

**Host**

Susan Kendall, Head of Investor Relations

Speakers

Michael O'Neill, Chairman of the Board
Michael Corbat, Citi Chief Executive Office

OPERATOR: Hello and welcome to Citi's call with Michael O'Neill, Chairman of the Board of Directors, and Michael Corbat, Chief Executive Officer Citigroup. Today's call will be hosted by Susan Kendall, Head of Citi Investor Relations. We ask that you please hold all questions until the completion of the formal remarks, at which time you will be given instruction for the question-and-answer session. Also, as a reminder, this conference is being recorded today. If you have any objection, please disconnect at this time. Miss Kendall, you may begin.

SUSAN KENDALL: Thank you, Regina. Thank you all for joining us this afternoon. On our call today we have Mike O'Neill, Chairman of the Board of Citigroup, and our new CEO, Michael Corbat. We will start with some opening statements from each, and then we will be happy to take questions. Before we get started, I would like to remind you that today's conversation may contain forward-looking statements which are based on Management's current expectations and are subject to uncertainty and changes in circumstances. Actual results and capital and other financial condition may differ materially from these statements due to a variety of factors including the precautionary statements referenced in our discussion today and those included in our SEC filings, including without limitation, the risk factors section of our 2011 form 10K.

With that said, let me turn it over to Mike O'Neill.

MIKE O'NEILL: Thank you for joining us. As you all know, this morning we announced that Vikram Pandit was stepping down and that the Board had elected Mike Corbat as Chief Executive Officer of Citigroup. Vikram chose to submit his resignation, and the Board accepted it. Contrary to speculation, no strategic, regulatory or operating issue precipitated the resignation. Nor is there another shoe to drop. And certainly there is no issue of conduct or ethics. Vikram is a person of impeccable integrity. He successfully led Citi through the greatest recession in 75 years, recapitalized the bank and executed a strategy based on a return to the basics of banking. His accomplishments have been essential to making Citi a stronger global enterprise and one which is well positioned for the future.

The Board elected unanimously Mike Corbat as Vikram's successor because we believe he has the ideal experience and proven track record as a leader, and because we believe he will place a special emphasis on sharpening the Company's focus on achieving sustained, strong, operating performance. In fact, Mike for some time has been at the center of the Board's comprehensive management and CEO succession planning process. Mike has demonstrated his ability to execute over nearly three decades at the firm. He was the CEO of Citi Holdings from its inception, where he managed the wind down of nearly \$600 billion of non-core assets. Since the beginning of this year, he was CEO of EMEA where he has successfully managed our business in the midst of a difficult operating environment in that region. In summary, the Board remains confident in the strategy of the firm, including the strength of our core franchise in Citicorp



and the wind down of legacy assets in Citi Holdings as demonstrated by our excellent third quarter results.

With that, I will turn it over to Mike Corbat.

MICHAEL CORBAT: Thank you. Let me add to Mike's comments that we owe a debt of gratitude to both Vikram and John Havens. They led our firm through an extremely challenging time in our history, and under Vikram's leadership, we recapitalized the balance sheet, and built the financial strength you saw in our quarterly results yesterday. We adopted a focused strategy of core businesses in Citicorp that played to our unique historic strengths as a global bank that will provide strong growth and attractive returns over the long term. And we identified non-core assets in Citi Holdings of which we have shed over \$650 billion in just four years, a record few can criticize. There is no question that Vikram laid the foundation to support Citi's long-term growth, so to be clear, today's changes do not reflect any desire to alter the strategic direction of Citi, which we believe to be the right one.

I have spent a good part of today with members of our senior management and, without exception, they are committed to our firm. In particular, I have been asked specifically about Brian Leach, our Chief Risk Officer, and John Gerspach, our Chief Financial Officer -- both are committed to staying. We will continue to focus on growing Citicorp's core businesses, particularly those where we have a unique presence in the world's fastest growing markets. We will remain focused on shedding the remaining assets and minimizing any negative financial impact in Citi Holdings. And that is and will remain a priority of ours, in particular of mine, as you know I had responsibility for managing Holdings until this year.

And critical to the ongoing execution of our strategy across both Citicorp and Citi Holdings, we will remain extraordinarily focused on our efficiency ratios and our overall expense levels. Citi is an extraordinary organization with tremendously talented people, a unique global presence, and a historic franchise that we will continue to honor. Our strategy is unique and well-positioned for where we see the world going. I look forward to taking on the challenge of continuing what Vikram started.

With that, Mike and I are happy to answer any questions.

