CITIGROUP INC
Form 10-Q
November 06, 2009

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D. C. 20549

FORM 10-Q

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

For the quarterly period ended September 30, 2009

OR

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

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ý No o

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.:

Large accelerated filer ý	Accelerated filer o	Non-accelerated filer o (Do not check if a smaller reporting company)	Smaller reporting company o

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

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

Common stock outstanding as of September 30, 2009: 22,863,947,261

Available on the web at www.citigroup.com

CITIGROUP INC.

THIRD QUARTER OF 2009 FORM 10-Q

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THE COMPANY

Citigroup Inc. (Citigroup and, together with its subsidiaries, the Company, Citi or Citigroup) is a global diversified financial services holding company whose businesses provide a broad range of financial services to consumer and corporate customers. Citigroup has approximately 200 million customer accounts and does business in more than 140 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). Citibank, N.A. is a U.S. national bank subject to supervision and examination by the Office of the Comptroller of the Currency (OCC) and the Federal Deposit Insurance Corporation (FDIC). Some of the Company's other subsidiaries are also subject to supervision and examination by their respective federal and state authorities or, in the case of overseas subsidiaries, the regulators of the respective jurisdictions.

This Quarterly Report on Form 10-Q should be read in conjunction with Citigroup's Annual Report on Form 10-K for the year ended December 31, 2008 (2008 Annual Report on Form 10-K), Citigroup's updated 2008 historical financial statements and notes filed on Form 8-K with the Securities and Exchange Commission (SEC) on October 13, 2009 and Citigroup's Quarterly Reports on Form 10-Q for the quarters ended June 30, 2009 and March 31, 2009. Additional financial, statistical, and business-related information for the third quarter of 2009, as well as business and segment trends, are included in a Financial Supplement that was furnished as Exhibit 99.2 to the Company's Form 8-K, filed with the SEC on October 15, 2009.

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 recent annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, as well as the Company's other filings with the SEC, are available free of charge through the Company's web site by clicking on the "Investors" 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*.

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Citigroup is managed along the following segment and product lines:

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

(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 Page 1

In millions of dollars, except per share amounts	Third Quarter 2009	Third Quarter 2008	% Change	Nine Months Ended September 30, 2009	Nine Months Ended September 30, 2008	% Change
Net interest revenue	**$ 11,998**	$ 13,404	(10)%	**$ 37,753**	$ 40,478	(7)%
Non-interest revenue	**8,392**	2,854	NM	**37,127**	5,475	NM
Revenues, net of interest expense	**$ 20,390**	$ 16,258	25%	**$ 74,880**	$ 45,953	63%
Operating expenses	**11,824**	14,007	(16)	**35,508**	44,598	(20)
Provisions for credit losses and for benefits and claims	**9,095**	9,067		**32,078**	22,019	46
Income (Loss) from Continuing Operations before Income Taxes	**$ (529)**	$ (6,816)	92	**$ 7,294**	$ (20,664)	NM
Income taxes (benefits)	**(1,122)**	(3,295)	66	**620**	(9,628)	NM
Income (Loss) from Continuing Operations	**$ 593**	$ (3,521)	NM	**$ 6,674**	$ (11,036)	NM
Income (Loss) from Discontinued Operations, net of taxes	**(418)**	613	NM	**(677)**	578	NM
Net Income (Loss) before attribution of Noncontrolling Interests	**$ 175**	$ (2,908)	NM	**$ 5,997**	$ (10,458)	NM
Net Income (Loss) attributable to Noncontrolling Interests	**74**	(93)	NM	**24**	(37)	NM
Citigroup's Net Income (Loss)	**$ 101**	$ (2,815)	NM	**$ 5,973**	$ (10,421)	NM
Less:						
Preferred dividends Basic	**$ (272)**	$ (389)	30%	**$ (2,988)**	$ (833)	NM
Impact of the conversion price reset related to the $12.5 billion convertible preferred stock private issuance Basic(1)				**(1,285)**		NM
Preferred stock Series H discount accretion Basic	**(16)**		NM	**(123)**		NM
Impact of the Public and Private Preferred stock exchange offer	**(3,055)**		NM	**(3,055)**		NM
Income (loss) available to common stockholders	**(3,242)**	(3,204)	(1)	**(1,478)**	(11,254)	87
Allocation of dividends to common stock and participating securities, net of forfeitures		(1,738)	NM	**(63)**	(5,151)	99
Undistributed earnings (loss) for basic EPS	**$ (3,242)**	$ (4,942)	34%	**$ (1,541)**	$ (16,405)	91%
Convertible Preferred Stock Dividends		270	NM	**540**	606	(11)
Undistributed earnings (loss) for diluted EPS	**$ (3,242)**	$ (4,672)	31%	**$ (1,001)**	$ (15,799)	94%
Earnings per share						
Basic(2)						
Income (loss) from continuing operations	**$ (0.23)**	$ (0.72)	68%	**$ (0.10)**	$ (2.28)	96%
Net income (loss)	**(0.27)**	(0.61)	56	**(0.19)**	(2.17)	91
Diluted(2)						
Income (loss) from continuing operations	**$ (0.23)**	$ (0.72)	68%	**$ (0.10)**	$ (2.28)	96%
Net income (loss)	**(0.27)**	(0.61)	56	**(0.19)**	(2.17)	91

[Continued on the following page, including notes to table.]

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SUMMARY OF SELECTED FINANCIAL DATA Page 2

In millions of dollars	Third Quarter 2009	Third Quarter 2008	% Change	Nine Months Ended September 2009, 2009	Nine Months Ended September 2009, 2008	% Change
At September 30:						
Total assets	**$ 1,888,599**	$ 2,050,131	(8)%			
Total deposits	**832,603**	780,343	7			
Long-term debt	**379,557**	393,097	(3)			
Mandatorily redeemable securities of subsidiary Trusts (included in Long-term debt)	**34,531**	23,836	45			
Common stockholders' equity	**140,530**	98,638	42			
Total stockholders' equity	**140,842**	126,062	12			
Direct staff *(in thousands)*	**276**	352	(22)			
Ratios:						
Return on common stockholders' equity(3)	**(12.2)%**	(12.2)%		(2.3)%	(13.8)%	
Tier 1 Common(4)	**9.12%**	3.72%				
Tier 1 Capital	**12.76%**	8.19%				
Total Capital	**16.58%**	11.68%				
Leverage(5)	**6.87%**	4.70%				
Common stockholders' equity to assets	**7.4%**	4.8%				
Ratio of earnings to fixed charges and preferred stock dividends	**0.96**	NM		1.16	NM	

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(1) For the nine months ended September 30, 2009, Income available to common stockholders includes a reduction of $1.285 billion related to a conversion price reset pursuant to Citigroup's prior agreement with the purchasers of $12.5 billion convertible preferred stock issued in a private offering in January 2008. The conversion price was reset from $31.62 per share to $26.35 per share. There was no impact to net income, total stockholders' equity or capital ratios due to the reset. However, the reset resulted in a reclassification from Retained earnings to Additional paid-in capital of $1.285 billion and a reduction in Income available to common stockholders of $1.285 billion. The 2009 third quarter Income available to common stockholders includes a reduction of $3.055 billion related to the preferred stock exchanged for common stock and trust preferred securities as part of the exchange offers.

(2) The Company adopted Accounting Standards Codification (ASC) 260-10-45 to 65, "Determining Whether Instruments Granted in Share-Based Payment Transactions Are Participating Securities" on January 1, 2009. All prior periods have been restated to conform to the current presentation. The Diluted EPS calculation for the third quarter and nine months of 2009 and 2008 utilize Basic shares and Income available to common stockholders (Basic) due to the negative Income available to common stockholders. Using actual Diluted shares and Income available to common stockholders (Diluted) would result in anti-dilution.

(3) The return on average common stockholders' equity is calculated using income (loss) available to common stockholders.

(4) As defined by the banking regulators, the Tier 1 Common ratio represents Tier 1 Capital less perpetual preferred stock, qualifying noncontrolling interests in subsidiaries and qualifying mandatorily redeemable securities of subsidiary trusts divided by risk-weighted assets. Tier 1 Common ratio is a non-GAAP measure. See "Capital Resources and Liquidity" below for additional information on this measure.

(5) The Leverage ratio represents Tier 1 Capital divided by each period's quarterly adjusted average total assets.

NM Not meaningful

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

Within this Form 10-Q, please refer to the indices on pages 2 and 86 for page references to the Management's Discussion and Analysis section and Notes to Consolidated Financial Statements, respectively.

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MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

THIRD QUARTER OF 2009 MANAGEMENT SUMMARY

Citigroup reported net income of $101 million, and a loss of ($0.27) per diluted share, for the third quarter of 2009. The ($0.27) loss per share reflected a $3.1 billion charge to retained earnings related to the closing of the exchange offers, the remaining preferred stock dividends required to be paid prior to the closing of the exchange offers and the remaining quarterly accretion of the Series H preferred stock discount.

Revenues of $20.4 billion increased 25% from year-ago levels due primarily to positive revenue marks and gains in Citi Holdings relative to the prior-year period, and a $1.4 billion gain from the extinguishment of debt associated with the closing of the exchange offers. The increase was partially offset by credit valuation adjustments (CVA) of $1.7 billion in Securities and Banking, the absence of Smith Barney revenues of $2.0 billion in the third quarter of 2009 and foreign currency translation.

Net interest revenue declined 10% from the 2008 third quarter, primarily reflecting the Company's smaller balance sheet. Net interest margin in the third quarter of 2009 was 2.95%, down 20 basis points from the third quarter of 2008, reflecting a decrease in asset yields related to the decrease in the Federal funds rate, largely offset by significantly lower funding costs. *Non-interest revenue* increased $5.5 billion from a year ago, primarily reflecting the absence of significant losses in the Citi Holdings Special Asset Pool portfolio.

Operating expenses decreased 16% from the year-ago quarter and were down 1% from the second quarter of 2009 primarily due to divestitures, including Smith Barney, the re-sizing of the Citi Holdings businesses, the re-engineering of Citicorp processes, expense control, and the impact of foreign currency translation. Headcount of 276,000 was down 76,000 from September 30, 2008 and down 3,000 from June 30, 2009.

The Company's total allowance for loan losses totaled $36.4 billion at September 30, 2009, a coverage ratio of 5.85% of total loans up from 5.6% at June 30, 2009, even though corporate loans declined by $13 billion during the quarter and consumer loans decreased by $6 billion. During the third quarter of 2009, the Company recorded a net build of $802 million to its credit reserves. The build for the quarter was $3.1 billion lower than the second quarter of 2009, consisting of a net build of $893 million for consumer loans and a net release of $91 million for corporate loans.

Consumer non-accrual loans totaled $17.9 billion at September 30, 2009, compared to $15.8 billion at June 30, 2009 and $10.8 billion at September 30, 2008, primarily related to the recognition of SFAS 114 charge-offs in the quarter. The consumer loan delinquency rate was 4.70% at September 30, 2009, compared to 4.24% at June 30, 2009 and 2.66% a year ago. Delinquencies continue to rise for the first mortgage portfolio in the U.S. due primarily to the lengthening of the foreclosure process by many states and the increasing impact of the Home Affordable Modification Program (HAMP). Loans in the HAMP trial modification period are reported as delinquent if the original contractual payments are not received on time (even if the reduced payments agreed to under the program are made by the borrower) until the loan has completed the trial period under the program (see "Loan and Credit Details Consumer Loan Modification Programs" and " U.S. Consumer Mortgage Lending" below).

Corporate non-accrual loans were $14.8 billion at September 30, 2009, compared to $12.4 billion at June 30, 2009 and $2.7 billion a year ago. The increase from the prior quarter is mainly due to the Company's continued policy of actively moving loans into non-accrual at earlier stages of anticipated distress. Over two-thirds of the non-accrual corporate loans are current and continue to make their contractual payments. The increase from prior-year levels is also attributable to the transfer of non-accrual loans from the held-for-sale portfolio (which are carried at lower-of-cost-or-fair value and excluded from non-accrual loans) to the held-for-investment portfolio during the fourth quarter of 2008. The total allowance for loan loss reserve balance for funded corporate loans remained stable at $8 billion at the end of the quarter, or 4.4% of corporate loans, up from 4.1% in the second quarter of 2009.

The Company's effective tax rate on continuing operations in the third quarter of 2009 was 212% versus 48% in the prior-year period. The tax provision reflected a higher proportion of income earned and indefinitely reinvested in countries with relatively lower tax rates as well as a higher proportion of income from tax advantaged sources. The current quarter also includes a tax benefit of $103 million in continuing operations relating to a release of tax reserves on interchange fees, which was supported by a favorable Tax Court decision in a case litigated by another financial institution.

Total deposits were $833 billion at September 30, 2009, up 3% from June 30, 2009 and up 7% from year-ago levels. At September 30, 2009, the Company had increased its structural liquidity (equity, long-term debt and deposits) as a percentage of assets from 66% at December 31, 2008 to 72% at September 30, 2009. Over the past six months, Citigroup and its subsidiaries have issued $20 billion of non-guaranteed debt outside of the FDIC's TLGP.

Citigroup has continued its deleveraging, reducing total assets from $2,050 billion a year ago to $1,889 billion at September 30, 2009. Asset reductions in Citi Holdings made up approximately 98% of the decline, reflecting the Company's continued strategy of reducing its assets and exposures in this business segment, which are down by almost one-third since the peak levels of early 2008.

Primarily as a result of the exchange offers, Citigroup increased its Tier 1 Common by $63 billion from the second quarter of 2009 to $90 billion. In addition, the Company's Tangible Common Equity (TCE) increased by $62 billion from the second quarter of 2009 to $102 billion at September 30, 2009. (TCE and Tier 1 Common are non-GAAP financial

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measures. See "Capital Resources and Liquidity" for additional information on these measures.)

The closing of the exchange offers also resulted in a reconstitution of the Company's equity base. Common Equity increased 98% from December 31, 2008 to $140.5 billion. Citigroup's total stockholders' equity decreased by $11.5 billion during the third quarter of 2009 to $140.8 billion, primarily reflecting the impact of the exchange offers, partially offset by a $4.0 billion improvement in *Accumulated Other Comprehensive Income.* Citigroup's total equity capital base and trust preferred securities were $175.4 billion at September 30, 2009. The Tier 1 Capital ratio and Tier 1 Common ratio were 12.76% and 9.12%, respectively, at September 30, 2009.

SIGNIFICANT EVENTS IN THE THIRD QUARTER OF 2009

Certain significant events have occurred during the fiscal year to date, including events subsequent to September 30, 2009, that had, or could have, an effect on Citigroup's current and future financial condition, results of operations, liquidity and capital resources. These events are summarized below and discussed throughout this MD&A.

EXCHANGE OFFERS

Private Exchange Offers

On July 23, 2009, Citigroup closed its exchange offers with the private holders of $12.5 billion aggregate liquidation value of preferred stock. The U.S. Treasury (UST) matched these exchange offers by exchanging $12.5 billion aggregate liquidation value of its preferred stock, for a total closing of $25 billion. Following the approval, on September 2, 2009, by Citi shareholders of an increase in Citi's authorized common stock, on September 10, 2009, the private holders and the UST received an aggregate of approximately 7,692 million shares of Citigroup common stock.

Public Exchange Offers

On July 29, 2009, Citigroup closed its exchange offers with the holders of approximately $20.4 billion in aggregate liquidation value of publicly-held preferred stock and trust preferred securities, representing 99% of the total liquidation value of securities Citigroup was offering to exchange. Upon closing of the public exchange offers, Citi issued approximately 5.8 billion shares of common stock to the public exchange offer participants.

In addition, on July 30, 2009, the UST matched the public exchange offers by exchanging an additional $12.5 billion aggregate liquidation value of its preferred stock. Following the increase in Citigroup's authorized common stock, on September 10, 2009, the UST received an additional approximately 3.8 billion shares of Citigroup common stock.

In total, approximately $58 billion in aggregate liquidation value of preferred stock and trust preferred securities were exchanged for common stock upon completion of all stages of the exchange offers. As a result of the exchange offers, the UST owned approximately 33.6% of Citigroup's outstanding common stock, not including the exercise of the warrants issued to the UST as part of TARP and pursuant to the loss-sharing agreement. See "Government Programs" below.

Trust Preferred Securities

On July 30, 2009, all remaining preferred stock of Citigroup held by the UST and the FDIC that was not exchanged into Citigroup common stock in connection with the exchange offers, in an aggregate liquidation amount of approximately $27.1 billion, was exchanged into newly issued 8% trust preferred securities.

Accounting Impact

The accounting for the exchange offers resulted in the de-recognition of preferred stock and the recognition of the common stock issued at fair value in the *Common stock* and *Additional paid-in capital* accounts in equity. The difference between the carrying amount of preferred stock and the fair value of the common stock was recorded in *Retained earnings* (impacting net income available to common shareholders and EPS) or *Additional paid-in capital* accounts in equity, depending on whether the preferred stock was originally non-convertible or convertible.

For the U.S. Government (USG) preferred stock that was converted to 8% trust preferred securities, the newly issued trust preferred securities were initially recorded at fair value as *Long-term debt*. The difference between the carrying amount of the preferred stock and the fair value of the trust preferred securities was recorded in *Retained earnings* after adjusting for the appropriate deferred tax liability (impacting net income available to common shareholders and EPS). For trust preferred securities exchanged for common stock, the carrying amount recorded as long-term debt was de-recognized and the common stock issued was recorded at fair value in the *Common Stock* and the *Additional Paid-in Capital* accounts in equity. The difference between the carrying amount of the trust preferred securities and the fair value of the common stock was recorded in Other revenue in the third quarter of 2009.

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The following table presents the impact of the completion of all stages of the exchange offers to Citigroup's common shares outstanding and to its balance sheet:

(in millions of dollars, except incremental number of Citigroup common shares)

					Impact on						
Security	**Notional Amounts**	**Converted Into**	**Incremental Number of Citigroup Common Shares** *(in millions)*	**Date of Settlement**	**Other Assets(3)**	**Long-Term Debt**	**Preferred Stock**	**Common Stock**	**Additional Paid In Capital**	**Income Statement(2)**	**Retained Earnings(1)**
Convertible Preferred Stock held by Private Investors	$ 12,500	Common Stock	3,846	7/23/2009	$		$ (12,500)	$ 38	$ 21,801	$	$ (9,340)
Convertible Preferred Stock held by Public Investors	3,146	Common Stock	823	7/29/2009			(3,146)	8	5,128		(1,990)
Non-Convertible Preferred Stock held by Public Investors	11,465	Common Stock	3,351	7/29/2009			(11,465)	33	9,116		2,316
Trust Preferred Securities held by Public Investors	5,773	Common Stock	1,660	7/29/2009	(602)	(5,972)		17	4,515	851	851
USG TARP Preferred Stock matching the Preferred Stock held by Private Investors	12,500	Common Stock	3,846	7/23/2009			(11,924)	38	10,615		1,270
USG TARP Preferred Stock matching the Preferred Stock and Trust Preferred Securities held by Public Investors	12,500	Common Stock	3,846	7/30/2009			(11,926)	39	10,615		1,272
USG TARP Preferred Stock	20,000	TruPS		7/30/2009	(2,883)	12,004	(19,514)				4,627
Non-Convertible Preferred Stock held by U.S. Treasury and FDIC related to covered asset guarantee (loss-sharing agreement)	7,059	TruPS		7/30/2009	(503)	4,237	(3,530)				(1,210)
Total			**17,372**		**$ (3,988)**	**$ 10,269**	**$ (74,005)**	**$ 173**	**$ 61,790**	**$ 851**	**$ (2,204)**

Note: Table may not foot due to roundings.

Summary of Impact of Exchange Offers

During the third quarter of 2009, TCE increased by $60 billion as a result of the exchange of approximately $74 billion carrying amount of preferred shares and $6 billion carrying value of trust preferred securities for 17,372 million shares of common stock and approximately $27.1 billion liquidation amount of trust preferred securities (recorded as *Long-term debt* at its fair value of $16.2 billion). This resulted in an increase to common stock and APIC of $62 billion and a reduction in *Retained earnings* of approximately $2 billion, for a total increase in TCE of approximately $60 billion. The additional $64 billion of Tier 1 Common includes the impact of the above plus a reduction in the disallowed Deferred tax asset (which increases Tier 1 Common) that arises from the accounting for the transactions. TCE and Tier 1 Common are non-GAAP financial measures. See "Capital Resources and Liquidity" below for additional information on these measures.

(1) The *Retained earnings* impact primarily reflects:

a) Difference between the carrying value of the preferred stock exchanged versus the fair value of the common stock and trust preferred securities issued.

b) Value of inducement offer to the convertible preferred stock holders (calculated as the incremental shares received in excess of the original terms multiplied by stock price on the commitment date); and

c) After-tax gain from extinguishment of debt associated with the trust preferred securities held by public investors.

(2) After-tax gain reflected in third quarter 2009 earnings of approximately $0.9 billion from the extinguishment of debt associated with the trust preferred securities held by public investors.

(3)
Primarily represents the impact on deferred taxes of the various exchange transactions, which will benefit Tier 1 Common and Tier 1 Capital.

Earnings per share in the third quarter of 2009 was impacted by (1) the increase in shares outstanding as a result of the issuance of common shares and interim securities and the timing thereof, (2) the net impact to *Retained earnings* and income statement resulting from the exchange offers and (3) dividends on USG preferred shares accrued up to the date of their conversion to interim securities and trust preferred securities.

DEFERRED TAX ASSET

Deferred taxes are recorded for the future consequences of events that have been recognized in the financial statements or tax returns, based upon enacted tax laws and rates. Deferred tax assets (DTAs) are recognized subject to management's judgment that realization is more likely than not.

As of September 30, 2009, Citigroup had recognized a net deferred tax asset of approximately $38 billion, down $4 billion from approximately $42 billion at June 30, 2009 and down $6.5 billion from approximately $44.5 billion at December 31, 2008. Approximately $13 billion of the net deferred tax asset is included in Tier 1 and Tier 1 Common regulatory capital. The principal items reducing the deferred tax asset during 2009 were a decrease of approximately $3.9 billion relating to the exchange offers and $2.8 billion due to an increase in Other Comprehensive Income.

Although realization is not assured, the Company believes that the realization of the recognized net deferred tax asset at September 30, 2009 is more likely than not based upon expectations of future taxable income in the jurisdictions in which it operates and available tax planning strategies.

Approximately $17 billion of Citigroup's DTA is represented by U.S. federal, state and local tax return carry-forwards subject to expiration substantially beginning in 2017 and continuing through 2028. The remaining $21 billion DTA is largely due to timing differences between the recognition of income for GAAP and tax, representing net deductions that have not yet been taken on a tax return and are not currently subject to expiration. The most significant source of these timing differences is the loan loss reserve build, which accounts for approximately $14 billion of the net DTA. In general, Citigroup would need to generate approximately $85 billion of taxable income during the respective carry-forward periods to fully realize its U.S. federal, state and local DTA.

Citi's ability to utilize its deferred tax assets to offset future taxable income may be significantly limited if Citi experiences an "ownership change," as defined in Section 382 of the Internal Revenue Code of 1986, as amended (the "Code"). In general, an ownership change will occur if there is a cumulative change in Citi's ownership by "5% shareholders" (as defined in the Code) that exceeds 50 percentage points over a rolling three-year period.

The common stock issued pursuant to the exchange offers did not result in an ownership change under the Code. On June 9, 2009, the board of directors of Citigroup adopted a tax benefits preservation plan (the "Plan"). The purpose of the Plan is to minimize the likelihood of an ownership change occurring for Section 382 purposes and thus protect Citigroup's ability to utilize certain of its deferred tax assets, such as net operating loss and tax credit carry forwards, to offset future income. Despite adoption of the Plan, future stock issuance or transactions in our stock that may not be in our control, including sales by the USG, may cause Citi to experience an ownership change and thus limit the Company's ability to utilize its deferred tax asset and reduce its TCE and stockholders' equity.

DIVESTITURES

Sale of Nikko Cordial Securities

On October 1, 2009, Citigroup completed the sale of its domestic Japanese domestic securities business, conducted principally through Nikko Cordial Securities Inc. (NCS) to Sumitomo Mitsui Banking Corporation in a transaction with a total cash value of approximately $8.7 billion (¥776 billion). The transaction will be recorded in the fourth quarter of 2009. After considering the impact of foreign exchange hedges of the proceeds of the transaction (most of which has been recorded in the second and third quarters of 2009), the sale will result in an immaterial after-tax gain to Citigroup.

Beginning in the second quarter of 2009, the results of NCS and its related companies are reflected as Discontinued Operations in the Company's Consolidated Financial Statements. At September 30, 2009, assets of $23.6 billion and liabilities of $16.0 billion are reflected on the Consolidated Balance Sheet as "Assets/ Liabilities of discontinued operations held for sale", respectively, including $3.8 billion of identifiable goodwill and intangibles.

SUBSEQUENT EVENTS

As required by SFAS 165, Subsequent Events, the Company has evaluated subsequent events through November 6, 2009, which is the date its Consolidated Financial Statements were issued.

ACCOUNTING CHANGES AND FUTURE APPLICATION OF ACCOUNTING STANDARDS

See Note 1 to the Consolidated Financial Statements for a discussion of "Accounting Changes" and "Future Application of Accounting Standards."

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SEGMENT, BUSINESS AND PRODUCT INCOME (LOSS) AND REVENUES

The following tables show the income (loss) and revenues for Citigroup on a segment, business and product view:

Citigroup Income (Loss)

In millions of dollars	Third Quarter 2009	Third Quarter 2008	% Change	Nine Months 2009	Nine Months 2008	% Change
Income from Continuing Operations						
CITICORP						
Regional Consumer Banking						
North America	**$ 163**	$ (44)	NM	**$ 345**	$ 470	(27)%
EMEA	**(23)**	31	NM	**(166)**	87	NM
Latin America	**29**	102	(72)%	**268**	867	(69)
Asia	**446**	357	25	**969**	1,344	(28)
Total	**$ 615**	$ 446	38	**$ 1,416**	$ 2,768	(49)%
Securities and Banking						
North America	**$ (77)**	$ 1,340	NM	**$ 2,493**	$ 3,368	(26)%
EMEA	**548**	102	NM	**3,466**	674	NM
Latin America	**216**	227	(5)%	**1,137**	853	33
Asia	**68**	569	(88)	**1,720**	1,502	15
Total	**$ 755**	$ 2,238	(66)%	**$ 8,816**	$ 6,397	38%
Transaction Services						
North America	**$ 152**	$ 94	62%	**$ 471**	$ 243	94%
EMEA	**308**	348	(11)	**984**	925	6
Latin America	**148**	159	(7)	**458**	451	2
Asia	**331**	317	4	**904**	899	1
Total	**$ 939**	$ 918	2%	**$ 2,817**	$ 2,518	12%
Institutional Clients Group	**$ 1,694**	$ 3,156	(46)%	**$ 11,633**	$ 8,915	30%
Total Citicorp	**$ 2,309**	$ 3,602	(36)%	**$ 13,049**	$ 11,683	12%
CITI HOLDINGS						
Brokerage and Asset Management	**$ 139**	$ (57)	NM	**$ 7,011**	$ 96	NM
Local Consumer Lending	**(2,099)**	(2,285)	8%	**(7,711)**	(3,366)	NM
Special Asset Pool	**142**	(4,594)	NM	**(5,095)**	(18,041)	72%

Total Citi Holdings	**$**	**(1,818)**	$	(6,936)	74%	**$**	**(5,795)**	$	(21,311)	73%
Corporate/Other	**$**	**102**	$	(187)	NM	**$**	**(580)**	$	(1,408)	59
Income (Loss) from Continuing Operations	**$**	**593**	$	(3,521)	NM	**$**	**6,674**	$	(11,036)	NM
Discontinued Operations	**$**	**(418)**	$	613		**$**	**(677)**	$	578	
Net Income (Loss) attributable to Noncontrolling Interests		**74**	$	(93)			**24**	$	(37)	
Citigroup's Net Income (Loss)	**$**	**101**	$	(2,815)	NM	**$**	**5,973**	$	(10,421)	NM

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Citigroup Revenues

In millions of dollars	Third Quarter 2009	Third Quarter 2008	% Change	Nine Months 2009	Nine Months 2008	% Change
CITICORP						
Regional Consumer Banking						
North America	**$ 1,754**	$ 1,472	19%	**$ 5,604**	$ 5,917	(5)%
EMEA	**415**	498	(17)	**1,169**	1,467	(20)
Latin America	**1,826**	2,300	(21)	**5,436**	6,906	(21)
Asia	**1,680**	1,839	(9)	**4,842**	5,674	(15)
Total	**$ 5,675**	$ 6,109	(7)%	**$ 17,051**	$ 19,964	(15)%
Securities and Banking						
North America	**$ 1,312**	$ 4,018	(67)%	**$ 8,454**	$ 11,117	(24)%
EMEA	**2,198**	1,395	58	**8,974**	5,098	76
Latin America	**703**	469	50	**2,547**	1,872	36
Asia	**680**	1,463	(54)	**4,214**	4,382	(4)
Total	**$ 4,893**	$ 7,345	(33)%	**$ 24,189**	$ 22,469	8%
Transaction Services						
North America	**$ 643**	$ 540	19%	**$ 1,888**	$ 1,557	21%
EMEA	**845**	953	(11)	**2,549**	2,784	(8)
Latin America	**337**	378	(11)	**1,020**	1,092	(7)
Asia	**632**	695	(9)	**1,857**	2,029	(8)
Total	**$ 2,457**	$ 2,566	(4)	**$ 7,314**	$ 7,462	(2)%
Institutional Clients Group	**$ 7,350**	$ 9,911	(26)%	**$ 31,503**	$ 29,931	5%
Total Citicorp	**$ 13,025**	$ 16,020	(19)%	**$ 48,554**	$ 49,895	(3)%
CITI HOLDINGS						
Brokerage and Asset Management	**$ 670**	$ 2,094	(68)%	**$ 14,710**	$ 6,951	NM
Local Consumer Lending	**4,647**	5,432	(14)	**15,030**	19,156	(22)%
Special Asset Pool	**1,377**	(6,822)	NM	**(3,844)**	(27,842)	86
Total Citi Holdings	**$ 6,694**	$ 704	NM	**$ 25,896**	$ (1,735)	NM
Corporate/Other	**$ 671**	$ (466)	NM	**$ 430**	$ (2,207)	NM
Total Net Revenues	**$ 20,390**	$ 16,258	25%	**$ 74,880**	$ 45,953	63%

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CITICORP

In millions of dollars	Third Quarter 2009	2008	% Change	Nine Months 2009	2008	% Change
Net interest revenue	**$ 8,435**	$ 8,316	1%	**$ 25,067**	$ 24,980	
Non-interest revenue	**4,590**	7,704	(40)	**23,487**	24,915	(6)%
Total Revenues, net of interest expense	**$ 13,025**	$ 16,020	(19)%	**$ 48,554**	$ 49,895	(3)%
Provision for credit losses and for benefits and claims						
Net credit losses	**$ 1,718**	$ 1,317	30%	**$ 4,515**	$ 3,535	28%
Credit reserve build (release)	**465**	799	(42)	**2,570**	1,846	39
Provision for loan losses	**$ 2,183**	$ 2,116	3	**$ 7,085**	$ 5,381	32%
Provision for benefits & claims	**14**			**41**	3	NM
Provision for unfunded lending commitments		(80)	100	**115**	(155)	NM
Total provision for credit losses and for benefits and claims	**$ 2,197**	$ 2,036	8%	**$ 7,241**	$ 5,229	38%
Total operating expenses	**$ 8,181**	$ 8,948	(9)	**$ 23,227**	$ 28,174	(18)%
Income from continuing operations before taxes	**$ 2,647**	$ 5,036	(47)%	**$ 18,086**	$ 16,492	10%
Provision for income taxes	**338**	1,434	(76)	**5,037**	4,809	5
Income from continuing operations	**$ 2,309**	$ 3,602	(36)%	**$ 13,049**	$ 11,683	12%
Net income (loss) attributable to noncontrolling interests	**25**	16	56	**25**	50	(50)
Citicorp's net income	**$ 2,284**	$ 3,586	(36)%	**$ 13,024**	$ 11,633	12%
Balance Sheet Data (in billions)						
Total EOP assets	**$ 1,014**	$ 1,158	(12)%			
Average assets	**$ 1,032**	$ 1,175	(12)%	**$ 1,024**	$ 1,287	(20)%
Total EOP deposits	**$ 728**	$ 683	7%			

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REGIONAL CONSUMER BANKING

In millions of dollars	Third Quarter 2009	2008	% Change	Nine Months 2009	2008	% Change
Net interest revenue	**$ 3,992**	$ 4,224	(5)%	**$ 11,508**	$ 12,429	(7)%
Non-interest revenue	**1,683**	1,885	(11)	**5,543**	7,535	(26)
Total Revenues, net of interest expense	**$ 5,675**	$ 6,109	(7)%	**$ 17,051**	$ 19,964	(15)%
Total operating expenses	**$ 3,547**	$ 4,029	(12)%	**$ 10,344**	$ 12,005	(14)%
Net credit losses	**$ 1,426**	$ 1,096	30%	**$ 3,978**	$ 2,940	35%
Credit reserve build (release)	**319**	514	(38)	**1,575**	1,346	17
Provision for benefits & claims	**14**			**41**	3	NM
Provision for loan losses and for benefits and claims	**$ 1,759**	$ 1,610	9%	**$ 5,594**	$ 4,289	30%
Income from continuing operations before taxes	**369**	$ 470	(21)	**1,113**	$ 3,670	(70)%
Income taxes (benefits)	**(246)**	24	NM	**(303)**	902	NM
Income from continuing operations	**$ 615**	$ 446	38%	**$ 1,416**	$ 2,768	(49)%
Net income (loss) attributable to noncontrolling interests	**2**	5	(60)	**2**	10	(80)
Net income	**$ 613**	$ 441	39%	**$ 1,414**	$ 2,758	(49)%
Average assets *(in billions of dollars)*	**$ 201**	$ 222	(9)%	**191**	$ 225	(15)%
Return on assets	**1.21%**	0.79%		**0.99%**	1.64%	
Average deposits *(in billions of dollars)*	**275**	266	3%			
Net credit losses as a % of average loans	**4.70%**	3.35%				
Revenue by business						
Retail Banking	**$ 3,315**	$ 3,531	(6)%	**$ 9,463**	$ 10,559	(10)%
Citi-Branded Cards	**2,360**	2,578	(8)	**7,588**	9,405	(19)
Total revenues	**$ 5,675**	$ 6,109	(7)%	**$ 17,051**	$ 19,964	(15)%
Income (loss) from continuing operations by business						

Retail Banking	**$**	**609**	$	563	8%	**$**	**1,480**	$	1,826	(19)%
Citi-Branded Cards		**6**		(117)	NM		**(64)**		942	NM
Total	**$**	**615**	$	446	38%	**$**	**1,416**	$	2,768	(49)%

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NORTH AMERICA REGIONAL CONSUMER BANKING

In millions of dollars	Third Quarter 2009	Third Quarter 2008	% Change	Nine Months 2009	Nine Months 2008	% Change
Net interest revenue	**$ 1,224**	$ 978	25%	**$ 3,394**	$ 2,673	27%
Non-interest revenue	**530**	494	7	**2,210**	3,244	(32)
Total Revenues, net of interest expense	**$ 1,754**	$ 1,472	19%	**$ 5,604**	$ 5,917	(5)%
Total operating expenses	**$ 1,331**	$ 1,444	(8)%	**$ 4,023**	$ 4,507	(11)%
Net credit losses	**$ 280**	$ 144	94%	**$ 843**	$ 425	98%
Credit reserve build (release)	**30**	(9)	NM	**402**	286	41
Provision for benefits and claims	**14**			**41**	2	NM
Provisions for loan losses and for benefits and claims	**$ 324**	$ 135	NM	**$ 1,286**	$ 713	80%
Income (loss) from continuing operations before taxes	**$ 99**	$ (107)	NM	**$ 295**	$ 697	(58)%
Income taxes (benefits)	**(64)**	(63)	(2)%	**(50)**	227	NM
Income (loss) from continuing operations	**$ 163**	$ (44)	NM	**$ 345**	$ 470	(27)%
Net income (loss) attributable to noncontrolling interests						
Net income (loss)	**$ 163**	$ (44)	NM	**$ 345**	$ 470	(27)%
Average deposits *(in billions of dollars)*	**$ 139**	$ 121	15%			
Net credit losses as a % of average loans	**5.94%**	3.51%				

Revenue by business									
Retail banking	**$**	**1,070**	$	1,004	7%	**$**	**2,907**	$	2,806	4%
Citi-branded cards		**684**		468	46		**2,697**		3,111	(13)
Total	**$**	**1,754**	$	1,472	19%	**$**	**5,604**	$	5,917	(5)%
Income (loss) from continuing operations by business										
Retail banking	**$**	**150**	$	143	5%	**$**	**319**	$	205	56%
Citi-branded cards		**13**		(187)	NM		**26**		265	(90)
Total	**$**	**163**	$	(44)	NM	**$**	**345**	$	470	(27)%

NM Not meaningful

3Q09 vs. 3Q08

Overall, most key revenue drivers in North America regional consumer banking were stable or higher in the third quarter of 2009 as compared to the second quarter of 2009. The key focus in Citi's North America consumer businesses will likely remain on engagement with customers to raise deposits and to offer loans. However, recovery is expected to be driven by improvement in credit in the key North American businesses. For a further discussion, see "Loan and Credit Details Consumer Loan Modification Programs" and " U.S. Consumer Mortgage Lending" below.

Revenues, net of interest expense, increased 19%, primarily reflecting higher net interest margin in cards, higher volumes in retail banking, and better securitization revenue, offset by higher credit losses in the securitization trusts. *Net interest revenue* was up 25% driven by higher net interest margin in cards as a result of higher interest revenue from pricing actions and lower funding costs, and by the impact of higher deposit and loan volumes in retail banking. Average deposits were 15% higher than the prior year, driven by growth in both consumer and commercial deposits. *Non-interest revenue* increased 7% primarily driven by better securitization revenue, partially offset by higher credit losses flowing through the securitization trusts.

Operating expenses declined 8%, primarily reflecting the benefits from re-engineering efforts and lower marketing costs.

Provisions for loan losses and for benefits and claims increased $189 million primarily due to rising net credit losses in both cards and retail banking. Continued weakening of leading credit indicators and trends in the macro-economic environment, including rising unemployment and higher bankruptcy filings, drove higher credit costs. The cards net credit loss ratio increased 339 basis points to 7.06%, while the retail banking net credit loss ratio increased 120 basis points to 4.23%.

The increase in *Net Income* also reflected a tax benefit resulting from the federal tax reserve release in the third quarter of 2009.

3Q09 YTD vs. 3Q08 YTD

Revenues, net of interest expense, declined 5%, primarily reflecting higher credit losses in the securitization trusts, offset by higher net interest margin in cards and higher volumes in retail banking. *Net interest revenue* was up 27% driven by the impact of pricing actions and lower funding costs in cards, and by higher deposit volumes in retail banking, with average deposits up 10% from the prior-year period. *Non-interest revenue* declined 32% driven by higher credit losses flowing through the securitization trusts partially offset by better

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securitization revenue, and by the absence of a $349 million gain on the sale of Visa shares and a $170 million gain from a cards portfolio sale in the prior-year period.

Operating expenses declined 11%, reflecting the benefits from re-engineering efforts, lower marketing costs, and the absence of $126 million of repositioning charges recorded in the prior-year period, offset by the absence of a prior-year $159 million Visa litigation reserve release.

