Once the auctions failed, ARS could no longer be valued using observation of auction market prices. Accordingly, the fair value of ARS is currently estimated using internally developed discounted cash flow valuation techniques specific to the nature of the assets underlying each ARS.

For ARS with U.S. municipal securities as underlying assets, future cash flows are estimated based on the terms of the securities underlying each individual ARS and discounted at an estimated discount rate in order to estimate the current fair value. The key assumptions that impact the ARS valuations are estimated prepayments and re-financings, estimated fail rate coupons (i.e., the rate paid in the event of

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auction failure, which varies according to the current credit rating of the issuer), and the discount rate used to calculate the present value of projected cash flows. The discount rate used for each ARS is based on rates observed for straight issuances of other municipal securities. In order to arrive at the appropriate discount rate, these observed rates were adjusted upwards to factor in the specifics of the ARS structure being valued, such as callability, and the illiquidity in the ARS market.

For ARS with student loans as underlying assets, future cash flows are estimated based on the terms of the loans underlying each individual ARS, discounted at an appropriate discount rate in order to estimate the current fair value. The key assumptions that impact the ARS valuations are the expected weighted average life of the structure, estimated fail rate coupons, the amount of leverage in each structure, and the discount rate used to calculate the present value of projected cash flows. The discount rate used for each ARS is based on rates observed for vanilla securitizations with similar maturities to the loans underlying each ARS being valued. In order to arrive at the appropriate discount rate, these observed rates were adjusted upwards to factor in the specifics of the ARS structure being valued, such as callability, and the illiquidity in the ARS market.

During the first quarter of 2008, ARS for which the auctions failed and where no secondary market has developed were moved to Level 3, as the assets were subject to valuation using significant unobservable inputs. The majority of these ARS continued to be classified in Level 3 since then.

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Alt-A Mortgage Securities

The Company reports Alt-A mortgage securities in Trading account assets and available-for-sale Investments. In both cases the securities are recorded at fair value with changes in fair value reported in current earnings and OCI, respectively. For these purposes, Alt-A mortgage securities are non-agency residential mortgage-backed securities (RMBS) where: (1) the underlying collateral has weighted average FICO scores between 680 and 720 or, (2) for instances where FICO scores are greater than 720, RMBS have 30% or less of the underlying collateral composed of full documentation loans.

Similar to the valuation methodologies used for other trading securities and trading loans, the Company generally determines the fair value of Alt-A mortgage securities utilizing internal valuation techniques. Fair value estimates from internal valuation techniques are verified, where possible, to prices obtained from independent vendors. Vendors compile prices from various sources. Where available, the Company may also make use of quoted prices for recent trading activity in securities with the same or similar characteristics to that being valued.

The internal valuation techniques used for Alt-A mortgage securities, as with other mortgage exposures, consider estimated housing price changes, unemployment rates, interest rates, and borrower attributes. They also consider prepayment rates as well as other market indicators.

Alt-A mortgage securities that are valued using these methods are generally classified as Level 2. However, Alt-A mortgage securities backed by Alt-A mortgages of lower quality or more recent vintages are mostly classified in Level 3 due to the reduced liquidity that exists for such positions, which reduces the reliability of prices available from independent sources.

Commercial Real Estate Exposure

Citigroup reports a number of different exposures linked to commercial real estate at fair value with changes in fair value reported in earnings, including securities, loans and investments in entities that hold commercial real estate loans or commercial real estate directly. The Company also reports securities backed by commercial real estate as available-for-sale investments, which are carried at fair value with changes in fair value reported in OCI.

Similar to the valuation methodologies used for other trading securities and trading loans, the Company generally determines the fair value of securities and loans linked to commercial real estate utilizing internal valuation techniques. Fair value estimates from internal valuation techniques are verified, where possible, to prices obtained from independent vendors. Vendors compile prices from various sources. Where available, the Company may also make use of quoted prices for recent trading activity in securities or loans with the same or similar characteristics to that being valued. Securities and loans linked to commercial real estate valued using these methodologies are generally classified as Level 3 as a result of the reduced liquidity currently in the market for such exposures.

The fair value of investments in entities that hold commercial real estate loans or commercial real estate directly is determined using a similar methodology to that used for other non-public investments in real estate held by *S&B* business. The Company uses an established process for determining the fair value of such securities, using commonly accepted valuation techniques, including the use of earnings multiples based on comparable public securities, industry specific non-earnings-based multiples and discounted cash flow models. In determining the fair value of such investments, the Company also considers events such as a proposed sale of the investee company, initial public offerings, equity issuances, or other observable transactions. Such investments are generally classified in Level 3 of the fair value hierarchy.

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Fair-Value Elections

The following table presents, as of September 30, 2008, those positions selected for fair-value accounting in accordance with SFAS 159, SFAS 156, and SFAS 155, as well as the changes in fair value for the nine months ended September 30, 2008 and September 30, 2007.

		Changes in fair value gains (losses)			
		Year-to-Date 2008		Year-to-Date 2007	
In millions of dollars	September 30, 2008	Principal transactions	Other	Principal transactions	Other
Assets					
Federal funds sold and securities borrowed or purchased under agreements to resell					
Selected portfolios of securities purchased under agreements to resell, securities borrowed(1)	**$ 71,768**	**$ 675**	**$ –**	$ 675	$ –
Trading account assets:					
Legg Mason convertible preferred equity securities originally classified as available-for-sale	**$ –**	**$ (13)**	**$ –**	$ (90)	$ –
Selected letters of credit hedged by credit default swaps or participation notes	**7**	**(2)**	**–**	(2)	–
Certain credit products	**24,211**	**(1,143)**	**–**	(592)	–
Certain hybrid financial instruments	**52**	**3**	**–**	–	–
Retained interests from asset securitizations	**4,217**	**(521)**	**–**	215	–
Total trading account assets	**$ 28,487**	**$ (1,676)**	**$ –**	$ (469)	$ –
Investments:					
Certain investments in private equity and real estate ventures	**$ 665**	**$ –**	**$ (54)**	$ –	$ 44

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Certain equity method investments	**1,064**	**–**	**(154)**	–	83
Other	**292**	**–**	**(60)**	–	7
Total investments	**$ 2,021**	**$ –**	**$(268)**	$ –	$ 134
Loans:					
Certain credit products	**$ 2,926**	**$ (53)**	**$ –**	$ 37	$ –
Certain mortgage loans	**32**	**–**	**(22)**	–	–
Certain hybrid financial instruments	**504**	**28**	**–**	$ (69)	–
Total loans	**$ 3,462**	**$ (25)**	**$ (22)**	$ (32)	$ –
Other assets:					
Mortgage servicing rights	**$ 8,346**	**$ –**	**$ 568**	$ –	$1,257
Certain mortgage loans	**6,592**	**–**	**(45)**	–	42
Total other assets	**$ 14,938**	**$ –**	**$ 523**	$ –	$1,299
Total	**$ 120,676**	**$ (1,026)**	**$ 233**	$ 174	$1,433
Liabilities					
Interest-bearing deposits:					
Certain structured liabilities	**$ 380**	**$ –**	**$ –**	$ 3	$ –
Certain hybrid financial instruments	**3,123**	**376**	**–**	84	–

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Total interest-bearing deposits	**$ 3,503**	**$ 376**	**$ –**	$ 87	$ –
Federal funds purchased and securities loaned or sold under agreements to repurchase					
Selected portfolios of securities sold under agreements to repurchase, securities loaned(1)	**$ 156,234**	**$ (44)**	**$ –**	$ (128)	$ –
Trading account liabilities:					
Certain hybrid financial instruments	**$ 10,048**	**$ 2,618**	**$ –**	$ (317)	$ –
Short-term borrowings:					
Certain non-collateralized short-term borrowings	**$ 3,382**	**$ 45**	**$ –**	$ (3)	$ –
Certain hybrid financial instruments	**3,197**	**176**	**–**	31	–
Certain structured liabilities	**4**	**10**	**–**	–	–
Certain non-structured liabilities	**724**	**–**	**–**	–	–
Total short-term borrowings	**$ 7,307**	**$ 231**	**$ –**	$ 28	$ –
Long-term debt:					
Certain structured liabilities	**$ 2,905**	**$ 446**	**$ –**	$ 47	$ –
Certain non-structured liabilities	**23,596**	**3,441**	**–**	8	–
Certain hybrid financial instruments	**20,981**	**2,335**	**–**	806	–
Total long-term debt	**$ 47,482**	**$ 6,222**	**$ –**	$ 861	$ –

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Total	**$ 224,574**	**$ 9,403**	**$ −**	$ 531	$ −

(1) Reflects netting of the amounts due from securities purchased under agreements to resell and the amounts owed under securities sold under agreements to repurchase in accordance with FASB Interpretation No. 41, "Offsetting of Amounts Related to Certain Repurchase and Reverse Repurchase Agreements."

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The fair value of liabilities for which the fair-value option was elected (other than non-recourse and similar liabilities, such as the liabilities of the SIVs consolidated by the Company), was impacted by the widening of the Company's credit spread. The estimated change in the fair value of these liabilities due to such changes in the Company's own credit risk (or instrument-specific credit risk) was a gain of $1,525 million and $112 million for the three months ended September 30, 2008 and September 30, 2007, respectively, and a gain of $2,576 million and $241 million for the nine months ended September 30, 2008 and September 30, 2007, respectively. Changes in fair value resulting from changes in instrument-specific credit risk were estimated by incorporating the Company's current observable credit spreads into the relevant valuation technique used to value each liability as described above.

Impact on Retained earnings of certain fair-value elections in accordance with SFAS 159

Detailed below are the December 31, 2006 carrying values prior to adoption of SFAS 159, the transition adjustments booked to opening Retained earnings and the fair values (that is, the carrying values at January 1, 2007 after adoption) for those items that were selected for fair-value option accounting and that had an impact on Retained earnings:

In millions of dollars	December 31, 2006 (carrying value prior to adoption)	Cumulative-effect adjustment to January 1, 2007 retained earnings– gain (loss)	January 1, 2007 fair value (carrying value after adoption)
Legg Mason convertible preferred equity securities originally classified as available-for-sale(1)	$ 797	$ (232)	$ 797
Selected portfolios of securities purchased under agreements to resell(2)	167,525	25	167,550
Selected portfolios of securities sold under agreements to repurchase(2)	237,788	40	237,748
Selected non-collateralized short-term borrowings	3,284	(7)	3,291
Selected letters of credit hedged by credit default swaps or participation notes	–	14	14
Various miscellaneous eligible items(1)	96	3	96
Pretax cumulative effect of adopting fair value option accounting		$ (157)	
After-tax cumulative effect of adopting fair value option accounting		(99)	

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(1) The Legg Mason securities as well as several miscellaneous items were previously reported at fair value within available-for-sale securities. The cumulative-effect adjustment represents the reclassification of the related unrealized gain/loss from Accumulated other comprehensive income to Retained earnings upon the adoption of the fair value option.

(2) Excludes netting of the amounts due from securities purchased under agreements to resell and the amounts owed under securities sold under agreements to repurchase in accordance with FIN 41.

Additional information regarding each of these items follows.

Legg Mason convertible preferred equity securities

The Legg Mason convertible preferred equity securities (Legg shares) were acquired in connection with the sale of Citigroup's Asset Management business in December 2005. The Company held these shares as a non-strategic investment for long-term appreciation and, therefore, selected fair-value option accounting in anticipation of the future implementation of the Investment Company Audit Guide Statement of Position 07-1, "Clarification of the Scope of Audit and Accounting Guide *Audits of Investment Companies* and Accounting by Parent Companies and Equity Method Investors for Investment Companies" (SOP), which was to be effective beginning January 1, 2008. In February 2008, the FASB delayed the implementation of the SOP indefinitely.

Under the current investment company accounting model, investments held in investment company vehicles are recorded at full fair value (where changes in fair value are recorded in earnings) and are not subject to consolidation guidelines. Under the SOP, non-strategic investments not held in investment companies, which are deemed similar to non-strategic investments held in Citigroup's investment companies, must be accounted for at full fair value in order for Citigroup to retain investment company accounting in the Company's Consolidated Financial Statements. Therefore, we have utilized the fair-value option to migrate the Legg shares from available-for-sale (where changes in fair value are recorded in accumulated other comprehensive income (loss)) to a full fair value model (where changes in value are recorded in earnings).

Prior to the election of fair value option accounting, the shares were classified as available-for-sale securities with the unrealized loss of $232 million as of December 31, 2006 included in Accumulated other comprehensive income (loss). In connection with the Company's adoption of SFAS 159, this unrealized loss was recorded as a reduction of January 1, 2007 Retained earnings as part of the cumulative-effect adjustment.

During the first quarter of 2008, the Company sold the remaining 8.4 million Legg shares at a pretax loss of $10.3 million ($6.7 million after-tax).

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Selected portfolios of securities purchased under agreements to resell, securities borrowed, securities sold under agreements to repurchase, securities loaned, and certain non-collateralized short-term borrowings

The Company elected the fair-value option retrospectively for our United States and United Kingdom portfolios of fixed-income securities purchased under agreements to resell and fixed-income securities sold under agreements to repurchase (and certain non-collateralized short-term borrowings). The fair-value option was also elected prospectively in the second quarter of 2007 for certain portfolios of fixed-income securities lending and borrowing transactions based in Japan. In each case, the election was made because these positions are managed on a fair value basis. Specifically, related interest-rate risk is managed on a portfolio basis, primarily with derivative instruments that are accounted for at fair value through earnings. Previously, these positions were accounted for on an accrual basis.

The cumulative effect of $58 million pretax ($37 million after-tax) from adopting the fair-value option for the U.S. and U.K. portfolios was recorded as an increase in the January 1, 2007 Retained earnings balance. The September 30, 2008 and December 31, 2007 net balances of $71.8 billion and $84.3 billion, respectively, for Securities purchased under agreements to resell and Securities borrowed, and $156.2 billion and $199.9 billion for Securities sold under agreements to repurchase and Securities loaned are included as such in the Consolidated Balance Sheet. The uncollateralized short-term borrowings of $3.4 billion and $5.1billion as of September 30, 2008 and December 31, 2007, respectively, are recorded in that account in the Consolidated Balance Sheet.

Changes in fair value for transactions in these portfolios are recorded in Principal transactions. The related interest revenue and interest expense are measured based on the contractual rates specified in the transactions and are reported as interest revenue and expense in the Consolidated Statement of Income.

Selected letters of credit and revolving loans hedged by credit default swaps or participation notes

The Company has elected fair-value accounting for certain letters of credit that are hedged with derivative instruments or participation notes. Upon electing the fair-value option, the related portions of the allowance for loan losses and the allowance for unfunded lending commitments were reversed. Citigroup elected the fair-value option for these transactions because the risk is managed on a fair-value basis and to mitigate accounting mismatches.

The cumulative effect of $14 million pretax ($9 million after-tax) of adopting fair-value option accounting was recorded as an increase in the January 1, 2007 Retained earnings balance. The change in fair value, as well as the receipt of related fees, were reported as Principal transactions in the Company's Consolidated Statement of Income.

The notional amount of these unfunded letters of credit was $1.4 billion as of September 30, 2008 and December 31, 2007. The amount funded was insignificant with no amounts 90 days or more past due or on a non-accrual status at September 30, 2008 and December 31, 2007.

These items have been classified appropriately in Trading account assets or Trading account liabilities on the Consolidated Balance Sheet.

Various miscellaneous eligible items

Several miscellaneous eligible items previously classified as available-for-sale securities were selected for fair-value option accounting. These items were selected in preparation for the adoption of the Investment Company Audit Guide SOP, as previously discussed. In February 2008, the FASB delayed the implementation of this SOP indefinitely.

Other items for which the fair value option was selected in accordance with SFAS 159

The Company has elected the fair-value option for the following eligible items, which did not affect opening Retained earnings:

certain credit products

certain investments in private equity and real estate ventures

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- certain structured liabilities
- certain non-structured liabilities
- certain equity-method investments
- certain mortgage loans

Certain credit products

Citigroup has elected the fair-value option for certain originated and purchased loans, including certain unfunded loan products, such as guarantees and letters of credit, executed by Citigroup's trading businesses. None of these credit products are highly leveraged financing commitments. Significant groups of transactions include loans and unfunded loan products that will either be sold or securitized in the near term, or transactions where the economic risks are hedged with derivative instruments. Citigroup has elected the fair-value option to mitigate accounting mismatches in cases where hedge accounting is complex and to achieve operational simplifications. Fair value was not elected for most lending transactions across the Company, including where those management objectives would not be met.

The balances for these loan products, which are classified in Trading account assets or Loans, were $24.2 billion and $2.9 billion as of September 30, 2008, and $26.0 billion and $3.0 billion as of December 31, 2007, respectively. The aggregate unpaid principal balances exceeded the aggregate fair values by $1.6 billion and $894 million as of September 30, 2008 and December 31, 2007, respectively. $77 million and $186 million of these loans were on a non-accrual basis as of September 30, 2008 and December 31, 2007, respectively. For those loans that are on a non-accrual basis, the aggregate unpaid principal balances exceeded the aggregate fair values by $141 million as of September 30, 2008 and $68 million as of December 31, 2007.

In addition, $164 million and $141 million of unfunded loan commitments related to certain credit products selected for fair-value accounting were outstanding as of September 30, 2008 and December 31, 2007, respectively.

Changes in fair value of funded and unfunded credit products are classified in Principal transactions in the Company's Consolidated Statement of Income. Related interest revenue is measured based on the contractual interest

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rates and reported as Interest revenue on trading account assets or loans depending on their balance sheet classifications. The changes in fair value for the nine months ended September 30, 2008 due to instrument-specific credit risk totaled to a loss of $32 million.

Certain investments in private equity and real estate ventures

Citigroup invests in private equity and real estate ventures for the purpose of earning investment returns and for capital appreciation. The Company has elected the fair-value option for certain of these ventures in anticipation of the future implementation of the Investment Company Audit Guide SOP, because such investments are considered similar to many private equity or hedge fund activities in our investment companies, which are reported at fair value. See previous discussion regarding the SOP. The fair-value option brings consistency in the accounting and evaluation of certain of these investments. As required by SFAS 159, all investments (debt and equity) in such private equity and real estate entities are accounted for at fair value.

These investments, which totaled $665 million and $539 million as of September 30, 2008 and December 31, 2007, respectively, are classified as Investments on Citigroup's Consolidated Balance Sheet. Changes in the fair values of these investments are classified in Other revenue in the Company's Consolidated Statement of Income.

Certain structured liabilities

The Company has elected the fair-value option for certain structured liabilities whose performance is linked to structured interest rates, inflation or currency risks ("structured liabilities").

The Company has elected the fair-value option for structured liabilities, because these exposures are considered to be trading-related positions and, therefore, are managed on a fair-value basis. These positions will continue to be classified as debt, deposits or derivatives according to their legal form on the Company's Consolidated Balance Sheet. The balances for these structured liabilities, which are classified as Interest-bearing deposits and Long-term debt on the Consolidated Balance Sheet, are $380 million and $2.9 billion as of September 30, 2008 and $264 million and $3.0 billion as of December 31, 2007.

For those structured liabilities classified as Long-term debt for which the fair-value option has been elected, the aggregate unpaid principal balance exceeds the aggregate fair value of such instruments by $211 million as of September 30, 2008 and $7 million as of December 31, 2007.

The change in fair value for these structured liabilities is reported in Principal transactions in the Company's Consolidated Statement of Income.

Related interest expense is measured based on the contractual interest rates and reported as such in the Consolidated Income Statement.

Certain non-structured liabilities

The Company has elected the fair-value option for certain non-structured liabilities with fixed and floating interest rates ("non-structured liabilities"). The Company has elected the fair-value option where the interest-rate risk of such liabilities is economically hedged with derivative contracts or the proceeds are used to purchase financial assets that will also be fair valued. The election has been made to mitigate accounting mismatches and to achieve operational simplifications. These positions are reported in Short-term borrowings and Long-term debt on the Company's Consolidated Balance Sheet. The balances of these short-term and long-term non-structured liabilities as of September 30, 2008 were $724 million and $23.6 billion and, as of December 31, 2007, were $4.8 billion and $49.1 billion, respectively.

The majority of these non-structured liabilities are a result of the Company's election of the fair value option for liabilities associated with the consolidation of CAI's Structured Investment Vehicles (SIVs) during the fourth quarter of 2007. The change in fair values of the SIV's liabilities reported in earnings was $298 million for the quarter ended September 30, 2008. For these non-structured liabilities the aggregate fair value approximates the aggregate unpaid principal balance of such instruments as of September 30, 2008.

For all other non-structured liabilities classified as Long-term debt for which the fair-value option has been elected, the aggregate fair value exceeds the aggregate unpaid principal balance of such instruments by $250 million as of September 30, 2008 and $112 million as of

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December 31, 2007. The change in fair value of these non-structured liabilities reported a loss of $1 million for the quarter ended September 30, 2008.

These non-structured liabilities for which the fair value option has been elected are classified as Long-term debt. The change in fair value for these non-structured liabilities is reported in Principal transactions in the Company's Consolidated Statement of Income.

Related interest expense continues to be measured based on the contractual interest rates and reported as such in the Consolidated Income Statement.

Certain equity-method investments

Citigroup adopted fair-value accounting for various non-strategic investments in leveraged buyout funds and other hedge funds that previously were required to be accounted for under the equity method. Management elected fair-value accounting to reduce operational and accounting complexity. Since the funds account for all of their underlying assets at full fair value, the impact of applying the equity method to Citigroup's investment in these funds was equivalent to fair value accounting. Thus, this fair-value election had no impact on opening Retained earnings.

These fund investments, which totaled $1.1 billion as of September 30, 2008 and $1.1 billion as of December 31, 2007, are classified as Investments on the Consolidated Balance Sheet. Changes in the fair values of these investments are classified in Other revenue in the Consolidated Statement of Income.

Certain mortgage loans

Citigroup has elected the fair-value option for certain purchased and originated prime fixed-rate and conforming adjustable-rate first mortgage loans held-for-sale. These loans are intended for sale or securitization and are hedged with derivative instruments. The Company has elected the fair-value option to mitigate accounting mismatches in cases

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where hedge accounting is complex and to achieve operational simplifications. The fair-value option was not elected for loans held-for-investment, as those loans are not hedged with derivative instruments. This election was effective for applicable instruments originated or purchased since September 1, 2007.

The balance of these mortgage loans held-for-sale, which were classified as Other assets as of September 30, 2008 was $6.6 billion. As of December 31, 2007, the balance was $6.4 billion. The aggregate fair value exceeded the unpaid principal balances by $122 million as of September 30, 2008 and $136 million as of December 31, 2007. The balance of these loans 90 days or more past due and on a non-accrual basis was $5 million at September 30, 2008 and $17 million at December 31, 2007, with aggregate unpaid principal balances exceeding aggregate fair values by $6 million at September 30, 2008. The difference between aggregate fair values and aggregate unpaid principal balance was immaterial at December 31, 2007.

The changes in fair values of these mortgage loans held-for-sale is reported in Other revenue in the Company's Consolidated Statement of Income. The changes in fair value during the nine months ended September 30, 2008 due to instrument-specific credit risk resulted in a $30 million loss. Related interest income continues to be measured based on the contractual interest rates and reported as such in the Consolidated Income Statement.

Items selected for fair-value accounting in accordance with SFAS 155 and SFAS 156

Certain hybrid financial instruments

The Company has elected to apply fair-value accounting under SFAS 155 for certain hybrid financial assets and liabilities whose performance is linked to risks other than interest rate, foreign exchange or inflation (e.g., equity, credit or commodity risks). In addition, the Company has elected fair-value accounting under SFAS 155 for residual interests retained from securitizing certain financial assets.

The Company has elected fair-value accounting for these instruments because these exposures are considered to be trading-related positions and, therefore, are managed on a fair-value basis. In addition, the accounting for these instruments is simplified under a fair-value approach as it eliminates the complicated operational requirements of bifurcating the embedded derivatives from the host contracts and accounting for each separately. The hybrid financial instruments are classified as Loans, Deposits, Trading liabilities (for pre-paid derivatives) or debt on the Company's Consolidated Balance Sheet according to their legal form, while residual interests in certain securitizations are classified as Trading account assets.

The outstanding balances for these hybrid financial instruments classified in Loans is $504 million, while $3.1 billion was in Interest-bearing deposits, $10.0 billion in Trading account liabilities, $3.2 billion in Short-term borrowings and $21.0 billion in Long-term debt on the Consolidated Balance Sheet as of September 30, 2008. As of December 31, 2007, the outstanding balances for such instruments classified in Loans was $689 million, while $3.3 billion was in Interest-bearing deposits, $12.1 billion in Trading account liabilities, $3.6 billion in Short-term borrowings and $27.3 billion in Long-term debt on the Consolidated Balance Sheet. In addition, $4.2 billion and $2.6 billion of the amount reported in Trading account assets as of September 30, 2008 and December 31, 2007, respectively, were primarily for the retained interests in securitizations.

For hybrid financial instruments for which fair-value accounting has been elected under SFAS 155 and that are classified as Long-term debt, the aggregate unpaid principal exceeds the aggregate fair value by $1.4 billion as of September 30, 2008, while the aggregate fair value exceeds the aggregate unpaid principal balance by $460 million as of December 31, 2007. The difference for those instruments classified as Loans is immaterial.

Changes in fair value for hybrid financial instruments, which in most cases includes a component for accrued interest, are recorded in Principal transactions in the Company's Consolidated Statement of Income. Interest accruals for certain hybrid instruments classified as trading assets are recorded separately from the change in fair value as Interest revenue in the Company's Consolidated Statement of Income.

Mortgage servicing rights

The Company accounts for mortgage servicing rights (MSRs) at fair value in accordance with SFAS 156. Fair value for MSRs is determined using an option-adjusted spread valuation approach. This approach consists of projecting servicing cash flows under multiple

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interest-rate scenarios and discounting these cash flows using risk-adjusted discount rates. The model assumptions used in the valuation of MSRs include mortgage prepayment speeds and discount rates. The fair value of MSRs is primarily affected by changes in prepayments that result from shifts in mortgage interest rates. In managing this risk, the Company hedges a significant portion of the values of its MSRs through the use of interest-rate derivative contracts, forward-purchase commitments of mortgage-backed securities, and purchased securities classified as trading. See Note 15 on page 109 for further discussions regarding the accounting and reporting of MSRs.

These MSRs, which totaled $8.3 billion and $8.4 billion as of September 30, 2008 and December 31, 2007, respectively, are classified as Intangible assets on Citigroup's Consolidated Balance Sheet. Changes in fair value for MSRs are recorded in Commissions and fees in the Company's Consolidated Statement of Income.

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Items Measured at Fair Value on a Recurring Basis

The following tables present for each of the fair-value hierarchy levels the Company's assets and liabilities that are measured at fair value on a recurring basis at September 30, 2008 and December 31, 2007. The Company often hedges positions that have been classified in the Level 3 category with financial instruments that have been classified as Level 1 or Level 2. In addition, the Company also hedges items classified in the Level 3 category with instruments classified in Level 3 of the fair value hierarchy. The effects of these hedges are presented gross in the following table.

In millions of dollars at September 30, 2008	Level 1	Level 2	Level 3	Gross inventory	Netting(1)	Net balance
Assets						
Federal funds sold and securities borrowed or purchased under agreements to resell	$ –	$ 127,832	$ –	$ 127,832	$ (56,064)	$ 71,768
Trading account assets						
Trading securities and loans	101,476	177,760	85,319	364,555	–	364,555
Derivatives	9,521	583,994	33,909	627,424	(534,516)	92,908
Investments	43,173	126,440	28,236	197,849	–	197,849
Loans(2)	–	3,307	155	3,462	–	3,462
Mortgage servicing rights	–	–	8,346	8,346	–	8,346
Other financial assets measured on a recurring basis	–	16,961	1,676	18,637	(4,527)	14,110
Total assets	**$154,170**	**$1,036,294**	**$157,641**	**$1,348,105**	**$(595,107)**	**$752,998**
	11.4%	**76.9%**	**11.7%**	**100.0%**		
Liabilities						
Interest-bearing deposits	$ –	$ 3,419	$ 84	$ 3,503	$ –	$ 3,503

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Federal funds purchased and securities loaned or sold under agreements to repurchase	−	209,479	2,819	212,298	(56,064)	156,234
Trading account liabilities						
Securities sold, not yet purchased	53,026	11,765	1,131	65,922	−	65,922
Derivatives	9,016	586,321	37,057	632,394	(529,033)	103,361
Short-term borrowings	−	5,416	1,891	7,307	−	7,307
Long-term debt	−	13,667	33,815	47,482	−	47,482
Other financial liabilities measured on a recurring basis	−	7,425	25	7,450	(4,527)	2,923
Total liabilities	**$ 62,042**	**$ 837,492**	**$ 76,822**	**$ 976,356**	**$(589,624)**	**$386,732**
	6.4%	**85.8%**	**7.8%**	**100.0%**		

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Items Measured at Fair Value on a Recurring Basis (continued)

In millions of dollars at December 31, 2007	Level 1	Level 2	Level 3	Gross inventory	Netting(1)	Net balance
Assets						
Federal funds sold and securities borrowed or purchased under agreements to resell	$ –	$132,383	$ 16	$ 132,399	$ (48,094)	$ 84,305
Trading account assets						
Trading securities and loans	151,684	234,846	75,573	462,103	–	462,103
Derivatives	7,204	428,779	31,226	467,209	(390,328)	76,881
Investments	64,375	125,282	17,060	206,717	–	206,717
Loans(2)	–	3,718	9	3,727	–	3,727
Mortgage servicing rights	–	–	8,380	8,380	–	8,380
Other financial assets measured on a recurring basis	–	13,570	1,171	14,741	(4,939)	9,802
Total assets	**$223,263**	**$938,578**	**$133,435**	**$1,295,276**	**$(443,361)**	**$851,915**
	17.2%	**72.5%**	**10.3%**	**100.0%**		
Liabilities						
Interest-bearing deposits	$ –	$ 3,542	$ 56	$ 3,598	$ –	$ 3,598
Federal funds purchased and securities loaned or sold under agreements to repurchase	–	241,790	6,158	247,948	(48,094)	199,854
Trading account liabilities						

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Securities sold, not yet purchased	68,928	9,140	473	78,541	−	78,541
Derivatives	8,602	447,119	33,696	489,417	(385,876)	103,541
Short-term borrowings	−	8,471	5,016	13,487	−	13,487
Long-term debt	−	70,359	8,953	79,312	−	79,312
Other financial liabilities measured on a recurring basis	−	6,506	1	6,507	(4,939)	1,568
Total liabilities	**$ 77,530**	**$786,927**	**$ 54,353**	**$ 918,810**	**$(438,909)**	**$479,901**
	8.4%	**85.7%**	**5.9%**	**100.0%**		

(1) Represents netting of: (i) the amounts due under securities purchased under agreements to resell and the amounts owed under securities sold under agreements to repurchase in accordance with FIN 41, and (ii) derivative exposures covered by a qualifying master netting agreement in accordance with FIN 39, cash collateral, and the market value adjustment.

(2) There is no allowance for loan losses recorded for loans reported at fair value.

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The following tables present the changes in the Level 3 fair-value category for the three months and nine months ended September 30, 2008 and 2007. The Company classifies financial instruments in Level 3 of the fair-value hierarchy when there is reliance on at least one significant unobservable input to the valuation model. In addition to these unobservable inputs, the valuation models for Level 3 financial instruments typically also rely on a number of inputs that are readily observable either directly or indirectly. Thus, the gains and losses presented below include changes in the fair value related to both observable and unobservable inputs.

The Company often hedges positions with offsetting positions that are classified in a different level. For example, the gains and losses for assets and liabilities in the Level 3 category presented in the tables below do not reflect the effect of offsetting losses and gains on hedging instruments that have been classified by the Company in the Level 1 and Level 2 categories. In addition, the Company hedges items classified in the Level 3 category with instruments also classified in Level 3 of the fair-value hierarchy. The effects of these hedges are presented gross in the following tables.

In millions of dollars	June 30, 2008	Net realized/ unrealized gains (losses) included in		Transfers in and/or out of Level 3	Purchases, issuances and settlements	September 30, 2008	Unrealized gains (losses) still held(3)
		Principal transactions	Other(1)(2)				
Assets							
Trading account assets							
Trading securities and loans	$76,819	$ (5,640)	$ –	$13,283	$ 857	$ 85,319	$ (5,439)
Investments	27,086	–	(1,287)	3,818	(1,381)	28,236	(1,190)
Loans	145	(14)	–	–	24	155	(22)
Mortgage servicing rights	8,934	–	(396)	–	(192)	8,346	(396)
Other financial assets measured on a recurring basis	1,451	–	(26)	353	(102)	1,676	(3)
Liabilities							
Interest-bearing deposits	$ 111	$ 10	$ –	$ –	$ (17)	$ 84	$ 8
Securities sold under agreements to repurchase	3,166	(159)	–	73	(579)	2,819	(39)

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Trading account liabilities							
Securities sold, not yet purchased	1,718	3	−	366	(950)	1,131	34
Derivatives, net(4)	102	2,904	−	3,072	2,878	3,148	3,092
Short-term borrowings	1,160	54	−	511	274	1,891	38
Long-term debt	38,355	940	−	3,277	(6,877)	33,815	403
Other financial liabilities measured on a recurring basis	26	−	(45)	−	(46)	25	(45)

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In millions of dollars	December 31, 2007	Net realized/ unrealized gains (losses) included in Principal transactions	Other(1)(2)	Transfers in and/or out of Level 3	Purchases, issuances and settlements	September 30, 2008	Unrealized gains (losses) still held(3)
Assets							
Securities purchased under agreements to resell	$ 16	$ –	$ –	$ –	$ (16)	$ –	$ –
Trading account assets							
Trading securities and loans	75,573	(18,831)	–	32,028	(3,451)	85,319	(14,065)
Investments	17,060	–	(2,834)	6,789	7,221	28,236	(1,268)
Loans	9	(3)	–	–	149	155	(2)
Mortgage servicing rights	8,380	–	568	–	(602)	8,346	568
Other financial assets measured on a recurring basis	1,171	–	21	422	62	1,676	21
Liabilities							
Interest-bearing deposits	$ 56	$ (9)	$ –	$ 13	$ 6	$ 84	$ (3)
Securities sold under agreements to repurchase	6,158	(88)	–	(2,293)	(1,134)	2,819	45
Trading account liabilities							
Securities sold, not yet purchased	473	(5)	–	998	(345)	1,131	118
Derivatives, net(4)	2,470	5,701	–	3,178	3,201	3,148	3,638

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Short-term borrowings	5,016	203	−	(1,772)	(1,150)	1,891	110
Long-term debt	8,953	1,349	−	41,296	(15,085)	33,815	875
Other financial liabilities measured on a recurring basis	1	−	(59)	−	(35)	25	(5)

		Net realized/ unrealized gains (losses) included in					
In millions of dollars	June 30, 2007	Principal transactions	Other(1)(2)	Transfers in and/or out of Level 3	Purchases, issuances and settlements	September 30, 2007	Unrealized gains (losses) still held(3)
Assets							
Securities purchased under agreements to resell	$ 16	$ −	$ −	$ −	$ −	$ 16	$ −
Trading account assets							
Trading securities and loans	42,945	(1,609)	−	8,938	30,398	80,672	(1,813)
Derivatives, net(4)	(1,184)	1,325	−	2,248	(830)	1,559	1,464
Investments	20,201	−	372	495	(424)	20,644	106
Loans	1,195	−	−	(1,252)	59	2	−
Mortgage servicing rights	10,072	−	(267)	−	152	9,957	(325)
Other financial assets measured on a recurring basis	1,106	−	15	−	29	1,150	10
Liabilities							

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Interest-bearing deposits	$ 90	$ –	$ –	$ –	$ (1)	$ 89	$ (3)
Securities sold under agreements to repurchase	6,241	(86)	–	–	160	6,487	(81)
Trading account liabilities							
Securities sold, not yet purchased	653	(58)	–	46	137	894	(41)
Short-term borrowings	2,652	–	(21)	1,831	1,532	6,036	14
Long-term debt	1,804		(92)	3,637	154	5,687	(85)
Other financial liabilities measured on a recurring basis	31	–	1	–	(29)	1	–

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In millions of dollars	January 1, 2007	Net realized/unrealized gains (losses) included in Principal transactions	Other(1)(2)	Transfers in and/or out of Level 3	Purchases, issuances and settlements	September 30, 2007	Unrealized gains (losses) still held(3)
Assets							
Securities purchased under agreements to resell	$ 16	$ –	$ –	$ –	$ –	$ 16	$ –
Trading account assets							
Trading securities and loans	22,415	(1,485)	–	14,020	45,722	80,672	(2,136)
Derivatives, net(4)	1,875	2,010	–	1,142	(3,468)	1,559	(53)
Investments	11,468	–	1,221	1,508	6,447	20,644	314
Loans	–	(8)	–	(793)	803	2	–
Mortgage servicing rights	5,439	–	1,257	–	3,261	9,957	1,257
Other financial assets measured on a recurring basis	948	–	24	–	178	1,150	3
Liabilities							
Interest-bearing deposits	$ 60	$ 12	$ –	$ (33)	$ 74	$ 89	$ (4)
Securities sold under agreements to repurchase	6,778	(97)	–	84	(472)	6,487	(50)
Trading account liabilities							
Securities sold, not yet purchased	467	(22)	–	(167)	572	894	(138)

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Short-term borrowings	2,214	9	(21)	1,483	2,327	6,036	–
Long-term debt	1,693	(11)	(92)	3,729	162	5,687	(70)
Other financial liabilities measured on a recurring basis	–	–	(23)	(1)	(21)	1	–

(1) Changes in fair value for available-for-sale investments (debt securities) are recorded in Accumulated other comprehensive income, while gains and losses from sales and losses due to other than temporary impairment are recorded in Realized gains (losses) from sales of investments on the Consolidated Statement of Income.

(2) Unrealized gains (losses) on MSRs are recorded in Commissions and fees on the Consolidated Statement of Income.

(3) Represents the amount of total gains or losses for the period, included in earnings (and Accumulated other comprehensive income for changes in fair value for available-for-sale investments) attributable to the change in fair value relating to assets and liabilities classified as Level 3 that are still held at September 30, 2008 and 2007.

(4) Total Level 3 derivative exposures have been netted on these tables for presentation purposes only.

The following is a discussion of the changes to the Level 3 balances for each of the rollforward tables presented above.

For the period June 30, 2008 to September 30, 2008, the changes in Level 3 assets and liabilities are due to:

The increase in trading securities and loans of $8.5 billion, which was driven primarily by the net transfer of $13.3 billion of trading assets into Level 3, including ABS securities, warehouse loans backed by auto lease receivables, and certificates issued by the U.S. credit card securitization trust that are retained by the Company. This was offset by various write-downs recognized by the Company during the quarter.

The increase in net derivative trading account liabilities of $3.0 billion was due to $3.1 billion of net transfers into Level 3, as illiquid markets continued to negatively impact the availability of observable pricing inputs. $2.9 billion of net additions was offset by $2.9 billion of mark-to-market gains. A portion of these gains was offset by losses recognized for positions classified in Level 2.

The decrease in long-term debt of $4.5 billion as maturities of the consolidated SIV's debt was offset by the transfer of certain debt obligations from Level 2 to Level 3. Long-term debt was also reduced by mark-to-market gains, driven by the widening of Company's own-credit spreads.

The significant changes from December 31, 2007 to September 30, 2008 in Level 3 assets and liabilities are due to:

A net increase in trading securities and loans of $9.7 billion as net write-downs recognized on various trading securities and net reductions from settlements/sales were more than offset by the net transfer of trading securities into Level 3. The

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continued lack of availability of observable pricing inputs was the primary cause of this net transfer.

The increase in investments of $11.2 billion primarily resulted from the $8.7 billion in senior debt securities retained from the Company's April 17, 2008 sale of a corporate loan portfolio that included highly leveraged loans. In addition, $1.4 billion of certificates issued by the U.S credit card securitization trust and retained

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by the Company were transferred from Level 2 to Level 3 during the third quarter of 2008.

The reduction in securities sold under agreement to repurchase of $3.3 billion, was primarily driven by the transfer of positions from Level 3 to Level 2 as valuation methodology inputs considered to be unobservable were determined to be insignificant to the overall valuation.

The decrease in short-term borrowings of $3.1 billion, which was primarily due to net transfers out of $1.8 billion as valuation methodology inputs considered to be unobservable were determined to be insignificant to the overall valuation, and payments of $1.2 billion against the short-term debt obligations.

The increase in long-term debt of $24.9 billion was driven by the transfer of consolidated SIV liabilities to Level 3 due to the lack of observable inputs, offset by the payments made against this debt in the second and third quarters of 2008.

The significant changes from June 30, 2007, to September 30, 2007 in Level 3 assets and liabilities are due to:

The increase in trading securities and loans of $37.7 billion, which was driven by net additions/purchases of $30.4 billion including ABS CDO commercial paper and the net transfer-in of $9.0 billion for positions previously classified as Level 2, as prices and other valuation inputs became unobservable.

The significant changes from January 1, 2007 to September 30, 2007 in Level 3 assets and liabilities are due to:

The increase in trading securities and loans of $58.3 billion, which was driven primarily by the net additions/purchases of $45.7 billion, consisting of the third quarter 2007 additions/purchases of $30.4 billion, and the increase from the second quarter 2007 Nikko Cordial acquisitions of $15 billion, plus net transfers-in of $14 billion for items previously classified as Level 2 as prices and other valuation inputs became unobservable.