OPERATOR: At this time, if you would like to ask a question simply press star followed by the number one on your telephone keypad. If you would like to withdraw your question, press the pound key. Your first question will come from the line of Moshe Orenbuch with Credit Suisse. Moshe your line may be on mute. Your next question will come from the line of Brennan Hawken with UBS.

BRENNAN HAWKEN: Hi Mike, congratulations.

MICHAEL CORBAT: Thank you very much.

BRENNAN HAWKEN: You were clearly very successful in the wind down of assets that started when you took over Holdings. And, when you take a look at SAP assets and LCL assets, the decline rate quarter-over-quarter has slowed here in 2012. Do you think there is something that could be done to reverse that? And after you moved on from running Holdings, did the strategy to remove assets change at all?

MICHAEL CORBAT: It did not. We left Holdings in extremely good hands with Mark Mason and the team. And as I think you know, Mark and I worked together for the entire three years when I oversaw the business. I think part of it is that as we look at the remaining assets that are in there, we continue to look

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at the economics behind those assets, and we continue to take advantage of the markets when they offer the right opportunities to sell. And I think some of those assets in the portfolio today, we think in this environment based on current market prices, are better to continue to hold and collect out and when the opportunities present themselves then sell. But as those opportunities present themselves, to be clear, we will take advantage of that.

BRENNAN HAWKEN: Okay. So you don't necessarily see any change in direction as far as Holdings go and any of that?

MICHAEL CORBAT: No I don't.

BRENNAN HAWKEN: Okay. Taking another direction here, when you look at the recent IPO of a bank in Mexico as an example, I have heard several investors make the argument that Citi may not be getting full credit for the assets that it holds. Are you willing to consider actions to unlock value that may have been off limits by prior management?

MICHAEL CORBAT: I think that I'm coming into the job, and what I've said is I'm going to take a look and have a fresh assessment of things. So I will look at those things, and we will see what the numbers say and what that means, and then we will make decisions from there.

BRENNAN HAWKEN: Okay. And I guess the last one for me - maybe taking a step back - at a really high level, and I probably should have started with this one, what do you expect maybe to do differently than prior management? I know you have mentioned that you are not going to take any dramatic changes in the strategic direction. But is there going to be a change of focus? Is it going to become, now that the ship feels a little more righted, that there will be a focus on more -- becoming more of an operator? Versus the roll up that Citi at least had a reputation of?

MICHAEL CORBAT: I can't speak to necessarily what I am going to do differently, but I can tell you what I am going to do and what I'm going to focus on. So the first thing is this is a very important time of year for the Company. We are in budget and strategic planning season, and we have a budget that I need to work together with the business heads to deliver by year end. We are in CCAR process, and we have a document to deliver by January 5. So those are going to be things that obviously I am going to spend time focused on. I think from an overall perspective, I think as Mike said, that the focus is really on operating performance and a real refined focus around that. So again, I think we have got the right footprint, we've got the right resources, and it is up to us to make sure that we use those properly -- and that is what I'm going to be focused on.

BRENNAN HAWKEN: Okay. Thanks for the questions and congratulations again, Mike.

MICHAEL CORBAT: Thank you very much.

OPERATOR: Your next question will come from the line of John McDonald with Sanford Bernstein.

JOHN MCDONALD: I had a question for Mike O'Neill. Mike, was wondering as you have gotten to know the Company over the last seven or eight months as Chairman, what kind of lessons learned or take-aways did you have from shareholders and regulators on two issues? One, this CCAR process and Citi's communication and relationship with regulators - if there's any take-aways you have had on that and goals you have with respect to that. And also in terms of the shareholders' rejection of Vikram's

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compensation package and as your discussion with shareholders evolved, what are your take-aways and your goals on that issue? Thank you.

MIKE O'NEILL: Two good questions. Let me start with the regulatory issue. I will tell you that it is, I think, critical for this firm, and actually all firms in banking, to have strong relationships with our regulators. And I think we do. As in all things, I think things can always be improved, and we will focus on that.

It is an important part of being in our industry. I have every confidence that Mike will have strong relationships. He already has some very good ones built in his role at Holdings. Needless to say, the regulators took a real interest in progress. And I can tell you having been with them on a number of those visits, that he is very well viewed there. So from a regulatory perspective, I think that we are in good shape and likely to get better.

