

# ***Citi Technology Clients Summit***

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***John Gerspach***

***Chief Financial Officer***

***May 16, 2012***



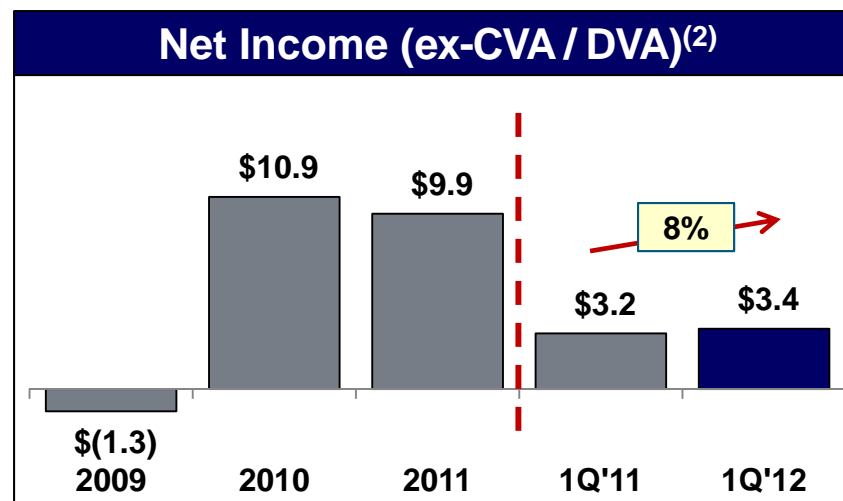
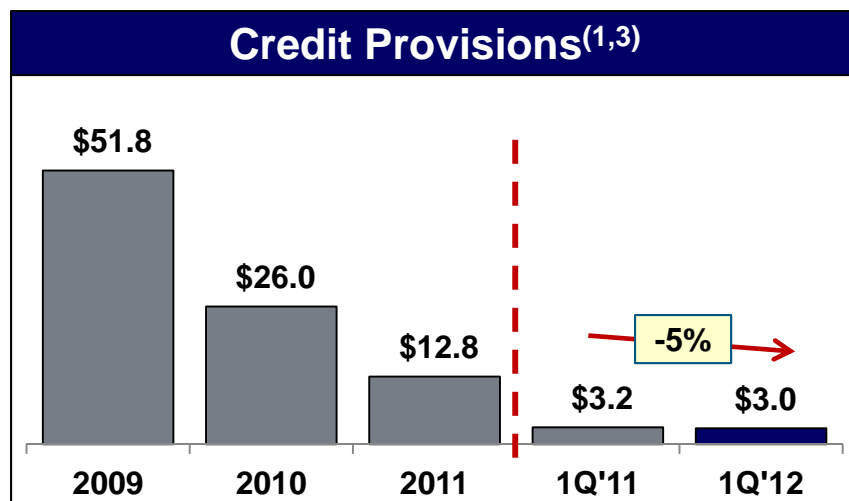
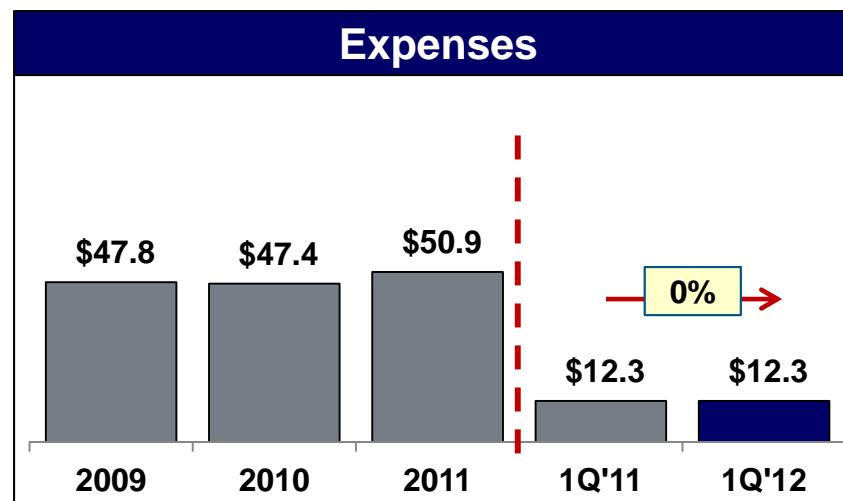
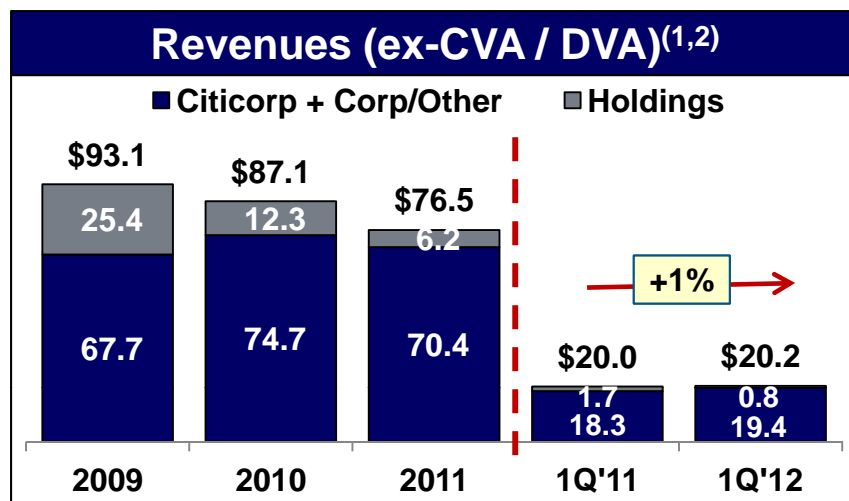
# ***Uniquely Positioned for the Future***

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- ▶ **Growth in every core business in 1Q'12**
- ▶ **Difficult to replicate Citi's global footprint**
- ▶ **Unrivalled depth and breadth across Emerging Markets**
- ▶ **Business model well suited to macro trends and proposed regulatory changes**
- ▶ **Strong and growing capital base with exceptional liquidity**