The increase in investments of $9 billion, primarily resulting from the acquisition of Nikko Cordial.

The increase in Mortgage servicing rights of $5 billion which was primarily due to the first quarter 2007 acquisition of ABN AMRO Mortgage Group.

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Items Measured at Fair Value on a Nonrecurring Basis

Certain assets and liabilities are measured at fair value on a non-recurring basis and therefore are not included in the tables above. These include assets such as loans held-for-sale that are measured at the lower of cost or market (LOCOM) that were recognized at fair value below cost at the end of the period. Assets measured at cost that have been written down to fair value during the period as a result of an impairment are also included.

The fair value of loans measured on a LOCOM basis is determined where possible using quoted secondary-market prices. Such loans are generally classified in Level 2 of the fair-value hierarchy given the level of activity in the market and the frequency of available quotes. If no such quoted price exists, the fair value of a loan is determined using quoted prices for a similar asset or assets, adjusted for the specific attributes of that loan.

The following table presents all loans held-for-sale that are carried at LOCOM as of September 30, 2008 and December 31, 2007 (in billions):

	Aggregate Cost	Fair value	Level 2	Level 3
September 30, 2008	$ 19.4	$ 16.9	$ 2.0	$ 14.9
December 31, 2007	33.6	31.9	5.1	26.8

For the three and nine months ended September 30, 2008, the resulting charges taken on loans held-for-sale carried at fair value below cost were $143 million and $3.8 billion, respectively, $1.8 billion was the resulting charge taken on loans held-for-sale carried at fair value below cost for the year ended December 31, 2007.

Highly Leveraged Financing Commitments

The Company reports a number of highly leveraged loans as held-for-sale, which are measured on a LOCOM basis. The fair value of such exposures is determined, where possible, using quoted secondary-market prices and classified in Level 2 of the fair-value hierarchy if there is a sufficient level of activity in the market and quotes or traded prices are available with suitable frequency.

However, due to the dislocation of the credit markets and the reduced market interest in higher risk/higher yield instruments since the latter half of 2007, liquidity in the market for highly leveraged financings has been limited. Therefore, a majority of such exposures are classified in Level 3 as quoted secondary market prices do not generally exist. The fair value for such exposures is determined using quoted prices for a similar asset or assets, adjusted for the specific attributes of the loan being valued.

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18. GUARANTEES

The Company provides a variety of guarantees and indemnifications to Citigroup customers to enhance their credit standing and enable them to complete a wide variety of business transactions. FASB Interpretation No. 45, "Guarantor's Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness of Others" (FIN 45), provides initial measurement and disclosure guidance in accounting for guarantees. FIN 45 requires that, for certain contracts meeting the definition of a guarantee, the guarantor must recognize, at inception, a liability for the fair value of the obligation undertaken in issuing the guarantee.

In addition, the guarantor must disclose the maximum potential amount of future payments the guarantor could be required to make under the guarantee, if there were a total default by the guaranteed parties. The determination of the maximum potential future payments is based on the notional amount of the guarantees without consideration of possible recoveries under recourse provisions or from collateral held or pledged. Such amounts bear no relationship to the anticipated losses, if any, on these guarantees.

The following tables present information about the Company's guarantees at September 30, 2008 and December 31, 2007:

	Maximum potential amount of future payments			
In billions of dollars at September 30, except carrying value in millions	**Expire within 1 year**	**Expire after 1 year**	**Total amount outstanding**	**Carrying value *(in millions)***
2008				
Financial standby letters of credit	**$ 28.8**	**$ 54.2**	**$ 83.0**	**$ 154.4**
Performance guarantees	**8.4**	**7.8**	**16.2**	**27.5**
Derivative instruments	**9.2**	**85.1**	**94.3**	**10,556.0**
Loans sold with recourse	–	**0.4**	**0.4**	**59.0**
Securities lending indemnifications(1)	**114.1**	–	**114.1**	–
Credit card merchant processing(1)	**64.8**	–	**64.8**	–
Custody indemnifications and other	–	**33.1**	**33.1**	**147.3**
Total	**$ 225.3**	**$ 180.6**	**$ 405.9**	**$10,944.2**

Maximum potential amount of future payments

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In billions of dollars at December 31, except carrying value in millions	Expire within 1 year	Expire after 1 year	Total amount outstanding	Carrying value *(in millions)*
2007(2)				
Financial standby letters of credit	$ 43.5	$ 43.6	$ 87.1	$ 160.6
Performance guarantees	11.3	6.8	18.1	24.4
Derivative instruments	9.6	91.4	101.0	3,911.0
Loans sold with recourse	–	0.5	0.5	45.5
Securities lending indemnifications(1)	153.4	–	153.4	–
Credit card merchant processing(1)	64.0	–	64.0	–
Custody indemnifications and other	–	53.4	53.4	306.0
Total	$ 281.8	$ 195.7	$ 477.5	$ 4,447.5

(1) The carrying values of securities lending indemnifications and credit card merchant processing are not material, as the Company has determined that the amount and probability of potential liabilities arising from these guarantees are not significant and the carrying amount of the Company's obligations under these guarantees is immaterial.

(2) Reclassified to conform to the current period's presentation.

Financial Standby Letters of Credit

Citigroup issues standby letters of credit which substitute its own credit for that of the borrower. If a letter of credit is drawn down, the borrower is obligated to repay Citigroup. Standby letters of credit protect a third party from defaults on contractual obligations. Financial standby letters of credit include guarantees of payment of insurance premiums and reinsurance risks that support industrial revenue bond underwriting and settlement of payment obligations to clearing houses, and also support options and purchases of securities or are in lieu of escrow deposit accounts. Financial standbys also backstop loans, credit facilities, promissory notes and trade acceptances.

Performance Guarantees

Performance guarantees and letters of credit are issued to guarantee a customer's tender bid on a construction or systems installation project or to guarantee completion of such projects in accordance with contract terms. They are also issued to support a customer's obligation to supply specified products, commodities, or maintenance or warranty services to a third party.

Derivative Instruments

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Derivatives are financial instruments whose cash flows are based on a notional amount or an underlying instrument, where there is little or no initial investment, and whose terms require or permit net settlement.

The main use of derivatives is to reduce risk for one party while offering the potential for high return (at increased risk) to another. Financial institutions often act as intermediaries for their clients, helping clients reduce their risks. However, derivatives may also be used to take a risk position. Certain derivative contracts entered into by the Company meet the definition of a guarantee, including credit default swaps, total return swaps and certain written options. However, credit derivatives (that is, credit default swaps and total return swaps) with banks, hedge funds, and broker-

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dealers are excluded from this definition as these counterparties are considered to be dealers in these instruments with the primary purpose of taking a risk position. In addition, non-credit derivative contracts that are cash settled and for which the Company is unable to assert that it is probable the counterparty held the underlying instrument at the inception of the contract are also not considered guarantees under FIN 45. Accordingly, these contracts are excluded from the disclosure above. In instances where the Company's maximum potential future payment is unlimited, such as in certain written foreign currency options, the notional amount of the contract is disclosed.

Loans Sold with Recourse

Loans sold with recourse represent the Company's obligations to reimburse the buyers for loan losses under certain circumstances. Recourse refers to the clause in a sales agreement under which a lender will fully reimburse the buyer/investor for any losses resulting from the purchased loans. This may be accomplished by the seller's taking back any loans that become delinquent.

Securities Lending Indemnifications

Owners of securities frequently lend those securities for a fee to other parties who may sell them short or deliver them to another party to satisfy some other obligation. Banks may administer such securities lending programs for their clients. Securities lending indemnifications are issued by the bank to guarantee that a securities lending customer will be made whole in the event that the security borrower does not return the security subject to the lending agreement and collateral held is insufficient to cover the market value of the security.

Credit Card Merchant Processing

Credit card merchant processing guarantees represent the Company's indirect obligations in connection with the processing of private label and bankcard transactions on behalf of merchants.

Citigroup's primary credit card business is the issuance of credit cards to individuals. In addition, the Company provides transaction processing services to various merchants with respect to bankcard and private label cards. In the event of a billing dispute with respect to a bankcard transaction between a merchant and a cardholder that is ultimately resolved in the cardholder's favor, the third party holds the primary contingent liability to credit or refund the amount to the cardholder and charge back the transaction to the merchant. If the third party is unable to collect this amount from the merchant, it bears the loss for the amount of the credit or refund paid to the cardholder.

The Company continues to have the primary contingent liability with respect to its portfolio of private label merchants. The risk of loss is mitigated as the cash flows between the third party or the Company and the merchant are settled on a net basis and the third party or the Company has the right to offset any payments with cash flows otherwise due to the merchant. To further mitigate this risk, the third party or the Company may require a merchant to make an escrow deposit, delay settlement, or include event triggers to provide the third party or the Company with more financial and operational control in the event of the financial deterioration of the merchant, or require various credit enhancements (including letters of credit and bank guarantees). In the unlikely event that a private label merchant is unable to deliver products, services or a refund to its private label cardholders, Citigroup is contingently liable to credit or refund cardholders. In addition, although a third party holds the primary contingent liability with respect to the processing of bankcard transactions, in the event that the third party does not have sufficient collateral from the merchant or sufficient financial resources of its own to provide the credit or refunds to the cardholders, Citigroup would be liable to credit or refund the cardholders.

The Company's maximum potential contingent liability related to both bankcard and private label merchant processing services is estimated to be the total volume of credit card transactions that meet the requirements to be valid chargeback transactions at any given time. At September 30, 2008 and December 31, 2007, this maximum potential exposure was estimated to be $65 billion and $64 billion, respectively.

However, the Company believes that the maximum exposure is not representative of the actual potential loss exposure based on the Company's historical experience and its position as a secondary guarantor (in the case of bankcards). In most cases, this contingent liability is unlikely to arise, as most products and services are delivered when purchased and amounts are refunded when items are returned to merchants. The Company assesses the probability and amount of its contingent liability related to merchant processing based on the financial strength of the primary guarantor (in the case of bankcards) and the extent and nature of unresolved chargebacks and its historical loss experience. At

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September 30, 2008 and December 31, 2007, the estimated losses incurred and the carrying amounts of the Company's contingent obligations related to merchant processing activities were immaterial.

Custody Indemnifications

Custody indemnifications are issued to guarantee that custody clients will be made whole in the event that a third-party subcustodian fails to safeguard clients' assets. The scope of the custody indemnifications also covers all clients' assets held by third-party subcustodians.

Other

In the fourth quarter of 2007, Citigroup recorded a $306 million (pretax) charge related to certain of Visa USA's litigation matters. As of September 30, 2008, the carrying value of the reserve is $147 million and is included in Other liabilities.

Other Guarantees and Indemnifications

The Company, through its credit card business, provides various cardholder protection programs on several of its card products, including programs that provide insurance coverage for rental cars, coverage for certain losses associated with purchased products, price protection for certain purchases and protection for lost luggage. These guarantees are not included in the table, since the total outstanding amount of the guarantees and the Company's maximum exposure to loss cannot be quantified. The protection is limited to certain types of purchases and certain types of losses and it is not

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possible to quantify the purchases that would qualify for these benefits at any given time. The Company assesses the probability and amount of its potential liability related to these programs based on the extent and nature of its historical loss experience. At September 30, 2008, the actual and estimated losses incurred and the carrying value of the Company's obligations related to these programs were immaterial.

In the normal course of business, the Company provides standard representations and warranties to counterparties in contracts in connection with numerous transactions and also provides indemnifications that protect the counterparties to the contracts in the event that additional taxes are owed due either to a change in the tax law or an adverse interpretation of the tax law. Counterparties to these transactions provide the Company with comparable indemnifications. While such representations, warranties and tax indemnifications are essential components of many contractual relationships, they do not represent the underlying business purpose for the transactions. The indemnification clauses are often standard contractual terms related to the Company's own performance under the terms of a contract and are entered into in the normal course of business based on an assessment that the risk of loss is remote. Often these clauses are intended to ensure that terms of a contract are met at inception (for example, that loans transferred to a counterparty in a sales transaction did in fact meet the conditions specified in the contract at the transfer date). No compensation is received for these standard representations and warranties, and it is not possible to determine their fair value because they rarely, if ever, result in a payment. In many cases, there are no stated or notional amounts included in the indemnification clauses and the contingencies potentially triggering the obligation to indemnify have not occurred and are not expected to occur. There are no amounts reflected on the Consolidated Balance Sheet as of September 30, 2008 and December 31, 2007, related to these indemnifications and they are not included in the table.

In addition, the Company is a member of or shareholder in hundreds of value transfer networks (VTNs) (payment clearing and settlement systems as well as securities exchanges) around the world. As a condition of membership, many of these VTNs require that members stand ready to backstop the net effect on the VTNs of a member's default on its obligations. The Company's potential obligations as a shareholder or member of VTN associations are excluded from the scope of FIN 45, since the shareholders and members represent subordinated classes of investors in the VTNs. Accordingly, the Company's participation in VTNs is not reported in the table and there are no amounts reflected on the Consolidated Balance Sheet as of September 30, 2008 or December 31, 2007 for potential obligations that could arise from the Company's involvement with VTN associations.

At September 30, 2008 and December 31, 2007, the carrying amounts of the liabilities related to the guarantees and indemnifications included in the table amounted to approximately $11 billion and $4 billion, respectively. The carrying value of derivative instruments is included in either Trading liabilities or Other liabilities, depending upon whether the derivative was entered into for trading or non-trading purposes. The carrying value of financial and performance guarantees is included in Other liabilities. For loans sold with recourse, the carrying value of the liability is included in Other liabilities. In addition, at September 30, 2008 and December 31, 2007, Other liabilities on the Consolidated Balance Sheet include an allowance for credit losses of $957 million and $1.250 billion relating to letters of credit and unfunded lending commitments, respectively.

In addition to the collateral available in respect of the credit card merchant processing contingent liability discussed above, the Company has collateral available to reimburse potential losses on its other guarantees. Cash collateral available to the Company to reimburse losses realized under these guarantees and indemnifications amounted to $63 billion and $112 billion at September 30, 2008 and December 31, 2007, respectively. Securities and other marketable assets held as collateral amounted to $61 billion and $54 billion and letters of credit in favor of the Company held as collateral amounted to $495 million and $370 million at September 30, 2008 and December 31, 2007, respectively. Other property may also be available to the Company to cover losses under certain guarantees and indemnifications; however, the value of such property has not been determined.

Credit Commitments

The table below summarizes Citigroup's other commitments as of September 30, 2008 and December 31, 2007.

In millions of dollars	U.S.	Outside of U.S.	September 30, 2008	December 31, 2007
Commercial and similar letters of credit	**$ 2,440**	**$ 7,249**	**$ 9,689**	$ 9,175

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One- to four-family residential mortgages	**832**	**363**	**1,195**	4,587
Revolving open-end loans secured by one- to four-family residential properties	**25,193**	**2,926**	**28,119**	35,187
Commercial real estate, construction and land development	**2,496**	**700**	**3,196**	4,834
Credit card lines	**939,992**	**155,872**	**1,095,864**	1,103,535
Commercial and other consumer loan commitments	**267,119**	**133,605**	**400,724**	473,631
Total	**$1,238,072**	**$300,715**	**$ 1,538,787**	$ 1,630,949

The majority of unused commitments are contingent upon customers' maintaining specific credit standards. Commercial commitments generally have floating interest rates and fixed expiration dates and may require payment of fees. Such fees (net of certain direct costs) are deferred and, upon exercise of the commitment, amortized over the life of the loan or, if exercise is deemed remote, amortized over the commitment period.

Commercial and similar letters of credit

A commercial letter of credit is an instrument by which Citigroup substitutes its credit for that of a customer to enable the customer to finance the purchase of goods or to incur

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other commitments. Citigroup issues a letter on behalf of its client to a supplier and agrees to pay them upon presentation of documentary evidence that the supplier has performed in accordance with the terms of the letter of credit. When drawn, the customer then is required to reimburse Citigroup.

One- to four-family residential mortgages

A one- to four-family residential mortgage commitment is a written confirmation from Citigroup to a seller of a property that the bank will advance the specified sums enabling the buyer to complete the purchase.

Revolving open-end loans secured by one- to four-family residential properties

Revolving open-end loans secured by one- to four-family residential properties are essentially home equity lines of credit. A home equity line of credit is a loan secured by a primary residence or second home to the extent of the excess of fair market value over the debt outstanding for the first mortgage.

Commercial real estate, construction and land development

Commercial real estate, construction and land development include unused portions of commitments to extend credit for the purpose of financing commercial and multifamily residential properties as well as land development projects. Both secured by real estate and unsecured commitments are included in this line. In addition, undistributed loan proceeds where there is an obligation to advance for construction progress payments are also included. However, this line only includes those extensions of credit that once funded will be classified as Loans on the Consolidated Balance Sheet.

Credit card lines

Citigroup provides credit to customers by issuing credit cards. The credit card lines are unconditionally cancellable by the issuer.

Commercial and other consumer loan commitments

Commercial and other consumer loan commitments include commercial commitments to make or purchase loans, to purchase third-party receivables, and to provide note issuance or revolving underwriting facilities. Amounts include $175 billion and $259 billion with an original maturity of less than one year at September 30, 2008 and December 31, 2007, respectively.

In addition, included in this line item are highly leveraged financing commitments which are agreements that provide funding to a borrower with higher levels of debt (measured by the ratio of debt capital to equity capital of the borrower) than is generally considered normal for other companies. This type of financing is commonly employed in corporate acquisitions, management buy-outs and similar transactions.

19. CONTINGENCIES

As described in the "Legal Proceedings" discussion on page 157, the Company has been a defendant in numerous lawsuits and other legal proceedings arising out of alleged misconduct in connection with:

(i) underwritings for, and research coverage of, WorldCom;

(ii) underwritings for Enron and other transactions and activities related to Enron;

(iii) transactions and activities related to research coverage of companies other than WorldCom; and

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(iv) transactions and activities related to the IPO Securities Litigation.

As of September 30, 2008, the Company's litigation reserve for these matters, net of amounts previously paid or not yet paid but committed to be paid in connection with settlements arising out of these matters, was approximately $0.8 billion. The Company believes that this reserve is adequate to meet all of its remaining exposure for these matters.

As described in the "Legal Proceedings" discussion on page 157, the Company is also a defendant in numerous lawsuits and other legal proceedings arising out of alleged misconduct in connection with other matters. In view of the large number of litigation matters, the uncertainties of the timing and outcome of this type of litigation, the novel issues presented, and the significant amounts involved, it is possible that the ultimate costs of these matters may exceed or be below the Company's litigation reserves. The Company will continue to defend itself vigorously in these cases, and seek to resolve them in the manner management believes is in the best interests of the Company.

In addition, in the ordinary course of business, Citigroup and its subsidiaries are defendants or co-defendants or parties in various litigation and regulatory matters incidental to and typical of the businesses in which they are engaged. In the opinion of the Company's management, the ultimate resolution of these legal and regulatory proceedings would not be likely to have a material adverse effect on the consolidated financial condition of the Company but, if involving monetary liability, may be material to the Company's operating results for any particular period.

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20. CITIBANK, N.A. STOCKHOLDER'S EQUITY

Statement of Changes in Stockholder's Equity

In millions of dollars, except shares	Nine Months Ended September 30, 2008	2007
Common stock ($20 par value)		
Balance, beginning of period−Shares: 37,534,553 in 2008 and 2007	**$ 751**	$ 751
Balance, end of period−Shares: 37,534,553 in 2008 and 2007	**$ 751**	$ 751
Surplus		
Balance, beginning of period	**$69,135**	$43,753
Capital contribution from parent company	**77**	11,794
Employee benefit plans	**107**	60
Balance, end of period	**$69,319**	$55,607
Retained earnings		
Balance, beginning of period	**$31,915**	$30,358
Adjustment to opening balance, net of taxes(1)	−	(96)
Adjusted balance, beginning of period	**$31,915**	$30,262
Net income (loss)	**(1,450)**	6,821
Dividends paid	**(34)**	(582)

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Balance, end of period	**$30,431**	$36,501
Accumulated other comprehensive income (loss)		
Balance, beginning of period	**$ (2,495)**	$ (1,709)
Adjustment to opening balance, net of taxes(2)	**–**	(1)
Adjusted balance, beginning of period	**$ (2,495)**	$ (1,710)
Net change in unrealized gains (losses) on investment securities available-for-sale, net of taxes	**(4,971)**	(741)
Net change in foreign currency translation adjustment, net of taxes	**(2,244)**	1,688
Net change in cash flow hedges, net of taxes	**(214)**	(972)
Pension liability adjustment, net of taxes	**90**	88
Net change in Accumulated other comprehensive income (loss)	**$ (7,339)**	$ 63
Balance, end of period	**$ (9,834)**	$ (1,647)
Total common stockholder's equity and total stockholder's equity	**$90,667**	$91,212
Comprehensive income (loss)		
Net income (loss)	**$ (1,450)**	$ 6,821
Net change in Accumulated other comprehensive income (loss)	**(7,339)**	63
Comprehensive income (loss)	**$ (8,789)**	$ 6,884

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(1) The adjustment to opening balance for Retained earnings represents the total of the after-tax gain (loss) amounts for the adoption of the following accounting pronouncements:

- SFAS 157 for $9 million,
- SFAS 159 for $15 million,
- FSP 13-2 for $(142) million, and
- FIN 48 for $22 million.

See Notes 1 and 17 on pages 88 and 126, respectively.

(2) The after-tax adjustment to the opening balance of Accumulated other comprehensive income (loss) represents the reclassification of the unrealized gains (losses) related to several miscellaneous items previously reported in accordance with SFAS 115. The related unrealized gains and losses were reclassified to retained earnings upon the adoption of the fair value option in accordance with SFAS 159. See Notes 1 and 17 on pages 88 and 126 for further discussions.

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21. CONDENSED CONSOLIDATING FINANCIAL STATEMENT SCHEDULES

These condensed consolidating financial statement schedules are presented for purposes of additional analysis but should be considered in relation to the consolidated financial statements of Citigroup taken as a whole.

Citigroup Parent Company

The holding company, Citigroup Inc.

Citigroup Global Markets Holdings Inc. (CGMHI)

Citigroup guarantees various debt obligations of CGMHI as well as all of the outstanding debt obligations under CGMHI's publicly issued debt.

Citigroup Funding Inc. (CFI)

CFI is a first-tier subsidiary of Citigroup, which issues commercial paper, medium-term notes and structured equity-linked and credit-linked notes, all of which are guaranteed by Citigroup.

CitiFinancial Credit Company (CCC)

An indirect wholly-owned subsidiary of Citigroup. CCC is a wholly-owned subsidiary of Associates. Citigroup has issued a full and unconditional guarantee of the outstanding indebtedness of CCC.

Associates First Capital Corporation (Associates)

A wholly-owned subsidiary of Citigroup. Citigroup has issued a full and unconditional guarantee of the outstanding long-term debt securities of Associates. In addition, Citigroup guaranteed various debt obligations of Citigroup Finance Canada Inc. (CFCI), a wholly-owned subsidiary of Associates. CFCI continues to issue debt in the Canadian market supported by a Citigroup guarantee. Associates is the immediate parent company of CCC.

Other Citigroup Subsidiaries

Includes all other subsidiaries of Citigroup and intercompany eliminations.

Consolidating Adjustments

Includes Citigroup parent company elimination of distributed and undistributed income of subsidiaries, investment in subsidiaries and the elimination of CCC, which is included in the Associates column.

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CONDENSED CONSOLIDATING STATEMENT OF INCOME

In millions of dollars	Three Months Ended September 30, 2008							
	Citigroup parent company	CGMHI	CFI	CCC	Associates	Other Citigroup subsidiaries, eliminations	Consolidating adjustments	Citigroup consolidated
Revenues								
Dividends from subsidiary banks and bank holding companies	$ 169	$ −	$ −	$ −	$ −	$ −	$ (169)	$ −
Interest revenue	$ 226	$ 4,455	$ −	$ 1,819	$ 2,084	$ 19,417	$ (1,819)	$ 26,182
Interest revenue−intercompany	1,098	565	1,269	21	147	(3,079)	(21)	−
Interest expense	2,388	2,740	835	33	154	6,659	(33)	12,776
Interest expense−intercompany	(101)	1,867	(1)	605	490	(2,255)	(605)	−
Net interest revenue	$ (963)	$ 413	$ 435	$ 1,202	$ 1,587	$ 11,934	$ (1,202)	$ 13,406
Commissions and fees	$ −	$ 1,841	$ −	$ 20	$ 43	$ 1,541	$ (20)	$ 3,425
Commissions and fees−intercompany	346	21	−	9	11	(378)	(9)	−
Principal transactions	(497)	(3,318)	2,239	−	(1)	(1,327)	−	(2,904)
Principal transactions−intercompany	335	(900)	(1,542)	−	36	2,071	−	−
Other income	332	784	(130)	65	87	1,680	(65)	2,753
Other income−intercompany	206	35	97	8	3	(341)	(8)	−
Total non-interest revenues	$ 722	$ (1,537)	$ 664	$ 102	$ 179	$ 3,246	$ (102)	$ 3,274
Total revenues, net of interest expense	$ (72)	$ (1,124)	$ 1,099	$ 1,304	$ 1,766	$ 15,180	$ (1,473)	$ 16,680

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Provisions for credit losses and for benefits and claims	$ –	$ 7	–	$ 1,288	$ 1,368	$ 7,692	$ (1,288)	$ 9,067
Expenses								
Compensation and benefits	$ (57)	$ 2,244	$ –	$ 174	$ 232	$ 5,446	$ (174)	$ 7,865
Compensation and benefits– intercompany	2	226	–	46	46	(274)	(46)	–
Other expense	42	925	1	159	208	5,384	(159)	6,560
Other expense–intercompany	451	(120)	3	174	162	(496)	(174)	–
Total operating expenses	$ 438	$ 3,275	$ 4	$ 553	$ 648	$ 10,060	$ (553)	$ 14,425
Income (loss) from continuing operations before taxes, minority interest, and equity in undistributed income of subsidiaries	$ (510)	$ (4,406)	$ 1,095	$ (537)	$ (250)	$ (2,572)	$ 368	$ (6,812)
Income taxes (benefits)	(868)	(1,893)	376	(185)	(77)	(832)	185	(3,294)
Minority interest, net of taxes	–	–	–	–	–	(95)	–	(95)
Equities in undistributed income of subsidiaries	(3,386)	–	–	–	–	–	3,386	–
Income (loss) from continuing operations	$ (3,028)	$ (2,513)	$ 719	$ (352)	$ (173)	$ (1,645)	$ 3,569	$ (3,423)
Income from discontinued operations, net of taxes	213	–	–	–	–	395	–	608
Net income (loss)	$ (2,815)	$ (2,513)	$ 719	$ (352)	$ (173)	$ (1,250)	$ 3,569	$ (2,815)

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CONDENSED CONSOLIDATING STATEMENT OF INCOME

In millions of dollars	Three Months Ended September 30, 2007							
	Citigroup parent company	CGMHI	CFI	CCC	Associates	Other Citigroup subsidiaries, eliminations	Consolidating adjustments	Citigroup Consolidated
Revenues								
Dividends from subsidiary banks and bank holding companies	$ 910	$ −	$ −	$ −	$ −	$ −	$ (910)	$ −
Interest revenue	$ 103	$ 8,716	$ 4	$ 1,743	$ 2,010	$ 21,434	$ (1,743)	$ 32,267
Interest revenue−intercompany	1,423	390	1,739	32	197	(3,749)	(32)	−
Interest expense	2,043	6,798	1,322	44	189	10,071	(44)	20,423
Interest expense−intercompany	(26)	1,581	125	616	779	(2,459)	(616)	−
Net interest revenue	$ (491)	$ 727	$ 296	$ 1,115	$ 1,239	$ 10,073	$ (1,115)	$ 11,844
Commissions and fees	$ −	$ 2,449	$ −	$ 31	$ 53	$ 1,442	$ (31)	$ 3,944
Commissions and fees−intercompany	−	56	−	4	6	(62)	(4)	−
Principal transactions	292	(3,213)	60	−	1	2,614	−	(246)
Principal transactions−intercompany	83	1,098	(313)	−	7	(875)	−	−
Other income	(1,097)	1,096	(17)	121	159	5,957	(121)	6,098
Other income−intercompany	821	451	26	7	4	(1,302)	(7)	−
Total non-interest revenues	$ 99	$ 1,937	$ (244)	$ 163	$ 230	$ 7,774	$ (163)	$ 9,796

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Total revenues, net of interest expense	$ 518	$ 2,664	$ 52	$ 1,278	$ 1,469	$ 17,847	$ (2,188)	$ 21,640
Provisions for credit losses and for benefits and claims	$ −	$ 5	$ −	$ 759	$ 839	$ 4,023	$ (759)	$ 4,867
Expenses								
Compensation and benefits	$ 47	$ 1,812	$ −	$ 176	$ 226	$ 5,510	$ (176)	$ 7,595
Compensation and benefits−intercompany	2	1	−	39	40	(43)	(39)	−
Other expense	84	1,011	1	123	167	5,294	(123)	6,557
Other expense−intercompany	62	512	14	73	114	(702)	(73)	−
Total operating expenses	$ 195	$ 3,336	$ 15	$ 411	$ 547	$ 10,059	$ (411)	$ 14,152
Income from continuing operations before taxes, minority interest and equity in undistributed income of subsidiaries	$ 323	$ (677)	$ 37	$ 108	$ 83	$ 3,765	$ (1,018)	$ 2,621
Income taxes (benefits)	(296)	(253)	10	42	19	1,012	(42)	492
Minority interest, net of taxes	−	−	−	−	−	20	−	20
Equities in undistributed income of subsidiaries	1,593	−	−	−	−	−	(1,593)	−
Income (loss) from continuing operations	$ 2,212	$ (424)	$ 27	$ 66	$ 64	$ 2,733	$ (2,569)	$ 2,109
Income from discontinued operations, net of taxes	−	−	−	−	−	103	−	103
Net income (loss)	$ 2,212	$ (424)	$ 27	$ 66	$ 64	$ 2,836	$ (2,569)	$ 2,212

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CONDENSED CONSOLIDATING STATEMENT OF INCOME

	Nine Months Ended September 30, 2008							
In millions of dollars	Citigroup parent company	CGMHI	CFI	CCC	Associates	Other Citigroup subsidiaries, eliminations	Consolidating adjustments	Citigroup consolidated
Revenues								
Dividends from subsidiary banks and bank holding companies	$ 1,617	$ −	$ −	$ −	$ −	$ −	$ (1,617)	$ −
Interest revenue	$ 544	$ 15,239	$ 1	$ 5,447	$ 6,278	$ 60,682	$ (5,447)	$ 82,744
Interest revenue−intercompany	3,508	1,564	3,911	57	441	(9,424)	(57)	
Interest expense	6,987	10,076	2,645	108	491	22,106	(108)	42,305
Interest expense−intercompany	(242)	4,293	186	1,837	1,651	(5,888)	(1,837)	−
Net interest revenue	$ (2,693)	$ 2,434	$ 1,081	$ 3,559	$ 4,577	$ 35,040	$ (3,559)	$ 40,439
Commissions and fees	$ −	$ 6,381	$ 1	$ 61	$ 135	$ 4,527	$ (61)	$ 11,044
Commissions and fees−intercompany	−	453	$ −	24	32	(485)	(24)	−
Principal transactions	5	(20,400)	3,524	−	(1)	1,716	−	(15,156)
Principal transactions−intercompany	115	4,680	(2,647)	−	26	(2,174)	−	−
Other income	443	2,798	(45)	286	378	7,297	(286)	10,871
Other income−intercompany	(33)	619	33	21	78	(697)	(21)	−
Total non-interest revenues	$ 530	$ (5,469)	$ 866	$ 392	$ 648	$ 10,184	$ (392)	$ 6,759

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Total revenues, net of interest expense	$ (546)	$ (3,035)	$ 1,947	$ 3,951	$ 5,225	$ 45,224	$ (5,568)	$ 47,198
Provisions for credit losses and for benefits and claims	$ –	$ 307	$ –	$ 3,046	$ 3,315	$ 18,397	$ (3,046)	$ 22,019
Expenses								
Compensation and benefits	$ (106)	$ 7,728	$ –	$ 545	$ 747	$ 17,489	$ (545)	$ 25,858
Compensation and benefits–intercompany	6	693	–	145	146	(845)	(145)	–
Other expense	158	2,848	2	416	550	16,428	(416)	19,986
Other expense–intercompany	596	711	49	336	367	(1,723)	(336)	–
Total operating expenses	$ 654	$ 11,980	$ 51	$ 1,442	$ 1,810	$ 31,349	$ (1,442)	$ 45,844
Income (loss) from continuing operations before taxes, minority interest, and equity in undistributed income of subsidiaries	$ (1,200)	$ (15,322)	$ 1,896	$ (537)	$ 100	$ (4,522)	$ (1,080)	$ (20,665)
Income taxes (benefits)	(1,643)	(6,273)	656	(174)	54	(2,431)	174	(9,637)
Minority interest, net of taxes	–	–	–	–	–	(40)	–	(40)
Equities in undistributed income of subsidiaries	$ (11,077)	–	–	–	–	–	$ 11,077	–
Income (loss) from continuing operations	$ (10,634)	$ (9,049)	$ 1,240	$ (363)	$ 46	$ (2,051)	$ 9,823	$ (10,988)
Income from discontinued operations, net of taxes	213	–	–	–	–	354	–	567
Net income (loss)	$ (10,421)	$ (9,049)	$ 1,240	$ (363)	$ 46	$ (1,697)	$ 9,823	$ (10,421)

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CONDENSED CONSOLIDATING STATEMENT OF INCOME

In millions of dollars	Nine Months Ended September 30, 2007							
	Citigroup parent company	CGMHI	CFI	CCC	Associates	Other Citigroup subsidiaries, eliminations	Consolidating adjustments	Citigroup consolidated
Revenues								
Dividends from subsidiary banks and bank holding companies	$ 7,746	$ –	$ –	$ –	$ –	$ –	$ (7,746)	$ –
Interest revenue	$ 299	$ 23,938	$ 4	$ 4,949	$ 5,771	$ 59,561	$ (4,949)	$ 89,573
Interest revenue−intercompany	4,065	1,086	4,435	105	460	(10,046)	(105)	–
Interest expense	5,753	18,797	3,260	137	560	28,057	(137)	56,427
Interest expense−intercompany	(69)	4,107	521	1,650	2,147	(6,706)	(1,650)	–
Net interest revenue	$ (1,320)	$ 2,120	$ 658	$ 3,267	$ 3,524	$ 28,164	$ (3,267)	$ 33,146
Commissions and fees	$ –	$ 8,122	$ –	$ 75	$ 140	$ 7,696	$ (75)	$ 15,958
Commissions and fees−intercompany	–	95	–	14	16	(111)	(14)	–
Principal transactions	91	(887)	(412)	–	4	6,751	–	5,547
Principal transactions−intercompany	66	1,111	(162)	–	(31)	(984)	–	–
Other income	(131)	3,446	119	341	504	13,487	(341)	17,425
Other income−intercompany	(5)	1,079	(89)	20	(39)	(946)	(20)	–
Total non-interest revenues	$ 21	$ 12,966	$ (544)	$ 450	$ 594	$ 25,893	$ (450)	$ 38,930

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Total revenues, net of interest expense	$ 6,447	$ 15,086	$ 114	$ 3,717	$ 4,118	$ 54,057	$ (11,463)	$ 72,076
Provisions for credit losses and for benefits and claims	$ –	$ 29	$ –	$ 1,587	$ 1,767	$ 8,460	$ (1,587)	$ 10,256
Expenses								
Compensation and benefits	$ 99	$ 8,816	$ –	$ 507	$ 667	$ 15,366	$ (507)	$ 24,948
Compensation and benefits– intercompany	8	1	–	120	121	(130)	(120)	–
Other expense	324	2,617	2	399	541	15,270	(399)	18,754
Other expense–intercompany	175	1,388	43	224	302	(1,908)	(224)	–
Total operating expenses	$ 606	$ 12,822	$ 45	$ 1,250	$ 1,631	$ 28,598	$ (1,250)	$ 43,702
Income from continuing operations before taxes, minority interest, and equity in undistributed income of subsidiaries	$ 5,841	$ 2,235	$ 69	$ 880	$ 720	$ 16,999	$ (8,626)	$ 18,118
Income taxes (benefits)	(857)	721	23	320	252	4,769	(320)	4,908
Minority interest, net of taxes	–	–	–	–	–	190	–	190
Equities in undistributed income of subsidiaries	6,752	–	–	–	–	–	(6,752)	–
Income (loss) from continuing operations	$ 13,450	$ 1,514	$ 46	$ 560	$ 468	$ 12,040	$ (15,058)	$ 13,020
Income from discontinued operations, net of taxes	–	–	–	–	–	430	–	430
Net income (loss)	$ 13,450	$ 1,514	$ 46	$ 560	$ 468	$ 12,470	$ (15,058)	$ 13,450

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CONDENSED CONSOLIDATING BALANCE SHEET

In millions of dollars	September 30, 2008							
	Citigroup parent company	CGMHI	CFI	CCC	Associates	Other Citigroup subsidiaries and eliminations	Consolidating adjustments	Citigroup consolidated
Assets								
Cash and due from banks	–	3,910	6	159	243	58,867	(159)	63,026
Cash and due from banks–intercompany	33	725	1	135	154	(913)	(135)	–
Federal funds sold and resale agreements	–	206,681	–	–	–	18,728	–	225,409
Federal funds sold and resale agreements–intercompany	–	19,370	–	–	–	(19,370)	–	–
Trading account assets	19	211,596	174	–	21	245,652	–	457,462
Trading account assets–intercompany	725	8,008	1,899	–	28	(10,660)	–	–
Investments	29,598	565	–	2,392	2,716	172,852	(2,392)	205,731
Loans, net of unearned income	–	619	–	50,188	57,687	658,649	(50,188)	716,955
Loans, net of unearned income–intercompany	–	–	106,504	5,040	11,712	(118,216)	(5,040)	–
Allowance for loan losses	–	(89)	–	(2,689)	(2,899)	(21,017)	2,689	(24,005)
Total loans, net	$ –	$ 530	$106,504	$52,539	$ 66,500	$ 519,416	$ (52,539)	$ 692,950
Advances to subsidiaries	127,623	–	–	–	–	(127,623)	–	–

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Investments in subsidiaries	153,858	–	–	–	–	–	(153,858)	–
Other assets	10,647	113,808	95	5,748	7,218	255,158	(5,748)	386,926
Other assets–intercompany	8,386	51,172	3,377	251	1,298	(64,233)	(251)	–
Assets of discontinued operations held for sale	–	–	–	–	–	18,627	–	18,627
Total assets	$330,889	$616,365	$112,056	$61,224	$ 78,178	$1,066,501	$ (215,082)	$2,050,131
Liabilities and stockholders' equity								
Deposits	–	–	–	–	–	780,343	–	780,343
Federal funds purchased and securities loaned or sold	–	191,703	–	–	–	58,716	–	250,419
Federal funds purchased and securities loaned or sold–intercompany	500	29,162	–	–	–	(29,662)	–	–
Trading account liabilities	–	88,430	31	–	–	80,822	–	169,283
Trading account liabilities–intercompany	289	5,043	2,404	–	–	(7,736)	–	–
Short-term borrowings	2,219	11,463	32,075	–	763	58,335	–	104,855
Short-term borrowings–intercompany	–	64,334	31,166	9,465	39,902	(135,402)	(9,465)	–
Long-term debt	185,145	21,856	41,555	2,454	11,456	133,085	(2,454)	393,097
Long-term debt–intercompany	–	62,643	689	40,780	17,658	(80,990)	(40,780)	–

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Advances from subsidiaries	8,101	–	–	–	–	(8,101)	–	–
Other liabilities	5,991	126,924	696	1,912	1,901	76,287	(1,912)	211,799
Other liabilities–intercompany	2,582	9,642	274	658	244	(12,742)	(658)	–
Liabilities of discontinued operations held for sale	–	–	–	–	–	14,273	–	14,273
Stockholders' equity	126,062	5,165	3,166	5,955	6,254	139,273	(159,813)	126,062
Total liabilities and stockholders' equity	$330,889	$616,365	$112,056	$61,224	$ 78,178	$1,066,501	$ (215,082)	$2,050,131

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CONDENSED CONSOLIDATING BALANCE SHEET

In millions of dollars	December 31, 2007							
	Citigroup parent company	CGMHI	CFI	CCC	Associates	Other Citigroup subsidiaries and eliminations	Consolidating adjustments	Citigroup consolidated
Assets								
Cash and due from banks	$ –	$ 4,405	$ 2	$ 182	$ 280	$ 33,519	$ (182)	$ 38,206
Cash and due from banks–intercompany	19	892	–	139	160	(1,071)	(139)	–
Federal funds sold and resale agreements	–	242,771	–	–	–	31,295	–	274,066
Federal funds sold and resale agreements–intercompany	–	12,668	–	–	–	(12,668)	–	–
Trading account assets	12	273,662	303	–	30	264,977	–	538,984
Trading account assets–intercompany	262	7,648	1,458	–	5	(9,373)	–	–
Investments	10,934	431	–	2,275	2,813	200,830	(2,275)	215,008
Loans, net of unearned income	–	758	–	49,705	58,944	718,291	(49,705)	777,993
Loans, net of unearned income–intercompany	–	–	106,645	3,987	12,625	(119,270)	(3,987)	–
Allowance for loan losses	–	(79)	–	(1,639)	(1,828)	(14,210)	1,639	(16,117)
Total loans, net	$ –	$ 679	$106,645	$52,053	$ 69,741	$ 584,811	$ (52,053)	$ 761,876
Advances to subsidiaries	111,155	–	–	–	–	(111,155)	–	–