Provisions for loan losses and for benefits and claims increased $573 million or 80% primarily due to rising net credit losses in both cards and retail banking. Continued weakening of leading credit indicators and trends in the macro-economic environment, including rising unemployment and higher bankruptcy filings, drove higher credit costs. The cards net credit loss ratio increased 332 basis points to 6.74%, while the retail banking net credit loss ratio increased 70 basis points to 4.12%.

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EMEA REGIONAL CONSUMER BANKING

In millions of dollars	Third Quarter 2009	2008	% Change	Nine Months 2009	2008	% Change
Net interest revenue	**$ 262**	$ 350	(25)%	**$ 729**	$ 984	(26)%
Non-interest revenue	**153**	148	3	**440**	483	(9)
Total Revenues, net of interest expense	**$ 415**	$ 498	(17)%	**$ 1,169**	$ 1,467	(20)%
Total operating expenses	**$ 270**	$ 372	(27)%	**$ 808**	$ 1,142	(29)%
Net credit losses	**$ 139**	$ 55	NM	**$ 349**	$ 150	NM
Credit reserve build (release)	**67**	33	NM	**297**	64	NM
Provisions for loan losses and for benefits and claims	**$ 206**	$ 88	NM	**$ 646**	$ 214	NM
Income (loss) from continuing operations before taxes	**$ (61)**	$ 38	NM	**$ (285)**	$ 111	NM
Income taxes (benefits)	**(38)**	7	NM	**(119)**	24	NM
Income (loss) from continuing operations	**$ (23)**	$ 31	NM	**$ (166)**	$ 87	NM
Net income (loss) attributable to noncontrolling interests	**2**	5	(60)%	**2**	11	(82)%
Net income (loss)	**$ (25)**	$ 26	NM	**$ (168)**	$ 76	NM
Average assets *(in billions of dollars)*	**$ 11**	$ 14	(21)%	**$ 11**	$ 14	(21)%
Return on assets	**(0.90)%**	0.74%		**(2.04)%**	0.73%	
Average deposits *(in billions of dollars)*	**10**	11	(9)%			
Net credit losses as a % of average loans	**6.34%**	2.10%				

Revenue by business										
Retail banking	**$**	**237**	$	310	(24)%	**$**	**676**	$	931	(27)%
Citi-branded cards		**178**		188	(5)		**493**		536	(8)
Total	**$**	**415**	$	498	(17)%	**$**	**1,169**	$	1,467	(20)%
Income (loss) from continuing operations by business										
Retail banking	**$**	**(23)**	$	(2)	NM	**$**	**(140)**	$	(4)	NM
Citi-branded cards				33	(100)%		**(26)**		91	NM
Total	**$**	**(23)**	$	31	NM	**$**	**(166)**	$	87	NM

NM Not meaningful

3Q09 vs. 3Q08

Revenues, net of interest expense, declined 17%. More than half of the revenue decline was attributable to changes in foreign currency translation (generally referred to throughout this report as "FX translation"). Other drivers included lower wealth management and lending revenues due to lower volumes and spread compression. Investment sales and assets under management declined by 29% and 25%, respectively. *Net interest revenue* was 25% lower than the prior-year period with average loans for retail banking down 22% as a result of a lower risk profile, branch closures and the impact of FX translation.

Operating expenses declined 27%, reflecting expense control actions, lower marketing expenditure and the impact of FX translation. Cost savings were primarily achieved by branch closures, headcount reductions and re-engineering efforts.

Provisions for loan losses and for benefits and claims increased $118 million to $206 million in the third quarter of 2009. While delinquencies improved during the third quarter of 2009 as compared to the second quarter of 2009, net credit losses continued to increase from $55 million to $139 million, and the loan loss reserve build increased from $33 million to $67 million. Higher credit costs reflected continued credit deterioration, particularly in the UAE, Turkey, Poland and Russia.

3Q09 YTD vs. 3Q08 YTD

Revenues, net of interest expense, declined 20%. Over half of the revenue decline was attributable to the impact of FX translation. Other drivers included lower wealth management and lending revenues due to lower volumes and spread compression. Investment sales and assets under management declined by 42% and 25%, respectively. *Net interest revenue* was 26% lower than the prior-year period with average loans for retail banking down 20% and average deposits down 22%. *Non-interest revenue* decreased by 9%, primarily due to the impact of FX translation.

Operating expenses declined 29%, reflecting expense control actions, lower marketing spend and the impact of FX translation. Cost savings were achieved by branch closures, headcount reductions and re-engineering efforts.

Provisions for loan losses and for benefits and claims increased $432 million to $646 million. Net credit losses increased from $150 million to $349 million, while the loan loss reserve build increased from $64 million to $297 million. Higher credit costs reflected continued credit deterioration across the region.

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LATIN AMERICA REGIONAL CONSUMER BANKING

In millions of dollars	Third Quarter 2009	Third Quarter 2008	% Change	Nine Months 2009	Nine Months 2008	% Change
Net interest revenue	**$ 1,339**	$ 1,669	(20)%	**$ 3,940**	$ 5,046	(22)%
Non-interest revenue	**487**	631	(23)	**1,496**	1,860	(20)
Total Revenues, net of interest expense	**$ 1,826**	$ 2,300	(21)%	**$ 5,436**	$ 6,906	(21)%
Total operating expenses	**$ 1,077**	$ 1,292	(17)%	**$ 3,027**	$ 3,475	(13)%
Net credit losses	**$ 656**	$ 640	3%	**$ 1,809**	$ 1,661	9%
Credit reserve build (release)	**141**	301	(53)	**461**	695	(34)
Provision for benefits and claims					1	(100)
Provisions for loan losses and for benefits and claims	**$ 797**	$ 941	(15)%	**$ 2,270**	$ 2,357	(4)%
Income from continuing operations before taxes	**$ (48)**	$ 67	NM	**$ 139**	$ 1,074	(87)%
Income taxes (benefits)	**(77)**	(35)	NM	**(129)**	207	NM
Income from continuing operations	**$ 29**	$ 102	(72)%	**$ 268**	$ 867	(69)%
Net income (loss) attributable to noncontrolling interests						
Net income	**$ 29**	$ 102	(72)%	**$ 268**	$ 867	(69)%
Average assets *(in billions of dollars)*	**61**	$ 81	(25)%	**59**	$ 78	(24)%
Return on assets	**0.19%**	0.50%		**0.61%**	1.48%	
Average deposits *(in billions of dollars)*	**36**	42	(14)%			
	9.04	7.79				

Net credit losses as a % of average loans								
Revenue by business								
Retail banking	**$**	**969**	$	1,067	(9)%	**$**	**2,843**	$ 3,180	(11)%
Citi-branded cards		**857**		1,233	(30)		**2,593**	3,726	(30)
Total	**$**	**1,826**	$	2,300	(21)%	**$**	**5,436**	$ 6,906	(21)%
Income (loss) from continuing operations by business								
Retail banking	**$**	**106**	$	112	(5)%	**$**	**436**	$ 573	(24)%
Citi-branded cards		**(77)**		(10)	NM		**(168)**	294	NM
Total	**$**	**29**	$	102	(72)%	**$**	**268**	$ 867	(69)%

NM Not meaningful

3Q09 vs. 3Q08

Revenues, net of interest expense, declined 21%, mainly due to the impact of FX translation, lower cards receivables and spread compression, partially offset by higher business volumes in retail banking. Net interest revenue was 20% lower than the prior year caused by the decrease in cards receivables as well as lower spreads resulting from a lower risk profile, partially offset by higher business volumes in retail banking. Average deposits were down 14%, due primarily to the impact of FX translation. Non-interest revenue declined 23%, primarily due to the impact of FX translation.

Operating expenses declined 17%, reflecting the benefits from re-engineering efforts and the impact of FX translation.

Provisions for loan losses and for benefits and claims decreased $144 million mainly due to lower loan loss reserve build of $160 million. While delinquencies decreased during the third quarter 2009 as compared to the second quarter 2009, cards net credit loss rates increased from 16.2% to 18.1%. Rising losses were apparent in Brazil and Mexico; however, the business continues to focus on repositioning and de-risking the portfolio, particularly in the Mexico cards business.

3Q09 YTD vs. 3Q08 YTD

Revenues, net of interest expense, declined 21% driven by the impact of FX translation, lower volumes and spread compression in the cards business. Net interest revenue was 22% lower than the prior year with average credit cards loans down 22%, and net interest margin decreasing as well due to the cards spread compression impact. Non-interest revenue declined 20%, primarily due to the decline in cards fees as well as the impact of FX translation.

Operating expenses declined 13%, reflecting the benefits from re-engineering efforts and the impact of FX translation. The prior-year period also included a $257 million expense benefit related to a legal vehicle restructuring in Mexico.

Provisions for loan losses and for benefits and claims decreased $87 million or 4%. Cards net credit loss rates increased from 11.6% to 16.7%. Credit deterioration was apparent in Brazil and Mexico where the business has focused its repositioning and derisking efforts.

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ASIA REGIONAL CONSUMER BANKING

In millions of dollars	Third Quarter 2009	Third Quarter 2008	% Change	Nine Months 2009	Nine Months 2008	% Change
Net interest revenue	**$ 1,167**	$ 1,227	(5)%	**$ 3,445**	$ 3,726	(8)%
Non-interest revenue	**513**	612	(16)	**1,397**	1,948	(28)
Total Revenues, net of interest expense	**$ 1,680**	$ 1,839	(9)%	**$ 4,842**	$ 5,674	(15)%
Total operating expenses	**$ 869**	$ 921	(6)%	**$ 2,486**	$ 2,881	(14)%
Net credit losses	**$ 351**	$ 257	37	**977**	$ 704	39%
Credit reserve build (release)	**81**	189	(57)%	**415**	301	38
Provisions for loan losses and for benefits and claims	**$ 432**	$ 446	(3)%	**$ 1,392**	$ 1,005	39%
Income from continuing operations before taxes	**$ 379**	$ 472	(20)%	**$ 964**	$ 1,788	(46)%
Income taxes (benefits)	**(67)**	115	NM	**(5)**	444	NM
Income from continuing operations	**$ 446**	$ 357	25%	**$ 969**	$ 1,344	(28)%
Net income (loss) attributable to noncontrolling interests					(1)	100
Net income	**$ 446**	$ 357	25%	**$ 969**	$ 1,345	(28)%
Average assets *(in billions of dollars)*	**$ 92**	$ 95	(3)%	**$ 87**	$ 96	(9)
Return on assets	**1.92%**	1.49%		**1.49%**	1.87%	
Average deposits *(in billions of dollars)*	**91**	93	(2)			
Net credit losses as a % of average loans	**2.17**	1.44				

Revenue by business										
Retail banking	**$**	**1,039**	$	1,150	(10)%	**$**	**3,037**	$	3,642	(17)%
Citi-branded cards		**641**		689	(7)		**1,805**		2,032	(11)
Total	**$**	**1,680**	$	1,839	(9)%	**$**	**4,842**	$	5,674	(15)%
Income (loss) from continuing operations by business										
Retail banking	**$**	**376**	$	310	21%	**$**	**865**	$	1,052	(18)%
Citi-branded cards		**70**		47	49		**104**		292	(64)
Total	**$**	**446**	$	357	25%	**$**	**969**	$	1,344	(28)%

NM Not meaningful

3Q09 vs. 3Q08

Revenues, net of interest expense, declined 9% driven by the absence of Visa assets sales gains in the 2008 third quarter, lower investment product revenues, lower loan volumes and the impact of FX translation. Net interest revenue was 5% lower than the prior-year period. Average loans and deposits were down 9% and 1%, respectively, in each case primarily due to the impact of FX translation. Non-interest revenue declined 16%, primarily due to the decline in investment revenues, lower Cards Purchase sales, the absence of Visa share sales gains and the impact of FX translation.

Operating expenses declined 6%, reflecting the benefits from re-engineering efforts and the impact of FX translation.

Provisions for loan losses and for benefits and claims decreased 3%, mainly due to impact of lower credit reserve build, offset by an increase in net credit losses and the impact of FX translation. Rising credit losses were particularly apparent in the portfolios in India and Korea. Compared to the second quarter of 2009, delinquencies improved and net credit losses flattened as this region showed possible early signs of economic recovery and increased levels of customer activity.

3Q09 YTD vs. 3Q08 YTD

Revenues, net of interest expense, declined 15% driven by absence of Visa assets sales gains, a 34% decline in investment sales, lower loan and deposit volumes, and the impact of FX translation. Net interest revenue was 8% lower than the prior-year period reflecting lower Average loans and deposits. Non-interest revenue declined 28%, primarily due to the absence of Visa asset sales gains and the decline in investment sales.

Operating expenses declined 14%, reflecting the benefits from re-engineering efforts and the impact of FX translation.

Provisions for loan losses and for benefits and claims increased 39% mainly due to higher net credit losses in India and Korea and a higher credit reserve build.

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INSTITUTIONAL CLIENTS GROUP (ICG)

In millions of dollars	Third Quarter 2009	Third Quarter 2008	% Change	Nine Months 2009	Nine Months 2008	% Change
Commissions and Fees	**$ 565**	$ 754	(25)%	**$ 1,500**	$ 2,269	(34)%
Administration and Other Fiduciary Fees	**1,258**	1,397	(10)	**3,717**	4,148	(10)
Investment banking	**1,063**	740	44	**3,245**	3,005	8
Principal transactions	**(535)**	3,116	NM	**7,699**	8,065	(5)
Other	**556**	(188)	NM	**1,783**	(107)	NM
Total non-interest revenue	**$ 2,907**	$ 5,819	(50)%	**$ 17,944**	$ 17,380	3%
Net interest revenue (including dividends)	**4,443**	4,092	9	**13,559**	12,551	8
Total revenues, net of interest expenses	**$ 7,350**	$ 9,911	(26)%	**$ 31,503**	$ 29,931	5%
Total operating expenses	**4,634**	4,919	(6)	**12,883**	16,169	(20)
Net credit losses	**292**	221	32	**537**	595	(10)
Provisions for unfunded lending commitments		(80)	100	**115**	(155)	NM
Credit reserve build (release)	**146**	285	(49)	**995**	500	99
Provision for credit losses	**$ 438**	$ 426	3%	**$ 1,647**	$ 940	75%
Income from continuing operations before taxes	**$ 2,278**	$ 4,566	(50)%	**$ 16,973**	$ 12,822	32%
Income taxes (benefits)	**584**	1,410	(59)	**5,340**	3,907	37
Income from continuing operations	**$ 1,694**	$ 3,156	(46)%	**$ 11,633**	$ 8,915	30%
Net income (loss) attributable to noncontrolling interests	**23**	11	NM	**23**	40	(43)
Net income	**$ 1,671**	$ 3,145	(47)%	**$ 11,610**	$ 8,875	31%

Average assets *(in billions of dollars)*	**$**	**831**	$	953	(13)%	**$**	**833**	$	1,062	(22)%
Return on assets		**0.80%**		1.31%			**1.86%**		1.12%	
Revenue by region:										
North America	**$**	**1,955**	$	4,558	(57)%	**$**	**10,342**	$	12,674	(18)%
EMEA		**3,043**		2,348	30		**11,523**		7,882	46
Latin America		**1,040**		847	23		**3,567**		2,964	20
Asia		**1,312**		2,158	(39)		**6,071**		6,411	(5)
Total	**$**	**7,350**	$	9,911	(26)%	**$**	**31,503**	$	29,931	5%
Income (loss) from continuing operations by region:										
North America	**$**	**75**	$	1,434	(95)%	**$**	**2,964**	$	3,611	(18)%
EMEA		**856**		450	90		**4,450**		1,599	NM
Latin America		**364**		386	(6)		**1,595**		1,304	22
Asia		**399**		886	(55)		**2,624**		2,401	9
Total	**$**	**1,694**	$	3,156	(46)%	**$**	**11,633**	$	8,915	30%
Average loans by region *(in billions)*:										
North America	**$**	**43**	$	52	(17)%					
EMEA		**42**		49	(14)					
Latin America		**21**		24	(13)					
Asia		**27**		36	(25)					
Total	**$**	**133**	$	161	(17)%					

NM Not meaningful

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SECURITIES AND BANKING

In millions of dollars	Third Quarter 2009	Third Quarter 2008	% Change	Nine Months 2009	Nine Months 2008	% Change
Net interest revenue	**$ 3,050**	$ 2,670	14%	**$ 9,305**	$ 8,520	9%
Non-interest revenue	**1,843**	4,675	(61)	**14,884**	13,949	7
Revenues, net of interest expense	**$ 4,893**	$ 7,345	(33)%	**$ 24,189**	$ 22,469	8%
Operating expenses	**3,493**	3,667	(5)	**9,580**	12,322	(22)
Net credit losses	**294**	223	32	**539**	593	(9)
Provision for unfunded lending commitments		(74)	100	**115**	(149)	NM
Credit reserve build (release)	**151**	288	(48)	**994**	494	NM
Provision for credit losses	**$ 445**	$ 437	2%	**$ 1,648**	$ 938	76%
Income before taxes and noncontrolling interest	**$ 955**	$ 3,241	(71)%	**$ 12,961**	$ 9,209	41%
Income taxes	**200**	1,003	(80)	**4,145**	2,812	47
Income from continuing operations	**755**	2,238	(66)	**8,816**	6,397	38
Net income attributable to noncontrolling interests	**18**	2	NM	**19**	14	36
Net income	**$ 737**	$ 2,236	(67)%	**$ 8,797**	$ 6,383	38%
Average assets *(in billions of dollars)*	**$ 771**	$ 883	(13)%	**$ 774**	$ 990	(22)%
Return on assets	**0.38%**	1.01%		**1.52%**	0.86%	
Revenues by region:						
North America	**$ 1,312**	$ 4,018	(67)%	**$ 8,454**	$ 11,117	(24)%
EMEA	**2,198**	1,395	58	**8,974**	5,098	76
Latin America	**703**	469	50	**2,547**	1,872	36
Asia	**680**	1,463	(54)	**4,214**	4,382	(4)
Total revenues	**$ 4,893**	$ 7,345	(33)%	**$ 24,189**	$ 22,469	8%
Net income (loss) from continuing operations by region:						
North America	**$ (77)**	$ 1,340	NM	**$ 2,493**	$ 3,368	(26)%
EMEA	**548**	102	NM	**3,466**	674	NM
Latin America	**216**	227	(5)%	**1,137**	853	33
Asia	**68**	569	(88)	**1,720**	1,502	15
Total net income from continuing operations	**$ 755**	$ 2,238	(66)%	**$ 8,816**	$ 6,397	38%
Securities and Banking						
Revenue details:						
Net Investment Banking	**$ 1,163**	$ 618	88%	**$ 3,305**	$ 2,783	19%
Lending	**(699)**	1,262	NM	**(1,956)**	2,026	NM
Equity markets	**446**	550	(19)	**3,151**	3,237	(3)
Fixed income markets	**3,945**	4,756	(17)	**19,739**	13,927	42
Private bank	**520**	563	(8)	**1,496**	1,789	(16)
Other Securities and Banking	**(482)**	(404)	(19)	**(1,546)**	(1,293)	(20)
Total Securities and Banking Revenues	**$ 4,893**	$ 7,345	(33)%	**$ 24,189**	$ 22,469	8%

NM Not meaningful

3Q09 vs. 3Q08

Revenues, net of interest expense, decreased 33% or $2.5 billion to $4.9 billion mainly from revenue marks of negative $1.4 billion, set forth in greater detail below, and a decrease in lending revenues of $2.0 billion to negative $699 million (mainly from losses on credit derivative positions). Fixed income markets revenues declined $811 million to $3.9 billion due to negative credit value adjustments of $760 million (mainly due to narrowing in Citigroup spreads, partially offset by the narrowing of counterparty spreads), compared to positive credit value adjustments of $2.6 billion in the third quarter of 2008, partially offset by stronger performances across most fixed income categories as market conditions improved. Equity markets revenues declined $104 million or 19% primarily driven by negative credit value adjustments of $878 million, offset by stronger results in proprietary trading and derivatives. Investment banking revenues increased $545 million, led by stronger high yield and investment grade debt issuances in debt underwriting, and stronger volumes in equity underwriting, with a decline in advisory revenues resulting from lower global M&A activity.

Operating expenses decreased 5% or $174 million to $3.5 billion, mainly driven by lower severance and the benefit of FX translation, offset partially by an increase in compensation costs.

Provisions for credit losses increased by 2% or $8 million to $445 million, mainly from higher net credit losses and a release of provisions for unfunded lending commitments in the prior-year period, offset partially by lower credit reserve builds.

3Q09 YTD vs. 3Q08 YTD

Revenues, net of interest expense, increased 8% or $1.7 billion, mainly due to an increase in fixed income markets of $5.8 billion to $19.7 billion reflecting strong trading results, particularly in the first and second quarters of 2009, offset partially by a decrease in lending revenues of $4.0 billion to

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negative $2.0 billion (mainly from losses on credit default swap hedges).

Operating expenses decreased 22% or $2.7 billion driven by lower compensation due to headcount reductions and benefits from re-engineering and expense management.

Provisions for credit losses increased 76% or $710 million to $1.6 billion mainly from increased credit reserve builds on funded loans and higher provisions for unfunded lending commitments.

Third Quarter Revenue Impacting Citicorp Securities and Banking

While not as significant as in prior quarters, certain items continued to impact Securities and Banking revenues during the third quarter of 2009. These items are set forth in the table below.

	Pretax Revenue (in millions) Third Quarter 2009	Third Quarter 2008
Private Equity and equity investments	**$ 79**	$ (50)
Alt-A Mortgages(1)(2)	**142**	(221)
Commercial Real Estate (CRE) positions(1)(3)	**20**	130
CVA on Citi debt liabilities under fair value option	**(955)**	1,526
CVA on derivatives positions, excluding monoline insurers	**(722)**	1,178
Total significant revenue items	**$ (1,436)**	$ 2,563

(1) Net of hedges.

(2) For these purposes, Alt-A mortgage securities are non-agency residential mortgage-backed securities (RMBS) where (i) the underlying collateral has weighted average FICO scores between 680 and 720 or (ii) for instances where FICO scores are greater than 720, RMBS have 30% or less of the underlying collateral composed of full documentation loans. See "Loan and Credit Details U.S. Consumer Mortgage Lending."

(3) Securities and Banking's commercial real estate exposure is split into three categories of assets: held at fair value; held to maturity/held for investment; and equity. See "Exposure to Commercial Real Estate" below for a further discussion.

Credit Valuation Adjustment on Citi's Debt Liabilities for Which Citi Has Elected the Fair Value Option

The Company is required to use its own credit spreads in determining the current value of its derivative liabilities and all other liabilities for which it has elected the fair value option. When Citi's credit spreads widen (deteriorate), Citi recognizes a gain on these liabilities because the value of the liabilities has decreased. When Citi's credit spreads narrow (improve), Citi recognizes a loss on these liabilities because the value of the liabilities has increased. The approximately $955 million of losses recorded by Securities and Banking on its fair value option liabilities (excluding derivative liabilities) during the third quarter of 2009 was principally due to the narrowing (improving) of the Company's credit spreads.

Credit Valuation Adjustment on Derivative Positions, excluding Monoline insurers

The approximately $722 million of pretax losses recorded by Securities and Banking on its derivative positions during the third quarter of 2009 was due to the narrowing of the Company's credit default swap spreads on its derivative liabilities. These losses were partially offset by gains due to the narrowing of the credit spreads of the Company's counterparties on its derivative assets. See "Derivatives Fair Valuation Adjustments for Derivatives" below for a further discussion.

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TRANSACTION SERVICES

In millions of dollars	Third Quarter 2009	Third Quarter 2008	% Change	Nine Months 2009	Nine Months 2008	% Change
Net interest revenue	**$ 1,393**	$ 1,422	(2)%	**$ 4,254**	$ 4,031	6%
Non-interest revenue	**1,064**	1,144	(7)	**3,060**	3,431	(11)
Revenues, net of interest expense	**$ 2,457**	$ 2,566	(4)%	**$ 7,314**	$ 7,462	(2)%
Operating expenses	**1,141**	1,252	(9)	**3,303**	3,847	(14)
Provision for credit losses and for benefits and claims	**(7)**	(11)	36	**(1)**	2	NM
Income before taxes and noncontrolling interest	**$ 1,323**	$ 1,325		**$ 4,012**	$ 3,613	11%
Income taxes	**384**	407	(6)%	**1,195**	1,095	9
Income from continuing operations	**939**	918	2	**2,817**	2,518	12
Net income (loss) attributable to noncontrolling interests	**5**	9	(44)	**4**	26	(85)
Net income	**$ 934**	$ 909	3%	**$ 2,813**	$ 2,492	13%
Average assets *(in billions of dollars)*	**$ 60**	$ 70	(14)%	**$ 59**	$ 72	(18)%
Return on assets	**6.18%**	5.17%		**6.37%**	4.62%	
Revenues by region:						
North America	**$ 643**	$ 540	19%	**$ 1,888**	$ 1,557	21%
EMEA	**845**	953	(11)	**2,549**	2,784	(8)
Latin America	**337**	378	(11)	**1,020**	1,092	(7)
Asia	**632**	695	(9)	**1,857**	2,029	(8)
Total revenues	**$ 2,457**	$ 2,566		**$ 7,314**	$ 7,462	(2)%
Net income (loss) from continuing operations by region:						
North America	**$ 152**	$ 94	62%	**$ 471**	$ 243	94%
EMEA	**308**	348	(11)	**984**	925	6
Latin America	**148**	159	(7)	**458**	451	2
Asia	**331**	317	4	**904**	899	1
Total net income from continuing	**$ 939**	$ 918	2%	**$ 2,817**	$ 2,518	12%

operations

Key Indicators *(in billions of dollars)*			
Average deposits and other customer liability balances	**$ 314**	$ 273	15%
EOP assets under custody *(in trillions of dollars)*	**$ 11.8**	$ 11.9	(1)

NM Not meaningful

3Q09 vs. 3Q08

Revenues, net of interest expense, were $2.5 billion, down $109 million or 4% from strong prior-year performance due to spread compression (as global rates declined) and lower volumes as well as negative foreign exchange impact. This was partly offset by strong growth in liability balances and higher trade fees.

Operating expenses declined 9% or $111 million to $1.1 billion, driven by headcount reductions, re-engineering efforts, expense management initiatives and a benefit from FX translation.

3Q09 YTD vs. 3Q08 YTD

Revenues, net of interest expense, of $7.3 billion decreased slightly from the prior period driven primarily by the impact of lower fee revenues and negative foreign exchange. Average liability balances grew 6% driven by strong growth in North America as a result of successful implementation of deposit growth strategy.

Operating expenses declined 14%, driven by headcount reduction and re-engineering benefits.

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CITI HOLDINGS

In millions of dollars	Third Quarter 2009	2008	% Change	Nine Months 2009	2008	% Change
Net interest revenue	**$ 4,024**	$ 5,766	(30)%	**$ 13,902**	$ 17,292	(20)%
Non-interest revenue	**2,670**	(5,062)	NM	**11,994**	(19,027)	NM
Total Revenues, net of interest expense	**$ 6,694**	$ 704	NM	**$ 25,896**	$ (1,735)	NM
Provision for credit losses and for benefits and claims						
Net credit losses	**$ 6,250**	$ 3,603	73%	**$ 19,090**	$ 9,332	NM
Credit reserve build (release)	**338**	3,224	(90)	**4,743**	6,790	(30)%
Provision for loan losses	**$ 6,588**	$ 6,827	(4)%	**$ 23,833**	$ 16,122	48%
Provision for benefits & claims	**310**	273	14	**923**	805	15
Provision for unfunded lending commitments		(70)	100	**80**	(138)	NM
Total provision for credit losses and for benefits and claims	**$ 6,898**	$ 7,030	(2)%	**$ 24,836**	$ 16,789	48%
Total operating expenses	**$ 3,202**	$ 5,136	(38)%	**$ 11,417**	$ 16,406	(30)%
Income (loss) from continuing operations before taxes	**$ (3,406)**	$ (11,462)	70%	**$ (10,357)**	$ (34,930)	70%
Provision (benefits) for income taxes	**(1,588)**	(4,526)	65	**(4,562)**	(13,619)	67
Income (loss) from continuing operations	**$ (1,818)**	$ (6,936)	74%	**$ (5,795)**	$ (21,311)	73%
Net income (loss) attributable to noncontrolling interests	**49**	(109)	NM	**(1)**	(87)	99
Citi Holding's net income (loss)	**$ (1,867)**	$ (6,827)	73%	**$ (5,794)**	$ (21,224)	73%
Balance Sheet Data (in billions)						
Total EOP assets	**$ 617**	$ 775	(20)%			
Total EOP deposits	**90**	83	8			

NM Not meaningful

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BROKERAGE AND ASSET MANAGEMENT

In millions of dollars	Third Quarter 2009	2008	% Change	Nine Months 2009	2008	% Change
Net interest revenue	**$ (56)**	$ 318	NM	**$ 460**	$ 727	(37)%
Non-interest revenue	**726**	1,776	(59)%	**14,250**	6,224	NM
Total Revenues, net of interest expense	**$ 670**	$ 2,094	(68)%	**$ 14,710**	$ 6,951	NM
Total operating expenses	**$ 358**	$ 2,085	(83)%	**$ 3,000**	$ 6,537	(54)%
Net credit losses		$ 1	(100)%	**$ 3**	$ 11	(73)%
Credit reserve build (release)	**$ (11)**	(3)	NM	**35**	7	NM
Provision for benefits and claims	**38**	58	(34)	**113**	155	(27)
Provisions for loan losses and for benefits and claims	**$ 27**	$ 56	(52)%	**$ 151**	$ 173	(13)%
Income from continuing operations before taxes	**$ 285**	$ (47)	NM	**$ 11,559**	$ 241	NM
Income taxes	**146**	10	NM	**4,548**	145	NM
Income (loss) from continuing operations	**$ 139**	$ (57)	NM	**$ 7,011**	$ 96	NM
Net income (loss) attributable to noncontrolling interests	**16**	(98)	NM	**5**	(60)	NM
Net income	**$ 123**	$ 41	NM	**$ 7,006**	$ 156	NM
EOP assets *(in billions of dollars)*	**$ 59**	$ 62	(5)%			
EOP deposits *(in billions of dollars)*	**60**	$ 53	13			

NM Not meaningful

3Q09 vs. 3Q08

Revenues, net of interest expense, decreased 68% primarily driven by the decrease in the Company's share of Smith Barney revenue resulting from the joint venture transaction. Revenues in the prior-year period included a $347 million pre-tax gain on sale of CitiStreet and charges related to settlement of auction rate securities (ARS) of $306 million pre-tax. 2009 third quarter revenue includes a $320 million pre-tax gain on the sale of the Managed Futures business to the Morgan Stanley Smith Barney joint venture.

Operating expenses decreased 83% from the prior-year period, mainly driven by the absence of Smith Barney expenses and the absence of restructuring expenses in retail alternative investments.

Provisions for loan losses and for benefits and claims decreased by 52% mainly reflecting lower provisions for benefits and claims.

End of Period Assets include approximately $24 billion of assets of discontinued operations held for sale.

3Q09 YTD vs. 3Q08 YTD

Revenues, net of interest expense, increased $7.8 billion due to an $11.1 billion pre-tax gain on sale ($6.7 billion after-tax) on the Morgan Stanley Smith Barney joint venture transaction, which closed on June 1, 2009. Excluding the gain, revenues declined $3.3 billion driven by the absence of Smith Barney revenues as well as the impact of market conditions on Smith Barney transactional and fee-based revenue compared to the prior year.

Operating expenses decreased $3.5 billion primarily driven by the absence of Smith Barney expenses, lower variable compensation and re-engineering efforts, particularly in retail alternative investments.

Provisions for loan losses and for benefits and claims declined 13% mainly reflecting lower provisions for benefits and claims.

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LOCAL CONSUMER LENDING

In millions of dollars	Third Quarter 2009	Third Quarter 2008	% Change	Nine Months 2009	Nine Months 2008	% Change
Net interest revenue	**$ 3,453**	$ 4,612	(25)%	**$ 10,730**	$ 14,015	(23)%
Non-interest revenue	**1,194**	820	46	**4,300**	5,141	(16)
Total Revenues, net of interest expense	**$ 4,647**	$ 5,432	(14)%	**$ 15,030**	$ 19,156	(22)%
Total operating expenses	**$ 2,611**	$ 2,847	(8)%	**$ 7,746**	$ 9,094	(15)%
Net credit losses	**$ 4,929**	$ 3,487	41%	**$ 14,617**	$ 9,116	60%
Credit reserve build (release)	**604**	2,702	(78)	**5,003**	5,858	(15)
Provision for benefits and claims	**272**	215	27	**810**	650	25
Provisions for loan losses and for benefits and claims	**$ 5,805**	$ 6,404	(9)%	**$ 20,430**	$ 15,624	31%
Loss from continuing operations before taxes	**$ (3,769)**	$ (3,819)	1%	**$ (13,146)**	$ (5,562)	NM
Income taxes (benefits)	**(1,670)**	(1,534)	(9)	**(5,435)**	(2,196)	NM
Loss from continuing operations	**$ (2,099)**	$ (2,285)	8%	**$ (7,711)**	$ (3,366)	NM
Net income attributable to noncontrolling interests	**13**	1	NM	**23**	13	77%
Net loss	**$ (2,112)**	$ (2,286)	8%	**$ (7,734)**	$ (3,379)	NM
Average assets *(in billions of dollars)*	**$ 384**	$ 456	(16)%	**$ 397**	$ 471	(16)%
Net credit losses as a % of average loans	**6.11%**	3.83%				

NM Not meaningful

3Q09 vs. 3Q08

Revenues, net of interest expense, decreased 14% due to lower net interest margin, partially offset by increased Cards securitization revenues of $0.7 billion. *Net interest revenue* was 25% lower than the prior year due to lower balances and the impact of delinquencies and loan modifications in Real Estate, North America Consumer Finance, and Cards. Net interest revenue as a percent of average loans decreased 98 basis points from the prior-year quarter in North America (ex Cards) and decreased 99 basis points in International, due principally to volume decreases. Average loans decreased 12%, with North America (ex Cards) down 10%, North America Cards down 19%, and International down 19%. *Non-interest revenue* increased 46% reflecting the increased revenue from Cards securitization.

Operating expenses declined 8% primarily due to lower volumes and reductions from expense re-engineering actions, partially offset by higher real estate owned (OREO) and collection costs.

Provisions for loan losses and for benefits and claims decreased 9% from the prior period reflecting lower reserve builds of $2.1 billion, partially offset by increased net credit losses of $1.4 billion, primarily in Real Estate and EMEA. The credit reserve build for the quarter included $350 million related to the UK Cards portfolio which was transferred to held-for-sale. The net credit loss ratio increased 228 basis points from the prior-year quarter with North America (ex Cards) up 184 basis points to 4.78%, International up 375 basis points to 9.77%, and North America Cards up 575 basis points to 14.58%.

3Q09 YTD vs. 3Q08 YTD

Revenues, net of interest expense, decreased 22% due to a decline in net interest revenue, higher net credit losses flowing through the securitization trusts in North America and a higher FDIC assessment. *Net interest revenue* was 23% lower than the prior year driven by lower balances (due to run-off and credit tightening) and spread compression due largely to higher non-accrual loans, the higher FDIC assessment and the impact of loan modifications. *Non-interest revenue* declined 16% primarily due to higher credit costs flowing through the securitization trusts in North America and lower securitization gains. Year-to-date non-interest revenue for 2009 also included a $1.1 billion pretax gain on the sale of the Company's remaining stake in Redecard as compared to a prior-year period pre-tax gain on sale of Redecard of $663 million.

Operating expenses decreased 15% primarily due to re-engineering actions, lower volumes and marketing expenses and the absence of prior-year repositioning charges. The declines in expenses were partially offset by higher OREO and collections costs.

Provisions for loan losses and for benefits and claims increased 31% reflecting higher net credit losses of $5.5 billion, partially offset by decreased reserve builds of $855 million.

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The following table provides additional information, as of September 30, 2009, regarding the Local Consumer Lending loan details. For additional information on loans within Local Consumer Lending, see "Loan and Credit Details Consumer Loan Details" below.

Composition of Loans within Local Consumer Lending	**Carrying Value of Assets**		**September 30, 2009**		
in billions of dollars	**September 30, 2009**	**June 30, 2009**	**% of Assets under U.S. Government Loss-Sharing Agreement(1)**	**Net credit loss ratio**	**90+ Days Past Due %**
North America					
First mortgages	**$ 123.3**	$ 126.9	**66%**	**3.46%**	**10.12%**
Second mortgages	**56.9**	59.4	**87**	**7.70**	**3.01**
Student	**26.5**	26.6		**0.39**	**3.25**
Cards (Retail Partners)	**21.7**	22.8	**4**	**14.58**	**4.08**
Personal and Other	**19.3**	20.1	**10**	**10.17**	**3.32**
Auto	**15.0**	16.2	**72**	**6.61**	**1.83**
Commercial Real Estate	**10.8**	11.1	**88**	**2.42**	**2.38**
Total North America	**$ 273.5**	$ 283.1	**56%.**	**5.61%**	**6.26%**
International					
EMEA	**$ 26.1**	$ 28.6		**7.69%**	**4.52%**
Asia	**10.9**	11.4		**14.71**	**2.40**
Latin America	**0.3**	0.3		**19.14**	**1.74**
Total International	**$ 37.3**	$ 40.3		**9.77%**	**3.88%**
Total	**$ 310.8**	$ 323.4	**49%**	**6.11%**	**5.97%**

(1) See "Government Programs U.S. Government Loss-Sharing Agreement" below for a description of the agreement.

Note: Totals may not sum due to rounding.

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SPECIAL ASSET POOL

In millions of dollars	Third Quarter 2009	2008	% Change	Nine Months 2009	2008	% Change
Net interest revenue	**$ 627**	$ 836	(25)%	**$ 2,712**	$ 2,550	6%
Non-interest revenue	**750**	(7,658)	NM	**(6,556)**	(30,392)	78
Total Revenues, net of interest expense	**$ 1,377**	$ (6,822)	NM	**$ (3,844)**	$ (27,842)	86%
Total operating expenses	**$ 233**	$ 204	14%	**$ 671**	$ 775	(13)%
Net credit losses	**$ 1,321**	$ 115	NM	**$ 4,470**	$ 205	NM
Provision for unfunded lending commitments		(70)	100%	**80**	(138)	NM
Credit reserve builds (release)	**(255)**	525	NM	**(295)**	925	NM
Provisions for credit losses and for benefits and claims	**$ 1,066**	$ 570	87%	**$ 4,255**	$ 992	NM
Income (Loss) from continuing operations before taxes	**$ 78**	$ (7,596)	NM	**$ (8,770)**	$ (29,609)	70%
Income taxes (benefits)	**(64)**	(3,002)	98%	**(3,675)**	(11,568)	68
Income (Loss) from continuing operations	**$ 142**	$ (4,594)	NM	**$ (5,095)**	$ (18,041)	72%
Net income (loss) attributable to noncontrolling interests	**20**	(12)	NM	**29**	(40)	28
Net Income (loss)	**$ 122**	$ (4,582)	NM	**$ (5,066)**	$ (18,001)	72%
EOP assets *(in billions of dollars)*	**$ 182**	$ 261	(31)%			

NM
Not meaningful

3Q09 vs. 3Q08

Revenues, net of interest expense, increased $8.2 billion primarily due to favorable net revenue marks relative to the prior-year quarter, which are described in more detail below. Revenue in the current quarter included positive marks of $2.0 billion on subprime-related direct exposures and non-credit accretion of $502 million, partially offset by write-downs on CRE of $586 million and $506 million of other write-downs and losses.

Operating expenses increased 14% driven by the USG loss-sharing agreement (see "Government Programs U.S. Government Loss-Sharing Agreement" below), partially offset by lower compensation expenses.

Provisions for credit losses and for benefits and claims increased $496 million primarily driven by $1.2 billion in increased net credit losses, partially offset by a lower provision of $780 million.