# Citigroup – Results

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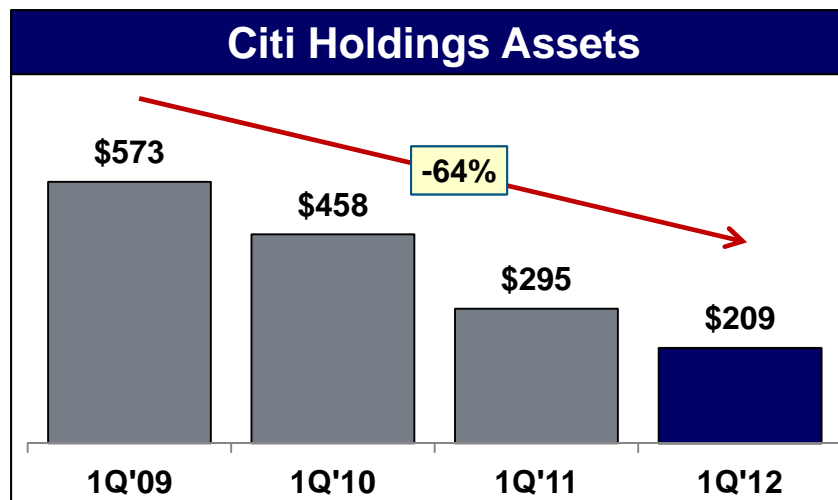
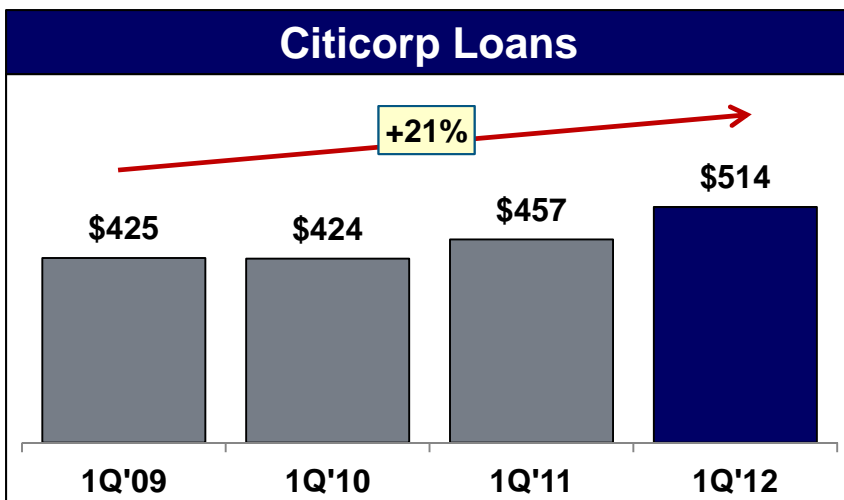
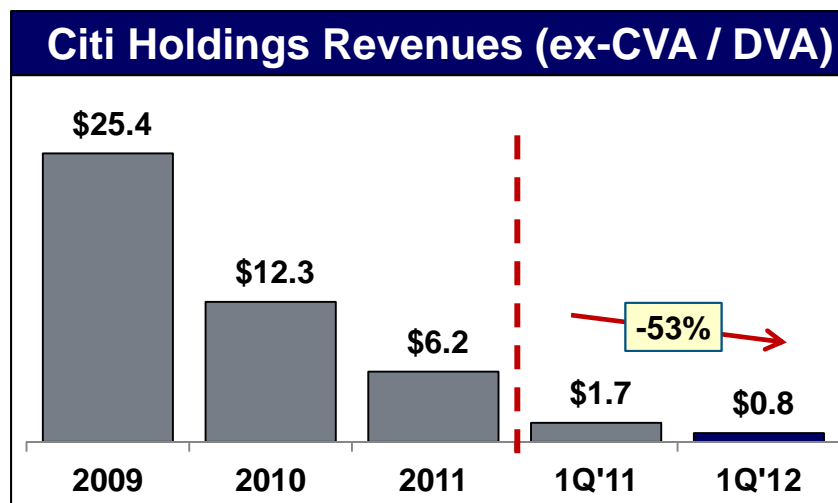
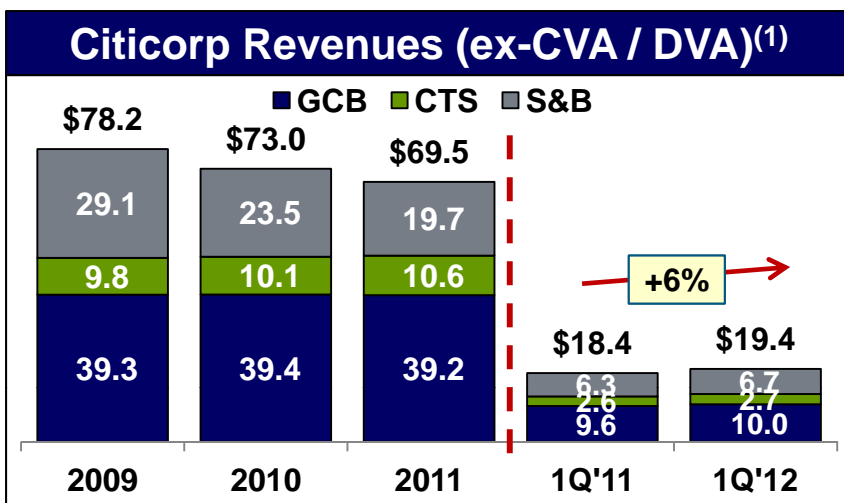


Note:

- (1) Periods prior to 1Q'10 are on a managed basis. For additional information, as well as CVA / DVA for each of the periods presented, see Citigroup's Historical and First Quarter 2012 Quarterly Financial Data Supplements furnished as exhibits to Form 8-K filed with the U.S. Securities and Exchange Commission on March 26, 2012 and April 16, 2012.
- (2) 1Q'12 excludes pre-tax gains on the sale of Citi's remaining minority interest in the Housing Development Finance Corporation Ltd. (HDFC) and the minority interest Shanghai Pudong Development Bank (SPDB) of \$1.1B and \$542MM, respectively, as well as a pre-tax impairment charge related to its minority interest in Akbank T.A.S. (Akbank) of \$1.2B, each recorded in Corporate / Other. Total after-tax impact was \$308MM.
- (3) Credit Provisions: Net loan loss reserve builds (releases), policyholder benefits and claims, provisions for unfunded lending commitments and net credit losses.

# Citigroup – Strategic Progress

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Note:

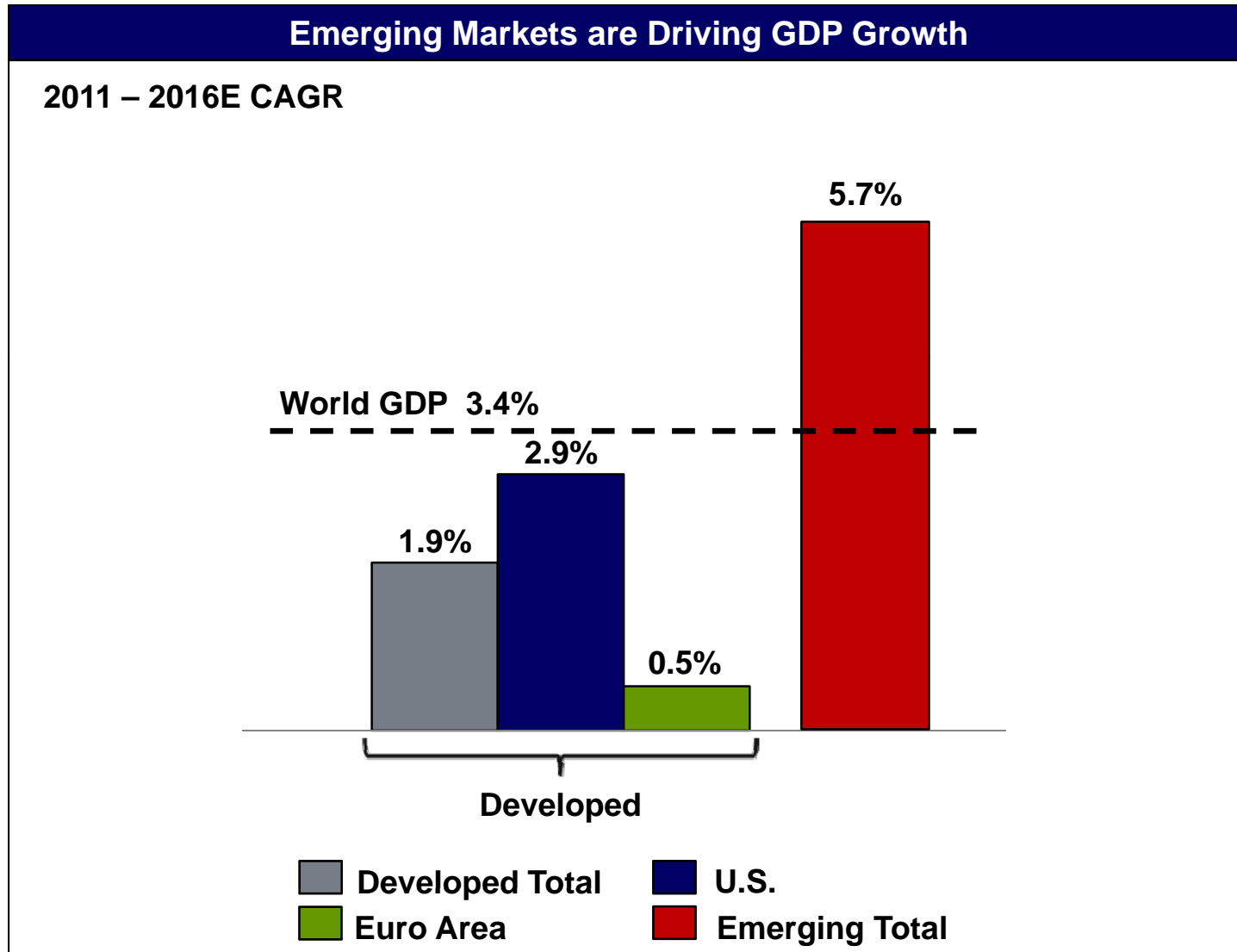
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# Global Trends and Business Drivers

