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SECURITIES AND EXCHANGE COMMISSION

Washington, D. C. 20549

FORM 10-Q

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

For the quarterly period ended September 30, 2008

OR

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

For the transition period from to

Commission file number 1-9924

Citigroup Inc.

(Exact name of registrant as specified in its charter)

Delaware	**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 ☒ No ☐

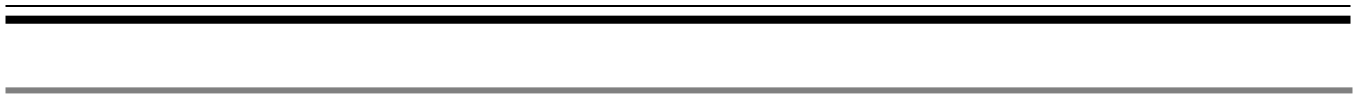
Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

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

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

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

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


Available on the Web at www.citigroup.com

Citigroup Inc.

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THE COMPANY

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

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

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

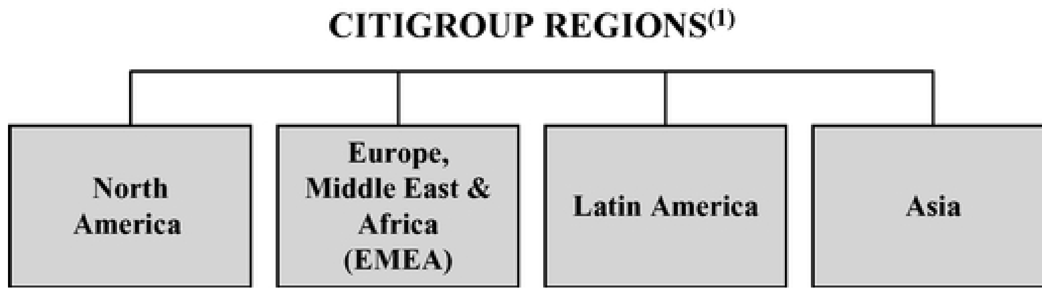
The principal executive offices of the Company are located at 399 Park Avenue, New York, New York 10043, telephone number 212 559 1000. Additional information about Citigroup is available on the Company's Web site at *www.citigroup.com*. Citigroup's annual report on Form 10-K, its quarterly reports on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

Citigroup is managed along the following segment and regional lines:

CITIGROUP SEGMENTS

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

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



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

CITIGROUP INC. AND SUBSIDIARIES

SUMMARY OF SELECTED FINANCIAL DATA

In millions of dollars, except per share amounts	Third Quarter 2008	Third Quarter 2007	% Change	Nine Months 2008	Nine Months 2007	% Change
Net interest revenue	**$ 13,406**	$ 11,844	13%	**$ 40,439**	$33,146	22%
Non-interest revenue	**3,274**	9,796	(67)	**6,759**	38,930	(83)
Revenues, net of interest expense	**$ 16,680**	$ 21,640	(23)%	**$ 47,198**	$72,076	(35)%
Operating expenses	**14,425**	14,152	2	**45,844**	43,702	5
Provisions for credit losses and for benefits and claims	**9,067**	4,867	86	**22,019**	10,256	NM
Income (loss) from continuing operations before taxes and minority interest	**$ (6,812)**	$ 2,621	NM	**$(20,665)**	$18,118	NM
Income taxes (benefits)	**(3,294)**	492	NM	**(9,637)**	4,908	NM
Minority interest, net of taxes	**(95)**	20	NM	**(40)**	190	NM
Income (loss) from continuing operations	**$ (3,423)**	$ 2,109	NM	**$(10,988)**	$13,020	NM
Income (loss) from discontinued operations, net of taxes(1)	**608**	103	NM	**567**	430	32%
Net income (loss)	**$ (2,815)**	$ 2,212	NM	**$(10,421)**	$13,450	NM
Earnings per share						
Basic						
Income (loss) from continuing operations	**$ (0.71)**	$ 0.43	NM	**$ (2.26)**	$ 2.65	NM
Net Income (loss)	**(0.60)**	0.45	NM	**(2.15)**	2.74	NM
Diluted(2)						
Income (loss) from continuing operations	**$ (0.71)**	$ 0.42	NM	**$ (2.26)**	2.60	NM
Net Income (loss)	**(0.60)**	0.44	NM	**(2.15)**	2.69	NM
Dividends declared per common share	**$ 0.32**	$ 0.54	(41)%	**$ 0.96**	$ 1.62	(41)%
Preferred Dividends—Basic *(in millions)*	**$ 389**	$ 6		**$ 833**	$ 36	
Preferred Dividends—Diluted *(in millions)*	**$ 119**	$ 6		**$ 227**	$ 36	
At September 30:						
Total assets	**$2,050,131**	$2,358,115	(13)%			
Total deposits	**780,343**	812,850	(4)			
Long-term debt	**393,097**	364,526	8			
Mandatorily redeemable securities of subsidiary trusts	**23,674**	11,542	NM			
Common stockholders' equity	**98,638**	126,762	(22)			
Total stockholders' equity	**126,062**	126,962	(1)			
Ratios:						
Return on common stockholders' equity(3)	**(12.2)%**	6.9%		**(13.8)%**	14.6%	
Tier 1 Capital	**8.19%**	7.32%				
Total Capital	**11.68**	10.61				
Leverage(4)	**4.70**	4.13				
Common Stockholders' equity to assets	**4.81%**	5.38%				
Dividend payout ratio(5)	**N/A**	122.7		**N/A**	60.2	
Ratio of earnings to fixed charges and preferred stock dividends	**0.45x**	1.13x		**0.50x**	1.32x	