3Q09 YTD vs. 3Q08 YTD

Revenues, net of interest expense, increased $24.0 billion primarily due to favorable net revenue marks relative to the prior year. Revenue year-to-date included a $1.2 billion positive CVA on derivative positions, excluding monoline insurers, and positive marks of $284 million on subprime-related direct exposures, offset by negative revenue of $1.1 billion on Alt-A mortgages. Revenue year-to-date was also negatively impacted by $3.4 billion related to CVA on fair value option liabilities and monolines, CRE, and negative marks for private equity positions.

Operating expenses decreased 13% mainly driven by lower volumes and lower transaction expenses.

Provisions for credit losses and for benefits and claims increased $3.3 billion primarily driven by the $4.3 billion increase in write-offs over the prior period. Significant write-offs included exposures in Lyondell Basell. The net $295 million net credit reserve release in the current period was driven by a $2.1 billion release for specific counterparties (including Lyondell Basell), partially offset by builds for specific counterparties.

Assets declined 30% versus the prior year primarily driven by amortization/prepayments, sales, and marks/charge-offs.

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The following table provides details of the composition of the Special Asset Pool assets as of September 30, 2009.

Assets within Special Asset Pool

in billions of dollars	Carrying Value of Assets September 30, 2009	Carrying Value of Assets June 30, 2009	September 30, 2009 % of Assets under U.S. Government Loss-Sharing Program(1)	September 30, 2009 Face Value	September 30, 2009 Carrying value as % of Face Value
Securities in AFS/HTM(2)					
Corporates	**$ 14.8**	$ 17.1	**4%**	**$ 15.1**	**98%**
Prime and Non-U.S. MBS	**16.0**	16.2	**33**	**20.2**	**80**
Auction Rate Securities	**8.0**	8.3	**15**	**10.8**	**74**
Alt-A mortgages	**9.0**	9.5	**99**	**17.5**	**52**
Government Agencies	**0.7**	6.2		**0.8**	**97**
Other Securities(3)	**6.3**	7.4	**35**	**8.7**	**73**
Total Securities in AFS/HTM	**$ 54.8**	$ 64.7	**33%**	**$ 72.9**	**75%**
Loan, leases & LC in HFI/HFS(4)					
Corporates	**$ 26.4**	$ 28.2	**33%**	**$ 28.4**	**93%**
Commercial Real Estate (CRE)	**15.3**	15.8	**65**	**16.7**	**92**
Other	**3.7**	4.7		**4.3**	**85**
Loan Loss Reserves	**(4.0)**	(4.1)	**NM**	**NM**	**NM**
Total Loan, leases & LC in HFI/HFS	**$ 41.4**	$ 44.6	**NM**	**NM**	**NM**
Mark to Market					
Subprime securities(5)	**$ 8.0**	$ 8.0		**$ 20.9**	**38%**
Other Securities(6)	**6.9**	8.4	**8%**	**29.5**	**24**
Derivatives	**9.4**	10.8		**NM**	**NM**
Loans, Leases and Letters of Credit	**7.3**	7.8	**28**	**11.5**	**63**
Repurchase agreements	**6.9**	7.3		**NM**	**NM**
Total Mark to Market	**$ 38.5**	$ 42.1	**9%**	**NM**	**NM**
Highly Lev. Fin. Commitments	**$ 3.5**	$ 4.6	**5%**	**$ 6.1**	**57%**
Equities (excludes ARS in AFS)	**12.9**	13.8		**NM**	**NM**
SIVs	**16.2**	16.2	**36**	**21.0**	**77**
Monolines	**1.3**	1.7		**NM**	**NM**
Consumer and Other(7)	**13.3**	13.2	**NM**	**NM**	**NM**
Total	**$ 181.9**	$ 201.0			

(1) See "Government Programs U.S. Government Loss-Sharing Agreement" below.

(2) AFS accounts for approximately one-third of the total.

(3) Includes CRE ($2.2 billion), Municipals ($1.5 billion) and ABS ($1.6 billion).

(4) HFS accounts for approximately $1.1 billion of the total.

(5) These $8.0 billion of assets are reflected in the exposures set forth under "U.S. Subprime-Related Direct Exposure in Citi Holdings Special Asset Pool" below.

(6) Includes $3.2 billion of Corporates and $0.7 billion of CRE.

(7) Includes $4.8 billion of Small Business Banking & Finance loans.

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Items Impacting Special Asset Pool Revenues

The table below provides additional information regarding the favorable net revenue marks affecting the Special Asset Pool during the third quarter of 2009.

	Pretax Revenue (in millions) Third Quarter 2009	Third Quarter 2008
Sub-prime related direct exposures(1)(2)	**$ 1,967**	$ (394)
Private Equity and equity investments	**(20)**	(430)
Alt-A Mortgages(1)(3)	**(196)**	(932)
Highly leveraged loans and financing commitments(4)	**(24)**	(792)
Commercial Real Estate (CRE) positions(1)(5)	**(594)**	(649)
Structured Investment Vehicles' (SIVs) Assets	**(40)**	(2,004)
Auction Rate Securities (ARS) proprietary positions		(166)
CVA related to exposure to monoline insurers	**(61)**	(920)
CVA on Citi debt liabilities under fair value option	**(64)**	
CVA on derivatives positions, excluding monoline insurers	**43**	(64)
Subtotal	**$ 1,011**	$ (6,351)
Accretion on reclassified assets	**502**	
Total significant revenue items	**$ 1,513**	$ (6,351)

(1) Net of hedges.

(2) See "U.S. Subprime-Related Direct Exposures in Citi Holdings Special Asset Pool" below for a further discussion of the related risk exposures and the associated marks recorded.

(3) For these purposes, Alt-A mortgage securities are non-agency RMBS where (i) the underlying collateral has weighted average FICO scores between 680 and 720 or (ii) for instances where FICO scores are greater than 720, RMBS have 30% or less of the underlying collateral composed of full documentation loans. See "Loan and Credit Details U.S. Consumer Mortgage Lending".

(4) Net of underwriting fees. See "Highly Leveraged Financing Transactions" below for a further discussion.

(5) The aggregate $594 million is comprised primarily of $497 million, net of hedges, on exposures recorded at fair value and $104 million of losses on equity method investments. Citi Holdings' CRE exposure is split into three categories of assets: held at fair value; held to maturity/held for investment; and equity. See "Exposure to Commercial Real Estate" below for a further discussion.

Credit Valuation Adjustment Related to Monoline Insurers

CVA is calculated by applying forward default probabilities, which are derived using the counterparty's current credit spread, to the expected exposure profile. The exposure primarily relates to hedges on super senior subprime exposures that were executed with various monoline insurance companies. See "Direct Exposure to Monolines" below for a further discussion.

Credit Valuation Adjustment on Citi's Debt Liabilities for Which Citi Has Elected the Fair Value Option

The Company is required to use its own credit spreads in determining the current value for its derivative liabilities and all other liabilities for which it has elected the fair value option. When Citi's credit spreads widen (deteriorate), Citi recognizes a gain on these liabilities because the value of the liabilities has decreased. When Citi's credit spreads narrow (improve), Citi recognizes a loss on these liabilities because the value of the liabilities has increased. The approximately $64 million of losses recorded by Citi Holdings on its fair value option liabilities (excluding derivative liabilities) during the third quarter of 2009 was principally due to the narrowing (improving) of the Company's credit spreads.

Credit Valuation Adjustment on Derivative Positions, excluding Monoline insurers

The approximately $43 million net gain on Citi Holdings' derivative positions during the third quarter of 2009 was due to the narrowing of the Company's counterparties on its derivative assets. See "Derivatives Fair Valuation Adjustments for Derivatives" below for a further discussion.

Accretion on Reclassified Assets

In the fourth quarter of 2008, Citi Holdings reclassified $33.3 billion of debt securities from trading securities to HTM investments, $4.7 billion of debt securities from trading securities to AFS, and $15.7 billion of loans from held-for-sale to held-for-investment. All assets were reclassified with an amortized cost equal to the fair value on the date of reclassification. The difference between the amortized cost basis and the expected principal cash flows is treated as a purchase discount and accreted into income over the remaining life of the security or loan. During the third quarter of 2009, Citi Holdings recognized approximately $502 million of interest revenue from this accretion.

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CORPORATE/OTHER

In millions of dollars	Third Quarter 2009	Third Quarter 2008	Nine Months 2009	Nine Months 2008
Net interest revenue	**$ (461)**	$ (678)	**$ (1,216)**	$ (1,794)
Non-interest revenue	**1,132**	212	**1,646**	(413)
Total Revenues, net of interest expense	**$ 671**	$ (466)	**$ 430**	$ (2,207)
Total operating expenses	**441**	(77)	**864**	18
Provisions for loan losses and for benefits and claims		1	**1**	1
Income (Loss) from continuing operations before taxes	**$ 230**	(390)	**$ (435)**	$ (2,226)
Income taxes (benefits)	**128**	(203)	**145**	(818)
Income (Loss) from continuing operations	**$ 102**	$ (187)	**$ (580)**	$ (1,408)
Income (loss) from discontinued operations, net of taxes	**(418)**	613	**(677)**	578
Net Income (loss) before attribution of noncontrolling interests	**$ (316)**	$ 426	**$ (1,257)**	$ (830)
Net Income (loss) attributable to noncontrolling interests				
Net Income (loss)	**$ (316)**	$ 426	**$ (1,257)**	$ (830)

3Q09 vs. 3Q08

Revenues, *net of interest expense*, increased primarily due to the pretax gain related to the preferred exchange, partly offset by the interest cost of the trust preferred securities.

Operating Expenses increased primarily due to intersegment eliminations and the absence of prior-year reserve releases.

3Q09 YTD vs. 3Q08 YTD

Revenues, *net of interest expense*, increased primarily due to the pretax gain related to the preferred exchange, intersegment eliminations, and the impact of changes in U.S. dollar rates, partly offset by the interest cost of the trust preferred securities.

Operating Expenses increased primarily due to intersegment eliminations and the absence of prior-year reserve releases.

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GOVERNMENT PROGRAMS

Common Stock Warrants Issued to UST under TARP

In connection with its participation in TARP in October and December 2008, Citi issued two warrants exercisable for common stock to the UST. These warrants remain outstanding following the completion of the exchange offers.

The warrant issued to the UST in October 2008 has a term of 10 years, an exercise price of $17.85 per share and is exercisable for approximately 210.1 million shares of common stock. The value ascribed to the warrant, or $1.3 billion out of the $25 billion in cash proceeds, on a relative fair value basis, was recorded in Citigroup's stockholders' equity and resulted in an increase in *Additional paid-in capital*.

The warrant issued to the UST in December 2008 also has a term of 10 years, an exercise price of $10.61 per share and is exercisable for approximately 188.5 million shares of common stock. The value ascribed to the warrant, or $0.5 billion out of the $20 billion in cash proceeds, on a relative fair value basis, was recorded in Citigroup's stockholders' equity and resulted in an increase in *Additional paid-in capital*.

The fair value for the warrants was calculated using the Black-Scholes option pricing model. The valuation was based on the Citigroup stock price, stock volatility, dividend yield, and the risk free rate on the measurement date for both the issuances.

See "U.S. Government Loss-Sharing Agreement" below for a description of the third common stock warrant issued, outstanding and held by the UST.

Implementation and Management of TARP Programs

Citigroup has established a Special TARP Committee composed of senior executives to approve, monitor and track how the USG's TARP funds invested in Citi, or $45 billion, are utilized. Citi is required to adhere to the following objectives as a condition of the USG's capital investments:

- Expand the flow of credit to U.S. consumers and businesses on competitive terms to promote the sustained growth and vitality of the U.S. economy.

- Work diligently, under existing programs, to modify the terms of residential mortgages as appropriate to strengthen the health of the U.S. housing market.

The Committee has established specific guidelines, which are consistent with the objectives and spirit of TARP. Pursuant to these guidelines, Citi will use TARP capital only for those purposes expressly approved by the Committee.

Committee approval is the final stage in a four-step review process to evaluate proposals from Citi businesses for the use of TARP capital, considering the risk, the potential financial impact and returns.

On August 11, 2009, Citi published its most recent quarterly report summarizing its TARP spending initiatives for the second quarter of 2009 (the report is available at www.citigroup.com). The report states that the Committee had authorized $50.8 billion in initiatives backed by TARP capital which has subsequently been increased to $53.8 billion. As of September 30, 2009, the Company has deployed approximately $18.3 billion of funds under the approved initiatives.

FDIC's Temporary Liquidity Guarantee Program

Under the terms of the FDIC's Temporary Liquidity Guarantee Program (TLGP), the FDIC guaranteed, until the earlier of either its maturity or June 30, 2012 (for qualifying debt issued before April 1, 2009) or December 31, 2012 (for qualifying debt issued on or after April 1, 2009 through October 31, 2009), certain qualifying senior unsecured debt issued by certain Citigroup entities between October 31, 2008 and October 31, 2009 in amounts up to 125% of the qualifying debt for each qualifying entity. The FDIC charged Citigroup a fee ranging from 50 to 150 basis points in accordance with a prescribed fee schedule for any qualifying debt issued with the FDIC guarantee. The TLGP was terminated on October 31, 2009 and Citigroup and its affiliates have elected not to participate in any FDIC-approved extension of the program.

As of September 30, 2009, Citigroup and its affiliates had issued a total of $54.6 billion of long-term debt that is covered under the FDIC guarantee, with $6.35 billion maturing in 2010, $18.75 billion maturing in 2011 and $29.5 billion maturing in 2012.

In addition, as of September 30, 2009, Citigroup, through its subsidiaries, had $4.37 billion in outstanding commercial paper and interbank deposits backed by the FDIC. The FDIC also charged a fee ranging from 50 to 150 basis points in connection with the issuance of those instruments. As approved by the FDIC, effective October 1, 2009 through the termination of the TLGP program on October 31, 2009, Citigroup issued commercial paper of various tenors without the FDIC guarantee.

See "Capital Resources and Liquidity" below for further information on Citi's funding and liquidity programs.

U.S. Government Loss-Sharing Agreement

Background

On January 15, 2009, Citigroup entered into an agreement with the UST, the FDIC and the Federal Reserve Bank of New York (collectively referred to in this section as the USG) on losses arising on a $301 billion portfolio of Citigroup assets (valued as of November 21, 2008, other than as set forth in note 1 to the table below). Primarily as a result of the receipt of principal repayment and charge-offs to date, the total asset pool has declined by approximately $50 billion on a GAAP basis to approximately $250.4 billion as of September 30, 2009.

As consideration for the loss-sharing agreement, Citigroup issued approximately $7.1 billion in preferred stock to the UST and the FDIC, as well as a warrant exercisable for common stock to the UST. As part of the exchange offers, the preferred stock was exchanged for newly issued 8% trust preferred securities. See "Significant Events in the Third Quarter of 2009 Exchange Offers" above. The warrant issued to the UST as consideration for the loss-sharing agreement has a term of 10 years, an exercise price of $10.61 per share and is exercisable for approximately 66.5 million shares of common stock. The fair value of the warrant of $88 million was recorded as a credit to *Additional paid-in capital* at the time of issuance.

Terms of Agreement

The loss-sharing agreement extends for 10 years for residential assets and five years for non-residential assets. Under the agreement, a "loss" on a portfolio asset is generally defined to include a charge-off or a realized loss upon collection, through a permitted disposition or exchange, or upon a foreclosure or short-sale loss, but not merely through a change in Citigroup's fair value accounting for the asset or the creation or increase of a related loss reserve. Once a loss is recognized under the agreement, the aggregate amount of qualifying losses across the portfolio in a particular period is netted against the aggregate recoveries and gains across the portfolio, all on a pretax basis.

The resulting net loss amount on the portfolio is the basis of the loss-sharing agreement between Citigroup and the USG. Citigroup will bear the first $39.5 billion of such net losses, which amount was determined using (i) an agreed-upon $29 billion of first losses, (ii) Citigroup's then-existing reserve with respect to the portfolio of approximately $9.5 billion, and (iii) an additional $1.0 billion as an agreed-upon amount in exchange for excluding the effects of certain hedge positions from the portfolio. Net losses, if any, on the portfolio after Citigroup's losses exceed the $39.5 billion first-loss amount will be borne 90% by the USG and 10% by Citigroup in the following manner:

first, until the UST has paid $5 billion in aggregate, 90% by the UST and 10% by Citigroup;

second, until the FDIC has paid $10 billion in aggregate, 90% by the FDIC and 10% by Citigroup; and

third, 90% by the Federal Reserve Bank of New York and 10% by Citigroup.

Approximately $2.8 billion of GAAP losses on the asset pool were recorded in the third quarter of 2009, bringing the GAAP losses on the portfolio to date to approximately $8.1 billion (i.e., for the period of November 21, 2008 through September 30, 2009). These losses count towards Citigroup's $39.5 billion first-loss position.

The Federal Reserve Bank of New York will implement its loss-sharing obligations under the agreement, if any, by making a loan in an amount equal to the then aggregate value of the remaining covered asset pool (after reductions for charge-offs, pay-downs and realized losses) as determined in accordance with the agreement. Following the loan, as losses are incurred on the remaining covered asset pool, Citigroup will be required to immediately repay 10% of such losses to the Federal Reserve Bank of New York. The loan is non-recourse to Citigroup, other than with respect to the repayment obligation in the preceding sentence and interest on the loan. The loan is recourse only to the remaining covered asset pool, which is the sole collateral to secure the loan. The loan will bear interest at the overnight index swap rate plus 300 basis points.

The covered asset pool includes U.S.-based exposures and transactions that were originated prior to March 14, 2008. Pursuant to the terms of the agreement, the USG had a 120-day period, beginning April 15, 2009, to review the asset pool to confirm asset eligibility. The USG has completed its review and, in October 2009, substantially agreed with Citigroup on the final asset pool's composition. The USG's final approval of the pool is expected in November 2009. After final approval of the pool, the USG has the right to review and confirm Citigroup's first-loss position ($39.5 billion) and the consideration paid by Citigroup for the loss coverage, each based on expected losses and reserves associated with the final pool (using a methodology and assumptions consistent with those used to set the $39.5 billion first-loss position). The USG is expected to complete this review in the fourth quarter of 2009.

The agreement includes guidelines for governance and asset management with respect to the covered asset pool, including reporting requirements and notice and approval rights of the USG at certain thresholds. If covered losses exceed $19 billion, the USG may increase the required reporting or alter the thresholds for notice and approval. If covered losses exceed $27 billion, the USG has the right to replace Citi as the asset manager for the covered asset pool, among other things.

Accounting and Regulatory Capital Treatment

Citigroup accounts for the loss-sharing agreement as an indemnification agreement pursuant to the guidance in ASC 805-20-30-18, *Business Combinations.* Citigroup recorded an asset of $3.617 billion (equal to the fair value of the consideration issued to the USG) in *Other assets* on the Consolidated Balance Sheet. The asset will be amortized as an *Other operating expense* in the Consolidated Statement of Income on a straight-line basis over the coverage periods of 10 years and five years, respectively, based on the relative initial principal amounts of each group. During the quarter and nine months ended September 30, 2009, Citigroup recorded $122 million and $412 million, respectively, as an

Other operating expense.

Under indemnification accounting, recoveries (gains), if any, will be recognized in the Consolidated Statement of Income in the same future periods that cumulative losses recorded under U.S. GAAP on the covered assets exceed the $39.5 billion first-loss amount. The Company will recognize and measure an indemnification asset on the same basis that it recognizes losses on the covered assets in the Consolidated Statement of Income. For example, for a covered loan classified as held-for-investment and reported in the balance sheet at amortized cost, the Company would recognize and measure an indemnification asset due from the USG at the same time related loan loss reserves are recorded for that loan equal to 90% of the amount of the loan loss reserve, subject to the first-loss limitation.

Further, under indemnification accounting, recoveries (gains) may be recorded at times when such amounts are not contractually receivable from the USG based on the definition of covered losses in the loss-sharing agreement. Such amounts may or may not thereafter become contractually receivable, depending upon whether or not they become covered "losses" (see above for definition of covered "loss"). Indemnification accounting matches the amount and timing of the recording of recoveries with the amount and timing of the recognition of losses based on the U.S. GAAP accounting for the covered assets, as opposed to the amount and timing of recognition as defined in the loss-sharing agreement. The indemnification asset amount recorded will be adjusted, as appropriate, to take into consideration additional revenue and expense amounts related to the covered assets specifically defined as

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recoverable or non-recoverable in the loss-sharing program.

The covered assets are risk-weighted at 20% for purposes of calculating the Tier 1 Capital ratio at September 30, 2009.

Asset Values as of September 30, 2009

The following table summarizes the assets that were part of the covered asset pool agreed to between Citigroup and the USG as of January 15, 2009, with their values as of November 21, 2008 (except as set forth in note 1 to the table below), and the balances as of September 30, 2009, reflecting changes in the balances of assets that remained qualified, plus approximately $10 billion of replacement assets that Citi substituted for non-qualifying assets between January 15, 2009 and April 15, 2009. The $250.4 billion of covered assets at September 30, 2009 are recorded in Citi Holdings within Local Consumer Lending ($171.9 billion) and Special Asset Pool ($78.5 billion). As discussed above, the asset pool, as revised, remains subject to the USG's final approval, which is expected in November 2009.

Assets

In billions of dollars	September 30, 2009	November 21, 2008(1)
Loans:		
First mortgages	$ 81.0	$ 98.0
Second mortgages	49.6	55.4
Retail auto loans	10.8	16.2
Other consumer loans	17.6	19.7
Total consumer loans	$ 159.0	$ 189.3
CRE loans	$ 10.8	$ 12.0
Highly leveraged finance loans	0.2	2.0
Other corporate loans	10.5	14.0
Total corporate loans	$ 21.5	$ 28.0
Securities:		
Alt-A	$ 9.1	$ 11.4
SIVs	5.8	6.1
CRE	1.5	1.4
Other	8.2	11.2
Total securities	$ 24.6	$ 30.1
Unfunded lending commitments (ULC)		
Second mortgages	$ 18.3	$ 22.4
Other consumer loans	2.4	3.6
Highly leveraged finance	0.0	0.1
CRE	3.8	5.5
Other commitments	20.8	22.0
Total ULC	$ 45.3	$ 53.6
Total covered assets	$ 250.4	$ 301.0

(1) As a result of the initial confirmation process (conducted between November 21, 2008 and January 15, 2009), the covered asset pool includes approximately $99 billion of assets considered "replacement" assets (assets that were added to the pool to replace assets that were in the pool as of November 21, 2008 but were later determined not to qualify). Loss-sharing on qualifying losses incurred on

these replacement assets was effective beginning January 15, 2009, instead of November 21, 2008.

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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 framework is described in Citigroup's 2008 Annual Report on Form 10-K.

LOAN AND CREDIT DETAILS

Loans Outstanding

In millions of dollars	**September 30, 2009**	June 30, 2009	December 31, 2008
Consumer loans			
In U.S. offices:			
Mortgage and real estate(1)	**$ 191,748**	$ 197,358	$ 219,482
Installment, revolving credit, and other	**63,668**	67,661	71,360
Cards	**36,039**	33,750	44,418
Lease financing	**15**	16	31
	$ 291,470	$ 298,785	$ 335,291
In offices outside the U.S.:			
Mortgage and real estate(1)	**$ 47,568**	$ 45,986	$ 44,382
Installment, revolving credit, and other	**48,027**	48,467	44,189
Cards	**41,443**	42,262	42,586
Commercial and industrial	**11,835**	10,947	13,897
Lease financing	**345**	339	304
	$ 149,218	$ 148,001	$ 145,358
Total consumer loans	**$ 440,688**	$ 446,786	$ 480,649
Unearned income	**803**	866	738
Consumer loans, net of unearned income	**$ 441,491**	$ 447,652	$ 481,387
Corporate loans			
In U.S. offices:			
Commercial and industrial	**$ 23,345**	$ 30,567	$ 33,450
Loans to financial institutions	**7,666**	8,181	10,200
Mortgage and real estate(1)	**23,221**	23,862	16,643
Installment, revolving credit, and other	**14,081**	15,414	15,047
Lease financing	**1,275**	1,284	1,476
	$ 69,588	$ 79,308	$ 76,816
In offices outside the U.S.:			
Commercial and industrial	**$ 73,564**	$ 78,512	$ 85,492
Installment, revolving credit, and other	**10,949**	11,638	23,158
Mortgage and real estate(1)	**12,023**	11,887	11,375
Loans to financial institutions	**16,906**	15,856	18,413
Lease financing	**1,462**	1,560	1,850
Governments and official institutions	**826**	713	385
	$ 115,730	$ 120,166	$ 140,673

Total corporate loans	**$**	**185,318**	$	199,474	$	217,489
Unearned income		**(4,598)**		(5,436)		(4,660)
Corporate loans, net of unearned income	**$**	**180,720**	$	194,038	$	212,829
Total loans net of unearned income	**$**	**622,211**	$	641,690	$	694,216
Allowance for loan losses on drawn exposures		**(36,416)**		(35,940)		(29,616)
Total loans net of unearned income and allowance for credit losses	**$**	**585,795**	$	605,750	$	664,600
Allowance for loan losses as a percentage of total loans net of unearned income		**5.85%**		5.60%		4.27%
Allowance for consumer loan losses as a percentage of total consumer loans net of unearned income		**6.44%**		6.25%		4.61%
Allowance for corporate loan losses as a percentage of total corporate loans net of unearned income		**4.42**		4.11		3.48

(1) Loans secured primarily by real estate.

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Loan Accounting Policies

The following are the Company's accounting policies for Loans, Allowance for Loan Losses and related lending activities.

Loans

Loans are reported at their outstanding principal balances net of any unearned income and unamortized deferred fees and costs except that credit card receivable balances also include accrued interest and fees. Loan origination fees and certain direct origination costs are generally deferred and recognized as adjustments to income over the lives of the related loans.

As described in Note 17 to the Consolidated Financial Statements, the Company has elected fair value accounting for certain loans. Such loans are carried at fair value with changes in fair value reported in earnings. Interest income on such loans is recorded in *Interest revenue* at the contractually specified rate.

Loans for which the fair value option has not been elected are classified upon origination or acquisition as either held-for-investment or held-for-sale. This classification is based on management's initial intent and ability with regard to those loans.

Loans that are held-for-investment are classified as *Loans, net of unearned income* on the Consolidated Balance Sheet, and the related cash flows are included within the cash flows from investing activities category in the Consolidated Statement of Cash Flows on the line Changes in loans. However, when the initial intent for holding a loan has changed from held-for-investment to held-for-sale, the loan is reclassified to held-for-sale, but the related cash flows continue to be reported in cash flows from investing activities in the Consolidated Statement of Cash Flows on the line Proceeds from sales and securitizations of loans.

Substantially all of the consumer loans sold or securitized by Citigroup are U.S. prime residential mortgage loans or U.S. credit card receivables. The practice of the U.S. prime mortgage business has been to sell all of its loans except for nonconforming adjustable rate loans. U.S. prime mortgage conforming loans are classified as held-for-sale at the time of origination. The related cash flows are classified in the Consolidated Statement of Cash Flows in the cash flows from operating activities category on the line Change in loans held-for-sale.

U.S. credit card receivables are classified at origination as loans-held-for sale to the extent that management does not have the intent to hold the receivables for the foreseeable future or until maturity. The U.S. credit card securitization forecast for the three months following the latest balance sheet date is the basis for the amount of such loans classified as held-for-sale. Cash flows related to U.S. credit card loans classified as held-for-sale at origination or acquisition are reported in the cash flows from operating activities category on the line Change in loans held-for-sale.

Consumer Loans

Consumer loans represent loans and leases managed primarily by the *Regional Consumer Banking* and *Local Consumer Lending* businesses. As a general rule, interest accrual ceases for installment and real estate (both open and closed end) loans when payments are 90 days contractually past due. For credit cards and unsecured revolving loans, however, the Company generally accrues interest until payments are 180 days past due. Citi's charge-off policies follow the general guidelines below:

- Unsecured installment loans are charged-off at 120 days past due.
- Unsecured revolving loans and credit cards are charged-off at 180 days contractually past due.
- Loans secured with non-real estate collateral are written down to the estimated value of the collateral, less costs to sell, at 120 days past due.
- Real estate-secured loans are written down to the estimated value of the property, less costs to sell, at 180 days contractually past due.

Non-bank loans secured by real estate are written down to the estimated value of the property, less costs to sell, at the earlier of the receipt of title or 12 months in foreclosure (a process that must commence when payments are 120 days contractually past due).

Non-bank auto loans are written down to the estimated value of the collateral, less costs to sell, at repossession or, if repossession is not pursued, no later than180 days contractually past due.

Non-bank unsecured personal loans are charged-off when the loan is 180 days contractually past due if there have been no payments within the last six months, but in no event can these loans exceed 360 days contractually past due.

Unsecured loans in bankruptcy are charged-off within 30 days of notification of filing by the bankruptcy court or within the contractual write-off periods, whichever occurs earlier.

Real estate-secured loans in bankruptcy are written down to the estimated value of the property, less costs to sell, 60 days after notification if the borrower is 60 days contractually past due.

Non-bank unsecured personal loans in bankruptcy are charged-off when they are 30 days contractually past due.

For a discussion of the impact of mortgage loan and credit card modification and forbearance programs on Citi's consumer loan businesses, see "Consumer Loan Modification Programs" below.

Corporate Loans

Corporate loans represent loans and leases managed by ICG or the Special Asset Pool. Corporate loans are identified as impaired and placed on a cash (non-accrual) basis when it is determined that the payment of interest or principal is doubtful or when interest or principal is 90 days past due, except when the loan is well collateralized and in the process of collection. Any interest accrued on impaired corporate loans and leases is reversed at 90 days and charged against current earnings, and interest is thereafter included in earnings only to the extent actually received in cash. When there is doubt regarding the ultimate collectability of principal, all cash receipts are thereafter applied to reduce the recorded investment in the loan.

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Impaired corporate loans and leases are written down to the extent that principal is judged to be uncollectible. Impaired collateral-dependent loans and leases, where repayment is expected to be provided solely by the sale of the underlying collateral and there are no other available and reliable sources of repayment, are written down to the lower of cost or collateral value. Cash-basis loans are returned to an accrual status when all contractual principal and interest amounts are reasonably assured of repayment and there is a sustained period of repayment performance in accordance with the contractual terms.

Loans Held-for-Sale

Corporate and consumer loans that have been identified for sale are classified as loans held-for-sale included in *Other assets*. With the exception of certain mortgage loans for which the fair-value option has been elected, these loans are accounted for at the lower of cost or market value, with any write-downs or subsequent recoveries charged to *Other revenue*.

Allowance for Loan Losses

Allowance for loan losses represents management's best estimate of probable losses inherent in the portfolio, as well as probable losses related to large individually evaluated impaired loans and troubled debt restructurings. Attribution of the allowance is made for analytical purposes only, and the entire allowance is available to absorb probable credit losses inherent in the overall portfolio. Additions to the allowance are made through the provision for credit losses. Credit losses are deducted from the allowance, and subsequent recoveries are added. Securities received in exchange for loan claims in debt restructurings are initially recorded at fair value, with any gain or loss reflected as a recovery or charge-off to the allowance, and are subsequently accounted for as securities available-for-sale.

Corporate Loans

In the corporate portfolios, larger-balance, non-homogeneous exposures representing significant individual credit exposures are evaluated based upon the borrower's overall financial condition, resources, the prospects for support from any financially responsible guarantors and, if appropriate, the realizable value of any collateral. Reserves are established for these loans based upon an estimate of probable losses for the individual loans deemed to be impaired. This estimate may consider the present value of the expected future cash flows discounted at the loan's contractual effective rate, the secondary market value of the loan or the fair value of collateral less disposal costs. The allowance for credit losses attributed to the remaining portfolio is established via a process that estimates the probable loss inherent in the portfolio based upon various analyses. These analyses consider historical default rates and loss severities, internal risk ratings, and geographic, industry, and other environmental factors.

Management also considers overall portfolio indicators, including trends in internally risk-rated exposures, classified exposures, cash-basis loans, historical and forecasted write-offs, and a review of industry, geographic, and portfolio concentrations, including current developments within those segments. In addition, management considers the current business strategy and credit process, including credit limit setting and compliance, credit approvals, loan underwriting criteria, and loan workout procedures.

Consumer Loans

For *Consumer loans*, each portfolio of smaller-balance, homogeneous loans including consumer mortgage, installment, revolving credit, and most other consumer loans is independently evaluated for impairment. The allowance for loan losses attributed to these loans is established via a process that estimates the probable losses inherent in the specific portfolio based upon various analyses. These include migration analysis, in which historical delinquency and credit loss experience is applied to the current aging of the portfolio, together with analyses that reflect current trends and conditions.

Management also considers overall portfolio indicators, including historical credit losses, delinquent, non-performing, and classified loans, trends in volumes and terms of loans, an evaluation of overall credit quality, the credit process, including lending policies and procedures, and economic, geographical, product and other environmental factors.

In addition, valuation allowances are determined for impaired smaller-balance homogenous loans whose terms have been modified due to the borrowers' financial difficulties and where it has been determined that a concession will be granted to the borrower. Such modifications may include interest rate reductions, principal forgiveness and/or term extensions. These allowances are determined by comparing estimated cash flows of the loans discounted at the loans' original contractual interest rates to the carrying value of the loans.

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Reserve Estimates and Policies

Management provides reserves for an estimate of probable losses inherent in the funded loan portfolio on the balance sheet in the form of an allowance for loan losses. These reserves are established in accordance with Citigroup's Credit Reserve Policies, as approved by the Audit and Risk Management Committee of the Company's Board of Directors. The Company's Chief Risk Officer and Chief Financial Officer review the adequacy of the credit loss reserves each quarter with representatives from the Risk Management and Finance staffs for each applicable business area.

During these reviews, the above-mentioned representatives covering the business area having classifiably managed portfolios (that is, portfolios where internal credit-risk ratings are assigned, which are primarily *ICG, Regional Consumer Banking* and *Local Consumer Lending*) and modified consumer loans where a concession was granted due to the borrowers' financial difficulties, and present recommended reserve balances for their funded and unfunded lending portfolios along with supporting quantitative and qualitative data. The quantitative data include:

Estimated probable losses for non-performing, non-homogeneous exposures within a business line's classifiably managed portfolio and impaired smaller-balance homogeneous loans whose terms have been modified due to the borrowers' financial difficulties, and it was determined that a concession was granted to the borrower. Consideration may be given to the following, as appropriate, when determining this estimate: (i) the present value of expected future cash flows; (ii) the borrower's overall financial condition, resources and payment record; and (iii) the prospects for support from financially responsible guarantors or the realizable value of any collateral.

Statistically calculated losses inherent in the classifiably managed portfolio for performing and de minimis non-performing exposures. The calculation is based upon: (i) Citigroup's internal system of credit-risk ratings, which are analogous to the risk ratings of the major rating agencies; and (ii) historical default and loss data, including rating-agency information regarding default rates from 1983 to 2008, and internal data dating to the early 1970s on severity of losses in the event of default.

Additional adjustments include: (i) statistically calculated estimates to cover the historical fluctuation of the default rates over the credit cycle, the historical variability of loss severity among defaulted loans, and the degree to which there are large obligor concentrations in the global portfolio; and (ii) adjustments made for specifically known items, such as current environmental factors and credit trends.

In addition, representatives from both the Risk Management and Finance staffs that cover business areas that have delinquency-managed portfolios containing smaller homogeneous loans (primarily the non-commercial lending areas of *Consumer Banking*) present their recommended reserve balances based upon leading credit indicators, including loan delinquencies and changes in portfolio size as well as economic trends including housing prices, unemployment and GDP. This methodology is applied separately for each individual product within each different geographic region in which these portfolios exist.

This evaluation process is subject to numerous estimates and judgments. The frequency of default, risk ratings, loss recovery rates, the size and diversity of individual large credits, and the ability of borrowers with foreign currency obligations to obtain the foreign currency necessary for orderly debt servicing, among other things, are all taken into account during this review. Changes in these estimates could have a direct impact on the credit costs in any quarter and could result in a change in the allowance. Changes to the reserve flow through the Consolidated Statement of Income on the lines *Provision for loan losses* and *Provision for unfunded lending commitments*.

Allowance for Unfunded Lending Commitments

A similar approach to the allowance for loan losses is used for calculating a reserve for the expected losses related to unfunded loan commitments and standby letters of credit. This reserve is classified on the balance sheet in *Other liabilities*.

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Details of Credit Loss Experience

In millions of dollars	3rd Qtr. 2009	2nd Qtr. 2009(1)	1st Qtr. 2009	4th Qtr 2008	3rd Qtr. 2008
Allowance for loan losses at beginning of period	**$ 35,940**	$ 31,703	$ 29,616	$ 24,005	$ 20,777
Provision for loan losses					
Consumer	**$ 7,321**	$ 10,010	$ 8,010	$ 8,592	$ 7,831
Corporate	**1,450**	2,223	1,905	3,579	1,112
	$ 8,771	$ 12,233	$ 9,915	$ 12,171	$ 8,943
Gross credit losses					
Consumer					
In U.S. offices	**$ 4,459**	$ 4,694	$ 4,124	$ 3,610	$ 3,073
In offices outside the U.S.	**2,406**	2,305	1,936	1,818	1,914
Corporate					
In U.S. offices	**1,101**	1,216	1,176	364	156
In offices outside the U.S.	**483**	558	424	756	200
	$ 8,449	$ 8,773	$ 7,660	$ 6,548	$ 5,343
Credit recoveries					
Consumer					
In U.S. offices	**$ 149**	$ 131	$ 136	$ 132	$ 137
In offices outside the U.S.	**288**	261	213	219	252
Corporate					
In U.S. offices	**30**	4	1	2	3
In offices outside the U.S.	**13**	22	28	52	31
	$ 480	$ 418	$ 378	$ 405	$ 423
Net credit losses					
In U.S. offices	**$ 5,381**	$ 5,775	$ 5,163	$ 3,840	$ 3,089
In offices outside the U.S.	**2,588**	2,580	2,119	2,303	1,831
Total	**$ 7,969**	$ 8,355	$ 7,282	$ 6,143	$ 4,920
Other net(2)(3)(4)(5)(6)	**$ (326)**	$ 359	$ (546)	$ (417)	$ (795)
Allowance for loan losses at end of period(7)	**$ 36,416**	$ 35,940	$ 31,703	$ 29,616	$ 24,005
Allowance for loan losses as a % of total loans	**5.85%**	5.60%	4.82%	4.27%	3.35%
Allowance for unfunded lending commitments(8)	**$ 1,074**	$ 1,082	$ 947	$ 887	$ 957
Total allowance for loan losses and unfunded	**$ 37,490**	$ 37,022	$ 32,650	$ 30,503	$ 24,962

lending commitments

Net consumer credit losses	**$**	**6,428**	$	6,607	$	5,711	$	5,077	$	4,598
As a percentage of average consumer loans		**5.66%**		5.88%		4.95%		4.12%		3.57%
Net corporate credit losses	**$**	**1,541**	$	1,748	$	1,571	$	1,066	$	322
As a percentage of average corporate loans		**0.82%**		0.89%		0.79%		0.60%		0.15%
Allowance for loan losses at end of period(9)										
Citicorp	**$**	**10,286**	$	10,046	$	8,520	$	7,684	$	6,651
Citi Holdings		**26,130**		25,894		23,183		21,932		17,354
Total Citigroup	**$**	**36,416**	$	35,940	$	31,703	$	29,616	$	24,005

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

(2) The third quarter of 2009 primarily includes a reduction to the credit loss reserves of $562 million related to the transfer of the U.K. Cards portfolio to held-for-sale partially offset by increases related to FX translation.