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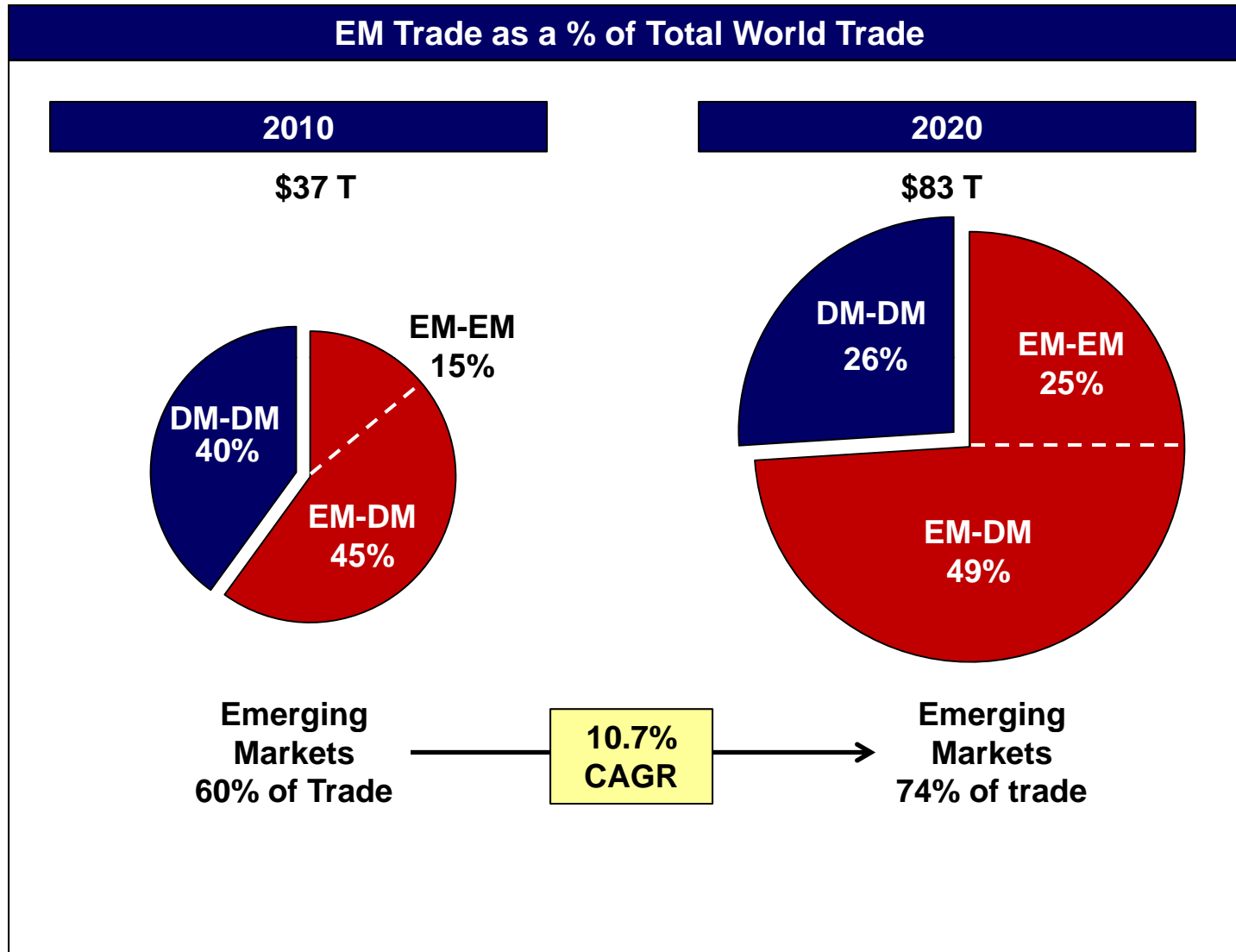
<b>Deleveraging of Developed World</b>	<ul style="list-style-type: none"><li>- Deleveraging of developed economies has only just begun</li><li>- Expect lower GDP growth and consumer demand for foreseeable future</li><li>- U.S. positioned relatively well versus Western Europe</li></ul>
<b>Rise of Emerging Markets &amp; Urbanization</b>	<ul style="list-style-type: none"><li>- EM expected to enjoy sustained higher GDP growth</li><li>- Growth in EM consumer demand</li><li>- Growing trade and capital flows, particularly intra-EM</li><li>- Rapid population growth in EM cities</li><li>- Significant investment and infrastructure needs</li></ul>
<b>Digitization</b>	<ul style="list-style-type: none"><li>- Driving changes in consumer behavior and expectations</li><li>- Improving efficiency</li><li>- Likely to create new competitors / partners / revenue streams</li></ul>
<b>Financial Regulation</b>	<ul style="list-style-type: none"><li>- Regulatory reform likely to have meaningful impact on banks and customers</li><li>- Final form still unclear for most rules</li><li>- Likely differences in implementation globally</li></ul>

# Rise of Emerging Markets – Driving Global Growth



Source: Citi Investment Research & Analysis

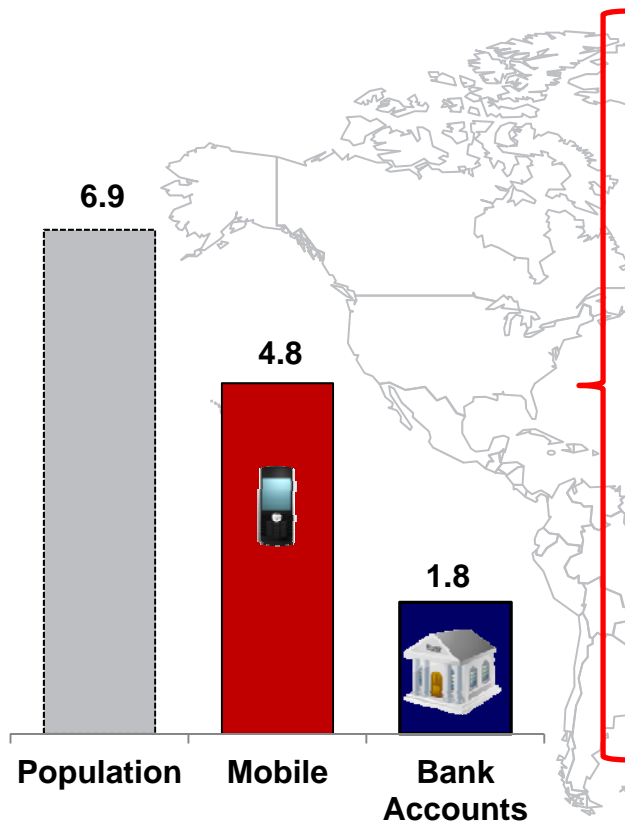
# Rise of Emerging Markets – Driving Global Growth