As it relates to say-on-pay, I have been clear that until we are finished going through the process, which is complicated and which needs to be comprehensive, we are not going to say very much. We have made a statement that says we are talking to our investors. We have spent a lot of time doing that. I think we know what the issues are, we are addressing them, and come proxy season, I think you will have a complete understanding of the approach we are taking.

JOHN MCDONALD: Okay, thank you.

OPERATOR: Your next question will come from the line of Moshe Orenbuch with Credit Suisse.

MOSHE ORENBUCH: That budgeting process and I think that one of the trends that had troubled investors during 2011 about Citigroup - and maybe in the very early part of 2012 - was the element of expenses relative to revenues, and obviously the industry has been in a tough time from that standpoint. Can you share any preliminary thoughts about how to think about costs? And whether it is specifically as part of the business like the investment bank or just generally, could you give us some thoughts on that?

MICHAEL CORBAT: Moshe, I apologize, the first part of your question was cut off. So if you could just give me the first lead in?

MOSHE ORENBUCH: Sure. Basically, given how important cost control has been and how that was really a big issue for the Company in 2011, the Company has made a lot of progress. But as you are now sitting down as part of the budget and strategic planning process, could you just give us some more detail or granularity in terms of your thoughts about the Company's cost structure and how it should evolve over the next couple of years?

MICHAEL CORBAT: Yes that is something that we are going to need to be focused on and will be addressed as part of the budget process.

MOSHE ORENBUCH: Okay. But you're not coming in with specific ideas at this stage?

MICHAEL CORBAT: No specific targets. As always I have got ideas on things. And having been around here for quite a while, have those ideas, but we are going to let the process work that.

MOSHE ORENBUCH: Okay great, thanks.

OPERATOR: Your next call will come from the line of Glenn Schorr with Nomura.

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GLENN SCHORR: Hi thanks, first one for Mike Corbat. Just curious, you got to sit in the shoes of EMEA for a little while, and as we approach the next CCAR looking back at the last one -- I think we got some questions during the earnings call on this as well -- have you noticed a hopefully shrinking disconnect between you and the regulators on their discomfort around some of the international portfolios? Just curious on your thoughts given the two seats that you have sat in and your interaction with them, if this could maybe help bridge the gap as we go forward?

MICHAEL CORBAT: We really, Glenn, don't comment on our conversations with regulators.

GLENN SCHORR: Okay. How about I ask in a different way? Do you see any need to change Citi's growth focus as it has been laid out in the past couple of years?

MICHAEL CORBAT: I think that, as I said, I think that we feel quite strongly that the strategy we have is the right one.

GELNN SCHORR: Okay, I guess the e-mails and conversations I have had throughout the day on this were clients were interested in if there is no big change to strategy and no big change to the operating metrics, I guess what just happened? It feels very abrupt to all of us. I'm not sure -- Mr. O'Neill if you could comment on the process underneath the covers that we don't see? But I think people are pleased with the quarter that just happened and feel like the Company has made the progress that you just spoke about. But we are all scratching our heads and saying what just happened.

MIKE O'NEILL: What happened is that Vikram submitted his resignation, and that we accepted it. I think what also happened is that the Company has been engaged in a two-year process to make sure that if something like this happened we had a strong process and knew who should succeed the CEO. Mike has been at the center of that process. And, as a consequence when this occurred, we were very well-positioned to take this action. So as I said, the Board is delighted that Mike has been willing to take this challenge on. I think he will do a very good job.

GLENN SCHORR: Great. And last one. I think Mike Corbat, between your time at the Company and your focus at Holdings and then your recent stint in EMEA, I am curious to get your thoughts besides just what you just mentioned year end CCAR process and budget planning. Is there any other special get up to speed time you need as a CEO, getting to know certain parts of the business a little bit better? Or, do you expect to be fully functional so to speak from the get-go?

MICHAEL CORBAT: I think I am fortunate in a couple of respects. I have been here at the firm for going on 29.5 years. I have also been fortunate that in those years, I have spent time in probably most every major division we have. I have spent time abroad as part of that. So I think I have got a pretty good understanding of where and how and the way the firm works. So I think I come to the table with the benefit of that. But as always, I'm going to be a keen learner, and I think that these processes we are going into are going to be a great way to do that through a deep dive in the budget and the CCAR and so I feel good about where I am and where we are.

GLENN SCHORR: Okay, thanks to both of you.

OPERATOR: Your next question comes from the line of Dave McGowan with Morgan Stanley.



DAVE MCGOWAN: Good afternoon, thanks for the question. Somebody just asked one of my regulatory questions so I guess as a follow-up, an earlier questioner used the word abrupt. Can you bring us up-to-date on your discussions with the rating agencies with respect to today's developments?