(3) The second quarter of 2009 primarily includes increases to the credit loss reserves primarily related to FX translation.

(4) The first quarter of 2009 primarily includes reductions to the credit loss reserves of $213 million related to securitizations and reductions of approximately $320 million primarily related to FX translation.

(5) The fourth quarter of 2008 primarily includes reductions to the credit loss reserves of approximately $400 million primarily related to FX translation.

(6) 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 sale of Citigroup's German Retail Banking Operation and reductions of approximately $500 million related to FX translation.

(7) Included in the allowance for loan losses are reserves for troubled debt restructurings (TDRs) of $4,587 million, $3,810 million, $2,760 million, $2,180 million, and $1,443 million as of September 30, 2009, June 30, 2009, March 31, 2009, December 31, 2008, and September 30, 2008, respectively.

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

(9) Allowance for loan losses represents management's best estimate of probable losses inherent in the portfolio, as well as probable losses related to large individually evaluated impaired loans and troubled debt restructurings. Attribution of the allowance is made for analytical purposes only, and the entire allowance is available to absorb probable credit losses inherent in the overall portfolio.

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Non-Accrual Assets

The table below summarizes the Company's view of non-accrual loans as of the periods indicated. Non-accrual loans are loans in which the borrower has fallen behind in interest payments, or, for corporate loans, where the Company has determined that the payment of interest or principal is doubtful, and are therefore considered impaired. As discussed under "Accounting Policies" above, in situations where the Company reasonably expects that only a portion of the principal and interest owed will ultimately be collected, all payments received are reflected as a reduction of principal and not as interest income. There is no industry-wide definition of non-accrual assets, however, and as such, analysis against the industry is not always comparable.

As discussed above under "Third Quarter of 2009 Management Summary," the Company has been actively moving corporate loans into the non-accrual category at earlier stages of anticipated distress. Corporate non-accrual loans may still be current on interest payments, however. Of the total portfolio of non-accrual corporate loans as of September 30, 2009, over two-thirds are current and continue to make their contractual payments.

Non-accrual loans

In millions of dollars	3rd Qtr. 2009	2nd Qtr. 2009	1st Qtr. 2009	4th Qtr. 2008	3rd Qtr. 2008
Citicorp	**$ 5,131**	$ 5,314	$ 3,829	$ 3,193	$ 2,408
Citi Holdings	**27,553**	22,932	22,282	19,104	11,135
Total Non-accrual loans (NAL)	**$ 32,684**	$ 28,246	$ 26,111	$ 22,297	$ 13,543
Corporate non-accrual loans(1)					
North America	**$ 5,263**	$ 3,499	$ 3,789	$ 2,660	$ 851
EMEA	**7,969**	7,690	6,479	6,330	1,406
Latin America	**416**	230	300	229	125
Asia	**1,128**	1,013	639	513	357
	$ 14,776	$ 12,432	$ 11,207	$ 9,732	$ 2,739
Citicorp	**$ 2,999**	$ 3,045	$ 1,825	$ 1,364	$ 605
Citi Holdings	**$ 11,777**	$ 9,387	$ 9,382	$ 8,368	$ 2,134
	$ 14,776	$ 12,432	$ 11,207	$ 9,732	$ 2,739
Consumer non-accrual loans(1)					
North America(2)	**$ 14,609**	$ 12,154	$ 11,687	$ 9,617	$ 7,941
EMEA	**1,314**	1,356	1,128	948	904
Latin America	**1,342**	1,520	1,338	1,290	1,343
Asia	**643**	784	751	710	616
	$ 17,908	$ 15,814	$ 14,904	$ 12,565	$ 10,804
Citicorp	**$ 2,132**	$ 2,269	$ 2,004	$ 1,829	$ 1,803
Citi Holdings	**15,776**	13,545	12,900	10,736	9,001
	$ 17,908	$ 15,814	$ 14,904	$ 12,565	$ 10,804

(1) Excludes purchased distressed loans as they are accreting interest. The carrying value of these loans was $1.267 billion at September 30, 2009, $1.509 billion at June 30, 2009, $1.328 billion at March 31, 2009, $1.510 billion at December 31, 2008, and $1.550 billion at September 30, 2008.

(2) The recent increases reflect the impact of the deterioration in the U.S. consumer real estate market.

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Non-Accrual Assets (Continued)

The table below summarizes the Company's other real estate owned (OREO) assets. This represents the carrying value of all property acquired by foreclosure or other legal proceedings when the Company has taken possession of the collateral.

OREO	3rd Qtr. 2009	2nd Qtr. 2009	1st Qtr. 2009	4th Qtr. 2008	3rd Qtr. 2008
Citicorp	$ 284	$ 291	$ 307	$ 371	$ 425
Citi Holdings	585	664	854	1,022	1,092
Corporate/Other	15	14	41	40	85
Total OREO	$ 884	$ 969	$ 1,202	$ 1,433	$ 1,602
North America	$ 682	$ 789	$ 1,115	$ 1,349	$ 1,525
EMEA	105	97	65	66	61
Latin America	40	29	20	16	14
Asia	57	54	2	2	2
	$ 884	$ 969	$ 1,202	$ 1,433	$ 1,602
Other repossessed assets(1)	$ 76	$ 72	$ 78	$ 78	$ 81

(1) Primarily transportation equipment, carried at lower of cost or fair value, less costs to sell.

Non-accrual assets Total Citigroup	3rd Qtr. 2009	2nd Qtr. 2009	1st Qtr. 2009	4th Qtr. 2008	3rd Qtr. 2008
Corporate non-accrual loans	$ 14,776	$ 12,432	$ 11,207	$ 9,732	$ 2,739
Consumer non-accrual loans	17,908	15,814	14,904	12,565	10,804
Non-accrual loans (NAL)	$ 32,684	$ 28,246	$ 26,111	$ 22,297	$ 13,543
OREO	$ 884	$ 969	$ 1,202	$ 1,433	$ 1,602
Other repossessed assets	76	72	78	78	81
Non-accrual assets (NAA)	$ 33,644	$ 29,287	$ 27,391	$ 23,808	$ 15,226
NAL as a % of total loans	5.25%	4.40%	3.97%	3.21%	1.89%
NAA as a % of total assets	1.78%	1.59%	1.50%	1.23%	0.74%
Allowance for loan losses as a % of NAL(1)	111%	127%	121%	133%	177%

(1) The $6.403 billion of non-accrual loans transferred from the held-for-sale portfolio to the held-for-investment portfolio during the fourth quarter of 2008 were marked to market at the transfer date and, therefore, no allowance was necessary at the time of the transfer. $2.426 billion of the par value of the loans reclassified was written off prior to transfer.

Non-accrual assets Total Citicorp	3rd Qtr. 2009	2nd Qtr. 2009	1st Qtr. 2009	4th Qtr. 2008	3rd Qtr. 2008
Non-accrual loans (NAL)	$ 5,131	$ 5,314	$ 3,829	$ 3,193	$ 2,408
OREO	284	291	307	371	425

Other repossessed assets	**N/A**	N/A	N/A	N/A	N/A
Non-accrual assets (NAA)	**$ 5,415**	$ 5,605	$ 4,136	$ 3,564	$ 2,833
NAA as a % of total assets	**0.53%**	0.57%	0.43%	0.36%	0.24%
Allowance for loan losses as a % of NAL	**200%**	189%	223%	241%	276%
Non-accrual assets Total Citi Holdings					
Non-accrual loans (NAL)	**$ 27,553**	$ 22,932	$ 22,282	$ 19,104	$ 11,135
OREO	**585**	664	854	1,022	1,092
Other repossessed assets	**N/A**	N/A	N/A	N/A	N/A
Non-accrual assets (NAA)	**$ 28,138**	$ 23,596	$ 23,136	$ 20,126	$ 12,227
NAA as a % of total assets	**4.56%**	3.64%	3.49%	2.81%	1.58%
Allowance for loan losses as a % of NAL	**95%**	113%	104%	115%	156%

N/A Not available at the Citicorp or Citi Holdings level.

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Consumer Loan Details

Consumer Loan Delinquency Amounts, Net Credit Losses and Ratios

Table presents consumer credit information on a held basis.

In millions of dollars, except total and average loan amounts in billions	**Total loans(1)** Sept. 2009	**90 days or more past due(2)** Sept. 2009	June 2009	Sept. 2008	**Average loans(1)** 3Q 2009	**Net credit losses(2)** 3Q 2009	2Q 2009	3Q 2008
Citicorp								
Total	**$ 124.3**	**$ 1,909**	$ 2,218	$ 1,634	**$ 120.5**	**$ 1,426**	$ 1,392	$ 1,096
Ratio		**1.54%**	1.89%	1.29%		**4.70%**	4.78%	3.35%
Retail Bank								
Total	**80.0**	**749**	831	616	**77.7**	**379**	414	317
Ratio		**0.94%**	1.10%	0.77%		**1.93%**	2.22%	1.51%
North America	**7.5**	**93**	97	54	**7.4**	**79**	86	35
Ratio		**1.24%**	1.35%	1.10%		**4.23%**	4.85%	3.03%
EMEA	**5.7**	**62**	70	35	**5.7**	**84**	74	36
Ratio		**1.09%**	1.23%	0.48%		**5.84%**	5.34%	1.99%
Latin America	**17.7**	**324**	360	323	**16.9**	**113**	140	147
Ratio		**1.83%**	2.18%	1.89%		**2.65%**	3.43%	3.29%
Asia	**49.1**	**270**	304	204	**47.7**	**103**	114	99
Ratio		**0.55%**	0.66%	0.40%		**0.85%**	0.99%	0.73%
Citi-Branded Cards(3)								
Total	**44.3**	**1,160**	1,387	1,018	**42.8**	**1,047**	978	779
Ratio		**2.61%**	3.29%	2.20%		**9.71%**	9.32%	6.58%
North America(4)	**12.4**	**241**	248	118	**11.3**	**201**	219	109
Ratio		**1.94%**	2.21%	0.94%		**7.06%**	7.51%	3.67%
EMEA	**3.0**	**85**	94	35	**3.0**	**55**	47	19
Ratio		**2.83%**	3.35%	1.12%		**7.43%**	6.70%	2.45%
Latin America	**11.9**	**519**	695	603	**11.9**	**543**	472	493
Ratio		**4.36%**	5.89%	4.31%		**18.05%**	16.22%	13.16%
Asia	**17.0**	**315**	350	262	**16.6**	**248**	240	158
Ratio		**1.85%**	2.15%	1.57%		**5.93%**	6.00%	3.63%
Citi Holdings Local Consumer Lending								
Total	**310.8**	**18,538**	16,486	11,294	**319.6**	**4,929**	5,156	3,487
Ratio		**5.96%**	5.10%	3.13%		**6.12%**	6.25%	3.83%
International	**37.3**	**1,447**	1,535	1,033	**39.5**	**973**	976	737
Ratio		**3.88%**	3.81%	2.21%		**9.77%**	9.69%	6.02%
North America Retail Partners Cards(3)(4)	**21.7**	**885**	917	810	**23.7**	**867**	872	646
Ratio		**4.08%**	4.06%	2.73%		**14.51%**	14.82%	8.80%
North America (excluding Cards)	**251.8**	**16,206**	14,034	9,451	**256.4**	**3,089**	3,308	2,104
Ratio		**6.44%**	5.39%	3.33%		**4.78%**	4.98%	2.94%
Total Citigroup (excluding Special Asset Pool)	**$ 435.1**	**$ 20,447**	$ 18,704	$ 12,928	**$ 440.1**	**$ 6,355**	$ 6,548	$ 4,583
Ratio		**4.70%**	4.24%	2.66%		**5.73%**	5.87%	3.70%

(1) Total loans and average loans exclude interest and fees on credit cards.

(2)

The ratios of 90 days or more past due and net credit losses are calculated based on end-of-period loans and average loans, respectively, both net of unearned income.

(3)

The 90 days or more past due balance for Citi-branded cards and retail partners cards are generally still accruing interest. As discussed under "Loan Accounting Policies" above, the Company's policy is generally to accrue interest on credit card loans until 180 days past due, unless notification of bankruptcy filing has been received earlier.

(4)

In September 2009, the Citi-branded cards and retail partner cards businesses in North America changed their bankruptcy loss recognition practice from 10 days after receipt of notification of a cardmember's bankruptcy filing to 30 days after receipt of notification. The change was made to improve the accuracy in bankruptcy loss recognition and to closer align Citigroup's practices with industry norms. The effect of this change was not material.

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Consumer Loan Modification Programs

The Company has instituted a variety of programs to assist borrowers with financial difficulties. These programs include modifying the original loan terms, reducing interest rates, extending the remaining loan duration and/or waiving a portion of the remaining principal balance. The Company's programs consist of the U.S. Treasury's Home Affordable Modification Program (HAMP), as well as short-term forbearance and long-term modification programs, summarized below. The short and long-term programs are available to credit card, residential mortgage, personal installment, and auto borrowers both internationally and in the U.S.

HAMP. As of September 30, 2009, $5.7 billion of first mortgages, have been enrolled in HAMP, pending successful completion of a trial period (described below). The HAMP is designed to reduce monthly mortgage payments to a 31% housing debt ratio by lowering the interest rate, extending the term of the loan and forbearing principal of certain eligible borrowers who have defaulted on their mortgages or who are at risk of imminent default due to economic hardship. In order to be entitled to loan modifications, borrowers must complete a three- to five-month trial period, make the agreed payments and provide the required documentation before the end of the trial period. During the trial period, the original terms of the loans remain in effect pending final modification.

Short-Term Programs. Citigroup has also instituted programs to assist borrowers experiencing temporary hardships. These programs include short-term (twelve months or less) interest rate reductions and deferrals of past due payments. The loan volume under these short-term programs has increased significantly during 2009. As of September 30, 2009, short-term interest rate reduction programs covered loans in the residential mortgage ($7.4 billion), personal installment ($0.9 billion), credit card ($0.9 billion) and auto ($0.5 billion) businesses. Payment deferrals primarily occur in the U.S. residential mortgage business. Appropriate loan loss reserves have been established, giving consideration to the higher risk associated with those borrowers.

Long-Term Programs. Long-term modification programs, or "Troubled Debt Restructurings" (TDRs), occur when the terms of a loan have been modified due to the borrowers' financial difficulties and a long-term concession has been granted to the borrower. TDRs totaled $13.6 billion as of September 30, 2009. TDRs can be applied to credit card, residential mortgage, personal installment and auto loans. Valuation allowances for TDRs are determined by comparing estimated cash flows of the loans discounted at the loans' original contractual interest rates to the carrying value of the loans.

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U.S. Consumer Mortgage Lending

Overview

The Company's U.S. consumer mortgage portfolio consists of both first lien and second lien mortgages, managed primarily by Local Consumer Lending (LCL) within Citi Holdings. However, $0.5 billion of first lien mortgages and $1.7 billion of second lien mortgages are reported in Citicorp. As of September 30, 2009, the U.S. first lien mortgage portfolio totaled approximately $122 billion while the U.S. second lien mortgage portfolio was approximately $53 billion.

Data appearing throughout this report, including in the tables below, have been sourced from the Company's risk systems and, as such, may not reconcile with Citi's disclosures elsewhere generally due to differences in methodology and/or inconsistencies or variations in the manner in which information is captured. In addition, while the Company's risk management function continually reviews and refines its data capture and processing systems, certain Fair Isaac Corporation (FICO) and loan-to-value (LTV) data on the Company's mortgage portfolio is not available. The Company has noted such variations or inabilities to capture data, as applicable, below where material.

It is generally the Company's credit risk policy not to offer option ARMs/negative amortizing mortgage products to its customers. Option ARMs/negative amortizing mortgages represent a very insignificant portion of total balances that were acquired only incidentally as part of prior portfolio and business purchases.

A portion of loans in the Company's U.S. mortgage portfolio currently requires a payment to satisfy only the current accrued interest for the payment period or an interest-only payment. The Company's mortgage portfolio includes approximately $30 billion of first and second lien home equity lines of credit (HELOCs) with the interest-only payment feature that are still within their revolving period and have not commenced amortization. The interest-only payment feature during the revolving period is standard for the HELOC product across the industry. The first mortgage portfolio also contains approximately $35 billion of mostly adjustable rate mortgages (ARMs) that are currently required to make an interest-only payment. These loans will be required to make a fully amortizing payment upon expiration of their interest-only payment period, and most will do so within a few years of origination. Borrowers that are currently required to make an interest only payment cannot select a lower payment that will negatively amortize the loan. First mortgage loans with the interest-only payment feature are primarily to high credit quality borrowers that have on average significantly higher refreshed FICO scores than other loans in the first mortgage portfolio.

Loan Balances

First Mortgages Loan Balances. Approximately 83% of the Company's first lien mortgage portfolio had FICO credit scores of at least 620 at origination. As a consequence of the difficult economic environment and the decrease in housing prices, LTV ratios and FICO scores have deteriorated since originations, as depicted in the tables below. On a refreshed basis, approximately 31% of first lien mortgages had a FICO score below 620, compared to approximately 17% at origination.

Balances: September 30, 2009 First Lien Mortgages

At Origination	**FICO≥660**	**620≤FICO<660**	**FICO<620**
LTV ≤ 80%	**57%**	**5%**	**6%**
80% < LTV < 90%	**3%**	**2%**	**4%**
LTV ≥ 90%	**10%**	**6%**	**7%**

Refreshed	**FICO≥660**	**620≤FICO<660**	**FICO≤620**
LTV ≤ 80%	**29%**	**4%**	**11%**
80% < LTV < 90%	**8%**	**1%**	**4%**
LTV ≥ 90%	**23%**	**4%**	**16%**

Note: First lien mortgage table excludes loans in Canada, Puerto Rico and loans sold with recourse. Balances exclude deferred fees/costs. Refreshed FICO scores based on updated credit scores obtained from Fair Isaac Corporation. Refreshed LTV ratios are derived from data at origination updated using mainly the Case-Shiller Home Price Index or the Federal Housing Finance Agency Price Index. Tables exclude $3.1 billion from At Origination balances and $2.6 billion from Refreshed balances for which FICO or LTV data was unavailable. The 90 or more days past due (90+DPD) delinquency rate for mortgages with unavailable FICO or LTV is 13.9% At Origination and 10.2% from Refreshed vs. 10.2% for total portfolio. Excluding government-insured loans, loans subject to long-term standby commitments and PMI loans described below, the 90+DPD delinquency rate for the first lien mortgage portfolio as of September 30, 2009 is 9.0%.

The Company's first lien mortgage portfolio includes $4.8 billion of loans with Federal Housing Administration or Veterans Administration guarantees. These portfolios consist of loans originated to low-to-moderate-income borrowers with lower FICO scores and generally have higher LTVs. These loans have high delinquency rates (approximately 37% 90+DPD) but, given the guarantees, the Company has experienced negligible credit losses on these loans. The first lien mortgage portfolio also includes $2.4 billion of loans with LTVs above 80%, which have insurance through private mortgage insurance (PMI) companies, and $4.2 billion of loans subject to Long-Term Standby Commitments[1] with Government Sponsored Enterprises (GSE), for which the Company has limited exposure to credit losses.

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(1) A Long-Term Standby Commitment (LTSC) is a structured transaction in which the Company transfers the credit risk of certain eligible loans to an investor in exchange for a fee. These loans remain on balance sheet unless they reach a certain delinquency level (between 120 and 180 days), in which case the LTSC investor is required to buy the loan at par.

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Second Mortgages Loan Balances. In the second lien mortgage portfolio, the majority of loans are in the higher FICO categories. However, the challenging economic conditions have created a migration towards lower FICO scores and higher LTV ratios. Approximately 61% of that portfolio had refreshed LTV ratios of 90% or more, compared to about 36% at origination. However, many of the loans in the portfolio are HELOC's, where the LTV ratio is calculated as if the line were fully drawn. As a majority of lines are only partially drawn, current LTVs on a drawn basis will be lower.

Balances: September 30, 2009 Second Lien Mortgages

At Origination	FICO≥660	620≤FICO<660	FICO<620
LTV ≤ 80%	48%	2%	2%
80% < LTV < 90%	10%	1%	1%
LTV ≥ 90%	33%	2%	1%

Refreshed	FICO≥660	620≤FICO<660	FICO<620
LTV ≤ 80%	22%	2%	3%
80% < LTV < 90%	9%	1%	2%
LTV ≥ 90%	44%	5%	12%

Note: Second lien mortgage table excludes loans in Canada and Puerto Rico. Refreshed FICO scores based on updated credit scores obtained from Fair Isaac Corporation. Refreshed LTV ratios are derived from data at origination updated using mainly the Case-Shiller Home Price Index or the Federal Housing Finance Agency Price Index. Tables exclude $1.8 billion from At Origination balances and $1.6 billion from Refreshed balances for which FICO or LTV data was unavailable. As of September 30, 2009, the 90+ DPD delinquency rate for mortgages with unavailable FICO or LTV is 3.8% At Origination and 7.1% from Refreshed vs. 3.1% for total portfolio.

The second lien mortgage portfolio includes $1.8 billion of loans subject to LTSC with one of the GSE, hence limiting the Company's exposure to credit losses.

Delinquencies and Net Credit Losses

The tables below provide delinquency statistics for loans 90+DPD, as a percentage of outstandings in each of the FICO/LTV combinations, in both the first lien and second lien mortgage portfolios. For example, loans with FICO ≥ 660 and LTV ≤ 80% at origination have a 90+DPD rate of 6.6%.

As evidenced by the tables below, loans with FICO scores of less than 620 exhibit significantly higher delinquencies than in any other FICO band. Similarly, loans with LTVs equal to or greater than 90% have higher delinquencies than LTVs of less than 90%.

In addition, the first mortgage delinquencies continued to rise during the third quarter. Further breakout of the FICO below 620 segment indicates that delinquencies in this segment, on a refreshed basis, are about three times higher than in the overall first mortgage portfolio.

Delinquencies: 90+DPD Rates First Lien Mortgages

At Origination	FICO≥660	620≤FICO<660	FICO<620
LTV ≤ 80%	6.6%	11.3%	13.5%
80%> < LTV < 90%	7.9%	14.3%	17.8%
LTV ≥ 90%	10.1%	17.6%	24.7%

Refreshed	FICO≥660	620≤FICO<660	FICO<620
LTV ≤ 80%	0.2%	3.4%	17.8%
80% ≤ LTV < 90%	0.5%	5.9%	24.7%
LTV ≥ 90%	1.7%	13.7%	36.3%

Note: 90+DPD are based on balances referenced in the tables above.

Delinquencies: 90+DPD Rates Second Lien Mortgages

At Origination	FICO≥660	620≤FICO<660	FICO<620
LTV ≤ 80%	**1.5%**	**4.0%**	**5.1%**
80% < LTV < 90%	**3.3%**	**5.0%**	**5.8%**
LTV ≥ 90%	**4.7%**	**5.6%**	**7.6%**

Refreshed	FICO≥660	620≤FICO<660	FICO<620
LTV ≤ 80%	**0.0%**	**0.9%**	**8.3%**
80% < LTV < 90%	**0.0%**	**0.7%**	**8.5%**
LTV ≥ 90%	**0.3%**	**3.6%**	**18.1%**

Note: 90+DPD are based on balances referenced in the tables above.

The following charts detail the quarterly trends in delinquencies and net credit losses for the Company's first and second N.A. consumer mortgage portfolios.

Both losses and delinquencies for the first mortgage portfolio have been impacted by the HAMP. As set forth in the first chart, first mortgage delinquencies continued to increase in the third quarter of 2009, exacerbated in part by the reduction in loan balances. However, the continued increase in first mortgage delinquencies during the third quarter 2009 is largely explained by the impact of HAMP. As mentioned elsewhere in this report, loans in the HAMP trial modification period are reported as delinquent if the original contractual payments are not received on time (even if the reduced payments agreed to under the program are made by the borrower).

Further, HAMP impacted Citi's net credit losses in the first mortgage portfolio during the third quarter of 2009 as

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loans in the trial period are not charged off at 180 DPD as long as they have made at least one payment. Nearly half of the sequential decline in net credit losses on first mortgages during the third quarter 2009 was attributable to HAMP. The Company has increased its loan loss provisions to offset this impact.

Based on these trends described above, the Company believes that the success rate of HAMP will be a key factor influencing net credit losses from delinquent first mortgage loans in the near future, and the outcome of the program will largely depend on the success rates of borrowers completing the trial period and meeting the documentation requirements.

By contrast, during the third quarter of 2009, second mortgage delinquencies began to moderate, as did net credit losses, as compared to the prior quarter. The Company continues to actively manage this exposure by reducing the riskiest accounts, including by tightening credit requirements through higher FICOs, lower LTVs, increased documentation and verifications.

It should be noted that first mortgage net credit losses, as a percentage of average loans, are nearly half the level of those in the second mortgage portfolio, despite much higher delinquencies in the first mortgage portfolio. The Company believes that two major factors explain this relationship:

- first mortgages have a senior secured position;

- more first mortgages undergo a foreclosure process where they will continue to be counted as delinquent until the conclusion of the process.

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Note: Includes loans for Canada, Puerto Rico and loans held for sale. Balances include deferred fees/costs.

Note: Includes loans for Canada and Puerto Rico.

Origination Channel, Geographic Distribution and Origination Vintage

The following tables detail the Company's first and second U.S. Consumer mortgage portfolios by origination channels, geographic distribution and origination vintage.

By Origination Channel

The Company's U.S. consumer mortgage portfolio has been originated from three main channels: retail, broker and correspondent.

Retail: loans originated through a direct relationship with the borrower.

Broker: loans originated through a mortgage broker, where the Company underwrites the loan directly with the borrower.

Correspondent: loans originated and funded by a third party, where the Company purchases the closed loans after the correspondent has funded the loan. This channel includes loans acquired in large bulk purchases from other mortgage originators primarily in 2006 and 2007. Such bulk purchases were discontinued in 2007.

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First Lien Mortgages: September 30, 2009

CHANNEL *($ in billions)*	**First Lien Mortgages**	**Channel % Total**	**90+DPD %**	***FICO < 620**	***LTV ≥ 90**
Retail	$ 50.5	41.5%	4.4%	$ 14.6	$ 16.4
Broker	$ 21.0	17.3%	10.5%	$ 4.2	$ 10.0
Correspondent	$ 50.2	41.2%	15.9%	$ 18.6	$ 26.0

* Refreshed FICO and LTV.

Note: First lien mortgage table excludes Canada and Puerto Rico, deferred fees/costs and loans sold with recourse.

As of September 30, 2009, approximately 41% of the first lien mortgage portfolio was originated through the correspondent channel, a reduction from approximately 43% as of the end of 2008. Given that loans originated through correspondents have exhibited higher 90+DPD delinquency rates than retail originated mortgages, the Company terminated business with a number of correspondent sellers in 2007 and 2008. During 2008, the Company severed relationships with a number of brokers, only maintaining those who have produced strong, high-quality and profitable volume.

Second Lien Mortgages: September 30, 2009

CHANNEL *($ in billions)*	**Second Lien Mortgages**	**Channel % Total**	**90+DPD %**	***FICO < 620**	***LTV ≥ 90**
Retail	$ 27.0	50.8%	1.6%	$ 3.9	$ 12.4
Broker	$ 13.2	24.9%	4.0%	$ 2.2	$ 9.9
Correspondent	$ 12.9	24.3%	5.2%	$ 3.1	$ 9.5

* Refreshed FICO and LTV.

Note: Excludes Canada and Puerto Rico.

For second lien mortgages, approximately 49% of the loans were originated through third-party channels. As these mortgages have demonstrated a higher incidence of delinquencies, the Company no longer originates second mortgages through third-party channels, which represented approximately 54% of the portfolio as of the end of 2008.

By State

Approximately half of the Company's U.S. consumer mortgage portfolio is located in five states: California, New York, Florida, Texas and Illinois. Those states represent 49% of first lien mortgages and 54% of second lien mortgages.

Florida and Illinois have above average 90+DPD delinquency rates. Florida has 39% of its first mortgage lien portfolio in the FICO<620 band; and 66% of its loan portfolio has refreshed LTV≥90. Illinois has 33% of its loans in the FICO<620 band; and 54% of its loan portfolio has LTV≥90. Texas, despite having 44% of its portfolio with FICO<620, has a lower delinquency rate relative to the overall portfolio. Texas has only 8% of its loan portfolio with refreshed LTV≥90.

First Lien Mortgages: September 30, 2009

STATES *($ in billions)*	**First Lien Mortgages**	**State % Total**	**90+DPD %**	***FICO < 620**	***LTV ≥ 90**
California	$ 32.3	26.6%	9.0%	$ 5.2	$ 18.3
New York	$ 10.0	8.2%	6.8%	$ 2.0	$ 1.7
Florida	$ 7.3	6.0%	16.8%	$ 2.8	$ 4.8
Texas	$ 5.3	4.3%	8.7%	$ 2.3	$ 0.4

Illinois	$	5.2	4.3%	11.4% $	1.7	$	2.8
Others	$	61.7	50.7%	10.6% $	23.4	$	24.3

* Refreshed FICO and LTV.

Note: First lien mortgage table excludes Canada and Puerto Rico, deferred fees/costs and loans sold with recourse.

In the second lien mortgage portfolio, Florida continues to experience above-average delinquencies, with approximately 81% of their loans with LTV ≥ 90 compared to 60% overall for second lien mortgages.

Second Lien Mortgages: September 30, 2009

STATES *($ in billions)*		**Second Lien Mortgages**	**State % Total**	**90+DPD %**	***FICO < 620**		***LTV ≥ 90**
California	$	14.6	27.4%	3.8% $	2.0	$	10.4
New York	$	6.9	12.9%	1.9% $	0.8	$	2.2
Florida	$	3.6	6.8%	5.2% $	0.8	$	2.9
Illinois	$	2.1	3.9%	3.0% $	0.4	$	1.5
Texas	$	1.5	2.8%	1.2% $	0.2	$	0.2
Others	$	24.5	46.1%	2.8% $	5.0	$	14.5

* Refreshed FICO and LTV.

Note: Excludes Canada and Puerto Rico.

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By Vintage

For the Company's combined U.S. consumer mortgage portfolio (first and second lien mortgages), approximately half of the portfolio consists of 2006 and 2007 vintages, which demonstrate above average delinquencies. In first mortgages, approximately 43% of the portfolio is of 2006 and 2007 vintages, which have 90+DPD rates well above the overall portfolio rate. In second mortgages, 64% of the portfolio is of 2006 and 2007 vintages, which again have higher delinquencies compared to the overall portfolio rate.

First Lien Mortgages: September 30, 2009

VINTAGES *($ in billions)*	**First Lien Mortgages**	**Vintage % Total**	**90+DPD %**	***FICO < 620**	***LTV ≥ 90**
2009	$ 4.1	3.3%	0.3%	$ 0.6	$ 0.9
2008	$ 15.1	12.4%	5.2%	$ 3.3	$ 5.5
2007	$ 30.0	24.6%	15.8%	$ 11.5	$ 18.7
2006	$ 22.2	18.2%	13.7%	$ 7.6	$ 13.3
2005	$ 20.8	17.1%	7.5%	$ 5.0	$ 9.6
≤ 2004	$ 29.5	24.3%	7.7%	$ 9.5	$ 4.5

* Refreshed FICO and LTV.

Note: First lien mortgage table excludes Canada and Puerto Rico, deferred fees/costs and loans sold with recourse.

Second Lien Mortgages: September 30, 2009

VINTAGES *($ in billions)*	**Second Lien Mortgages**	**Vintage % Total**	**90+DPD %**	***FICO < 620**	***LTV ≥ 90**
2009	$ 0.5	0.9%	0.6%	$ 0.0	$ 0.0
2008	$ 4.4	8.3%	0.9%	$ 0.5	$ 1.5
2007	$ 16.0	30.0%	3.5%	$ 3.0	$ 10.4
2006	$ 17.8	33.6%	3.8%	$ 3.4	$ 12.9
2005	$ 10.1	18.9%	2.7%	$ 1.5	$ 6.2
≤ 2004	$ 4.4	8.3%	1.7%	$ 0.7	$ 0.9

* Refreshed FICO and LTV.

Note: Excludes Canada and Puerto Rico.

N.A. Cards

The Company's N.A. cards portfolio consists of its Citi-branded and retail partner cards portfolios located in Citicorp and Citi Holdings Local Consumer Lending, respectively. As of September 30, 2009, the U.S. Citi-branded portfolio totaled approximately $84 billion while the U.S. retail partner cards portfolio was approximately $57 billion, both reported on a managed basis.

In the Company's experience to date, these portfolios have significantly different characteristics:

- Citi-branded cards tend to have a longer estimated account life, with higher credit lines and balances reflecting the greater utility of a multi-purpose credit card.

Retail partner cards tend to have a shorter account life, with smaller credit lines and balances. The account portfolio, by nature, turns faster and the loan balances reflect more recent vintages.

As set forth in the table below, on a refreshed basis approximately 73% of the Citi-branded portfolio had FICO credit scores of at least 660 as of September 30, 2009, while 62% of the retail partner cards portfolio had scores of at least 660.

Balances: September 30, 2009

Refreshed	Citi Branded	Retail Partners
FICO ≥ 660	**73%**	**62%**
620≤FICO<660	**11%**	**13%**
FICO<620	**16%**	**25%**

Note: Based on balances of $138 billion. Balances include interest and fees. Excludes Canada, Puerto Rico, Installment and Classified portfolios. Excludes balances where FICO was unavailable ($0.9 billion for Citi-branded, $2.2 billion for retail partner cards). 90+DPD delinquency rate for balances where FICO was unavailable is 9.83% for Citi-branded and 9.38% for retail partner cards vs. overall rate of 2.63% for Citi-branded and 4.49% for retail partner cards.

In each of the two portfolios, Citi has been actively eliminating riskier accounts and sales to mitigate losses. First, the Company has removed high risk customers from the portfolio by either reducing available lines of credit or closing accounts. End-of-period open accounts are down 16% in branded cards and 13% in retail partner cards versus prior year levels. Second, the Company has improved the tools used to identify and manage exposure in each of the portfolios by targeting unique customer attributes. Loss mitigation programs that entail a reduction in customers' monthly payments obligation constitutes less than 5% of the overall managed portfolio as of September 30, 2009. These programs along with other loss mitigation activities have stabilized reported delinquencies and net credit losses and importantly, early indicators of re-default rates related to these programs are within expected norms.

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The table below provides delinquency statistics for loans 90+DPD for both the Citi-branded and retail partner cards portfolios as of September 30, 2009. Given the economic environment, customers have migrated down from higher FICO score ranges, driven by their delinquencies with Citi and/or with other creditors. As these customers roll through the delinquency buckets, they materially damage their credit score and may ultimately go to charge-off. Loans with FICO scores less than 620, which constitute 16% of the Citi-branded portfolio, have a 90+DPD rate of 15.2%; in the retail partner cards portfolio, loans with FICO scores less than 620 constitute 25% of the portfolio and have a 90+DPD rate of 16.8%.

90+DPD Delinquency Rate: September 30, 2009

Refreshed	Citi Branded 90+DPD%	Retail Partners 90+DPD%
FICO ≥ 660	**0.1%**	**0.2%**
620≤FICO<660	**0.3%**	**0.6%**
FICO<620	**15.2%**	**16.8%**

Note: Based on balances of $138 billion. Balances include interest and fees. Excludes Canada, Puerto Rico, Installment and Classified portfolios. Loans 90 days or more past due are more likely to be associated with low refreshed FICO scores both because low scores are indicative of repayment risk and because their delinquency has been reported by the Company to the credit bureaus.

The following charts detail the quarterly trends in delinquencies and net credit losses for the Company's N.A. Citi-branded and retail partner cards portfolios.

The Citi-branded cards delinquencies have improved quarter over quarter. Further breakout of the FICO below 620 segment indicates that delinquencies in this segment, on a refreshed basis, have contributed to the improvement.

The retail partner cards delinquencies increased slightly over the prior quarter, exacerbated in part by the decline in loan balances, but remain lower than the first quarter. The 90+DPD balance has declined since the first quarter, driving the reduction in net credit losses both in rate and dollars.

The Company believes that net credit losses in each of the cards portfolios will continue to remain at elevated levels and will continue to be highly dependent on the external environment and industry changes.

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Note: Includes Puerto Rico.

Note: Includes Canada and Puerto Rico.

The Credit Card Accountability Responsibility and Disclosure Act of 2009

On May 22, 2009, The Credit Card Accountability Responsibility and Disclosure Act of 2009 (CARD Act) was enacted into law. The CARD Act will affect various credit card practices of card issuers, including Citigroup, such as marketing, underwriting, pricing, billing and disclosure requirements, thus reshaping the way consumers have access to and use their credit cards. Currently, many of the provisions in the CARD Act are to take effect in February 2010, although some provisions were effective in August 2009 and some will take effect in August 2010. However, legislation has been introduced in Congress to accelerate certain provisions of the CARD Act.

Certain provisions of the CARD Act are consistent with Citigroup's existing practices and will not require any changes or modifications. Other provisions, however, such as those that restrict the ability of an issuer to increase APRs on outstanding balances or that establish standards for penalty fees and payment allocation, will require Citigroup to make fundamental changes to its credit card business model. The impact of the CARD Act on Citigroup's credit businesses is not fully known at this time. The final impact will ultimately depend upon the successful implementation of changes to Citigroup's business model and the continued regulatory actions on and interpretations of the CARD Act, among other considerations.

U.S. Installment and Other Revolving Loans

In the table below, the Company's U.S. Installment portfolio consists of consumer loans in the following businesses: Consumer Finance, Retail Banking, Auto, Student Lending and Cards. Other Revolving consists of consumer loans (Ready Credit and Checking Plus products) in the Consumer Retail Banking business. Commercial-related loans are not included.

As of September 30, 2009, the U.S. Installment portfolio totaled approximately $58 billion, while the U.S. Other Revolving portfolio was approximately $1 billion. While substantially all of the U.S. Installment portfolio is managed under LCL within Citi Holdings, it does include $0.4 billion of Consumer Retail Banking loans which are reported in Citicorp. The U.S. Other Revolving portfolio is managed under Citicorp. The U.S. Installment portfolio includes $21 billion of student loans originated under the Federal Family Education Loan Program where losses are substantially mitigated by federal guarantees if the loans are properly serviced.

Approximately 44% of the Installment portfolio had FICO credit scores less than 620 on a refreshed basis. The Company continues to execute its strategy to wind down the assets in Citi Holdings. Approximately 29% of the Other Revolving portfolio is composed of loans having FICO less than 620.

Balances: September 30, 2009

Refreshed	Installment	Other Revolving
FICO ≥ 660	**41%**	**56%**
620≤FICO<660	**15%**	**15%**
FICO<620	**44%**	**29%**

Note: Based on balances of $56 billion for Installment and $0.9 billion for Other Revolving. Excludes Canada and Puerto Rico. Excludes balances where FICO was unavailable ($2.3 billion for Installment, $0.1 billion for Other Revolving). 90+ DPD delinquency rate for balances where FICO was unavailable is 3.55% for Installment and 6.34% for Other Revolving vs. overall rate of 2.84% for Installment and 3.12% for Other Revolving.

The table below provides delinquency statistics for loans 90+DPD for both the Installment and Other Revolving portfolios. On a refreshed basis, loans with FICO scores of less than 620 exhibit significantly higher delinquencies than in any other FICO band and will drive the majority of the losses.

90+DPD Delinquency Rate: September 30, 2009

Refreshed	Installment 90+DPD%	Other Revolving 90+DPD%
FICO ≥ 660	**0.1%**	**0.0%**
620≤FICO<660	**0.3%**	**0.4%**
FICO<620	**6.2%**	**9.2%**

Note: Based on balances of $56 billion for Installment and $0.9 billion for Other Revolving. Excludes Canada and Puerto Rico. Loans 90 days or more past due are more likely to be associated with low refreshed FICO scores both because low scores are indicative of repayment risk and because their delinquency has been reported by the Company to the credit bureaus.