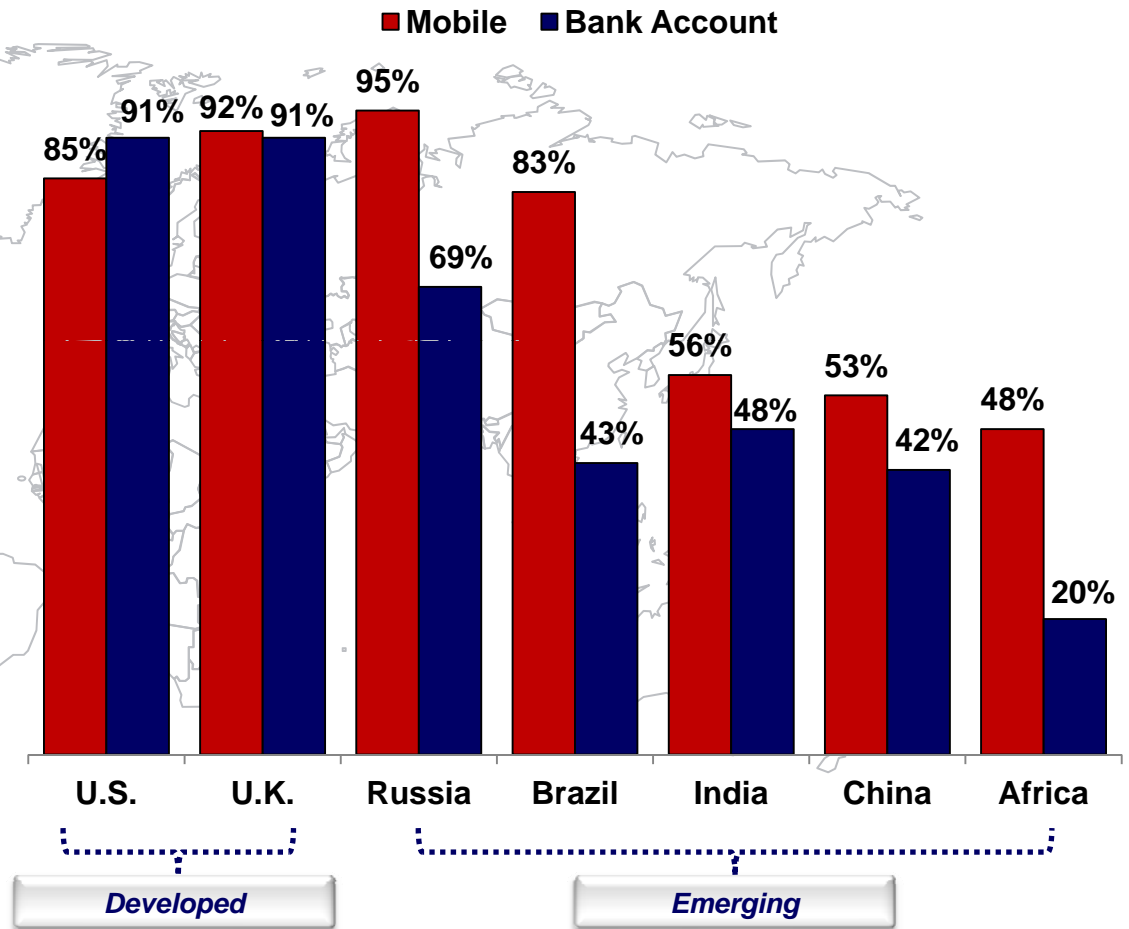
Source: Citi Investment Research & Analysis

# Digitization

## Global Users (B)



## Mobile vs. Bank Account Penetration



**There are ~5B cell phone users worldwide but only ~2B bank accounts**



# Major Upcoming Regulatory Changes

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## ▶ Volcker Rule

- Final form and scale still unknown
- Many potential, unintended consequences in eliminating banks from proprietary trading
- Key issue is the impact on client-facing activities
- Likely to reduce liquidity and increase costs to the market

## ▶ Basel III

- U.S. rules still unknown and potential for uneven implementation globally
- Regardless of final form, capital requirements will increase
  - Good for safety and soundness, but comes at a cost to banks and the macro economy
- Back stop liquidity facilities and OTC derivatives will likely become much more expensive, and credit will be limited for all but the highest quality borrowers

# Citicorp – Model is Well Positioned

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## Rise of Emerging Markets

- Citi has unparalleled exposure to faster-growing emerging markets
- Difficult for peers to replicate Citi's global presence, particularly with limited ability to pursue significant M&A
- Uniquely positioned to facilitate EM-EM trade and capital flows
- 45% of revenues and 55% of income from continuing operations generated in EM<sup>(1)</sup>

## Accelerating Urbanization

- Citi is focused on retail banking in the world's 150 largest cities
- Leveraging our scale globally through a common platform
- Facilitating capital flows where investment is needed

## Digitization

- Actively developing mobile payment systems and technology
- Partnering with important non-financial firms, e.g. Google Wallet

## Regulatory & Capital Environment

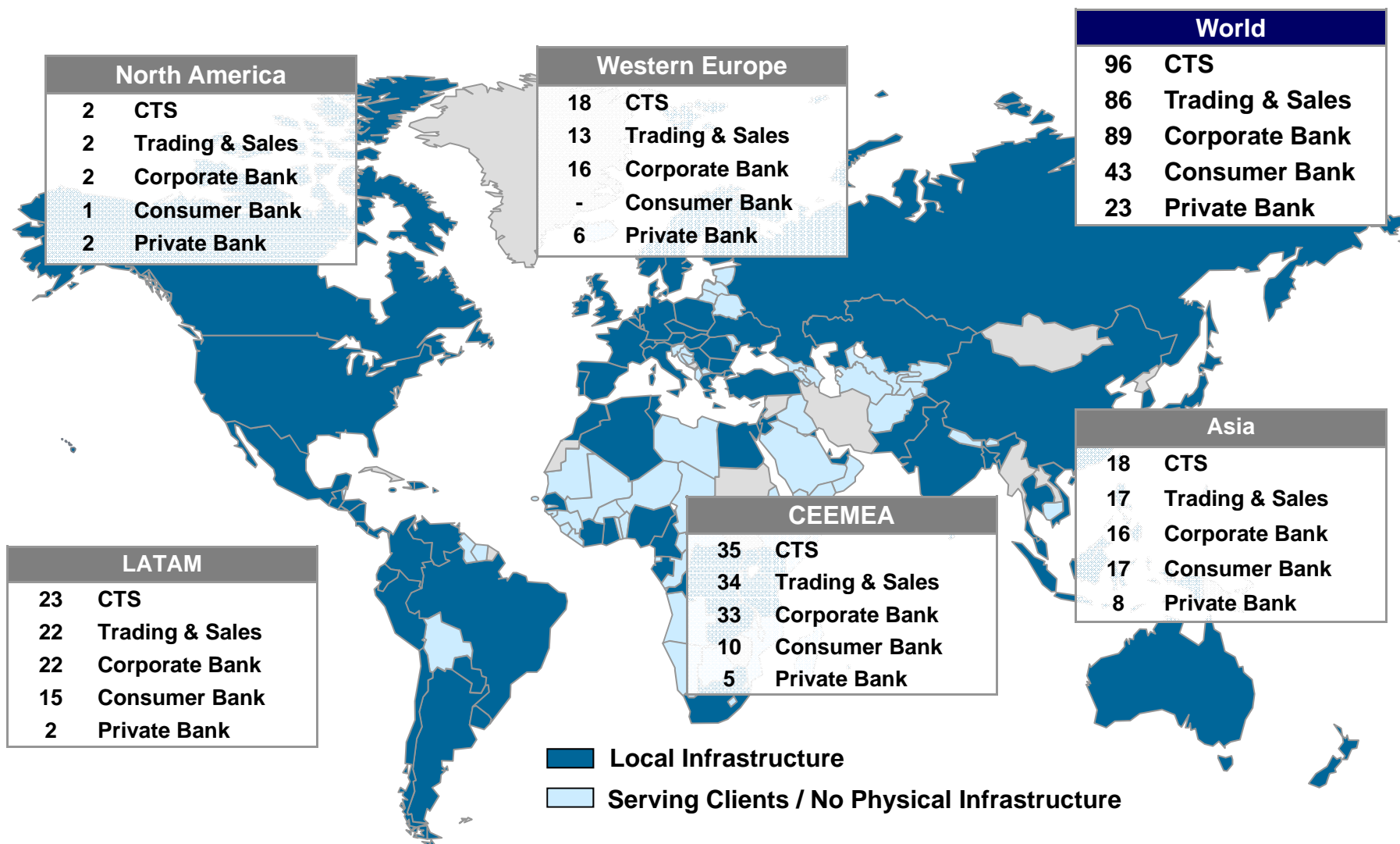
- Citi is less exposed to consumer regulatory changes in U.S.
- Completed wind-down of our proprietary equity trading business
- Basel III friendly business model:
  - Minimal impact on Transaction Services / Consumer Banking
  - Institutional business focused on flow facilitation

Note:

(1) Last twelve months through 1Q'12.