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

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

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

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

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

NM Not meaningful

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

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

MANAGEMENT'S DISCUSSION AND ANALYSIS

THIRD QUARTER OF 2008 MANAGEMENT SUMMARY

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

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

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

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

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

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

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

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

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

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

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

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

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

EVENTS IN 2008

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

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

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

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

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

FDIC Guarantee

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

Impact on Citigroup's Credit Spreads

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

Auction Rate Securities (ARS) Settlement

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

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

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

Write-Downs on Structured Investment Vehicles (SIVs)

During the third quarter of 2008, Citigroup wrote down $2.0 billion on SIV assets, bringing the year-to-date write-downs to $2.2 billion. Citigroup increased its mezzanine financing to $4.5 billion, reflecting an increase of $1.0 billion from the original $3.5 billion financing. This additional mezzanine financing was funded subsequent to September 30, 2008. The total

SIV assets as of September 30, 2008 and June 30, 2008 were approximately $27.5 billion and $34.8 billion, respectively. See "Structured Investment Vehicles" on page 74 for a further discussion.

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

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

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

Write-Downs on Monoline Insurers

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

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

Write-Downs on Highly Leveraged Loans and Financing Commitments

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

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

Write-Downs on Commercial Real Estate Exposures

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

Write-Downs on Subprime-Related Direct Exposures

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

Losses on Auction Rate Securities (ARS)

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

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

Credit Reserves

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

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

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

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

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

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

Repositioning Charges

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

Sale of CitiCapital

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

Sale of CitiStreet

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

Sale of Citigroup's German Retail Banking Operation

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

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

Sale of Citigroup's Interest in Citigroup Global Services Limited

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

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

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

Lehman Brothers Holding, Inc. Bankruptcy

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

SEGMENT AND REGIONAL—NET INCOME (LOSS) AND REVENUE

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

Citigroup Net Income (Loss)—Segment View

In millions of dollars	Third Quarter 2008	Third Quarter 2007	% Change	Nine Months 2008	Nine Months 2007	% Change
Global Cards						
North America	**$ (873)**	$ 808	NM	**$ (158)**	$ 2,391	NM
EMEA	**(25)**	30	NM	**21**	112	(81)%
Latin America	**(36)**	563	NM	**645**	982	(34)
Asia	**32**	41	(22)%	**268**	255	5
Total Global Cards	**$ (902)**	$1,442	NM	**$ 776**	$ 3,740	(79)%
Consumer Banking						
North America	**$(1,080)**	$ 59	NM	**$ (2,364)**	$ 1,700	NM
EMEA	**(94)**	(28)	NM	**(242)**	(58)	NM
Latin America	**29**	102	(72)%	**376**	454	(17)%
Asia	**46**	23	100	**355**	639	(44)
Total Consumer Banking	**$(1,099)**	$ 156	NM	**$ (1,875)**	$ 2,735	NM
Institutional Clients Group (ICG)						
North America	**$(2,950)**	$ (720)	NM	**$(11,758)**	$ 2,002	NM
EMEA	**104**	(26)	NM	**(1,127)**	1,472	NM
Latin America	**271**	407	(33)%	**1,055**	1,164	(9)%
Asia	**558**	606	(8)	**1,412**	1,930	(27)
Total ICG	**$(2,017)**	$ 267	NM	**$(10,418)**	$ 6,568	NM
Global Wealth Management (GWM)						
North America	**$ 264**	$ 334	(21)%	**$ 738**	$ 1,029	(28)%
EMEA	**24**	4	NM	**70**	57	23
Latin America	**16**	12	33	**57**	56	2
Asia	**59**	140	(58)	**197**	308	(36)
Total GWM	**$ 363**	$ 490	(26)%	**$ 1,062**	$ 1,450	(27)%
Corporate/Other(1)	**$ 232**	$ (246)	NM	**$ (533)**	$ (1,473)	64%
Income (Loss) from Continuing Operations	**$(3,423)**	$2,109	NM	**$(10,988)**	$13,020	NM
Discontinued Operations	**$ 608**	$ 103		**$ 567**	$ 430	
Net Income (Loss)	**$(2,815)**	$2,212	NM	**$(10,421)**	$13,450	NM