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Corporate Loan Details

For corporate clients and investment banking activities across Citigroup, the credit process is grounded in a series of fundamental policies, including:

joint business and independent risk management responsibility for managing credit risks;

a single center of control for each credit relationship that coordinates credit activities with that client;

portfolio limits to ensure diversification and maintain risk/capital alignment;

a minimum of two authorized-credit-officer signatures required on extensions of credit, one of which must be from a credit officer in credit risk management;

risk rating standards, applicable to every obligor and facility; and

consistent standards for credit origination documentation and remedial management.

Corporate Credit Portfolio

The following table presents credit data for the Company's corporate loans and unfunded lending commitments at September 30, 2009:

	At September 30, 2009			
Corporate Loans(1) ***(in millions of dollars)***	**Recorded Investment in Loans(2)**	**% of Total(3)**	**Unfunded Lending Commitments**	**% of Total(3)**
Investment grade(4)	**$ 96,689**	**57%**	**$ 275,556**	**88%**
Non-investment grade(4)				
Noncriticized	21,010	12	14,268	5
Criticized performing(5)	36,803	22	20,384	6
Commercial real estate (CRE)	*6,170*	*4*	*1,786*	*0*
Commercial & Industrial	*30,633*	*18*	*18,598*	*6*
Criticized non-performing(5)	14,776	9	3,246	1
Commercial real estate (CRE)	*3,783*	*3*	*913*	*0*
Commercial & Industrial	*10,993*	*6*	*2,333*	*1*
Total non-investment grade	**$ 72,589**	**43%**	**$ 37,898**	**12%**
Private Banking loans managed on a delinquency basis(4)(6)	14,565		2,275	
Loans at fair value	1,475			
Total Corporate Loans	**$ 185,318**		**$ 315,754**	
Unearned income	(4,598)			
Corporate Loans, net of unearned income	**$ 180,720**		**$ 315,754**	

(1)

Includes $575 million of TDRs for which concessions, such as the reduction of interest rates or the deferral of interest or principal payments, have been granted as a result of deterioration in the borrowers' financial condition. Each of the borrowers is current under the restructured terms.

(2) Recorded investment in a loan includes accrued interest, net deferred loan fees and costs, unamortized premium or discount, less any direct write-downs.

(3) Percentages disclosed above exclude Private Banking loans managed on a delinquency basis and loans at fair value.

(4) Held-for-investment loans accounted for on an amortized cost basis.

(5) Criticized exposures corresponds to the Special Mention, Substandard and Doubtful asset categories defined by regulatory authorities.

(6) Approximately $0.2 billion are 90+DPD.

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The following tables represent the corporate credit portfolio (excluding Private Banking), before consideration of collateral, by maturity at September 30, 2009. The corporate portfolio is broken out by direct outstandings which include drawn loans, overdrafts, interbank placements, bankers' acceptances, certain investment securities and leases and unfunded commitments which include unused commitments to lend, letters of credit and financial guarantees.

	At September 30, 2009			
In billions of dollars	Due within 1 year	Greater than 1 year but within 5 years	Greater than 5 years	Total exposure
Direct outstandings	$ 158	$ 88	$ 8	$ 254
Unfunded lending commitments	182	126	9	317
Total	**$ 340**	**$ 214**	**$ 17**	**$ 571**

	At December 31, 2008			
In billions of dollars	Due within 1 year	Greater than 1 year but within 5 years	Greater than 5 years	Total exposure
Direct outstandings	$ 161	$ 100	$ 9	$ 270
Unfunded lending commitments	206	141	12	359
Total	**$ 367**	**$ 241**	**$ 21**	**$ 629**

Portfolio Mix

The corporate credit portfolio (excluding Private Banking) is diverse across counterparty, industry and geography. The following table shows direct outstandings and unfunded commitments by region:

	September 30, 2009	December 31, 2008
North America	**46%**	**48%**
EMEA	**32**	**31**
Latin America	**9**	**8**
Asia	**13**	**13**
Total	**100%**	**100%**

The maintenance of accurate and consistent risk ratings across the corporate credit portfolio facilitates the comparison of credit exposure across all lines of business, geographic regions and products.

Obligor risk ratings reflect an estimated probability of default for an obligor and are derived primarily through the use of statistical models (which are validated periodically), external rating agencies (under defined circumstances) or approved scoring methodologies. Facility risk ratings are assigned, using the obligor risk rating, and then factors that affect the loss-given default of the facility, such as support or collateral, are taken into account.

Internal obligor ratings equivalent to BBB and above are considered investment grade. Ratings below the equivalent of the BBB category are considered non-investment grade.

The following table presents the corporate credit portfolio (excluding Private Banking) by facility risk rating at September 30, 2009 and December 31, 2008, as a percentage of the total portfolio:

Direct outstandings and unfunded commitments

	September 30, 2009	December 31, 2008
AAA/AA/A	54%	57%
BBB	25	24
BB/B	13	13
CCC or below	8	6
Unrated		
Total	100%	100%

The corporate credit portfolio (excluding Private Banking) is diversified by industry, with a concentration only in the financial sector, including banks, other financial institutions, insurance companies, investment banks and government and central banks. The following table shows the allocation of direct outstandings and unfunded commitments to industries as a percentage of the total corporate portfolio:

	Direct outstandings and unfunded commitments	
	September 30, 2009	December 31, 2008
Government and central banks	14%	12%
Investment banks	6	7
Banks	10	7
Other financial institutions	5	5
Utilities	5	5
Insurance	4	4
Petroleum	5	4
Agriculture and food preparation	5	4
Telephone and cable	3	3
Industrial machinery and equipment	3	3
Global information technology	2	3
Chemicals	3	3
Other industries(1)	35	40
Total	100%	100%

(1) Includes all other industries, none of which exceeds 2% of total outstandings.

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Credit Risk Mitigation

As part of its overall risk management activities, the Company uses credit derivatives and other risk mitigants to hedge portions of the credit risk in its portfolio, in addition to outright asset sales. The purpose of these transactions is to transfer credit risk to third parties. The results of the mark-to-market and any realized gains or losses on credit derivatives are reflected in the *Principal transactions* line on the Consolidated Statement of Income.

At September 30, 2009 and December 31, 2008, $66.3 billion and $95.5 billion, respectively, of credit risk exposure were economically hedged. Citigroup's expected loss model used in the calculation of its loan loss reserve does not include the favorable impact of credit derivatives and other risk mitigants. In addition, the reported amounts of direct outstandings and unfunded commitments in this report do not reflect the impact of these hedging transactions. At September 30, 2009 and December 31, 2008, the credit protection was economically hedging underlying credit exposure with the following risk rating distribution, respectively:

Rating of Hedged Exposure

	September 30, 2009	December 31, 2008
AAA/AA/A	45%	54%
BBB	37	32
BB/B	11	9
CCC or below	7	5
Total	100%	100%

At September 30, 2009 and December 31, 2008, the credit protection was economically hedging underlying credit exposure with the following industry distribution, respectively:

Industry of Hedged Exposure

	September 30, 2009	December 31, 2008
Utilities	9%	10%
Telephone and cable	8	9
Agriculture and food preparation	7	7
Petroleum	6	7
Industrial machinery and equipment	6	6
Insurance	4	5
Chemicals	7	5
Retail	4	5
Other financial institutions	4	4
Autos	5	4
Pharmaceuticals	5	4
Natural gas distribution	4	4
Global information technology	3	4
Metals	4	3
Other industries(1)	24	23
Total	100%	100%

(1) Includes all other industries, none of which is greater than 2% of the total hedged amount.

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U.S. Subprime-Related Direct Exposure in Citi Holdings Special Asset Pool

The following table summarizes Citigroup's U.S. subprime-related direct exposures in Citi Holdings at September 30, 2009 and June 30, 2009:

In billions of dollars	June 30, 2009 exposures	Third Quarter 2009 write-ups (downs)(1)	Third Quarter 2009 Other(2)	September 30, 2009 exposures
Direct ABS CDO super senior exposures:				
Gross ABS CDO super senior exposures (A)	**$ 14.5**			**$ 15.1**
Hedged exposures (B)	**6.3**			**6.3**
Net ABS CDO super senior exposures:				
ABCP/CDO(3)	**7.3**	**$ 1.6**	**$ (1.3)**	**7.7**
High grade	**0.7**	**0.1**		**0.8**
Mezzanine	**0.2**	**0.2(4)**	**(0.1)**	**0.3**
Total net ABS CDO super senior exposures (A-B=C)	**$ 8.3**	**$ 2.0**	**$ (1.5)(4)**	**$ 8.8**
Lending and structuring exposures (D)	**$ 1.4**	**$**	**$ (0.1)**	**$ 1.2**
Total net exposures (C+D)(5)(6)	**$ 9.6**	**$ 2.0**	**$ (1.7)**	**$ 10.0**
Credit adjustment on hedged counterparty exposures (E)(7)		**$ (0.1)**		
Total net write-ups (downs) (C+D+E)		**$ 1.9**		

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

(1) Includes net profits and losses associated with liquidations.

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

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

(4) A portion of the underlying securities was purchased in liquidations of CDOs and reported as *Trading account assets*. As of September 30, 2009, $303 million relating to deals liquidated was held in the trading books.

(5) Composed of net CDO super-senior exposures and gross lending and structuring exposures.

(6) These $10.0 billion in net direct exposures include the $8.0 billion of assets reflected in the table entitled "Assets within Special Asset Pool" under "Citi Holdings Special Asset Pool" above.

(7) Adjustment related to counterparty credit risk.

Citi Holdings had approximately $10.0 billion in net U.S. subprime-related direct exposures in the Special Asset Pool at September 30, 2009. The exposure consisted of (a) approximately $8.8 billion of net exposures in the super senior tranches (i.e., the most senior tranches) of CDOs, which are collateralized by asset-backed securities, derivatives on asset-backed securities, or both (ABS CDOs), and (b) approximately $1.2 billion of exposures in its lending and structuring business.

The Special Asset Pool 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.

Direct ABS CDO Super Senior Exposures

The net $8.8 billion in ABS CDO super senior exposures as of September 30, 2009 is collateralized primarily by subprime RMBS, derivatives on RMBS, or both.

Citi Holdings' CDO super senior subprime direct exposures are Level 3 assets. The valuation of the high-grade and mezzanine ABS CDO positions uses trader prices based on the underlying assets of each high-grade and mezzanine ABS CDO. Unlike the ABCP positions, the high-grade and mezzanine positions are now largely hedged through the ABX and bond short positions, which are trader priced. This results in closer symmetry in the way these long and short positions are valued by the business. Citi Holdings intends to use trader marks to value this portion of the portfolio going forward so long as it remains largely hedged.

The valuation of the ABCP positions is subject to valuation based on significant unobservable inputs. Fair value of these exposures 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. The model is calibrated using available mortgage loan information including historical loan performance. An appropriate discount rate is then applied to the cash flows generated for each ABCP tranche, in order to estimate its fair value under current market conditions.

The valuation as of September 30, 2009 assumes a cumulative decline in U.S. housing prices from peak to trough of 30.5%. This rate assumes declines of 10% in 2009 and flat for 2010, respectively, the remainder of the 30.5% decline having already occurred before the end of 2008.

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. Each 10 basis point change in the discount rate used generally results in an approximate $26 million change in the fair value of the Company's direct ABCP exposures as of September 30, 2009.

Estimates of the fair value of the CDO super senior exposures depend on market conditions and are subject to further change over time. For a further discussion of the valuation methodology and assumptions used to value direct ABS CDO super senior exposures to U.S. Subprime Mortgages, see Note 17 to the Consolidated Financial Statements, "Fair Value Measurement."

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Lending and Structuring Exposures

The $1.2 billion of subprime-related exposures includes approximately $0.8 billion of actively managed subprime loans purchased for resale or securitization at a discount to par during 2007 and approximately $0.4 billion of financing transactions with customers secured by subprime collateral, and are carried at fair value.

Exposure to Commercial Real Estate

ICG and the Special Asset Pool, through their business activities and as capital markets participants, incur exposures that are directly or indirectly tied to the commercial real estate market. These exposures are represented primarily by the following three categories:

(1) *Assets held at fair value* include approximately $5.7 billion, of which approximately $4.6 billion are securities, loans and other items linked to CRE that are carried at fair value as trading account assets, and of which approximately $1.0 billion are securities backed by CRE carried at fair value as available-for-sale (AFS) investments. Changes in fair value for these trading account assets are reported in current earnings, while AFS 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. 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) *Assets held at amortized cost* include approximately $1.8 billion of securities classified as HTM and $22.8 billion of loans and commitments. The HTM securities were classified as such during the fourth quarter of 2008 and were previously classified as either trading or AFS. They are accounted for at amortized cost, subject to other-than-temporary impairment. Loans and commitments are recorded at amortized cost, less loan loss reserves. The impact from changes in credit is reflected in the calculation of the allowance for loan losses and in net credit losses.

(3) *Equity and other investments* include approximately $4.9 billion of equity and other investments such as limited partner fund investments which are accounted for under the equity method, which recognizes gains or losses based on the investor's share of the net income of the investee.

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Direct Exposure to Monolines

Citi Holdings has exposure, via the Special Asset Pool, 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. Citi Holdings recorded an additional $61 million in downward CVA related to exposure to Monolines during the third quarter of 2009, bringing the total CVA balance to $5.3 billion.

The following table summarizes the market value of Citi Holdings' direct exposures to and the corresponding notional amounts of transactions with the various Monolines as well as the aggregate credit valuation adjustment associated with these exposures as of September 30, 2009 and June 30, 2009.

	September 30, 2009		June 30, 2009	
In millions of dollars	Fair-value exposure	Notional amount of transactions	Fair-value exposure	Notional amount of transactions
Direct subprime ABS CDO super senior Ambac	**$ 4,495**	**$ 5,295**	$ 4,525	$ 5,328
***Trading assets* non-subprime:**				
MBIA	**$ 1,898**	**$ 3,871**	$ 2,123	$ 3,868
FSA	**74**	**847**	128	1,108
Assured	**80**	**458**	126	466
Radian	**8**	**150**	19	150
Ambac		**407**		407
Subtotal trading assets non-subprime	**$ 2,061**	**$ 5,733**	$ 2,396	$ 5,999
Total gross fair-value direct exposure	**$ 6,556**		$ 6,921	
Credit valuation adjustment	**(5,274)**		(5,213)	
Total net fair-value direct exposure	**$ 1,282**		$ 1,708	

The fair-value exposure, net of payable and receivable positions, represents the market value of the contract as of September 30, 2009 and June 30, 2009, respectively, excluding the CVA. The notional amount of the transactions, including both long and short positions, is used as a reference value to calculate payments. The CVA is a downward adjustment to the fair-value exposure to a counterparty to reflect the counterparty's creditworthiness in respect of the obligations in question.

Credit valuation 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.

As of September 30, 2009 and June 30, 2009, Citi Holdings had $6.3 billion in notional amount of hedges against its direct subprime ABS CDO super senior positions. Of those amounts, $5.3 billion was purchased from Monolines and is included in the notional amount of transactions in the table above.

With respect to Citi Holdings' trading assets, there were $2.1 billion and $2.4 billion of fair-value exposure to Monolines as of September 30, 2009 and June 30, 2009, respectively. Trading assets include trading positions, both long and short, in U.S. subprime RMBS and related products, including ABS CDOs.

The notional amount of transactions related to the remaining non-subprime trading assets as of September 30, 2009 was $5.7 billion. Of the $5.7 billion, $5.0 billion was in the form of credit default swaps and total return swaps with a fair value exposure of $2.1 billion. The remaining notional amount comprised $697 million primarily in interest-rate swaps with a corresponding fair value exposure of $9 million net payable.

The notional amount of transactions related to the remaining non-subprime trading assets at June 30, 2009 was $6.0 billion with a corresponding fair value exposure of $2.4 billion. Of the $6.0 billion, $5.0 billion was in the form of credit default swaps and total return swaps with a fair value of $2.4 billion. The remaining notional amount comprised $955 million primarily in interest-rate swaps with a corresponding fair value exposure of $2.1 million net payable.

The Company has purchased mortgage insurance from various monoline mortgage insurers on first mortgage loans. The notional amount of this insurance protection was approximately $243 million and $316 million as of September 30, 2009 and June 30, 2009, respectively, 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 insured by the Monolines. The table and discussion above do not reflect this type of indirect exposure to the Monolines.

Highly Leveraged Financing Transactions

Highly leveraged financing commitments 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. In recent years through mid-2008, highly leveraged financing had 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 for other types of financing.

Prior to funding, highly leveraged financing commitments are assessed for impairment and losses are recorded when they are probable and reasonably estimable. For the portion of loan commitments that relates 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 relates 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); and

- the portion that will be retained is recorded as a loan held-for-investment in *Loans* and measured at amortized cost less a reserve for loan losses.

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. This has resulted in the Company's recording pretax write-downs on funded and unfunded highly leveraged finance exposures of $24 million in the third quarter of 2009, bringing the cumulative write-downs for the first nine months of 2009 to $508 million.

Citigroup's exposures to highly leveraged financing commitments totaled $6.2 billion at September 30, 2009 ($5.9 billion funded and $0.3 billion in unfunded commitments), reflecting a decrease of $2.3 billion from June 30, 2009.

In 2008, the Company completed the transfer of approximately $12.0 billion of loans to third parties, of which $8.5 billion relates to highly leveraged loan 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 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 AFS securities on the Company's Consolidated Balance Sheet.

In addition, the Company purchased protection on the senior debt securities from the third-party subordinate interest holders via total return swaps (TRS). The counterparty credit risk in the TRS is protected through margin agreements that provide for both initial margin and additional margin at specified triggers. Due to the initial cash margin received, the existing margin requirements on the TRS, and the substantive subordinate investments made by third parties, the Company believes that the transactions largely mitigate the Company's risk related to the transferred loans.

The Company's sole remaining exposure to the transferred loans are the senior debt securities, which have an amortized cost basis of $6.8 billion and fair value of $6.9 billion at September 30, 2009, and the payables under the TRS, which have a fair value of $0.1 billion at September 30, 2009. The change in the value of the retained senior debt securities that are classified as AFS securities are recorded in AOCI as they are deemed temporary. The offsetting change in the TRS are recorded as cash flow hedges within AOCI. See Note 14 to the Consolidated Financial Statements for additional information.

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DERIVATIVES

See Note 16 to the Consolidated Financial Statements for a discussion and disclosures related to the Company's Derivative activities. The following discussions relate to the Fair Valuation Adjustment for Derivatives and Credit Derivatives activities.

Fair Valuation Adjustments for Derivatives

The fair value adjustments applied by the Company to its derivative carrying values 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 to the Consolidated Financial Statements) 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.

CVA are applied to over-the-counter derivative instruments, in which the base valuation generally discounts expected cash flows using LIBOR interest rate curves. Because not all counterparties have the same credit risk as that implied by the relevant LIBOR curve, a CVA is necessary to incorporate the market view of both counterparty credit risk and the Company's own credit risk in the valuation.

The Company's CVA methodology comprises two steps. First, the exposure profile for each counterparty is determined using the terms of all individual derivative positions and a Monte Carlo simulation or other quantitative analysis to generate a series of expected cash flows at future points in time. The calculation of this exposure profile considers the effect of credit risk mitigants, including pledged cash or other collateral and any legal right of offset that exists with a counterparty through arrangements such as netting agreements. Individual derivative contracts that are subject to an enforceable master netting agreement with a counterparty are aggregated for this purpose, since it is those aggregate net cash flows that are subject to nonperformance risk. This process identifies specific, point in time future cash flows that are subject to nonperformance risk, rather than using the current recognized net asset or liability as a basis to measure the CVA.

Second, market-based views of default probabilities derived from observed credit spreads in the credit default swap market, are applied to the expected future cash flows determined in step one. Own-credit CVA is determined using Citi-specific CDS spreads for the relevant tenor. Generally, counterparty CVA is determined using CDS spread indices for each credit rating and tenor. For certain identified facilities where individual analysis is practicable (for example, exposures to monoline counterparties) counterparty-specific CDS spreads are used.

The CVA adjustment is designed to incorporate a market view of the credit risk inherent in the derivative portfolio. However, most derivative instruments are negotiated bilateral contracts and are not commonly transferred to third parties. Derivative instruments are normally settled contractually, or if terminated early, are terminated at a value negotiated bilaterally between the counterparties. Therefore, the CVA (both counterparty and own-credit) may not be realized upon a settlement or termination in the normal course of business.

In addition, all or a portion of the CVA may be reversed or otherwise adjusted in future periods in the event of changes in the credit risk of Citi or its counterparties, or changes in the credit mitigants (collateral and netting agreements) associated with the derivative instruments. Historically, Citigroup's credit spreads have moved in tandem with general counterparty credit spreads, thus providing offsetting CVAs affecting revenue. However, in the first quarter of 2009, Citigroup's credit spreads widened and counterparty credit spreads generally narrowed, each of which positively affected revenues. Conversely, in the second and third quarters of 2009, Citigroup's credit spreads narrowed and negatively affected revenues.

The table below summarizes pretax gains (losses) related to changes in CVAs on derivative instruments for the quarters ended September 30, 2009 and 2008, respectively:

	Credit valuation adjustment gain (loss)	
In millions of dollars	**2009**	**2008**
Non-monoline counterparties	**$ 855**	$ (851)
Citigroup (own)	**(1,534)**	1,951
Net non-monoline CVA	**$ (679)**	$ 1,100
Monoline counterparties	**(61)**	(920)

Total CVA derivative instruments	**$ (740)**	$ 180

The table below summarizes pretax gains (losses) related to changes in CVAs on derivative instruments for the nine months ended September 30, 2009 and 2008, respectively:

	Credit valuation adjustment gain (loss)	
In millions of dollars	**2009**	**2008**
Non-monoline counterparties	**$ 5,387**	$ (2,236)
Citigroup (own)	**(1,891)**	3,165
Net non-monoline CVA	**$ 3,496**	$ 929
Monoline counterparties	**(995)**	(4,839)
Total CVA derivative instruments	**$ 2,501**	$ (3,910)

The table below summarizes the CVA applied to the fair value of derivative instruments as of September 30, 2009 and December 31, 2008, respectively.

	Credit valuation adjustment Contra liability (contra asset)	
In millions of dollars	**September 30, 2009**	**December 31, 2008**
Non-monoline counterparties	**$ (2,878)**	$ (8,266)
Citigroup (own)	**1,754**	3,611
Net non-monoline CVA	**$ (1,124)**	$ (4,655)
Monoline counterparties	**(5,274)**	(4,279)
Total CVA derivative instruments	**$ (6,398)**	$ (8,934)

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

Own-credit adjustments for non-derivative liabilities measured at fair value under the fair-value option. See

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Note 17 to the Consolidated Financial Statements for further information.

The effect of counterparty credit risk embedded in non-derivative instruments. 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 portfolio basis. 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 pre-defined 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 (or comparable events) 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 counterparty and derivative instrument as of September 30, 2009 and December 31, 2008, respectively:

September 30, 2009:

In millions of dollars	Fair values Receivable	Fair values Payable	Notionals Beneficiary	Notionals Guarantor
By Industry/Counterparty:				
Bank	**$ 62,785**	**$ 61,679**	**$ 914,418**	**$ 860,437**
Broker-dealer	**23,425**	**22,323**	**321,199**	**301,216**
Monoline	**6,572**	**1**	**8,299**	
Non-financial	**181**	**193**	**3,405**	**2,127**
Insurance and other financial institutions	**19,264**	**16,379**	**202,054**	**151,326**
Total by Industry/Counterparty	**$ 112,227**	**$ 100,575**	**$ 1,449,375**	**$ 1,315,106**
By Instrument:				
Credit default swaps and options	**$ 107,770**	**$ 99,376**	**$ 1,418,691**	**$ 1,314,282**
Total return swaps	**4,457**	**1,199**	**30,684**	**824**
Total by Instrument	**$ 112,227**	**$ 100,575**	**$ 1,449,375**	**$ 1,315,106**

December 31, 2008(1):

In millions of dollars	Fair values Receivable	Fair values Payable	Notionals Beneficiary	Notionals Guarantor
By Industry/Counterparty:				
Bank	$ 128,042	$ 121,811	$ 996,248	$ 943,949
Broker-dealer	59,321	56,858	403,501	365,664
Monoline	6,886	91	9,973	139
Non-financial	4,874	2,561	5,608	7,540
Insurance and other financial institutions	29,228	22,388	180,354	125,988
Total by Industry/Counterparty	$ 228,351	$ 203,709	$ 1,595,684	$ 1,443,280
By Instrument:				
Credit default swaps and options	$ 221,159	$ 203,220	$ 1,560,222	$ 1,441,375
Total return swaps	7,192	489	35,462	1,905
Total by Instrument	$ 228,351	$ 203,709	$ 1,595,684	$ 1,443,280

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

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

The Company actively participates in trading a variety of credit derivatives products as both an active two-way market-maker for clients and to manage credit risk. The majority of this activity was transacted with other financial intermediaries, including both banks and broker-dealers. 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 87% of the gross receivables as of September 30, 2009 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.

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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. Liquidity risk is discussed in "Capital Resources and Liquidity" below. 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 100 basis points change, as well as a more gradual 100 basis points (25 basis points per quarter) parallel change in rates as compared with the market forward interest rates in selected currencies.

	September 30, 2009		June 30, 2009		September 30, 2008	
In millions of dollars	Increase	Decrease	Increase	Decrease	Increase	Decrease
U.S. dollar						
Instantaneous change	**$ (1,193)**	**$ 1,427**	$ (1,767)	$ 1,935	$ (1,811)	$ 893
Gradual change	**$ (563)**	**$ 526**	$ (1,005)	$ 936	$ (707)	$ 490
Mexican peso						
Instantaneous change	**$ 25**	**$ (25)**	$ (21)	$ 21	$ (23)	$ 23
Gradual change	**$ 11**	**$ (11)**	$ (15)	$ 15	$ (19)	$ 19
Euro						
Instantaneous change	**$ 52**	**$ (4)**	$ (29)	$ 21	$ (52)	$ 52
Gradual change	**$ 12**	**$ (12)**	$ (35)	$ 35	$ (41)	$ 41
Japanese yen						
Instantaneous change	**$ 228**	**NM**	$ 215	NM	$ 142	NM
Gradual change	**$ 135**	**NM**	$ 122	NM	$ 72	NM
Pound sterling						
Instantaneous change	**$ (11)**	**$ 24**	$ (11)	$ 11	$ 16	$ (16)
Gradual change	**$ (11)**	**$ 11**	$ (14)	$ 14	$ 13	$ (13)

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, 2009 to September 30, 2009 are related to customer-related asset and liability mix, term debt issuance, as well as Citigroup's view of prevailing interest rates.

Certain risk positions in the non-trading portfolio are economically hedged with offsetting positions in the mark-to-market portfolio, which are reflected in the Value at Risk metrics. If the effect of these hedging transactions were netted against the non-trading portfolio it would reduce Citi's risk from an instantaneous parallel increase in rates from ($1,193) million to ($569) million and decrease Citi's opportunity from an instantaneous parallel decrease in rates from $1,427 million to $803 million.

The following table shows the risk to NIR from six different changes in the implied forward rates. Each scenario assumes that the rate change will occur on a gradual basis every three months over the course of one year.

	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	$ 8	$ (514)	$ (1,131)	$ 62	$ 269	$ (61)

(in millions of dollars)

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Value at Risk

For Citigroup's major trading centers, the aggregate pretax value at risk (VAR) in the trading portfolios was $273 million, $277 million, $319 million and $237 million at September 30, 2009, June 30, 2009, December 31, 2008 and September 30, 2008, respectively. Daily Citigroup trading VAR averaged $281 million and ranged from $247 million to $312 million during the third quarter of 2009. The following table summarizes VAR for Citigroup trading portfolios at September 30, 2009, June 30, 2009, December 31, 2008 and September 30, 2008, including the total VAR, the specific risk only component of VAR, and general market factor VAR's, along with the quarterly averages:

In million of dollars	September 30, 2009	Third Quarter 2009 Average	June 30, 2009	Second Quarter 2009 Average	December 31, 2008	Fourth Quarter 2008 Average	September 30, 2008	Third Quarter 2008 Average
Interest rate	**$ 240**	**$ 237**	$ 226	$ 217	$ 320	$ 272	$ 240	$ 265
Foreign exchange	**98**	**90**	84	61	118	80	40	43
Equity	**51**	**62**	65	94	84	94	106	99
Commodity	**41**	**38**	36	38	15	16	20	20
Diversification benefit	**(157)**	**(146)**	(134)	(150)	(218)	(167)	(169)	(187)
Total All market risk factors, including general and specific risk	**$ 273**	**$ 281**	$ 277	$ 260	$ 319	$ 295	$ 237	$ 240
Specific risk only component	**$ 12**	**$ 17**	$ 18	$ 20	$ 8	$ 25	$ 20	$ 14
Total General market factors only	**$ 261**	**$ 264**	$ 259	$ 240	$ 311	$ 270	$ 217	$ 226

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 market factor VARs, inclusive of specific risk, across the quarters ended:

	September 30, 2009		June 30, 2009		December 31, 2008		September 30, 2008	
In millions of dollars	Low	High	Low	High	Low	High	Low	High
Interest rate	$ 218	$ 260	$ 193	$ 240	$ 227	$ 328	$ 239	$ 292
Foreign exchange	55	110	31	91	43	130	28	71
Equity	51	95	50	153	68	122	80	134
Commodity	32	45	26	50	12	22	12	46

The following table provides the VAR for Citicorp's Securities and Banking business for the second and third quarters of 2009:

In millions of dollars	September 30, 2009	June 30, 2009
Total All market risk factors, including general and specific risk	**$ 168**	$ 213
Average during quarter	**184**	186
High during quarter	**247**	214
Low during quarter	**148**	148

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OPERATIONAL RISK MANAGEMENT PROCESS

Operational risk is the risk of loss resulting from inadequate or failed internal processes, systems or human factors, or from external events. It includes the reputation and franchise risk associated with business practices or market conduct in which the Company is involved. Operational risk is inherent in Citigroup's global business activities and, as with other risk types, is managed through an overall framework designed to balance strong corporate oversight with well-defined independent risk management. This framework includes:

- recognized ownership of the risk by the businesses;
- oversight by independent risk management; and
- independent review by Audit and Risk Review (ARR).

The goal is to keep operational risk at appropriate levels relative to the characteristics of our businesses, the markets in which we operate our capital and liquidity, and the competitive, economic and regulatory environment. Notwithstanding these controls, Citigroup incurs operational losses.

Framework

To monitor, mitigate and control operational risk, Citigroup maintains a system of comprehensive policies and has established a consistent, value-added framework for assessing and communicating operational risk and the overall effectiveness of the internal control environment across Citigroup. An Operational Risk Council has been established to provide oversight for operational risk across Citigroup. The Council's membership includes senior members of the Chief Risk Officer's organization covering multiple dimensions of risk management with representatives of the Business and Regional Chief Risk Officers' organizations and the Business Management Group. The Council's focus is on further advancing operational risk management at Citigroup with focus on proactive identification and mitigation of operational risk and related incidents. The Council works with the business segments and the control functions to help ensure a transparent, consistent and comprehensive framework for managing operational risk globally.

Each major business segment must implement an operational risk process consistent with the requirements of this framework. The process for operational risk management includes the following steps:

- identify and assess key operational risks;
- establish key risk indicators;
- produce a comprehensive operational risk report; and
- prioritize and assure adequate resources to actively improve the operational risk environment and mitigate emerging risks.

The operational risk standards facilitate the effective communication and mitigation of operational risk both within and across businesses. As new products and business activities are developed, processes are designed, modified or sourced through alternative means and operational risks are considered. 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.

Measurement and Basel II

To support advanced capital modeling and management, the businesses are required to capture relevant operational risk capital information. An enhanced version of the risk capital model for operational risk has been developed and implemented across the major business segments as a step toward readiness for Basel II capital calculations. The risk capital calculation is designed to qualify as an "Advanced Measurement Approach" 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.

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COUNTRY AND CROSS-BORDER RISK

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

In Billions of U.S. dollars	September 30, 2009								December 31, 2008	
	Cross-Border Claims on Third Parties									
	Banks	Public	Private	Total	Trading and Short-Term Claims	Investments in and Funding of Local Franchises	Total Cross-Border Outstandings	Commitments	Total Cross-Border Outstandings	Commitments
Germany	**$ 9.0**	**$ 4.9**	**$ 7.2**	**$ 21.1**	**$ 19.4**	**$ 6.3**	**$ 27.4**	**$ 56.6**	$ 29.9	$ 48.6
France	**10.1**	**5.9**	**8.9**	**24.9**	**21.0**	**0.1**	**25.0**	**75.2**	21.4	66.4
India	**0.9**	**0.2**	**6.9**	**8.0**	**5.0**	**15.0**	**23.0**	**1.6**	28.0	1.6
Netherlands	**6.3**	**3.3**	**10.5**	**20.1**	**16.2**		**20.1**	**73.8**	17.7	67.4
South Korea	**2.0**	**0.9**	**5.1**	**8.0**	**7.8**	**11.2**	**19.2**	**14.1**	22.0	15.7
United Kingdom	**6.3**	**0.2**	**9.5**	**16.0**	**13.4**		**16.0**	**135.5**	26.3	128.3
Italy	**0.8**	**8.7**	**3.0**	**12.5**	**10.1**	**3.1**	**15.6**	**21.7**	14.7	20.2
Cayman Islands	**0.2**		**14.2**	**14.4**	**13.3**		**14.4**	**6.8**	22.1	8.2
Canada	**1.3**	**0.5**	**3.5**	**5.3**	**3.6**	**8.0**	**13.3**	**7.4**	16.1	36.1

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

(2) Commitments (not included in total cross-border outstandings) include legally binding cross-border letters of credit and other commitments and contingencies as defined by the FFIEC. Effective March 31, 2006, the FFIEC revised the definition of commitments to include commitments to local residents to be funded with local currency local 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. 2009	2nd Qtr. 2009(1)	3rd Qtr. 2008(1)	Change 3Q09 vs. 3Q08
Interest Revenue(2)	**$ 18,678**	**$ 19,671**	$ 26,130	(29)%
Interest Expense(3)	**6,680**	**6,842**	12,726	(48)
Net Interest Revenue(2)(3)	**$ 11,998**	**$ 12,829**	$ 13,404	(10)%
Interest Revenue Average Rate	**4.59%**	**4.97%**	6.14%	(155) bps
Interest Expense Average Rate	**1.83%**	**1.93%**	3.23%	(140) bps
Net Interest Margin (NIM)	**2.95%**	**3.24%**	3.15%	(20) bps
Interest Rate Benchmarks:				
Federal Funds Rate End of Period	**0.00-0.25%**	**0.00-0.25%**	2.00%	(175+) bps
2 Year U.S. Treasury Note Average Rate	**1.03%**	**1.02%**	2.36%	(133) bps
10 Year U.S. Treasury Note Average Rate	**3.52%**	**3.32%**	3.86%	(34) bps
10 Year vs. 2 Year Spread	**249 bps**	**230 bps**	150 bps	

(1) Reclassified to conform to the current period's presentation and to exclude discontinued operations.

(2) Excludes taxable equivalent adjustment (based on the U.S. Federal statutory tax rate of 35%) of $387 million, $82 million, and $51 million for the third quarter of 2009, the second quarter of 2009, and the third quarter of 2008, respectively.

(3) Excludes expenses associated with hybrid financial instruments and beneficial interest in consolidated VIEs. These obligations are classified as *Long-term debt* and are accounted for at fair value with changes recorded in *Principal transactions*.

A significant portion of the Company's business activities are based upon gathering deposits and borrowing money and then lending or investing those funds, including market-making activities in tradable 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 2009, the yields across both the interest earning assets as well as the interest earning liabilities dropped significantly from the same period in 2008. The lower asset yields more than offset the lower cost of funds, resulting in lower NIM compared to the prior-year period.

Net interest margin decreased by 29 basis points compared to the second quarter of 2009, driven by two principal items. First, the Company experienced a higher cost of borrowings due to debt issuances outside of the government programs (e.g., non-TLGP debt) as well the increased interest paid on the additional trust preferred securities outstanding as a result of the completion of the exchange offers. Second, Citi's business spread compression, generally of two types narrowing of yields in Citi's asset businesses, due to the continued de-risking of loan portfolios and expansion of loss mitigation efforts, and the natural compression of spreads in the Company's deposit businesses as a result of the continued low interest rate environment.

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

In millions of dollars	Average Volume 3rd Qtr. 2009	Average Volume 2nd Qtr. 2009	Average Volume 3rd Qtr. 2008	Interest Revenue 3rd Qtr. 2009	Interest Revenue 2nd Qtr. 2009	Interest Revenue 3rd Qtr. 2008	% Average Rate 3rd Qtr. 2009	% Average Rate 2nd Qtr. 2009	% Average Rate 3rd Qtr. 2008
Assets									
Deposits with banks(5)	**$ 190,269**	$ 168,631	$ 65,667	**$ 313**	$ 377	$ 792	**0.65%**	0.90%	4.80%
Federal funds sold and securities borrowed or purchased under agreements to resell(6)									
In U.S. offices	**$ 140,756**	$ 131,522	$ 157,355	**$ 476**	$ 515	$ 1,272	**1.34%**	1.57%	3.22%
In offices outside the U.S.(5)	**70,790**	61,382	73,631	**252**	279	943	**1.41**	1.82	5.10
Total	**$ 211,546**	$ 192,904	$ 230,986	**$ 728**	$ 794	$ 2,215	**1.37%**	1.65%	3.81%
Trading account assets(7)(8)									
In U.S. offices	**$ 138,781**	$ 134,334	$ 210,248	**$ 1,668**	$ 1,785	$ 2,740	**4.77%**	5.33%	5.18%
In offices outside the U.S.(5)	**129,135**	120,468	150,985	**986**	1,136	1,397	**3.03**	3.78	3.68
Total	**$ 267,916**	$ 254,802	$ 361,233	**$ 2,654**	$ 2,921	$ 4,137	**3.93%**	4.60%	4.56%
Investments(1)									
In U.S. offices									
Taxable	**$ 122,608**	$ 123,181	$ 118,950	**$ 1,568**	$ 1,674	$ 1,185	**5.07%**	5.45%	3.96%
Exempt from U.S. income tax	**18,666**	16,293	13,057	**226**	247	136	**4.80**	6.08	4.14
In offices outside the U.S.(5)	**121,950**	118,891	92,241	**1,489**	1,514	1,276	**4.84**	5.11	5.50
Total	**$ 263,224**	$ 258,365	$ 224,248	**$ 3,283**	$ 3,435	$ 2,597	**4.95%**	5.33%	4.61%
Loans (net of unearned income)(9)									
Consumer loans									
In U.S. offices	**$ 299,069**	$ 306,273	$ 329,520	**$ 5,346**	$ 5,410	$ 6,755	**7.09%**	7.09%	8.16%
In offices outside the U.S.(5)	**151,124**	153,352	179,660	**3,339**	3,236	4,709	**8.77**	8.46	10.43
Total consumer loans	**$ 450,193**	$ 459,625	$ 509,180	**$ 8,685**	$ 8,646	$ 11,464	**7.65%**	7.55%	8.96%
Corporate loans									
In U.S. offices	**$ 71,401**	$ 79,074	$ 73,976	**$ 593**	$ 844	$ 778	**3.30%**	4.28%	4.18%
In offices outside the U.S.(5)	**117,087**	117,242	135,766	**2,323**	2,439	3,286	**7.87**	8.34	9.63

Total corporate loans	**$**	**188,488**	$	196,316	$	209,742	**$**	**2,916**	$	3,283	$	4,064	**6.14%**	6.71%	7.71%
Total loans	**$**	**638,681**	$	655,941	$	718,922	**$**	**11,601**	$	11,929	$	15,528	**7.21%**	7.29%	8.59%
Other interest-earning Assets	**$**	**43,869**	$	57,416	$	91,182	**$**	**99**	$	215	$	861	**0.90%**	1.50%	3.76%
Total interest-earning Assets	**$**	**1,615,505**	$	1,588,059	$	1,692,238	**$**	**18,678**	$	19,671	$	26,130	**4.59%**	4.97%	6.14%
Non-interest-earning assets(7)		**253,316**		262,840		357,433									
Total Assets from discontinued operations	**$**	**21,418**	$	19,048	$	45,337									
Total assets	**$**	**1,890,239**	$	1,869,947	$	2,095,008									

(1) Interest revenue excludes the taxable equivalent adjustments (based on the U.S. federal statutory tax rate of 35%) of $387 million, $82 million, and $51 million for the third quarter of 2009, the second quarter of 2009, and the third quarter of 2008, respectively.