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Investments in subsidiaries	165,866	–	–	–	–	–	(165,866)	–
Other assets	7,804	88,333	76	5,552	7,227	255,900	(5,552)	359,340
Other assets–intercompany	6,073	32,051	4,846	273	480	(43,450)	(273)	–
Total assets	$302,125	$663,540	$113,330	$60,474	$ 80,736	$1,193,615	$ (226,340)	$2,187,480
Liabilities and stockholders' equity								
Deposits	$ –	$ –	$ –	$ –	$ –	$ 826,230	$ –	$ 826,230
Federal funds purchased and securities loaned or sold	–	260,129	–	–	–	44,114	–	304,243
Federal funds purchased and securities loaned or sold–intercompany	1,486	10,000	–	–	–	(11,486)	–	–
Trading account liabilities	–	117,627	121	–	–	64,334	–	182,082
Trading account liabilities–intercompany	161	6,327	375	–	21	(6,884)	–	–
Short-term borrowings	5,635	16,732	41,429	–	1,444	81,248	–	146,488
Short-term borrowings–intercompany	–	59,461	31,691	5,742	37,181	(128,333)	(5,742)	–
Long-term debt	171,637	31,401	36,395	3,174	13,679	174,000	(3,174)	427,112
Long-term debt–intercompany	–	39,606	957	42,293	19,838	(60,401)	(42,293)	–
Advances from subsidiaries	3,555	–	–	–	–	(3,555)	–	–

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Other liabilities	4,580	98,425	268	2,027	1,960	82,645	(2,027)	187,878
Other liabilities−intercompany	1,624	9,640	165	847	271	(11,700)	(847)	−
Stockholders' equity	113,447	14,192	1,929	6,391	6,342	143,403	(172,257)	113,447
Total liabilities and stockholders' equity	$302,125	$663,540	$113,330	$60,474	$ 80,736	$1,193,615	$ (226,340)	$2,187,480

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CONDENSED CONSOLIDATING STATEMENTS OF CASH FLOWS

	Nine Months Ended September 30, 2008							
In millions of dollars	Citigroup parent company	CGMHI	CFI	CCC	Associates	Other Citigroup subsidiaries and eliminations	Consolidating adjustments	Citigroup Consolidated
Net cash (used in) provided by operating activities of continuing operations	$ (1,646)	$ 4,587	$ 1,981	$ 3,232	$ 2,920	$ 91,111	$ (3,232)	$ 98,953
Cash flows from investing activities								
Change in loans	$ –	$ 67	$ 1,379	$(3,434)	$ (2,003)	$ (187,302)	3,434	$ (187,859)
Proceeds from sales and securitizations of loans	–	91	–	–	–	203,772	–	203,863
Purchases of investments	(167,093)	(134)	–	(945)	(1,142)	(104,446)	945	(272,815)
Proceeds from sales of investments	11,727	–	–	208	473	48,055	(208)	60,255
Proceeds from maturities of investments	137,005	–	2	475	584	56,721	(475)	194,312
Changes in investments and advances–intercompany	(20,954)	–	–	(1,054)	913	20,041	1,054	–
Business acquisitions	–	–	–	–	–	–	–	–
Other investing activities	–	(19,046)	–	–	–	23,253	–	4,207
Net cash (used in) provided by investing activities	$ (39,315)	$(19,022)	$ 1,381	$(4,750)	$ (1,175)	$ 60,094	$ 4,750	$ 1,963

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Cash flows from financing activities

Dividends paid	$ (6,008)	$ –	$ –	$ –	$ –	$ –	$ –	$ (6,008)
Dividends paid-intercompany	(180)	(84)	–	–	–	264	–	–
Issuance of common stock	4,961	–	–	–	–	–	–	4,961
Issuance/(Redemptions) of preferred stock	27,424	–	–	–	–	–	–	27,424
Treasury stock acquired	(6)	–	–	–	–	(1)	–	(7)
Proceeds/(Repayments) from issuance of long-term debt–third-party, net	14,735	(9,068)	6,188	(720)	(2,223)	(36,394)	720	(26,762)
Proceeds/(Repayments) from issuance of long-term debt-intercompany, net	–	23,322	–	(1,513)	(2,181)	(21,141)	1,513	–
Change in deposits	–	–	–	–	–	(32,411)	–	(32,411)
Net change in short-term borrowings and other investment banking and brokerage borrowings–third-party	(3,196)	(5,269)	(9,096)	–	(105)	(23,967)	–	(41,633)
Net change in short-term borrowings and other advances–intercompany	3,622	4,873	(448)	3,724	2,721	(10,768)	(3,724)	–
Capital contributions from parent	–	–	(1)	–	–	1	–	–

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Other financing activities	(377)	–	–	–	–	–	–	(377)
Net cash provided by (used in) financing activities	$ 40,975	$ 13,774	$(3,357)	$ 1,491	$ (1,788)	$ (124,417)	$ (1,491)	$ (74,813)
Effect of exchange rate changes on cash and due from banks	$ –	$ –	$ –	$ –	$ –	$ (1,105)	$ –	$ (1,105)
Net cash from discontinued operations	$ –	$ –	$ –	$ –	$ –	$ (178)	$ –	$ (178)
Net increase (decrease) in cash and due from banks	$ 14	$ (661)	$ 5	$ (27)	$ (43)	$ 25,505	$ 27	$ 24,820
Cash and due from banks at beginning of period	19	5,297	2	321	440	32,448	(321)	38,206
Cash and due from banks at end of period	$ 33	$ 4,636	$ 7	$ 294	$ 397	$ 57,953	(294)	$ 63,026
Supplemental disclosure of cash flow information								
Cash paid during the year for:								
Income taxes	$ 339	$ (2,867)	$ 261	$ 304	$ 261	$ 4,129	$ (304)	$ 2,123
Interest	7,083	14,582	2,916	1,428	252	19,461	(1,428)	44,294
Non-cash investing activities:								

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Transfers to repossessed assets	$ −	$ −	$ −	$ 1,108	$ 1,148	$ 1,426	$ (1,108)	$ 2,574

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CONDENSED CONSOLIDATING STATEMENTS OF CASH FLOWS

	Nine Months Ended September 30, 2007							
In millions of dollars	Citigroup parent company	CGMHI	CFI	CCC	Associates	Other Citigroup subsidiaries and eliminations	Consolidating adjustments	Citigroup Consolidated
Net cash (used in) provided by operating activities of continuing operations	$ 927	$(39,555)	$ (62)	$ 2,791	$ 2,063	$ (74,115)	$ (2,791)	$ (110,742)
Cash flows from investing activities								
Change in loans	$ −	$ 106	$(41,717)	$(5,278)	$ (5,714)	$ (228,590)	$ 5,278	$ (275,915)
Proceeds from sales and securitizations of loans	−	−	−	−	−	196,938	−	196,938
Purchases of investments	(8,277)	(425)	−	(546)	(1,279)	(192,665)	546	(202,646)
Proceeds from sales of investments	3,958	−	−	109	428	143,187	(109)	147,573
Proceeds from maturities of investments	6,171	−	−	237	612	93,794	(237)	100,577
Changes in investments and advances−intercompany	(20,593)	−	−	(103)	(2,937)	23,530	103	−
Business acquisitions	−	−	−	−	−	(15,186)	−	(15,186)
Other investing activities	−	(5,120)	−	−	−	(2,298)	−	(7,418)
Net cash (used in) provided by investing activities	$(18,741)	$ (5,439)	$(41,717)	$(5,581)	$ (8,890)	$ 18,710	$ 5,581	$ (56,077)

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Cash flows from financing activities

Dividends paid	$ (8,086)	$ –	$ –	$ –	$ –	$ –	$ –	$ (8,086)
Dividends paid-intercompany	–	(1,868)	–	(4,900)	(1,500)	3,368	4,900	–
Issuance of common stock	1,007	–	–	–	–	–	–	1,007
(Redemption)/Issuance of preferred stock	(800)	–	–	–	–	–	–	(800)
Treasury stock acquired	(663)	–	–	–	–	–	–	(663)
Proceeds/(Repayments) from issuance of long-term debt−third-party, net	23,674	(1,127)	15,580	434	1,064	477	(434)	39,668
Proceeds/(Repayments) from issuance of long-term debt-intercompany, net	(399)	6,360	1,319	7,701	(8,101)	821	(7,701)	–
Change in deposits	–	–	–	–	–	84,523	–	84,523
Net change in short-term borrowings and other investment banking and brokerage borrowings third-party	5,412	12,706	9,187	(1,200)	(807)	36,565	1,200	63,063
Net change in short-term borrowings and other advances−intercompany	(1,391)	30,562	15,370	747	16,166	(60,707)	(747)	–
Capital contributions from parent	–	–	375	–	–	(375)	–	–

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Other financing activities	(926)	–	–	(1)	–	–	1	(926)
Net cash provided by financing activities	$ 17,828	$ 46,633	$ 41,831	$ 2,781	$ 6,822	$ 64,672	$ (2,781)	$ 177,786
Effect of exchange rate changes on cash and due from banks	$ –	$ –	$ –	$ –	$ –	$ 810	$ –	$ 810
Net cash from discontinued operations	$ –	$ –	$ –	$ –	$ –	$ (65)	$ –	$ (65)
Net increase (decrease) in cash and due from banks	$ 14	$ 1,639	$ 52	$ (9)	$ (5)	$ 10,012	$ 9	$ 11,712
Cash and due from banks at beginning of period	21	4,421	–	388	503	21,569	(388)	26,514
Cash and due from banks at end of period	$ 35	$ 6,060	$ 52	$ 379	$ 498	$ 31,581	$ (379)	$ 38,226
Supplemental disclosure of cash flow information								
Cash paid during the year for:								
Income taxes	$ (1,733)	$ 366	$ (10)	$ 558	$ 45	$ 5,955	$ (558)	$ 4,623
Interest	5,058	22,397	4,848	1,876	324	20,531	(1,876)	53,158
Non-cash investing activities:								

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Transfers to repossessed assets	$ −	$ −	$ −	$ 857	$ 880	$ 659	$ (857)	$ 1,539

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PART II. OTHER INFORMATION

Item 1. Legal Proceedings

The following information supplements and amends our discussion set forth under Part I, Item 3 "Legal Proceedings" in our Annual Report on Form 10-K for the fiscal year ended December 31, 2007, as updated by our Quarterly Reports on Form 10-Q for the quarters ended March 31, 2008 and June 30, 2008.

Research

Telecommunications Research Class Actions. On September 30, 2008, the Court of Appeals for the Second Circuit vacated the District Court's order granting class certification in the matter IN RE SALOMON ANALYST METROMEDIA. Thereafter, on October 1, 2008, the parties reached a settlement pursuant to which the Company will pay $35 million to members of the settlement class that purchased or otherwise acquired MFN securities during the class period. The settlement is subject to judicial approval. The proposed settlement amount is covered by existing litigation reserves.

Parmalat

In BONDI v. CITIGROUP, in Bergen County, New Jersey Superior Court, the jury returned a verdict on October 20, 2008, following a five-month trial. On plaintiff's claim, the jury ruled for Citigroup. On Citigroup's counterclaims, the jury ruled for Citigroup and awarded Citigroup damages of $364 million plus interest and court costs. Plaintiff has stated that he intends to appeal.

In IN RE PARMALAT SECURITIES LITIGATION, pending in the United States District Court for the Southern District of New York, the Court granted Citigroup's motion for summary judgment on August 11, 2008, and entered judgment in Citigroup's favor on all claims asserted and pending against Citigroup.

In criminal proceedings ongoing in Parma, Italy, on October 8, 2008, the court issued an order permitting Parmalat investors to proceed with civil claims against Citigroup, subject to proper service of a summons on Citigroup.

Subprime-Mortgage-Related Litigation

Securities Actions. On September 24, 2008, four actions alleging securities fraud claims were consolidated in the United States District Court for the Southern District of New York under the caption IN RE CITIGROUP INC. SECURITIES LITIGATION. Lead Plaintiffs are expected to file a consolidated class action complaint by November 10, 2008.

Citigroup Inc., several current and former officers and directors, and numerous other financial institutions, have been named as defendants in a class action lawsuit filed on September 30, 2008, alleging violations of Sections 11, 12 and 15 of the Securities Act of 1933 arising out of offerings of Citigroup securities issued in 2006 and 2007. This action, LOUISIANA SHERIFFS' PENSION AND RELIEF FUND v. CITIGROUP INC., et al., is currently pending in New York state court.

Derivative Actions. On September 24, 2008, five actions alleging derivative claims were consolidated in the United States District Court for the Southern District of New York under the caption IN RE CITIGROUP INC. DERIVATIVE LITIGATION. Lead Plaintiffs are expected to file a consolidated class action complaint by November 10, 2008.

ERISA Actions. On September 15, 2008, a consolidated amended ERISA complaint was filed in IN RE CITIGROUP ERISA LITIGATION, pending in the United States District Court for the Southern District of New York.

Other Matters. Citigroup Global Markets Inc., along with numerous other firms, has been named as a defendant in several lawsuits by shareholders of Ambac Financial Group, Inc. for which CGMI underwrote securities offerings. These actions assert that CGMI violated Sections 11 and 12 of the Securities Act of 1933 arising out of allegedly false and misleading statements contained in the registration statements and prospectuses issued in connection with those offerings. Several of these actions have been consolidated under the caption IN

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RE AMBAC FINANCIAL GROUP, INC. SECURITIES LITIGATION, pending in the United States District Court for the Southern District of New York, and in which a consolidated amended class action complaint was filed on August 22, 2008.

On September 12, 2008, defendants, including Citigroup Inc. and Citigroup Global Markets Inc., moved to dismiss the complaint in IN RE AMERICAN HOME MORTGAGE SECURITIES LITIGATION.

Auction Rate Securities-Related Litigation

Securities Actions. On September 19, 2008, MILLER v. CALAMOS GLOBAL DYNAMIC INCOME FUND, et al., which had been pending in the United States District Court for the Southern District of New York and in which Citigroup Global Markets Inc. had been named as a defendant, was voluntarily dismissed.

On August 25, 2008, Lead Plaintiffs in IN RE CITIGROUP AUCTION RATE SECURITIES LITIGATION, pending in the United States District Court for the Southern District of New York, filed an amended consolidated class action complaint.

Derivative Actions. On August 20, 2008, LOUISIANA MUNICIPAL POLICE EMPLOYEES' RETIREMENT SYSTEM v. PANDIT, et al., was filed in the United States District Court for the Southern District of New York, against current and former officers and directors alleging several derivative claims.

Antitrust Actions. Citigroup Inc. and Citigroup Global Markets Inc., along with numerous other financial institutions, have been named as defendants in several lawsuits alleging that defendants artificially restrained trade in the market for auction rate securities in violation of the Sherman Act. These actions are (1) MAYOR AND CITY COUNCIL OF BALTIMORE, MARYLAND v. CITIGROUP INC., et al., and (2) MAYFIELD v. CITIGROUP INC., et al., and both are pending in the United States District Court for the Southern District of New York.

Regulatory Actions. On August 7, 2008, the Company reached a settlement with the New York Attorney General, the Securities and Exchange Commission, and other state regulatory agencies, pursuant to which the Company agreed to offer to purchase at par ARS that are not auctioning from all

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Citigroup individual investors, small institutions (as defined by the terms of the settlement), and charities that purchased ARS from Citigroup prior to February 11, 2008. In addition, the Company agreed to pay a $50 million fine to the State of New York and a $50 million fine to the other state regulatory agencies.

Interchange Fees

On September 18, 2008, the Court granted plaintiffs' motion to file an amended complaint. Discovery is ongoing.

Wachovia/Wells Fargo Litigation

On September 29, 2008, Citigroup Inc. announced that it had reached an agreement-in-principle to acquire all of the banking subsidiaries of Wachovia Corporation ("Wachovia") in an open-bank transaction assisted by the Federal Deposit Insurance Corporation. On October 3, 2008, Wachovia announced that it had entered into an agreement with Wells Fargo & Co. ("Wells Fargo") for Wells Fargo to purchase Wachovia. Since October 4, 2008, litigation has been instigated by all three parties and others in various courts, including the New York State Supreme Court and the United States District Court for the Southern District of New York. In this litigation, Citigroup seeks compensatory and punitive damages from Wachovia and Wells Fargo and their respective directors and advisors on various claims, including violation of a binding exclusivity agreement (the "Exclusivity Agreement") between Citigroup and Wachovia; tortious interference with the Exclusivity Agreement; and unjust enrichment. Wachovia and Wells Fargo seek, among other relief, a declaration that the proposed Wells Fargo-Wachovia transaction is valid and proper and not prohibited by the Exclusivity Agreement and an injunction barring Citigroup from taking any steps to interfere with or impede the Wells Fargo-Wachovia transaction.

Other Matters

Falcon/ASTA MAT Actions. On September 26, 2008, the action ZENTNER v. CITIGROUP INC., ET AL., previously removed on June 3, 2008 to the Southern District of New York, was remanded to New York state court.

A consolidated amended class action complaint was filed in IN RE MAT FIVE SECURITIES LITIGATION on October 2, 2008.

On July 21, 2008, the Court approved the voluntary dismissal without prejudice of FERGUSON FAMILY TRUST v. FALCON STRATEGIES TWO LLC, et al.

Other ERISA Actions. The Company and its administration and investment committees filed a motion to dismiss the purported class action complaint in LEBER v. CITIGROUP, INC., et al., on August 29, 2008. The motion is currently pending.

Item 1A. Risk Factors

There are no material changes from the risk factors set forth under Part I, Item 1A. "Risk Factors" in our Annual Report on Form 10-K for the fiscal year ended December 31, 2007.

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Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

(a) In connection with the November 2002 acquisition by the Company of Golden State Bancorp Inc., on September 26, 2008, the Company issued to GSB Investments Corp., a Delaware corporation (GSB Investments), and Hunter's Glen/Ford, Ltd., a limited partnership organized under the laws of the State of Texas (HG/F), respectively, 696,448 and 174,112 shares of Company common stock. These shares were issued in satisfaction of the rights of GSB Investments and HG/F to receive shares of Company common stock in respect of $16,266,737 of federal income tax benefits realized or to be realized by the Company.

The September 26, 2008 issuances were made in reliance upon an exemption from the registration requirements of the Securities Act of 1933 provided by Section 4(2) thereof. GSB Investments and HG/F made certain representations to the Company as to investment intent and that they possessed a sufficient level of financial sophistication. The unregistered shares are subject to restrictions on transfer absent registration under or in compliance with the Securities Act of 1933.

(c) Share Repurchases

Under its long-standing repurchase program, the Company buys back common shares in the market or otherwise from time to time. This program is used for many purposes, including to offset dilution from stock-based compensation programs.

The following table summarizes the Company's share repurchases during the first nine months of 2008:

In millions, except per share amounts	Total shares repurchased	Average price paid per share	Dollar value of remaining authorized repurchase program
First quarter 2008			
Open market repurchases(1)	**0.2**	**$ 27.19**	$ 6,743
Employee transactions(2)	**5.0**	**25.26**	N/A
Total first quarter 2008	**5.2**	**$ 25.31**	$ **6,743**
Second Quarter 2008			
Open market repurchases(1)	–	–	$ 6,743
Employee transactions	**0.8**	**$ 22.91**	N/A
Total second quarter 2008	**0.8**	**$ 22.91**	$ **6,743**

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July 2008			
Open market repurchases	–	–	$ 6,743
Employee transactions	**0.7**	**$ 17.42**	N/A
August 2008			
Open market repurchases	–	–	$ 6,743
Employee transactions	**0.3**	**18.66**	N/A
September 2008			
Open market repurchases	**0.1**	**20.27**	$ 6,742
Employee transactions	**0.5**	**18.25**	N/A
Third quarter 2008			
Open market repurchases(1)	**0.1**	**$ 20.27**	$ 6,742
Employee transactions	**1.5**	**17.94**	N/A
Total third quarter 2008	**1.6**	**$ 17.96**	$ 6,742
Year-to-date 2008			
Open market repurchases(1)	**0.3**	**$ 25.39**	$ 6,742
Employee transactions	**7.3**	**23.43**	N/A
Total year-to-date 2008	**7.6**	**$ 23.50**	**$ 6,742**

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(1) All open market repurchases were transacted under an existing authorized share repurchase plan. On April 17, 2006, the Board of Directors authorized up to an additional $10 billion in share repurchases. Shares repurchased in 2008 relate to customer fails/errors.

(2) Consists of shares added to treasury stock related to activity on employee stock option program exercises, where the employee delivers existing shares to cover the option exercise, or under the Company's employee restricted or deferred stock program, where shares are withheld to satisfy tax requirements.

N/A Not applicable.

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Item 6. Exhibits

See Exhibit Index.

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized, on the 31st day of October, 2008.

CITIGROUP INC.
(Registrant)

By /s/ GARY CRITTENDEN
Gary Crittenden
Chief Financial Officer
(Principal Financial Officer)

By /s/ JOHN C. GERSPACH
John C. Gerspach
Controller and Chief Accounting Officer
(Principal Accounting Officer)

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EXHIBIT INDEX

2.01+	Share Purchase Agreement, dated July 11, 2008, by and between Citigroup Global Markets Finance Corporation & Co. Beschrankt Haftende KG, CM Akquisitions GmbH, and Banque Federative du Credit Mutuel S.A.
3.01.1	Restated Certificate of Incorporation of Citigroup Inc. (the Company), incorporated by reference to Exhibit 4.01 to the Company's Registration Statement on Form S-3 filed December 15, 1998 (No. 333-68949).
3.01.2	Certificate of Designation of 5.321% Cumulative Preferred Stock, Series YY, of the Company, incorporated by reference to Exhibit 4.45 to Amendment No. 1 to the Company's Registration Statement on Form S-3 filed January 22, 1999 (No. 333-68949).
3.01.3	Certificate of Amendment to the Restated Certificate of Incorporation of the Company dated April 18, 2000, incorporated by reference to Exhibit 3.01.3 to the Company's Quarterly Report on Form 10-Q for the fiscal quarter ended March 31, 2000 (File No. 1-9924).
3.01.4	Certificate of Amendment to the Restated Certificate of Incorporation of the Company dated April 17, 2001, incorporated by reference to Exhibit 3.01.4 to the Company's Quarterly Report on Form 10-Q for the fiscal quarter ended March 31, 2001 (File No. 1-9924).
3.01.5	Certificate of Designation of 6.767% Cumulative Preferred Stock, Series YYY, of the Company, incorporated by reference to Exhibit 3.01.5 to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2001 (File No. 1-9924).
3.01.6	Certificate of Amendment to the Restated Certificate of Incorporation of the Company dated April 18, 2006, incorporated by reference to Exhibit 3.01.6 to the Company's Quarterly Report on Form 10-Q for the fiscal quarter ended March 31, 2006 (File No. 1-9924).
3.01.7	Certificate of Designation of 7% Non-Cumulative Convertible Preferred Stock, Series A, of the Company, incorporated by reference to Exhibit 3.01 to the Company's Current Report on Form 8-K filed January 25, 2008 (File No. 1-9924).
3.01.8	Certificate of Designation of 7% Non-Cumulative Convertible Preferred Stock, Series B, of the Company, incorporated by reference to Exhibit 3.02 to the Company's Current Report on Form 8-K filed January 25, 2008 (File No. 1-9924).
3.01.9	Certificate of Designation of 7% Non-Cumulative Convertible Preferred Stock, Series C, of the Company, incorporated by reference to Exhibit 3.03 to the Company's Current Report on Form 8-K filed January 25, 2008 (File No. 1-9924).
3.01.10	Certificate of Designation of 7% Non-Cumulative Convertible Preferred Stock, Series D, of the Company, incorporated by reference to Exhibit 3.04 to the Company's Current Report on Form 8-K filed January 25, 2008 (File No. 1-9924).
3.01.11	Certificate of Designation of 7% Non-Cumulative Convertible Preferred Stock, Series J, of the Company, incorporated by reference to Exhibit 3.05 to the Company's Current Report on Form 8-K filed January 25, 2008 (File No. 1-9924).
3.01.12	Certificate of Designation of 7% Non-Cumulative Convertible Preferred Stock, Series K, of the Company, incorporated by reference to Exhibit 3.06 to the Company's Current Report on Form 8-K filed January 25, 2008 (File No. 1-9924).
3.01.13	Certificate of Designation of 7% Non-Cumulative Convertible Preferred Stock, Series L1, of the Company, incorporated by reference to Exhibit 3.07 to the Company's Current Report on Form 8-K filed January 25, 2008 (File No. 1-9924).
3.01.14	Certificate of Designation of 7% Non-Cumulative Convertible Preferred Stock, Series N, of the Company, incorporated by reference to Exhibit 3.08 to the Company's Current Report on Form 8-K filed January 25, 2008 (File No. 1-9924).

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3.01.15	Certificate of Designation of 6.5% Non-Cumulative Convertible Preferred Stock, Series T, of the Company, incorporated by reference to Exhibit 3.09 to the Company's Current Report on Form 8-K filed January 25, 2008 (File No. 1-9924).
3.01.16	Certificate of Designation of 8.125% Non-Cumulative Preferred Stock, Series AA, of the Company, incorporated by reference to Exhibit 3.10 to the Company's Current Report on Form 8-K filed January 25, 2008 (File No. 1-9924).
3.01.17	Certificate of Designation of 8.40% Fixed Rate/Floating Rate Non-Cumulative Preferred Stock, Series E, of the Company, incorporated by reference to Exhibit 3.01 to the Company's Current Report on Form 8-K filed April 28, 2008 (File No. 1-9924).
3.01.18	Certificate of Designation of 8.50% Non-Cumulative Preferred Stock, Series F, of the Company, incorporated by reference to Exhibit 3.01 to the Company's Current Report on Form 8-K filed May 13, 2008 (File No. 1-9924)
3.01.19	Certificate of Designations of Fixed Rate Cumulative Perpetual Preferred Stock, Series H, of the Company, incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K filed October 30, 2008 (File No. 1-9924).
3.02	By-Laws of the Company, as amended, effective October 16, 2007, incorporated by reference to Exhibit 3.1 to the

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Company's Current Report on Form 8-K filed October 19, 2007 (File No. 1-9924).

10.01+	Form of Citigroup Equity or Deferred Cash Award Agreement (effective January 1, 2009).
12.01+	Calculation of Ratio of Income to Fixed Charges.
12.02+	Calculation of Ratio of Income to Fixed Charges (including preferred stock dividends).
31.01+	Certification of principal executive officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.02+	Certification of principal financial officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.01+	Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
99.01+	Residual Value Obligation Certificate.

The total amount of securities authorized pursuant to any instrument defining rights of holders of long-term debt of the Company does not exceed 10% of the total assets of the Company and its consolidated subsidiaries. The Company will furnish copies of any such instrument to the Securities and Exchange Commission upon request.

\+ Filed herewith

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Exhibit 2.01

Dated 10/11 July 2008

CITIGROUP GLOBAL MARKETS FINANCE
CORPORATION & CO. BESCHRÄNKT HAFTENDE KG

and

CM AKQUISITIONS GmbH

and

BANQUE FÉDÉRATIVE DU CRÉDIT MUTUEL S.A.

SHARE PURCHASE AGREEMENT

- Notarisation required -

Linklaters

Linklaters LLP
Mainzer Landstraße 16
60325 Frankfurt am Main
Germany
Tel: (49-69) 710 03 0
Fax: (49-69) 710 03 333

Ref L-149035

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Share Purchase Agreement

Between:

(1) **Citigroup Global Markets Finance Corporation & Co. beschränkt haftende KG**, a limited partnership incorporated in Germany having its seat in Düsseldorf and registered in the commercial register of the Local Court Düsseldorf under No. HRA 17075 (the "**Seller**");

(2) **CM Akquisitions GmbH**, a company incorporated in Germany, having its registered office in Düsseldorf, registered in the commercial register of the Local Court of Düsseldorf under No. HRB 59030 (the "**Purchaser**"); and

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(3) **Banque Fédérative du Crédit Mutuel S.A.**, a stock corporation under French law, having its registered seat in Strasbourg, registered in the Registre du Commerce et des Sociétes Strasbourg TI 355 801 929 – No. de Gestion 92 B 1469 (the "**Guarantor**").

Whereas:

(A) The Seller is the sole shareholder of, and owns all of the Shares in, each of Citicorp Deutschland GmbH ("**Citicorp Deutschland**"), a company incorporated in Germany having its seat in Düsseldorf and registered in the commercial register of the Local Court Düsseldorf under No. HRB 48323, Citicorp Akademie GmbH ("**Citicorp Akademie**"), a company incorporated in Germany having its seat in Düsseldorf and registered in the commercial register of the Local Court Düsseldorf under No. HRB 49743, Citigroup IT Consulting GmbH ("**CIT Consulting**"), a company incorporated in Germany having its seat in Duisburg and registered in the commercial register of the Local Court Duisburg under No. HRB 17501, and Citigroup Realty Services GmbH ("**Citigroup Realty**"), a company incorporated in Germany having its seat in Düsseldorf and registered in the commercial register of the Local Court Düsseldorf under No. HRB 49744 (CIT Consulting, Citicorp Deutschland, Citicorp Akademie and Citigroup Realty, together, the "**Target Companies**"). Each of the Target Companies is a limited liability company incorporated under German law.

(B) The Seller holds a silent partner interest in the nominal amount of 229,058,762.78 in Citicorp Deutschland (the "**Silent Partner Interest**") on and subject to the terms of a silent partnership agreement dated December 30, 1992, as amended on November 9, 2000, and acquired by the Seller through assignment agreements dated August 19, 2003 and August 21, 2003 (the "**Silent Partnership Agreement**").

(C) Citicorp Deutschland directly or indirectly holds shares in the entities further described in Schedule 3 (excluding CGMM, CGMD and CKG (each as defined below), the "**Subsidiaries**"). Each of the Target Companies and the Subsidiaries shall be referred to as a "**Group Company**" and collectively as the "**Group Companies**" or the "**Group**".

(D) The Group carries on the business of consumer banking in Germany (the "**Business**").

(E) Citibank Privatkunden AG & Co. KGaA ("**Citibank Privatkunden**"), a partnership limited by shares incorporated in Germany having its seat in Düsseldorf and registered in the commercial register of the Local Court Düsseldorf under No. HRB 48380, owns and operates two data centres located in and around Meerbusch, Germany and certain real estate used for purposes of operating the data centre in Frankfurt, Germany that will not form part of the sale of the Group Companies. The Seller intends to complete the transfer

of these data centre assets and the Frankfurt data centre real estate substantially on the terms set out in Schedule 4 (the "**Data Centre Transfer**").

(F) Citicorp Deutschland is the sole shareholder of Citigroup Global Markets Management AG ("**CGMM**"), a company incorporated in Germany having its seat in Frankfurt am Main and registered in the commercial register of the Local Court Frankfurt am Main under No. HRB 57153 and the general partner of Citigroup Global Markets Deutschland AG & Co. KGaA ("**CGMD**"), a partnership limited by shares incorporated in Germany having its seat in Frankfurt am Main and registered in the commercial register of the Local Court Frankfurt am Main under No. HRB 57295, the German entity of the Seller' s Global Corporate and Investment Bank. Citicorp Deutschland intends to, in its sole discretion, either (i) spin-off all of its shares in CGMM and CGMD, its interests in the Investment Bank Profit Pooling Agreements (as defined below) and all of its silent partner interests in CGMD substantially on the terms set out in Schedule 5 or (ii) sell such shares and silent partner interest to the Seller in accordance with Clause 7.3.6 (the "**Investment Bank Carve-out**").

(G) Citibank Privatkunden owns and operates a branch in London and intends to transfer certain assets of the branch, together with the employment arrangements of certain specified employees, substantially on the terms set out in Schedule 6 (the "**London Branch Transfer**").

(H) Citibank Privatkunden is the sole shareholder of Citi Kartendienstleistungs GmbH ("**CKG**"), a company incorporated in Germany having its seat in Düsseldorf and registered in the commercial register of the Local Court Düsseldorf under No. HRB 56824, the German entity of the Seller' s Diners Cards business. Citibank Privatkunden intends to, in its sole discretion, either (i) sell all of the shares in CKG and the Diner' s card issuing business ("**CIB**") operated by Citibank Privatkunden to a Seller Affiliate or (ii) spin-off all of the shares in CKG to a Seller Affiliate and hive down CIB to CKG, in each case, in accordance with an agreement a draft of

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which is set out in Schedule 7 (the "**CKG Transfer**" and, together with the Data Centre Transfer, the Investment Bank Carve-out and the London Branch Transfer, the "**Preliminary Reorganisations**").

(I) The Group Companies participate in a Contractual Trust Arrangement ("**CTA**") of the Seller' s group together with certain of the Seller' s Affiliates in order to externally fund certain pension obligations of the Group Companies based on direct commitments (*Direktzusage*) including deferred compensation (*Entgeltumwandlung*) according to the Pension Schemes (Schedule 11.12.6) and old-age part-time (*Altersteilzeit*) obligations (collectively the "**Pension Commitments**"). For this purpose, certain assets that serve to fulfil the Pension Commitments (the "**Pension Assets**") are held by Citibank Pension Fund e.V. as trustee (*treuhänderisch*) on behalf of the relevant Group Companies. It is intended that the joint participation by the Group Companies and the Seller' s Affiliates in the CTA prior to Closing will be terminated and the Pension Assets will be transferred to a new CTA in accordance with the provisions set out in Schedules 21 and 21.1 - 21.5 (the "**CTA Transfer**").

(J) The Seller and certain of the Seller' s Affiliates have granted financing loans to the Group Companies. Furthermore, the Seller and the Target Companies are parties to the domination and profit and loss pooling agreements listed in Part A of Schedule 8 (each a "**Target Company Profit Pooling Agreement**" and, collectively, the "**Target Company Profit Pooling Agreements**") and Citicorp Deutschland and the Subsidiaries are parties to the domination and profit and loss pooling agreements listed in Part B of Schedule 8 (such agreements together with the Target Company Profit Pooling Agreements, the "**Profit**

Pooling Agreements"). CGMD and Citicorp Deutschland are parties to a domination and profit and loss pooling agreement dated December 27, 1993 and CGMM and Citicorp Deutschland are parties to a domination and profit and loss pooling agreement dated November 21/December 9, 2003 (jointly, the "**Investment Bank Profit Pooling Agreements**").

(K) The Seller and the Purchaser have coordinated to submit as of the date hereof a complete notification pursuant to Section 2c of the German Banking Act with respect to the transactions contemplated herein to the Bundesanstalt für Finanzdienstleistungsaufsicht ("**BaFin**").

(L) The Seller has agreed to sell or procure the sale of the Shares, the Silent Partner Interest and the Closing Internal Financial Payables (as defined below) and to assume the obligations imposed on the Seller under this Agreement. The Purchaser has agreed to purchase or to procure the purchase of the Shares, the Silent Partner Interest and the Closing Internal Financial Payables, and to assume the obligations imposed on the Purchaser under this Agreement.

It is agreed as follows:

1 Interpretation

In this Agreement, including the Preamble, unless the context otherwise requires, the provisions in this Clause 1 apply.

1.1 Definitions

Defined terms shall have the meaning ascribed or referenced to them in Schedule 1.

1.2 Schedules, etc.

References to this Agreement shall include the Schedules to it and references to Clauses and Schedules are to Clauses of, and Schedules to, this Agreement. References to paragraphs and Parts are to paragraphs and Parts of the Schedules.

1.3 Headings

The headings in this Agreement shall not affect its interpretation.

1.4 German Terms

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Where a German term has been added in parenthesis after an English term in this Agreement, the German term shall be conclusive in interpreting the relevant English term whenever such English term is used in this Agreement.

1.5 Information

References to books, records or other information mean books, records or other information in any form including paper, electronically-stored data, magnetic media, film and microfilm.

1.6 References to "including"

The words "include", "included", "including" and their cognates shall not be interpreted as words of limitation.

2 Agreement to Sell the Shares and the Silent Partner Interest

2.1 Sale and Purchase of the Shares and the Silent Partner Interest

2.1.1 Subject to the terms of this Agreement, the Seller hereby sells (*verkauft*), with economic effect as of the Closing Date, the Shares and the Silent Partner Interest free from all Encumbrances to the Purchaser and the Purchaser accepts such sale.

2.1.2 The Shares and the Silent Partner Interest shall be sold and transferred together with all rights and advantages attaching to them as at the Closing Date (including the right to receive all dividends or distributions declared, made or paid in respect of the Shares on or after Closing and the right to receive the balances on all partner accounts in respect of the Silent Partner Interest existing on or after Closing); provided, however, that any such rights shall not include the right to receive profits relating to periods ending on or prior to the Profit Pooling Termination Date (i) in accordance with the Profit Pooling Agreements and (ii) relating to the Silent Partner Interest, which shall be for the account of the Seller and subject to Clause 7.4.3 and Clause 7.4.4.

3 Assignment of the Shares and the Silent Partner Interest

On Closing, the Seller shall assign (*abtreten*) the Shares, the Silent Partner Interest and the Silent Partnership Agreement to the Purchaser on and subject to the terms of a share and silent partner interest transfer agreement substantially in the form attached as Schedule 9 Part A. The Seller shall procure that Citicorp Deutschland shall participate in and approve such assignment and the Purchaser shall accept such assignment. The consent of Citicorp Deutschland to the sale and transfer of the Silent Partner Interest shall be substantially in the form attached as Schedule 9 Part B.

4 Internal Indebtedness

4.1 Status of Internal Indebtedness

Schedule 10 sets out the Internal Indebtedness as at June 30, 2008, showing the relevant creditor, debtor and outstanding amounts (including accrued interest). It is understood that the line items reflected in this schedule are not the exclusive line items to be considered for the purposes of determining the Closing Internal Financial Payables and the Closing Internal Financial Receivables.

4.2 Sale of Closing Internal Financial Payables

On and subject to the terms of this Agreement, the Seller agrees to sell, and the Purchaser agrees to purchase, the Closing Internal Financial Payables. The Closing Internal Financial Payables shall be sold and transferred together with all underlying agreements and arrangements, and with all rights and obligations attaching to them as at Closing.

4.3 Transfer of Closing Internal Financial Payables

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4.3.1 On Closing, the Seller shall:

(i) assign, or procure the assignment of, the Closing Internal Financial Payables; and

(ii) transfer, or procure the transfer of, all agreements and arrangements relating to the Closing Internal Financial Payables,

to the Purchaser on and subject to the terms of a transfer agreement substantially in the form attached as Schedule 24 and the Purchaser shall accept such assignments and transfers.

4.3.2 The Seller and the Purchaser agree that, upon such assignments and transfers taking effect, the Seller shall be released from, and the Purchaser shall assume, all obligations in respect of or relating to the Closing Internal Financial Payables and the Purchaser shall indemnify the Seller in respect of all losses, liabilities, costs and expenses relating thereto.

4.3.3 The Seller shall procure that, on or prior to Closing, the relevant Group Companies shall give their respective consents to such assignments and transfers as may be necessary to give effect to the agreements set out or referred to in this Clause 4.3.

4.4 Repayment of Internal Financial Receivables

On or prior to Closing, the Seller shall or shall procure:

4.4.1 that any agreements and arrangements relating to the Internal Financial Receivables are terminated without further termination costs for the relevant Group Companies; and

4.4.2 that all Internal Financial Receivables are repaid in full.

The Seller shall provide all necessary evidence of such termination and repayment reasonably satisfactory to the Purchaser.

5 Purchase Price

5.1 Purchase Price for the Shares and the Silent Partner Interest

The consideration for the sale and purchase of the Shares and the Silent Partner Interest under this Agreement (the "**Purchase Price**") shall be an amount in cash equal to:

5.1.1 an amount equal to 940,000,000 (Nine Hundred Forty Million Euros) (the "**Base Equity**"), as more fully described in Schedule 19,

5.1.2 minus the amount, if any, by which the Closing Equity is less than the Base Equity or plus the amount, if any, by which the Closing Equity exceeds the Base Equity, in each case on a Euro for Euro basis, as more fully described in Schedule 19,

5.1.3 plus a fixed premium in an amount equal to 3,960,000,000 (Three Billion Nine Hundred Sixty Million Euros) (the "**Premium**").

5.2 Allocation

5.2.1 The Parties agree to allocate the Base Equity, the Premium to the Group Companies and the Silent Partner Interest as set forth in Schedule 12 (the "**Allocation Schedule**").

5.2.2 On or prior to Closing, the Parties shall complete the Allocation Schedule by allocating to each of the Group Companies and the Silent Partner Interest the

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relevant Estimated Adjustment Amount (as defined in Clause 5.4.1(i)(b) below) and adding or deducting such amounts correspondingly.

5.2.3 The Allocation Schedule shall be finalised after Closing concurrently with finalisation of the Closing Accounts (as defined in Clause 10.2.1 below). The procedures set out in Clauses 10.4 to 10.6 in respect of the preparation and finalisation of the Closing Accounts shall also apply to the preparation and finalisation of the Allocation Schedule *mutatis mutandis*.