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

NM Not meaningful

Citigroup Net Income (Loss)—Regional View

In millions of dollars	Third Quarter 2008	Third Quarter 2007	% Change	Nine Months 2008	Nine Months 2007	% Change
North America						
Global Cards	**$ (873)**	$ 808	NM	**$ (158)**	$ 2,391	NM
Consumer Banking	**(1,080)**	59	NM	**(2,364)**	1,700	NM
ICG	**(2,950)**	(720)	NM	**(11,758)**	2,002	NM
Securities & Banking	**(3,037)**	(780)	NM	**(11,975)**	1,856	NM
Transaction Services	**87**	60	45%	**217**	146	49%
GWM	**264**	334	(21)	**738**	1,029	(28)
Total *North America*	**$(4,639)**	$ 481	NM	**$(13,542)**	$ 7,122	NM
EMEA						
Global Cards	**$ (25)**	$ 30	NM	**$ 21**	$ 112	(81)%
Consumer Banking	**(94)**	(28)	NM	**(242)**	(58)	NM
ICG	**104**	(26)	NM	**(1,127)**	1,472	NM
Securities & Banking	**(175)**	(205)	15%	**(1,866)**	970	NM
Transaction Services	**279**	179	56	**739**	502	47
GWM	**24**	4	NM	**70**	57	23
Total *EMEA*	**$ 9**	$ (20)	NM	**$ (1,278)**	$ 1,583	NM
Latin America						
Global Cards	**$ (36)**	$ 563	NM	**$ 645**	$ 982	(34)%
Consumer Banking	**29**	102	(72)%	**376**	454	(17)
ICG	**271**	407	(33)	**1,055**	1,164	(9)
Securities & Banking	**126**	297	(58)	**636**	887	(28)
Transaction Services	**145**	110	32	**419**	277	51
GWM	**16**	12	33	**57**	56	2
Total *Latin America*	**$ 280**	$1,084	(74)%	**$ 2,133**	$ 2,656	(20)%
Asia						
Global Cards	**$ 32**	$ 41	(22)%	**$ 268**	$ 255	5%
Consumer Banking	**46**	23	100	**355**	639	(44)
ICG	**558**	606	(8)	**1,412**	1,930	(27)
Securities & Banking	**252**	364	(31)	**537**	1,300	(59)
Transaction Services	**306**	242	26	**875**	630	39
GWM	**59**	140	(58)	**197**	308	(36)
Total *Asia*	**$ 695**	$ 810	(14)%	**$ 2,232**	$ 3,132	(29)%
Corporate/Other	**232**	(246)	NM	**(533)**	(1,473)	64%
Income (Loss) from Continuing Operations	**$(3,423)**	$2,109	NM	**$(10,988)**	$13,020	NM
Income (Loss) from Discontinued Operations	**$ 608**	$ 103		**$ 567**	$ 430	
Net Income (Loss)	**$(2,815)**	$2,212	NM	**$(10,421)**	$13,450	NM

NM Not meaningful

Citigroup Revenues—Segment View

In millions of dollars	Third Quarter 2008	Third Quarter 2007	% Change	Nine Months 2008	Nine Months 2007	% Change
Global Cards						
North America	**$ 1,388**	$ 3,510	(60)%	**$ 7,659**	$10,215	(25)%
EMEA	**593**	566	5	**1,789**	1,390	29
Latin America	**1,143**	1,728	(34)	**4,148**	3,585	16
Asia	**665**	538	24	**1,999**	1,582	26
Total Global Cards	**$ 3,789**	$ 6,342	(40)%	**$ 15,595**	$16,772	(7)%
Consumer Banking						
North America	**$ 4,414**	$ 4,164	6%	**$ 13,023**	$12,446	5%
EMEA	**622**	625	—	**2,084**	1,788	17
Latin America	**1,015**	1,071	(5)	**3,101**	3,013	3
Asia	**1,378**	1,442	(4)	**4,367**	4,375	—
Total Consumer Banking	**$ 7,429**	$ 7,302	2%	**$ 22,575**	$21,622	4%
Institutional Clients Group (ICG)						
North America	**$ (2,165)**	$ 110	NM	**$(11,737)**	$ 8,381	NM
EMEA	**1,913**	1,398	37%	**3,786**	7,218	(48)%
Latin America	**828**	1,103	(25)	**2,915**	3,053	(5)
Asia	**1,817**	2,006	(9)	**5,410**	5,879	(8)
Total ICG	**$ 2,393**	$ 4,617	(48)%	**$ 374**	$24,531	(98)%
Global Wealth Management (GWM)						
North America	**$ 2,317**	$ 2,455	(6)%	**$ 7,120**	$ 7,281	(2)%
EMEA	**147**	139	6	**470**	384	22
Latin America	**92**	92	—	**294**	275	7
Asia	**608**	833	(27)	**1,874**	1,594	18
Total GWM	**$ 3,164**	$ 3,519	(10)%	**$ 9,758**	$ 9,534	2%
Corporate/Other	**(95)**	(140)	32	**(1,104)**	(383)	NM
Total Net Revenues	**$16,680**	$21,640	(23)%	**$ 47,198**	$72,076	(35)%