(2) Interest rates and amounts include the effects of risk management activities associated with the respective asset and liability categories.

(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.

(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. However, Interest revenue is reflected gross.

(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 the 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 liabilitie*s, 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		
	3rd Qtr. 2009	**2nd Qtr. 2009**	**3rd Qtr. 2008**	**3rd Qtr. 2009**	**2nd Qtr. 2009**	**3rd Qtr. 2008**	**3rd Qtr. 2009**	**2nd Qtr. 2009**	**3rd Qtr. 2008**
Liabilities									
Deposits									
In U.S. offices									
Savings deposits(5)	**$ 173,999**	$ 173,168	$ 161,437	**$ 613**	$ 999	$ 611	**1.40%**	2.31%	1.51%
Other time deposits	**62,256**	57,869	54,928	**224**	278	554	**1.43**	1.93	4.01
In offices outside the U.S.(6)	**459,142**	428,188	464,429	**1,461**	1,563	3,750	**1.26**	1.46	3.21
Total	**$ 695,397**	$ 659,225	$ 680,794	**$ 2,298**	$ 2,840	$ 4,915	**1.31%**	1.73%	2.87%
Federal funds purchased and securities loaned or sold under agreements to repurchase(7)									
In U.S. offices	**$ 131,641**	$ 133,948	$ 160,202	**$ 248**	$ 288	$ 1,185	**0.75%**	0.86%	2.94%
In offices outside the U.S.(6)	**72,302**	74,346	99,047	**524**	643	1,536	**2.88**	3.47	6.17
Total	**$ 203,943**	$ 208,294	$ 259,249	**$ 772**	$ 931	$ 2,721	**1.50%**	1.79%	4.18%
Trading account liabilities(8)(9)									
In U.S. offices	**$ 21,204**	$ 19,592	$ 30,251	**$ 28**	$ 50	$ 251	**0.52%**	1.02%	3.30%
In offices outside the U.S.(6)	**39,431**	36,652	41,816	**15**	19	34	**0.15**	0.21	0.32
Total	**$ 60,635**	$ 56,244	$ 72,067	**$ 43**	$ 69	$ 285	**0.28%**	0.49%	1.57%
Short-term borrowings									
In U.S. offices	**$ 108,474**	$ 136,200	$ 149,398	**$ 259**	$ 209	$ 729	**0.95%**	0.62%	1.94%
In offices outside the U.S.(6)	**30,985**	35,299	45,497	**91**	106	195	**1.17**	1.20	1.71
Total	**$ 139,459**	$ 171,499	$ 194,895	**$ 350**	$ 315	$ 924	**1.00%**	0.74%	1.89%
Long-term debt(10)									
In U.S. offices	**$ 318,610**	$ 296,324	$ 323,788	**$ 2,952**	$ 2,427	$ 3,460	**3.68%**	3.29%	4.25%
In offices outside the U.S.(6)	**27,447**	29,318	36,375	**265**	260	421	**3.83**	3.56	4.60
Total	**$ 346,057**	$ 325,642	$ 360,163	**$ 3,217**	$ 2,687	$ 3,881	**3.69%**	3.31%	4.29%
Total interest-bearing liabilities	**$ 1,445,491**	$ 1,420,904	$ 1,567,168	**$ 6,680**	$ 6,842	$ 12,726	**1.83%**	1.93%	3.23%

Demand deposits in U.S. offices	**34,592**	19,584	7,326						
Other non-interest-bearing liabilities(8)	**250,768**	267,055	351,379						
Total liabilities from discontinued operations	**14,189**	12,122	30,467						
Total liabilities	**$ 1,745,040**	$ 1,719,665	$ 1,956,340						
Citigroup equity(11)	**$ 143,547**	$ 148,448	$ 131,771						
Noncontrolling Interest	**1,652**	1,834	6,897						
Total Equity	**$ 145,199**	$ 150,282	$ 138,668						
Total Liabilities and Equity	**$ 1,890,239**	$ 1,869,947	$ 2,095,008						
Net interest revenue as a percentage of average interest-earning assets(12)									
In U.S. offices	**$ 947,414**	$ 944,819	$ 976,773	**$ 5,694**	$ 6,452	6,424	**2.38%**	2.74%	2.62%
In offices outside the U.S.(6)	**668,091**	643,240	715,465	**6,304**	6,377	6,980	**3.74**	3.98	3.88
Total	**$ 1,615,505**	$ 1,588,059	$ 1,692,238	**$ 11,998**	$ 12,829	$ 13,404	**2.95%**	3.24%	3.15%

(1) Interest revenue excludes the taxable equivalent adjustments (based on the U.S. federal statutory tax rate of 35%) of $387 million, $82 million, and $51 million for the third quarter of 2009, the second quarter of 2009, and the third quarter of 2008, respectively.

(2) Interest rates and amounts include the effects of risk management activities associated with the respective asset and liability categories.

(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.

(5) Savings deposits consist of Insured Money Market Rate accounts, NOW accounts, and other savings deposits. The second quarter of 2009 interest expense includes the one-time FDIC special assessment of $333 million.

(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. However, Interest revenue is reflected gross.

(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 the 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 operations is excluded from this line.

(11)
Includes stockholders' equity from discontinued operations.

(12)
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 Nine Months 2009	Average Volume Nine Months 2008	Interest Revenue Nine Months 2009	Interest Revenue Nine Months 2008	% Average Rate Nine Months 2009	% Average Rate Nine Months 2008
Assets						
Deposits with banks(5)	**$ 176,014**	$ 63,190	**$ 1,126**	$ 2,329	**0.86%**	4.92%
Federal funds sold and securities borrowed or purchased under agreements to resell(6)						
In U.S. offices	**$ 133,427**	$ 172,482	**$ 1,541**	$ 4,344	**1.54%**	3.36%
In offices outside the U.S.(5)	**61,534**	76,851	**866**	3,407	**1.88**	5.92
Total	**$ 194,961**	$ 249,333	**$ 2,407**	$ 7,751	**1.65%**	4.15%
Trading account assets(7)(8)						
In U.S. offices	**$ 140,210**	$ 235,157	**$ 5,437**	$ 9,623	**5.18%**	5.47%
In offices outside the U.S.(5)	**119,351**	161,297	**3,089**	3,939	**3.46**	3.26
Total	**$ 259,561**	$ 396,454	**$ 8,526**	$ 13,562	**4.39%**	4.57%
Investments(1)						
In U.S. offices						
Taxable	**$ 122,563**	$ 111,467	**$ 4,722**	$ 3,469	**5.15%**	4.16%
Exempt from U.S. income tax	**16,511**	13,059	**591**	433	**4.79**	4.43
In offices outside the U.S.(5)	**115,930**	96,486	**4,581**	3,930	**5.28**	5.44
Total	**$ 255,004**	$ 221,012	**$ 9,894**	$ 7,832	**5.19%**	4.73%
Loans (net of unearned income)(9)						
Consumer loans						
In U.S. offices	**$ 309,443**	$ 343,107	**$ 16,807**	$ 20,913	**7.26%**	8.14%
In offices outside the U.S.(5)	**151,272**	180,010	**10,087**	14,129	**8.92**	10.48
Total consumer loans	**$ 460,715**	$ 523,117	**$ 26,894**	$ 35,042	**7.80%**	8.95%
Corporate loans						
In U.S. offices	**$ 76,986**	$ 75,177	**$ 2,217**	$ 2,529	**3.85%**	4.49%
In offices outside the U.S.(5)	**117,745**	147,278	**7,274**	10,312	**8.26**	9.35
Total corporate loans	**$ 194,731**	$ 222,455	**$ 9,491**	$ 12,841	**6.52%**	7.71%
Total loans	**$ 655,446**	$ 745,572	**$ 36,385**	$ 47,883	**7.42%**	8.58%
Other interest-earning assets	**$ 50,972**	$ 100,709	**$ 594**	$ 3,271	**1.56%**	4.34%
Total interest-earning assets	**$ 1,591,958**	$ 1,776,270	**$ 58,932**	$ 82,628	**4.95%**	6.21%
Non-interest-earning assets(7)	**277,243**	375,399				
Total assets from discontinued operations	**20,183**	53,742				
Total assets	**$ 1,889,384**	$ 2,205,411				

(1) Interest revenue excludes the taxable equivalent adjustments (based on the U.S. federal statutory tax rate of 35%) of $566 million and $164 million for the first nine months of 2009 and 2008, respectively.

(2) Interest rates and amounts include the effects of risk management activities associated with the respective asset and liability categories.

(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.

(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. However, Interest revenue is reflected gross.

(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 the 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)

	Average Volume		Interest Expense		% Average Rate	
In millions of dollars	**Nine Months 2009**	**Nine Months 2008**	**Nine Months 2009**	**Nine Months 2008**	**Nine Months 2009**	**Nine Months 2008**
Liabilities						
Deposits						
In U.S. offices						
Savings deposits(5)	**$ 170,715**	$ 166,799	**$ 2,245**	$ 2,334	**1.76%**	1.87%
Other time deposits	**60,469**	59,210	**918**	1,946	**2.03**	4.39
In offices outside the U.S.(6)	**432,057**	486,320	**4,823**	11,912	**1.49**	3.27
Total	**$ 663,241**	$ 712,329	**$ 7,986**	$ 16,191	**1.61%**	3.04%
Federal funds purchased and securities loaned or sold under agreements to repurchase(7)						
In U.S. offices	**$ 139,282**	$ 188,653	**$ 852**	$ 4,519	**0.82%**	3.20%
In offices outside the U.S.(6)	**71,611**	100,437	**1,955**	5,040	**3.65**	6.70
Total	**$ 210,893**	$ 289,090	**$ 2,807**	$ 9,559	**1.78%**	4.42%
Trading account liabilities(8)(9)						
In U.S. offices	**$ 20,503**	$ 32,576	**$ 171**	$ 934	**1.12%**	3.83%
In offices outside the U.S.(6)	**35,728**	46,387	**49**	130	**0.18**	0.37
Total	**$ 56,231**	$ 78,963	**$ 220**	$ 1,064	**0.52%**	1.80%
Short-term borrowings						
In U.S. offices	**$ 131,116**	$ 156,458	**$ 835**	$ 2,695	**0.85%**	2.30%
In offices outside the U.S.(6)	**33,833**	54,438	**293**	538	**1.16**	1.32
Total	**$ 164,949**	$ 210,896	**$ 1,128**	$ 3,233	**0.91%**	2.05%
Long-term debt(10)						
In U.S. offices	**$ 308,201**	$ 312,940	**$ 8,199**	$ 10,745	**3.56%**	4.59%
In offices outside the U.S.(6)	**30,274**	37,885	**839**	1,358	**3.71**	4.79
Total	**$ 338,475**	$ 350,825	**$ 9,038**	$ 12,103	**3.57%**	4.61%
Total interest-bearing liabilities	**$ 1,433,789**	$ 1,642,103	**$ 21,179**	$ 42,150	**1.97%**	3.43%
Demand deposits in U.S. offices	**23,186**	7,865				
Other non-interest bearing liabilities(8)	**272,809**	387,673				
	12,670	31,013				

Total liabilities from discontinued operations										
Total liabilities	**$**	**1,742,454**	$	2,068,654						
Total Citigroup equity(11)	**$**	**145,097**	$	131,245						
Noncontrolling interest		**1,833**		5,512						
Total Equity	**$**	**146,930**	$	136,757						
Total liabilities and stockholders' equity	**$**	**1,889,384**	$	2,205,411						
Net interest revenue as a percentage of average interest-earning assets(12)										
In U.S. offices	**$**	**954,220**	$	1,025,789	**$**	**18,789**	$	19,187	**2.63%**	2.50%
In offices outside the U.S.(6)		**637,738**		750,481		**18,964**		21,291	**3.98**	3.79
Total	**$**	**1,591,958**	$	1,776,270	**$**	**37,753**	$	40,478	**3.17%**	3.04%

(1) Interest revenue excludes the taxable equivalent adjustments (based on the U.S. federal statutory tax rate of 35%) of $566 million and $164 million for the first nine months of 2009 and 2008, respectively.

(2) Interest rates and amounts include the effects of risk management activities associated with the respective asset and liability categories.

(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.

(5) Savings deposits consist of Insured Money Market Rate accounts, NOW accounts, and other savings deposits. The second quarter of 2009 interest expense includes the one-time FDIC special assessment of $333 million.

(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. However, Interest revenue is reflected gross.

(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 the 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.

(11) Includes stockholders' 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)(3)

	3rd Qtr. 2009 vs. 2nd Qtr. 2009 Increase (Decrease) Due to Change in:			3rd Qtr. 2009 vs. 3rd Qtr. 2008 Increase (Decrease) Due to Change in:		
In millions of dollars	Average Volume	Average Rate	Net Change	Average Volume	Average Rate	Net Change
Deposits with banks(4)	$ 44	$ (108)	$ (64)	$ 611	$ (1,090)	$ (479)
Federal funds sold and securities borrowed or purchased under agreements to resell						
In U.S. offices	$ 34	$ (73)	$ (39)	$ (122)	$ (674)	$ (796)
In offices outside the U.S.(4)	39	(66)	(27)	(35)	(656)	(691)
Total	$ 73	$ (139)	$ (66)	$ (157)	$ (1,330)	$ (1,487)
Trading account assets(5)						
In U.S. offices	$ 58	$ (175)	$ (117)	$ (872)	$ (200)	$ (1,072)
In offices outside the U.S.(4)	77	(227)	(150)	(186)	(225)	(411)
Total	$ 135	$ (402)	$ (267)	$ (1,058)	$ (425)	$ (1,483)
Investments(1)						
In U.S. offices	$ 25	$ (152)	$ (127)	$ 98	$ 375	$ 473
In offices outside the U.S.(4)	38	(63)	(25)	376	(163)	213
Total	$ 63	$ (215)	$ (152)	$ 474	$ 212	$ 686
Loans consumer						
In U.S. offices	$ (128)	$ 64	$ (64)	$ (591)	$ (818)	$ (1,409)
In offices outside the U.S.(4)	(48)	151	103	(689)	(681)	(1,370)
Total	$ (176)	$ 215	$ 39	$ (1,280)	$ (1,499)	$ (2,779)
Loans corporate						
In U.S. offices	$ (76)	$ (175)	$ (251)	$ (26)	$ (159)	$ (185)
In offices outside the U.S.(4)	(3)	(113)	(116)	(417)	(546)	(963)
Total	$ (79)	$ (288)	$ (367)	$ (443)	$ (705)	$ (1,148)
Total loans	$ (255)	$ (73)	$ (328)	$ (1,723)	$ (2,204)	$ (3,927)
Other interest-earning assets	$ (43)	$ (73)	$ (116)	$ (309)	$ (453)	$ (762)
Total interest revenue	$ 17	$ (1,010)	$ (993)	$ (2,162)	$ (5,290)	$ (7,452)

(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)
Detailed average volume, interest revenue and interest expense exclude discontinued operations.

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

In millions of dollars	3rd Qtr. 2009 vs. 2nd Qtr. 2009 Increase (Decrease) Due to Change in: Average Volume	Average Rate	Net Change	3rd Qtr. 2009 vs. 3rd Qtr. 2008 Increase (Decrease) Due to Change in: Average Volume	Average Rate	Net Change
Deposits						
In U.S. offices	**$ 28**	**$ (468)**	**$ (440)**	$ 99	$ (427)	$ (328)
In offices outside the U.S.(4)	**108**	**(210)**	**(102)**	(42)	(2,247)	(2,289)
Total	**$ 136**	**$ (678)**	**$ (542)**	$ 57	$ (2,674)	$ (2,617)
Federal funds purchased and securities loaned or sold under agreements to repurchase						
In U.S. offices	**$ (5)**	**$ (35)**	**$ (40)**	$ (181)	$ (756)	$ (937)
In offices outside the U.S.(4)	**(17)**	**(102)**	**(119)**	(340)	(672)	(1,012)
Total	**$ (22)**	**$ (137)**	**$ (159)**	$ (521)	$ (1,428)	$ (1,949)
Trading account liabilities(5)						
In U.S. offices	**$ 4**	**$ (26)**	**$ (22)**	$ (59)	$ (164)	$ (223)
In offices outside the U.S.(4)	**1**	**(5)**	**(4)**	(2)	(17)	(19)
Total	**$ 5**	**$ (31)**	**$ (26)**	$ (61)	$ (181)	$ (242)
Short-term borrowings						
In U.S. offices	**$ (49)**	**$ 99**	**$ 50**	$ (164)	$ (306)	$ (470)
In offices outside the U.S.(4)	**(13)**	**(2)**	**(15)**	(52)	(52)	(104)
Total	**$ (62)**	**$ 97**	**$ 35**	$ (216)	$ (358)	$ (574)
Long-term debt						
In U.S. offices	**$ 191**	**$ 334**	**$ 525**	$ (55)	$ (453)	$ (508)
In offices outside the U.S.(4)	**(17)**	**22**	**5**	(93)	(63)	(156)
Total	**$ 174**	**$ 356**	**$ 530**	$ (148)	$ (516)	$ (664)
Total interest expense	**$ 231**	**$ (393)**	**$ (162)**	$ (889)	$ (5,157)	$ (6,046)
Net interest revenue	**$ (214)**	**$ (617)**	**$ (831)**	$ (1,273)	$ (133)	$ (1,406)

(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) Detailed average volume, interest revenue and interest expense exclude discontinued operations.

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

In millions of dollars	Nine Months 2009 vs. Nine Months 2008 Increase (Decrease) Due to Change in: Average Volume	Average Rate	Net Change(2)
Deposits at interest with banks(4)	$ 1,809	$ (3,012)	$ (1,203)
Federal funds sold and securities borrowed or purchased under agreements to resell			
In U.S. offices	$ (827)	$ (1,976)	$ (2,803)
In offices outside the U.S.(4)	(574)	(1,967)	(2,541)
Total	$ (1,401)	$ (3,943)	$ (5,344)
Trading account assets(5)			
In U.S. offices	$ (3,705)	$ (481)	$ (4,186)
In offices outside the U.S.(4)	(1,074)	224	(850)
Total	$ (4,779)	$ (257)	$ (5,036)
Investments(1)			
In U.S. offices	$ 491	$ 920	$ 1,411
In offices outside the U.S.(4)	771	(120)	651
Total	$ 1,262	$ 800	$ 2,062
Loans consumer			
In U.S. offices	$ (1,946)	$ (2,160)	$ (4,106)
In offices outside the U.S.(4)	(2,081)	(1,961)	(4,042)
Total	$ (4,027)	$ (4,121)	$ (8,148)
Loans corporate			
In U.S. offices	$ 60	$ (372)	$ (312)
In offices outside the U.S.(4)	(1,914)	(1,124)	(3,038)
Total	$ (1,854)	$ (1,496)	$ (3,350)
Total loans	$ (5,881)	$ (5,617)	$ (11,498)
Other interest-earning assets	$ (1,165)	$ (1,512)	$ (2,677)
Total interest revenue	$ (10,155)	$ (13,541)	$ (23,696)
Deposits			
In U.S. offices	$ 96	$ (1,212)	$ (1,116)
In offices outside the U.S.(4)	(1,206)	(5,883)	(7,089)
Total	$ (1,110)	$ (7,095)	$ (8,205)
Federal funds purchased and securities loaned or sold under agreements to repurchase			
In U.S. offices	$ (954)	$ (2,713)	$ (3,667)
In offices outside the U.S.(4)	(1,192)	(1,893)	(3,085)
Total	$ (2,146)	$ (4,606)	$ (6,752)

Trading account liabilities(5)			
In U.S. offices	$ (262)	$ (501)	$ (763)
In offices outside the U.S.(4)	(25)	(56)	(81)
Total	$ (287)	$ (557)	$ (844)
Short-term borrowings			
In U.S. offices	$ (380)	$ (1,480)	$ (1,860)
In offices outside the U.S.(4)	(185)	(60)	(245)
Total	$ (565)	$ (1,540)	$ (2,105)
Long-term debt			
In U.S. offices	$ (160)	$ (2,386)	$ (2,546)
In offices outside the U.S.(4)	(244)	(275)	(519)
Total	$ (404)	$ (2,661)	$ (3,065)
Total interest expense	$ (4,512)	$ (16,459)	$ (20,971)
Net interest revenue	$ (5,643)	$ 2,918	$ (2,725)

(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) Detailed average volume, interest revenue and interest expense exclude discontinued operations.

(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 the 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.

CAPITAL RESOURCES AND LIQUIDITY

CAPITAL RESOURCES

Overview

Generally, capital is generated by earnings from Citi's operating businesses. Primarily as a result of the exchange offers, Citigroup increased its Tier 1 Common by $63 billion from the second quarter of 2009 to $90 billion. In addition, the Company's Tangible Common Equity (TCE) increased by $62 billion from the second quarter of 2009 to $102 billion at September 30, 2009. Tier 1 Common, TCE and related ratios are used and relied on by the Company's banking regulators as a measure of capital adequacy, but are considered "non-GAAP financial measures" for SEC purposes. See "Capital Ratios," "Components of Capital Under Regulatory Guidelines" and "Tangible Common Equity" below for additional information on these measures.

The Company may also augment its capital through issuances of common stock, convertible preferred stock, preferred stock, subordinated debt underlying trust preferred securities, and equity issued through awards under employee benefit plans. Future business results of the Company, including events such as corporate dispositions, also affect the Company's capital levels. Moreover, changes that the FASB has adopted regarding off-balance sheet assets, consolidation and sale treatment will have an incremental impact on Citi's capital ratios. For more information on this, see Note 1 "Future Application of Accounting Standards" and Note 15 to the Consolidated Financial Statements, including "Funding, Liquidity Facilities and Subordinate Interests."

Capital is used primarily to support assets in the Company's businesses and to absorb expected and unexpected market, credit or operational losses. While capital may be used for other purposes, such as to pay dividends or repurchase common stock, the Company's ability to utilize its capital for these purposes is currently restricted due to its participation in TARP and other government programs, as explained more fully in the Company's 2008 Annual Report on Form 10-K and its Quarterly Reports on Form 10-Q for the quarters ended June 30, 2009 and March 31, 2009, respectively.

Citigroup's capital management framework is designed to ensure that Citigroup and its principal subsidiaries maintain sufficient capital consistent with the Company's risk profile, all applicable regulatory standards and guidelines, and external rating agency considerations. The capital management process is centrally overseen by senior management and is reviewed at the consolidated, legal entity and country level.

Senior management oversees the capital management process mainly through Citigroup's Finance and Asset and Liability Committee (FinALCO). The Committee is composed of the senior-most management of Citigroup for the purpose of engaging management in decision-making and related discussions on capital and liquidity matters. Among other things, the Committee's responsibilities include: determining the financial structure of Citigroup and its principal subsidiaries; ensuring that Citigroup and its regulated entities are adequately capitalized; determining appropriate asset levels and return hurdles for Citigroup and individual businesses; reviewing the funding and capital markets plan for Citigroup; and monitoring interest-rate risk, corporate and bank liquidity and the impact of currency translation on non-U.S. earnings and capital.

Capital Ratios

Citigroup is subject to risk-based capital guidelines issued by the FRB. Historically, capital adequacy has been measured, in part, based on two risk-based capital ratios, the Tier 1 and Total Capital (Tier 1 + Tier 2 Capital) ratios. Tier 1 Capital consists of core capital, while Total Capital also includes other items such as subordinated debt and allowance for credit losses. Both measures of capital adequacy are stated as a percentage of risk-weighted assets. In conjunction with the conclusion of the Supervisory Capital Assessment Program (SCAP), the banking regulators developed a new measure of capital called Tier 1 Common defined as Tier 1 Capital less non-common elements including qualifying perpetual preferred stock, qualifying noncontrolling interests in subsidiaries and qualifying mandatorily redeemable securities of subsidiary trusts.

Citigroup's risk-weighted assets are principally derived from application of the risk-based capital guidelines related to the measurement of credit risk, under which on-balance sheet assets and the credit equivalent amount of certain off-balance sheet exposures (such as financial guarantees, unfunded lending commitments, letters of credit, and derivatives) are assigned to one of several prescribed risk weight categories based upon the perceived credit risk associated with the obligor, or if relevant, the guarantor, the nature of the collateral, or external credit ratings. Risk-weighted assets also incorporate a measure for market risk on covered trading account positions, and all foreign exchange and commodity positions whether or not carried in the trading account. Excluded from risk-weighted assets are any assets, such as goodwill and deferred tax assets, to the extent required to be deducted from regulatory capital. See "Components of Capital Under Regulatory Guidelines" below.

Citigroup is also subject to a Leverage ratio requirement, a non-risk-based measure of capital adequacy, which is defined as Tier 1 Capital as a percentage of quarterly adjusted average total 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. The following table sets forth Citigroup's regulatory capital ratios as of September 30, 2009 and December 31, 2008.

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Citigroup Regulatory Capital Ratios

	Sept. 30, 2009	Dec. 31, 2008
Tier 1 Common	**9.12%**	2.30%
Tier 1 Capital	**12.76**	11.92
Total Capital (Tier 1 and Tier 2)	**16.58**	15.70
Leverage(1)	**6.87**	6.08

(1) Tier 1 Capital divided by each period's quarterly adjusted average total assets.

As noted in the table above, Citigroup was "well capitalized" under the federal bank regulatory agency definitions as of September 30, 2009 and December 31, 2008.

Components of Capital Under Regulatory Guidelines

In millions of dollars	Sept. 30, 2009	Dec. 31, 2008(1)
Tier 1 Common		
Citigroup common stockholders' equity	**$ 140,530**	$ 70,966
Less: Net unrealized losses on securities available-for-sale, net of tax(2)	**(4,242)**	(9,647)
Less: Accumulated net losses on cash flow hedges, net of tax	**(4,177)**	(5,189)
Less: Pension liability adjustment, net of tax(3)	**(2,619)**	(2,615)
Less: Cumulative effect included in fair value of financial liabilities attributable to the change in own credit worthiness, net of tax(4)	**1,862**	3,391
Less: Disallowed deferred tax assets(5)	**21,917**	23,520
Less: Intangible assets:		
Goodwill(6)	**26,436**	27,132
Other disallowed intangible assets(6)	**10,179**	10,607
Other	**(892)**	(840)
Total Tier 1 Common	**$ 90,282**	$ 22,927
Qualifying perpetual preferred stock	**$ 312**	$ 70,664
Qualifying mandatorily redeemable securities of subsidiary trusts	**34,403**	23,899
Qualifying noncontrolling interests	**1,288**	1,268
Total Tier 1 Capital	**$ 126,285**	$ 118,758
Tier 2 Capital		
Allowance for credit losses(7)	**$ 12,701**	$ 12,806
Qualifying subordinated debt(8)	**24,355**	24,791
Net unrealized pretax gains on available-for-sale equity securities(2)	**753**	43
Total Tier 2 Capital	**$ 37,809**	$ 37,640
Total Capital (Tier 1 and Tier 2)	**$ 164,094**	$ 156,398
Risk-Weighted Assets(9)	**$ 989,711**	$ 996,247

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

(2) Tier 1 Capital excludes net unrealized gains (losses) on available-for-sale debt securities and net unrealized gains on available-for-sale equity securities with readily determinable fair values, in accordance with risk-based capital guidelines. In arriving at Tier 1 Capital, banking organizations are required to deduct net unrealized losses on available-for-sale equity securities with readily determinable fair values, net of tax. Banking organizations are permitted to include in Tier 2 Capital up to 45% of pretax net unrealized gains on available-for-sale equity securities with readily determinable fair values.

(3) The FRB granted interim capital relief for the impact of adopting ASC 715-20-65 (SFAS 158).

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

(5) Of the Company's approximately $38 billion of net deferred tax assets at September 30, 2009, approximately $13 billion of such assets were includable without limitation in regulatory capital pursuant to risk-based capital guidelines, while approximately $22 billion of such assets exceeded the limitation imposed by these guidelines and, as "disallowed deferred tax assets," were deducted in arriving at Tier 1 Capital. The Company's other approximately $3 billion of net deferred tax assets at September 30, 2009 primarily represented the deferred tax effects of unrealized gains and losses on available-for-sale debt securities, which are permitted to be excluded prior to deriving the amount of net deferred tax assets subject to limitation under the guidelines. The Company had approximately $24 billion of disallowed deferred tax assets at December 31, 2008.

(6) Includes goodwill/intangible assets of related to assets of discontinued operations held for sale and assets held for sale.

(7) Includable up to 1.25% of risk-weighted assets. Any excess allowance is deducted in arriving at risk-weighted assets.

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

(9) Includes risk-weighted credit equivalent amounts, net of applicable bilateral netting agreements, of $70.3 billion for interest rate, commodity, and equity derivative contracts, foreign-exchange contracts, and credit derivatives as of September 30, 2009, compared with $102.9 billion as of December 31, 2008. Market-risk-equivalent assets included in risk-weighted assets amounted to $91.1 billion at September 30, 2009 and $101.8 billion at December 31, 2008. Risk-weighted assets also include the effect of certain other off-balance sheet exposures, such as unused lending commitments and letters of credit, and reflect deductions for certain intangible assets and any excess allowance for credit losses.

Recent Actions Impacting Citigroup's Risk-Weighted Assets

All three of Citigroup's primary credit card securitization trusts the Master Trust, Omni Trust and Broadway Trust had bonds placed on ratings watch with negative implications by rating agencies during the first and second quarters of 2009. As a result of the ratings watch status, certain actions were taken by Citi with respect to each of the trusts. In general, the actions subordinated certain senior interests in the trust assets that were retained by Citi, which effectively placed these interests below investor interests in terms of priority of payment.

With respect to the Master Trust, in the first quarter of 2009, Citi subordinated a portion of its "seller's interest," which represents a senior interest in trust receivables, thus making those cash flows available to pay investor coupons each month. In addition, during the second quarter of 2009, a subordinated note with a $3 billion principal amount was issued by the Master Trust and retained by Citibank (South Dakota), N.A. in order to provide additional credit support for the senior note classes. The note is classified as a held-to-maturity investment security.

With respect to the Omni Trust, in the second quarter of 2009, subordinated notes with a principal amount of $2 billion were issued by the trust and retained by Citibank (South Dakota), N.A. in order to provide additional credit support for the senior note classes. The notes are classified as Trading account assets. These notes are in addition to a $265 million subordinated note issued by Omni Trust and retained by Citibank (South Dakota), N.A. in the fourth quarter of 2008 for the same purpose of providing additional credit support for senior noteholders.

With respect to the Broadway Trust, in the second quarter of 2009, subordinated notes with a principal amount of $82 million were issued by the trust and retained by Citibank, N.A. in order to provide additional credit support for the senior note classes. The notes are classified as Trading account assets.

As a result of these actions, based on the applicable regulatory capital rules, Citigroup included the sold assets of the Master and Omni Trusts (commencing with the first quarter of

2009) and the Broadway Trust (commencing with the second quarter of 2009) in its risk-weighted assets for purposes of calculating its risk-based capital ratios. The effect of these changes increased Citigroup's risk-weighted assets by approximately $82 billion, and decreased Citigroup's Tier 1 Capital ratio by approximately 100 basis points, each as of March 31, 2009, with respect to the Master and Omni Trusts. The inclusion of the Broadway Trust increased Citigroup's risk-weighted assets by an additional approximately $900 million at June 30, 2009. All bond ratings for each of the trusts have been affirmed by the rating agencies, and no downgrades have occurred as of September 30, 2009.

Common Equity

Citigroup's common stockholders' equity increased by approximately $70 billion to $141 billion, and represented 7.4% of total assets as of September 30, 2009, from $71 billion and 3.7% at December 31, 2008.

The table below summarizes the change in Citigroup's common stockholders' equity during the first nine months of 2009:

In billions of dollars		
Common equity, December 31, 2008	**$**	**71.0**
Net income(1)		**6.0**
Employee benefit plans and other activities		**0.5**
Dividends		**(3.4)**
Exchange offers(1)		**58.9**
Net change in Accumulated other comprehensive income (loss), net of tax		**7.5**
Common equity, September 30, 2009	**$**	**140.5**

(1) Net income includes $0.9 billion related to the conversion of trust preferred securities held by public investors into common stock as described under "Significant Events in the Third Quarter of 2009 Exchange Offers" above.

As of September 30, 2009, $6.7 billion of stock repurchases remained under authorized repurchase programs. No material repurchases were made in 2008 and the first nine months of 2009.

Tangible Common Equity

TCE, as defined by Citigroup, represents *Common equity* less *Goodwill* and *Intangible assets* (*excluding MSRs*) net of the *related net deferred tax liabilities*. Other companies may calculate TCE in a manner different from Citigroup. Citi's TCE was $102.3 billion at September 30, 2009 and $31.1 billion at December 31, 2008.

The TCE ratio (TCE divided by risk-weighted assets see "Components of Capital Under Regulatory Guidelines" above) was 10.3% at September 30, 2009 and 3.1% at December 31, 2008. A reconciliation of Citigroup's total stockholders' equity to TCE follows:

In millions of dollars, except ratio		**September 30, 2009**		**December 31, 2008**
Total Citigroup Stockholders' Equity	**$**	**140,842**	$	141,630
Less:				
Preferred Stock		**312**		70,664
Common Equity	**$**	**140,530**	$	70,966
Less:				
Goodwill as reported		**25,423**		27,132
Intangible Assets (other than MSRs) as reported		**8,957**		14,159
Goodwill and Intangible Assets recorded as Assets of Discontinued Operations Held for Sale		**3,856**		
Goodwill and Intangible Assets recorded as Assets held-for-sale		**1,377**		

Less: Related Net Deferred Tax Liabilities		**1,381**		1,382
Tangible Common Equity (TCE)	**$**	**102,298**	$	31,057
Tangible Assets				
GAAP Assets as reported	**$**	**1,888,599**	$	1,938,470
Less:				
Goodwill as reported		**25,423**		27,132
Intangible Assets (other than MSRs) as reported		**8,957**		14,159
Goodwill and Intangible Assets recorded as Assets of Discontinued Operations Held for Sale		**3,856**		
Goodwill and Intangible Assets recorded as Assets held-for-sale		**1,377**		
Related deferred tax assets		**1,272**		1,285
Tangible Assets (TA)	**$**	**1,847,714**	$	1,895,894
Risk-Weighted Assets (RWA) under *"Components of Capital Under Regulatory Guidelines"*	**$**	**989,711**	$	996,247
TCE/TA RATIO		**5.5%**		1.6%
TCE RATIO (TCE/RWA)		**10.3%**		3.1%

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Capital Resources of Citigroup's Depository Institutions

Citigroup's U.S. subsidiary depository institutions 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 these regulatory 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, 2009, all of Citigroup's subsidiary depository institutions were "well capitalized" under federal bank regulatory agency 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	Sept. 30, 2009	Dec. 31, 2008
Tier 1 Capital	**$ 95.8**	**$ 71.0**
Total Capital (Tier 1 and Tier 2)	**110.8**	**108.4**
Tier 1 Capital Ratio	**15.16%**	**9.94%**
Total Capital Ratio (Tier 1 and Tier 2)	**17.53**	**15.18**
Leverage Ratio(1)	**8.37**	**5.82**

(1) Tier 1 Capital divided by each period's quarterly adjusted average total assets.

Citibank, N.A. had a net loss of $2.3 billion for the first nine months of 2009.

In addition, during the first nine months of 2009, Citibank, N.A. received capital contributions from its immediate parent company, Citicorp, in the amount of $30.5 billion.

Total subordinated notes issued to Citibank, N.A.'s immediate parent company, Citicorp, included in Citibank, N.A.'s Tier 2 Capital declined from $28.2 billion outstanding at December 31, 2008 to $6.5 billion outstanding at September 30, 2009, reflecting the redemption of $21.7 billion of subordinated notes in the first nine months of 2009.

The significant events in the latter half of 2008 and the first nine months of 2009 impacting the capital of Citigroup also affected, or could affect, Citibank, N.A. which is subject to separate banking regulation and examination.

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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-weighted assets or adjusted average total assets (denominator) based on financial information as of September 30, 2009. 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 could have on these ratios. These sensitivities only consider a single change to either a component of capital, risk-weighted assets or adjusted average total assets. Accordingly, an event that affects more than one factor may have a larger basis-point impact than is reflected in this table.

	Tier 1 Common Ratio		**Tier 1 Capital Ratio**		**Total Capital Ratio**		**Leverage Ratio**	
	Impact of $100 million change in Tier 1 Common	**Impact of $1 billion change in risk-weighted assets**	**Impact of $100 million change in Tier 1 Capital**	**Impact of $1 billion change in risk-weighted assets**	**Impact of $100 million change in total capital**	**Impact of $1 billion change in risk-weighted assets**	**Impact of $100 million change in Tier 1 Capital**	**Impact of $1 billion change in adjusted average total assets**
Citigroup	1.0 bps	0.9 bps	1.0 bps	1.3 bps	1.0 bps	1.7 bps	0.5 bps	0.4 bps
Citibank, N.A.			1.6 bps	2.4 bps	1.6 bps	2.8 bps	0.9 bps	0.7 bps

Broker-Dealer Subsidiaries

At September 30, 2009, Citigroup Global Markets Inc., an indirect wholly-owned subsidiary of Citigroup Global Markets Holdings Inc., had net capital, computed in accordance with the SEC's net capital rule, of $9.1 billion, which exceeded the minimum requirement by $8.4 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, 2009. The requirements applicable to these subsidiaries in the U.S. and in particular other jurisdictions are the subject of political debate and potential change in light of recent events.

Regulatory Capital Standards Developments

Citigroup supports the move to a new set of risk-based 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 anytime 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. 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 intends to implement Basel II within the timeframe required by the final rules. The Basel II (or its successor) requirements are the subject of political debate and potential change in light of recent events.

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FUNDING AND LIQUIDITY

Overview

Because Citigroup is a bank holding company, substantially all of its net earnings are generated within its operating subsidiaries. These subsidiaries make funds available to Citigroup, primarily in the form of dividends. Citigroup's liquidity management is structured to optimize the free flow of funds through the Company's legal and regulatory structure; however, various constraints, discussed below, limit certain subsidiaries' dividend-paying abilities. 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: (i) Citigroup, as the parent holding company; (ii) banking subsidiaries; and (iii) non-banking subsidiaries.

Citigroup

As a result of continued deleveraging, deposit growth, term securitization under government and non-government programs, and the issuance of long-term debt under government guarantees and non-guaranteed debt, over the last several quarters, Citigroup has substantially increased its cash balances and reduced its short-term borrowings. In addition, as of September 30, 2009, Citigroup had largely eliminated utilization of short-term government funding programs.