5.3 Purchase Price for the Internal Financial Payables

The consideration for the sale of the Closing Internal Financial Payables under this Agreement (the "**Internal Financial Payables Amount**") shall be an amount equal to the Closing Internal Financial Payables.

5.4 Due Date for Payment

5.4.1 The Purchase Price shall be due for payment (*fällig*) as follows.

(i) On Closing, the Purchaser shall pay to the Seller an amount in cash equal to:

(a) the Base Equity,

(b) minus the amount, if any, by which the Estimated Closing Equity is less than the Base Equity or plus the amount, if any, by which the Estimated Closing Equity exceeds the Base Equity (such amount, the "**Estimated Adjustment Amount**"), in each case on a Euro for Euro basis,

(c) plus the Premium,

(the "**Preliminary Purchase Price**").

(ii) Within five Business Days after the Closing Accounts have become final and binding in accordance with Clause 10.6, the difference between the Preliminary Purchase Price and the Purchase Price plus interest thereon at an annual rate of 3-month EURIBOR plus 50 basis points as from the Closing Date shall be paid by the Purchaser to the Seller if the Purchase Price exceeds the Preliminary Purchase Price or by the Seller to the Purchaser if the Preliminary Purchase Price exceeds the Purchase Price. Set forth on Schedule 20 is an illustration of the calculation of the Purchase Price.

5.4.2 The Internal Financial Payables Amount shall be due for payment (*fällig*) as follows.

(i) On Closing, the Purchaser shall pay to the Seller an amount in cash equal to the Estimated Closing Internal Financial Payables (as defined in Clause 7.2 below) (the "**Preliminary Internal Financial Payables Amount**").

(ii) Within five Business Days after the Closing Accounts have become final and binding in accordance with Clause 10.6, the difference between the Preliminary Internal Financial Payables Amount and the Internal Financial Payables Amount plus interest at a rate of 3-month EURIBOR plus 50 basis points as from the Closing Date shall be paid by the Purchaser to the Seller if the Internal Financial Payables Amount exceeds the Preliminary Internal

Financial Payables Amount or by the Seller to the Purchaser if the Preliminary Internal Financial Payables Amount exceeds the Internal Financial Payables Amount.

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5.5 Value Added Tax

The Parties assume that the sale of the Shares, the Closing Internal Financial Payables and the Silent Partner Interest is not subject to VAT and agree not to opt to make the sale of the Shares, the Closing Internal Financial Payables and the Silent Partner Interest VATable. If VAT becomes payable as a result of the sale of the Shares, the Closing Internal Financial Payables and the Silent Partner Interest, the whole amount of such VAT shall be borne by the Purchaser and the Purchaser shall pay such VAT in addition to the Purchase Price.

5.6 Adjustment of Consideration

If any payment or other performance is made by the Seller to the Purchaser or by the Purchaser to the Seller in respect of any claim for any breach of this Agreement, in accordance with Clauses 7.3 or 7.4, or pursuant to an indemnity under this Agreement, (i) the payment or, in the case of a non-financial performance, its financial value shall be treated as an adjustment to the consideration paid by the Purchaser for the Shares and the Silent Partner Interest or the Closing Internal Financial Payables, as the case may be, (ii) the consideration shall be deemed to have been reduced or increased, as the case may be, by the amount of such payment and (iii) the Allocation Schedule shall be amended (or deemed to be amended) correspondingly as reasonably considered appropriate by the Seller.

5.7 No Netting

The Purchaser shall not be entitled to:

5.7.1 set-off any rights or claims it may have against the Seller or any of the Seller' s Affiliates against any rights or claims which the Seller or any of the Seller' s Affiliates may have under or in connection with this Agreement or otherwise; or

5.7.2 refuse to perform any obligation it may have under or in connection with this Agreement on the grounds that it has a right of retention (*Zurückbehaltungsrecht*),

unless the rights or claims of the Purchaser have been acknowledged in writing by the Seller explicitly referencing this Clause 5.7 or have been confirmed by way of a final and binding, non-appealable decision of a competent court (*Gericht*) or arbitration panel (*Schiedsgericht*).

6 Conditions to Closing

6.1 Closing Conditions

The obligations of the Parties to perform the actions at Closing pursuant to Clause 9.2 shall be subject to the following conditions precedent (*aufschiebende Bedingungen*) (the "**Closing Conditions**").

6.1.1 The European Commission taking a decision (or being deemed by passage of time to have taken a decision) (the "**Merger Control Closing Condition**"):

(i) under Article 6(1)(b) or, if the European Commission has initiated proceedings pursuant to Article 6(1)(c), under Article 8(1) or 8(2) of Council Regulation (EC) 139/2004 (as amended) (the "**Regulation**"), declaring the transaction compatible with the common market either unconditionally or subject to the satisfaction of certain conditions or obligations (*Auflagen oder Bedingungen*) on terms which are, in accordance with Clause 6.2.3, agreed by the Purchaser; or

(ii) to refer the whole or part of the transactions contemplated herein to the competent authorities of one or more member states under Articles 4(4) or 9(3) of the Regulation; and

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(a) each such authority taking a decision (or being deemed by passage of time to have taken a decision) with equivalent effect to (i) above with respect to those parts of the transactions referred to it; and

(b) the European Commission taking any of the decisions under (i) above (or being deemed by passage of time to have taken a decision) with respect to any part of the transactions retained by it.

6.1.2 The earlier of the expiration of three months after receipt by BaFin of a complete notification submitted by the Purchaser pursuant to Section 2c (1) of the German Banking Act or receipt by the Purchaser of confirmation issued by BaFin that it does not have any objections to the transactions contemplated herein.

6.1.3 The completion of the Preliminary Reorganisations in accordance with the terms specified in this Agreement.

6.1.4 There are no orders to stay or injunctions in effect from any court of law or public authority that prohibit the consummation of the Closing Actions.

6.2 Satisfaction of Closing Conditions

6.2.1 The Parties shall use their commercially reasonable best endeavours to ensure the satisfaction of the Merger Control Closing Condition and the BaFin Closing Condition as soon as practicable after the date of this Agreement. The Seller shall use its commercially reasonable best endeavours to ensure the satisfaction of the Closing Condition referred to in Clause 6.1.3 by no later than the end of the calendar month in which the Merger Control Closing Condition and the BaFin Closing Condition have been satisfied and, for the avoidance of doubt, prior to Closing. The Parties agree that this Clause 6.2.1 shall require them to, *inter alia*, comply with all information requests or requirements of an administrative nature made or imposed under statute or regulation, or by any governmental or regulatory body or authority.

6.2.2 The Purchaser shall take all actions necessary to prepare and shall file a draft Form CO (annex to Commission Regulation (EC) No. 447/98 (OJ L 61, 2.3.1998)) within 14 days of the date of this Agreement and, without prejudice to the generality of Clause 6.2.1, shall use its commercially reasonable best endeavours to formally file the Form CO with the European Commission as soon as reasonably practicable thereafter.

6.2.3 The Parties agree that all requests and enquiries from the European Commission or any other merger control authority shall be dealt with by the Purchaser in

consultation with the Seller; provided, however, that, other than to the extent such content consists of competitive information confidential to the Purchaser or its Affiliates, the contents of any such communication shall require the prior written consent of the Seller (such consent not to be unreasonably withheld or delayed). The Seller and the Purchaser shall promptly and closely cooperate with each other in any discussions or negotiations with the European Commission or such other merger control authority. The Purchaser shall promptly (*unverzüglich*) submit all necessary information required by the European Commission or such other merger control authority. If the European Commission or such other merger control authority consents to the transactions contemplated herein subject only to the satisfaction of certain conditions, the Purchaser shall agree to such conditions and shall use its commercially reasonable best endeavours to ensure the satisfaction of such conditions, except in each case where to do so would cause the Purchaser to suffer unreasonable commercial hardship (*wirtschaftliche Unzumutbarkeit*).

6.2.4 The Parties agree that all requests and enquiries from BaFin shall be dealt with by the Purchaser in consultation with the Seller; provided, however, that, other than to the extent such content consists of information confidential to the Purchaser or its Affiliates, the contents of any such communication shall require the prior written consent of the Seller (such consent not to

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be unreasonably withheld or delayed). The Seller and the Purchaser shall promptly and closely cooperate with each other in any discussions with BaFin and the Purchaser shall promptly (*unverzüglich*) submit all necessary information required by BaFin.

6.3 Information

Each Party shall give notice to the other of the satisfaction of a Closing Condition (or, where such Closing Condition is incapable of being satisfied, of such fact) within two Business Days after becoming aware of the same.

7 Period until Closing

7.1 The Seller' s Obligations in Relation to the Conduct of Business

Other than in connection with the items set forth in Schedule 13 or as otherwise provided for or contemplated in this Agreement, the Seller shall procure that between the date of this Agreement and Closing:

7.1.1 unless otherwise agreed by the Purchaser, each Group Company shall carry on its business as a going concern in all material respects in the ordinary course consistent with past practice as carried on prior to the date of this Agreement and in all material respects in compliance with all Laws applicable to them;

7.1.2 notwithstanding Clause 7.1.1, no Group Company shall take any of the following actions without the prior consent of the Purchaser (such consent not to be unreasonably withheld or delayed):

(i) enter into, terminate or amend any enterprise agreement (*Unternehmensvertrag*) or silent partnership agreement;

(ii) dispose of, or agree to dispose of, shares in any Group Company or the Silent Partner Interest by way of divestiture or Encumbrance;

(iii) create, allot or issue, or grant an option to subscribe for, any share capital of a Group Company;

(iv) declare, make or pay any dividend or other distribution with respect to any share capital of a Group Company or the Silent Partner Interest;

(v) enter into any agreement or incur any commitment involving any capital expenditure in excess of 1 million per item and 5 million in aggregate, in each case exclusive of VAT;

(vi) cancel, release or assign any indebtedness owed to it in excess of 1 million per item and 5 million in aggregate;

(vii) enter into or amend any agreement which is either not capable of being terminated without compensation in excess of 1 million per item and 5 million in aggregate (in each case exclusive of VAT) at any time with notice of 12 months or shorter or which involves or may involve total annual expenditure in excess of 1 million, exclusive of VAT;

(viii) dispose of any material asset, or amend any agreement to do so, involving consideration in excess of 20 million, exclusive of VAT;

(ix) acquire any share, shares or other interest in any company, partnership or other venture;

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(x) other than payments that would be, or material amendments that would cause any applicable amounts to be, settled prior to Closing or fully accrued on the relevant balance sheet of the Closing Accounts or required by law or applicable collective bargaining agreements or made in the ordinary course of business consistent with past practice:

(a) make any material amendment to the terms and conditions of employment (including remuneration, severance arrangements, pension entitlements and other benefits in excess of 100,000 individually) of any Senior Employee (as defined in Clause 11.12.1 below); or

(b) provide or agree to provide any gratuitous payment or other gratuitous benefit in excess of 100,000 individually to any Senior Employee or any of his/her relatives;

(xi) other than payments that would be, or material amendments that would cause any applicable amounts to be, settled prior to Closing or fully accrued on the relevant balance sheet of the Closing Accounts, discontinue, materially amend or introduce any Pension Schemes (as defined in Clause 11.12.6) or communicate to any employee any intention to discontinue, materially amend or generally exercise any discretion in relation to any Pension Scheme other than in the ordinary course of business consistent with past practice;

(xii) other than payments that would be settled prior to Closing or fully accrued on the relevant balance sheet of the Closing Accounts, pay any benefits under any Pension Scheme otherwise than in the ordinary course of business consistent with past practice or in accordance with the terms of the documents governing the Pension Schemes;

(xiii) modify or terminate any material rights under any of its Material Agreements or enter into any additional Material Agreement;

(xiv) materially amend the terms on which any product is sold or the properties of any product, in either case in a manner that is materially adverse to the Business, other than amendments made as a result of a variation in the base interest rate of the European Central Bank or as appropriate in response to changes in the market or in applicable laws, regulation or interpretations thereof;

(xv) make the criteria upon which the Business determines the credit risk of any customer or potential customer less stringent in any material respect other than as appropriate in response to changes in the market or in applicable laws, regulation or interpretations thereof or other than as appropriate in response to the sound results of a credit risk test or as part of a credit risk test conducted by the Business;

(xvi) make any material change to its accounting practices or policies, except as required by applicable law or regulation;

(xvii) settle or compromise any Litigation (as defined in Clause 11.13) in excess of 200,000 individually and 2.0 million in aggregate;

(xviii) make any material amendment to the articles of association of any Group Company;

(xix) make any transformation (*Umwandlung*) as defined in the German Reorganisation Act (*Umwandlungsgesetz*) involving a Group Company; or

(xx) enter into an agreement with the Seller or a Seller' s Affiliates, other than those agreements that terminate at Closing with any liabilities of the relevant Group Companies accrued in the Closing Accounts.

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7.2 Estimates of Figures

7.2.1 Not earlier than ten nor later than five Business Days prior to the Closing Date, the Seller shall calculate in good faith the Seller' s estimate of the Closing Equity of the Group as at the Closing Date (the "**Estimated Closing Equity**") in the format attached as Schedule 19 and the Estimated Adjustment Amount, and shall provide such estimates, together with the relevant underlying calculations and figures, to the Purchaser.

7.2.2 Not earlier than ten nor later than five Business Days prior to the Closing Date, the Seller shall calculate in good faith an estimate of the Closing Internal Financial Payables (the "**Estimated Closing Internal Financial Payables**") and shall provide such estimate, together with the relevant underlying calculations and figures, to the Purchaser. The Estimated Closing Internal Financial Payables shall be provided substantially in the format attached as Schedule 14.

7.3 Preliminary Reorganisations and the CTA Transfer

7.3.1 The Seller shall, and shall cause its Affiliates to, use its commercially reasonable best endeavours to commence to effect the Preliminary Reorganisations with the objective of completing the Preliminary Reorganisations substantially on the terms set out in Schedule 4, Schedule 5, Schedule 6 and Schedule 7, as applicable, by

no later than the end of the calendar month by which the Merger Control Closing Condition and the BaFin Closing Condition have been satisfied and, for the avoidance of doubt in any event, prior to Closing. Any material action related to the Preliminary Reorganisation that is not contemplated by this Clause 7.3 or by Schedule 4, Schedule 5, Schedule 6 or Schedule 7 shall require the consent of the Purchaser (such consent shall not be unreasonably withheld or delayed). The Seller shall inform the Purchaser regularly and not less frequently than at the end of each calendar week following the date of this Agreement about the current status of the Preliminary Reorganisations so as to give the Purchaser the opportunity to comment and reasonably object. The Seller shall procure that its Affiliates which are parties to the agreements to be entered into in respect of the Data Centre Transfer, the Investment Bank Carve-out, the London Branch Transfer and the CKG Transfer comply with their obligations thereunder. To the extent that consideration is to be paid by any party to a Preliminary Reorganisation, the Seller shall procure that such consideration be only in the form of cash payable immediately upon completion of the relevant Preliminary Reorganisation. The Seller agrees to enter into good faith discussions with the Purchaser with a view to structuring the transaction or the capital structure of the Group Companies in such a way as to minimize the amount of cash trapped in the Group Companies as a result of such cash payment. If, notwithstanding such discussions, the amount of cash paid to the Group Companies in consideration for effecting the Preliminary Reorganisations exceeds 50 million, the Purchaser shall be entitled to require the Seller to accept a repayment of such amount of intercompany loans as exceeds 25 million, subject to the Guarantor providing a full indemnity in respect of the amounts so repaid in favour of the Seller on terms reasonably satisfactory to the Seller.

7.3.2 Both prior to and following Closing, the Seller and the Purchaser agree that, to the extent the Group Companies own, hold, receive, operate or employ any assets, liabilities, businesses, operations or employees that pertain exclusively or primarily to the data centre subject to the Data Centre Transfer, the entities to be transferred pursuant to the Investment Bank Carve-out or the CKG Transfer or the branch to be transferred pursuant to the London Branch Transfer, regardless of whether such assets, liabilities, businesses, operations or employees are listed in Schedule 4, Schedule 5, Schedule 6 or Schedule 7, such assets, liabilities, businesses, operations or employees shall be (i) treated for the purposes of this Agreement as if they were listed in Schedule 4, Schedule 5, Schedule 6 or Schedule 7 and (ii) deemed to form part of and be subject to the Preliminary Reorganisations. The deemed inclusion of such assets, liabilities, businesses, operations, or employees in the Preliminary Reorganisations shall be taken into account in determining the accuracy of the Seller' s Guarantees contained in Clauses 11.7.2, 11.7.3 and 11.9.5. The Seller and the Purchaser shall cooperate to effect the transfer of such assets, liabilities, businesses, operations or employees to the Seller or one or more of its Affiliates (other than the Group Companies).

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7.3.3 In connection with the Investment Bank Carve-out if effected by way of a spin-off and the CKG Transfer:

(i) the Purchaser shall indemnify and hold the Seller harmless from (a) any liability incurred by the Seller as a result of Section 133 and 22 German Transformation Act in respect of the Investment Bank Carve-out with

respect to the liabilities of Citicorp Deutschland, including any costs and expenses incurred by the Seller in connection therewith and (b) any liability, costs or expenses incurred in connection with any claim that is brought by Citicorp Deutschland for transfer of profits under the Investment Bank Profit Pooling Agreements;

(ii) the Seller shall indemnify and hold the Purchaser harmless from (a) any liability, costs or expenses, including Taxes, incurred as a result of any obligation of Citicorp Deutschland in connection with the Investment Bank Profit Pooling Agreements, in particular any obligation to provide security to creditors of CGMM and CGMD pursuant to § 303 Stock Corporation Act (*AktG*) and (b) any liability, costs or expenses resulting from (x) Citicorp Deutschland' s position as former shareholder or silent partner of CGMM and CGMD and (y) the investment bank business carried out by CGMM and CGMD;

(iii) the Purchaser shall indemnify and hold the Seller or the Seller' s Affiliates, as the case may be, harmless from any liability incurred by the Seller or the Seller' s Affiliates, as the case may be, as a result of Section 133 and 22 German Transformation Act in respect of the CKG Transfer with respect to the liabilities of Citibank Privatkunden, including any costs and expenses incurred by the Seller in connection therewith; and

(iv) the Seller shall indemnify and hold the Purchaser and the Purchaser' s Affiliates, as the case may be, harmless from any liability, costs or expenses, including Taxes, resulting from (x) Citibank Privatkunden' s position as former shareholder of CKG and (y) the CIB operations conducted by CKG and Citibank Privatkunden.

In respect of indemnification claims for Taxes under this Clause, the limitation period pursuant to Clause 14.2.4 shall apply and the cap in the first sentence of Clause 12.4.2 shall not apply.

7.3.4 The Seller shall indemnify and hold the Purchaser harmless from any liability, costs or expenses, including any Taxes, (i) incurred as a result of the Preliminary Reorganisations or (ii) relating to the business subject to the Preliminary Reorganisation to the extent provided for in the agreements governing the terms of the Preliminary Reorganisations, including any Third Party Claims, except as expressly otherwise provided in Clause 7.3.3. In respect of indemnification claims for Taxes under this Clause, the limitation period pursuant to Clause 14.2.4 shall apply and the cap in the first sentence of Clause 12.4.2 shall not apply.

7.3.5 In connection with the CTA Transfer,

(i) the Seller shall, and shall cause its Affiliates to, use its commercially reasonable best endeavours to commence to effect the CTA Transfer with the objective of completing the CTA Transfer in accordance with an agreement a draft of which is attached as Schedule 21 prior to Closing. If, despite the Seller' s commercially reasonable best endeavours, that proves to be unachievable, the Purchaser shall use its commercially reasonable best endeavours to effect the CTA Transfer as soon as reasonably practicable after Closing. The Purchaser and the Seller shall co-operate with each other to effect the CTA Transfer and each Party shall use its

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commercially reasonable best efforts to ensure that the CTA is operated in a manner consistent with its ordinary course of operation prior to the date of this Agreement (except as otherwise contemplated by Schedule 21). Any material action related to the CTA Transfer that is not contemplated by Schedule 21 shall require the consent of each of the Parties (such consent not to be unreasonably withheld or delayed). The Seller shall inform the Purchaser regularly and not less frequently than at the end of each calendar week following the date of this Agreement about the current status of the CTA Transfer so as to give the Purchaser an opportunity to comment and reasonably object; and

(ii) if the CTA Transfer is not effected prior to Closing and, if at any time prior to the CTA Transfer being effected, any payment required to be made under the CTA fails to be made when due, the Seller shall indemnify and hold the Purchaser and the Group Companies harmless from any liability, costs or expenses, including any Taxes, incurred as a result of such non-payment.

7.3.6 Notwithstanding anything to the contrary contained herein, with respect to the Investment Bank Carve-out, in the event that the receipt of any necessary clearance of the proposed structure or approval from the relevant Tax Authority is not obtained in a timely manner, then:

(i) the Seller may restructure the form, terms and conditions of such Investment Bank Carve-out to a sale transaction with a view towards consummating such restructured Investment Bank Carve-out prior to Closing in a manner consistent with the economic terms and arrangements of the Investment Bank Carve-out in the form of a spin-off, in particular, such sale transaction shall include the silent partner interest of Citicorp Deutschland in CGMD as well as the rights of Citicorp Deutschland to dividends from CGMD and to the silent partner profit entitlement from CGMD for the then current and any previous fiscal years, and the Seller shall provide written notice to the Purchaser of such election; provided, however, that the terms of such sale must be approved by the Purchaser (such approval not to be unreasonably withheld or delayed) and such terms may include appropriate amendments to Schedule 19; and

(ii) the Seller shall in connection therewith procure (i) that the current fiscal year of each of CGMM and CGMD shall be adjusted to end on one and the same date (the "**Investment Bank Profit Pooling Termination Date**") that shall be on or prior to the Closing Date and (ii) that the Investment Bank Profit Pooling Agreements shall terminate with effect from the end of the fiscal year as so adjusted by this Clause 7.3.6(ii) (the short fiscal year beginning after the Accounts Date and ending on the Investment Bank Profit Pooling Termination Date).

7.4 Change of Business Year and Termination of Profit Pooling Agreements

7.4.1 The Seller shall (i) procure that the current fiscal year of each of the Group Companies shall be adjusted to end on one and the same date (the "**Profit Pooling Termination Date**") that is November 30, 2008, (ii) procure that the Target Company Profit Pooling Agreements shall terminate with effect from the end of the fiscal year as so adjusted by this Clause 7.4.1 (the short fiscal year beginning after

the Accounts Date and ending on the Profit Pooling Termination Date being the "**First Stub Fiscal Year**") and (iii) use its commercially reasonable best endeavours to procure that the fiscal year of each of the Group Companies commencing after the Profit Pooling Termination Date shall be adjusted to end on one and the same date which is the later of December 31, 2008 and the Closing Date.

7.4.2 If the Closing Conditions are satisfied or waived in accordance with Clause 6 after November 30, 2008, the Seller shall, upon the written request of the Purchaser, use its commercially reasonable best endeavours to procure that the fiscal year of each of the Group Companies commencing after the Profit Pooling Termination Date shall be adjusted to end on one and the same date to coincide with the Closing Date (the "**Second Stub Fiscal Year**"); provided that in no event shall the Second Stub

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Fiscal Year end prior to December 31, 2008. The "**Stub Fiscal Year**" as used in this Agreement shall mean the later to occur of the First Stub Fiscal Year and the Second Stub Fiscal Year (if any).

7.4.3 The Purchaser shall indemnify and hold the Seller harmless from (i) any obligation arising from or in connection with the termination of the Target Company Profit Pooling Agreements, in particular any obligation to provide security to creditors of the Group Companies pursuant to § 303 Stock Corporation Act (*AktG*), (ii) any liability regarding the compensation of losses incurred by the Group Companies during the Stub Fiscal Year or during subsequent fiscal years of the Group Companies, and (iii) any liability regarding the compensation of losses or the repayment of transferred profits resulting from any amendment or change or adoption after the Closing Date of financial statements for any fiscal year of a Group Company ending prior to the Closing Date.

7.4.4 The Purchaser shall procure (i) the due consummation of the Profit Pooling Agreements by the Group Companies including the payment of any amounts owed by the Group Companies under the Profit Pooling Agreements, (ii) the distribution by Citicorp Deutschland to the Seller of all profits allocated to the Silent Partner Interest after the Accounts Date until the Profit Pooling Termination Date and (iii) the distribution of any additional profits to be transferred under the Profit Pooling Agreements or the Silent Partner Interest for fiscal years ending on or before the Profit Pooling Termination Date as a result of a Tax audit conducted after the Closing Date. The Seller shall, within one Business Day after the receipt thereof, forward to the Purchaser any such payments made by the Target Companies under the Target Company Profit Pooling Agreements (including payments on account of interest thereon, if any) and made by Citicorp Deutschland by way of distribution to the Seller in connection with the Silent Partner Interest, without any deduction for Tax. Such forward payment shall be treated for tax and accounting purposes as a reduction in the Purchase Price.

7.4.5 The Seller shall compensate the Target Companies for any losses of the Target Companies incurred after the Accounts Date pursuant to the Target Company Profit Pooling Agreements. The Purchaser shall, within one Business Day after the receipt thereof, forward to the Seller the amounts of any such compensation paid by the Seller to the Target Companies under the Target Company Profit Pooling Agreements (including payments on account of interest thereon, if any). Such

forward payment shall be treated for tax and accounting purposes as an increase in the Purchase Price.

7.4.6 Five Business Days prior to the expected completion of the Stub Fiscal Year Financial Statements, the Purchaser shall notify the Seller of the expected completion date of the Stub Fiscal Year Financial Statements and of the amount of the payment to be made by the Target Companies under the Target Company Profit Pooling Agreements and the amount of the payment to be made by Citicorp Deutschland by way of distribution to the Seller in connection with the Silent Partner Interest. Upon receipt of such notice, the Seller shall promptly procure that a first demand guarantee is issued by Citibank, N.A. for the benefit of the Purchaser, in form and substance reasonably satisfactory to the Purchaser, securing the full amount of the forward payments to be made by the Seller pursuant to Clause 7.4.4.

7.5 Affiliate Transactions

The Seller shall procure that all intra-group agreements not listed in Schedule 15 between the Seller or the Seller' s Affiliates on the one hand and any Group Company on the other hand (including those referred to in Clause 4.4.1) shall be terminated with effect from the Closing Date without further costs for the relevant Group Company.

7.6 Access

To the extent legally permissible, prior to Closing, the Seller shall, and shall procure that the Group Companies shall, allow the Purchaser and its agents, advisors, employees and consultants, where requested by the Purchaser through the co-ordination of a representative of the Seller to be designated by the Seller, reasonable access to, and to take copies of, the books, records or other

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information and documents of or relating in whole or in part to the Group which are, in the reasonable opinion of the Purchaser, necessary in order for the Purchaser to plan for the integration of the Group into its own business; provided that:

(i) the obligations of the Seller under this Clause 7.6 shall not extend to allowing access to personally-identifiable information of any customers or information which is reasonably regarded as confidential to the activities of the Seller otherwise than in relation to the Group Companies; and

(ii) the Purchaser will not use any of the information provided by the Seller under this Clause 7.6 for the purpose of competing with any of the Group Companies.

7.7 The Purchaser' s and the Seller' s Obligation in Relation to the Conduct of its respective Business

To the extent legally permissible, the Purchaser and the Seller, between the date of this Agreement and Closing, shall not take any action, or omit to take any action, that would reasonably be expected to prevent or materially delay the consummation of the transactions contemplated by this Agreement.

7.8 Corporate Board Resignations

The Seller shall deliver or make available to the Purchaser letters of resignation, to take effect on or as soon as possible after Closing, of the members of the management and of other corporate bodies of the Group Companies to the extent such members are listed in

Schedule 16 or, in Seller' s sole discretion, convene an extraordinary shareholders' meeting on or prior to the Closing Date to remove the members listed in Schedule 16. As requested by the Purchaser at least 20 Business Days prior to Closing, the Seller shall procure the resignation, and make available to the Purchaser letters of resignation to take effect on or as soon as possible after Closing of, or take the necessary corporate action to remove, other members of the management and of other corporate bodies of the Group Companies.

7.9 Third Party Arrangements

The Seller shall as from the date hereof approach, together and in cooperation with the Purchaser and the Group Companies, the third parties that are parties to the licences and the agreements set forth in Schedule 7.9, and use its commercially reasonable best endeavours to procure that (i) the Group Companies enter into licenses with the respective third parties to replace the licenses set forth in Schedule 7.9, on terms and conditions no less favourable as a whole than those applicable to the Group Companies as of the date of this Agreement, and (ii) the third parties waive any termination or renegotiation right they may have in the event of a change of control of a Group Company pursuant to the agreements set forth in Schedule 7.9, without any adverse change of the terms and conditions of such agreements, in each case at the Purchaser' s cost.

The Seller shall as from the date hereof use commercially reasonable best endeavours to procure the Third Party Consents (as such term is defined in the Transitional Services Agreement) in accordance with the terms of the Transitional Services Agreement.

In the event the Seller has obligations under this Clause 7.9 and under clause 5.2.2 of the Transitional Services Agreement in respect of the same third party licenses or agreements, the Seller' s obligations shall be governed exclusively by clause 5.2.2 of the Transitional Services Agreement.

7.10 EBS Conversion and Committees

7.10.1 The Seller undertakes to launch promptly, following the date hereof, the implementation of the conversion of the IT Systems used by the Group Companies (the "**EBS Conversion**"), from the current system known as RBS to the EBS System, using

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commercially reasonable best endeavours to do so substantially in accordance with the overall timetable set forth in Schedule 7.10.1.

7.10.2 The Seller shall, prior to Closing, provide a description of the functional specifications for the EBS System, which will form the basis of the services related to the EBS System that will be provided under the Transitional Services Agreement.

7.10.3 The Seller shall re-commence the steering committee which oversees and monitors the EBS Conversion (the "**EBS Committee**") promptly after the date hereof. The EBS Committee shall be the forum for discussion and decisions on the status and material developments with respect to the EBS Conversion. The EBS Committee shall meet at least once per calendar week by electronic or physical means, following the date of this Agreement. Accurate minutes will be kept of all EBS Committee meetings. Between the date hereof and the Closing Date, the Seller shall send to the Purchaser copies of the minutes of each EBS Committee meeting, the agenda of each EBS Committee planned and any associated meeting presentations, and the Purchaser shall have the right to provide any comments and

to ask any questions in relation thereto to the Head of Consumer Operations and Technology EMEA of the Seller. Following the Closing, the Purchaser shall have the right to appoint a person to attend the EBS Committee meetings and provide reasonable comments in such EBS Committee meetings and, in the event of any concern, to escalate such concern to the Steering Committee provided under the Transitional Services Agreement.

7.10.4 The Seller and the Purchaser shall, promptly after the date hereof, convene a steering committee to include at least one senior operations and technology representative of each Party in relation to all services to be provided under the Transitional Services Agreement and the EBS Conversion (the "**Steering Committee**") that will discuss, in particular, transition planning. The Steering Committee shall meet at least once per calendar week by electronic or physical means following the date of this Agreement. Accurate minutes will be kept of all Steering Committee meetings.

7.10.5 The Seller and the Purchaser shall finalize in good faith the schedules to the Transitional Services Agreement and the IT Transfer Agreement to reflect in each case the general principles set forth in the Transitional Services Agreement and the IT Transfer Agreement and noted on each such schedule.

7.10.6 The Seller shall (i) implement measures to segregate the data of the Group Companies on the one hand from the data of the Seller and its Affiliates on the other hand on or before the Closing Date and (ii) be in a position to implement the measures set forth in clause 8.3 of the Transitional Services Agreement as of the Closing Date.

8 Right to Terminate

8.1 Non-fulfilment of Closing Conditions

8.1.1 If any Closing Condition is not satisfied on or before January 31, 2009 (the "**Cut-off Date**") or is incapable of being satisfied, either Party may terminate this Agreement (*Rücktritt*) with immediate effect and without prior notice (*ohne Einhaltung einer Frist*). The Purchaser' s right to terminate is subject to (i) the Purchaser having demonstrated that it has fully complied with its obligations under Clause 6.2 and 7.7 and (ii) the non-satisfaction of the Merger Control Closing Condition not being the result of the Purchaser' s failure to accept, or comply with, conditions or obligations imposed by the European Commission or any other merger control authority as part of its approval for the transactions contemplated herein unless such acceptance would cause the Purchaser to suffer unreasonable commercial hardship (*wirtschaftliche Unzumutbarkeit*). The Seller' s right to terminate is subject to the Seller having demonstrated that it has fully complied with its obligations under Clause 6.2 and 7.7.

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8.1.2 If only the Merger Control Closing Condition and/or the BaFin Closing Condition is/are not satisfied on or before January 20, 2009, the Seller may, in its sole discretion, by notification to the Purchaser on or before January 31, 2008, extend the Cut-off Date to March 31, 2009 (or such later date as is 140 working days after the filing of the Form CO).

8.1.3 The relevant Party may terminate this Agreement pursuant to Clause 8.1.1 by Notice to the other Party prior to the satisfaction of all Closing Conditions.

8.2 Consequences of Termination

8.2.1 In the event of termination, the provisions set out in Clauses 1, 16.1, 16.3, 19.2, 19.3 and 19.5 to 19.10 (inclusive) shall continue in full force and effect. All other provisions and obligations of the Parties shall cease to have effect without any liability of either Party, other than any claim arising from any breach of any obligation contained in this Agreement occurring prior to such termination.

8.2.2 Any failure to exercise a right to terminate this Agreement shall under no circumstances be deemed to constitute a waiver of any other right the Party entitled to terminate may have under or in connection with this Agreement.

9 Closing

9.1 Closing Place and Date

Closing shall take place at the offices of Linklaters LLP, Mainzer Landstraße 16, 60325 Frankfurt am Main, Germany, at 10:00 a.m. either on (i) REDACTED, provided that the First Stub Fiscal Year has been effected and the last Closing Condition has been satisfied or waived on or prior to November 30, 2008 or (ii) on the last Business Day of the calendar month in which the last Closing Condition has been satisfied or waived, provided that if such Closing Condition is so satisfied or waived after the twentieth (20th) day of a calendar month, then Closing shall take place on the last Business Day of the following calendar month unless otherwise agreed by the Parties.

9.2 Closing Actions

At Closing, the Parties shall take the following actions ("**Closing Actions**") simultaneously:

9.2.1 The Seller and the Purchaser shall execute the Share and Silent Partner Interest transfer agreement in accordance with Clause 3.

9.2.2 The Seller and the Purchaser shall execute the Closing Internal Financial Payables transfer agreement in accordance with Clause 4.3.

9.2.3 The Seller shall, and shall procure that the relevant Seller' s Affiliates and relevant Group Companies shall, execute and (to the extent applicable) the Purchaser shall, and shall procure that the relevant Purchaser' s Affiliates shall, execute the transitional services agreement (the "**Transitional Services Agreement**"), substantially in the form attached as Schedule 17, with the schedules thereto completed in accordance with Clause 7.10.6.

9.2.4 The Seller shall provide the consent of Citicorp Deutschland as per Schedule 9 Part B.

9.2.5 The Seller shall, to the extent it has not done so prior to Closing, terminate, and shall procure termination of, the Internal Financial Receivables and shall pay, and shall procure payment of, the Closing Internal Financial Receivables as per Clause 4.4 and provide evidence of such termination and payment reasonably satisfactory to the Purchaser.

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9.2.6 The Parties shall complete the Allocation Schedule as per Clause 5.2.2.

9.2.7 The Seller shall, and shall procure that the relevant Affiliates of the Seller and the Group Companies shall, execute the transfer and license agreement substantially in the form attached as Schedule 22 (the "**IT Transfer Agreement**").

9.2.8 The Purchaser shall pay to the Seller the Preliminary Purchase Price.

9.2.9 The Purchaser shall pay to the Seller the Preliminary Internal Financial Payables Amount.

9.2.10 By way of signing appropriate closing minutes, in the form agreed by the Seller and the Purchaser at least 7 Business Days prior to the Closing Date, the Parties shall confirm to each other that each of the Closing Conditions has been satisfied or, where legally permitted, waived.

10 Closing Accounts

10.1 Stub Fiscal Year Financial Statements

As soon as reasonably practicable after (i) the end of the First Stub Fiscal Year and, in any event, no later than 60 Business Days thereafter, the Purchaser shall procure that each of the Group Companies will draw up fiscal year-end financial statements for each of the Group Companies in respect of the period from the Accounts Date to the end of the First Stub Fiscal Year in accordance with the accounting policies set forth in Clause 10.3, such financial statements to be duly audited by the respective Group Companies' auditors and (ii) the end of the Second Stub Fiscal Year and, in any event, no later than 60 Business Days thereafter, the Purchaser shall procure that each of the Group Companies will draw up fiscal year-end financial statements for each of the Group Companies in respect of the period from the end of the First Stub Fiscal Year to the end of the Second Stub Fiscal Year in accordance with the accounting policies set forth in Clause 10.3, such financial statements to be duly audited by the respective Group Companies' auditors (each of the foregoing financial statements, the "**Stub Fiscal Year Financial Statements**").

10.2 Form and Content of Closing Accounts

10.2.1 Pursuant to the provisions of this Clause 10, the Purchaser shall procure that each of the Group Companies shall draw up balance sheets as at the Closing Date and profit and loss statements of each of the Group Companies in respect of the period from the Accounts Date to the Closing Date (based upon the Stub Fiscal Year Financial Statements), which shall become final and binding as per this Clause 10, and such balance sheets shall become final and binding between the Parties for the purpose of determination of the Purchase Price and the Internal Financial Payables Purchase Price as set forth in Clause 10.6 (such final and binding result being the "**Closing Accounts**").

10.2.2 The Closing Accounts shall also contain the specific line items required to determine the Closing Internal Financial Payables. The amount attributed to the Closing Internal Financial Payables shall be derived from the Closing Accounts.

10.2.3 The Closing Accounts shall also include a calculation of the Closing Equity, substantially in the form set out in Schedule 19. For the avoidance of doubt, in connection with the calculation of the Closing Equity hereunder, no single item shall be deemed to be counted in more than one item in the calculation of Closing Equity set forth on Schedule 19.

10.3 Accounting Policies

10.3.1 The Closing Accounts shall be prepared in accordance with:

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(i) the accounting principles, policies, procedures, practices and techniques set forth in this Clause 10;

(ii) to the extent not inconsistent with (i) and German GAAP in effect as at the date of the Individual Annual Accounts, the accounting principles, policies, procedures, practices and techniques adopted in the Individual Annual Accounts as guaranteed by the Seller pursuant to Clause 11.4, in each case applied on a consistent basis; and

(iii) to the extent not inconsistent with (i) and (ii), German GAAP, applied on a consistent basis.

10.3.2 The Closing Accounts shall be prepared on a going-concern basis, disregarding the transactions contemplated by this Agreement but reflecting the Preliminary Reorganisations and the CTA Transfer in the manner set forth in Schedule 19. Events between the Closing Date and the date of delivery of the Closing Accounts to the Purchaser in accordance with Clause 10.4.1 that provide evidence of conditions that existed at the Closing Date shall be taken into account (*Wertaufhellung*).

10.3.3 The reserves within the meaning of § 340f of the German Commercial Code (HGB) (*Vorsorgereserven*) shall be fixed at a total amount of 222 million for all Target Companies in the final and binding Closing Accounts.

10.4 Preparation

10.4.1 The Purchaser shall prepare with the respective Target Companies a draft of the Closing Accounts including the content as per Clause 10.2 (the "**Draft Closing Accounts**") and deliver such draft to the Seller as soon as reasonably practicable after the Closing Date and, in any event, no later than 60 Business Days after the Closing Date. As soon as reasonably practicable after the Closing Date, the Purchaser shall allow the Seller access to all of the relevant audit databases and the working papers, opinions and analyses prepared, or in the course of preparation, for the purpose of preparing the Stub Fiscal Year Financial Statements and the Closing Accounts and shall provide the Seller with reasonable opportunity to discuss with the relevant personnel of the Group Companies the results of their work. For the avoidance of doubt, working papers shall include all the documents related to the audit of the Stub Fiscal Year Financial Statements and the Closing Accounts review. The working papers provided shall also allow a third party to substantially re-perform the calculations based on the information therein.

10.4.2 Within 30 Business Days after receipt of the Draft Closing Accounts (the "**Dispute Period**"), the Seller may raise in reasonable detail any objections against specified items set out in the Draft Closing Accounts, indicating the higher or lower value which in its reasonable opinion should be allocated to each item in dispute (the "**Dispute Report**"). The Seller shall be deemed to have agreed with all items and amounts contained in the Draft Closing Accounts which are not raised in the Dispute Report and, to such extent, the Draft Closing Accounts shall become final and binding between the Parties. Any item objected to by the Seller in accordance with the preceding sentences shall hereinafter be referred to as a "**Disputed Item**".

10.4.3 The Parties shall endeavour in good faith to resolve the Disputed Items within 30 Business Days following the receipt by the Purchaser of the Dispute Report. Any

Disputed Items not resolved within such period shall be submitted by the Parties to an expert arbitrator (*Schiedsgutachter*) (the "**Expert Arbitrator**"). The Parties shall agree on an accounting firm of international standing to be appointed as the Expert Arbitrator. If the Parties cannot reach an agreement within a further period of 15 Business Days from the date either Party proposes an alternative accounting firm of international standing to act as the Expert Arbitrator, either Party shall have the right to require that an accounting firm determined by the Institut der Wirtschaftsprüfer e. V., Düsseldorf, Germany, be appointed as the Expert Arbitrator.