NM Not meaningful

Citigroup Revenues—Regional View

In millions of dollars	Third Quarter 2008	Third Quarter 2007	% Change	Nine Months 2008	Nine Months 2007	% Change
North America						
Global Cards	**$ 1,388**	$ 3,510	(60)%	**$ 7,659**	$10,215	(25)%
Consumer Banking	**4,414**	4,164	6	**13,023**	12,446	5
ICG	**(2,165)**	110	NM	**(11,737)**	8,381	NM
Securities & Banking	**(2,693)**	(336)	NM	**(13,254)**	7,226	NM
Transaction Services	**528**	446	18	**1,517**	1,155	31
GWM	**2,317**	2,455	(6)	**7,120**	7,281	(2)
Total *North America*	**$ 5,954**	$10,239	(42)%	**$ 16,065**	$38,323	(58)%
EMEA						
Global Cards	**$ 593**	$ 566	5%	**$ 1,789**	$ 1,390	29%
Consumer Banking	**622**	625	—	**2,084**	1,788	17
ICG	**1,913**	1,398	37	**3,786**	7,218	(48)
Securities & Banking	**1,043**	674	55	**1,234**	5,216	(76)
Transaction Services	**870**	724	20	**2,552**	2,002	27
GWM	**147**	139	6	**470**	384	22
Total *EMEA*	**$ 3,275**	$ 2,728	20%	**$ 8,129**	$10,780	(25)%
Latin America						
Global Cards	**$ 1,143**	$ 1,728	(34)%	**$ 4,148**	$ 3,585	16%
Consumer Banking	**1,015**	1,071	(5)	**3,101**	3,013	3
ICG	**828**	1,103	(25)	**2,915**	3,053	(5)
Securities & Banking	**463**	812	(43)	**1,850**	2,266	(18)
Transaction Services	**365**	291	25	**1,065**	787	35
GWM	**92**	92	—	**294**	275	7
Total *Latin America*	**$ 3,078**	$ 3,994	(23)%	**$ 10,458**	$ 9,926	5%
Asia						
Global Cards	**$ 665**	$ 538	24%	**$ 1,999**	$ 1,582	26%
Consumer Banking	**1,378**	1,442	(4)	**4,367**	4,375	—
ICG	**1,817**	2,006	(9)	**5,410**	5,879	(8)
Securities & Banking	**1,106**	1,398	(21)	**3,323**	4,257	(22)
Transaction Services	**711**	608	17	**2,087**	1,622	29
GWM	**608**	833	(27)	**1,874**	1,594	18
Total *Asia*	**$ 4,468**	$ 4,819	(7)%	**$ 13,650**	$13,430	2%
Corporate/Other	**(95)**	(140)	32%	**(1,104)**	(383)	NM
Total Net Revenue	**$16,680**	$21,640	(23)%	**$ 47,198**	$72,076	(35)%

NM Not meaningful

GLOBAL CARDS

In millions of dollars	Third Quarter 2008	Third Quarter 2007	% Change	Nine Months 2008	Nine Months 2007	% Change
Net interest revenue	**$ 2,884**	$2,723	6%	**$ 8,588**	$ 7,674	12%
Non-interest revenue	**905**	3,619	(75)	**7,007**	9,098	(23)
Revenues, net of interest expense	**$ 3,789**	$6,342	(40)%	**$15,595**	$16,772	(7)%
Operating expenses	**2,595**	2,610	(1)	**7,900**	7,489	5
Provision for credit losses and for benefits and claims	**2,672**	1,568	70	**6,582**	3,730	76
Income (loss) before taxes and minority interest	**$(1,478)**	$2,164	NM	**$ 1,113**	$ 5,553	(80)%
Income taxes (benefits)	**(579)**	719	NM	**327**	1,806	(82)
Minority interest, net of taxes	**3**	3	—	**10**	7	43
Net income (loss)	**$ (902)**	$1,442	NM	**$ 776**	$ 3,740	(79)%
Average assets *(in billions of dollars)*	**$ 119**	$ 113	5%	**$ 122**	$ 109	12%
Return on assets	**(3.02)%**	5.06%		**0.85%**	4.59%	
Revenues, net of interest expense, by region:						
North America	**$ 1,388**	$3,510	(60)%	**$ 7,659**	$10,215	(25)%
EMEA	**593**	566	5	**1,789**	1,390	29
Latin America	**1,143**	1,728	(34)	**4,148**	3,585	16
Asia	**665**	538	24	**1,999**	1,582	26
Total revenues	**$ 3,789**	$6,342	(40)%	**$15,595**	$16,772	(7)%
Net income (loss) by region:						
North America	**$ (873)**	$ 808	NM	**$ (158)**	$ 2,391	NM
EMEA	**(25)**	30	NM	**21**	112	(81)%
Latin America	**(36)**	563	NM	**645**	982	(34)
Asia	**32**	41	(22)%	**268**	255	5
Total net income (loss)	**$ (902)**	$1,442	NM	**$ 776**	$ 3,740	(79)%
Key Drivers *(in billions of dollars)*						
Average loans	**$ 89.9**	$ 82.6	9%			
Purchase sales	**$ 111.1**	$110.6	—			
Open accounts *(in millions)*	**182.7**	184.0	(1)			
Loans 90+ days past due as a % of EOP loans	**2.39%**	2.02%				

NM Not meaningful

3Q08 vs. 3Q07

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

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

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

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

Provision for credit losses and for benefits and claims increased $1.1 billion, reflecting increases of $543 million in net