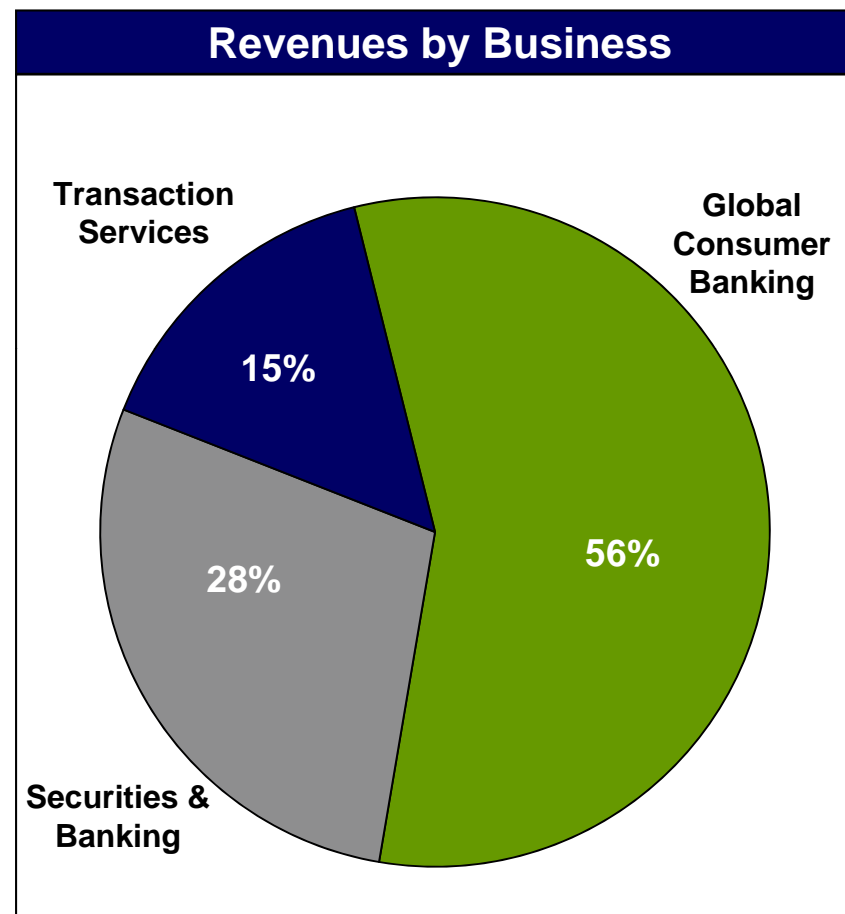
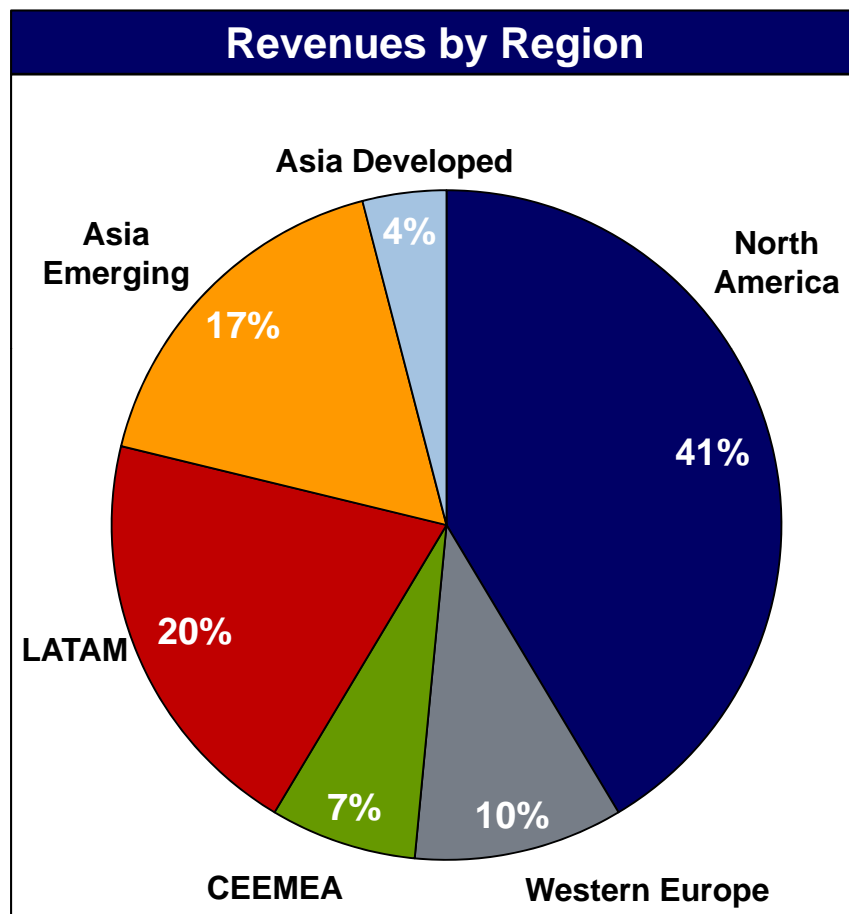
# Citi is Uniquely Global

Physical Presence in over 100 Countries and Client Service in ~160 Countries



# Citicorp – Diverse Revenue Base

LTM Revenues ex-CVA / DVA<sup>(1)</sup>



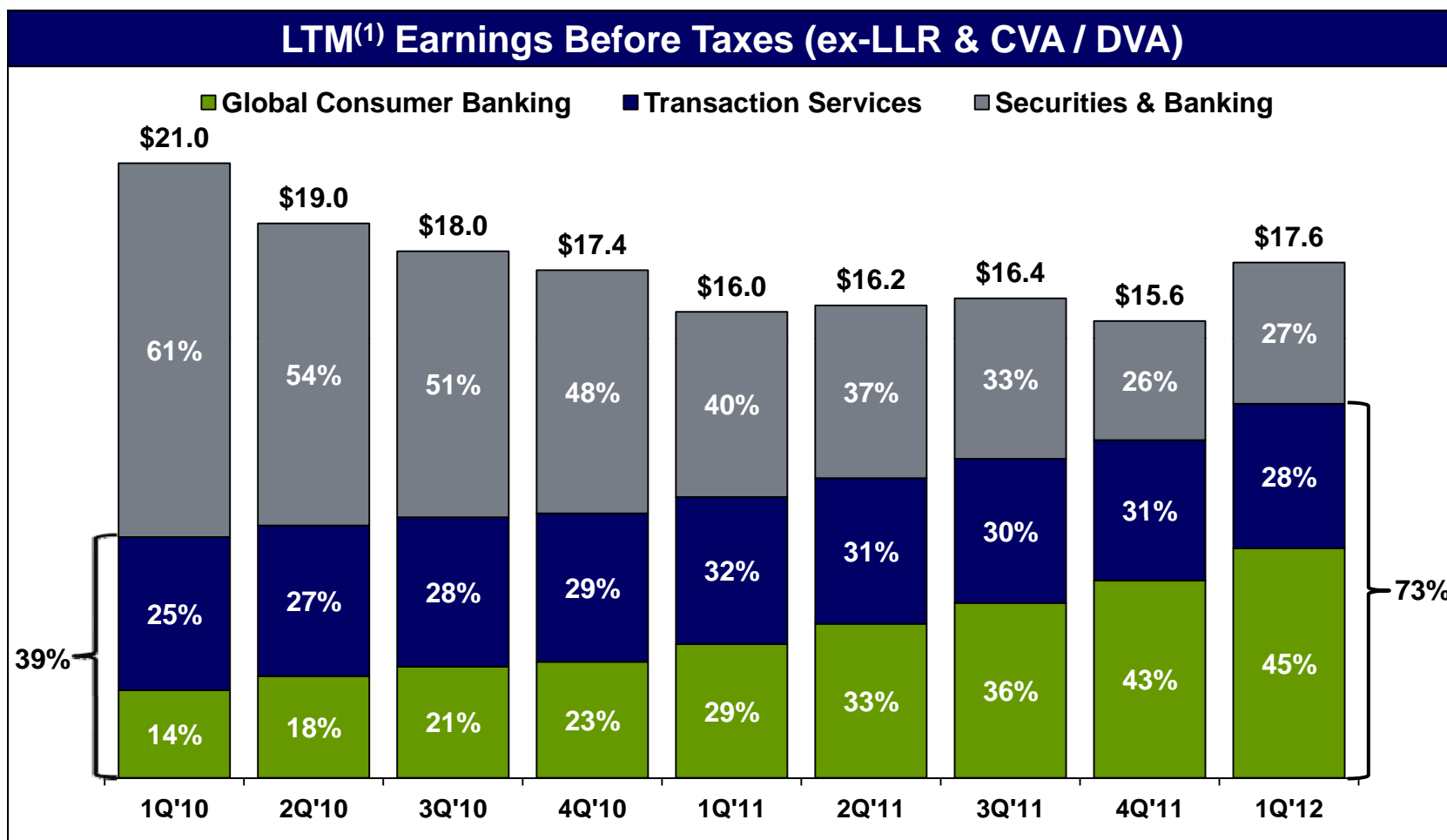
**Total: \$70.5B**

Note: Totals may not sum due to rounding. LTM: Last twelve months through 1Q'12.