MIKE O'NEILL: You know, believe it or not I have been kind of busy here so I have not had a chance to read those. Why don't I turn it over to the head of Investor Relations here? Susan, have you got a thought on that?

SUSAN KENDALL: It is affirmed. So we have heard definitively back from them, and we are waiting to hear from Moody's and S&P, but those dialogs are ongoing. I think they know and are comfortable with Mike Corbat, and so we will see how those processes play out.

OPERATOR: Your next question comes from the line of Jim Mitchell with Buckingham Research.

JIM MITCHELL: Hi, good afternoon. Maybe this is asking a similar question that has been asked previously, but I hear from you guys that you want to sharpen the focus on improving operating metrics, and focus on efficiency ratios. Is there an implicit take-away that we should have that you feel that more can be done on the expense side? That maybe we can see accelerated expense reductions at the firm over the next year or two? Is that how we should think about your comments? Or am I reading too much into it?

MIKE CORBAT: Jim, the way I think about it is expenses are clearly a piece of it, and we have got to be focused. But again, it is around the allocation of all of our finite or valuable resources of capital, of balance sheet, of risk appetite, of investment dollars, of tech spend, and so we are going to be focused on all of those.

JIM MITCHELL: Okay I guess we will hear more potentially as you get your arms around this next year -- early next year?

MIKE CORBAT: Yes.

JIM MITCHELL: Okay great, thank you.

OPERATOR: Your next question comes from the line of Betsy Graseck with Morgan Stanley.

BETSY GRASECK: Hi, good afternoon. So my question is around, Mike, how you are thinking about reviewing the businesses and the reporting structures. And I guess the basic question is what kind of hurdle rate and timeframe do you have to hit those hurdle rates for the various big buckets of businesses that you are reviewing over the course of the next couple of months?

MICHAEL CORBAT: Actually I just got into the seat so I need a bit of time.

BETSY GRASECK: Sure. The reason I raise the question is having been in Citi Holdings, obviously, and throughout the organization, I guess the overarching question I have is, do you feel that it is appropriate for different parts of the business to carry different hurdle rates associated with either location or type of business that they are running? Or is it more of a one-size-fits-all for the Company?

MICHAEL CORBAT: No. I think that my bias coming in is that it is not one-size-fits-all, that these need to be very specific conversations and metrics built around the places that we operate, taking into account factors of risk and infrastructure and all the things that go into the decision-making process.



BETSEY GRASECK: Okay, thanks.

OPERATOR: Your next question comes from the line of Mike Mayo with CLSA.

MIKE MAYO: Good afternoon. Just to follow-up on what happened to cause the sudden resignation. I know a few people have asked this. But was it over pay? Did you ask him to submit his resignation? Understand from our position that just yesterday we were asking Vikram Pandit questions on the earnings call, and he was talking about long-term strategy. And now today we have a new CEO. And we just wonder what were some of the steps behind the scenes, at least whatever you can share with us?

MIKE O'NEILL: Well let me start with pay. The answer to that is categorically no. Our statement is clear, Mike. Vikram offered his resignation, and the Board accepted it. Again, we have been engaged in a process for a little over two years. CEO succession is a critical part of any bank's, or any company's for that matter, governance process. And I think we built a rather robust one. So I am proud of what we have done. And we were very well-prepared when this occurred. So I don't think there is an issue as it relates to governance. I think we were there, and we are delighted to have Mike in the seat.

MIKE MAYO: Isn't this kind of sudden, though, without even a transition period? Why not have Vikram stay on for three months and offer his counsel to Michael Corbat?

MIKE O'NEILL: Well, to some degree, Mike, this was actually fortuitous. Mike has explained that there are three very critical processes here that are about to begin; the budget for 2013, updating the three-year plan, and submitting a CCAR plan. A new CEO, given the importance of all of those, I think needs to be part of that process. And so, if we are going to hold Mike accountable for our performance, he clearly needs to have a role in setting the targets. So I think Vikram said earlier today, I am told, that once you decide to move on there is no point in hanging around. And I think that has given Mike a clear runway, and I think he and we will benefit from that.

MIKE MAYO: And, Mike, two more questions for you, and then I have a question for Michael Corbat. Did you look outside for a CEO is part of your process over the past two years? Again without prejudice on the ability of Michael Corbat, but did you look outside for potential CEOs?