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

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

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

2008 YTD vs. 2007 YTD

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

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

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

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

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

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

CONSUMER BANKING

In millions of dollars	Third Quarter 2008	Third Quarter 2007	% Change	Nine Months 2008	Nine Months 2007	% Change
Net interest revenue	**$ 5,709**	$5,258	9%	**$17,139**	$15,457	11%
Non-interest revenue	**1,720**	2,044	(16)	**5,436**	6,165	(12)
Revenues, net of interest expense	**$ 7,429**	$7,302	2%	**$22,575**	$21,622	4%
Operating expenses	**4,188**	4,270	(2)	**12,939**	12,054	7
Provision for credit losses and for benefits and claims	**5,333**	3,005	77	**13,391**	5,928	NM
Income (loss) before taxes and minority interest	**$(2,092)**	$ 27	NM	**$ (3,755)**	$ 3,640	NM
Income taxes (benefits)	**(996)**	(136)	NM	**(1,894)**	872	NM
Minority interest, net of taxes	**3**	7	(57)%	**14**	33	(58)%
Net income (loss)	**$(1,099)**	$ 156	NM	**$ (1,875)**	$ 2,735	NM
Average assets *(in billions of dollars)*	**$ 542**	$ 576	(6)%	**$ 560**	$ 573	(2)%
Return on assets	**(0.81)%**	0.11%		**(0.45)%**	0.64%	
Revenues, net of interest expense, by region:						
North America	**$ 4,414**	$4,164	6%	**$13,023**	$12,446	5%
EMEA	**622**	625	—	**2,084**	1,788	17
Latin America	**1,015**	1,071	(5)	**3,101**	3,013	3
Asia	**1,378**	1,442	(4)	**4,367**	4,375	—
Total revenues	**$ 7,429**	$7,302	2%	**$22,575**	$21,622	4%
Net income (loss) by region:						
North America	**$(1,080)**	$ 59	NM	**$ (2,364)**	$ 1,700	NM
EMEA	**(94)**	(28)	NM	**(242)**	(58)	NM
Latin America	**29**	102	(72)	**376**	454	(17)
Asia	**46**	23	100	**355**	639	(44)
Total net income (loss)	**$(1,099)**	$ 156	NM	**$ (1,875)**	$ 2,735	NM
Consumer Finance Japan (CFJ)—NIR	**$ 224**	$ 263	(15)%	**$ 661**	$ 1,022	(35)%
Consumer Banking, excluding CFJ—NIR	**$ 5,485**	$4,995	10%	**$16,478**	$14,435	14%
CFJ—Operating expenses	**$ 84**	$ 251	(67)%	**$ 280**	$ 479	(42)%
Consumer Banking, excluding CFJ-operating expenses	**$ 4,104**	$4,019	2%	**$12,659**	$11,575	9%
CFJ—Net income	**$ (159)**	$ (298)	47	**$ (399)**	$ (336)	(19)
Consumer Banking, excluding CFJ—Net income (loss)	**$ (940)**	$ 454	NM	**$ (1,476)**	$ 3,071	NM
Key Indicators						
Average loans *(in billions)*	**$ 390.7**	$386.0	1%			
Average deposits *(in billions)*	**$ 286.8**	$283.1	1			
Accounts *(in millions)*	**80.0**	76.6	4			
Loans 90+ days past due as % of EOP loans	**2.86%**	1.69%				
Branches	**7,875**	8,014	(2)			

NM Not meaningful

3Q08 vs 3Q07

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

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

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

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

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

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

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

2008 YTD vs. 2007 YTD

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

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

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

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

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

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

INSTITUTIONAL CLIENTS GROUP (ICG)

In millions of dollars	Third Quarter 2008	Third Quarter 2007	% Change	Nine Months 2008	Nine Months 2007	% Change
Net interest revenue	**$ 4,450**	$3,374	32%	**$ 13,576**	$ 8,619	58%
Non-interest revenue	**(2,057)**	1,243	NM	**(13,202)**	15,912	NM
Revenues, net of interest expense	**$ 2,393**	$4,617	(48)%	**$ 374**	$24,531	(98)%
Operating expenses	**5,202**	4,463	17	**17,030**	15,203	12%
Provision for credit losses and for benefits and claims	**997**	238	NM	**1,920**	514	NM
Income (loss) before taxes and minority interest	**$(3,806)**	$ (84)	NM	**$(18,576)**	$ 8,814	NM
Income taxes (benefits)	**(1,690)**	(320)	NM	**(8,084)**	2,153	NM
Minority interest, net of taxes	**(99)**	(31)	NM	**(74)**	93	NM
Net income (loss)	**$(2,017)**	$ 267	NM	**$(10,418)**	$ 6,568	NM
Average assets *(in billions of dollars)*	**$ 1,203**	$1,434	(16)%	**$ 1,333**	$ 1,293	3%
Revenues, net of interest expense, by region:						
North America	**$(2,165)**	$ 110	NM	**$(11,737)**	$ 8,381	NM
EMEA	**1,913**	1,398	37%	**3,786**	7,218	(48)%
Latin America	**828**	1,103	(25)	**2,915**	3,053	(5)
Asia	**1,817**	2,006	(9)	**5,410**	5,879	(8)
Total revenues	**$ 2,393**	$4,617	(48)%	**$ 374**	$24,531	(98)%
Net income (loss) by region:						
North America	**$(2,950)**	$ (720)	NM	**$(11,758)**	$ 2,002	NM
EMEA	**104**	(26)	NM	**(1,127)**	1,472	NM
Latin America	**271**	407	(33)%	**1,055**	1,164	(9)%
Asia	**558**	606	(8)	**1,412**	1,930	(27)
Total net income (loss)	**$(2,017)**	$ 267	NM	**$(10,418)**	$ 6,568	NM
Total net income (loss) by product:						
Securities and Banking	**$(2,834)**	$ (324)	NM	**$(12,668)**	$ 5,013	NM
Transaction Services	**817**	591	38%	**2,250**	1,555	45%
Total net income (loss)	**$(2,017)**	$ 267	NM	**$(10,418)**	$ 6,568	NM
Securities and Banking						
Revenue details						
Net Investment Banking	**$ 142**	$ 528	(73)%	**$ (1,072)**	$ 3,592	NM
Lending	**1,346**	439	NM	**2,025**	1,513	34%
Equity markets	**476**	1,033	(54)	**2,853**	4,098	(30)
Fixed income markets	**(2,412)**	733	NM	**(10,068)**	9,836	NM
Other Securities and Banking	**367**	(185)	NM	**(585)**	(74)	NM
Total Securities and Banking Revenues	**$ (81)**	$2,548	NM	**$ (6,847)**	$18,965	NM
Transaction Services	**2,474**	2,069	20%	**7,221**	5,566	30%
Total revenues	**$ 2,393**	$4,617	(48)%	**$ 374**	$24,531	(98)%
Transaction Services						
Key Indicators						
Average deposits and other customer liability balances *(in billions)*	**$ 273**	$ 256	7%			
Assets under custody *(EOP in trillions)*	**$ 11.9**	$ 12.7	(6)%			