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10.4.4 The Expert Arbitrator shall determine the Disputed Items by way of a binding expert opinion pursuant to § 317 para. 1 German Civil Code (*BGB*). In rendering its decision, the Expert Arbitrator shall consider only the Disputed Items and, with respect to each such Disputed Item, shall remain within the range of values allocated to it by the Parties. To the extent a Disputed Item concerns the exercise of any accounting or valuation discretion not expressly covered by the accounting policies specified in Clause 10.3, the Expert Arbitrator shall exercise that discretion itself within the range of values allocated to it by the Parties. The Seller and the Purchaser shall cooperate with the Expert Arbitrator and comply with its reasonable requests made in connection with the carrying out of its duties under this Agreement. The Parties shall instruct the Expert Arbitrator to deliver to the Parties as soon as reasonably practicable its determination of the Disputed Items stating the reasons for its decision. The reasons shall specifically address the arguments brought forward by the Parties with respect to each Disputed Item. Such determination of the Expert Arbitrator shall, in the absence of manifest error, be final and binding upon the Parties.

10.4.5 The Expert Arbitrator shall decide on the allocation of its fees between the Parties in accordance with the principles set out in § 91 et seq. German Civil Process Code (*ZPO*).

10.5 Cooperation

The Seller and the Purchaser shall cooperate with each other and, if applicable, with the Expert Arbitrator, with regard to the preparation, review, agreement and determination of the Closing Accounts. Each Party shall, subject to reasonable notice, make available free of charge during normal office hours to the Expert Arbitrator and/or the other Party, its representatives and accountants all books and records as the Expert Arbitrator and/or the other Party may reasonably request.

10.6 Finalisation

The Draft Closing Accounts shall become final and binding between the Parties for the purpose of determining the Purchase Price and the Internal Financial Payables Purchase Price and shall be the Closing Accounts:

10.6.1 if no Dispute Report is issued, upon the expiration of the Dispute Period or upon earlier confirmation by the Seller of its agreement with the Draft Closing Accounts as submitted by the Purchaser;

10.6.2 if a Dispute Report is issued but the Parties have resolved all Disputed Items without appointing an Expert Arbitrator, upon such resolution in the form as amended by such resolution; or

10.6.3 if an Expert Arbitrator has been appointed upon determination of the Disputed Items by the Expert Arbitrator in the form of such determination.

11 Seller' s Guarantees

The Seller guarantees, by way of an independent promise of guarantee (*selbständiges Garantieversprechen*) pursuant to § 311 of the German Civil Code (*BGB*) and with the sole remedies set out in Clause 12, that the statements set forth in this Clause 11 (the "**Seller' s Guarantees**"), are true and correct as of the date of this Agreement or as of such other date as is stated in the relevant Seller' s Guarantee and, solely with respect to Clauses 11.1, 11.2, 11.3, 11.7.2, 11.7.3, 11.9.5, 11.10.4, 11.11.2, 11.13 and 11.17, are true and correct as of the Closing Date; provided that the Seller' s Guarantees shall not be breached in respect of, and the Seller shall not be liable in respect of, any matters or relevant facts (i) fairly disclosed, contained or referred to in the Schedules, (ii) fairly disclosed, contained or referred to in this Agreement, (iii) fairly disclosed, contained or referred to in the documents provided to the Purchaser that are listed in Schedule 11, to the extent that such documents were prepared in good faith by the Seller and provided to the Purchaser in written form or (iv) to the extent reflected in the Closing Equity; provided further that (x) any facts, items or

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exceptions disclosed in the Schedules shall be deemed to be disclosed on another Schedule if the applicability of such fact, item or exception to such other sections is fairly apparent, and (y) any listing of any fact, item or exception in any Schedule shall not be construed as an admission of liability under any applicable law or for any other purpose and shall not be construed as an admission that such fact, item or exception is in fact material or create a measure of materiality for purposes of this Agreement or otherwise.

11.1 Capacity

The Seller is a duly existing partnership and has the legal right and full power and authority to enter into and perform this Agreement and any other document to be executed by it pursuant to or in connection with this Agreement. The Seller has taken or will have taken and the Group Companies have taken or will have taken at Closing all corporate action required by them to authorise them to enter into and perform this Agreement and/or any other documents to be executed by them pursuant to or in connection with this Agreement.

11.2 Legal Situation of the Group Companies

11.2.1 The information with respect to each Group Company set forth in the Preamble and on Schedule 3 with respect to each Group Company is correct and complete as of the date of this Agreement, and for Schedule 3, (other than information on the Managing Directors (*Geschäftsführer*) or Directors (*Vorstände*)) will be correct and complete at Closing.

11.2.2 Each Group Company is a duly established and validly existing company under the laws of Germany with limited liability, stock corporation or limited partnership, respectively, as outlined in Schedule 3. Each Group Company has its actual centre of administration in the country of its incorporation and is, under corporate law, entitled to conduct its business in the way it is conducted as at the date of this Agreement.

11.2.3 The Seller has delivered to the Purchaser true copies of the articles of association of each of the Group Companies, of the Silent Partnership Agreement and of the enterprise agreements (*Unternehmensverträge*) concluded by any of the Group

Companies in force as at the date of this Agreement and, except as otherwise stated in Schedule 11.2.3, no action has been taken to amend any of them.

11.2.4 With the exception of the Profit Pooling Agreements, the Investment Bank Profit Pooling Agreements and the agreements listed in Schedule 11.2.4, no Group Company has entered into an agreement which governs the corporate situation of a Group Company or obliges a Group Company to subordinate its management to a third party or to transfer its profits to a third party. Except as otherwise stated in Schedule 11.2.4, there are no silent participations or other rights of third parties to participate in the revenues, profits, assets or equity (or the value thereof) of any Group Company.

11.3 Legal Situation of the Shares and the Silent Partner Interest

11.3.1 Except as stated in Schedule 11.3.1, the Seller is the sole owner of the Shares and the Silent Partner Interest and is not subject to any restrictions in respect of the sale or transfer of the Shares or the Silent Partner Interest and no other party has any right in or to any shares in the Target Companies.

11.3.2 The present ownership in the Group Companies is shown correctly and completely in Schedule 2 and Schedule 3.

11.3.3 The Shares, the Silent Partner Interest and the direct and indirect participations of the Target Companies in the Group Companies are free of third party rights and no third party has a claim for granting of such rights or the transfer of the Shares, the Silent Partner Interest or such direct and indirect participations.

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11.3.4 The Shares and the direct and indirect participations of the Target Companies in the Group Companies are fully paid in, freely negotiable or transferable and free of additional payment obligations (*Nachschusspflicht*).

11.4 Annual Accounts

11.4.1 The Seller has delivered to the Purchaser, in respect of each Group Company, the audited annual accounts, including the audit reports for the financial year ended on the Accounts Date (the "**Individual Annual Accounts**").

11.4.2 The Individual Annual Accounts have been set up with the diligence of a prudent business person (*Sorgfalt eines ordentlichen Kaufmanns*) in accordance with German GAAP. The foregoing accounting principles have been applied on a basis consistent with the immediately preceding three financial years unless otherwise modified as a result of changes in such accounting principles or applicable law or regulation or disclosed or noted in the Individual Annual Accounts. The Individual Annual Accounts give a true and fair view within the meaning of section 264 (2) sent. 1 HGB of the assets and liabilities (*Vermögenslage*), financial condition (*Finanzlage*) and earnings position (*Ertragslage*) of the respective Group Company at the respective balance sheet date and the profits of the respective Group Company for the business year ending on the respective balance sheet date.

11.5 Intentionally Deleted

11.6 Internal Indebtedness

Schedule 10 sets out the Internal Indebtedness as at June 30, 2008, showing the relevant creditor, debtor, and outstanding amounts (including accrued interest).

11.7 Assets

11.7.1 Except as set forth in Schedule 11.7.1, all fixed assets (*Anlagevermögen* pursuant to Sec 266 para 2 A. German Commercial Code *(HGB)*) included in the Individual Annual Accounts or acquired by the Group Companies since the Accounts Date, other than any assets disposed of or realised in the ordinary course of business or pursuant to or in connection with the Preliminary Reorganisations or the CKG Transfer:

(i) are legally and beneficially owned by the Group Companies;

(ii) are, where capable of possession, in the possession or under the direct control of the relevant Group Company; and

(iii) are free from any Encumbrance, other than a Permitted Encumbrance.

11.7.2 None of the assets transferred, or to be transferred, in connection with the Investment Bank Carve-out, the London Branch Transfer or the CKG Transfer or under Clause 7.3.2 are assets whose continued ownership by the Group Companies would be necessary to enable the Group Companies to continue to conduct the Business in substantially the same manner as conducted at the date of this Agreement. The assets transferred, or to be transferred, in connection with the Data Centre Transfer pertain exclusively or primarily to the data centres subject to such transfer.

11.7.3 Except as set forth in Schedule 11.7.3 and subject to Clause 7.9, the Group Companies own or have (or will have, pursuant to and subject to the terms and conditions set forth in the Transitional Services Agreement) a valid right to use all assets, facilities and intellectual property rights (including any rights subsisting in software or databases) necessary for the Group Companies to continue to conduct the Business in substantially the same manner as conducted at the date of this Agreement.

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11.8 Real Estate

11.8.1 Schedule 11.8.1 sets out a complete and correct list of all real estate, all rights in or to real estate and of all buildings on third party property material to the Business that are owned by the Group Companies (the "**Owned Real Estate**") or which a Group Company is obliged to acquire. The Group Companies have full and unrestricted title to and possession of the Owned Real Estate. No Group Company has disposed, or agreed to dispose, of any Owned Real Estate.

11.8.2 The Owned Real Estate is not subject to material charges registered in the land register nor to material charges that are not registered, other than Permitted Encumbrances, except for the charges shown in Schedule 11.8.2.

11.8.3 Schedule 11.8.3 sets out a complete and correct list of all real estate, all rights in or to real estate and of all buildings on third party property material to the Business leased by the Group Companies (the "**Leased Real Estate**").

11.8.4 To the best of the Seller' s Knowledge, no Group Company is in breach of any obligations under the lease agreements for the Leased Real Estate where such breach would entitle the landlord to terminate the relevant lease for cause (*aus wichtigem Grund*).

11.9 Intellectual Property Rights and Information Technology

11.9.1 Schedule 11.9.1 contains a complete and correct list of all patents, trademarks, utility patents, design patents, trade names and equivalent registered intellectual property rights (*gewerbliche Schutzrechte*) which are (i) owned by the Group Companies; and (ii) material to the Business (collectively, the "**Material Intellectual Property Rights**"), indicating the Group Company or Group Companies which owns, the relevant Material Intellectual Property Right and, to the extent applicable, the countries and classifications for which the relevant Material Intellectual Property Right enjoys protection. An intellectual property right shall be considered material to the Business only if any restriction in the use of such intellectual property right by any Group Company would have a material adverse effect on the Business of such Group Company.

11.9.2 Except as disclosed in Schedule 11.9.2:

(i) the Material Intellectual Property Rights are not subject to any pending or threatened (in writing) proceedings for opposition, cancellation or revocation,

(ii) all steps necessary for the administration, maintenance, renewal and protection of the Material Intellectual Property Rights have been taken, including the filing of any documents with the competent authorities in due time and the payment of all registration and renewal fees,

(iii) there are no restrictions, Encumbrances, licenses or authorities in favour of a third party that would prevent any Group Company from using the Material Intellectual Property Rights in the manner required to conduct the Business in substantially the same manner as conducted at the date of this Agreement, and

(iv) neither the Seller nor any Group Company has received any written notice in the 12 months immediately preceding the date of this Agreement of any claim or allegation or actual or pending litigation by any third party alleging that a Group Company is infringing any intellectual property right of such third party.

11.9.3 To the best of the Seller' s Knowledge and except as set forth in Schedule 11.9.3 during the 12 months immediately preceding the date of this Agreement, the Group Companies did not suffer any material business disruptions caused by a malfunction of the IT Systems, and there have been no material unauthorized intrusions or breaches of the security of the IT Systems.

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11.9.4 The Group Companies have sufficient back-up and disaster recovery plans, procedures and facilities for the Business and have taken all reasonable steps to safeguard the IT Systems.

11.9.5 Except as set forth on Schedule 11.9.5 and subject to Clause 7.9, the Group Companies shall have in accordance with the Transitional Services Agreement and the IT Transfer Agreement all rights and assets (including as a beneficiary of services by the Seller or its Affiliates) necessary for the implementation, use, maintenance and enhancement of the EBS System other than those rights and assets agreed upon by the Parties to be excluded.

11.10 Material Agreements

11.10.1 Except for the contracts, agreements and commitments listed in Schedule 11.10.1 (collectively, the "**Material Agreements**"), no Group Company is bound as at the date of this Agreement by any of the following agreements or commitments (which have not yet been fully completed):

(i) joint venture or partnership agreements or other agreements constituting civil law partnerships (*BGB-Gesellschaften*) with third parties;

(ii) agreements in respect of the acquisition or disposal of shares or participations in other entities;

(iii) otherwise than entered into in the ordinary and usual course of the Group' s consumer banking activities, guarantees (*Garantien*), suretyships (*Bürgschaften*), comfort letters (*Patronatserklärungen*) or equivalent securities for obligations of any third party other than a Group Company which could, individually, result in a liability of one or more Group Companies in excess of 250,000 per item;

(iv) agreements containing competition restrictions or otherwise restricting the ability of the Group Companies to operate or extend their business;

(v) any agreement in relation to the IT Systems with a total annual consideration exceeding 5 million;

(vi) agreements with co-branding partners relating to cards issued pursuant to any merchant agreement;

(vii) otherwise than entered into in the ordinary course of business, any other agreement and obligation which triggers annual payments exceeding 500,000 which cannot be terminated without penalty by giving notice of 12 months or shorter; or

(viii) any commitment to enter into any of the agreements referred to in this Clause 11.10.1.

11.10.2 The Seller has made available to the Purchaser true complete and up-to-date copies of all Material Agreements.

11.10.3 Except as set forth in Schedule 11.10.3, (i) all Material Agreements are in full force and effect and enforceable against the parties thereto in accordance with their terms, (ii) no written notice of termination has been, or threatened in writing to be, served by the other party in relation to a Material Agreement, (iii) no Group Company is in breach of any obligation under a Material Agreement which would

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entitle the other party to terminate the relevant Material Agreement for cause (*wichtiger Grund*) and (iv) the execution or consummation of this Agreement will not entitle the relevant counterparty to terminate a Material Agreement.

11.10.4 As from Closing, there are no agreements between the Seller or the Seller' s Affiliate on the one hand and any Group Company on the other hand except for the agreements listed in Schedule 11.10.4.

11.11 Permits and Compliance

11.11.1 The Group Companies have all material regulatory (including from the banking authorities) and health and safety permits, licenses, authorizations and concessions necessary for the operation of the Business as conducted as at the date of this Agreement, which are in full force and effect (*bestandskräftig*), are being complied with in all material respects by the Group Companies and have not been challenged or threatened in writing to be challenged (*angefochten*) by any third party. None of such permits has been, or has been threatened in writing to be, withdrawn in whole or in part, suspended or revoked.

11.11.2 No Group Company has been for the last three (3) years or is in violation in any material respect of any applicable Law, including Banking Law, health and safety, labour, environmental, competition and trade laws (*Gewerberecht*). No Group Company has received any written notice alleging a material breach of the terms of any Law or judgment.

11.12 Employees

11.12.1 Schedule 11.12.1 contains a list of all employees who are, as at the date of this Agreement, appointed managing directors or board members of a Group Company or executive staff (*leitende* Angestellte) of a Group Company within the meaning of the Works Council Constitutions Act (*Betriebsverfassungsgesetz*) (the "**Senior Employees**") and sets forth for each Senior Employee a description of (i) any post contractual non-competition undertakings and (ii) provisions arising from the service or employment agreements of such Senior Employees which provide for rights or benefits upon a change of control of any Group Company.

11.12.2 Except as set forth in Schedule 11.12.2, no Senior Employee has given or received notice of termination in writing of his or her employment or has entered into a termination agreement with a Group Company or has made or received an offer to enter into a termination agreement.

11.12.3 Schedule 11.12.3 contains a complete list of all collective bargaining agreements (*Tarifverträge*) and company bargaining agreements (*Firmentarifverträge*) and all applicable shop agreements and other agreements with works councils, company works councils (*Gesamtbetriebsräten*), group works councils (*Konzernbetriebsräten*) and other employee representatives (including executive committees (*Sprecherausschuss*)) applicable to the Group Companies or any of them which contain more than merely a repetition of statutory law as far as they contain (i) benefit or incentive plans to be triggered by a change of control over the relevant Group Company, (ii) limitations on the termination of employment agreements, including provisions concerning severance payments or to relocate activities of a Group Company or (iii) guarantee a certain number of employees in general or in respect of individual locations, including any compromise of interest

(*Interessensausgleich*) or social plan (*Sozialplan*) concluded on January 1, 2003 or later.

11.12.4 Schedule 11.12.4 contains a complete list of all variable or deferred remuneration systems applicable at the Group Companies and, as at June 30, 2008, the number of beneficiaries.

11.12.5 Schedule 11.12.5 contains a complete list of all stock option plans, virtual stock and stock appreciation rights plans, and other employee participation schemes (*Mitarbeiterbeteiligungspläne*) applicable to certain employees of the Group Companies ("**Employee Participation Schemes**") and, as at June 30, 2008, the number of participants and the aggregate amount of their

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entitlement under each Participation Scheme. There is no express term in the Employee Participation Schemes that would obligate the Purchaser or the Group Companies to provide for the period after Closing benefits of a value greater than the value of the benefits that have been provided by the Seller, its Affiliates and the Group Companies prior to Closing under the Equity Participation Schemes.

11.12.6 Schedule 11.12.6 contains a complete and correct list of all plans (*Vereinbarungen und Zusagen*), whether of a collective or individual nature, including commitments based on works custom (*betriebliche Übung*), regarding company pensions (*betriebliche Altersversorgung*) under which the Group Companies have any obligations vis-à-vis current and past employees, managing directors, board members and dependants thereof to provide company pension benefits, whether directly or via an external funding vehicle (including *Direktversicherung*, *Pensionskasse*, *Pensionsfonds* and *Unterstützungskasse*) (the "**Pension Schemes**") and, in respect of the Pension Schemes that are direct commitments (*Direktzusagen*), the number of participants of each Pension Scheme and the aggregate pension benefit obligation (PBO) according to US-GAAP (FAS87) under each Pension Scheme as of December 31, 2007.

11.12.7 For all Pension Commitments as determined by the Group Company' s actuary as of December 31, 2007 each Group Company has properly externally funded through the Citibank Pension Fund e.V. or provided for in the annual balance sheet in accordance with US-GAAP as of that date. No refunds have been made or will be made on or prior to Closing from Citibank Pensions Fund e.V. to any Group Company, Seller or its Affiliates.

11.12.8 The Pension Schemes have at all times complied in all material respects and been duly managed and administered in accordance with all applicable Laws.

11.12.9 Schedule 11.12.9 contains a complete list of pending labour Litigation against the Group Companies in connection with current or former employees or directors for which the amount claimed exceeds individually 500,000, in each case indicating the status of the proceedings.

11.12.10 During the five years immediately preceding the date of this Agreement, the Group Companies have not been subject to any industrial action.

11.13 Litigation

With the exception of the proceedings listed in Schedule 11.13, the Group Companies are not involved in any pending or, to the best of the Seller' s Knowledge, written threats of legal disputes, administrative proceedings or administrative enquiries, including

proceedings initiated by Tax Authorities (jointly, "**Litigation**"), having a litigation value (*Streitwert*) in excess of 200,000 individually or if there is a series of claims arising out of the same or substantially identical facts or circumstances together exceed 200,000 or 2,000,000 in the aggregate. The Group Companies are not subject to any court decision, administrative order or settlement agreement which restricts or materially negatively affects them in certain business measures, in the acquisition or disposal of assets, in competitive behaviour or in the operation of the Business.

11.14 Tax Matters

To the best of the Seller' s Knowledge and except as disclosed in Schedule 11.14, the Group Companies have, in respect of all fiscal years which have not been subject to an audit:

11.14.1 duly and timely filed all Tax declarations (*Steueranmeldungen*), advance Tax declarations (*Steuervoranmeldungen*) and Tax returns (*Steuererklärungen*) required by law with the competent Tax Authorities and will do so up to Closing; and

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11.14.2 duly and timely paid all Taxes relating to any time period up to the date of this Agreement when due (*fällig*) and will do so up to Closing.

11.15 Confidential Documents and Information

Except as disclosed in Schedule 11.15, each Group Company is the sole and exclusive owner of all customer lists, customer contact information and customer correspondence relating to its current and former customers.

11.16 Insurance

All the material insurance policies covering the Group Companies (the "**Insurance Policies**") (i) are in full force and effect as of the date hereof and will continue to be in effect as from the Closing Date (except for Insurance Policies contracted by the Seller or its Affiliates that will be terminated as of Closing) and (ii) except as disclosed in Schedule 11.16, are sufficient for compliance in all material respects with applicable Law and, to the extent they request a certain level of insurance with any Material Agreement.

11.17 Ordinary Course of Business

Other than disclosed in Schedule 11.17 and as referred to in Schedule 13 or as otherwise contemplated by this Agreement, since the Accounts Date, the businesses of the Group Companies have been operated in all material respects in the ordinary course of business consistent with past practice and no event or transaction has occurred that constituted a Material Adverse Change.

12 Legal Consequences

12.1 Exhaustive Provisions

Subject to mandatory law, in particular § 123 or § 276 para. 3 of the German Civil Code (*BGB*), and except as otherwise expressly provided in this Agreement, (i) the Seller' s Guarantees are exhaustive and no further guarantees shall be deemed to be given by the Seller, (ii) the provisions set forth in this Clause 12 shall apply instead and to the exclusion of any and all remedies that would otherwise be available to the Purchaser by law in the

event of an inaccuracy of any of the Seller' s Guarantees or any other obligation of the Seller arising from or relating to this Agreement being breached (collectively, a "**Breach**") and (iii) any further liability of the Seller and of the Seller' s representatives, agents and/or advisors and any differing or further rights or claims of the Purchaser with regard to a Breach other than explicitly provided for in this Agreement, irrespective of their nature or legal basis, including any right to rescind (*anfechten*) or to terminate (*zurücktreten*) this Agreement, to claim remediation (*Nacherfüllung*), to reduce the Purchase Price (*mindern*) and/or to claim damages (*Schadensersatz*) or reimbursement of futile expenditure (*Ersatz vergeblicher Aufwendungen*) are hereby expressly excluded and waived, including any rights and claims arising from or in connection with (a) defects in quality or title (*Sach- oder Rechtsmängel*), (b) breach of any of Seller' s Guarantees or other guarantees, warranties, indemnities or similar undertakings, (c) breach of any contractual or pre-contractual obligation, (d) tort and (e) interference with the contractual basis (*Störung der Geschäftsgrundlage*).

12.2 Seller' s Liability

12.2.1 For a period of two months after notification in accordance with Clauses 12.6.1 and 12.6.2 of one or several Notified Claims exceeding (or pursuant to this Agreement exempted from) the thresholds defined in Clause 12.4.1 the Seller shall be given the opportunity to remedy (restitution in kind; *Naturalrestitution*) the relevant Breach or Breaches. Such two-month period shall be reduced as appropriate if the Parties determine that the urgency of the matter requires swifter action by the Seller so as to enable the Group Companies to effectively continue to conduct their Business.

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12.2.2 The Seller shall at any time prior to the expiry of the period referred to in Clause 12.2.1 be entitled to remedy a Breach in respect of which the Seller has received notice of a Notified Claim, irrespective of whether or not the thresholds defined in Clause 12.4.1 are exceeded.

12.2.3 If and to the extent that within the period set out in Clause 12.2.1, the Seller fails to remedy the relevant Breach, or the relevant Breach is incapable of remedy, or the Seller refuses (*ernsthaft und endgültig verweigern*) to remedy the relevant Breach, in each case such that the Purchaser suffers no Loss (as defined below) as a result of the Breach, the Seller shall, subject to the limitations set forth in this Agreement, be obliged to compensate the Purchaser, or at the Purchaser' s written request the relevant Group Company, by way of monetary damages (*Schadensersatz in Geld*) in an amount equal to the actual loss suffered by the Purchaser or a Group Company (but not exceeding the actual loss of the Group Companies) as a result of the relevant Breach (the "**Loss**"). The Seller shall in no event be obliged to compensate the Purchaser in respect of (i) indirect damages, (ii) consequential losses, in particular, without limitation, lost profit or revenue or lost opportunities, (iii) frustrated expenses (*vergebliche Aufwendungen*) within the meaning of § 284 of the German Civil Code (*BGB*) or (iv) internal costs. Any liability due to a recalculation (*Neuberechnung*) of the Purchase Price upon a Breach is hereby explicitly excluded.

12.3 Limitations on Seller' s Liability

12.3.1 Changes in Legislation

The Seller shall not be liable for any inaccuracy of any of the Seller' s Guarantees to the extent that such liability would not have occurred but for the passing of, or change in, any law, statute, ordinance, rule, regulation or administrative practice of any governmental or regulatory body or judicial practice of any court (including any increase in the rates of Taxes or any imposition of Tax or any withdrawal of relief from Tax) in the European Union, the United States of America or Germany or any other jurisdiction after the date of this Agreement or any change after the date of this Agreement of any generally accepted interpretation or application of any legislation in the European Union, the United States of America or Germany or any other jurisdiction.

12.3.2 Changes Attributable to the Purchaser

Except as expressly contemplated herein otherwise, the Seller shall not be liable under or in connection with this Agreement in respect of any damage or loss resulting from, or increased by, any matter or thing done or omitted to be done pursuant to and in compliance with this Agreement (including the termination of the Target Company Profit Pooling Agreements or the spin-off of the Investment Bank Profit Pooling Agreements) or a written request of the Purchaser (to the extent that such action or omission was contemplated thereby).

12.3.3 Non-Compliance by Purchaser

The Seller shall not be liable under or in connection with this Agreement in respect of a claim in relation to which the Purchaser does not comply with its obligations under Clause 12.6 or with its statutory obligations to mitigate damages under §254 of the German Civil Code (*BGB*) in respect of such claim, and, in each case, to the extent such non-compliance has increased the relevant Loss or compliance would have decreased the relevant Loss. The provisions of this Clause 12.3.3 shall apply, *mutatis mutandis*, to any claim against the Seller for failure by the Seller to discharge an indemnity given in or pursuant to this Agreement.

12.3.4 Purchaser' s Rights to Recover

The Seller shall not be liable under or in connection with this Agreement in respect of any claim to the extent that:

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(i) the damage giving rise to such claim (a) is covered by an insurance policy of any Group Company, the Purchaser or any of the Purchaser' s Affiliates, and, as long as the insured has brought a claim for reimbursement, the insured has been reimbursed, or (b) would have been covered by an insurance policy of any Group Company, and such Group Company would have been reimbursed if the insurance coverage of the Group existing at Closing had been continued in the same manner and scope as prior to Closing; or

(ii) the Purchaser or a Group Company has a claim for compensation of, or indemnification from, the damage against a third party and the liability in respect of which the claim is made has become due and payable unless the Purchaser has made a good faith offer to assign such claim to the Seller (provided that if such claim is incapable of assignment and the Seller has indemnified the Purchaser in respect of the underlying claim for indemnification, the Purchaser or Group Company shall continue to use

commercially reasonable best efforts to obtain recovery of such claim and shall remit to the Seller any amounts recovered up to the amount paid as indemnification by the Seller).

12.3.5 Non bis in idem

The Purchaser shall not be entitled to recover from the Seller more than once in respect of the same damage suffered. In particular, without limitation, the foregoing shall apply where one and the same set of facts (*Sachverhalt*) qualifies under more than one provision entitling the Purchaser to a claim or remedy under or in connection with this Agreement.

12.3.6 Specific provision in Closing Accounts

The Seller shall not be liable for any inaccuracy of any of the Seller' s Guarantees to the extent the subject matter of the Breach was reflected in the Closing Equity.

12.4 De minimis, Basket, Cap

12.4.1 With the exception of claims for any inaccuracy of Clauses 11.1, 11.2 and 11.3, claims against the Seller for a breach of any of the Seller' s Guarantees may only be made:

(i) if each single claim exceeds (or a series of claims arising out of the same or substantially identical facts or circumstances together exceed) 500,000; and

(ii) if the aggregate amount of all such claims exceeds 50 million (threshold or *Freigrenze*), in which event the Seller shall be responsible for the full amount of such Losses in excess of 25 million.

12.4.2 With the exception of claims for a Breach of Clauses 2, 3, 7.3.3, 7.3.4, 9, 11.1, 11.2, 11.3 and 14, the Seller' s liability under this Agreement shall be limited to 1 billion. In the event of a Breach of Clauses 2, 3, 7.3.3, 7.3.4, 9, 11.1, 11.2, 11.3 and 14, the Seller' s liability shall be limited to a maximum amount corresponding to 100 per cent. of the Purchase Price.

12.5 Time Limitation

12.5.1 The Seller shall not be liable under this Agreement in respect of any claim for a breach of any of the Seller' s Guarantees unless a claim is notified in accordance with Clause 12.6.1 by the Purchaser to the Seller:

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(i) in respect of any claim for Breach of Clauses 11.1, 11.2, 11.3, and 11.14, prior to the expiration of the relevant statute of limitations; and

(ii) for all other claims for Breach, within 24 months following Closing.

12.5.2 The limitation period shall be suspended (*gehemmt*) upon notification of the Purchaser in accordance with Clause 12.6.1 for a period of 12 months from the date of such notification.

12.5.3 § 203 of the German Civil Code (*BGB*) shall not apply.

12.6 Conduct of Claims

12.6.1 Notification

The Purchaser shall notify the Seller of any Breach within the time period defined in Clause 12.6.2. Such notice shall specify in reasonable detail for each individual Breach all underlying facts constituting the Breach, the legal basis for a potential claim and the amount or estimated amount of the damages suffered by the Purchaser or a Group Company as a result of the Breach, to the extent such information is available to the Purchaser, and shall be submitted together with any available documents which enable the Seller to assess the merits of any claims in respect of the relevant Breach and the amount or estimated amount of the damages arising from the Breach, provided that the failure to so notify any Breach shall not invalidate any claim except to the extent such failure increases the Loss resulting from such Breach or such non-failure would have decreased the Loss. The Purchaser' s claims so notified are herein referred to as the "**Notified Claims**".

12.6.2 Time Limit for Notification

The Purchaser shall notify the Seller of any Notified Claim within two months after it has obtained knowledge of the relevant Breach. This two-month period shall be reduced as appropriate if the urgency of the matter requires a swifter notification to the Seller so as to enable the Seller to effectively exercise its rights under this Clause 12.6.

12.6.3 Investigation by the Seller

The Purchaser shall allow, and shall procure that the relevant Group Company shall allow, the Seller and its financial, accounting, tax, legal or other advisors that are bound to secrecy by professional code of conduct or by contractual undertaking in favour of the relevant Group Company to reasonably investigate the matter or circumstance giving rise to a Notified Claim and whether and to what extent any amount is payable in respect of such Notified Claim upon reasonable request of the Seller. In particular, the Purchaser shall, and shall procure that the Group Companies disclose to the Seller all available material and documents relating to the Notified Claim upon reasonable request of the Seller, and all such information and assistance, including access to premises and personnel, and the right to examine and copy any accounts, documents and records, as the Seller or its financial, accounting, tax or legal advisors may reasonably request shall be given without undue delay (*unverzüglich*), to the extent permitted by applicable Law. The Seller hereby undertakes to, and procures that all its advisors will undertake to, keep all such information confidential and to use it only for the purpose of investigating and defending the Notified Claim in question. All reasonable expenses of the Purchaser and the relevant Group Company caused by such disclosure and assistance, other than internal costs such as labour or overhead costs, shall be borne by the Seller.

12.6.4 Third Party Claims

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If a claim against the Purchaser or a Group Company is asserted, made, threatened in writing or filed by a third party (including any Tax Authority or other governmental or regulatory body) which either results, or which the Purchaser believes to result, from a Breach (a "**Third Party Claim**") or relates to use of any Citi Mark (a "**Citi Mark Third Party Claim**"), the Purchaser shall notify the Seller of such Third Party Claim within two months after it has obtained knowledge of the relevant Third Party Claim in accordance with Clauses 12.6.1 and 12.6.2 or, in the

case of a Citi Mark Third Party Claim, the Purchaser shall promptly notify the Seller on becoming aware of the claim, and the following shall apply.

(i) No admissions or compromises, dispositions or settlements in relation to such Third Party Claim shall be made on behalf of the Purchaser or any of the Purchaser' s Affiliates (or, after Closing, the Group Companies) without the prior written consent of the Seller (such consent not to be unreasonably withheld). In the case of a Citi Mark Third Party Claim, no such consent is required and neither the Purchaser nor any of the Purchaser' s Affiliates (or, after Closing, the Group Companies) shall have any rights whatsoever to compromise, dispose of, settle or defend such Citi Mark Third Party Claim.

(ii) If the Seller wishes to defend the Purchaser or the relevant Group Company against the Third Party Claim in their name and on their behalf, the Seller shall notify the Purchaser accordingly within a period of 15 Business Days after having been notified of the Third Party Claim in accordance with Clauses 12.6.1 and 12.6.2 (or such shorter period as is appropriate if the urgency of the matter requires a faster notification by the Seller). Upon such notification, the Seller shall be entitled, by notification to the Purchaser, to take any action it deems in its reasonable discretion necessary to defend, appeal, compromise or settle the Third Party Claim in the name and on behalf of the Purchaser or the relevant Group Company. If the Seller (or any of its Affiliates) decides to defend the Citi Mark Third Party Claim, it shall notify the Purchaser or the relevant Group Company of this decision and shall take any action it deems necessary to defend, appeal, compromise or settle the Citi Mark Third Party Claim in its sole discretion, including legal proceedings in the name of the Purchaser or any of the Purchaser' s Affiliates (and, after Closing, the Group Companies) or in the joint names of the Seller (or any of its Affiliates) and the Purchaser or any of the Purchaser' s Affiliates (and, after Closing, the Group Companies). The Seller shall (A) keep the Purchaser and the relevant Group Company fully informed of the progress of the Third Party Claim or Citi Mark Third Party Claim and its defence, (B) promptly provide the Purchaser or the relevant Group Company with copies of all material notices, communications and filings (including court papers), (C) save in respect of any Citi Mark Third Party Claims, ensure that the Purchaser or the relevant Group Company or one of several representatives of the Purchaser or relevant Group Company bound to secrecy by a professional code or by contractual undertaking in favour of the relevant Group Company will, to the extent legally permissible, be entitled to participate in any meetings or discussions (including in connection with any Tax audits) at its own cost and (D) save in respect of any Citi Mark Third Party Claims, consult with the Purchaser or the relevant Group Company prior to taking any action in relation to the Third Party Claim and its defence so as to give the Purchaser or the relevant Group Company the opportunity to comment and reasonably object. The Seller shall consult with the Purchaser and the relevant Group Company in relation to the suitable manner of dealing with the Third Party Claim (other than a Citi Mark Third Party Claim). If the Seller has decided to exercise its rights under this Clause 12.6.4(ii) in respect of a Third Party Claim, (A) the Seller shall act in good faith and

(x) (other than in respect of a Citi Mark Third Party Claim) with the view to mitigate the amount and (y) (other than in respect of a Citi Mark Third Party Claim) in a manner which is not inconsistent with the interests of the Purchaser and the Group Companies, and (B) where such Third Party Claim (other than a Citi Mark Third Party Claim)

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involves a regulatory authority with jurisdiction over, or a material customer or current contractual counterparty of, the Purchaser or the relevant Group Company, the Seller shall reasonably consider and pay particular regard to any input or reasonable objections made by the Purchaser or the relevant Group Companies in relation to such Third Party Claim (other than a Citi Mark Third Party Claim). In addition to the Purchaser' s obligations pursuant to Clause 12.6.3, the Purchaser shall, and shall procure that the relevant Group Company shall, promptly give all assistance, documents and information to the Seller as may be reasonably required by the Seller to defend the Third Party Claim or Citi Mark Third Party Claim and, in particular, promptly forward all notices, communications and filings (including court papers) to the Seller.

(iii) If the Seller does not notify the Purchaser in accordance with Clause 12.6.4(ii), the Purchaser shall, or shall procure that the relevant Group Company shall, conduct the defence of the Third Party Claim diligently and in good faith and take any such action as the Seller may reasonably request to defend, appeal, compromise or settle the Third Party Claim. The Purchaser shall, and shall procure that the relevant Group Company shall, (A) keep the Seller fully informed of the progress of the Third Party Claim and its defence, (B) promptly provide the Seller with copies of all notices, communications and filings (including court papers), (C) ensure that the Seller and/or one or several representatives of the Seller bound to secrecy by professional code will, to the extent legally permissible, be entitled to participate in any meetings or discussions (including in connection with any Tax audits) and (D) consult with the Seller prior to taking any action in relation to the Third Party Claim and its defence so as to give the Seller the opportunity to comment and reasonably object.

(iv) The Purchaser shall, and shall procure that the relevant Group Company shall, at all times and in particular until the Seller has notified the Purchaser in accordance with Clause 12.6.4(ii), act in the best interests of the Seller in relation to a Third Party Claim and shall consult with the Seller in relation to the suitable manner of dealing with the Third Party Claim.

(v) The costs and expenses incurred in relation to the defence of the Third Party Claim or Citi Mark Third Party Claim shall be borne as follows:

(a) all costs and expenses reasonably incurred by the Purchaser, its Affiliates or the relevant Group Company (other than internal costs such as labour or overhead costs) shall, to the extent the Third Party Claim results from a Breach for which the Seller is, subject to the limitations set forth in this Agreement, liable hereunder, be borne by the Seller, subject to the Purchaser having complied with its obligations under this Clause 12.6;

(b) in the event that the Purchaser or the relevant Group Company shall in good faith determine that the Seller may have available to it one or more defences or counterclaims that are inconsistent with one or more of those that may be available to the Purchaser or the relevant Group Company in respect of such Third Party Claim, the Seller shall reimburse the Purchaser or the relevant Group Company for all costs and expenses reasonably incurred by the counsel selected by the Purchaser or the relevant Group Company in connection with such Third Party Claim;

(c) for any Citi Mark Third Party Claim or any Third Party Claim that the Seller chooses to defend in accordance with this Clause 12.6.4, all costs and expenses in its conduct of such claim shall be borne by the Seller and the Seller shall be entitled to any damages, account of profits and awards of costs recovered; and

(d) in respect of all other costs and expenses incurred by the Seller or the Purchaser, the Seller and the Purchaser shall each bear its own costs and expenses.

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13 Purchaser Guarantees

The Purchaser guarantees by way of an independent promise of guarantee (*selbständiges Garantieversprechen*) pursuant to § 311 of the German Civil Code (*BGB*) that the statements set forth in Clauses 13.1 to 13.3 (the "**Purchaser' s Guarantees**") are true and correct as of the date of this Agreement or as of such other date as is expressly stated in the relevant Purchaser' s Guarantee and as of the Closing Date. The legal consequences in the case of a breach of the Purchaser' s Guarantees shall be governed by §§ 249 et seq. of the German Civil Code (*BGB*).

13.1 Purchaser' s Capacity

The Purchaser is a duly existing company with limited liability and has the legal right and full power and authority to enter into and perform this Agreement and any other document to be executed by it pursuant to or in connection with this Agreement. The Purchaser has taken or will have taken at Closing all corporate action required by it to authorise it to enter into and perform this Agreement and any other documents to be executed by it pursuant to or in connection with this Agreement.

13.2 Funds

The Purchaser has sufficient liquid funds or financing commitments in order to meet all payment obligations resulting from or in connection with this Agreement when due.

13.3 BaFin

The Purchaser has no knowledge of any circumstances regarding itself and its Affiliates pursuant to which BaFin could be reasonably expected to prevent or delay the completion of the transactions contemplated by this Agreement.

13.4 Limitations

Clauses 12.3.1, 12.3.2, 12.3.4, 12.4.2 and 12.6 shall apply *mutatis mutandis* with regard to Purchaser' s Guarantees and Purchaser' s indemnity obligations under this Agreement.

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14 Tax Matters

14.1 Definitions

"**Straddle Period**" means any period relevant for Tax purposes of each Group Company commencing before the Closing Date but ending after the Closing Date.

"**Tax**" or "**Taxes**" mean (i) all taxes and tax-related ancillary obligations (*steuerliche Nebenleistungen*) within the meaning of § 3 German Tax Code (*Abgabenordnung*) or any similar provision under applicable foreign law, (ii) any other levies or duties (*Abgaben*) under German or foreign law, including (but not limited to) customs duties, social security contributions and administrative fines, comprising in each case any related interest, penalty or other accessory charge, (iii) secondary liabilities (*Haftungsschulden*) relating to taxes or levies mentioned in (i) and (ii) and (iv) amounts payable under the Tax Allocation Arrangement which provides for a reimbursement of taxes or levies mentioned in (i) through (iii).