MIKE O'NEILL: Again, very fair question and the answer is absolutely. In other words, we built what I thought was a very comprehensive plan. We looked at internal and external candidates. We used the same metrics for both. We spent a lot of time on the effort, so the answer is absolutely.

MIKE MAYO: And then I appreciate you being on this call also, can you extrapolate in any way what you did at legacy Bank of America in the late 1990s to how you think about Citigroup today? In terms of perhaps more aggressive downsizing, and I say that this is the first conference call you have been on with investors. Should we -- is this part of your own imprint in terms of how you think about banking?

MIKE O'NEILL: Well, let me say two things. One, you can't teach an old dog new tricks. And secondly, I don't run the Company so it's going to be Mike's call. I think he is -- I have seen him, he is a very competent man. He is very focused on capital allocation, and I expect that we will get good results because of his leadership.

MIKE MAYO: And then Michael Corbat, what I think I heard you say, and I don't think I -- maybe you intended to say that is that it is kind of business as usual; no change in strategic direction, no change in the Holdings strategy, no change in management, continue to grow the core businesses and shed assets,

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say-on-pay we'll get to the proxy season, and you are really just focused on the next three months whether it is CCAR or budget. But under Vikram Pandit the stock price did decline by 89%, and we can all debate why the stock price was such an under performer, but wouldn't that say maybe Citi is ripe for a few more changes -- a different tone at the top of the Company? You clearly have your own personality and style and thoughts. Can you give us any sense about a change at the tone at the top of Citigroup and how you might do some things differently?

MICHAEL CORBAT: I think as Mike mentioned, the focus is going to be on operating performance. So while I said that we think where we have brought the Company in terms of model and direction is right, we've got to remember that we operate in over 100 countries. We've got to remember that we run a \$1.8 trillion plus balance sheet with capital and risk, and how and where and with whom you use those resources is critical. So I would not minimize the impact you can have on a place in terms of your ability to be smart about where and with whom and obviously how you use those things. And that we think is part of the big focus.

MIKE MAYO: Last question. Five years from now, what would be your best measure of having been successful?

MICHAEL CORBAT: Let me spend a little bit of time in the chair, and then we can come back and talk about that. I am sure the between the budget process and the Board, we are going to have some opinions around what those metrics should be.

MIKE MAYO: Alright, thank you.

SUSAN KENDALL: We have time for one more question.

OPERATOR: That question will come from the line of Jeff Harte with Sandler O'Neill.

JEFF HARTE: Good evening, a couple of questions. One, Mike O'Neill you have talked a little bit about how the Board was prepared and it was a pretty extensive search. How prepared was the new CEO? So Mike Corbat, how prepared were you for this? Are you just hitting the ground cold and having to get up to speed very quickly?

MICHAEL CORBAT: Again, Jeff if you go back, I've been here over 29 years. I have had exposure to many of our businesses. I have extensive relationships across the firm with management and operators in the business. And so I feel like I have got a grasp around the firm, the way it operates and how it operates probably is a benefit and thanks to the firm perhaps better than many people who could come sit in this seat. So I feel like I've, all things considered, been well prepared for this.

JEFF HARTE: Did you have any kind of a lead idea to at least think for days, weeks, months or however long it might have been that you could be sitting in the CEO seat?

MIKE O'NEILL: If I may, let me answer that question. Mike certainly did not have any sense of timing here, but I think as part of that succession process, one goes through some pretty intensive profiling. And, of course, he knew he was a candidate. And so, this does not come as a complete shock. I think the timing is certainly was a bit unexpected. But he knows he has been under consideration for some time.

JEFF HARTE: Okay. And along those lines, you have been there almost 30 years. Obviously, it is too soon for any details, but can you talk a little bit about how you have seen Citi develop over that time? Kind of where you see it today and are there overarching things you would like to see done differently?



MICHAEL CORBAT: Well, I think some of the steps that we made 4.5 or 5 years ago in terms of bringing the Company back to its roots in terms of being a bank and an international bank were important steps. I think the streamlining and focus of the business model and shedding things that were non-core I think were the right and smart moves. And again I think at this point, we feel good about the strategy. We feel that the strategy is right, and we feel like we have got to be focused and execute against it.

JEFF HARTE: Okay, thank you.

SUSAN KENDALL: Alright, thank you all for joining us today.

OPERATOR: Ladies and Gentlemen this does conclude today's conference. Thank you all for joining and you may now disconnect.

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 and capital and other financial condition may differ materially from those included in these statements due to a variety of factors, including the precautionary statements included in this document 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 Annual Report on Form 10-K.