NM Not meaningful

3Q08 vs. 3Q07

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

downs of $518 million on commercial real estate positions, and net write-downs of $394 million on subprime-related direct exposures. Negative revenues also included a $306 million

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

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

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

2008 YTD vs. 2007 YTD

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

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

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

GLOBAL WEALTH MANAGEMENT

In millions of dollars	Third Quarter 2008	Third Quarter 2007	% Change	Nine Months 2008	Nine Months 2007	% Change
Net interest revenue	**$ 671**	$ 538	25%	**$1,840**	$1,593	16%
Non-interest revenue	**2,493**	2,981	(16)	**7,918**	7,941	—
Revenues, net of interest expense	**$3,164**	$3,519	(10)%	**$9,758**	$9,534	2%
Operating expenses	**2,513**	2,621	(4)	**7,943**	7,185	11
Provision for credit losses and for benefits and claims	**65**	57	14	**126**	86	47
Income before taxes and minority interest	**$ 586**	$ 841	(30)%	**$1,689**	$2,263	(25)%
Income taxes (benefits)	**225**	312	(28)	**616**	759	(19)
Minority interest, net of taxes	**(2)**	39	NM	**11**	54	(80)
Net income	**$ 363**	$ 490	(26)%	**$1,062**	$1,450	(27)%
Average assets *(in billions of dollars)*	**$ 111**	$ 97	14%	**$ 109**	$ 80	36%
Return on assets	**1.30%**	2.00%		**1.30%**	2.42%	
Revenues, net of interest expense, by region:						
North America	**$2,317**	$2,455	(6)%	**$7,120**	$7,281	(2)%
EMEA	**147**	139	6	**470**	384	22
Latin America	**92**	92	—	**294**	275	7
Asia	**608**	833	(27)	**1,874**	1,594	18
Total revenues	**$3,164**	$3,519	(10)%	**$9,758**	$9,534	2%
Net income by region:						
North America	**$ 264**	$ 334	(21)%	**$ 738**	$1,029	(28)%
EMEA	**24**	4	NM	**70**	57	23
Latin America	**16**	12	33	**57**	56	2
Asia	**59**	140	(58)	**197**	308	(36)
Total net income	**$ 363**	$ 490	(26)%	**$1,062**	$1,450	(27)%
Key Indicators *(in billions of dollars, except for offices)*						
Average loans	**$ 64**	$ 57	12%			
Average deposits and other customer liability balances	**$ 124**	$ 119	4%			
Offices	**831**	871	(5)			
Total client assets	**$1,532**	$1,820	(16)%			
Clients assets under fee-based management	**$ 415**	$ 515	(19)			

