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## **Third Quarter 2001 Earnings Review**

**October 17, 2001**

# ***Third Quarter 2001 Highlights***

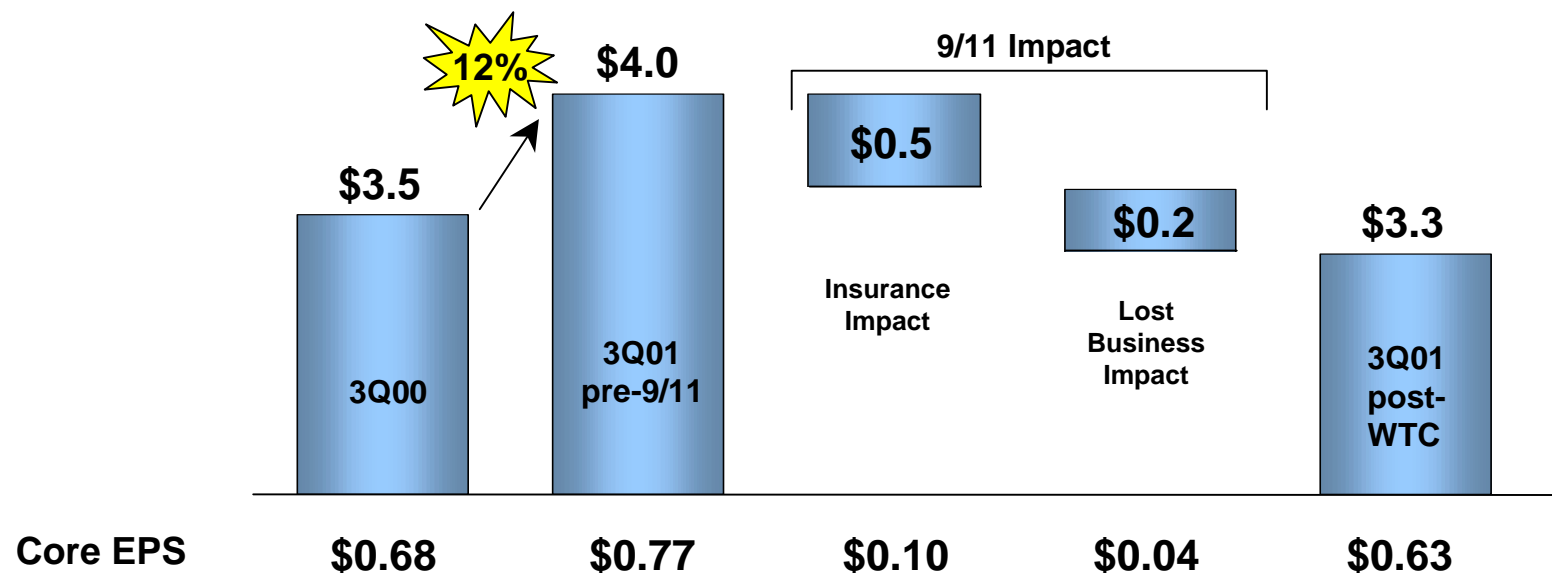
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## ***\$3.3B Core Income***

- ✓ **Core EPS \$0.63 - up 13% excluding 9/11 impact of \$0.14**
- ✓ **Total revenues up 5%, while expenses decreased 2%**
- ✓ **Revenues excluding Investment Activities up 8%**
- ✓ **Ratings upgrades from S&P and Moody's**
- ✓ **Continued share gains in the Corporate and Investment Bank**
- ✓ **Closed Banacci and EAB acquisitions**