(1) For CVA / DVA for each of the periods presented, see Citigroup's Historical and First Quarter 2012 Quarterly Financial Data Supplements furnished as exhibits to Form 8-K filed with the U.S. Securities and Exchange Commission on March 26, 2012 and April 16, 2012.

# Citicorp – Diverse Earnings Base

(\$B)



Note: Totals may not sum due to rounding.

(1) Last twelve months to each period. For the LLR and CVA / DVA for each of the periods presented, see Citigroup's Historical and First Quarter 2012 Quarterly Financial Data Supplements furnished as exhibits to Form 8-K filed with the U.S. Securities and Exchange Commission on March 26, 2012 and April 16, 2012.

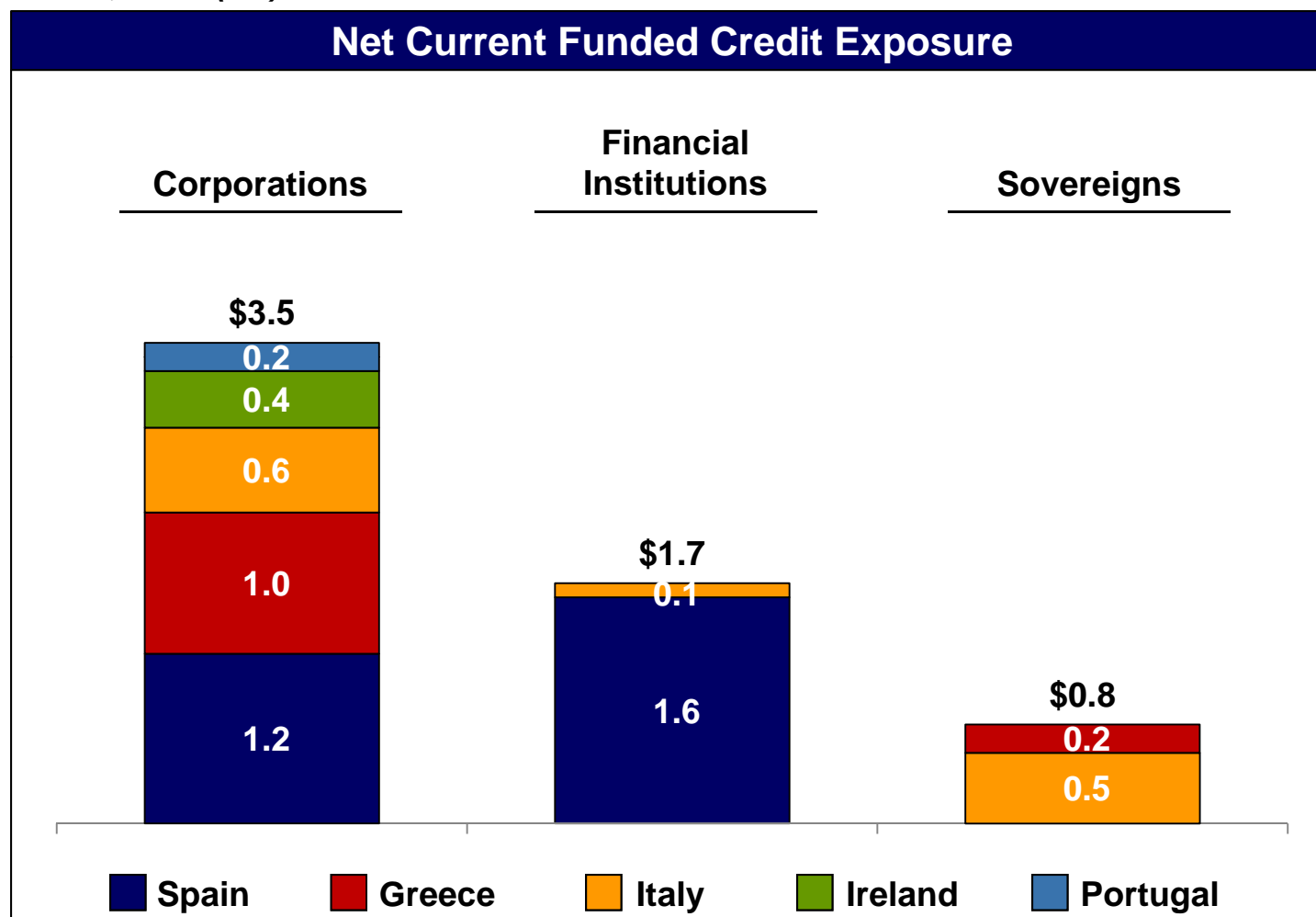
# ***Executing in a Challenging Environment***

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- ▶ **Remaining vigilant in risk management to protect the franchise**
  - Managing legacy U.S. mortgage portfolio in Citi Holdings to mitigate risk
  - Containing exposure to Western Europe while continuing to support our important clients
  - Growing EM loan portfolio in a disciplined manner
  