NM Not meaningful

3Q08 vs. 3Q07

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

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

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

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

2008 YTD vs. 2007 YTD

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

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

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

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

CORPORATE/OTHER

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

3Q08 vs. 3Q07

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

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

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

2008 YTD vs. 2007 YTD

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

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

REGIONAL DISCUSSIONS

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

NORTH AMERICA

In millions of dollars	Third Quarter 2008	Third Quarter 2007	% Change	Nine Months 2008	Nine Months 2007	% Change
Net interest revenue	**$ 7,072**	$ 5,876	20%	**$ 20,943**	$16,798	25%
Non-interest revenue	**(1,118)**	4,363	NM	**(4,878)**	21,525	NM
Total Revenues, net of interest expense	**$ 5,954**	$10,239	(42)%	**$ 16,065**	$38,323	(58)%
Total operating expenses	**7,533**	6,844	10	**23,956**	21,912	9
Provisions for credit losses and for benefits and claims	**$ 6,078**	$ 2,774	NM	**$ 14,888**	$ 5,803	NM
Income (loss) before taxes and minority interest	**$(7,657)**	$ 621	NM	**$(22,779)**	$10,608	NM
Income taxes (benefits)	**(2,892)**	143	NM	**(9,127)**	3,393	NM
Minority interest, net of tax	**(126)**	(3)	NM	**(110)**	93	NM
Net income (loss)	**$(4,639)**	$ 481	NM	**$(13,542)**	$ 7,122	NM
Average assets *(in billions of dollars)*	**$ 1,118**	$ 1,254	(11)%	**$ 1,226**	$ 1,208	1%
Return on assets	**(1.65)%**	0.15%		**(1.48)%**	0.79%	
Key Drivers *(in billions of dollars, except branches)*						
Average Loans	**$ 526.5**	$ 516.0	2%			
Average Consumer Banking Loans	**$ 291.7**	$ 293.2	(1)			
Average deposits (and other consumer liability balances)	**$ 250.8**	$ 244.2	3			
Branches/offices	**4,117**	4,178	(1)			

NM Not meaningful

3Q08 vs. 3Q07

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

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

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

2008 YTD vs. 2007 YTD

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

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

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

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

EMEA

In millions of dollars	Third Quarter 2008	Third Quarter 2007	% Change	Nine Months 2008	Nine Months 2007	% Change
Net interest revenue	**$2,066**	$1,922	7%	**$ 6,537**	$ 5,149	27%
Non-interest revenue	**1,209**	806	50	**1,592**	5,631	(72)
Total Revenues, net of interest expense	**$3,275**	$2,728	20%	**$ 8,129**	$10,780	(25)%
Total operating expenses	**2,504**	2,362	6	**8,464**	7,755	9
Provisions for credit losses and for benefits and claims	**$ 988**	$ 620	59	**$ 2,056**	$ 1,264	63
Income (loss) before taxes and minority interest	**$ (217)**	$ (254)	15%	**$(2,391)**	$ 1,761	NM
Income taxes (benefits)	**(254)**	(255)	—	**(1,183)**	115	NM
Minority interest, net of tax	**28**	21	33	**70**	63	11%
Net income (loss)	**$ 9**	$ (20)	NM	**$(1,278)**	$ 1,583	NM
Average assets *(in billions of dollars)*	**$ 364**	$ 440	(17)%	**$ 390**	$ 398	(2)%
Return on assets	**0.01%**	(0.02)%		**(0.44)%**	0.53%	
Key Drivers *(in billions of dollars, except branches)*						
Average Loans	**$113.4**	$128.3	(12)%			
Average Consumer Banking Loans	**$ 25.3**	$ 24.0	5			
Average deposits (and other consumer liability balances)	**$160.6**	$150.5	7			
Branches/offices	**788**	782	1			

NM Not meaningful

3Q08 vs. 3Q07

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

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

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

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

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

2008 YTD vs. 2007 YTD

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

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

and the impact of the Egg acquisition.

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

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

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

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

LATIN AMERICA

In millions of dollars	Third Quarter 2008	Third Quarter 2007	% Change	Nine Months 2008	Nine Months 2007	% Change
Net interest revenue	**$2,061**	$1,933	7%	**$ 6,245**	$5,212	20%
Non-interest revenue	**1,017**	2,061	(51)	**4,213**	4,714	(11)
Total Revenues, net of interest expense	**$3,078**	$3,994	(23)%	**$10,458**	$9,926	5%
Total operating expenses	**1,849**	1,830	1	**5,158**	4,962	4
Provisions for credit losses and for benefits and claims	**$ 968**	$ 640	51	**$ 2,534**	$1,307	94
Income before taxes and minority interest	**$ 261**	$1,524	(83)%	**$ 2,766**	$3,657	(24)%
Income taxes	**(20)**	439	NM	**630**	999	(37)
Minority interest, net of tax	**1**	1	—	**3**	2	50
Net income	**$ 280**	$1,084	(74)%	**$ 2,133**	$2,656	(20)%
Average assets *(in billions of dollars)*	**$ 156**	$ 150	4%	**$ 156**	$ 141	11%
Return on assets	**0.71%**	2.87%		**1.83%**	2.52%	
Key Drivers *(in billions of dollars, except branches)*						
Average Loans	**$ 61.0**	$ 58.5	4%			
Average Consumer Banking Loans	**16.0**	13.9	15			
Average deposits (and other consumer liability balances)	**$ 67.9**	$ 66.0	3%			
Branches/offices	**2,598**	2,664	(2)			

NM Not meaningful

3Q08 vs. 3Q07

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

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

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

2008 YTD vs. 2007 YTD

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

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

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

sale in 2007, asset deterioration, and volume growth.