"**Tax Allocation Arrangement**" means any agreement between the Group Companies and the Seller or the Seller' s Affiliates relating to group charges (*Steuerumlagen*) in respect of any tax group for purposes of German corporate income tax or trade tax relating to any periods ending on or before Closing.

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"**Tax Authorities**" means any taxing or other authority competent to impose any liability in respect of Tax or responsible for the administration or collection of Tax or enforcement of any law in relation to Tax.

"**Tax Election**" means any claim, election, application, surrender or disclaimer, the giving of a notice or consent, or the doing of any other similar thing under the provision of any law relating to Tax, including applications under § 4 para 2 of German Tax Code (*Einkommensteuergesetz*).

"**Tax Returns**" means any and all returns, computations, reports and forms (including schedules or attachments thereto) required to be filed with a Tax Authority.

14.2 Tax Indemnity

14.2.1 The Seller shall pay to the Purchaser the amount which is necessary to hold the Purchaser and each Group Company harmless (i) for any and all due and payable Taxes, which relate to periods or portions thereof ending on or before the Closing Date and (ii) for the avoidance of doubt, for any Taxes on income with respect to the sale and transfer of the Shares and the Silent Partner Interest pursuant to Clauses 2 and 3.

14.2.2 The Seller is under no obligation to indemnify the Purchaser for Taxes to the extent such Taxes:

(i) relate to income that can be offset against Tax loss carry-backs or Tax loss carry-forwards that will be available for past periods until the Closing Date (including as a result of subsequent Tax audits). For the avoidance of doubt, the Seller shall not be liable in respect of any forfeiture of Tax losses, Tax loss carry-forwards or Tax loss carry-backs of the Group Companies that result from the sale of the Shares and the Silent Partner Interest contemplated by this Agreement (for example, as per § 8c German Corporate Income Tax Act (KStG));

(ii) arise or are increased as a result of the failure or omission of the Purchaser or any of its Affiliates (or, after Closing, the Group Companies) to make any valid Tax Election after the Closing Date, the making, giving or doing of which was taken into account in computing the provisions for Tax in the Individual Annual Accounts or the Closing Accounts;

(iii) are shown or provided for in the Closing Accounts

(a) as respective Tax liabilities (*Steuerverbindlichkeiten*);

(b) as respective Tax accruals (*Steuerrückstellungen*);

(c) as part of other accruals (*sonstige Rückstellungen*) for potential Tax liabilities, if any and to the extent the respective reason for the accruals materialized; or

(d) as part of other liabilities arising under any Tax Allocation Arrangement. The Parties agree that all Tax Allocation Arrangements shall cease to be effective after the completion of the Closing Accounts, including with respect to year-end accounts of the Group Companies for the period prior to the Closing Date. In particular, no such Tax Allocation Arrangement shall be applied with respect to any Taxes assessed against the Seller as head of the German income Tax group for the taxable years prior to the Closing, in particular resulting from a Tax audit that is finalised after the preparation and finalisation of the Closing Accounts. The Seller herewith waives with effect of the Closing Date to take recourse against the Group Companies pursuant to § 426 of the German Civil Code (*BGB*);

(iv) are the result of (a) a reorganisation under the German Reorganization Tax Code (*UmwStG*) or similar act under foreign law initiated by the Purchaser or any of its Affiliates or the Group Companies after the Closing Date with retroactive effect to a time period starting before the Closing Date or (b) a change of methods of Tax accounting or causing any Group Company to amend any Tax Returns after the Closing Date unless required by law or administrative guidance;

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(v) can be offset against future Tax reductions (*Steuerminderungen*) that any of the Group Companies, the Purchaser or Affiliates of the Purchaser are entitled to benefit from and that arise after the Closing Date in respect of circumstances occurring before the Closing Date and giving rise to a claim of the Purchaser under Clause 14.2.1, including from the lengthening of depreciation periods (*Phasenverschiebung*) (collectively "**Tax Benefits**"). The net present value of the Tax Benefit shall be taken into account on the basis of (a) the Tax rates applicable (or expected to be applicable) in the year in which the respective Tax Benefit arises, and (b) an applied discount factor of 6% p.a.; or

(vi) can be enforced against a third party as a payment or damage claim and unless the Purchaser has made a good faith offer to assign such claim to the Seller (provided that if such claim is incapable of assignment and the Seller has indemnified the Purchaser in respect of the underlying claim for indemnification, the Purchaser or Group Company shall continue to use

commercially reasonable best efforts to obtain recovery of such claim and shall remit to the Seller any amounts recovered up to the amount paid as indemnification by the Seller).

14.2.3 Payments by the Seller to the Purchaser pursuant to this Clause 14.2 shall be made irrespective of whether the assessment is final and binding (*bestandskräftige Festsetzung*) and shall be due five Business Days before the due date of the respective Tax, however not earlier than five Business Days after the Purchaser or the respective Group Company has informed the Seller of the due date. Upon reasonable request and at the cost of the Seller, the Purchaser undertakes to procure that the respective Group Company applies for a suspension (*Aussetzung der Vollziehung*) of the payment of Taxes which have not yet been assessed with binding effect.

14.2.4 Any claim under or arising from this Clause 14 shall be time-barred upon the expiration of six months after the ultimate final and binding assessment (*endgültige formal und materiell bestandskräftige Steuerfestsetzung*) for the respective Tax. §203 of the German Civil Code (*BGB*) shall not apply.

14.2.5 The Seller' s liability for claims under this Clause 14 shall be limited to a maximum amount corresponding to 100 per cent of the Purchase Price.

14.3 Tax Refunds

14.3.1 14.3.1 The Purchaser shall be obliged to reimburse the Seller any Tax refunds (*Steuererstattungen*), including any Tax allowances and Tax Credits (*Steuervergütungen, - anrechnungen und –guthaben*; collectively "**Tax Refunds**") received by way of cash payment, set-off, deduction or otherwise by the Group Companies concerning periods ending on or before the Closing Date, plus interest received, unless such Tax Refund claim is shown or provided for in the Closing Accounts of any such Group Company. A Tax Refund shall also be deemed to have occurred if and to the extent that the amount of any Tax liability (*Steuerverbindlichkeit*), Tax accrual (*Steuerrückstellung*) or other accrual (*sonstige Rückstellung*) for potential Tax liabilities shown in the Closing Accounts is found to be in excess of, or unnecessary in respect of, the matter for which such liability or accrual has been recorded; the deemed Tax Refund shall be reduced by any Taxes triggered upon such release. Clause 14.2.2(v) shall apply *mutatis mutandis* with respect to any increase of Taxes at the level of the Group Companies, the Purchaser or Affiliates of the Purchaser to be expected for periods or portions thereof starting after the Closing Date that result from an event triggering the Tax Refund.

14.3.2 Tax Refunds shall be deemed received by a Group Company upon:

(i) the receipt of actual payment from a Tax Authority;

(ii) the effectiveness of a declaration of set-off with Tax liabilities owed to a Tax Authority; or

(iii) the release of such amount of the relevant Tax liability, Tax accrual or other accrual by which such liability or accrual has been overstated (as set out in the second sentence of Clause 14.3.1).

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14.3.3 Payments by the Purchaser to the Seller pursuant to this Clause 14.3 shall be due 15 Business Days after receipt of the relevant Tax Refund or the release of such amount pursuant to Clause 14.3.2.

14.4 Tax Covenant

14.4.1 The Purchaser shall not take (nor cause or permit the Group Companies or any of its Affiliates to take) any action or omit to take any action after Closing Date which would increase the Seller' s or Seller' s Affiliates' liability for Taxes in periods ending on or before the Closing Date without the prior written consent of the Seller (such consent not to be unreasonably withheld), provided that the Seller has, prior to Closing, supplied adequate information to the Purchaser regarding relevant applicable holding or blocking periods (*Halte- und Behaltefristen*) ending after Closing. The Purchaser shall pay to the Seller the amount which is necessary to indemnify the Seller in respect of all Taxes and reasonable expenses properly incurred in respect of such Taxes which arise as a result of reorganisation measures with retrospective effect pursuant to the German Reorganisation Tax Code (*UmwStG*) initiated by the Purchaser, the Group Companies or any of the Purchaser' s Affiliates after the Closing Date and which relate to periods ending on or prior to the Closing Date and in respect of which the Seller is liable to pay Taxes.

14.4.2 If additional Taxes, which relate to periods ending on or prior to the Closing Date, are assessed at the level of the Seller due to the German income Tax group between the Seller and the Group Companies as a result of a Tax audit conducted and finalised after the Closing Date and if such additional Taxes lead to future Tax reductions (*Steuerminderungen*) of any of the Group Companies, the Purchaser or Affiliates of the Purchaser in periods after the Closing Date, including from the lengthening of the depreciation periods (*Phasenverschiebung*) the Purchaser shall pay to the Seller an amount to be calculated in accordance with the principles of the second sentence of Clause 14.2.2(v).

14.4.3 If Tax Refunds which relate to periods or portions thereof ending on or before the Closing Date are received by the Seller due to the German income Tax group between the Seller and the Group Companies as a result of a Tax audit conducted and finalised after the Closing Date and such Tax Refunds lead to an increase of Taxes at the level of the Group Companies, the Purchaser or Affiliates of the Purchaser in periods after the Closing Date, the Seller shall pay to the Purchaser an amount to be calculated in accordance with the principles of the second sentence of Clause 14.2.2(v).

14.4.4 The Purchaser shall procure that the Group Companies do not amend, re-file or otherwise modify any Tax Election or Tax Return relating in whole or in part to a Group Company with respect to any period ending on or prior to the Closing Date without the prior written consent of the Seller unless such modification is required by law or administrative guidance.

14.4.5 The Parties agree to fully cooperate with each other in connection with any Tax matter affecting the Group Companies and relating to periods ending on or before the Closing Date. The Seller shall be responsible for the preparation of any Tax Return with respect to any taxable period of the Group Companies that ends on or prior to the Closing Date. The Purchaser shall procure that the management of each of the Group Companies effectively assist the Seller in the preparation of the

Tax Returns, in particular by providing to the Seller as soon as reasonably practicable after the Closing Date all information and reasonable access to the books, accounts, personnel, correspondence and documentation of the Group Companies that is relevant for preparing the Tax Returns and shall cause the Group Companies to timely file the Tax Returns prepared by the Seller to the extent such Tax Returns comply with applicable laws. The Purchaser shall be solely responsible for the preparation and timely filing of any Tax Return with respect to any taxable period of the Group Companies that ends after the Closing Date. The Purchaser shall procure that the Seller receives drafts of any Tax Return relating to the Straddle Period which are to be submitted and any reasonable comments of the Seller are incorporated into the Tax Return relating to the Straddle Period. If a time limit applies in relation to the submission of any Tax Returns relating to the Straddle Period, the Purchaser shall ensure that the Seller receives the respective draft Tax Returns no later than 20 Business Days before the expiry of the time limit.

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14.4.6 In respect of payments by the Purchaser to the Seller or the Seller to the Purchaser pursuant to this Clause 14.4, Clauses 14.2.3 and 14.3.3 shall apply mutatis mutandis.

14.5 Indemnity Procedure

14.5.1 The Purchaser shall procure that the Seller is informed without undue delay in writing by the relevant Group Company of any notices in respect of a Tax audit and similar audits of Tax Authorities as well as on the issue of a Tax assessment or a similar measure of Tax Authorities for periods ended on or before Closing. Such Tax audits and similar audits of Tax Authorities are hereinafter referred to as "**Tax Audits**"; such Tax assessments and such measures of Tax Authorities are hereinafter referred to as "**Tax Measures**".

14.5.2 The Seller and/or one or several representatives of the Seller bound to secrecy by professional code shall, to the extent legally permissible, be entitled to participate (at the Seller' s cost) in Tax Audits including final meetings and/or proceedings in respect of Tax Measures and to prepare written statements on Tax issues raised by the Tax Authorities in Tax Audits. The Purchaser shall procure that the relevant Group Company arrange for the submission of these written statements to the Tax Authority conducting the Tax Audit in a timely manner. The Seller shall be responsible for the content of any oral or written statement it provides for distribution to the Tax Authority. The Purchaser shall procure that the Seller is informed of the ongoing process of the Tax Audits and/or Tax Measures and that the Seller and/or one or several representatives of the Seller bound to secrecy by professional code shall be given the opportunity to discuss all measures of the relevant Group Company in connection with the Tax Audits and/or Tax Measures with that Group Company. Any acknowledgement or settlement during or at the end of a Tax Audit or Tax Measure shall require the prior written consent of the Seller which may not unreasonably be withheld.

14.5.3 Upon reasonable request of the Seller, the Purchaser shall procure that the respective Group Company shall, in accordance with the Seller' s instructions, file, withdraw or amend legal remedies in respect of Tax assessments which have been amended due to Tax Audits or in respect of Tax Measures. The Seller shall be responsible for the content of any such filing, withdrawal or amendment. The Purchaser shall provide, or procure that the Group Companies provide, all

documentation and information reasonably requested by the Seller as soon as reasonably practicable after the receipt of such request.

14.5.4 The Seller shall bear all costs reasonably incurred by the respective Group Company and the Purchaser in connection with the filing, withdrawal or amendments of legal remedies upon the Seller' s instructions.

14.5.5 Clauses 12.6.3, 12.6.4(i) and 12.6.4 (iii) shall apply *mutatis mutandis*. For the avoidance of doubt, except as expressly provided for under this Clause 14, the provisions under Clause 12 shall not apply with regard to Clause 14.

14.5.6 The Seller shall not be liable under or in connection with the Tax indemnity pursuant to Clause 14.2 to the extent the Purchaser does not fully comply with its obligations under Clauses 14.5.1 to 14.5.4 and such non-compliance has caused the relevant Tax.

15 Period after Closing

15.1 Certain Services

The Purchaser acknowledges that the Group Companies currently receive from the Seller and its Affiliates certain administrative and corporate services and benefits of a type generally provided to other businesses and subsidiaries of the Seller ("**Support Services**"). The Seller and the Purchaser acknowledge that, except as provided in the Transitional Services Agreement, Support Services shall cease at Closing, and all agreements and arrangements in respect thereof shall terminate as of the Closing Date, with no further obligation of any party thereto.

15.2 Use of Certain Marks

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15.2.1 As soon as reasonably practicable and in any event within two months following the Closing Date, the Purchaser shall cause the Group Companies (and any of their respective branch offices and representative offices) to change their names, and cause their articles of association (or equivalent organisational document or license), as applicable, to be amended, to remove any reference to "Citi", "Citibank", "Citigroup" or "Citicorp", or to any other name or trademark owned by the Seller or any of its Affiliates as may be notified by the Seller to the Purchaser on or prior to the Closing Date.

15.2.2 Following Closing, the Purchaser shall use commercially reasonable best endeavours to cause the Group Companies within a period of 9 months following the Closing Date to cease, but shall cause the Group Companies in no event later than 12 months following the Closing Date to cease, to (a) make any use of any names or trademarks that include the terms (i) "Citi", "Citibank", "Citigroup" or "Citicorp", or any other names or trademarks owned by the Seller or any of its Affiliates as may be notified by the Seller to the Purchaser on or prior to the Closing Date, or (ii) any names or trademarks containing or comprising the foregoing or any names or trademarks confusingly similar thereto or dilutive thereof (collectively, the "**Citi Marks**"), and (b) hold themselves out as having any current affiliation with the Seller or any of its Affiliates. In furtherance thereof, as soon as practicable but in no event later than 12 months following the Closing Date, the Purchaser shall cause each of the Group Companies to remove or otherwise obliterate all Citi Marks from all assets and other materials owned or used by the Group Companies, including,

without limitation, any buildings, vehicles, business cards, schedules, stationery, packaging materials, displays, signs, promotional materials, manuals, forms, websites, email and other materials and systems. The Purchaser shall not, and shall procure that no Group Companies shall, apply for or obtain registration of any Citi Marks or any distinctive elements of them as a trademark or domain name or permit, assist or encourage any third party (other than the Seller or any of its Affiliates) to do so.

15.2.3 Any use by the Group Companies of any of the Citi Marks as permitted in this Clause 15.2 is subject to their compliance with the same standards and specifications relating to the products and services commercialized, prior to the Closing Date, under or in connection with the Citi Marks and/or the manner in which the Citi Marks are used on or in connection with such products and services, in each case, observed by the Group Companies as of the Closing Date (the "**Standards of Quality**").

15.2.4 The Seller and the Purchaser, shall, and shall cause their respective Affiliates (including the Group Companies) to, cooperate to ensure a smooth transition between the Citi Marks and the trademarks that will replace the Citi Marks.

15.2.5 The Purchaser shall procure that the Group Companies do not make any use of the Citi Marks on any ATM, credit and other payment cards issued pursuant to the batch issue of EMV-compliant cards anticipated to occur in September 2009 (the "**EMV First Batch Issue Date**") or on any such cards issued thereafter.

15.2.6 Subject to Clause 15.2.5 above, but as an express exception to the time period set forth in Clause 15.2.2, the Group Companies shall be entitled to make run-off use in respect of all ATM, credit and other payment cards that have been issued to customers by the Group Companies either prior to, or after, the Closing Date applying any Citi Marks, until 31 December 2010, or such later date as the final batch issue of EMV-compliant cards, which is anticipated to take place on or before such date, actually takes place ("**EMV Final Batch Issue Date**"), at which time all such cards shall be re-issued and the replacement cards shall not apply any Citi Marks.

15.2.7 In the event that, having used its commercially reasonable best endeavours to satisfy its obligations under Clause 15.2.2, the Purchaser reasonably determines that the 12-month period provided for in Clause 15.2.2 is insufficient for the Group Companies to cease all use of the Citi Marks (except as provided pursuant to Clause 15.2.6), on receipt by the Seller of a notice from the Purchaser no later than 2 months prior to the expiry of the 12-month period, the Parties shall enter into a written trademark license agreement, negotiated in good faith, that shall govern the use by the Group Companies of the Citi Marks upon the expiry of the 12-month period. To the extent that the Group Companies make any use of the Citi Marks on any ATM, credit and other payment cards after the earlier of the EMV First Batch Issue Date and the expiry of the 12-month period, i.e. in a run-off capacity only as contemplated under Clause 15.2.6 (use in any other capacity requiring a separate trademark license agreement), such use shall be monitored and controlled by the Steering Committee in accordance with the Transitional Services Agreement.

15.2.8 The Group Companies may continue to use the Citi Marks after Closing pursuant to this Clause 15.2 in the following manner:

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(i) only to the extent that the relevant Group Company makes use of the relevant Citi Mark immediately prior to the Closing Date. For the avoidance of doubt, the Group Companies shall have no right to use the red "Umbrella" logo or any other trademarks incorporating the red "Umbrella" logo, in respect of which all rights were transferred from the Seller and its Affiliates to St. Paul Travelers Companies, Inc. (now The Travelers Companies, Inc.) on or around 12 February 2007, and the Seller represents and warrants to the Purchaser, to the best of the Seller' s Knowledge, that no Group Company makes use of the red "Umbrella" logo as of the Closing Date; and

(ii) only on or in connection with products and services sold or otherwise commercialized prior to the Closing Date by the Group Companies under or in connection with the Citi Marks in the conduct of the Business and that comply with the Standards of Quality. No Group Company shall be entitled to make any use of any of the Citi Marks (i) not made by the Group Companies at the Closing Date, or (ii) on any materials in a substantially different manner to which those marks were used or applied to such materials immediately prior to the Closing Date, in each case, without the prior written consent of the Seller (such consent not to be unreasonably withheld).

15.2.9 For the sole purpose of determining compliance with the Standards of Quality, the Seller or its authorized representatives shall, on reasonable notice to the Group Companies, have the right, up to twice per year (and otherwise if the Seller has a reasonable belief, which shall be explained in writing to the Purchaser, that the Group Companies' use of the Citi Marks is not in conformance with the Standards of Quality or other requirements of this Clause 15.2), to:

(i) visit the offices and facilities of the Group Companies where products and services and promotional materials using the Citi Marks are promoted, sold, offered, distributed, rendered or serviced in order to conduct a reasonable inspection and examination of such offices and facilities; and

(ii) request representative samples of all products and materials to which the Citi Marks are applied and representative samples showing all other uses of the Citi Marks by the Group Companies and the Purchaser shall cause each Group Company to furnish such samples to the Seller within 30 days of receipt of the request from the Seller.

15.2.10 If Seller does not approve any new materials pursuant to Clause 15.2.8(ii) or representative samples provided to it by any of the Group Companies pursuant to Clause 15.2.9, it shall, as soon as reasonably practicable, give written notice of such rejection to the relevant Group Company, together with an explanation of the Seller' s reasons for such determination. The relevant Group Company shall not distribute or shall immediately cease distribution of the materials objected to by the Seller under or by reference to the Citi Marks and shall not recommence distribution of such materials under or by reference to the Citi Marks unless or until the Seller confirms in writing that it may do so.

15.2.11 After the Closing Date, all consumer-facing websites connected to domain names incorporating a Citi Mark, and all consumer communications and business

stationery applying the Citi Mark that are distributed, shall be marked with the following notice (in English, or a direct translation thereof in German):

"[Relevant Group Company] was purchased by [Purchaser] in [month and year] and CITI, CITI and Arc design, CITIBANK and CITIBANK and Arc design are licensed pursuant to a license agreement with Citigroup Inc."

15.2.12 All goodwill resulting from the use by the Group Companies of any of the Citi Marks pursuant to this Clause 15.2 shall inure to the benefit of the Seller. The Purchaser shall, and shall cause the Group Companies to, execute such documents as the Seller may reasonably require in order for the Seller or its Affiliates to obtain the full benefit of such goodwill.

15.2.13 As an exception to the foregoing:

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(i) the Group Companies shall be authorized to continue to use the Citi Marks in connection with the sponsorship and co-branding agreements listed in Schedule 15.2.13(i) in force at Closing and on the cards issued (prior to Closing or the expiry of the period 12-months following the Closing Date) pursuant to the merchant agreements entered into by any Group Company prior to Closing listed in Schedule 15.2.13(i) until the earlier of the expiration of such agreements or cards and a period not exceeding 12 months, or, in the case of cards issued prior to the expiry of the period 12-months from the Closing Date, the EMV Final Batch Issue Date, after which period (as relevant), the Purchaser shall use its, and shall cause the Group Companies to use their, commercially reasonable best endeavours to cause the third parties that are parties to such agreements ("**Third Party Users**") to cease use of the Citi Marks (and to the extent that the sponsorship and co-branding agreements or merchant agreements continue, adopt a replacement mark). For the avoidance of doubt, the Purchaser shall cause the Group Companies to exercise their commercially reasonable best endeavours to cause the Third Party Users to (a) make no use of any of the Citi Marks (i) not made by the Third Party Users at the Closing Date, or (ii) on any materials in a substantially different manner to which those marks were used or applied to such materials immediately prior to the Closing Date, in each case, without the prior written consent of the Seller (such consent not to be unreasonably withheld); and (b) grant the Seller the rights of inspection provided for in Clause 15.2.9;

(ii) for a period not exceeding 12 months from the Closing Date, the Group Companies may use the statement "formerly offered by [Group Company name prior to Closing]" or "formerly offered as [name of product offered prior to Closing] by [Group Company name prior to Closing]" or "formerly known as [name of Group Company prior to Closing]" when referring to products and services sold prior to Closing to refer to the fact that they were formerly part of the Citibank Group and that products or services were previously offered under Citi Marks; and

(iii) for a period not exceeding 12 months from the Closing Date, the Group Companies may use the Citi Marks in references to domain names for the purposes of re-directing customers to the new websites operated by the

Group Companies under domain names that do not incorporate any Citi Marks.

15.2.14 With respect to any agreements in existence on the date hereof pursuant to which any Group Company, or Citigroup or any of its Affiliates, has granted to any third party the right to use any Citi Mark and where any Group Company has a business relationship with such third party related to such grant of rights (including notably the trademark license agreement granted by Citibank, N.A. to Haftpflichtverband der deutschen Industrie Versicherungesverein auf Gegenseitigkeit on March 24, 1998, as amended) (the "**Brand Agreements**"), the Seller shall indemnify and hold harmless the Group Companies for the amount claimed under any actual claim by any such third party against any Group Company based on the fact that the Group Company is no longer permitted to grant such right in view of the restrictions set forth in this Clause 15.2, including any costs and expenses relating to or arising from the Group Company' s defence of such claim. Between the date of this Agreement and the Closing, at the request of the Purchaser, the Seller shall cause the Group Companies to cooperate with the Purchaser to approach any third parties that are parties to any Brand Agreement with a view to replacing the Citi Marks with the Purchaser' s substitute brand. The Purchaser shall use its, and shall cause the Group Companies to use their, commercially reasonable best endeavours, with the cooperation of the Seller and its Affiliates, to cause the third parties that are parties to such Brand Agreements to cease use of the Citi Marks in accordance with the restrictions in this Clause 15.2. Without prejudice to the obligations of the Purchaser to cause the Group Companies to exercise their commercially reasonable best endeavours to cause the third parties that are parties to any Brand Agreement to cease use of the Citi Marks, the Purchaser and the Group Companies shall not be liable to the Seller for failing to ensure that such third parties cease use of any of the Citi Marks.

15.2.15 The Purchaser shall, and shall cause the Group Companies, not to use the Citi Marks in a manner that reflects negatively on such name and marks or on the Seller or any of its Affiliates. The Purchaser shall cause the Group Companies to indemnify the Seller and any of its Affiliates for any losses, damages, costs and expenses relating to or arising from the use by the Group Companies or any of their respective Affiliates of the Citi Marks in accordance with or in breach of the provisions of this Clause 15.2.

15.2.16 The Seller and the Purchaser shall cooperate to cause the Group Companies to transfer to the Seller, or to an Affiliate of the Seller (nominated by the Seller), the domain names listed in Schedule 15.2.16 and any other domain names registered in the name of Group Companies incorporating any Citi Mark or part of a Citi Mark by the Closing Date or such later date as may be agreed between the Parties.

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15.2.17 The Purchaser shall cause Citibank Privatkunden (a) to withdraw and cancel German trademark registration no 30708824 FREE CASH & Device no later than the date which is 12 month after the Closing Date; and (b) not to assign such trademark until such time as it cancels the registration pursuant to this Clause 15.2.17.

15.2.18 If, at any time, the Seller reasonably determines a Group Company to be in material breach of the Standards of Quality, the Seller shall notify the relevant Group Company in writing of the material breach, specifying how that Group

Company' s use of the Citi Marks fails to comply with the Standards of Quality ("**Initial Notice**"). The Group Company shall have 60 days from receipt of the Initial Notice to cure its material breach and comply with the Standards of Quality ("**Cure Period**"). The Seller shall, and the Purchaser shall cause the relevant Group Company to, cooperate from the date of the Initial Notice in good faith to agree a plan that sets out steps for the Group Company to take corrective action to cure its material breach and comply with the Standards of Quality within the Cure Period, or such longer period as may be agreed between the Seller and the relevant Group Company ("**Cure Plan**"). The Purchaser shall cause such Group Company to take all necessary steps to bring the relevant Group Company' s use of the Citi Marks into conformance with the Standards of Quality within the Cure Period. If the relevant Group Company fails to cure any such material breach in accordance with the Cure Plan (or otherwise) within the Cure Period or such longer period agreed, the Seller shall notify the Group Company in writing of its continued breach, specifying how the Group Company' s use of the Citi Marks fails to comply with the Standards of Quality and/or how the Group Company has failed to satisfy the agreed plan. If, within 30 days of receipt of such notice from the Seller, the Group Company has not cured its material breach in accordance with the Cure Plan, that Group Company' s right to use the Citi Marks in respect of the goods, services or materials that fail materially to meet the Standards of Quality shall cease, and the Purchaser shall procure that the Group Company promptly cease, to make use of the Citi Mark in respect of the relevant goods, services or materials that fail materially to meet the Standards of Quality.

15.3 Information and Documents

From and after the Closing Date, the Seller and its representatives and advisors that are bound to secrecy by professional code of conduct or by contractual undertaking in favour of the relevant Group Company shall have reasonable access at the Seller' s expense to the books and records of the Group with respect to periods prior to the Closing Date to the extent that such access may reasonably be required by the Seller in connection with matters relating to the operations of the Group Companies prior to Closing. The Purchaser shall afford such access upon receipt of reasonable advance notice and during normal business hours. The Purchaser and the Group Companies shall retain such books and records until up to the tenth anniversary of the Closing Date, upon reasonable request of the Seller. With regard to the fact that the tax position of the Seller might be decisive in order to calculate certain Tax claims under this Agreement, the Seller shall provide all reasonably necessary information upon the reasonable written request of the Purchaser in order to calculate these claims, in particular with respect to the calculation of 'additional taxes' in the meaning of this Agreement.

15.4 Competition Restriction and Non-Solicitation

15.4.1 Restricted Activities: The Seller shall not, and shall procure that none of Citigroup or any of Citigroup' s Affiliates shall, (i) undertake any Seller Restricted Activities, including any active selling efforts in the Region, or directed at customers resident in the Region, with respect to any Seller Restricted Activities, during the Restricted Period, or (ii) use the Group Companies' customer lists to solicit customers or otherwise.

"**Restricted Period**" shall mean (i) with respect to items (i) through (iv) of the Seller Restricted Activities, a period of three years following the Closing Date, (ii) with respect to item (vii) of the Seller Restricted Activities, a period of two years following the Closing Date and (iii) with respect to items (v) and (vi) of the Seller Restricted Activities, from the Closing Date until June 30, 2011.

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"**Seller Restricted Activities**" shall mean (i) establishing or operating a Branch-based, licensed retail bank within the Region; (ii) offering to retail customers resident in the Region (whether out of Branches, by way of direct mail, on-line or through mobile sales forces or otherwise), insurance products that are similar to those offered by the Group Companies as of the date hereof, except where such insurance products (a) are attached to products or services whose provision would not otherwise constitute a Seller Restricted Activity or (b) where such retail customers are accessed through companies or state entities that are institutional clients of Citigroup or any of Citigroup' s Affiliates (where such access is as a result of the retail customer being an employee of, or having other relationships with, such institutional client, provided that (unless confined to payment arrangements with no extension of credit) the relationship is not solely a customer relationship) (such customers, "**GTS Clients**"); (iii) providing to retail customers resident in the Region (whether out of Branches, by way of direct mail, on-line or through mobile sales forces or otherwise), consumer lending products or services, other than (a) to GTS Clients, provided that, for the avoidance of doubt, consumer lending conducted in a manner and within the business model adopted by the Business prior to Closing shall constitute a Seller Restricted Activity or (b) to the extent such lending is attached to those products and services not restricted under item (iv) below; (iv) target any private banking and wealth management products and services to clients resident in the Region having less than US$10 million of net worth or entering into relationships with clients resident in the Region having less than US$4 million of net worth (other than, in each event, clients that are booked at a booking centre of Citigroup or any of Citigroup' s Affiliates outside of the Region, without contact being made with such clients out of Branches or other permanent offices or by direct marketing mail through mobile sales forces or via a German-language website in the Region); (v) issuing or servicing cards, cards products and card payment products held by retail customers (and not, for purposes of clarification, by GTS Clients) (the "**Card Activities**") within the Region, other than the Diner' s card issuing and merchant acquiring business; (vi) other than pursuant to any co-branding agreement entered into prior to the date hereof or any co-branding agreement with an institutional client of Citigroup or any of Citigroup' s Affiliates with respect to GTS Clients to be accessed through such client, undertaking co-branding card operations with third parties where such operations are confined to the Region or, on a multinational basis, where such third party does not generate more than 30 per cent. of its annual consolidated revenues within the countries covered by the agreement from activities in the Region, provided that for the purpose of this item (vi) references to the "co-branding agreement" shall be taken to refer to all related arrangements of which that agreement forms a part; and (vii) targeting any small or medium sized enterprise ("**SME**") banking products or services, pursuant to a coherent, targeted multi-product strategy, to any SME established or with its principal office in the Region and which generates annual gross consolidated revenues of less than 200 million or providing any banking products or services to any SME established

or with its principal office in the Region and which generates annual gross consolidated revenues of less than 50 million (other than (a) subsidiaries or other affiliated entities of corporate groups with aggregate annual gross revenues exceeding 200 million, (b) corporate entities affiliated to the public sector, (c) qualified financial institutions and (d) payment aggregators with annual payment flows exceeding 50 million; provided that the provision of ancillary products or services to companies or state entities that are institutional clients of Citigroup or any of Citigroup' s Affiliates shall not constitute a Seller Restricted Activity.

15.4.2 Corporate and Investment Banking Exceptions: Without in any way implying that such activities would otherwise have been restricted thereby, nothing in items (ii) through (vii) of the definition of Seller Restricted Activities shall prevent or restrict the Seller, Citigroup or any of Citigroup' s Affiliates from establishing, conducting or engaging in any of the following: (i) proprietary and third-party portfolio investment, asset management, cash and liquidity management (other than where such services are provided to retail customers other than GTS Clients, or are otherwise restricted by item (vii) of the Seller Restricted Activities), treasury and trade services, principal investing and fund and fund services activities; (ii) issuing, offering, trading or underwriting all wholesale financial or structured products, and retail products distributed, either through third party intermediaries, or through on-line distributions by Citigroup or any of Citigroup' s Affiliates, including, by way of example, any derivatives, structured investments or warrants, equity or fixed income products, commodities or securities trading or underwriting, securities services and brokerage and clearing activities), whether or not marketed under the name of "Citi" or "Citibank" or any derivation thereof; (iii) all other wholesale businesses, including, by way of example, advisory, investment banking, capital markets, corporate brokerage and (except to the extent restricted by item (vii) of Seller Restricted

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Activities) commercial banking and venture capital activities; (iv) entering into arrangements with a view to providing any services and/or products (including white labelling, outsourcings, back office and other technology-based solutions) (a) to banks (including retail banks, postal or giro banks), other companies (except as otherwise restricted by items (vi) or (vii) of the Seller Restricted Activities) or state entities that operate in the Region or (b) via or in cooperation with any such bank, company (save as otherwise restricted by items (v), (vi) or (vii) of the Seller Restricted Activities) or state entity, provided, in each case, that such services or products (1) are distributed through that other party' s distribution network and (2) are not (A) provided to retail customers in the Region and (B) marketed primarily under any Citi Mark; (v) insurance operations (except to the extent restricted by items (i) or (ii) of the Seller Restricted Activities); or (vi) real estate activities (except to the extent restricted by items (i) or (iii) of the Seller Restricted Activities).

15.4.3 Non-Resident Indians Exceptions: Nothing in items (ii), (iii) or (v) of the definition of Seller Restricted Activities shall prevent or restrict Citigroup or any of Citigroup' s Affiliates from offering or providing products or services to Non-Resident Indians to persons of Indian origin, excluding Pakistani or Bangladeshi citizens ("**Non-Resident Indians**").

15.4.4 Subject to the prohibition on using any of the Citi Marks in connection with the Seller Restricted Activities on or before June 30, 2011, nothing in Clause 15.4.1(i) shall prevent or restrict the Seller, Citigroup or any of Citigroup' s Affiliates from

acquiring a controlling or non-controlling interest in, and/or operating the business or all or part of the assets and/or liabilities of, any entity (the "**Target Business**"); provided that in the event the gross revenues (based on the average of the three most recently completed fiscal years of the Target Business prior to the execution of definitive documentation related to the acquisition) derived by the Target Business from the Seller Restricted Activities represent more than 30 per cent. of the total gross revenues of the entirety of the Target Business so acquired, the Seller, Citigroup or any of Citigroup' s Affiliates, as applicable, sells or transfers within one year of such acquisition that portion of the Target Business whose continued operation would, absent this Clause 15.4.4, otherwise have been precluded by Clause 15.4.1(i).

15.4.5 On or before June 30, 2011, the Seller shall not, and shall procure that none of Citigroup or any of Citigroup' s Affiliates shall, directly or indirectly, except with respect to any persons listed in item (vii) of Schedule 13, (i) solicit for employment employees of the Group Companies or (ii) solicit for employment or hire any Senior Employees. Notwithstanding the foregoing, "solicit for employment" shall not include interviewing or offering employment to: (a) persons who respond to a general solicitation or advertisement that is not specifically directed only to employees of the Group Companies, or (b) persons who are referred to the Seller, Citigroup or any of Citigroup' s Affiliates by search firms, employment agencies or other similar entities, provided that such entities have not been requested by the Seller, Citigroup or any of Citigroup' s Affiliates to solicit the employees of the Group Companies; and provided further that the Seller, Citigroup or any of Citigroup' s Affiliates shall, upon becoming aware of any contact with a Senior Employee pursuant to the foregoing means, promptly cease their solicitation efforts and instruct any search firm, employment agency or other similar entity that solicits the employees of the Group Companies or any Senior Employees to cease any such solicitation and shall refrain from interviewing or offering employment to any such Senior Employee.

15.4.6 Provided at all times that the Group Companies' customer lists are not used to solicit customers, nothing in this Clause 15.4 shall apply to any Affiliate of Citigroup (a "**Portfolio Company**") that is held as part of ordinary course merchant banking, acquisition or investment activities by an investment vehicle or fund in which any of Citigroup' s Affiliates (including Citi Venture Capital International, Citi Private Equity or Citi Alternative Investments) is a financial (i.e. non-strategic) investor, investment adviser or manager or for which any of Citigroup' s Affiliates acts in any fiduciary capacity, or as part of ordinary course asset management activities of any pension or other benefit plan of the Seller, Citigroup or Citigroup' s Affiliates, provided that the Portfolio Company does not undertake Seller Restricted Activities under any Citi Mark.

15.5 Release of Securities

15.5.1 The Purchaser shall, with the cooperation and assistance of the Seller, use commercially reasonable best endeavours to procure by Closing, or, to the extent not done by Closing, promptly thereafter, the release of the Seller and of any Seller' s Affiliate from the securities, guarantees and indemnities given by or binding upon the Seller or the Seller' s Affiliate in respect of any liability of the Group Companies as listed in Schedule 15.5.1 or as otherwise notified to the Purchaser

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by the Seller (the "**Seller' s Securities**"), and shall for this purpose use commercially reasonable best endeavours to replace the Seller' s Securities as from the Closing Date. In the event such release is not obtained as from the Closing Date, the Purchaser shall indemnify the Seller and the Seller' s Affiliate against all amounts payable pursuant to any of the Seller' s Securities in respect of such liability of the Group Companies.

15.5.2 The Seller shall use commercially reasonable best endeavours to procure, by Closing or, to the extent not done by Closing, promptly thereafter, the release of each Group Company from the securities, guarantees or indemnities given by or binding upon the Group Company in respect of any liability of the Seller or any Seller' s Affiliate as listed in Schedule 15.5.2 or as otherwise notified to the Seller by the Purchaser (the "**Group Companies' Securities**"). In the event such release is not obtained as from the Closing Date, or promptly thereafter, the Seller shall indemnify the Group Companies against all amounts payable pursuant to any of the Group Companies' Securities in respect of such liability of the Seller or the Seller' s Affiliate.

15.6 Protection of Employees

The Purchaser intends to continue the Business with regard to current employees of the Group Companies as carried out prior to Closing and the Purchaser does not intend to implement any (i) relocation of operational units of the Group Companies or parts thereof, (ii) sale of operations of the Group Companies to third parties or (iii) issuance of dismissals of employees of the Group Companies for operational reasons (*betriebsbedingte Kündigungen*), during the 18 months following Closing unless required otherwise by substantial deterioration of the Business.

15.7 Squeeze-Out Claim

15.7.1 Subject to Clauses 12.3.3 and 12.3.5, the Seller shall indemnify and hold the Purchaser harmless, also for the benefit of Citicorp Deutschland according to Sec. 328 para 1 German Civil Code (BGB), from any liability arising out of or in connection with the Squeeze-Out Claim.

15.7.2 The defence and settlement of the Squeeze-Out Claim shall be the exclusive right of the Seller and its Affiliates, provided that (i) the defence of the Squeeze-Out Claim shall be conducted with due regard for the corporate and commercial interests of Purchaser, its Affiliates and the Group Companies, (ii) the Seller shall keep the Purchaser fully informed of the progress of the Squeeze-Out Claim and its defence and (iii) the Seller shall not compromise, dispose of, settle or defend the Squeeze-Out Claim without the prior written consent of the Purchaser (such consent not to be unreasonably withheld or delayed).

16 Public Announcements; Notices to Customers and Confidentiality

16.1 Announcements

No press or similar announcement in connection with the existence or the subject matter of this Agreement shall be made or issued by or on behalf of the Seller, the Purchaser, any of their Affiliates or any Group Company without the prior approval of the Purchaser or the Seller, as the case may be. This shall not affect any announcement required by law or any regulatory body or the rules of any recognised stock exchange on which the shares of

either Party are listed but the Party with an obligation to make an announcement (or the Party whose Affiliate is under such obligation) shall consult with the other Party as to the requirement for and content of such an announcement as soon as reasonably practicable before complying with such an obligation.

16.2 Discharge of Members of Corporate Bodies

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To the extent that members of corporate bodies of the Group Companies, who will resign from office with effect from Closing as set out in Clause 9.2.1, have not been granted full discharge (*Entlastung*) prior to Closing for the period up to Closing, the Purchaser undertakes by way of an agreement for the benefit of third parties (*Vertrag zugunsten Dritter*) and to the extent legally permissible, to procure that (i) on the Closing Date or without undue delay (*unverzüglich*) thereafter all resolutions are passed and all declarations are made which are required to grant full discharge (*Entlastung*) to the relevant members for the period up to Closing and (ii) neither the Shares nor the shares in any of the Subsidiaries are resold and/or transferred prior to the Purchaser having fully complied with the obligations pursuant to (i). The right of the Seller and the Group Companies to procure such discharge prior to Closing shall remain unaffected.