- ▶ **Maintaining a strong and highly liquid balance sheet**
  
- ▶ **Building tangible book value and capital**

# Containing Western European Exposure

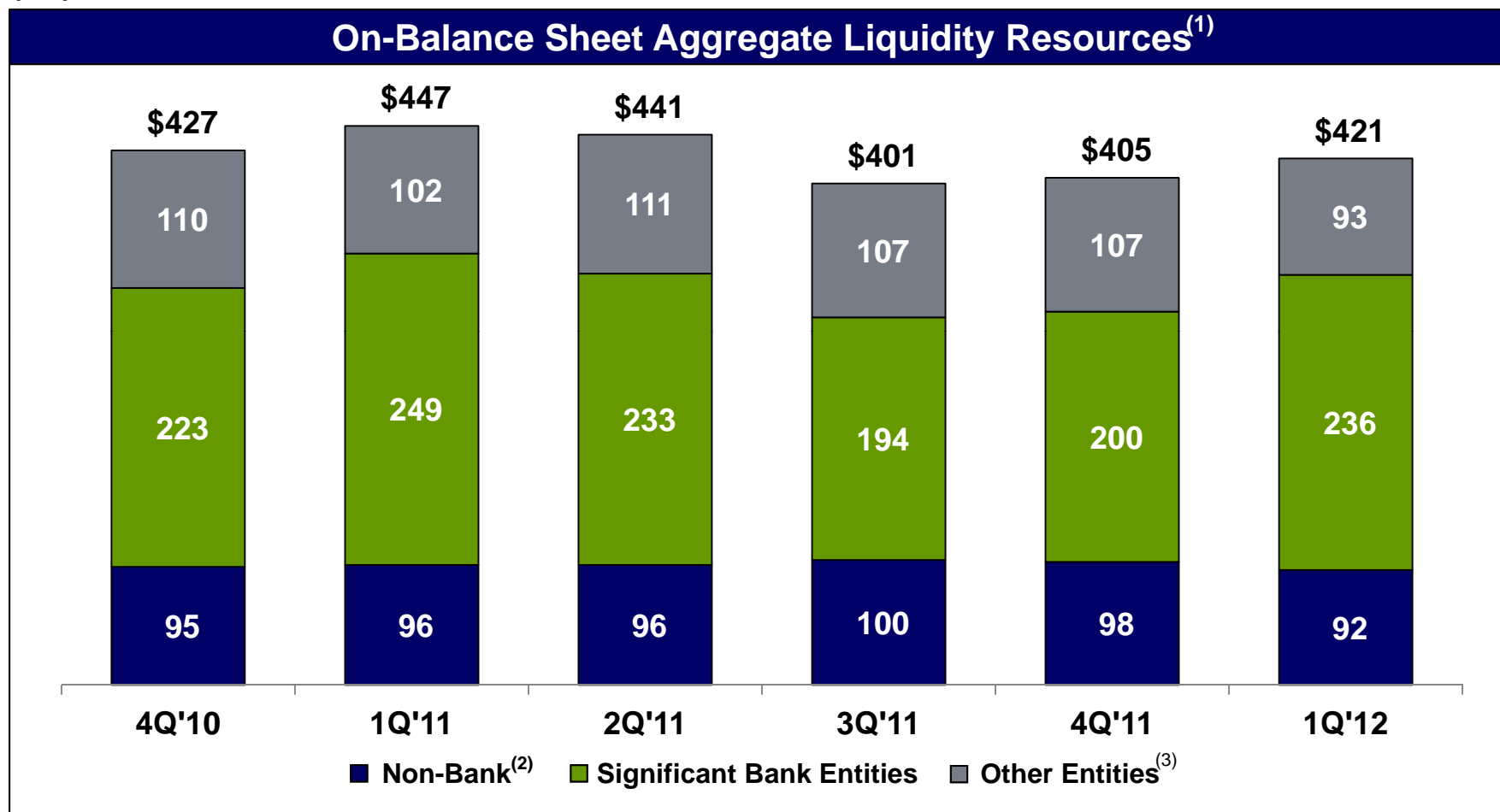
As of March 31, 2012 (\$B)



Note: Totals may not sum due to rounding. Net trading and AFS exposure represents an additional \$3.1B of current funded exposure (including \$1.8B in Italy, \$1.2B in Spain and \$0.2B in Portugal). In addition, Citi had approximately \$7.3 billion of exposure in the GIIPS, mostly locally-funded accrual loans to retail customers and small businesses (including \$3.0B of consumer banking exposure in Spain and \$1.5B in Greece), as well as securitized retail assets that are mostly held-to-maturity. For additional information on Citi's net current funded credit, net trading and AFS exposures, as well as other exposures in these countries and France, see Citigroup's First Quarter 2012 Form 10-Q filed with the U.S. Securities and Exchange Commission on May 4, 2012.

# Liquidity Resources

(\$B)



Note: Totals may not sum due to rounding. These totals do not include foreign central bank borrowings, or Citigroup's borrowing capacity at the U.S. Federal Reserve Bank discount window and from various Federal Home Loan Banks (FHLB), which is maintained by pledged collateral to all such banks.

(1) Aggregate liquidity resources reflect balances of unencumbered cash at major central banks as well as unencumbered highly liquid securities.

(2) "Non-Bank" includes the parent holding company (Citigroup Inc.) and the broker-dealer (CGMH).

(3) "Other Entities" include Banamex and other bank entities.

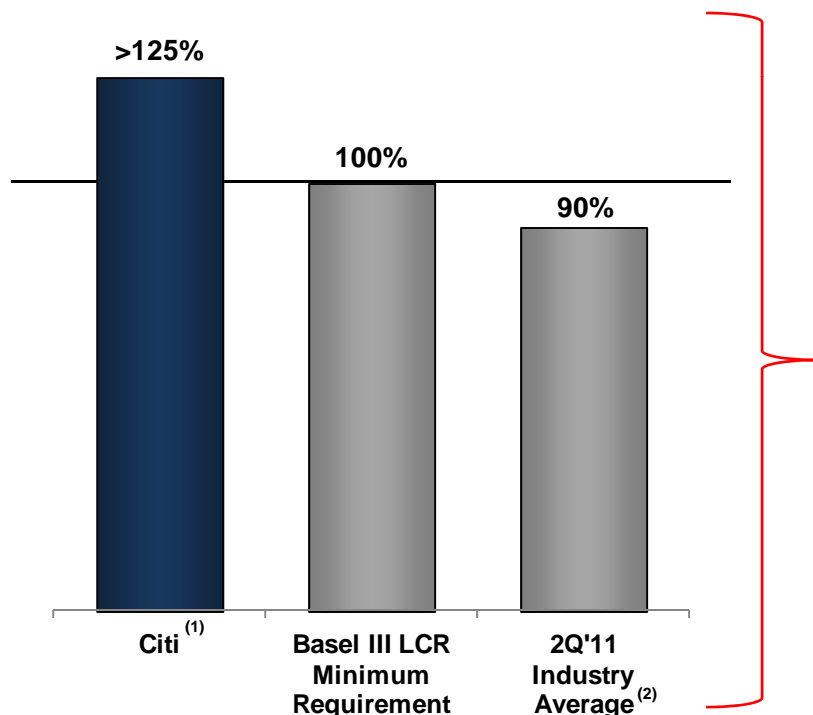


# Basel III Liquidity Coverage Ratio (LCR)

- ▶ Citi's Basel III LCR is among the highest of all banks – more than 25% above the estimated proposed minimum ratio of 100%.

## Current Basel III LCR:

$$\frac{\text{Stock of High Quality (Unencumbered) Liquid Assets}}{\text{Net Cash Outflows Over a 30-day Time Period}} \geq 100\%$$



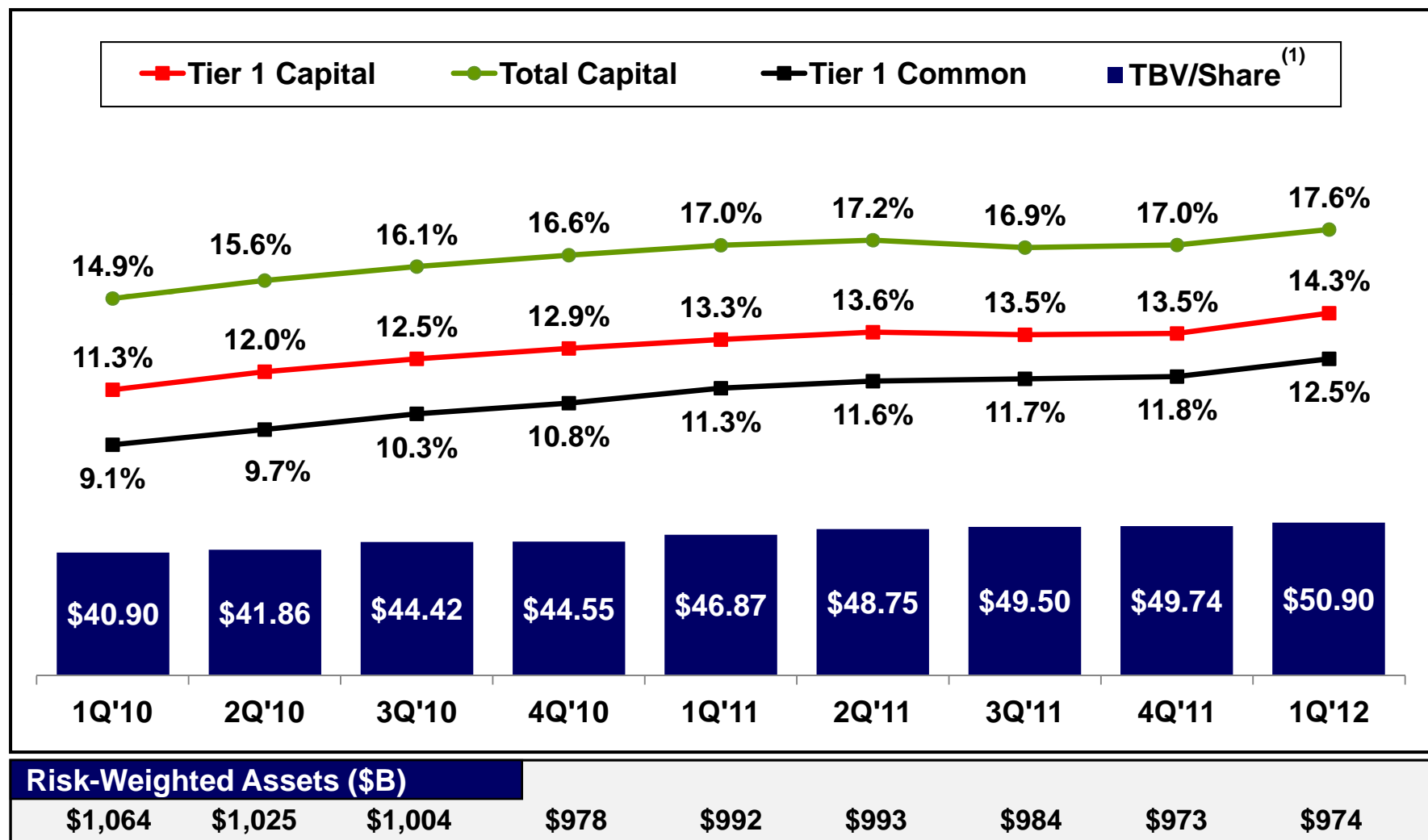
- ▶ The Basel III Liquidity Coverage Ratio is designed to ensure banks maintain an adequate level of unencumbered cash and highly liquid securities that can be converted to cash to meet liquidity needs
- ▶ Meeting these requirements could have significant balance sheet repositioning costs for those banks not in compliance
- ▶ Citi believes it will be able to avoid any such repositioning costs given its current estimated Basel III LCR ratio