Beginning in October 2008, Citi and certain of its subsidiaries participated in the FDIC's TLGP pursuant to which certain qualifying senior unsecured debt issued by such entities is guaranteed, pursuant to the applicable time period, in amounts up to 125% of the qualifying debt for each qualifying entity (see "Government Programs FDIC's Temporary Liquidity Guarantee Program" above). As of September 30, 2009, Citigroup and its affiliates have issued a total of approximately $54.7 billion of long-term debt that is covered under the FDIC guarantee. Also as of September 30, 2009, Citigroup, through its subsidiaries, has issued approximately $4.37 billion in commercial paper and interbank deposits backed by the FDIC program.

The TLGP expired on October 31, 2009 and Citigroup and its affiliates have elected not to participate in any FDIC- approved extension of the program. In anticipation of the expiration of the program, and as market conditions began to improve, Citigroup and its first tier subsidiaries have issued $20 billion of non-guaranteed debt outside of TLGP over the past six months. Such issuances have been at various maturities, with a weighted average maturity of over 10 years, in multiple currencies. In addition, beginning October 1, 2009, Citigroup has been issuing commercial paper, of any tenor, outside of the TLGP and the Company currently anticipates that commercial paper will continue to be an important funding source during 2010, although not at 2008/2009 levels.

At September 30, 2009, long-term debt and commercial paper outstanding for Citigroup, CGMHI, Citigroup Funding Inc. (CFI) and other Citigroup subsidiaries, collectively, were as follows:

In billions of dollars	Citigroup parent company	CGMHI(1)	CFI(1)	Other Citigroup Subsidiaries
Long-term debt	$ 215.0	$ 15.4	$ 51.2	$ 98.0(2)
Commercial paper	$	$	$ 10.0	$ 0.4

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

(2) At September 30, 2009, approximately $30.6 billion relates to collateralized advances from the Federal Home Loan Bank.

The table below details the long-term debt issuances of Citigroup during the past four quarters.

In billions of dollars	4Q08	1Q09	2Q09	3Q09	Total
Debt issued under TLGP guarantee	$ 5.8	$ 21.9	$ 17.0	$ 10.0	**$ 54.7**
Debt issued without TLGP guarantee:					
Citigroup parent company/CFI	0.3	2.0	7.4	12.6	**22.3**

Other Citigroup subsidiaries	0.5	0.5	10.1(1)	7.9(2)	**19.0**
Total	$ 6.6	$ 24.4	$ 34.5	$ 30.5	**$ 96.0**

(1) Includes $8.5 billion issued by The Student Loan Corporation through the U.S. government sponsored Department of Education Conduit Facility, and $1 billion issued by Citigroup Pty. Ltd. in Australia and guaranteed by the Commonwealth of Australia.

(2) Includes $3.3 billion issued by The Student Loan Corporation through the U.S. government sponsored Department of Education Conduit Facility, and $1 billion issued by Citigroup Pty. Ltd. in Australia and guaranteed by the Commonwealth of Australia.

See Note 12 to the Consolidated Financial Statements for further detail on Citigroup's and its affiliates' long-term debt and commercial paper outstanding.

Outside of long-term debt funding, Citi has been actively building its structural liquidity in two important ways. First, Citi has focused on growing a geographically diverse retail and corporate deposit base which stood at approximately $833 billion as of September 30, 2009, up $28 billion compared to June 30, 2009. On a volume basis, deposit increases were noted in Regional Consumer Banking, particularly in North America, and in Transaction Services due to growth in all regions and strength in Treasury and Trade Solutions, excluding the impact of foreign exchange on a volume basis. Citi's deposit base has increased sequentially over each of the last five quarters. These deposits are diversified across products and regions, with approximately 61% outside of the U.S. This diversification provides the Company with an important and low-cost source of funding. A significant portion of these deposits has been, and is currently expected to be, long-term and stable and is considered to be core.

Second, total assets as of September 30, 2009 have declined 8% as compared to September 30, 2008. Loans, which are one of the Company's most illiquid assets, are down $107 billion, or approximately 15%.

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As of September 30, 2009, Citigroup and affiliates liquidity portfolio and broker-dealer "cash box" totaled $76.0 billion as compared with $66.8 billion at December 31, 2008 and $50.5 billion at September 30, 2008, and Citigroup's bank subsidiaries had an aggregate of approximately $148.8 billion of cash on deposit with major Central Banks (including the U.S. Federal Reserve Bank of New York, the European Central Bank, Bank of England, Swiss National Bank and Bank of Japan), compared with approximately $72 billion at December 31, 2008. These amounts are in addition to cash deposited from the broker-dealer "cash box" noted above. Citigroup's bank subsidiaries also have significant additional liquidity resources through unencumbered highly liquid securities and other assets available for secured funding through private markets or that are, or could be, pledged to the major Central Banks and the U.S. Federal Home Loan Banks. The liquidity value of the liquid securities was $59.4 billion at September 30, 2009 compared with $53.3 billion at June 30, 2009. Significant amounts of cash and liquid securities are also available in other Citigroup entities.

As a result of the actions described above and the Company's current funding levels, management currently believes Citi is largely pre-funded heading into 2010, with a deliberately liquid and flexible balance sheet. The combined parent and broker-dealer entities maintain sufficient liquidity to meet all maturing unsecured debt obligations due within a one-year time horizon, without accessing the unsecured markets.

Banking Subsidiaries Constraints on Dividends

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 non-bank subsidiaries. Currently, the approval of the OCC, 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. Citigroup did not receive any dividends from its banking subsidiaries during the third quarter of 2009.

Non-Banking Subsidiaries Constraints on Dividends

Citigroup's non-bank subsidiaries, including Citigroup Global Market Holdings Inc. (CGMHI), are generally not subject to regulatory restrictions on dividends. However, the ability of CGMHI to declare dividends can be restricted by capital considerations of its broker-dealer subsidiaries.

CGMHI's consolidated balance sheet is liquid, with the vast majority of its assets consisting of marketable securities and collateralized short-term financing agreements arising from securities transactions. CGMHI monitors and evaluates the adequacy of its capital and borrowing base on a daily basis to maintain liquidity and to ensure that its capital base supports the regulatory capital requirements of its subsidiaries.

Some of Citigroup's non-bank subsidiaries, including CGMHI, 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. There are various legal restrictions on the extent to which a bank holding company and certain of its non-bank subsidiaries can borrow or obtain credit from Citigroup's subsidiary depository institutions or engage in certain other transactions with them. In general, these restrictions require that transactions be on arm's-length terms and be secured by designated amounts of specified collateral. See Note 12 to the Consolidated Financial Statements.

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Credit Ratings

Citigroup's ability to access the capital markets and other sources of funds, as well as the cost of these funds and its ability to maintain certain deposits, is highly dependent on its credit ratings. The table below indicates the current ratings for Citigroup. Generally, since May of 2009, Citigroup's ratings have largely been consistent and stable.

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

Citigroup's Debt Ratings as of September 30, 2009

	Citigroup Inc.		Citigroup Funding Inc.		Citibank, N.A.	
	Senior debt	Commercial paper	Senior debt	Commercial paper	Long-term	Short-term
Fitch Ratings	A+	F1+	A+	F1+	A+	F1+
Moody's Investors Service	A3	P-1	A3	P-1	A1	P-1
Standard & Poor's	A	A-1	A	A-1	A+	A-1

Ratings downgrades by Fitch Ratings, Moody's Investors Service or Standard & Poor's have had and could continue to have impacts on funding and liquidity, and could also have further explicit impact on liquidity due to collateral triggers and other cash requirements. Because of the current credit ratings of Citigroup Inc., a one-notch downgrade of its senior debt/long-term rating would likely impact Citigroup Inc.'s commercial paper/short-term rating. As of September 30, 2009, a one-notch downgrade of the senior debt/long-term rating of Citigroup Inc., accompanied by a one-notch downgrade of Citigroup Inc.'s commercial paper/short-term rating, would result in an approximately $15.9 billion funding requirement in the form of collateral and cash obligations. Further, as of September 30, 2009, a one-notch downgrade of the senior debt/long-term ratings of Citibank, N.A. would result in an approximately $4.4 billion funding requirement in the form of collateral and cash obligations. Because of the current credit ratings of Citibank, N.A., a one-notch downgrade of its senior debt/long-term rating is unlikely to have any impact on its commercial paper/short-term rating.

As a result of the adoption of SFAS No. 166 and SFAS 167 (see Note 1 to the Consolidated Financial Statements), certain credit rating agencies have raised concerns about the loss of GAAP sale treatment in certain securitization transactions and the resulting effects under the FDIC's securitization rule. Specifically, under the FDIC's securitization rule, so long as a securitization is accounted for as a sale for GAAP purposes and certain other conditions are satisfied, the FDIC, when acting as conservator or receiver of an insolvent bank, will also treat the transferred assets as sold and thus surrender its rights to reclaim the financial assets transferred in the securitization. With the adoption of SFAS 166 and SFAS 167, GAAP sales treatment will be eliminated in certain securitizations, thus potentially putting securitized assets at risk of seizure by the FDIC in cases of conservatorship or receivership.

The FDIC is considering a revision to its current regulations that would continue to recognize the legal isolation of securitized assets after the adoption of SFAS 166 and SFAS 167; however, it is unclear at this time what changes to the rules, if any, will be made or if the affected securitization structures will need to be modified in order to comply with those rules. If the FDIC does not act and/or if the affected securitization vehicles are unable to take appropriate steps to restructure their programs, the bond ratings of certain notes issued by these securitization vehicles, including Citi's credit card securitization vehicles, could be lowered or withdrawn. In addition, these securitization vehicles may be unable to issue new bonds with a rating that is higher than the sponsoring bank's then-current rating.

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OFF-BALANCE SHEET ARRANGEMENTS

Citigroup and its subsidiaries are involved with several types of off-balance sheet arrangements, including special purpose entities (SPEs), primarily in connection with securitization activities in Regional Consumer Banking and Local Consumer Lending. Citigroup and its subsidiaries use SPEs principally to obtain liquidity and favorable capital treatment by securitizing certain of Citigroup's financial assets, assisting clients in securitizing their financial assets and creating investment products for clients. For further information about the Company's securitization activities and involvement in SPEs, see Note 15 to the Consolidated Financial Statements.

The following tables describe certain characteristics of assets owned by certain identified significant unconsolidated variable interest entities (VIEs) as of September 30, 2009. These VIEs and the Company's exposure to the VIEs are described in Note 15 to the Consolidated Financial Statements.

See also Note 1 to the Consolidated Financial Statements, "Elimination of QSPEs and Changes in the Consolidation Model for Variable Interest Entities."

			Credit rating distribution			
Citi-Administered Asset-Backed Commercial Paper Conduits	**Total assets (in billions)**	**Weighted average life**	**AAA**	**AA**	**A**	**BBB/BBB+ and below**
	$ 39.7	4.55 years	41%	44%	11%	4%

Asset class	**% of total portfolio**
Student loans	31%
Trade receivables	9%
Credit cards and consumer loans	4%
Portfolio finance	11%
Commercial loans and corporate credit	17%
Export finance	19%
Auto	5%
Residential mortgage	4%
Total	100%

			Credit rating distribution				
Collateralized Debt and Loan Obligations	**Total assets (in billions)**	**Weighted average life**	**A or higher**	**BBB**	**BB/B**	**CCC**	**Unrated**
Collateralized debt obligations (CDOs)	$ 16.1	3.9 years	12%	12%	12%	49%	15%
Collateralized loan obligations (CLOs)	$ 13.8	6.6 years	1%	1%	45%	8%	45%

			Credit rating distribution		
Municipal Securities Tender Option Bond Trusts (TOB)	**Total assets (in billions)**	**Weighted average life**	**AAA/Aaa**	**AA/Aa1 AA-/Aa3**	**Less than AA-/Aa3**
Customer TOB trusts (not consolidated)	$ 8.5	12.4 years	12%	85%	3%
Proprietary TOB trusts (consolidated and non-consolidated)	$ 13.0	16.3 years	8%	77%	15%
QSPE TOB trusts (not consolidated)	$ 0.7	10.9 years	88%	12%	0%

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CONTRACTUAL OBLIGATIONS

See the Company's 2008 Annual Report on Form 10-K and Note 12 to the Consolidated Financial Statements, herein, for a discussion of contractual obligations.

FAIR VALUATION

For a discussion of fair value of assets and liabilities, see Note 17 and Note 18 to the Consolidated Financial Statements.

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, 2009 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, 2009 that materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

FORWARD-LOOKING STATEMENTS

Certain statements in this Form 10-Q, including but not limited to statements included within the "Management's Discussion and Analysis," are "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Generally, "forward-looking statements" are not based on historical facts but instead represent only the Company's and management's beliefs regarding future events. Such statements may be identified 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."

Such 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 below:

- the factors listed and described under "Risk Factors" in Citigroup's 2008 Annual Report on Form 10-K;
- the Company's ability to continue to successfully execute its strategy in winding down Citi Holdings;
- Citi's reputation and the continued strength and recognition of the Company's brand name on a global basis;
- Citi's credit ratings and the credit ratings of our securitizations;
- the Company's ability to continue to retain and motivate its employee talent, as well as attract new talent, particularly as a result of significant compensation restrictions imposed by recent government and legislative actions;

the realization of the Company's recognized net deferred tax asset at September 30, 2009 and the effect that an ownership change (as defined in Section 382 of the Internal Revenue Code) could have on the Company's ability to utilize its deferred tax asset, which is a component of TCE, to offset future taxable income;

the impact of The Card Accountability, Responsibility and Disclosure Act of 2009 (CARD Act) on the Company's credit card businesses;

the effectiveness of Citi's loan modification programs (both Citi-instituted programs and the Home Affordable Modification Program (HAMP)) and their impact on Citi's future results, including delinquency trends, loan loss reserves and net credit losses;

the impact that FASB-adopted changes regarding off-balance sheet assets, consolidation and sale treatment could have on Citi's financial statements and capital ratios;

the effectiveness of the hedging products used in connection with the Special Asset Pool'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 outcome of legal, regulatory, legislative, judicial and other proceedings, both within and outside of the U.S.

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Citigroup Inc.

CONSOLIDATED FINANCIAL STATEMENTS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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CONSOLIDATED FINANCIAL STATEMENTS

CITIGROUP INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF INCOME (Unaudited)

Citigroup Inc. and Subsidiaries

In millions of dollars, except per share amounts	Three months ended September 30, 2009	2008	Nine months ended September 30, 2009	2008
Revenues				
Interest revenue	**$ 18,678**	$ 26,130	**$ 58,932**	$ 82,628
Interest expense	**6,680**	12,726	**21,179**	42,150
Net interest revenue	**$ 11,998**	$ 13,404	**$ 37,753**	$ 40,478
Commissions and fees	**$ 3,218**	$ 3,208	**$ 12,823**	$ 10,348
Principal transactions	**1,660**	(3,013)	**5,763**	(15,447)
Administration and other fiduciary fees	**1,085**	2,081	**4,163**	6,479
Realized gains (losses) on sales of investments	**427**	150	**1,719**	376
Other-than-temporary impairment losses on investments(1)				
Gross impairment losses	**(2,453)**	(755)	**(6,161)**	(1,239)
Less: Impairments recognized in OCI	**1,741**		**4,006**	
Net impairment losses recognized in earnings	**$ (712)**	$ (755)	**$ (2,155)**	$ (1,239)
Insurance premiums	**763**	823	**2,263**	2,513
Other revenue	**1,951**	360	**12,551**	2,445
Total non-interest revenues	**$ 8,392**	$ 2,854	**$ 37,127**	$ 5,475
Total revenues, net of interest expense	**$ 20,390**	$ 16,258	**$ 74,880**	$ 45,953
Provisions for credit losses and for benefits and claims				
Provision for loan losses	**$ 8,771**	$ 8,943	**$ 30,919**	$ 21,503
Policyholder benefits and claims	**324**	274	**964**	809
Provision for unfunded lending commitments		(150)	**195**	(293)
Total provisions for credit losses and for benefits and claims	**$ 9,095**	$ 9,067	**$ 32,078**	$ 22,019
Operating expenses				
Compensation and benefits	**$ 6,136**	$ 7,544	**$ 18,730**	$ 24,798
Premises and equipment	**1,035**	1,342	**3,209**	3,983
Technology/communication	**1,114**	1,515	**3,410**	4,534
Advertising and marketing	**317**	496	**1,002**	1,713
Restructuring	**(34)**	8	**(79)**	(21)
Other operating	**3,256**	3,102	**9,236**	9,591
Total operating expenses	**$ 11,824**	$ 14,007	**$ 35,508**	$ 44,598
Income (loss) from continuing operations before income taxes	**$ (529)**	$ (6,816)	**$ 7,294**	$ (20,664)

Provision (benefit) for income taxes	**(1,122)**	(3,295)	**620**	(9,628)
Income (loss) from continuing operations	**$ 593**	$ (3,521)	**$ 6,674**	$ (11,036)
Discontinued operations				
Income (loss) from discontinued operations	**$ (204)**	$ 507	**$ (635)**	$ 898
Gain (loss) on sale		9	**2**	(508)
Provision (benefit) for income taxes	**214**	(97)	**44**	(188)
Income (loss) from discontinued operations, net of taxes	**$ (418)**	$ 613	**$ (677)**	$ 578
Net income (loss) before attribution of noncontrolling interests	**$ 175**	$ (2,908)	**$ 5,997**	$ (10,458)
Net Income (loss) attributable to noncontrolling interests	**74**	(93)	**24**	(37)
Citigroup's net income (loss)	**$ 101**	$ (2,815)	**$ 5,973**	$ (10,421)
Basic earnings per share(2)				
Income (loss) from continuing operations	**$ (0.23)**	$ (0.72)	**$ (0.10)**	$ (2.28)
Income (loss) from discontinued operations, net of taxes	**(0.04)**	0.11	**(0.09)**	0.11
Net income (loss)	**$ (0.27)**	$ (0.61)	**$ (0.19)**	$ (2.17)
Weighted average common shares outstanding	**12,104.3**	5,341.8	**7,629.6**	5,238.3
Diluted earnings per share(2)				
Income (loss) from continuing operations	**$ (0.23)**	$ (0.72)	**$ (0.10)**	$ (2.28)
Income (loss) from discontinued operations, net of taxes	**(0.04)**	0.11	**(0.09)**	0.11
Net income (loss)	**$ (0.27)**	$ (0.61)	**$ (0.19)**	$ (2.17)
Adjusted weighted average common shares outstanding	**12,216.0**	5,831.1	**8,045.7**	5,727.9

(1) For the three and nine months ended September 30, 2009, OTTI losses on investments are accounted for in accordance ASC 320-10-65-1 (FSP FAS 115-2) (see "Accounting Changes" in Note 1 to the Consolidated Financial Statements).

(2) The Company adopted ASC 260-10-45 to 65 (FSP EITF 03-6-1) on January 1, 2009. All prior periods have been restated to conform to the current presentation. The Diluted EPS calculation for 2009 and 2008 utilizes Basic shares and Income available to common shareholders (Basic) due to the negative Income available to common shareholders. Using actual Diluted shares and Income available to common shareholders (Diluted) would result in anti-dilution.

See Notes to the Consolidated Financial Statements.

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CITIGROUP INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEET

Citigroup Inc. and Subsidiaries

In millions of dollars, except shares	September 30, 2009 (Unaudited)	December 31, 2008
Assets		
Cash and due from banks (including segregated cash and other deposits)	**$ 26,482**	$ 29,253
Deposits with banks	**217,730**	170,331
Federal funds sold and securities borrowed or purchased under agreements to resell (including $87,886 and $70,305 as of September 30, 2009 and December 31, 2008, respectively, at fair value)	**197,357**	184,133
Brokerage receivables	**34,667**	44,278
Trading account assets (including $128,154 and $148,703 pledged to creditors at September 30, 2009 and December 31, 2008, respectively)	**340,697**	377,635
Investments (including $18,413 and $14,875 pledged to creditors at September 30, 2009 and December 31, 2008, respectively)	**261,890**	256,020
Loans, net of unearned income		
Consumer (including $30 and $36 at September 30, 2009 and December 31, 2008, respectively, at fair value)	**441,491**	481,387
Corporate (including $1,475 and $2,696 at September 30, 2009 and December 31, 2008, respectively, at fair value)	**180,720**	212,829
Loans, net of unearned income	**$ 622,211**	$ 694,216
Allowance for loan losses	**(36,416)**	(29,616)
Total loans, net	**$ 585,795**	$ 664,600
Goodwill	**25,423**	27,132
Intangible assets (other than MSRs)	**8,957**	14,159
Mortgage servicing rights (MSRs)	**6,228**	5,657
Other assets (including $13,670 and $21,372 as of September 30, 2009 and December 31, 2008 respectively, at fair value)	**159,769**	165,272
Assets of discontinued operations held for sale	**23,604**	
Total assets	**$ 1,888,599**	$ 1,938,470
Liabilities		
Deposits		
Non-interest-bearing deposits in U.S. offices	**$ 77,460**	$ 55,485
Interest-bearing deposits in U.S. offices (including $919 and $1,335 at September 30, 2009 and December 31, 2008, respectively, at fair value)	**244,856**	234,491
Total U.S. deposits	**$ 322,316**	$ 289,976
Non-interest-bearing deposits in offices outside the U.S.	**40,606**	37,412
Interest-bearing deposits in offices outside the U.S. (including $1,110 and $1,271 at September 30, 2009 and December 31, 2008, respectively, at fair value)	**469,681**	446,797
Total international deposits	**$ 510,287**	$ 484,209
Total deposits	**$ 832,603**	$ 774,185
Federal funds purchased and securities loaned or sold under agreements to repurchase (including $116,693 and $138,866 as of September 30, 2009 and December 31, 2008, respectively, at fair value)	**178,159**	205,293
Brokerage payables	**57,672**	70,916
Trading account liabilities	**130,540**	165,800
	64,731	126,691

Short-term borrowings (including $1,443 and $17,607 at September 30, 2009 and December 31, 2008, respectively, at fair value)				
Long-term debt (including $27,186 and $27,263 at September 30, 2009 and December 31, 2008, respectively, at fair value)		**379,557**		359,593
Other liabilities (including $14,819 and $11,889 as of September 30, 2009 and December 31, 2008, respectively, at fair value)		**86,384**		91,970
Liabilities of discontinued operations held for sale		**16,004**		
Total liabilities	**$**	**1,745,650**	$	1,794,448
Citigroup stockholders' equity				
Preferred stock ($1.00 par value; authorized shares: 30 million), issued shares: **12,038 at September 30, 2009**, at aggregate liquidation value	**$**	**312**	$	70,664
Common stock ($0.01 par value; authorized shares: 60 billion), issued shares: **23,044,331,654 and 5,671,743,807 at September 30, 2009** and December 31, 2008, respectively.		**230**		57
Additional paid-in capital		**78,802**		19,165
Retained earnings		**85,208**		86,521
Treasury stock, at cost: **September 30, 2009 180,384,393 shares** and December 31, 2008 221,675,719 shares		**(6,059)**		(9,582)
Accumulated other comprehensive income (loss)		**(17,651)**		(25,195)
Total Citigroup stockholders' equity	**$**	**140,842**	$	141,630
Noncontrolling interest		**2,107**		2,392
Total equity	**$**	**142,949**	$	144,022
Total liabilities and equity	**$**	**1,888,599**	$	1,938,470

See Notes to the Consolidated Financial Statements.

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CITIGROUP INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (Unaudited)

In millions of dollars, except shares in thousands	Nine Months Ended September 30, 2009	2008
Preferred stock at aggregate liquidation value		
Balance, beginning of period	**$ 70,664**	$
Issuance of preferred stock	**3,653**	27,424
Conversion of preferred stock	**(74,005)**	
Balance, end of period	**$ 312**	$ 27,424
Common stock and additional paid-in capital		
Balance, beginning of period	**$ 19,222**	$ 18,062
Employee benefit plans	**(3,508)**	(2,405)
Issuance of Common stock	**173**	4,911
Issuance of shares for Nikko Cordial acquisition		(3,500)
Issuance of TARP-related warrants	**88**	
Reset of convertible preferred stock conversion price	**1,285**	
Conversion of preferred stock to common stock	**61,790**	
Other	**(18)**	(127)
Balance, end of period	**$ 79,032**	$ 16,941
Retained earnings		
Balance, beginning of period	**$ 86,521**	$ 121,769
Adjustment to opening balance, net of tax(1)	**413**	
Adjusted balance, beginning of period	**$ 86,934**	$ 121,769
Net income (loss)	**5,973**	(10,421)
Common dividends(2)	**(34)**	(5,175)
Preferred dividends	**(3,201)**	(833)
Preferred stock Series H discount accretion	**(124)**	
Reset of convertible preferred stock conversion price	**(1,285)**	
Conversion of Preferred stock	**(3,055)**	
Balance, end of period	**$ 85,208**	$ 105,340
Treasury stock, at cost		
Balance, beginning of period	**$ (9,582)**	$ (21,724)
Issuance of shares pursuant to employee benefit plans	**3,505**	4,210
Treasury stock acquired(3)	**(3)**	(7)
Issuance of shares for Nikko Cordial acquisition		7,858
Other	**21**	21
Balance, end of period	**$ (6,059)**	$ (9,642)
Accumulated other comprehensive income (loss)		
Balance, beginning of period	**$ (25,195)**	$ (4,660)
Adjustment to opening balance, net of tax(1)	**(413)**	
Adjusted balance, beginning of period	**$ (25,608)**	$ (4,660)
Net change in unrealized gains and losses on investment securities, net of tax	**5,818**	(6,657)
Net change in cash flow hedges, net of tax	**1,012**	(312)
Net change in FX translation adjustment, net of tax	**1,131**	(2,419)
Pension liability adjustment, net of tax	**(4)**	47

Net change in Accumulated other comprehensive income (loss)	**$**	**7,957**	$	(9,341)
Balance, end of period	**$**	**(17,651)**	$	(14,001)
Total Citigroup common stockholders' equity (shares outstanding: 22,863,947 at September 30, 2009 and 5,450,068 at December 31, 2008)	**$**	**140,530**	$	98,638
Total Citigroup stockholders' equity	**$**	**140,842**	$	126,062
Noncontrolling interests				
Balance, beginning of period	**$**	**2,392**	$	5,308
Initial origination of a noncontrolling interest		**124**		1,409
Transactions between noncontrolling interest shareholders and the related consolidating subsidiary		**(134)**		(2,347)
Transactions between Citigroup and the noncontrolling interest shareholders		**(350)**		(836)
Net income attributable to noncontrolling interest shareholders		**24**		(37)
Dividends paid to noncontrolling interest shareholders		**(16)**		(136)
Accumulated other comprehensive income Net change in unrealized gains and losses on investments securities, net of tax		**7**		3
Accumulated other comprehensive income Net change in FX translation adjustment, net of tax		**31**		6
All other		**29**		92
Net change in noncontrolling interests	**$**	**(285)**	$	(1,846)
Balance, end of period	**$**	**2,107**	$	3,462
Total equity	**$**	**142,949**	$	129,524

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Comprehensive income (loss)				
Net income (loss) before attribution of noncontrolling interests	**$**	**5,997**	$	(10,458)
Net change in accumulated other comprehensive income (loss)		**7,995**		(9,332)
Total comprehensive income (loss)	**$**	**13,992**	$	(19,790)
Comprehensive income (loss) attributable to the noncontrolling interest		**62**		(28)
Comprehensive income (loss) attributable to Citigroup	**$**	**13,930**	$	(19,762)

(1) The adjustment to the opening balances for Retained earnings and Accumulated other comprehensive income (loss) represents the cumulative effect of initially adopting ASC 320-10-65-1 (FSP FAS 115-2). See Note 1 to the Consolidated Financial Statements for further disclosure.

(2) Common dividends declared were $0.01 per share in the first quarter of 2009 and $0.32 per share in the first, second and third quarters of 2008.

(3) All open market repurchases were transacted under an existing authorized share repurchase plan and relate to customer fails/errors.

See Notes to the 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, 2009	2008
Cash flows from operating activities of continuing operations		
Net income (loss) before attribution of noncontrolling interests	**$ 5,997**	$ (10,458)
Net income (loss) attributable to noncontrolling interests	**24**	(37)
Citigroup's net income (loss)	**$ 5,973**	$ (10,421)
Income (loss) from discontinued operations, net of taxes	**(679)**	882
Gain (loss) on sale, net of taxes	**2**	(304)
Income (loss) from continuing operations excluding noncontrolling interests	**$ 6,650**	$ (10,999)
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	**298**	252
Additions to deferred policy acquisition costs	**(354)**	(311)
Depreciation and amortization	**1,290**	1,953
Provision for credit losses	**31,114**	21,210
Change in trading account assets	**28,355**	81,930
Change in trading account liabilities	**(32,437)**	(12,799)
Change in federal funds sold and securities borrowed or purchased under agreements to resell	**(19,061)**	48,657
Change in federal funds purchased and securities loaned or sold under agreements to repurchase	**(24,008)**	(53,824)
Change in brokerage receivables net of brokerage payables	**(2,360)**	9,412
Net losses (gains) from sales of investments	**(1,719)**	863
Change in loans held-for-sale	**(1,605)**	22,398
Other, net	**3**	(9,796)
Total adjustments	**$ (20,484)**	$ 109,945
Net cash provided by (used in) operating activities of continuing operations	**$ (13,834)**	$ 98,946
Cash flows from investing activities of continuing operations		
Change in deposits at interest with banks	**$ (47,797)**	$ (9,326)
Change in loans	**(127,661)**	(187,859)
Proceeds from sales and securitizations of loans	**185,442**	203,863
Purchases of investments	**(167,115)**	(272,815)
Proceeds from sales of investments	**66,890**	60,255
Proceeds from maturities of investments	**90,218**	194,312
Capital expenditures on premises and equipment	**(859)**	(2,111)
Proceeds from sales of premises and equipment, subsidiaries and affiliates, and repossessed assets	**5,590**	15,644
Net cash provided by investing activities of continuing operations	**$ 4,708**	$ 1,963
Cash flows from financing activities of continuing operations		
Dividends paid	**$ (3,235)**	$ (6,008)
Issuance of common stock		4,961
Issuance (redemptions) of preferred stock		27,424
Treasury stock acquired	**(3)**	(7)
Stock tendered for payment of withholding taxes	**(116)**	(377)
Issuance of long-term debt	**90,464**	67,311
Payments and redemptions of long-term debt	**(83,850)**	(94,073)
Change in deposits	**58,418**	(32,411)
Change in short-term borrowings	**(56,143)**	(41,633)

Net cash (used in) provided by financing activities of continuing operations	**$**	**5,535**	$	(74,813)
Effect of exchange rate changes on cash and cash equivalents	**$**	**582**	$	(1,105)
Net cash from discontinued operations	**$**	**238**	$	(171)
Change in cash and due from banks	**$**	**(2,771)**	$	24,820
Cash and due from banks at beginning of period	**$**	**29,253**	$	38,206
Cash and due from banks at end of period	**$**	**26,482**	$	63,026
Supplemental disclosure of cash flow information for continuing operations				
Cash (received)paid during the period for income taxes	**$**	**(1,251)**	$	2,123
Cash paid during the period for interest	**$**	**21,338**	$	44,294
Non-cash investing activities				
Transfers to repossessed assets	**$**	**2,149**	$	2,574

See Notes to the Unaudited Consolidated Financial Statements.

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CITIBANK, N.A. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEET

In millions of dollars, except shares	*Citibank, N.A. and Subsidiaries* September 30, 2009 *(Unaudited)*	December 31, 2008
Assets		
Cash and due from banks	**$ 21,016**	$ 22,107
Deposits with banks	**207,082**	156,774
Federal funds sold and securities purchased under agreements to resell	**16,396**	41,613
Trading account assets (including $9,539 and $12,092 pledged to creditors at September 30, 2009 and December 31, 2008, respectively)	**163,542**	197,052
Investments (including $2,633 and $3,028 pledged to creditors at September 30, 2009 and December 31, 2008, respectively)	**187,406**	165,914
Loans, net of unearned income	**507,629**	555,198
Allowance for loan losses	**(23,299)**	(18,273)
Total loans, net	**$ 484,330**	$ 536,925
Goodwill	**10,210**	10,148
Intangible assets	**8,010**	7,689
Premises and equipment, net	**4,954**	5,331
Interest and fees receivable	**6,740**	7,171
Other assets	**77,068**	76,316
Total assets	**$ 1,186,754**	$ 1,227,040
Liabilities		
Non-interest-bearing deposits in U.S. offices	**$ 80,425**	$ 55,223
Interest-bearing deposits in U.S. offices	**188,803**	185,322
Non-interest-bearing deposits in offices outside the U.S.	**39,403**	33,769
Interest-bearing deposits in offices outside the U.S.	**477,170**	480,984
Total deposits	**$ 785,801**	$ 755,298
Trading account liabilities	**56,917**	108,921
Purchased funds and other borrowings	**88,889**	116,333
Accrued taxes and other expenses	**9,347**	8,192
Long-term debt and subordinated notes	**85,573**	113,381
Other liabilities	**44,508**	42,475
Total liabilities	**$ 1,071,035**	$ 1,144,600
Citibank stockholder's equity		
Capital stock ($20 par value) outstanding shares: 37,534,553 in each period	**$ 751**	$ 751
Surplus	**105,293**	74,767
Retained earnings	**19,988**	21,735
Accumulated other comprehensive income (loss)(1)	**(11,415)**	(15,895)
Total Citibank stockholder's equity	**$ 114,617**	$ 81,358
Noncontrolling interest	**1,102**	1,082
Total equity	**$ 115,719**	$ 82,440
Total liabilities and equity	**$ 1,186,754**	$ 1,227,040

(1) Amounts at September 30, 2009 and December 31, 2008 include the after-tax amounts for net unrealized gains (losses) on investment securities of ($4.653) billion and ($8.008) billion, respectively, for FX translation of ($3.114) billion and ($3.964) billion, respectively, for cash flow hedges of ($2.965) billion and ($3.247) billion, respectively, and for pension liability adjustments of ($683) million and ($676) million, respectively.

See Notes to the 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, 2009 and for the three- and nine-month periods ended September 30, 2009 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 2008 Annual Report on Form 10-K.

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.

As noted above, the Notes to Consolidated Financial Statements are unaudited.

FASB Launches Accounting Standards Codification

The FASB has issued FASB Statement No. 168, *The "FASB Accounting Standards Codification " and the Hierarchy of Generally Accepted Accounting Principles* (ASC 105). The Statement establishes the FASB Accounting Standards Codification (Codification or ASC) as the single source of authoritative U.S. generally accepted accounting principles (GAAP) recognized by the FASB to be applied by nongovernmental entities. Rules and interpretive releases of the Securities and Exchange Commission (SEC) under authority of federal securities laws are also sources of authoritative GAAP for SEC registrants. The Codification supersedes all existing non-SEC accounting and reporting standards. All other nongrandfathered, non-SEC accounting literature not included in the Codification have become nonauthoritative.

Following the Codification, the Board will not issue new standards in the form of Statements, FASB Staff Positions or Emerging Issues Task Force Abstracts. Instead, it will issue Accounting Standards Updates (ASU), which will serve to update the Codification, provide background information about the guidance and provide the basis for conclusions on the changes to the Codification.

GAAP is not intended to be changed as a result of the FASB's Codification project, but what does change is the way the guidance is organized and presented. As a result, these changes have a significant impact on how companies reference GAAP in their financial statements and in their accounting policies for financial statements issued for interim and annual periods ending after September 15, 2009. Citigroup is providing references to the Codification topics alongside references to the existing standards.

Significant Accounting Policies

The Company's accounting policies are fundamental to understanding management's discussion and analysis of results of operations and financial condition. The Company has identified six 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, Goodwill, 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 2008 Annual Report on Form 10-K.

ACCOUNTING CHANGES

Interim Disclosures about Fair Value of Financial Instruments

In April 2009, the FASB issued FSP FAS 107-1 and APB 28-1, "Interim Disclosures about Fair Value of Financial Instruments," (ASC 825-10-65-1). This FSP requires disclosing qualitative and quantitative information about the fair value of all financial instruments on a quarterly basis, including methods and significant assumptions used to estimate fair value during the period. These disclosures were previously only done annually. The disclosures required by this FSP were effective for the quarter ended June 30, 2009. This FSP has no effect on how Citigroup accounts for these instruments.

Other-Than-Temporary Impairments on Investment Securities

In April 2009, the FASB issued FSP FAS 115-2 and FAS 124-2, "Recognition and Presentation of Other-Than-Temporary Impairments" (ASC 320-10-65-1/FSP FAS 115-2), which amends the recognition guidance for other-than-temporary impairments (OTTI) of debt securities and expands the financial statement disclosures for OTTI on debt and equity securities. Citigroup adopted the FSP in the first quarter of 2009.

As a result of the FSP, the Company's Consolidated Statement of Income reflects the full impairment (that is, the difference between the security's amortized cost basis and fair value) on debt securities that the Company intends to sell or would more-likely-than-not be required to sell before the expected recovery of the amortized cost basis. For available-for-sale (AFS) and held-to-maturity (HTM) debt securities that management has no intent to sell and believes that it more-likely-than-not will not be required to sell prior to recovery,

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only the credit loss component of the impairment is recognized in earnings, while the rest of the fair value loss is recognized in *Accumulated other comprehensive income* (AOCI). The credit loss component recognized in earnings is identified as the amount of principal cash flows not expected to be received over the remaining term of the security as projected using the Company's cash flow projections using its base assumptions. As a result of the adoption of the FSP, Citigroup's income in the first quarter of 2009 was higher by $631 million on a pretax basis ($391 million on an after-tax basis), respectively.

The cumulative effect of the change included an increase in the opening balance of *Retained earnings* at January 1, 2009 of $665 million on a pretax basis ($413 million after-tax).

See Note 10 to the Consolidated Financial Statements, Investments, for disclosures related to the Company's investment securities and OTTI.

Measurement of Fair Value in Inactive Markets

In April 2009, the FASB issued FSP FAS 157-4, "Determining Fair Value When the Volume and Level of Activity for the Asset or Liability Have Significantly Decreased and Identifying Transactions That Are Not Orderly" (ASC 820-10-65-4). The FSP reaffirms that fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date under current market conditions. The FSP also reaffirms the need to use judgment in determining whether a formerly active market has become inactive and in determining fair values when the market has become inactive. The adoption of the FSP had no effect on the Company's Consolidated Financial Statements.

Measuring Liabilities at Fair Value

In August 2009, the FASB issued ASU No. 2009-05, *Fair Value Measurements and Disclosure (Topic 820): Measuring Liabilities at Fair Value*. This ASU provides clarification that in circumstances in which a quoted price in an active market for the identical liability is not available, a reporting entity is required to measure fair value using one or more of the following techniques:

1. A valuation technique that uses quoted prices for similar liabilities (or an identical liability) when traded as assets.
2. Another valuation technique that is consistent with the principles of Topic 820.

This ASU also clarifies that both a quoted price in an active market for the identical liability at the measurement date and the quoted price for the identical liability when traded as an asset in an active market when no adjustments to the quoted price of the asset are required, are Level 1 fair value measurements.

This ASU is effective immediately and does not have a material impact to Citigroup.

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" (ASC 260-10-45 to 65). Under the FSP, unvested share-based payment awards that contain nonforfeitable rights to dividends are considered to be a separate class of common stock and included in the EPS calculation using the "two-class method." Citigroup's restricted and deferred share awards meet the definition of a participating security. In accordance with the FSP, restricted and deferred shares are now included in the basic EPS calculation.

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The following table shows the effect of adopting the changed accounting for participating securities on Citigroup's basic and diluted EPS for 2008 and 2009:

	1Q08	2Q08	3Q08	4Q08	Full Year 2008	1Q09
Basic and Diluted Earnings per Share(1)						
As reported	$ (1.02)	$ (0.54)	$ (0.60)	$ (3.40)	$ (5.59)	N/A
Two-class method	$ (1.03)	$ (0.55)	$ (0.61)	$ (3.40)	$ (5.61)	$ (0.18)

N/A Not Applicable

(1) Diluted EPS is the same as Basic EPS for all periods presented due to the net loss available to common shareholders. Using actual diluted shares would result in anti-dilution.