ASIA

In millions of dollars	Third Quarter 2008	Third Quarter 2007	% Change	Nine Months 2008	Nine Months 2007	% Change
Net interest revenue (NIR)	**$2,514**	$2,162	16%	**$ 7,417**	$ 6,185	20%
Non-interest revenue	**1,954**	2,657	(26)	**6,233**	7,245	(14)
Total Revenues, net of interest expense	**$4,468**	$4,819	(7)%	**$13,650**	$13,430	2%
Total operating expenses	**2,612**	2,928	(11)	**8,234**	7,302	13
Provisions for credit losses and for benefits and claims	**$1,032**	$ 832	24%	**$ 2,540**	$ 1,883	35%
Income before taxes and minority interest	**$ 824**	$1,059	(22)%	**$ 2,876**	$ 4,245	(32)%
Income taxes	**127**	249	(49)	**650**	1,079	(40)
Minority interest, net of tax	**2**	—	—	**(6)**	34	NM
Net income	**$ 695**	$ 810	(14)%	**$ 2,232**	$ 3,132	(29)%
Average assets *(in billions of dollars)*	**$ 337**	$ 375	(10)%	**$ 352**	$ 307	15%
Return on assets	**0.82%**	0.86%		**0.85%**	1.36%	
Consumer Finance Japan (CFJ)—NIR	**$ 224**	$ 263	(15)%	**$ 661**	$ 1,022	(35)%
Asia excluding CFJ—NIR	**$2,290**	$1,899	21	**$ 6,756**	$ 5,163	31%
CFJ—Operating Expenses	**$ 84**	$ 251	(67)%	**$ 280**	$ 479	(42)%
Asia excluding CFJ—Operating Expenses	**$2,528**	$2,677	(6)%	**$ 7,954**	$ 6,823	17%
CFJ—Net Income	**$ (159)**	(298)	47%	**$ (399)**	$ (336)	(19)%
Asia excluding CFJ—Net Income	**$ 854**	1,108	(23)	**$ 2,631**	$ 3,468	(24)%
Key Drivers *(in billions of dollars, except branches)*						
Average Loans	**$128.1**	$129.4	(1)%			
Average Consumer Banking Loans	**$ 49.9**	$ 46.4	8			
Average deposits (and other consumer liability balances)	**$204.5**	$197.4	4			
Branches/offices	**1,203**	1,261	(5)%			

3Q08 vs. 3Q07

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

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

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

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

Asia Excluding CFJ

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

2008 YTD vs. 2007 YTD

Net Interest Revenue increased 20%. Global Cards growth of 19% was driven by 20% growth in purchase sales and 24%

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

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

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

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

MANAGING GLOBAL RISK

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

DETAILS OF CREDIT LOSS EXPERIENCE

In millions of dollars	3rd Qtr. 2008	2nd Qtr. (1) 2008	1st Qtr. (1) 2008	4th Qtr. (1) 2007	3rd Qtr. (1) 2007
Allowance for loan losses at beginning of period	**$20,777**	$ 18,257	$16,117	$ 12,728	$ 10,381
Provision for loan losses					
Consumer(2)	**$ 7,855**	$ 6,259	$ 5,332	$ 6,438	$ 4,427
Corporate	**1,088**	724	245	882	154
	$ 8,943	$ 6,983	$ 5,577	$ 7,320	$ 4,581
Gross credit losses					
Consumer					
In U.S. offices	**$ 3,069**	$ 2,599	$ 2,325	$ 1,895	$ 1,364
In offices outside the U.S.	**1,914**	1,798	1,637	1,415	1,434
Corporate					
In U.S. offices	**160**	346	40	596	20
In offices outside the U.S.	**200**	36	97	169	74
	$ 5,343	$ 4,779	$ 4,099	$ 4,075	$ 2,892
Credit recoveries					
Consumer					
In U.S. offices	**$ 137**	$ 148	$ 172	$ 162	$ 160
In offices outside the U.S.	**252**	286	253	254	219
Corporate					
In U.S. offices	**3**	24	3	15	1
In offices outside the U.S.	**31**	1	33	55	59
	$ 423	$ 459	$ 461	$ 486	$ 439
Net credit losses					
In U.S. offices	**$ 3,089**	$ 2,773	$ 2,190	$ 2,314	$ 1,223
In offices outside the U.S.	**1,831**	1,547	1,448	1,275	1,230
Total	**$ 4,920**	$ 4,320	$ 3,638	$ 3,589	$ 2,453
Other—net(3)(4)(5)(6)(7)	**$ (795)**	$ (143)	$ 201	$ (342)	$ 219
Allowance for loan losses at end of period	**$24,005**	$ 20,777	$18,257	$ 16,117	$ 12,728
Allowance for unfunded lending commitments(8)	**$ 957**	$ 1,107	$ 1,250	$ 1,250	$ 1,150
Total allowance for loan losses and unfunded lending commitments	**$24,962**	$ 21,884	$19,507	$ 17,367	$ 13,878
Net consumer credit losses	**$ 4,594**	$ 3,963	$ 3,537	$ 2,894	$ 2,419
As a percentage of average consumer loans	**3.35%**	2.83%	2.52%	2.07%	1.82%
Net corporate credit losses (recoveries)	**$ 326**	$ 357	$ 101	$ 695	$ 34
As a percentage of average corporate loans	**0.19%**	0.19%	0.05%	0.34%	0.02%

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

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

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

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

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

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

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

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

Consumer Loan Balances, Net of Unearned Income

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

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

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

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

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

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

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

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

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

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

Subprime-Related Direct Exposure in Securities and Banking

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

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

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

(1) Includes net profits associated with liquidations.

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

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

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

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

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

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

Subprime-Related Direct Exposure in Securities and Banking

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

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

Direct ABS CDO Super Senior Exposures