Note:

(1) Estimated.

(2) June 30, 2011 results of Basel III study for all participating international banks.

# Key Capital Metrics



Note:

(1) Tangible book value per share is a non-GAAP financial measure. For a reconciliation of this metric to the most directly comparable GAAP measure, please refer to Slide 24.

# Credit Ratings

	Fitch <sup>(1)</sup>	S&P <sup>(2)</sup>	Moody's
<b>Citigroup Inc.</b>			
Senior Debt	A	A-	A3
Commercial Paper	F1	A-2	P-2
<b>Citibank, N.A.</b>			
Long-Term Obligations	A	A	A1
Short-Term Obligations	F1	A-1	P-1

- In February 2012, Moody's announced a review of 17 banks with global capital markets operations
  - Potential downgrade of Citigroup Inc. to Baa2/P-2 and Citibank, N.A. to A3/P-2
- Moody's action is based on their industry-wide re-evaluation of risks surrounding the investment banking operating model
  - Inherently volatile earnings and historically high leverage
  - Risk management challenges
  - Increasing regulatory burden
- **Moody's approach is backward looking and does not provide adequate credit to the strength and diversity of Citi's franchise, nor the substantial improvements made in our risk infrastructure, capital base, and liquidity levels**

Note:

(1) Stable outlook.

(2) Negative outlook.

# ***Evolving Counterparty Assessment***

- ▶ In a changing and increasingly complex landscape, clients look beyond ratings to measure counterparty performance.

**1990s**

**Simple, Local Banks**

**Two Credit Ratings**

**As a result, bank evaluation was more one-dimensional and historical**

**Today**

**Global, complex multinationals**

**Financial Metrics:**

- ▶ Equity base
- ▶ Regulatory capital
- ▶ Liquidity
- ▶ Loan loss reserves
- ▶ Funding profile
- ▶ Credit ratings

**Market Metrics:**








- ▶ Bond spreads
- ▶ CDS spreads
- ▶ Share price

**Business Metrics:**

- ▶ Earnings stability
- ▶ Geographic diversification
- ▶ Risk
- ▶ Business strategy
- ▶ Macroeconomic environment

**Bank evaluations need to be based on leading indicators**

# Counterparty Comparisons

Peer Comparison <sup>(1)</sup>	citi <sup>(2)</sup>	Domestic Peers		International Peers			
		A	B	A	B	C	D
<b>Financial Metrics</b>							
Tier 1 Capital (%)	14.3	12.6	13.4	11.9	13.4	12.7	18.8
Tier 1 Common (%)	12.5	10.4	10.8	10.4	10.0	10.9	16.7
Cash & AFS / Assets (%)	24.7	23.8	20.5	7.3	8.8	11.0	10.4
<b>Market Metrics</b>							
Bank Ratings (S&P / Moody's / Fitch)	A/A1/A	A+/Aa1/AA-	A/A2/A	A+/Aa2/AA	A+/Aa3/A+	A+/Aa3/A	A/Aa3/A
YTD Stock Price (%) <sup>(3)</sup>	11.6	11.2	35.8	12.9	5.9	15.2	2.5
5 YR CDS (bps) <sup>(3)</sup>	255	140	295	135	198	220	187
Δ 5 YR CDS Year-to-Date (bps) <sup>(3)</sup>	(40)	(13)	(124)	(14)	(8)	11	6
<b>Business Metrics</b>							
Deposits / Assets (%)	46.6	48.6	47.7	53.9	27.8	24.1	25.1
Int'l Deposits / Assets (%)	28.6	11.4	3.3	NA	NA	NA	NA
LLR / Gross Loans (%)	4.5	3.6	3.5	1.7	0.9	0.7	0.3
Relative Strength of Global Platform							

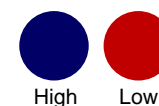
Note:

(1) Based on 1Q'12 or most recently available. Qualitative assessments based on internal perception.

(2) As of 3/31/12.

(3) As of market close 5/11/12.

Source: SNL Financial and company filings



# ***Conclusions***

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- ▶ **Well positioned for sustained growth in core businesses**
- ▶ **Unrivalled presence in Emerging Markets**
- ▶ **Significant liquidity resources to confront macro and regulatory changes**
- ▶ **Strong and growing capital base**

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Certain statements in this document are “forward-looking statements” within the meaning of the rules and regulations of the U.S. Securities and Exchange Commission. 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 the precautionary statements included in this presentation and those contained in Citigroup’s filings with the U.S. Securities and Exchange Commission, including without limitation the “Risk Factors” section of Citigroup’s 2011 Form 10-K.

# ***Citi Technology Clients Summit***

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***John Gerspach***

***Chief Financial Officer***

***May 16, 2012***





# Non-GAAP Financial Measures – Reconciliations

(\$ millions, except per share amounts)	1Q'10	2Q'10	3Q'10	4Q'10	1Q'11	2Q'11	3Q'11	4Q'11	1Q'12
Citigroup's Total Stockholders' Equity	\$151,421	\$154,806	\$162,913	\$163,468	\$171,037	\$176,364	\$177,372	\$177,806	\$181,820
Less: Preferred Stock	312	312	312	312	312	312	312	312	312
Common Stockholders' Equity	151,109	154,494	162,601	163,156	170,725	176,052	177,060	177,494	181,508
Less:									
Goodwill	25,662	25,201	25,797	26,152	26,339	26,621	25,496	25,413	25,810
Intangible Assets (other than Mortgage Servicing Rights)	8,277	7,868	7,705	7,504	7,280	7,136	6,800	6,600	6,413
Goodwill and Intangible Assets - recorded as Assets Held for Sale / Assets of Discont. Operations Held for Sale	45	66	-	-	165	-	-	-	-
Net Deferred Tax Assets Related to Goodwill and Intangible Assets	65	62	59	56	53	50	47	44	41
Tangible Common Equity (TCE)	\$117,060	\$121,297	\$129,040	\$129,444	\$136,888	\$142,245	\$144,717	\$145,437	\$149,244
Common Shares Outstanding at Quarter-end	2,862	2,898	2,905	2,906	2,921	2,918	2,924	2,924	2,932
Tangible Book Value Per Share (Tangible Common Equity / Common Shares Outstanding)	\$40.90	\$41.86	\$44.42	\$44.55	\$46.87	\$48.75	\$49.50	\$49.74	\$50.90