Additional Disclosures for Derivative Instruments

On January 1, 2009, the Company adopted SFAS No. 161, *Disclosures about Derivative Instruments and Hedging Activities, an amendment to SFAS 133* (ASC 815-10-65-1 /SFAS 161). The standard requires enhanced disclosures about derivative instruments and hedged items that are accounted for under ASC 815-10 (SFAS 133) and related interpretations. No comparative information for periods prior to the effective date is required. See Note 16 to the Consolidated Financial Statements, Derivatives Activities, for disclosures related to the Company's hedging activities and derivative instruments. ASC 815-10-65-1 (SFAS 161) had no impact on how Citigroup accounts for these instruments.

Business Combinations

In December 2007, the FASB issued Statement No. 141(revised), *Business Combinations* (ASC 805-10/SFAS 141(R)), which is designed 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. The Statement retains the fundamental requirements that the acquisition method of accounting (which was called the purchase method) be used for all business combinations and for an acquirer to be identified for each business combination. The Statement also retains the guidance for identifying and recognizing intangible assets separately from goodwill. The most significant changes are: (1) acquisition costs and restructuring costs will 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; and (3) the acquirer will record a 100% step-up to fair value for all assets and liabilities, including the noncontrolling interest portion, and goodwill is recorded as if a 100% interest was acquired.

Citigroup adopted ASC 805-10 (SFAS 141(R)) on January 1, 2009, and the standard is applied prospectively.

Noncontrolling Interests in Subsidiaries

In December 2007, the FASB issued Statement No. 160, *Noncontrolling Interests in Consolidated Financial Statements* (ASC 810-10-65-1/SFAS 160), which establishes standards for the accounting and reporting of noncontrolling interests in subsidiaries (previously called minority interests) in consolidated financial statements and for the loss of control of subsidiaries. Upon adoption, ASC 810-10-65-1 (SFAS 160) requires that the equity interest of noncontrolling shareholders, partners, or other equity holders in subsidiaries be presented as a separate item in Citigroup's stockholders' equity, rather than as a liability. After the initial adoption, when a subsidiary is deconsolidated, any retained noncontrolling equity investment in the former subsidiary must be measured at fair value at the date of deconsolidation.

The gain or loss on the deconsolidation of the subsidiary is measured using the fair value of the remaining investment, rather than the previous carrying amount of that retained investment.

Citigroup adopted ASC 810-10-65-1 (SFAS 160) on January 1, 2009. As a result, $2.392 billion of noncontrolling interests was reclassified from *Other liabilities* to Citigroup's Stockholders' equity.

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" (ASC 860-10-40). This FSP provides implementation guidance on whether a security transfer with a contemporaneous repurchase financing involving the transferred financial asset must be evaluated as one linked transaction or two separate de-linked transactions.

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.

Citigroup adopted the FSP on January 1, 2009. The impact of adopting this FSP was not material.

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FUTURE APPLICATION OF ACCOUNTING STANDARDS

Fair Value Disclosures about Pension Plan Assets

In December 2008, the FASB issued FSP FAS 132(R)-1, "Employers' Disclosures about Postretirement Benefit Plan Assets" (ASC 715-20-65-2). This FSP requires that information about plan assets be disclosed on an annual basis. Citigroup will be required to separate plan assets into the three fair value hierarchy levels and provide a rollforward of the changes in fair value of plan assets classified as Level 3 in Citigroup's annual Consolidated Financial Statements.

The disclosures about plan assets required by this FSP are effective for fiscal years ending after December 15, 2009. This FSP will have no effect on the Company's accounting for plan benefits and obligations.

Investments in Certain Entities that Calculate Net Asset Value per Share

On September 30, 2009, the FASB issued Accounting Standards Update (ASU) 2009-12, *Investments in Certain Entities That Calculate Net Asset Value per Share (or its Equivalent),* to provide guidance on measuring the fair value of certain alternative investments. The ASU permits entities to use net asset value as a practical expedient to measure the fair value of its investments in certain investment funds. The ASU also requires additional disclosures regarding the nature and risks of such investments. The ASU provides guidance on the classification of such investments as Level 2 or Level 3 of the fair-value hierarchy. The ASU is effective for reporting periods ending after December 15, 2009. This ASU is not expected to have a material impact on the Company's accounting for its investments in alternative investment funds.

Proposed Additional Disclosures Regarding Fair Value Measurements

On August 28, 2009, the FASB issued an exposure draft of a proposed ASU, *Improving Disclosures About Fair Value Measurements,* which proposes new disclosures about fair value measurements. Certain of the proposed amendments would be effective for reporting periods ending after December 15, 2009. Additional disclosures have been proposed that would require a sensitivity analysis regarding the impact of unobservable inputs on the fair valuation of Level 3 instruments, which would be effective for reporting periods ending after March 15, 2010.

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* (ASC 450-10 to 20), and ASC 805-10 (SFAS 141(R)). 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 for fiscal years ending after December 15, 2009, but will have no effect on the Company's accounting for loss contingencies.

Elimination of QSPEs and Changes in the Consolidation Model for Variable Interest Entities

In May 2009, the FASB issued SFAS No. 166, *Accounting for Transfers of Financial Assets, an amendment of FASB Statement No. 140* (SFAS 166), that will eliminate Qualifying Special Purpose Entities (QSPEs). This change will have a significant impact on Citigroup's Consolidated Financial Statements as the Company will lose sales treatment for certain assets previously sold to QSPEs, as well as for certain future sales, and for certain transfers of portions of assets that do not meet the definition of participating interests. SFAS 166 is effective for fiscal years that begin after November 15, 2009.

Simultaneously, the FASB issued SFAS No. 167, *Amendments to FASB Interpretation No. 46(R)* (SFAS 167), which details three key changes to the consolidation model. First, former QSPEs will now be included in the scope of SFAS 167. In addition, the FASB has changed the method of analyzing which party to a variable interest entity (VIE) should consolidate the VIE (known as the primary beneficiary) to a qualitative determination of which party to the VIE has power combined with potentially significant benefits and losses, instead of the current quantitative risks and rewards model. The entity that has power has the ability to direct the activities of the VIE that most significantly impact the VIE's economic performance. Finally, the new standard requires that the primary beneficiary analysis be re-evaluated whenever circumstances change. The current rules require reconsideration of the primary beneficiary only when specified reconsideration events occur.

As a result of implementing these new accounting standards, Citigroup expects to be required to consolidate certain of the VIEs and former QSPEs with which it currently has involvement. An ongoing evaluation of the application of these new requirements could, with the resolution of certain uncertainties, result in the identification of additional VIEs and QSPEs, other than those presented below, needing to be consolidated. It is not currently anticipated, however, that any such newly identified VIEs and QSPEs would have a significant impact on Citigroup's

Consolidated Financial Statements or capital position.

In accordance with SFAS 167, Citigroup is currently evaluating two approaches for consolidating all of the VIEs and QSPEs that it expects to consolidate. The first approach would require initially measuring the assets, liabilities, and noncontrolling interests of the VIEs and QSPEs at their carrying values (the amounts at which the assets, liabilities, and noncontrolling interests would have been carried in the Consolidated Financial Statements, if Citigroup were to be designated as the primary beneficiary). The second approach under consideration would be to elect the fair value option, in which all of the financial assets and liabilities of certain designated VIEs and QSPEs would be recorded at fair value upon adoption of SFAS 167 and continue to be marked to market thereafter, with changes in fair value reported in earnings.

While this review has not yet been completed, Citigroup's tentative approach would be to consolidate all of the VIEs and QSPEs that it expects to consolidate at carrying value, except for certain private label residential mortgages, for which the

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fair value option would be elected. The following tables present the pro forma impact of adopting these new accounting standards applying this tentative approach. The actual impact of adopting these new accounting requirements could, however, be significantly different should Citigroup change from this methodology. For instance, if Citigroup were to consolidate its off-balance sheet credit card securitization vehicles applying the fair value option, an associated allowance for loan losses would not be established upon adoption of SFAS 167, with an offsetting charge to *Retained earnings*. Rather, the charge to *Retained earnings* would be affected by the difference between the fair value of the assets and liabilities that Citigroup would consolidate, which would result in a lesser charge to *Retained earnings* than under the carrying value approach.

The pro forma impact of these impending changes on incremental GAAP assets and resulting risk-weighted assets for those VIEs and former QSPEs that are currently expected to be consolidated or deconsolidated for accounting purposes as of January 1, 2010 (based on financial information as of September 30, 2009), reflecting Citigroup's present understanding of the new requirements, and assuming continued application of existing risk-based capital rules, would be as follows:

	Incremental	
In billions of dollars	**GAAP assets**	**Risk-weighted assets(1)**
Impact of Consolidation:		
Credit cards	$ **84.2**	$ **0.9**
Commercial paper conduits	**39.7**	
Student loans	**13.9**	**4.0**
Private label consumer mortgages	**7.7**	**4.6**
Investment funds	**3.8**	**0.4**
Commercial mortgages	**1.4**	**1.3**
Muni bonds	**0.6**	**0.1**
Mutual fund deferred sales commissions	**0.6**	**0.6**
Subtotal	$ **151.9**	$ **11.9**
Impact of Deconsolidation:		
Collateralized debt obligations(2)	$ **1.9**	$ **5.9**
Total	$ **153.8**	$ **17.8**

(1) Citigroup undertook certain actions during the first and second quarters of 2009 in support of its off-balance sheet credit card securitization vehicles. As a result of these actions, Citigroup included approximately $82 billion of incremental risk-weighted assets in its risk-based capital ratios as of March 31, 2009 and an additional approximately $900 million as of June 30, 2009. See Note 15 to the Consolidated Financial Statements.

(2) The implementation of SFAS 167 will result in the deconsolidation of certain synthetic and cash collateralized debt obligation (CDO) VIEs that were previously consolidated under the requirements of ASC 810 (FIN 46(R)). Upon deconsolidation of these synthetic CDOs, Citigroup's Consolidated Balance Sheet will reflect the recognition of current receivables and payables related to purchased and written credit default swaps entered into with these VIEs, which had previously been eliminated in consolidation. The deconsolidation of certain cash CDOs will have a minimal impact on GAAP assets, but will cause a sizable increase in risk-weighted assets. The impact on risk-weighted assets results from replacing, in Citigroup's trading account, largely investment grade securities owned by these VIEs when consolidated, with Citigroup's holdings of non-investment grade or unrated securities issued by these VIEs when deconsolidated.

In September 2009, the U.S. banking and thrift regulatory agencies issued a notice of proposed rulemaking in which the agencies proposed, in part, to eliminate the existing provision in the risk-based capital rules that permits a banking organization, if it is required to consolidate for accounting purposes a qualifying ABCP program that it sponsors, to exclude the consolidated assets from its risk-weighted assets.

If this exclusion under the existing risk-based capital rules for qualifying ABCP programs, such as commercial paper conduits, were to be eliminated, as proposed, Citigroup's total incremental risk-weighted assets (based on financial information as of September 30, 2009) would be greater by approximately an additional $15.9 billion.

The above table reflects: (i) the estimated portion of the assets of former QSPEs to which Citigroup, acting as principal, has transferred assets and received sales treatment as of September 30, 2009 (totaling approximately $733.5 billion), and (ii) the estimated assets of significant unconsolidated VIEs as of September 30, 2009 with which Citigroup is involved (totaling approximately $231.4 billion) that would be required to be consolidated under the new accounting standards. Due to the variety of transaction structures and the level of Citigroup involvement in individual former QSPEs and VIEs, only a portion of the former QSPEs and VIEs with which the Company is involved is expected to be consolidated.

In addition, the cumulative effect of adopting these new accounting standards as of January 1, 2010, based on financial information as of September 30, 2009, would result in an estimated aggregate after-tax charge to *Retained earnings* of approximately $7.8 billion, reflecting the net effect of an overall pretax charge to *Retained earnings* (primarily relating to the establishment of loan loss reserves and the reversal of residual interests held) of approximately $12.5 billion and the recognition of related deferred tax assets amounting to approximately $4.7 billion.

The pro forma impact on certain of Citigroup's regulatory capital ratios of adopting these new accounting standards (based on financial information as of September 30, 2009), and assuming the continued application of the existing risk-based capital rules, would be as follows:

	As of September 30, 2009		
	As Reported	**Pro Forma**	**Impact**
Tier 1 Capital	**12.76%**	**11.44%**	**(132) bps**
Total Capital	**16.58%**	**15.26%**	**(132) bps**

Elimination of the exclusion noted above under the existing risk-based capital rules for qualifying ABCP programs, such as commercial paper conduits, would further adversely affect certain of Citigroup's regulatory capital ratios. The pro forma impact on Citigroup's Tier 1 Capital and Total Capital ratios (based on financial information as of September 30, 2009), including the additional approximately $15.9 billion of risk-weighted assets arising from the consolidation of the commercial paper conduits, would be a total reduction in these ratios from those reported at September 30, 2009 of approximately 151 bps and 154 bps, respectively.

The actual impact of adopting the new accounting standards on January 1, 2010 could differ, as financial information changes from the September 30, 2009 estimates

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and as several uncertainties in the application of these new standards are resolved.

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" (ASC 946-10/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." This statement sets forth more stringent criteria for qualifying as an investment company than does the predecessor Audit Guide. In addition, ASC 946-10 (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 the SOP.

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2. DISCONTINUED OPERATIONS

Sale of Nikko Cordial

On October 1, 2009, the Company announced the successful completion of the sale of Nikko Cordial Securities to Sumitomo Mitsui Banking Corporation. The transaction has a total cash value to Citi of ¥776 billion (US$8.7 billion at an exchange rate of ¥89.60 to US$1.00 as of September 30, 2009). The cash value is composed of the purchase price for the transferred business of ¥545 billion, the purchase price for certain Japanese-listed equity securities held by Nikko Cordial Securities of ¥30 billion, and ¥201 billion of excess cash derived through the repayment of outstanding indebtedness to Citi. After considering the impact of foreign exchange hedges of the proceeds of the transaction (most of which has been recorded in the second and third quarters of 2009), the sale will result in an immaterial after-tax gain to Citigroup. A total of about 7,800 employees are included in the transaction.

The Nikko Cordial operations had total assets and total liabilities as of September 30, 2009 of $23.6 billion and $16.0 billion, respectively.

Results for all of the Nikko Cordial 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, 2009 of the assets and liabilities of *Discontinued operations* held for sale on the Consolidated Balance Sheet for the operations related to the Nikko Cordial businesses to be sold:

In millions of dollars	September 30, 2009
Assets	
Cash due from banks	**$ 224**
Deposits at interest with banks	**398**
Federal funds sold and securities borrowed or purchased under agreements to resell	**5,837**
Brokerage receivables	**1,293**
Trading account assets	**8,583**
Investments	**490**
Goodwill	**567**
Intangibles	**3,289**
Other assets	**2,923**
Total assets	**$ 23,604**
Liabilities	
Federal funds purchased and securities loaned or sold under agreements to repurchase sold under agreements to repurchase	**$ 3,126**
Brokerage payables	**2,566**
Trading account liabilities	**2,823**
Short term borrowings	**5,817**
Other liabilities	**1,672**
Total liabilities	**$ 16,004**

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

In millions of dollars	Three Months Ended Sept. 30, 2009	Three Months Ended Sept. 30, 2008	Nine Months Ended Sept. 30, 2009	Nine Months Ended Sept. 30, 2008
Total revenues, net of interest expense	**$ 173**	$ 422	**$ 553**	$ 1,245
Income (loss) from discontinued operations	**$ (221)**	$ 6	**$ (603)**	$ 2
Provision (benefit) for income taxes and noncontrolling interest, net of taxes(1)	**208**	1	**75**	(9)
Income (loss) from discontinued operations, net of taxes	**$ (429)**	$ 5	**$ (678)**	$ 11

(1) Includes a tax expense of $290 million in the third quarter of 2009 related to the fourth quarter 2009 sale of Nikko Cordial.

In millions of dollars	Nine Months Ended Sept. 30, 2009	Nine Months Ended Sept. 30, 2008
Cash flows from operating activities	**$ (1,320)**	$ (4,519)
Cash flows from investing activities	**(9,579)**	(1,381)
Cash flows from financing activities	**11,108**	5,907
Net cash provided by (used in) discontinued operations	**$ 209**	$ 7

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Sale of Citigroup's German Retail Banking Operations

On December 5, 2008, Citigroup sold its German retail banking operations to Credit Mutuel for Euro 5.2 billion in cash plus the German retail bank's operating net earnings accrued in 2008 through the closing. The sale resulted in an after-tax gain of approximately $3.9 billion including the after-tax gain on the foreign currency hedge of $383 million recognized during the fourth quarter of 2008.

The sale did not include the corporate and investment banking business or the Germany-based European data center. Results for all of the German retail banking businesses sold are reported as *Discontinued operations* for all periods presented.

Summarized financial information for *Discontinued operations*, including cash flows, related to the sale of the German retail banking operations is as follows:

	Three Months Ended Sept. 30,		Nine Months Ended Sept. 30,	
In millions of dollars	2009	2008	2009	2008
Total revenues, net of interest expense	**$ 25**	$ 847	**$ 61**	$ 2,001
Income (loss) from discontinued operations	**$ 18**	$ 503	**$ (21)**	$ 851
Gain (loss) on sale(1)			**(41)**	
Provision (benefit) for income taxes and noncontrolling interest, net of taxes	**6**	(101)	**(42)**	22
Income (loss) from discontinued operations, net of taxes	**$ 12**	$ 604	**$ (20)**	$ 829

(1) 2009 YTD activity represents transactions related to a transitional service agreement between Citigroup and Credit Mutuel as well as adjustments against the gain on sale for the final settlement which occurred in April 2009.

	Nine Months Ended Sept. 30,	
In millions of dollars	2009	2008
Cash flows from operating activities	**$ 6**	$ (1,252)
Cash flows from investing activities	**1**	1,833
Cash flows from financing activities	**(7)**	(760)
Net cash provided by (used in) discontinued operations	**$**	$ (179)

CitiCapital

On July 31, 2008, Citigroup sold substantially all of CitiCapital, the equipment finance unit in *North America*. The total proceeds from the transaction were approximately $12.5 billion and resulted in an after-tax loss to Citigroup of $305 million. This loss is included in *Income from discontinued operations* on the Company's Consolidated Statement of Income for the second quarter of 2008.

Results for all of the CitiCapital businesses sold are reported as *Discontinued operations* for all periods presented.

Summarized financial information for *Discontinued operations*, including cash flows, related to the sale of CitiCapital is as follows:

	Three Months Ended Sept. 30,		Nine Months Ended Sept. 30,	
In millions of dollars	2009	2008	2009	2008
Total revenues, net of interest expense	**$ 7**	$ 96	**$ 37**	$ 14
Income (loss) from discontinued operations	**$ (1)**	$ (2)	**$ (11)**	$ 45
Gain (loss) on sale(1)		9	**14**	(508)

Provision (benefit) for income taxes and noncontrolling interest, net of taxes		3	**1**	(201)
Income (loss) from discontinued operations, net of taxes	**$ (1)**	$ 4	**$ 2**	$ (262)

(1) The $3 million in income from discontinued operations for the first half of 2009 relates to a transitional service agreement.

	Nine Months Ended Sept. 30,	
In millions of dollars	**2009**	**2008**
Cash flows from operating activities	**$**	$ (287)
Cash flows from investing activities		349
Cash flows from financing activities		(61)
Net cash provided by (used in) discontinued operations	**$**	$ 1

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Combined Results for Discontinued Operations

The following is summarized financial information for the Nikko Cordial business, German retail banking operations and CitiCapital business. Additionally, contingency consideration payments received during the first quarter of 2009 of $29 million pretax ($19 million after-tax) related to the sale of Citigroup's Asset Management business, which was sold in December 2005, is also included in these balances.

	Three Months Ended Sept. 30,		Nine Months Ended Sept. 30,	
In millions of dollars	2009	2008	2009	2008
Total revenues, net of interest expense	**$ 205**	$ 1,365	**$ 651**	$ 3,260
Income (loss) from discontinued operations	**$ (204)**	$ 507	**$ (635)**	$ 898
Gain (loss) on sale		9	**2**	(508)
Provision (benefit) for income taxes and noncontrolling interest, net of taxes	**214**	(97)	**44**	(188)
Income from discontinued operations, net of taxes	**$ (418)**	$ 613	**$ (677)**	$ 578

Cash Flows from Discontinued Operations

	Nine Months Ended Sept. 30,	
In millions of dollars	2009	2008
Cash flows from operating activities	**$ (1,314)**	$ (6,058)
Cash flows from investing activities	**(9,549)**	801
Cash flows from financing activities	**11,101**	5,086
Net cash provided by (used in) discontinued operations	**$ 238**	$ (171)

3. BUSINESS SEGMENTS

The following table presents certain information regarding the Company's operations by segment:

	Revenues, net of interest expense		Provision (benefit) for income taxes		Income (loss) from continuing operations(1)		Identifiable assets(2)	
In millions of dollars, except identifiable assets in billions	Three Months Ended September 30,							
	2009	2008	2009	2008	2009	2008	Sept. 30, 2009	Dec. 31, 2008
Regional Consumer Banking	**$ 5,675**	$ 6,109	**$ (246)**	$ 24	**$ 615**	$ 446	**$ 205**	$ 200
Institutional Clients Group	**7,350**	9,911	**584**	1,410	**1,694**	3,156	**809**	802
Subtotal Citicorp	**13,025**	16,020	**338**	1,434	**2,309**	3,602	**1,014**	1,002
Citi Holdings	**6,694**	704	**(1,588)**	(4,526)	**(1,818)**	(6,936)	**617**	715
Corporate/Other	**671**	(466)	**128**	(203)	**102**	(187)	**258**	221
Total	**$ 20,390**	$ 16,258	**$ (1,122)**	$ (3,295)	**$ 593**	$ (3,521)	**$ 1,889**	$ 1,938

	Revenues, net of interest expense		Provision (benefit) for income taxes		Income (loss) from continuing operations(1)	
	Nine Months Ended September 30,					
In millions of dollars	2009	2008	2009	2008	2009	2008
Regional Consumer Banking	**$ 17,051**	$ 19,964	**$ (303)**	$ 902	**$ 1,416**	$ 2,768

Institutional Clients Group	**31,503**	29,931	**5,340**	3,907	**11,633**	8,915
Subtotal Citicorp	**48,554**	49,895	**5,037**	4,809	**13,049**	11,683
Citi Holdings	**25,896**	(1,735)	**(4,562)**	(13,619)	**(5,795)**	(21,311)
Corporate/Other	**430**	(2,207)	**145**	(818)	**(580)**	(1,408)
Total	**$ 74,880**	$ 45,953	**$ 620**	$ (9,628)	**$ 6,674**	$ (11,036)

(1)
Includes pretax provisions for credit losses and for benefits and claims in Regional Consumer Banking results of $1.8 billion and $1.6 billion, in ICG results of $0.4 billion and $0.4 billion and in Citi Holdings results of $6.9 billion and $7.0 billion for the third quarters of 2009 and 2008, respectively. Includes pretax provisions for credit losses and for benefits and claims in Regional Consumer Banking results of $5.6 billion and $4.3 billion, ICG results of $1.6 billion and $0.9 billion and in Citi Holdings results of $24.8 billion and $16.8 billion for the nine months of 2009 and 2008, respectively.

(2)
Identifiable assets at September 30, 2009 include assets of discontinued operations held for sale of $23.6 billion recorded in Citi Holdings.

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4. INTEREST REVENUE AND EXPENSE

For the three- and nine-month periods ended September 30, 2009 and 2008, interest revenue and expense consisted of the following:

In millions of dollars	Three Months Ended September 30, 2009	Three Months Ended September 30, 2008	Nine Months Ended September 30, 2009	Nine Months Ended September 30, 2008
Interest revenue				
Loan interest, including fees	**$ 11,601**	$ 15,528	**$ 36,385**	$ 47,883
Deposits at interest with banks	**313**	792	**1,126**	2,329
Federal funds sold and securities purchased under agreements to resell	**728**	2,215	**2,407**	7,751
Investments, including dividends	**3,283**	2,597	**9,894**	7,832
Trading account assets(1)	**2,654**	4,137	**8,526**	13,562
Other interest	**99**	861	**594**	3,271
Total interest revenue	**$ 18,678**	$ 26,130	**$ 58,932**	$ 82,628
Interest expense				
Deposits(2)	**$ 2,298**	$ 4,915	**$ 7,986**	$ 16,191
Federal funds purchased and securities loaned or sold under agreements to repurchase	**772**	2,721	**2,807**	9,559
Trading account liabilities(1)	**43**	285	**220**	1,064
Short-term borrowing	**350**	924	**1,128**	3,233
Long-term debt	**3,217**	3,881	**9,038**	12,103
Total interest expense	**$ 6,680**	$ 12,726	**$ 21,179**	$ 42,150
Net interest revenue	**$ 11,998**	$ 13,404	**$ 37,753**	$ 40,478
Provision for loan losses	**8,771**	8,943	**30,919**	21,503
Net interest revenue after provision for loan losses	**$ 3,227**	$ 4,461	**$ 6,834**	$ 18,975

(1) Interest expense on trading account liabilities of the ICG is reported as a reduction of interest revenue for *Trading account assets*.

(2) Includes FDIC deposit insurance fees and charges.

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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, 2009 and 2008:

	Three Months Ended September 30,		Nine Months Ended September 30,	
In millions of dollars	**2009**	**2008**	**2009**	**2008**
Credit cards and bank cards	**$ 1,048**	$ 1,113	**$ 3,025**	$ 3,504
Investment banking	**774**	545	**2,659**	2,337
Smith Barney	**1**	688	**837**	2,196
ICG trading-related	**466**	628	**1,288**	1,930
Other Consumer	**323**	235	**935**	870
Transaction services	**337**	359	**980**	1,076
Checking-related	**261**	282	**773**	868
Other ICG	**176**	338	**364**	582
Primerica	**78**	98	**227**	315
Loan servicing(1)	**(339)**	(336)	**1,224**	771
Corporate finance(2)	**130**	(649)	**551**	(4,149)
Other	**(37)**	(93)	**(40)**	48
Total commissions and fees	**$ 3,218**	$ 3,208	**$ 12,823**	$ 10,348

(1) 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.

(2) Includes write-downs of approximately $24 million for the third quarter of 2009 and $508 million for the nine months ended September 30, 2009, and $792 million for the third quarter of 2008 and $4.3 billion for the nine months ended September 30, 2008, net of underwriting fees 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 2008 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, 2009 and 2008.

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	**2009**	**2008**	**2009**	**2008**	**2009**	**2008**	**2009**	**2008**
Benefits earned during the period	**$ 1**	$ 3	**$ 38**	$ 54	**$ 1**	$	**$ 7**	$ 9
Interest cost on benefit obligation	**177**	176	**78**	93	**16**	17	**23**	26
Expected returns on plan assets	**(232)**	(245)	**(87)**	(128)	**(2)**	(4)	**(19)**	(29)
Amortization of unrecognized:								
Net transition obligation			**(1)**					
Prior service cost (benefit)			**1**	1	**(1)**			
Net actuarial loss	**(1)**		**18**	6		3	**4**	5
Curtailment (gain) loss	**29**							
Net expense (benefit)	**$ (26)**	$ (66)	**$ 47**	$ 26	**$ 14**	$ 16	**$ 15**	$ 11

	Nine 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	**2009**	**2008**	**2009**	**2008**	**2009**	**2008**	**2009**	**2008**
Benefits earned during the period	**$ 13**	$ 18	**$ 109**	$ 157	**$ 1**	$ 1	**$ 20**	$ 28
Interest cost on benefit obligation	**503**	505	**222**	275	**46**	47	**66**	76
Expected returns on plan assets	**(690)**	(712)	**(249)**	(378)	**(7)**	(9)	**(57)**	(86)
Amortization of unrecognized:								
Net transition obligation			**(1)**	1				
Prior service cost (benefit)	**(1)**	(1)	**3**	3	**(1)**			
Net actuarial loss	**1**		**51**	19	**1**	3	**13**	16
Curtailment (gain) loss	**29**							
Net expense (benefit)	**$ (145)**	$ (190)	**$ 135**	$ 77	**$ 40**	$ 42	**$ 42**	$ 34

(1) The U.S. plans exclude nonqualified pension plans for which the net expense was $12 million and $9 million for the three months ended September 30, 2009 and 2008, respectively, and $31 million and $29 million for the first nine months of 2009 and 2008, 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. As of September 30, 2009, the Company contributions to the U.S. pension plan include $9 million relating to certain investment advisory fees that were paid by the Company. 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 $124 million as of September 30, 2009. Citigroup presently anticipates contributing an additional $113 million to fund its non-U.S. plans in 2009 for a total of $237 million.

7. RESTRUCTURING

In the fourth quarter of 2008, Citigroup recorded a pretax restructuring expense of $1.581 billion related to the implementation of a Company-wide re-engineering plan. For the three months ended September 30, 2009, Citigroup recorded a pretax net restructuring release of $34 million composed of a gross charge of $12 million and a credit of $46 million due to changes in estimates. The charges related to the 2008 Re-engineering Projects Restructuring Initiative are reported in the Restructuring line on the Company's Consolidated Statement of Income and are recorded in each segment.

In 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. As a result of this review, a pretax restructuring charge of $1.4 billion was recorded in *Corporate/Other* during the first quarter of 2007. Additional net charges of $151 million were recognized in subsequent quarters throughout 2007, and net releases of $31 million and $3 million in 2008 and 2009, due to changes in estimates. The charges related to the 2007 Structural Expense Review Restructuring Initiative are reported in the Restructuring line on the Company's Consolidated Statement of Income.

The primary goals of the 2008 Re-engineering Projects Restructuring Initiative and the 2007 Structural Expense Review Restructuring Initiative 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.

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 and fourth quarter of 2008 for the 2007 and 2008 initiatives, respectively, in addition to normal scheduled depreciation.

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The following tables detail the Company's restructuring reserves.

2008 Re-engineering Projects Restructuring Charges

In millions of dollars	Severance ASC 712(1)	Severance ASC 420(2)	Contract termination costs	Asset write-downs(3)	Employee termination cost	Total Citigroup
Total Citigroup (pretax)						
Original restructuring charge	**$ 1,254**	**$ 79**	**$ 55**	**$ 123**	**$ 19**	**$ 1,530**
Utilization	**(114)**	**(3)**	**(2)**	**(100)**		**(219)**
Balance at December 31, 2008	**$ 1,140**	**$ 76**	**$ 53**	**$ 23**	**$ 19**	**$ 1,311**
Additional charge	$ 14	$ 6	$ 4	$ 5	$	$ 29
Foreign exchange	(14)			(12)	(1)	(27)
Utilization	(541)	(76)	(11)	(7)	(5)	(640)
Changes in estimates	(38)	(1)				(39)
Balance at March 31, 2009	**$ 561**	**$ 5**	**$ 46**	**$ 9**	**$ 13**	**$ 634**
Additional charge	$ 6	$ 17	$ 1	$ 1	$	$ 25
Foreign exchange	26		2	1		29
Utilization	(190)	(19)	(8)	(3)	(1)	(221)
Changes in estimates	(53)	(1)	(1)		(2)	(57)
Balance at June 30, 2009	**$ 350**	**$ 2**	**$ 40**	**$ 8**	**$ 10**	**$ 410**
Additional charge	$	$ 5	$ 6	$ 1	$	$ 12
Foreign exchange	3		1			4
Utilization	(84)	(6)	(6)	(2)		(98)
Changes in estimates	(38)		(2)	(4)	(2)	(46)
Balance at September 30, 2009	**$ 231**	**$ 1**	**$ 39**	**$ 3**	**$ 8**	**$ 282**

Note: The total Citigroup charge in the table above does not include a $51 million one-time pension curtailment charge related to this restructuring initiative, which is recorded as part of the Company's *Restructuring* charge in the Consolidated Statement of Income at December 31, 2008.

2007 Structural Expense Review Restructuring Charges

In millions of dollars	Severance ASC 712(1)	Severance ASC 420(2)	Contract termination costs	Asset write-downs(3)	Employee termination cost	Total Citigroup
Total Citigroup (pretax)						
Original restructuring charge	**$ 950**	**$ 11**	**$ 25**	**$ 352**	**$ 39**	**$ 1,377**
Additional charge	**$ 42**	**$ 96**	**$ 29**	**$ 27**	**$ 11**	**$ 205**
Foreign exchange	**19**		**2**			**21**
Utilization	**(547)**	**(75)**	**(28)**	**(363)**	**(33)**	**(1,046)**
Changes in estimates	**(39)**		**(6)**	**(1)**	**(8)**	**(54)**
Balance at December 31, 2007	**$ 425**	**$ 32**	**$ 22**	**$ 15**	**$ 9**	**$ 503**

Additional charge	$ 10	$ 14	$ 43	$ 6	$	$ 73
Foreign exchange	(11)		(4)			(15)
Utilization	(288)	(34)	(22)	(7)	(6)	(357)
Changes in estimates	(93)	(2)	(2)	(4)	(3)	(104)
Balance at December 31, 2008	$ 43	$ 10	$ 37	$ 10	$	$ 100
Foreign exchange	(1)		(1)			(2)
Utilization	(41)	(10)	(35)	(9)		(95)
Changes in estimates	(1)		(1)	(1)		(3)
Balance at March 31, 2009	$	$	$	$	$	$

(1)
Accounted for in accordance with ASC 712 (SFAS No. 112, *Employer's Accounting for Post Employment Benefits)*.

(2)
Accounted for in accordance with ASC 420 (SFAS No. 146, *Accounting for Costs Associated with Exit or Disposal Activities)*.

(3)
Accounted for in accordance with ASC 360 (SFAS No. 144, *Accounting for the Impairment or Disposal of Long-Lived Assets)*.

Note: The 2007 structural expense review restructuring initiative was fully utilized as of March 31, 2009.

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The total restructuring reserve balance and total charges as of September 30, 2009 and December 31, 2008 related to the 2008 Re-engineering Projects Restructuring Initiatives are presented below by business in the following tables. These charges are reported in the Restructuring line on the Company's Consolidated Statement of Income and are recorded in each business.

2008 Re-engineering Projects

	For the quarter ended September 30, 2009		
In millions of dollars	**Total restructuring reserve balance as of September 30, 2009**	**Restructuring charges recorded in the three months ended September 30, 2009**	**Total restructuring charges since inception(1)(2)**
Citicorp	$ 132	$ 5	$ 846
Citi Holdings	14	1	239
Corporate/Other	136	6	369
Total Citigroup (pretax)	$ 282	$ 12	$ 1,454

(1)
Excludes pension curtailment charges of $51 million recorded during the fourth quarter of 2008.

(2)
Amounts shown net of $46 million, $57 million and $39 million related to changes in estimates recorded during the third, second and first quarters of 2009, respectively.

	For the year ended December 31, 2008	
In millions of dollars	**Total restructuring reserve balance as of December 31, 2008**	**Total restructuring charges(1)**
Citicorp	$ 789	$ 890
Citi Holdings	184	267
Corporate/Other	338	373
Total Citigroup (pretax)	$ 1,311	$ 1,530

(1)
Represents the total charges incurred since inception and excludes pension curtailment charges of $51 million recorded during the fourth quarter of 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 three and nine months ended September 30, 2009 and 2008:

	Three Months Ended September 30,		Nine Months Ended September 30,	
In millions, except per share amounts	**2009**	**2008(1)**	**2009**	**2008(1)**
Income (loss) before attribution of noncontrolling interests	**$ 593**	$ (3,521)	**$ 6,674**	$ (11,036)
Noncontrolling interest	**74**	(93)	**24**	(37)
Net income (loss) from continuing operations (for EPS purposes)	**$ 519**	$ (3,428)	**$ 6,650**	$ (10,999)
Income (loss) from discontinued operations, net of taxes	**(418)**	613	**(677)**	578
Citigroup's net income (loss)	**$ 101**	$ (2,815)	**$ 5,973**	$ (10,421)
Preferred dividends	**(272)**	(389)	**(2,988)**	(833)
Impact of the conversion price reset related to the $12.5 billion convertible preferred stock private issuance(2)			**(1,285)**	
Preferred stock Series H discount accretion	**(16)**		**(123)**	
Impact of the Public and Private Preferred Stock exchange offer	**(3,055)**		**(3,055)**	
Income (loss) available to common stockholders	**(3,242)**	(3,204)	**(1,478)**	(11,254)
Allocation of dividends to common stock and participating securities, net of forfeitures		(1,738)	**(63)**	(5,151)
Undistributed earnings (loss) for basic EPS(3)	**(3,242)**	(4,942)	**(1,541)**	(16,405)
Effect of dilutive securities		270	**540**	606
Undistributed earnings (loss) for diluted EPS(4)	**$ (3,242)**	$ (4,672)	**$ (1,001)**	$ (15,799)
Weighted average common shares outstanding applicable to basic EPS	**12,104.3**	5,341.8	**7,629.6**	5,238.3
Effect of dilutive securities:				
Convertible securities	**111.7**	489.2	**416.1**	489.2
Options		0.1		0.4
Adjusted weighted average common shares outstanding applicable to diluted EPS(3)	**12,216.0**	5,831.1	**8,045.7**	5,727.9
Basic earnings per share(3)(4)				
Income (loss) from continuing operations	**$ (0.23)**	$ (0.72)	**$ (0.10)**	$ (2.28)
Discontinued operations	**(0.04)**	0.11	**(0.09)**	0.11
Net income (loss)	**$ (0.27)**	$ (0.61)	**$ (0.19)**	$ (2.17)
Diluted earnings per share(3)(4)				
Income (loss) from continuing operations	**$ (0.23)**	$ (0.72)	**$ (0.10)**	$ (2.28)
Discontinued operations	**(0.04)**	0.11	**(0.09)**	0.11
Net income (loss)	**$ (0.27)**	$ (0.61)	**$ (0.19)**	$ (2.17)

(1) The Company adopted ASC 260-10-45 to 65 (FSP EITF 03-6-1) on January 1, 2009. All prior periods have been restated to conform to the current period's presentation.

(2) For the nine months ended September 30, 2009, income available to common shareholders includes a reduction of $1,285 million related to the conversion price reset pursuant to Citigroup's prior agreement with the purchasers of $12.5 billion convertible preferred

stock issued in a private offering in January 2008. The conversion price was reset from $31.62 per share to $26.35 per share.

(3) Due to the net loss available to common shareholders for Basic EPS in the three and nine months ended September 30, 2009 and 2008, 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.

(4) Due to the net loss available to common shareholders for Diluted EPS in the three and nine months ended September 30, 2009 and 2008, basic shares were used to calculate Diluted earnings per share. Adding dilutive securities to the denominator 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, 2009 and December 31, 2008:

In millions of dollars	September 30, 2009	December 31, 2008
Trading account assets		
Trading mortgage-backed securities		
Agency guaranteed	**$ 23,549**	$ 32,981
Prime	**1,177**	1,416
Alt-A	**1,305**	913
Subprime	**10,638**	14,552
Non-U.S. residential	**1,923**	2,447
Commercial	**3,975**	2,501
Total trading mortgage-backed securities	**$ 42,567**	$ 54,810
U.S. Treasury and Federal Agencies		
U.S. Treasuries	**$ 20,803**	$ 7,370
Agency and direct obligations	**3,933**	4,017
Total U.S. Treasury and Federal Agencies	**$ 24,736**	$ 11,387
State and municipal securities	**$ 7,196**	$ 9,510
Foreign government securities	**66,425**	57,422
Corporate	**47,485**	54,654
Derivatives(1)	**68,670**	115,289