16.3 Confidentiality

16.3.1 The confidentiality agreement between the Seller and the Purchaser dated May 16, 2008 (the "**Confidentiality Agreement**") shall continue in full force and effect from the date of this Agreement and shall terminate as at the Closing Date.

16.3.2 After Closing, (i) the Seller shall, and shall procure that its Affiliates and advisors shall, keep confidential and not disclose to any third party any information that is sensitive from a commercial point of view or otherwise about the Group Companies or their businesses and assets and (ii) the Purchaser shall, and shall procure that its Affiliates and advisors shall, keep confidential and not disclose to any third party any information that is sensitive from a commercial point of view or otherwise about the Seller, Citigroup or Citigroup' s Affiliates or their businesses and assets.

16.3.3 Clause 16.3.2 shall not prohibit disclosure or use of any information if and to the extent:

(i) the disclosure or use is required by law or any recognised stock exchange on which the shares of the Parties or their Affiliates are listed, or is required or requested by any regulatory body;

(ii) the disclosure or use is required to vest the full benefit of this Agreement in the Parties;

(iii) the disclosure or use is required for the purpose of any judicial proceedings arising out of this Agreement or any other agreement entered into under or pursuant to this Agreement or the disclosure is made to a Tax Authority in connection with the Tax affairs of the disclosing Party;

(iv) the disclosure is made to professional advisors of the disclosing Party on a need to know basis and on terms that such professional advisors undertake to comply with the provisions of Clause 16.3.2 in respect of such information as if they were a party to this Agreement;

(v) the other Party has given prior written approval to the disclosure or use;

(vi) the information that come into the public domain or has been received from an independent source without breach of this confidentiality obligation by the disclosing Party or its Affiliates or advisors; or

(vii) the information is independently developed by the disclosing Party after Closing,

provided that prior to disclosure or use of any information pursuant to Clause 16.3.3(ii) or (iii), the disclosing Party shall promptly notify the other Party of such requirement with a view to providing the other Party with the opportunity to contest such disclosure or use or otherwise to agree the timing and content of such disclosure or use.

17 Citigroup Options

The Seller will fulfil or procure the fulfilment of any and all obligations arising from any stock or stock options granted before Closing pursuant to the Employee Participation Schemes, toward current or past employees, managing directors and board members of the Group Companies, irrespective of whether the Seller or its Affiliates will have recourse to, or receive compensation from, the

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relevant Group Companies pursuant to the arrangements in place before the signing of this Agreement, and will indemnify the Purchaser or upon request of the Purchaser the respective Group Company from any Loss to the respective Group Company arising from breach of these obligations, regardless of whether such breach has occurred before Closing or will occur after Closing.

18 Guarantor' s Guarantee

The Guarantor hereby irrevocably guarantees to the Seller the due and punctual performance of all obligations under this Agreement by the Purchaser.

19 Miscellaneous Provisions

19.1 Interest and Account Details

19.1.1 To the extent any payment claims which are due for payment (*fällig*) under this Agreement are not paid on the due date, interest shall be payable on the outstanding amounts at the rate of 8 per cent. (from and including the due date up to and including the date of actual payment). The interest shall be paid together with the outstanding amount to which it relates.

19.1.2 All payments to be made under this Agreement shall be made:

(i) if to the Seller, to such bank account as is notified by the Seller to the Purchaser not later than five Business Days prior to the relevant payment.

(ii) if to the Purchaser, to the following bank account or to any account notified by the Purchaser to the Seller not later than five Business Days prior to the respective payment:

Account owner:	CM Akquisitions GmbH
Bank:	Crédit Mutuel Niederlassung Deutschland
Bank code:	524 300 00
SORT/ABA/SWIFT (BIC):	CMCI DE F1
Account Name:	CM Akquisitions GmbH
Account Number:	8093010018
IBAN:	DE43524300008093010018

19.2 Costs

Each Party shall bear all costs incurred by it in connection with the preparation, negotiation and execution of this Agreement and the sale of the Shares, the Silent Partner Interest and the Closing Internal Financial Payables. The notarial fees and all registration, stamp and transfer taxes (including real estate transfer tax) and duties, as well as all fees of merger control, financial supervisory or other public authorities, that are payable as a result of the transactions contemplated by this Agreement (other than the Preliminary Reorganisations) shall be borne by the Purchaser. All notarial fees and all registration, stamp and transfer taxes (including real estate transfer tax) and duties, all fees of financial supervisory or other public authorities and all advisors' fees relating to the Preliminary Reorganisations shall be borne by the Seller and the relevant Affiliates of Seller and not by any of the Group Companies.

19.3 Notices to the Parties

19.3.1 Any notice or other communication in connection with this Agreement (each, a "**Notice**") shall be:

(i) in the English language; and

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(ii) in writing delivered by hand, registered post or by courier using an internationally recognised courier company or by fax.

19.3.2 A Notice to the Seller shall be sent to the following address, or such other person or address as the Seller may notify to the Purchaser from time to time:

Andrew M. Felner
Deputy General Counsel
Citigroup Inc.
399 Park Avenue - 3rd Floor
New York, NY 10022
Facsimile: +1 212 559-7057

Bradley J. Gans
Deputy General Counsel
Citigroup Inc.
33 Canada Square
Canary Wharf
Citigroup Centre 1
London E14 5LB
United Kingdom
Facsimile: +44 20 7986-2908

with a courtesy copy to:

Linklaters LLP
Peter Erbacher
Mainzer Landstraße 16
60325 Frankfurt am Main
Germany
Facsimile: +49 69 71003 333

19.3.3 A Notice to the Purchaser or Guarantor shall be sent to the following address, or such other person or address as the Purchaser or Guarantor may notify to the Seller from time to time:

Christian Klein
Credit Mutuel - CIC
6, avenue de Provence
75009 Paris
France
Facsimile: +33 (0)1 45 96 79 19

with a courtesy copy to:

Bredin Prat
Benjamin Kanovitch / Kate Romain
130, rue du Fbg Saint-Honoré
75008 Paris

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France
Facsimile: +33 1 58 56 23 06

and

Gleiss Lutz
Prof. Dr. Gerhard Wegen
Maybachstrasse 6
70469 Stuttgart
Germany
Facsimile: +49 711 85 50 96

19.3.4 A Notice shall be effective upon receipt and the opportunity to obtain knowledge of contents (*Zugang*) and shall be deemed to have occurred:

(i) at delivery, if delivered by hand, registered post or courier; or

(ii) at transmission, if delivered by facsimile, provided that the person sending the facsimile shall have received a transmission receipt confirming a successful transmission thereof.

19.4 Agents, Brokers, and Finders

Each party is solely responsible for its obligations towards agents, brokers or finders under contracts entered into by such party as a result of transactions contemplated by this Agreement. Except as set forth in Schedule 19.4, each Party represents that it has not concluded and is not liable under such a contract and Seller further represents that none of the Group Companies has concluded or is liable under such a contract.

19.5 Disputes

19.5.1 Except for disputes relating to the Closing Accounts and the finalisation of the Allocation Schedule (which shall be governed exclusively by Clause 10 and 5.2.3, respectively), and any matter falling within the provisions of Clause 19.5.2 below, any dispute arising from or in connection with this Agreement and its consummation shall be finally settled by three arbitrators in accordance with the respective arbitration rules of the German Institution of Arbitration (Deutsche Institution für Schiedsgerichtsbarkeit e.V.) without recourse to the courts of law. The venue of the arbitration shall be Frankfurt am Main, Germany. The language of the arbitral proceedings shall be English, provided, however, that the Parties shall be entitled to submit documents in the German language if such documents exist only in the German language .

19.5.2 In the event mandatory applicable law requires any matter arising from or in connection with this Agreement and its consummation to be decided upon by a court of law, the competent courts in and for Frankfurt am Main, Germany, shall have the jurisdiction thereupon.

19.6 Form of Amendments

Any amendment or supplement to or modification or termination of this Agreement, including this provision, shall be valid only if made in writing (*Textform*), except where a stricter form (such as notarisation) is required under applicable law. Any waiver, permit, consent and approval under this Agreement must be made expressly and in writing (*Textform*).

19.7 Assignments

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The assignment of claims arising from this Agreement requires the consent of the other Party; provided, however, that either Party may assign its rights or obligations under this Agreement to any Affiliate of such Party; provided, further, that no such assignment shall relieve the assigning Party of its obligations hereunder.

19.8 Invalid Provisions

Should any provision of this Agreement be deemed or held to be wholly or partly invalid, ineffective or unenforceable, this shall not affect the validity, effectiveness or enforceability of the remainder hereof. Any such invalid, ineffective or unenforceable provision shall, to the extent permitted by law, be deemed replaced by such valid, effective and enforceable provision as comes closest to the economic intent and purpose of such invalid, ineffective or unenforceable provision. The aforesaid shall apply *mutatis mutandis* to any omission in this Agreement.

19.9 Entire Agreement

This Agreement and the Confidentiality Agreement constitute the entire agreement among and between the Parties with respect to the subject matter hereof and shall replace any negotiations and understandings, oral or written, heretofore made between the Parties with respect to the subject matter hereof. Side agreements to this Agreement do not exist.

19.10 Governing Law

This Agreement shall be governed by and construed in accordance with German law, excluding the United Nations Convention on Contracts for the International Sale of Goods (CISG) and excluding the provisions of German private international law.

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Schedule 1
Definitions

“**Accounts Date**” means December 31, 2007.

“**Additional Assets**” has the meaning set out in Schedule 21.

“**Affiliates**” means, from time to time, affiliated companies (*verbundene Unternehmen*) within the meaning of § 15 et seq. German Stock Corporation Act (*Aktiengesetz*), provided that, for the purpose of this Agreement, the Group Companies shall neither be deemed to be Seller’ s Affiliates nor Purchaser’ s Affiliates.

“**Allocation Schedule**” has the meaning set out in Clause 5.2.1.

“**BaFin**” has the meaning set out in the Preamble.

“**BaFin Closing Condition**” means the Closing Condition referred to in Clause 6.1.2.

“**Banking Law**” means Law applicable to banks and financial institutions and to the provision of banking and financial services and consumer credit activities (including, but not limited to, reporting obligations to regulatory authorities).

“**Base Equity**” has the meaning set out in Clause 5.1.1.

“**Branch**” means a physical retail bank branch serving the general public, and does not mean branches established to target clients with an investible surplus of at least 1 million each.

“**Brand Agreement**” has the meaning set out in Clause 15.4.2.

“**Breach**” has the meaning set out in Clause 12.1.

“**Business**” has the meaning set out in the Preamble.

“**Business Day**” means a day on which banks are generally open for business in Frankfurt am Main, Germany.

“**Card Activities**” has the meaning set out in Clause 15.4.1.

“**CGMD**” has the meaning set out in the Preamble.

“**CGMM**” has the meaning set out in the Preamble.

“**CIB**” has the meaning set out in the Preamble.

“**CIT Consulting**” has the meaning set out in the Preamble.

“**Citibank Privatkunden**” has the meaning set out in the Preamble.

“**Citicorp Akademie**” has the meaning set out in the Preamble.

“**Citicorp Deutschland**” has the meaning set out in the Preamble.

“**Citigroup**” means Citigroup Inc.

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"**Citigroup Realty**" has the meaning set out in the Preamble.

"**Citi Mark Third Party Claim**" has the meaning set out in Clause 12.6.4.

"**Citi Marks**" has the meaning set out in Clause 15.2.

"**CKG**" has the meaning set out in the Preamble.

"**CKG Transfer**" has the meaning set out in the Preamble.

"**Closing**" means the consummation of the actions set out in Clause 9.2.

"**Closing Accounts**" has the meaning set out in Clause 10.1.1.

"**Closing Actions**" has the meaning set out in Clause 9.2.

"**Closing Conditions**" has the meaning set out in Clause 6.1.

"**Closing Date**" shall mean, as applicable, (i) 24:00 hours German time on REDACTED if Closing takes place on such date in accordance with Clause 9.1, (ii) 23:59 hours German time on December 31, 2008 if Closing takes place on such date in accordance with Clause 9.1 or (iii) 24:00 hours German time on such other date on which the Closing occurs.

"**Closing Equity**" has the meaning set out in Schedule 19.

"**Closing Internal Financial Payables**" means the Internal Financial Payables as at the Closing Date.

"**Confidentiality Agreement**" has the meaning set out in Clause 16.3.

"**CTA**" has the meaning set out in Clause 15.8.

"**CTA Dispute Period**" has the meaning set out in Schedule 21.

"**CTA Dispute Report**" has the meaning set out in Schedule 21.

"**CTA Reports**" has the meaning set out in Schedule 21.

"**CTA Transfer**" has the meaning set out in the Preamble.

"**Cure Period**" has the meaning set out in Clause 15.2.16.

"**Cure Plan**" has the meaning set out in Clause 15.2.16.

"**Cut-off Date**" has the meaning set out in Clause 8.1.1.

"**Data Centre Transfer**" has the meaning set out in the Preamble.

"**Dispute Period**" has the meaning set out in Clause 10.3.2.

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“**Dispute Report**” has the meaning set out in Clause 10.3.2.

“**Disputed CTA Item**” has the meaning set out in Schedule 21.

“**Disputed Item**” has the meaning set out in Clause 10.3.2.

“**Draft Closing Accounts**” has the meaning set out in Clause 10.3.1.

“**EBS Committee**” has the meaning set out in Clause 7.10.3.

“**EBS Conversion**” has the meaning set out in Clause 7.10.1.

“**EBS System**” means the IT system as described in Schedule 3 to the Transitional Services Agreement.

“**Employee Participation Schemes**” has the meaning set out in Clause 11.12.5.

“**Employees’ Trustee**” has the meaning set out in Schedule 21.

“**EMV First Batch Issue Date**” has the meaning set out in Clause 15.2.5.

“**EMV Final Batch Issue Date**” has the meaning set out in Clause 15.2.6.

“**Encumbrance**” means any claim, charge, mortgage, lien, option, equity, power of sale, hypothecation, usufruct, retention of title, right of pre-emption, right of first refusal or other third party rights or security interest of any kind or an agreement, arrangement or obligation to create any of the foregoing.

“**Estimated Adjustment Amount**” has the meaning set out in Clause 5.4.1(i)(b).

“**Estimated Closing Equity**” has the meaning set out in Clause 7.2.1.

“**Estimated Closing Internal Financial Payables**” has the meaning set out in Clause 7.2.2.

“**EURIBOR**” means the Euro Interbank Offered Rate for deposits in Euros of three months and as published on the applicable Reuters screen.

“**Expert Arbitrator**” has the meaning set out in Clause 10.3.3.

“**First Stub Fiscal Year**” has the meaning set out in Clause 7.4.1.

“**German GAAP**” means the applicable accounting principles generally accepted in Germany.

“**Group**” has the meaning set out in the Preamble.

“**Group Companies’ customer lists**” means any lists of customers of the Group Companies.

“**Group Companies’ Securities**” has the meaning set out in Clause 15.5.2.

“**Group Company**” has the meaning set out in the Preamble.

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"**GTS Clients**" has the meaning set out in Clause 15.4.1.

"**Guarantor**" has the meaning set out in the parties section on the first page of this Agreement.

"**Individual Annual Accounts**" has the meaning set out in Clause 11.4.1.

"**Initial Notice**" has the meaning set out in Clause 15.2.16.

"**Insurance Policies**" has the meaning set out in Clause 11.16.

"**Internal Financial Payables**" means the nominal amount of any financial indebtedness or any other payables of any kind (including accrued interest) owed to the Seller or its Affiliates by any Group Company, excluding trade payables (*Verbindlichkeiten aus Lieferungen und Leistungen*) and excluding any obligation of the Target Companies to transfer their profits under the Target Company Profit Pooling Agreements and for the avoidance of doubt any obligation of Citicorp Deutschland to compensate CGMD or CGMM for any losses incurred by them under the Investment Bank Profit Pooling Agreements.

"**Internal Financial Payables Amount**" has the meaning set out in Clause 5.3.

"**Internal Financial Receivables**" means the nominal amount of any financial receivables or any other receivables of any kind (including accrued interest) owed by the Seller or any of the Seller' s Affiliates to any Group Company, excluding (x) trade receivables (*Forderungen aus Lieferungen und Leistungen*), (y) any obligation of the Seller to compensate the Target Companies for any losses incurred by them under the Target Company Profit Pooling Agreements and, for the avoidance of doubt, (z) any obligation of CGMM or CGMD to transfer its profits to Citicorp Deutschland under the Investment Bank Profit Pooling Agreements.

"**Internal Indebtedness**" means the Internal Financial Payables and the Internal Financial Receivables.

"**Investment Bank Carve-out**" has the meaning set out in the Preamble.

"**Investment Bank Profit Pooling Agreements**" has the meaning set out in the Preamble.

"**Investment Bank Profit Pooling Termination Date**" has the meaning set out in Clause 7.3.6.

"**IT Transfer Agreement**" has the meaning set out in Clause 9.2.7.

"**IT Systems**" means all the computer and telecommunications systems, servers, PCs, laptops, scanners, printers and other peripheral equipment, or the software and databases used in the business operations of the Group Companies.

"**Law**" means any law, regulation, order, professional rules, instruction, published interpretation, directive or other compulsory rule and any court, arbitral or governmental authority decisions and authorizations.

"**Leased Real Estate**" has the meaning set out in Clause 11.8.3.

"**Litigation**" has the meaning set out in Clause 11.13.

"**London Branch Transfer**" has the meaning set out in the Preamble.

"**Loss**" has the meaning set out in Clause 12.2.3.

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"**Material Agreements**" has the meaning set out in Clause 11.10.1.

"**Material Adverse Change**" means any event occurrence, change or effect that is or would reasonably be expected to be materially adverse to the business, assets, financial condition or results of operations of the Business taken as a whole provided, however, that in no event shall any of the following, alone or in combination, be deemed to constitute, nor shall any of the following be taken into account in determining whether there has been, or will be, a Material Adverse Change: (a) any effect resulting from events, facts or circumstances relating to (i) the national or regional economy in general, including changes in financial, banking, or securities markets and any disruption thereof and any decline in the price of any security or any market index, or (ii) the international or national banking industry in general and not specifically relating to the Business; (b) any effect resulting from changes in legal or regulatory conditions; (c) any effect resulting from national or international political or social conditions pursuant to the declaration of a national emergency or war or the occurrence of any military or terrorist attack on the United States or Germany, or any of their respective territories, possessions, or diplomatic or consular offices or upon any military installation, equipment or personnel of the United States or Germany; (d) any effect resulting from changes in German GAAP; (e) any effect resulting from actions taken, or not taken, with the consent or at the request of the Purchaser; (f) any adverse change or effect on the Business that is remedied by the Seller before the Closing Date; or (g) the impact of this Agreement or any of the other transaction documents or the announcement or performance of this Agreement and the transactions contemplated hereby or by the other transaction documents; provided, however, that the exclusions set forth in Clauses (a)(i), (a)(ii), (b) and (d) above shall not apply if the impact on the Business is disproportionate to the impact on (x) banks, savings associations or their holding companies operating in Germany generally or (y) the Group Companies' business.

"**Material Intellectual Property Rights**" has the meaning set out in Clause 11.9.1.

"**Merger Control Closing Condition**" has the meaning set out in Clause 6.1.1.

"**Mercer**" has the meaning set out in Schedule 21.

"**Mercer Report**" has the meaning set out in Schedule 21.

"**New CTA**" has the meaning set our in Schedule 21.

"**New Pension Fund**" has the meaning set out in Schedule 21.

"**New Trustee**" has the meaning set out in paragraph I of the Preamble.

"**Non-Resident Indians**" has the meaning set out in Clause 15.4.3.

"**Notice**" has the meaning set out in Clause 17.3.

"**Notified Claims**" has the meaning set out in Clause 12.6.1.

"**Owned Real Estate**" has the meaning set out in Clause 11.8.1.

"**Parties**" means the Seller and the Purchaser.

"**Pension Assets**" has the meaning set out in paragraph (l) of the Preamble.

"**Pension Commitments**" has the meaning set out in paragraph (l) of the Preamble.

"**Pension Fund**" has the meaning set out in Schedule 21.

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"**Pension Fund Report**" has the meaning set out in Schedule 21.

"**Pension Schemes**" has the meaning set out in Clause 11.12.6.

"**Permitted Encumbrance**" means any (i) Encumbrance reflected in or reserved against in the Individual Annual Accounts; (ii) Encumbrance for Taxes not yet due and payable or that are being contested in good faith and by appropriate proceedings; (iii) Encumbrance of warehousemen, mechanics and materialmen and other similar Encumbrances incurred in the ordinary course of business; (iv) Encumbrance that does not materially interfere with the use of the relevant asset as currently used; or (v) Encumbrances arising by operation of law in the ordinary course of business.

"**Portfolio Company**" has the meaning set out in Clause 15.4.6.

"**Preliminary Internal Financial Payables Amount**" has the meaning set out in Clause 5.4.2(i).

"**Preliminary Purchase Price**" has the meaning set out in Clause 5.4.1(i).

"**Preliminary Reorganisations**" has the meaning set out in the Preamble.

"**Premium**" has the meaning set out in Clause 5.1.3.

"**Profit Pooling Agreements**" has the meaning set out in the Preamble.

"**Profit Pooling Termination Date**" has the meaning set out in Clause 7.4.1.

"**Purchase Price**" has the meaning set out in Clause 5.1.

"**Purchaser**" has the meaning set out in the parties section on the first page of this Agreement.

"**Purchaser' s Guarantees**" has the meaning set out in Clause 13.

"**Region**" means the Federal Republic of Germany.

"**Regulation**" has the meaning set out in Clause 6.1.1(i).

"**Restricted Period**" has the meaning set out in Clause 15.4.1.

"**Second Stub Fiscal Year**" has the meaning set out in Clause 7.4.2.

"**Seller**" has the meaning set out in the parties section on the first page of this Agreement.

"**Seller Restricted Activities**" has the meaning set out in Clause 15.4.1.

"**Seller' s Guarantees**" has the meaning set out in Clause 11.

"**Seller' s Knowledge**" means, unless otherwise stated, the actual knowledge of the persons whose names are set out in Schedule 23.

"**Seller' s Securities**" has the meaning set out in Clause 15.5.1.

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“**Senior Employees**” has the meaning set out in Clause 11.12.1.

“**Shares**” means all the issued shares in the capital of the Target Companies specified in Schedule 2.

“**Silent Partner Interest**” has the meaning set out in the Preamble.

“**Silent Partnership Agreement**” has the meaning set out in the Preamble.

“**SME**” has the meaning set out in Clause 15.4.1.

“**Squeeze-Out Claim**” means the legal proceedings, inter alia the award proceeding (*Spruchverfahren*), initiated against Citicorp Deutschland and its former majority shareholder, Citibank Overseas Investment Corporation, by Citicorp Deutschland' s former third-party minority shareholders with respect to the squeeze-out procedure pursuant to the German Stock Corporation Act conducted by Citibank Overseas Investment Corporation prior to the conversion of Citicorp Deutschland from a public stock corporation into a limited liability company.

“**Standards of Quality**” has the meaning set out in Clause 15.2.3.

“**Steering Committee**” has the meaning set out in Clause 7.10.4.

“**Straddle Period**” has the meaning set out in Clause 14.1.

“**Stub Fiscal Year**” has the meaning set out in Clause 7.4.1.

“**Stub Fiscal Year Financial Statements**” has the meaning set out in Clause 10.1.

“**Subsidiaries**” has the meaning set out in the Preamble.

“**Support Services**” has the meaning set out in Clause 15.1.

“**Target Business**” has the meaning set out in Clause 15.4.4.

“**Target Company**” has the meaning set out in the Preamble.

“**Target Company Profit Pooling Agreements**” has the meaning set out in the Preamble.

“**Tax**” and “**Taxes**” has the meaning set out in Clause 14.1.

“**Tax Allocation Arrangement**” has the meaning set out in Clause 14.1.

“**Tax Audits**” has the meaning set out in Clause 14.5.1.

“**Tax Authorities**” has the meaning set out in Clause 14.1.

“**Tax Benefits**” has the meaning set out in Clause 12.2.2 (v)

“**Tax Election**” has the meaning set out in Clause 14.1.

“**Tax Measures**” has the meaning set out in Clause 14.5.1.

“**Tax Refunds**” has the meaning set out in Clause 14.3.1.

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"**Tax Returns**" has the meaning set out in Clause 14.1.

"**Third Party Claim**" has the meaning set out in Clause 12.6.4.

"**Third Party User**" has the meaning set out in Clause 15.2.13.

"**Transfer Assets**" has the meaning set out in Schedule 21.

"**Transitional Services Agreement**" has the meaning set out in Clause 9.2.3.

"**VAT**" means within the European Union such Tax as may be levied in accordance with (but subject to derogations from) the Directive 77/338/EEC and outside the European Union any Tax levied by reference to added value or sales.

"**writing**" includes communication made by mail or facsimile, except where a stricter form (e.g. notarisation) is required under applicable law.

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Exhibit 10.01

FORM OF CITIGROUP EQUITY OR DEFERRED CASH AWARD AGREEMENT (EFFECTIVE 01/01/09)

Citigroup Inc.
[Equity/Deferred Cash] Award Agreement

1. Award Agreement. Citigroup Inc. ("Citigroup") hereby grants to {NAME} (the "Participant"), the award(s) summarized below, pursuant to the terms of the [EQUITY/DEFERRED CASH AWARD PROGRAM NAME] (the "Program"). The terms, conditions and restrictions of your award are contained in this Equity/Deferred Cash Award Agreement, including the attached Appendix (together, the "Agreement"), and are summarized, along with additional information, in the [EQUITY/Deferred Cash AWARD PROGRAM NAME] [prospectus/brochure] dated [MONTH] [DAY], [YEAR], and any applicable [prospectus] supplements (together, a "[Prospectus/Brochure]"). Your award is also governed by the Citigroup [1999 Stock Incentive Plan, as amended and restated effective January 1, 2009, and as it may be further amended from time to time][NAME OF SUCCESSOR EQUITY PLAN][DEFERRED CASH PLAN] (the "Plan") [IF APPLICABLE: , and the Letter Agreement (as defined in the Appendix)]. For the award to be effective, you must [accept][sign] below[and return this page of the Agreement], acknowledging that you have received and read the [Prospectus/Brochure] and this Agreement, including the Appendix.

2. [EQUITY/DEFERRED CASH AWARD PROGRAM NAME] Award Summary*

{Restricted/Deferred} Stock [Deferred Cash] Award Summary

Award Date:	{AWARD DATE}
Number of Shares [Award Amount(1)]	{# SHARES} [{US$or local currency value}]
[Interest Rate or Notional Return	{RATE, INVESTMENT VEHICLE OR MARKET INDEX}](2)
Vesting Dates (% each vesting date):(3)	{VEST DATE 1}(4)
	{VEST DATE 2}
	{VEST DATE 3}
	{VEST DATE 4}

Stock Option Grant Summary

Grant Date:	{GRANT DATE}
Grant Price:	{$ Grant Price per share}(5)
Number of Shares:	{#OPTION SHARES}
Vesting Dates (% each vesting date):(6)	{VEST DATE 1}(7)
	{VEST DATE 2}
	{VEST DATE 3}
	{VEST DATE 4}
Option Expiration Date:	{EXPIRATION DATE}(8)

3. Acceptance and Agreement by Participant. I hereby accept the award described above, and agree to be bound by the terms, conditions, and restrictions of such award as set forth in this Agreement, including the Appendix, and in the [Prospectus/Brochure] (acknowledging hereby that I have read and that I understand such documents), the Plan and Citigroup' s policies, as in effect from time to time, relating to the administration of the Program and the Plan. I understand that vesting is conditioned upon continuous employment with the Company, and that an Award may be cancelled if there is a break in or termination of my employment with the Company.

CITIGROUP INC.	PARTICIPANT' S [SIGNATURE][ACCEPTANCE]:
By: ______________________	______________________
[Name]	Name:
[Title]	GEID:

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*The terms, conditions and restrictions applicable to your award, including what happens in the event of a termination or suspension of your employment, and including restrictions or a potential waiver of your rights that may apply pursuant to provisions of the Emergency Economic

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Stabilization Act of 2008, are contained in this Agreement, which includes the Appendix hereto, and are also summarized in the [Prospectus/Brochure].

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(1) Initial deferral amount.
(2) Basis for notional return (may be subject to election) to be added to (or subtracted from) initial deferral amount.
(3) Generally, no more rapidly than 25% each vesting date.
(4) Generally, at least one year after award date.
(5) No less than prior day NYSE closing price.
(6) Generally, no more rapidly than 25% each vesting date.
(7) Generally, at least one year after award date.
(8) Generally, no later than sixth anniversary of grant date.

CITIGROUP INC.
[EQUITY/DEFERRED CASH] AWARD AGREEMENT
APPENDIX

This Appendix constitutes part of the [Equity/Deferred Cash] Award Agreement (the "Agreement") and is applicable to the [EQUITY/DEFERRED CASH AWARD PROGRAM NAME] award(s) summarized on the first page of this Agreement. This Appendix is part of the Agreement and sets forth the terms and conditions and other information applicable to the [restricted or deferred stock award, and/or non-qualified stock option grant (an "Option")][deferred cash award (the "Award")], made to Participant under the Program, as described in the Award Summary on page 1. [FOR EQUITY AWARDS ONLY: Restricted or deferred stock awards and Option grants are hereinafter referred to as "Awards". All Awards are denominated in shares of Citigroup common stock, par value $.01 per share (referred to herein as "shares" or "Citigroup stock").] The "Company", for purposes of this Agreement, shall mean Citigroup and its subsidiaries that participate in the Program, except where provided otherwise herein.

1. Terms and Conditions. The terms, conditions, and restrictions of the Award are set forth below [IF APPLICABLE: , subject to the letter agreement between the Company and Participant dated [MONTH] [DAY], [YEAR] (the "Letter Agreement")]. Certain of these provisions [IF APPLICABLE: , except as they are deemed modified by the terms of the Letter Agreement], along with other important information, are summarized in the [EQUITY/DEFERRED CASH PROGRAM NAME] [prospectus/brochure] dated [MONTH] [DAY], [YEAR], and any applicable [prospectus] supplement (together, the "[Prospectus/Brochure]"). The terms, conditions, and restrictions of the Award include, but are not limited to, provisions relating to amendment, vesting, and cancellation of Awards, restrictions on the transfer of Awards, [sale restrictions on shares acquired upon the exercise of an Option], and additional restrictions or a potential waiver of Participant' s rights to an Award, if required by the applicable provisions of the Emergency Economic Stabilization Act of 2008, which will regulate Citigroup' s policies and practices with respect to corporate governance and executive compensation, as further described below.

By accepting an Award, Participant acknowledges that he or she has read and understands the [Prospectus/Brochure] and the terms and conditions set forth in this Appendix. Participant understands that this Award and all other incentive awards are entirely discretionary and that no right to receive the Award, or any incentive award, exists absent a prior written agreement to the contrary.

[Participant understands that the value that may be realized from an Award, if any, is contingent and depends on the future market price of Citigroup stock, among other factors, and that because equity awards are discretionary, and intended to promote employee retention and stock ownership and to align employees' interests with those of stockholders, equity awards are subject to vesting conditions and will be canceled if vesting conditions are not satisfied.]

Any monetary value assigned to an Award in any communication regarding the Award is contingent, hypothetical, and for illustrative purposes only and does not express or imply any promise or intent by the Company to deliver, directly or indirectly, any certain [or determinable] cash value to Participant. Receipt of an Award covered by this Agreement, or any other incentive award, is neither an indication nor a guarantee that an incentive award of any type or amount will be made in the future, and absent a written agreement to the contrary, the Company is free to change its practices and policies regarding incentive awards at any time in its sole discretion.

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Any actual, anticipated, or estimated financial benefit to Participant from an Award is not and shall not be deemed to be a normal or an integral part of Participant' s regular or expected salary or compensation from employment for any purposes, including, but not limited to, calculating any statutory, common law or other severance, resignation, termination, redundancy, end of service payments, bonuses, long-service awards, pension or retirement or welfare benefits or similar payments, and in no event should be considered as compensation for, or relating in any way to, past services for the Company.

2. Vesting. If conditions to vesting are satisfied, [the initial deferral amount, as adjusted to reflect interest accrued/notional gain (or loss) to the vesting date][shares underlying an Award of restricted or deferred stock] will be distributed to Participant on the vesting date(s) set forth in the [Stock/Deferred Cash] Award Summary, [and Option shares shall vest and become exercisable in the installment amounts (subject to

rounding, in Citigroup' s discretion) on the vesting dates set forth in the Stock Option Grant Summary]. Vesting in each case is subject to receipt of the information necessary to make required tax payments and confirmation by Citigroup that all conditions to vesting and distribution have been satisfied.

Vesting is conditioned on Participant' s continuous employment with the Company up to and including the scheduled vesting date, unless otherwise provided below.

[3. Exercise of Option. Vested Option shares may be exercised in whole or in part by Participant upon notice to the Company, together with provision for payment of the grant price (set forth in the Stock Option Grant Summary) and applicable withholding taxes. Such notice shall be given in the manner prescribed by Citigroup and shall specify the date and method of exercise and the number of Option shares that are being exercised. The currently available option exercise methods, which are subject to change at any time, are described in the Prospectus. All stock option exercises will be processed in accordance with the Citigroup Equity Compensation administrative procedures and deadlines then in effect. If Participant uses a broker-assisted exercise method that may be available from time to time, Participant acknowledges and agrees that option proceeds from any broker-assisted exercises will be net of applicable commissions and fees associated with these transactions. The applicable commissions and fees will be disclosed to Participant at or prior to the time of exercise or will be available to Participant upon request. The laws of the country in which Participant is working at the time of grant, vesting, and/or exercise of the Option (including any rules or regulations governing securities, foreign exchange, tax or labor matters), and Citigroup accounting or other policies, whether dictated by such country' s political or regulatory climate or otherwise, may restrict or prohibit any one or more of the stock option exercise methods described in the Prospectus; such restrictions may apply differently if Participant is a resident or expatriate employee, and are subject to change at any time. If the last day on which an Option may be exercised pursuant to any provision of this Agreement is not a trading day on the New York Stock Exchange, then the immediately preceding New York Stock Exchange trading day shall be the last day on which an Option may be exercised. An Option may not be exercised after the Option Expiration Date set forth in the Stock Option Grant Summary (the "Option expiration date"). **The Company is not obligated to notify a Participant that an Option is nearing expiration.]**

[4. Sale Restriction on Option Shares. Except in the case of Participant' s termination of employment pursuant to Section [6][(b) and (e)] [(b), (e), (j), (k) or (l)], Participant acknowledges that shares acquired upon an Option exercise during the term of Participant' s employment may not be sold or otherwise transferred until two years from the date of exercise.**]**

5. Fractional Shares. Participant acknowledges that only whole shares of Citigroup stock may be delivered [upon the exercise of an Option for shares and] upon the vesting of a restricted or deferred stock award, and that while Citigroup will endeavor to compensate Participant in cash for any fractional shares Participant would otherwise be entitled to receive pursuant to the terms of an Award, due to foreign exchange controls that may be in effect from time to time in certain countries, there is no guarantee that such payments can be made to Participants residing outside of the United States, and the Company shall not be liable if for such reason payment is not made to a Participant.

6. Termination and Interruption of Employment. Participation in the Program, including but not limited to Participant' s right to vest in an Award [or exercise an Option], is conditioned upon Participant' s continuous employment with the Company, except as otherwise provided below.

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For all purposes related to an Award, Participant' s employment shall be deemed terminated on the date of Participant' s "separation from service" from Citigroup, [except where specifically provided otherwise in this Agreement]. Whether a "separation from service" has occurred will be determined in accordance with the definition of such term in Treas. Reg. § 1.409A-1(h), which, unless provided otherwise by such definition [(or elsewhere in this Agreement in a manner that does not conflict with such definition)] shall be as of Participant' s last day of active service with the Company, regardless of any entitlement to notice, payment in lieu of notice, severance pay, termination pay, pension payment, or the equivalent that may be provided by any other plan, contract, or law.

If Participant' s continuous employment with the Company terminates or is interrupted for any reason stated below, Participant' s rights with respect to the Award will be affected as described below. With respect to any provision herein that provides for the distribution of a deferred [stock][cash] award upon the termination of Participant' s employment, such distribution may be delayed for a period of six months, if Citigroup determines that Participant is a "specified employee" within the meaning of Treas. Reg. § 1.409A-1(i)(1) (generally, one who is among the Company' s top 50 most highly compensated employees). Interest will not accrue during the period of any such delay and there will not be any compensation for loss in market value that occurs during such time or otherwise. [INCLUDE SUB-SECTIONS (a) – (r) AS APPLICABLE]:

(a) Voluntary Resignation. If Participant voluntarily terminates his or her employment with the Company, vesting of [restricted stock awards, deferred stock awards and Option shares][deferred cash awards] will cease[, as will the right to exercise any vested Option shares,] on the date Participant' s employment is so terminated[; all unvested shares and unexercised Option shares subject to the Award will be canceled] and Participant shall have no further rights of any kind with respect to the Award. [Different treatment may apply to Option shares if Participant is subject to a garden leave or other notice policy.]

(b) Disability.

(i) A restricted stock award will continue to vest during a Participant' s approved disability leave pursuant to a Company disability policy. If Participant' s approved disability leave results in a "separation from service," any unvested portion of the Award will vest immediately and shares of Citigroup stock will be delivered to Participant following such separation.

(ii) A deferred [stock][cash] award will continue to vest during a Participant' s approved disability leave pursuant to a Company disability policy. If Participant' s approved disability leave results in a "separation from service," any unvested portion of the Award will vest immediately and be distributed to Participant on the 90th day following the "separation from service" date. [The provisions of this Section 6(b)(ii) shall not apply if prior to the commencement or during the period of any disability leave referred to above, Participant meets the conditions of Section 6(j), (k) or (l) below, in which case the Award will be administered in accordance with the applicable provisions of those Sections of this Agreement.]

(iii) Notwithstanding the foregoing, if a Participant with a deferred [stock][cash] award provides proof satisfactory to the Company that Participant has been determined by the United States Social Security Administration to be totally disabled, any unvested portion of a deferred [stock][cash] award will vest and be distributed to Participant immediately.

[(iv) An Option will continue to vest on schedule and may be exercised during a Participant' s approved disability leave (but not later than the Option expiration date). If Participant' s approved disability leave results in a "separation from service," any unvested Option shares will vest immediately, and the Option may be exercised for up to [XX DAYS/MONTHS/YEARS] thereafter (but not later than the Option expiration date); the two year sale restriction imposed on Option shares will cease to apply and will not be imposed on any shares that may be acquired from a future exercise of the Option.]

[(v) Notwithstanding the foregoing, if before the end of a period of approved disability leave (or determination of total disability by the United States Social Security Administration) Participant' s employment is terminated for any of the reasons described in Sections 6(a), (e), (f), (h) or (i), such applicable provisions shall apply instead of the provisions of this Section 6(b).]

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(c) Approved Personal Leave of Absence (Non-Statutory Leave).

(i) A restricted or deferred stock award [deferred cash award] will continue to vest on schedule during the first six months of Participant' s personal leave of absence, provided that Participant' s leave of absence was approved by management of Participant' s business unit in accordance with the leave of absence policies applicable to Participant (an "approved personal leave of absence"). Any unvested

restricted or deferred stock [deferred cash award] will be canceled as soon as the approved personal leave of absence has exceeded six months.

[(ii) An Option will continue to vest on schedule during the first six months of an approved personal leave of absence. Vested Option shares may be exercised during the first six months of an approved personal leave of absence (but not later than the Option expiration date). All unexercised Option shares will be canceled as soon as the approved personal leave of absence has exceeded six months.]

(iii) If Participant terminates employment for any reason during the first six months of an approved personal leave of absence[, or if on or prior to such time Participant satisfies the conditions of Section 6(j), (k) or (l)], then such applicable provisions of this Section 6 will apply. [For purposes of Section 6(j), (k) and (l), Participant' s employment will be deemed to have terminated as of the date that an approved personal leave of absence exceeds six months.]

(d) Statutory Leave of Absence. The Award will continue to vest [and Participant may continue to exercise vested Option shares (but not later than the Option expiration date)] during a leave of absence that is approved by management of Participant' s business unit, is provided by applicable law and taken in accordance with such law and applicable Company policy (a "statutory leave of absence"). If a statutory leave of absence is followed without interruption by an approved personal leave of absence, any unvested restricted or deferred stock [and unexercised Option shares][deferred cash award] will be canceled as of the date that the combined leaves, if continuous, have exceeded six months. If Participant terminates employment for any reason during an approved statutory leave of absence[, or if on or prior to such time Participant satisfies the conditions of Section 6(j), (k), or (l)], then such applicable provisions of this Section 6 will apply. [For purposes of Section 6(j), (k) and (l), if a statutory leave of absence is followed without interruption by an approved personal leave of absence, Participant' s employment will be deemed to have terminated as of the date that the combined leaves exceed six months.]

(e) Death. If Participant' s employment terminates by reason of Participant' s death, (i) any unvested restricted or deferred stock [deferred cash award] will vest and be distributed to Participant' s estate[; (ii) any unvested Option shares will vest and vested Option shares may be exercised by Participant' s estate for up to [XX DAYS/MONTHS/YEARS] from the date of Participant' s death (but not later than the Option expiration date)] and (iii) the two-year sale restriction imposed on Option shares will cease to apply and will not be imposed on any shares that may be acquired by Participant' s estate in a future exercise of the Option].

(f) Involuntary Termination for Gross Misconduct. Notwithstanding any provisions of this Agreement to the contrary, if the Company terminates Participant' s employment because of Participant' s "gross misconduct" (as defined below), vesting of the Award[, and the right to exercise vested Option shares,] will cease on the date Participant' s employment is so terminated; all unvested restricted or deferred stock [deferred cash awards][and all unexercised Option shares] will be canceled as of the termination date of Participant' s employment and Participant shall have no further rights of any kind with respect to the Award. For purposes of this Agreement, "gross misconduct" means any conduct that (i) is in competition with the Company' s business operations, (ii) that breaches any obligation that Participant owes to the Company or Participant' s duty of loyalty to the Company, (iii) is materially injurious to the Company, monetarily or otherwise, or (iv) is otherwise determined by the Personnel and Compensation Committee of the Citigroup Board of Directors (the "Committee), in its sole discretion, to constitute gross misconduct. For purposes of this Section 6(f), "Company" shall mean Citigroup and any of its subsidiaries.

(g) Transfer to Non-Participating Subsidiary.

(i) If Participant transfers to a subsidiary that is a member of the "controlled group" of Citigroup (as defined below), the Award will continue to vest on schedule [and vested Option shares may continue to be exercised (but not later than the Option expiration date)].

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(ii) If Participant transfers to a subsidiary that is not a member of the "controlled group" of Citigroup (as defined below), the provisions of Section 6(h) will apply to the Award.

For purposes of this Agreement, "controlled group" has the meaning set forth in Treas. Reg. § 1.409A-1(h)(3).

(h) Involuntary Termination Other than for Gross Misconduct. Except as provided in Section 6(n) below, if Participant' s employment is terminated by the Company for any reason other than gross misconduct [and Participant has not met the conditions specified in Section 6(j), (k) or (l)], (i) any unvested restricted or deferred stock [deferred cash award] will vest and be distributed to Participant on the 90th day following the "separation from service" date [;and (ii) vesting of an Option will cease and any vested Option shares may continue to be exercised for up to [XX DAYS/MONTHS/YEARS] after Participant' s "separation from service" date (but not later than the Option expiration date)].

(i) Voluntary Resignation to Pursue Alternative Career. If [Participant has not met the conditions of Section 6(j), (k) or (l), and], with the prior written approval of the Senior Human Resources Officer for Participant' s business, in his or her sole discretion, Participant voluntarily resigns from his or her employment with the Company to work in a full-time career in either government service, for a bona fide charitable institution, or as a teacher at a bona fide educational institution, and/or otherwise satisfies the alternative or additional requirements that may be imposed by then applicable guidelines adopted for the purposes of administering this provision, (i) any unvested restricted or deferred stock [deferred cash award] will vest and be distributed to Participant on the 90th day following the "separation from service" date[;and (ii) vesting of an Option will cease and [vested options may continue to be exercised for up to [XX DAYS/MONTHS/YEARS] after Participant' s "separation from service" date (but not later than the Option expiration date), provided that Participant is not, at any time up to and including any exercise date, employed by a "significant competitor" of the Company (as defined in Section 6(p) below)][all unexercised Option shares will be canceled as of Participant' s "separation from service" date and Participant shall have no further rights of any kind with respect to the Option].

(j) Satisfying the "Rule of 75." If Participant has completed a number of full years of service with the Company that, when added to his or her age, equals at least 75, (i) any unvested restricted or deferred stock [deferred cash award] will continue to vest on schedule, provided that Participant is not, at any time up to and including any vesting date, employed by a "significant competitor" of the Company (as defined in Section 6(p) below)[; and (ii) an Option will continue to vest on schedule and may be exercised (but not later than the Option expiration date) while Participant is employed by the Company; unvested Option shares will vest on Participant' s "separation from service" date if employment with the Company is terminated for any reason other than gross misconduct and may be exercised for up to [XX DAYS/ MONTHS/YEARS] after Participant' s "separation from service" date (but not later than the Option expiration date), provided that Participant is not, at any time up to and including any exercise date, employed by a "significant competitor" of the Company (as defined in Section 6(p) below)].

(k) Satisfying the "Rule of 60." If Participant [does not satisfy the conditions of Section 6(j) above, but] (i) is at least age 50 and has completed at least five full years of service with the Company and Participant' s age plus the number of full years of service with the Company equals at least 60, or (ii) Participant is under age 50, but has completed at least 20 full years of service with the Company and Participant' s age plus the number of full years of service with the Company equals at least 60, then (1) any unvested restricted or deferred stock [deferred cash award] will continue to vest on schedule, provided that Participant is not, at any time up to and including any vesting date, employed by a "significant competitor" of the Company (as defined in Section 6(p) below); [(2) an Option will continue to vest on schedule and may be exercised (but not later than the Option expiration date) while Participant is employed by the Company; if Participant is no longer employed by the Company, vesting of the Option will cease on the Participant' s "separation from service" date if employment with the Company is terminated for any reason other than gross misconduct and any vested Option shares may be exercised for up to [XX DAYS/ MONTHS/YEARS] after Participant' s "separation from service" date (but not later than the Option expiration date), provided that Participant is not, at any time up to and including any exercise date, employed by a "significant competitor" of the Company (as defined in Section 6(p) below)].

(l) Reaching Age 55 by Certain Legacy Citibank Employees. If Participant is at least age 55 and is a legacy Citibank employee who participates in (i) the grandfathered Citibank formula of the U.S. Citigroup Pension Plan or (ii) the grandfathered Citibank formula of the Head Office Guarantee (HOG) Plan, then [(1)] any unvested restricted or deferred stock [deferred cash award] will continue to vest on schedule, provided that Participant is not, at any time up to and including any vesting date, employed by a "significant competitor" of the Company (as defined in Section 6(q) below); [(2) vested options may continue to be exercised for up to [XX DAYS/MONTHS/YEARS] after Participant' s "separation from service" date (but not later than the Option expiration date) if employment with the Company is terminated for any reason other than gross misconduct, provided that Participant is not, at any time up to and including any exercise date, employed by a

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"significant competitor" of the Company (as defined in Section 6(p) below)][all unexercised Option shares will be canceled as of Participant' s "separation from service" date and Participant shall have no further rights of any kind with respect to the Option]

(m) Termination of Employment other than for Gross Misconduct or Transfer to Non-Participating Subsidiary, when Also Eligible under Section 6(j), (k) or (l). If Participant is terminated other than for gross misconduct or is transferred to a subsidiary described in Section 6(g)(ii) above and on the date Participant' s employment is so terminated or transferred, Participant has satisfied the conditions of Section 6(j), (k) or (l) above, then the provisions of such sub-section will apply; provided, however, that continued vesting of the Award [and the right to exercise vested Option shares] will not be subject to the condition that Participant not be employed by a "significant competitor" of the Company (as defined in Section 6(p) below).

(n) Employing Company is Acquired by Another Entity (Change in Control). If Participant is employed by a company or other legal entity that is acquired by another entity in a transaction that is described in Section 409A(a)(2)(A)(v) of the United States Internal Revenue Code of 1986, as amended (the "Code") and the regulations thereunder (a "change in control"), the provisions of Section 6(h) shall apply[; provided, however, that if on the effective date of the change in control Participant has satisfied the conditions specified in Section 6(j), (k) or (l), the number of shares of restricted or deferred stock and Option shares that vest upon the change in control, and the period during which any Option shares may be exercised following the change in control, shall be as provided by Section 6(j), (k) or (l), and the distribution of shares that vest as a result of such change in control will occur on the effective date of the change in control.] The Committee, in its discretion, may accelerate the vesting of additional shares of restricted or deferred stock or Option shares in the event of a change in control.

(o) Additional Conditions Applicable to Post-Employment Participation. Except as otherwise provided herein, [in any instance in which, if, in the determination of the Committee, Participant engages in conduct that is in competition with the Company' s business operations, breaches his or her duty of loyalty or any obligation Participant owes to the Company, or is materially injurious to the Company, monetarily or otherwise, while holding any shares of Citigroup common stock subject to a sale restriction, such shares may be canceled, in the sole discretion of the Committee. If any such shares are canceled pursuant to this Section 6(o), Participant will receive a cash payment (without interest) equal to the grant price of the Option under which the shares were issued (as adjusted, if applicable) multiplied by the number of shares canceled. Additionally,] [t]he Committee may cancel any unvested restricted or deferred stock [deferred cash award] if it determines that Participant has, since the termination of Participant' s employment with the Company, engaged in conduct that breaches any obligation or duty of loyalty to the Company or that is materially injurious to the Company, monetarily or otherwise. For purposes of this Section 6(o), "Company" shall mean Citigroup and any of its subsidiaries.

(p) Definition of "Significant Competitor." For purposes of this Agreement, a "significant competitor" of the Company shall mean any company or other entity designated by the Committee as such and included on a list of "significant competitors" that will be made available to Participant and which may be updated from time to time. If Participant has terminated employment with the Company, a "significant competitor" shall mean a company or other entity included on the list in effect at the time Participant' s employment with the Company was terminated. For purposes of this Section 5(q), "Company" shall mean Citigroup and any of its subsidiaries.

[**(q) Non-Solicitation Covenant.**

(i) Participant agrees that during Participant' s employment with the Company (inclusive of any notice period or garden leave policy to which Participant is otherwise subject) and for twelve (12) months following any termination of Participant' s employment, he or she will not, without the prior written consent of the Company, directly or indirectly solicit or induce away from the Company or cause to be solicited or induced away from the Company any of its employees.

(ii) Notwithstanding anything to the contrary in this Agreement, and without limiting any remedies at law or in equity that may be available to the Company, Participant acknowledges and agrees that a remedy at law for any breach or threatened breach of the covenant contained in this Section 6(q) would be inadequate and monetary damages would be difficult to calculate and that for any such breach or threatened breach, a court of law may award an injunction, restraining order or other equitable relief, restraining Participant from committing or continuing to commit such breach.

(iii) It is expressly understood and agreed that if a final determination is made by a court of law that the time or any other restriction contained in this Section 6(q) is an unenforceable restriction against Participant, the provisions of Section 6(q) shall not be rendered void but shall be deemed amended to apply to such maximum time and to such other maximum extent as such court may determine or indicate to be enforceable. Alternatively, if such court finds that any restriction contained in this Section 6(q) is unenforceable, and such restriction cannot be amended so as to make it enforceable, such finding shall not affect the enforceability of any other provision of this Agreement.

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(iv) The restrictive covenant set forth in this Section 6(q) shall continue and survive any cancellation, forfeiture or payment of any amounts due under the Award.

(v) The covenant contained in this Section 6(q) is not intended to shorten, reduce or otherwise limit any non-solicitation obligation Participant may have (including but not limited the non-solicitation obligation contained in the Employment Termination Notice and Non-Solicitation Policy for the Citigroup Management Committee or any successor policy) pursuant to contract, collective agreement or applicable policy, local law, rule or regulation (“Independent Obligation”), nor is it intended to limit or reduce any other obligation that Participant may have to the Company pursuant to an Independent Obligation. For purposes of this Section 6(q), “Company” shall mean Citigroup and any of its subsidiaries.]

7. Non-Transferability. Neither the Award, nor any component of the Award, may be sold, pledged, hypothecated, assigned, margined or otherwise transferred, other than by will or the laws of descent and distribution, and no Award or interest or right therein shall be subject to the debts, contracts or engagements of Participant or his or her successors in interest or shall be subject to disposition by transfer, alienation, anticipation, pledge, encumbrance, assignment or any other means whether such disposition be voluntary or involuntary or by operation of law, by judgment, lien, levy, attachment, garnishment or any other legal or equitable proceedings (including bankruptcy or divorce), and any attempted disposition thereof shall be null and void, of no effect, and not binding on the Company in any way. Participant agrees that any purported transfer shall be null and void, and shall constitute a breach of this Agreement causing damage to the Company for which the remedy shall be a cancellation of the Award. During Participant’ s lifetime, all rights with respect to the Award shall be exercisable only by Participant, and any and all payments in respect of the Award shall be to Participant only. The Company shall be under no obligation to entertain, investigate, respect, preserve, protect or enforce any actual or purported rights or interests asserted by any creditor of Participant or any other third party in the Award, and Participant agrees to take all reasonable measures to protect the Company against any such claims being asserted in respect of Participant’ s Award and to reimburse the Company for any and all reasonable expenses it incurs defending against or complying with any such third-party claims if Participant could have reasonably acted to prevent such claims from being asserted against the Company.

8. Stockholder Rights. Participant shall have no rights as a stockholder of Citigroup over any shares covered by an Award, except to the limited extent provided in the Prospectus for an Award of restricted stock, unless and until shares are distributed to Participant in connection with the vesting of a restricted or deferred stock award or an Option exercise. During the vesting period, Participant may receive dividend or dividend equivalent payments in respect of shares subject to a restricted or deferred stock award, to the extent provided in the Prospectus.

9. Right of Set Off. Participant agrees that the Company may, to the extent permitted by applicable law, retain for itself funds or securities otherwise payable to Participant pursuant to this Award or any award under any equity award program administered by Citigroup to offset any amounts paid by the Company to a third party pursuant to any award, judgment, or settlement of a complaint, arbitration, or lawsuit of which Participant was the subject; to satisfy any obligation or debt that Participant owes the Company or its affiliates; or in the event any equity award is canceled pursuant to its terms. The Company may not retain such funds or securities and set off such obligations or liabilities, as described above, until such time as they would otherwise be distributable to Participant in accordance with the applicable award terms.

10. Consent to Electronic Delivery. In lieu of receiving documents in paper format, Participant hereby agrees, to the fullest extent permitted by law, to accept electronic delivery of any documents that Citigroup may be required to deliver (including, but not limited to, prospectuses, prospectus supplements, grant or award notifications and agreements, account statements, annual and quarterly reports, and all other forms or communications) in connection with the Award(s) covered by this Agreement and any other prior or future incentive award or program made or offered by Citigroup or its predecessors or successors. Electronic delivery of a document to Participant may be via a Company e-mail system or by reference to a location on a Company intranet site to which Participant has access.

11. Plan Administration. The Award described in this Agreement has been granted subject to the terms of the Plan, and the shares deliverable to Participant in connection with an Award, whether upon the exercise of an Option or vesting of a restricted or deferred stock award, will be from the shares available for grant pursuant to the terms of the Plan.

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12. Adjustments. In the event of any change in Citigroup' s capital structure on account of (i) any extraordinary dividend, stock dividend, stock split, reverse stock split or any similar equity restructuring; or (ii) any combination or exchange of equity securities, merger, consolidation, recapitalization, reorganization, divestiture or other distribution (other than ordinary cash dividends) of assets to stockholders, or any other similar event affecting Citigroup' s capital structure, to the extent necessary to prevent the enlargement or diminution of the rights of Participants, the Committee shall make such appropriate equitable adjustments as may be permitted by the terms of the Plan and applicable law, to the number or kind of shares subject to an Award and/or the grant price applicable to an Award. All such adjustments shall conform to the requirements of Section 409A of the Code, to the extent applicable, and with respect to Awards intended to qualify as "performance-based compensation" under Section 162(m) of the Code, such adjustments or substitutions shall be made only to the extent that the Committee determines that such adjustments or substitutions may be made without causing the Company to be denied a tax deduction on account of Section 162(m) of the Code. Citigroup shall give each Participant notice of an adjustment hereunder and, upon notice, such adjustment shall be conclusive and binding for all purposes. Notwithstanding the foregoing, the Committee may, in its discretion, decline to adjust any Award made to a Participant, if it determines that such adjustment would violate applicable law or result in adverse tax consequences to the Participant or the Company, and neither the Committee nor Citigroup shall be bound to compensate any Participant for any such adjustment not made, nor shall they be liable to Participant for any additional personal tax or other consequences of any adjustments that are made to an Award.

13. Taxes and Tax Residency Status. By accepting the Award, Participant agrees to pay all applicable income and/or social taxes and file all required tax returns in all jurisdictions where Participant is subject to tax and/or an income tax filing requirement. If Participant is an employee in one of Citigroup' s expatriate programs, he or she agrees to pay all applicable income and/or social taxes and file all tax returns in accordance with the applicable expatriate policy. To assist Citigroup in achieving full compliance with its obligations under the laws of all relevant taxing jurisdictions, Participant agrees to keep complete and accurate records of his or her income tax residency status and the number and location of workdays outside his or her country of income tax residency from the date of an Award until the later of the vesting of an Award, the exercise of an Option, or the subsequent sale of any shares

received in connection with an Award. By signing this Agreement, Participant also agrees to provide, upon request, information about his or her tax residency status to Citigroup during such period. Participant will be responsible for any income tax due, including penalties and interest, arising from any misstatement by Participant regarding such information.

14. Entire Agreement; No Right to Employment. [IF APPLICABLE: The Letter Agreement,] [T]he Prospectus [Brochure] and the Agreement constitute the entire understanding between the Company and Participant regarding the Award and supersede all previous written, oral, or implied understandings between the parties hereto about the subject matter hereof, including any written or electronic agreement, election form or other communication to, from or between Participant and the Company. Nothing contained herein, in the Plan, or in any Prospectus [Brochure] shall confer upon Participant any rights to continued employment or employment in any particular position, at any specific rate of compensation, or for any particular period of time.

15. Amendment. The Committee may in, its sole discretion, modify, amend, terminate or suspend the Award or the Program at any time, except that no termination, suspension, modification or amendment of the Award or the Program shall (i) cause the Award or the Program to become subject to, or violate, Section 409A of the Code, or (ii) except as provided in Section 16(a), adversely affect Participant' s rights with respect to the Award, as determined by the Committee, without Participant' s written consent.

16. Section 409A [and Section 457A] Compliance.

(a) Participant understands that as a result of Section 409A to the Code, if Participant is a U.S. taxpayer he or she could be subject to adverse tax consequences if the Award, the Program and/or the Plan are not administered in accordance with the requirements of Section 409A. [Participant further understands that if a deferred cash award covered by this Agreement is considered to be a "nonqualified deferred compensation plan" and Participant' s employer is considered to be a "nonqualified entity" (as such terms are defined in Section 457A of the Code), similarly adverse tax consequences could apply if the Award or the Program are not administered in accordance with the requirements of Section 457A.] Citigroup may modify the provisions of the Award, the Program and/or the Plan, as necessary, to

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conform them to the requirements of Section 409A[, Section 457A,] or other changes in applicable law. To the extent Citigroup amends the Award, the Program or the Plan, Participant will receive a supplement to the Prospectus describing any such changes.

(b) Notwithstanding any provision of this Agreement to the contrary, (i) Citigroup may modify the provisions of the Award, the Program and/or the Plan, as necessary, to conform them to the requirements of Section 409A[, Section 457A,] or other changes in applicable law and (ii) any distribution of [shares subject to a deferred stock award][a deferred cash award] otherwise provided by the terms of this Agreement to occur upon any event that would constitute a "separation from service" (within the meaning of Section 409A of the Code) to a Participant who is a "specified employee" (within the meaning of Treas. Reg. § 1.409A-1(i)(1)) at the time of such Participant' s "separation from service," shall not be made until the date which is six months from such "separation from service," or, if earlier, the date of Participant' s death and during such six-month deferral period, Participant shall not be entitled to interest, dividends, dividend equivalents, or any compensation for any loss in market value or otherwise which occurs with respect to the Award during such deferral period.

(c) BY ACCEPTING THIS AWARD, PARTICIPANT HEREBY CONSENTS TO THE AMENDMENT OR MODIFICATION OF ANY OUTSTANDING AWARD(S) HERETOFORE GRANTED TO OR ENTERED INTO WITH PARTICIPANT, IN LIKE MANNER AND PURPOSE AS PROVIDED BY SECTION 16(b) OF THIS AGREEMENT, TO THE EXTENT ANY SUCH AWARDS MAY VIOLATE SECTION 409A [OR SECTION 457A] OF THE CODE; PROVIDED, HOWEVER, THAT (i) NO SUCH AMENDMENT OR MODIFICATION SHALL BE MADE IF IT WOULD VIOLATE THE TERMS AND CONDITIONS OF PARTICIPANT' S OFFER LETTER OR EMPLOYMENT AGREMENT, AND (ii) UNLESS THE COMMITTEE DETERMINES OTHERWISE, ANY AMENDMENT OR MODIFICATION TO OUTSTANDING AWARD(S) PURSUANT TO THIS SECTION 16(c) SHALL MAINTAIN, TO THE MAXIMUM EXTENT PRACTICABLE, THE ORIGINAL INTENT OF THE APPLICABLE PROVISION WITHOUT CONTRAVENING THE PROVISIONS OF SECTION 409A [OR SECTION 457A] OF THE

CODE. THE AMENDMENT OR MODIFICATION OF ANY AWARD(S) PURSUANT TO THIS PROVISION SHALL BE AT THE COMPANY' S SOLE DISCRETION AND THE COMPANY SHALL NOT BE OBLIGATED TO AMEND OR MODIFY ANY SUCH AWARD(S) OR THIS AWARD, THE PROGRAM OR THE PLAN, NOR SHALL THE COMPANY BE LIABLE FOR ANY ADVERSE TAX OR OTHER CONSEQUENCES TO PARTICIPANT RESULTING FROM SUCH AMENDMENTS OR MODIFICATIONS OR THE COMPANY' S FAILURE TO MAKE ANY SUCH AMENDMENTS OR MODIFICATIONS FOR PURPOSES OF COMPLYING WITH SECTION 409A [OR SECTION 457A] OF THE CODE OR FOR ANY OTHER PURPOSE. TO THE EXTENT CITIGROUP AMENDS OR MODIFIES ANY OUTSTANDING AWARD(S) OR THIS AWARD PURUSANT TO SECTIONS 15 OR 16 OF THIS AGREMENT, PARTICIPANT SHALL RECEIVE A SUPPLEMENT TO THE PROSPECTUS [BROCHURE] DESCRIBING ANY SUCH CHANGES AND, UNLESS THE COMMITTEE DETERMINES OTHERWISE, THE CHANGES DESCRIBED IN THE SUPPLEMENT SHALL BE DEEMED TO AMEND THE TERMS AND CONDITIONS OF THE APPLICABLE AWARD AGREEMENTS.

17. Compliance with Emergency Economic Stabilization Act of 2008. Participant acknowledges that if Participant and any Award governed by this Agreement are subject to Section 111 of the Emergency Economic Stabilization Act of 2008 and any regulations or interpretations that may from time to time be promulgated thereunder ("EESA"), then any payment of any kind provided for by this Agreement must comply with EESA, and that this Agreement shall be interpreted or reformed to so comply. If the making of any payment pursuant to this Agreement would violate EESA, or if the making of such payment may in the judgment of the Company limit or adversely impact the ability of the Company to participate in, or the terms of the Company' s participation in, the sale of troubled assets to the U.S. Secretary of the Treasury or to qualify for any other relief under EESA, Participant shall be deemed to have waived his or her right to such payment. If applicable, Participant also hereby grants to the U. S. Treasury a waiver releasing the U. S. Treasury from any claims that Participant may otherwise have as a result of the issuance of any regulations which modify the terms of benefits plans, arrangements and agreements to eliminate any provisions that would not be in compliance with the executive compensation and corporate governance requirements of Section 111 of EESA and any guidance or regulations issued by the Secretary of the Treasury on or prior to the date of any investment to carry out the provisions of EESA.

18. Arbitration; Conflict; Governing Law. Any disputes related to the Award shall be resolved by arbitration in accordance with the Company' s arbitration policies. In the absence of an effective arbitration policy, Participant understands and agrees that any dispute related to

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an Award shall be submitted to arbitration in accordance with the rules of the American Arbitration Association, if so elected by the Company in its sole discretion. In the event of a conflict between the Prospectus and this Agreement [IF APPLICABLE: the Letter Agreement and this Agreement], this Agreement [IF APPLICABLE: the Letter Agreement] shall control. In the event of a conflict between this Agreement and the Plan, the Plan shall control. This Agreement shall be governed by the laws of the State of New York (regardless of conflict of laws principles) as to all matters, including, but not limited to, the construction, application, validity and administration of the Program.

19. Disclosure Regarding Use of Personal Information and Participant' s Consent.

(a) Definition and Use of "Personal Information." In connection with the grant of this Award, and any other award under the Program or any other equity award program, and the implementation and administration of any such program, including, without limitation, Participant' s actual participation, or consideration by the Company for potential future participation, in any program at any time, it is or may become necessary for the Company to collect, transfer, use, and hold certain personal information regarding Participant in and/or outside of Participant' s home country.

The "personal information" that Citigroup may collect, process, store and transfer for the purposes outlined above may include Participant' s name, nationality, citizenship, tax or other residency status, work authorization, date of birth, age, government/tax identification number, passport number, brokerage account information, GEID or other internal identifying information, home address, work address, job and location history, compensation and equity award information and history, business unit, employing entity, and Participant' s beneficiaries and contact information. Participant may obtain more details regarding the access and use of his/her personal information, and may correct or update such information, by contacting his/her human resources representative or local equity coordinator.

Use, transfer, storage and processing of personal information, electronically or otherwise, may be in connection with the Company' s internal administration of its equity award programs, or in connection with tax or other governmental and regulatory compliance activities directly or indirectly related to an equity award program. For such purposes only, personal information may be used by third parties retained by the Company to assist with the administration and compliance activities of its equity award programs, and may be transferred by the company that employs (or any company that has employed) Participant from Participant' s home country to other Citigroup entities and third parties located in the United States and in other countries. Specifically, those parties that may have access to Participant' s information for the purposes described herein include, but are not limited to, (i) human resources personnel responsible for administering the equity award programs, including local and regional equity award coordinators, and global coordinators located in the United States; (ii) Participant' s U.S. broker and equity account administrator and trade facilitator; (iii) Participant' s U.S., regional and local employing entity and business unit management, including Participant' s supervisor and his/her superiors; (iv) the Committee or its designee, which is responsible for administering the Plan; (v) Citigroup' s technology systems support team (but only to the extent necessary to maintain the proper operation of electronic information systems that support the equity award programs); and (vi) internal and external legal, tax and accounting advisors (but only to the extent necessary for them to advise the Company on compliance and other issues affecting the equity award programs in their respective fields of expertise). At all times, Company personnel and third parties will be obligated to maintain the confidentiality of Participant' s personal information except to the extent the Company is required to provide such information to governmental agencies or other parties. Such action will always be undertaken only in accordance with applicable law.

(b) Participant' s Consent. BY ACCEPTING THIS AWARD, PARTICIPANT EXPLICITLY CONSENTS (I) TO THE USE OF PARTICIPANT' S PERSONAL INFORMATION FOR THE PURPOSE OF BEING CONSIDERED FOR PARTICIPATION IN FUTURE EQUITY OR OTHER AWARD PROGRAMS (TO THE EXTENT HE/SHE IS ELIGIBLE UNDER APPLICABLE PROGRAM GUIDELINES, AND WITHOUT ANY GUARANTEE THAT ANY AWARD WILL BE MADE); AND (II) TO THE USE, TRANSFER, PROCESSING AND STORAGE, ELECTRONICALLY OR OTHERWISE, OF HIS/HER PERSONAL INFORMATION, AS SUCH USE HAS OCCURRED TO DATE, AND AS SUCH USE MAY OCCUR IN THE FUTURE, IN CONNECTION WITH THIS OR ANY OTHER EQUITY OR OTHER AWARD, AS DESCRIBED ABOVE.

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Exhibit 12.01

CITIGROUP INC.
CALCULATION OF RATIO OF INCOME TO FIXED CHARGES

In millions of dollars, except for ratios	Year ended December 31, 2007(1)(2)	2006(1)(2)(3)(4)	2005(1)(2)(3)(4)	2004(1)(2)(3)(4)	2003(1)(2)(3)(4)	Nine Months Ended September 30, 2008(1)(2)	2007(1)(2)
EXCLUDING INTEREST ON DEPOSITS:							
Fixed Charges							
Interest expense (other than interest on deposits)	$ 48,480	$ 34,743	$ 22,297	$ 12,507	$ 9,089	**$ 26,489**	$ 36,202
Interest factor in rent expense	672	556	502	474	447	**613**	504
Total fixed charges	$ 49,152	$ 35,299	$ 22,799	$ 12,981	$ 9,536	**$ 27,102**	$ 36,706
Income							
Income from continuing operations before taxes, minority interest and cumulative effect of accounting changes	$ 1,428	$ 29,326	$ 28,765	$ 22,080	$ 24,942	**$ (20,665)**	$ 18,118
Fixed charges (excluding preferred stock dividends)	49,152	35,299	22,799	12,981	9,536	**27,102**	36,706
Total income	$ 50,580	$ 64,625	$ 51,564	$ 35,061	$ 34,478	**$ 6,437**	$ 54,824
Ratio of income to fixed charges excluding interest on deposits	1.03	1.83	2.26	2.70	3.62	**0.24**	1.49
INCLUDING INTEREST ON DEPOSITS:							
Fixed Charges							
Interest expense	$ 76,051	$ 55,683	$ 35,630	$ 21,029	$ 16,172	**$ 42,305**	$ 56,427
Interest factor in rent expense	672	556	502	474	447	**613**	504
Total fixed charges	$ 76,723	$ 56,239	$ 36,132	$ 21,503	$ 16,619	**$ 42,918**	$ 56,931
Income							
Income from continuing operations before taxes, minority interest and cumulative effect of accounting changes	$ 1,428	$ 29,326	$ 28,765	$ 22,080	$ 24,942	**$ (20,665)**	$ 18,118
Fixed charges (excluding preferred stock dividends)	76,723	56,239	36,132	21,503	16,619	**42,918**	56,931
Total income	$ 78,151	$ 85,565	$ 64,897	$ 43,583	$ 41,561	**$ 22,253**	$ 75,049
Ratio of income to fixed charges including interest on deposits	1.02	1.52	1.80	2.03	2.50	**0.52**	1.32

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(1) On July 11, 2008, the Company announced an agreement to sell its German retail banking operations to Credit Mutuel. Citigroup reports these businesses separately as discontinued operations in the Company' s Consolidated Statement of Income. The calculation of the ratio of income to fixed charges excludes discontinued operations. Prior periods have been restated on a comparable basis.

(2) On April 17, 2008, Citigroup announced an agreement to sell most of Citigroup' s CitiCapital business unit to GE Capital. Citigroup reports these businesses separately as discontinued operations in the Company' s Consolidated Statement of Income. The calculation of the ratio of income to fixed charges excludes discontinued operations. Prior periods have been restated on a comparable basis.

(3) On December 1, 2005, Citigroup completed the sale of substantially all of Citigroup' s Asset Management Business to Legg Mason, Inc. Citigroup reports these businesses separately as discontinued operations in the Company' s Consolidated Statement of Income.

(4) On July 1, 2005, Citigroup completed the sale of Citigroup' s Travelers Life & Annuity and substantially all of Citigroup' s international insurance businesses to MetLife, Inc. Citigroup reports these businesses separately as discontinued operations in the Company' s Consolidated Statement of Income.

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Exhibit 12.02

CITIGROUP INC.
CALCULATION OF RATIO OF INCOME TO FIXED CHARGES
INCLUDING PREFERRED STOCK DIVIDENDS

In millions of dollars, except for ratios	Year ended December 31, 2007(1)(2)	2006(1)(2)(3)(4)	2005(1)(2)(3)(4)	2004(1)(2)(3)(4)	2003(1)(2)(3)(4)	Nine Months Ended September 30, 2008(1)(2)	2007(1)(2)
EXCLUDING INTEREST ON DEPOSITS:							
Fixed Charges							
Interest expense (other than interest on deposits)	$ 48,480	$ 34,743	$ 22,297	$ 12,507	$ 9,089	**$ 26,489**	$ 36,202
Interest factor in rent expense	672	556	502	474	447	**613**	504
Dividends−Preferred Stock	51	88	98	95	103	**1,560**	49
Total fixed charges	$ 49,203	$ 35,387	$ 22,897	$ 13,076	$ 9,639	**$ 28,662**	$ 36,755
Income							
Income from continuing operations before taxes, minority interest and cumulative effect of accounting changes	$ 1,428	$ 29,326	$ 28,765	$ 22,080	$ 24,942	**$ (20,665)**	$ 18,118
Fixed charges (excluding preferred stock dividends)	49,152	35,299	22,799	12,981	9,536	**27,102**	36,706
Total income	$ 50,580	$ 64,625	$ 51,564	$ 35,061	$ 34,478	**$ 6,437**	$ 54,824
Ratio of income to fixed charges excluding interest on deposits	1.03	1.83	2.25	2.68	3.58	**0.22**	1.49
INCLUDING INTEREST ON DEPOSITS:							
Fixed Charges							
Interest expense	$ 76,051	$ 55,683	$ 35,630	$ 21,029	$ 16,172	**$ 42,305**	$ 56,427
Interest factor in rent expense	672	556	502	474	447	**613**	504
Dividends−Preferred Stock	51	88	98	95	103	**1,560**	49
Total fixed charges	$ 76,774	$ 56,327	$ 36,230	$ 21,598	$ 16,722	**$ 44,478**	$ 56,980
Income							
Income from continuing operations before taxes, minority interest and cumulative effect of accounting changes	$ 1,428	$ 29,326	$ 28,765	$ 22,080	$ 24,942	**$ (20,665)**	$ 18,118
Fixed charges (excluding preferred stock dividends)	76,723	56,239	36,132	21,503	16,619	**42,918**	56,931
Total income	$ 78,151	$ 85,565	$ 64,897	$ 43,583	$ 41,561	**$ 22,253**	$ 75,049

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Ratio of income to fixed charges including interest on deposits	1.02	1.52	1.79	2.02	2.49	**0.50**	1.32

(1) On July 11, 2008, the Company announced an agreement to sell its German retail banking operations to Credit Mutuel. Citigroup reports these businesses separately as discontinued operations in the Company's Consolidated Statement of Income. The calculation of the ratio of income to fixed charges excludes discontinued operations.

(2) On April 17, 2008, Citigroup announced an agreement to sell most of Citigroup’ s CitiCapital business unit to GE Capital. Citigroup reports these businesses separately as discontinued operations in the Company’ s Consolidated Statement of Income. The calculation of the ratio of income to fixed charges excludes discontinued operations. Prior periods have been restated on a comparable basis.

(3) On December 1, 2005, Citigroup completed the sale of substantially all of Citigroup’ s Asset Management Business to Legg Mason, Inc. Citigroup reports these businesses separately as discontinued operations in the Company’ s Consolidated Statement of Income.

(4) On July 1, 2005, Citigroup completed the sale of Citigroup’ s Travelers Life & Annuity and substantially all of Citigroup’ s international insurance businesses to MetLife, Inc. Citigroup reports these businesses separately as discontinued operations in the Company’ s Consolidated Statement of Income.

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Exhibit 31.01

CERTIFICATION

I, Vikram S. Pandit, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Citigroup Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

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a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: October 31, 2008

/s/ Vikram S. Pandit

Vikram S. Pandit

Chief Executive Officer

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Exhibit 31.02

CERTIFICATION

I, Gary Crittenden, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Citigroup Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

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a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: October 31, 2008

/s/ Gary Crittenden
Gary Crittenden
Chief Financial Officer

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Exhibit 32.01

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report on Form 10-Q of Citigroup Inc. (the "Company") for the quarter ended September 30, 2008, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), Vikram S. Pandit, as Chief Executive Officer of the Company, and Gary Crittenden, as Chief Financial Officer of the Company, each hereby certifies, pursuant to 18 U.S.C. §1350, as adopted pursuant to §906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Vikram S. Pandit

Vikram S. Pandit
Chief Executive Officer
October 31, 2008

/s/ Gary Crittenden

Gary Crittenden
Chief Financial Officer
October 31, 2008

This certification accompanies each Report pursuant to § 906 of the Sarbanes-Oxley Act of 2002 and shall not, except to the extent required by the Sarbanes-Oxley Act of 2002, be deemed filed by the Company for purposes of §18 of the Securities Exchange Act of 1934, as amended.

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

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Exhibit 32.01
CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

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Exhibit 99.01

Residual Value Obligation

Quarterly certificate for the quarter ended September 30, 2008

The information below is being disclosed pursuant to the Residual Value Obligation Agreement dated as of April 3, 2000 between Associates First Capital Corporation and the Chase Manhattan Bank, as Trustee. Terms used and not otherwise defined herein have the meaning assigned to them in the Residual Value Agreement.

Securitization Distribution Dates during quarter:	July 15, 2008	August 15, 2008	September 15, 2008
Allocation Dates during quarter:	July 16, 2008	August 18, 2008	September 16, 2008

Payment Date during quarter:		NA
AFCC Amount at beginning of quarter:	$	942,663,808
AFCC Amount at end of quarter:	$	978,255,479
<u>On the Payment Date during the quarter:</u>		
Accrued RVO Payment Amount as of the immediately preceding Allocation Date:	$	–
Interest accrued on Accrued RVO Payment Amount since immediately preceding Allocation Date:	$	–
Accrued RVO Payment Amount as of such Payment Date:	$	–
Number of RVO' s outstanding as of the applicable record date		N/A
Payment per RVO:	$	–
As of the first Allocation Date during the quarter:		
Residual Cash Flow:		
Residual Cash Flow Allocated for current period **(includes $0.00 of sales proceeds from previously charged off loans)**	$	81,468
Cumulative Residual Cash Flow not covered by allocation (to be carried forward)	$	–
Excess Litigation Reserve allocated:	$	–
RVO Expenses:		
Residual Cash Flow allocated to RVO Expenses:	**$**	**5,847**
Cumulative RVO Expenses not covered by allocation (to be carried forward):	**$**	**(0)**
Litigation Expenses:		

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Residual Cash Flow allocated to Litigation Expenses:	$	–
Cumulative Litigation Expenses not covered by allocation (to be carried forward):	**$**	–

AFCC Amount:

AFCC Amount at end of immediately preceding Allocation Date:	$	942,663,808
plus: AFCC Interest added on immediately preceding Securitization Distribution Date:	$	11,783,297
less: Residual Cash Flow allocated to AFCC Amount:	$	(75,621)
AFCC Amount after allocation:	$	954,371,484

Accrued RVO Payment Amount:

Residual Cash Flow allocated to Accrued RVO Payment Amount on such Allocation Date:	$	–
plus: cumulative Residual Cash Flow allocated to, and cumulative interest accrued on, Accrued RVO Payment Amount since most recent Payment Date on which RVO Payments were made:	$	–
Accrued RVO Payment Amount on such Allocation Date:	$	–

As of the second Allocation Date during the quarter:

Residual Cash Flow:

Residual Cash Flow allocated for current period	$	62,234
Cumulative Residual Cash Flow not covered by allocation (to be carried forward)	$	–
Excess Litigation Reserve allocated:	$	–

RVO Expenses:

Residual Cash Flow allocated to RVO Expenses:	$	(0)
Cumulative RVO Expenses not covered by allocation (to be carried forward):	**$**	**(0)**

Litigation Expenses:

Residual Cash Flow allocated to Litigation Expenses:	$	–
Cumulative Litigation Expenses not covered by allocation (to be carried forward):	**$**	–

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AFCC Amount:

AFCC Amount at end of immediately preceding Allocation Date:	$	954,371,484
plus: AFCC Interest added on immediately preceding Securitization Distribution Date:	$	11,929,644
less: Residual Cash Flow allocated to AFCC Amount:	$	(62,234)
AFCC Amount after allocation:	$	966,238,894

Accrued RVO Payment Amount:

Residual Cash Flow allocated to Accrued RVO Payment Amount on such Allocation Date:	$	–
plus: cumulative Residual Cash Flow allocated to, and cumulative interest accrued on, Accrued RVO Payment Amount since most recent Payment Date on which RVO Payments were made:	$	–
Accrued RVO Payment Amount on such Allocation Date:	$	–

As of the third Allocation Date during the quarter:

Residual Cash Flow:

Residual Cash Flow allocated for current period	$	61,402
Cumulative Residual Cash Flow not covered by allocation (to be carried forward)	$	–
Excess Litigation Reserve allocated:	$	–

RVO Expenses:

Residual Cash Flow allocated to RVO Expenses:	$	(0)
Cumulative RVO Expenses not covered by allocation (to be carried forward):	**$**	**(0)**

Litigation Expenses:

Residual Cash Flow allocated to Litigation Expenses:	$	–
Cumulative Litigation Expenses not covered by allocation (to be carried forward):	**$**	–

AFCC Amount:

AFCC Amount at end of immediately preceding Allocation Date:	$	966,238,894

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plus: AFCC Interest added on immediately preceding Securitization Distribution Date:	$	12,077,986
less: Residual Cash Flow allocated to AFCC Amount:	$	(61,401)
AFCC Amount after allocation:	$	978,255,479

Accrued RVO Payment Amount:

Residual Cash Flow allocated to Accrued RVO Payment Amount on such Allocation Date:	$	–
plus: cumulative Residual Cash Flow allocated to, and cumulative interest accrued on, Accrued RVO Payment Amount since most recent Payment Date on which RVO Payments were made:	$	–
Accrued RVO Payment Amount on such Allocation Date:	$	–

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