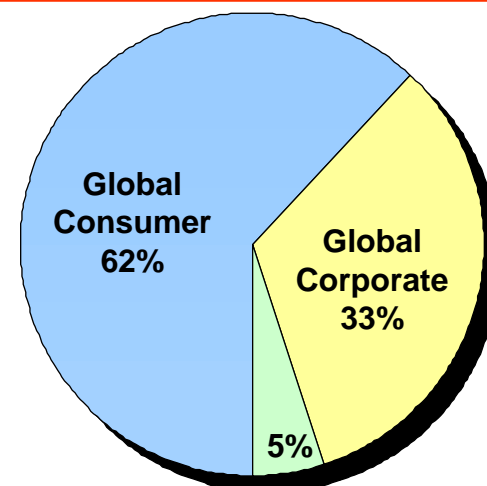
# 9/11 Impact - Financial

## Third Quarter Core Income (\$BN)



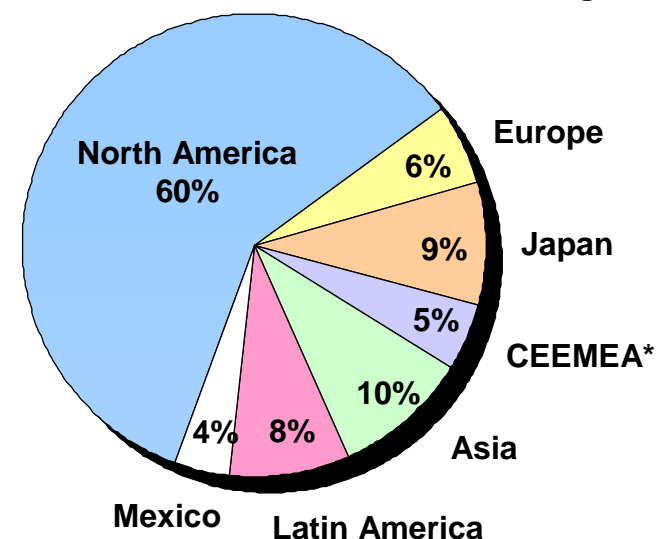
# Third Quarter 2001 Income

(\$ in Millions)	<u>3Q01</u>	<u>3Q00</u>	<u>% Change</u>
Global Consumer	\$2,196	\$1,739	26%
Global Corporate	1,159	1,577	(27%)
Global Investment Mgmt. & Private Banking	186	172	8%
Investment Activities	(120)	284	NM
Corporate/Other	(159)	(243)	35%
<b>Core Income</b>	<b>\$3,262</b>	<b>\$3,529</b>	<b>(8%)</b>
Diluted Core EPS	\$ 0.63	\$ 0.68	(7%)
ROE	17.5%	22.9%	
Restructuring Charge	(85)	(45)	
Net Income	\$3,177	\$3,484	(9%)



Note: Excludes Corporate/ Other & Investment Activities

**Global Investment Mgmt. & Private Banking**



Note: Excludes Investment Activities.  
Total may exceed 100% due to rounding

\*CEEMEA (Central & Eastern Europe, Middle East and Africa) includes the Indian sub-continent

# ***9/11 Impact - Disaster Recovery Plan***

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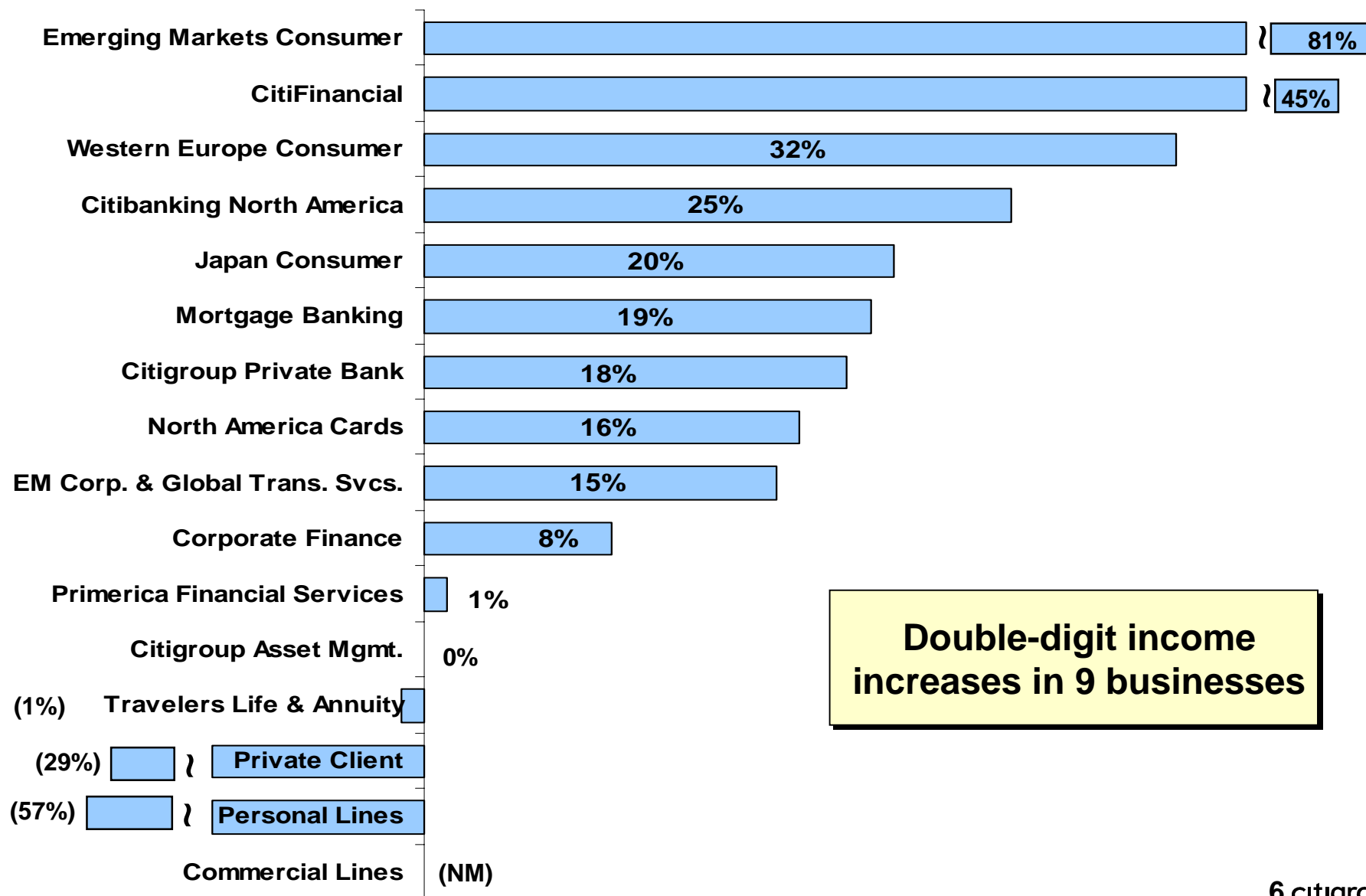
- **Continued to serve our customers, despite evacuating 16,000 employees from 7 sites, including 7 World Trade Center**
- **Processing functions operated without disruption**
  - Funds transfer
  - Securities processing
- **Worked closely with clients to meet their needs**
  - Approved overdraft limits
  - Modified verification procedures



**Leadership in a crisis**

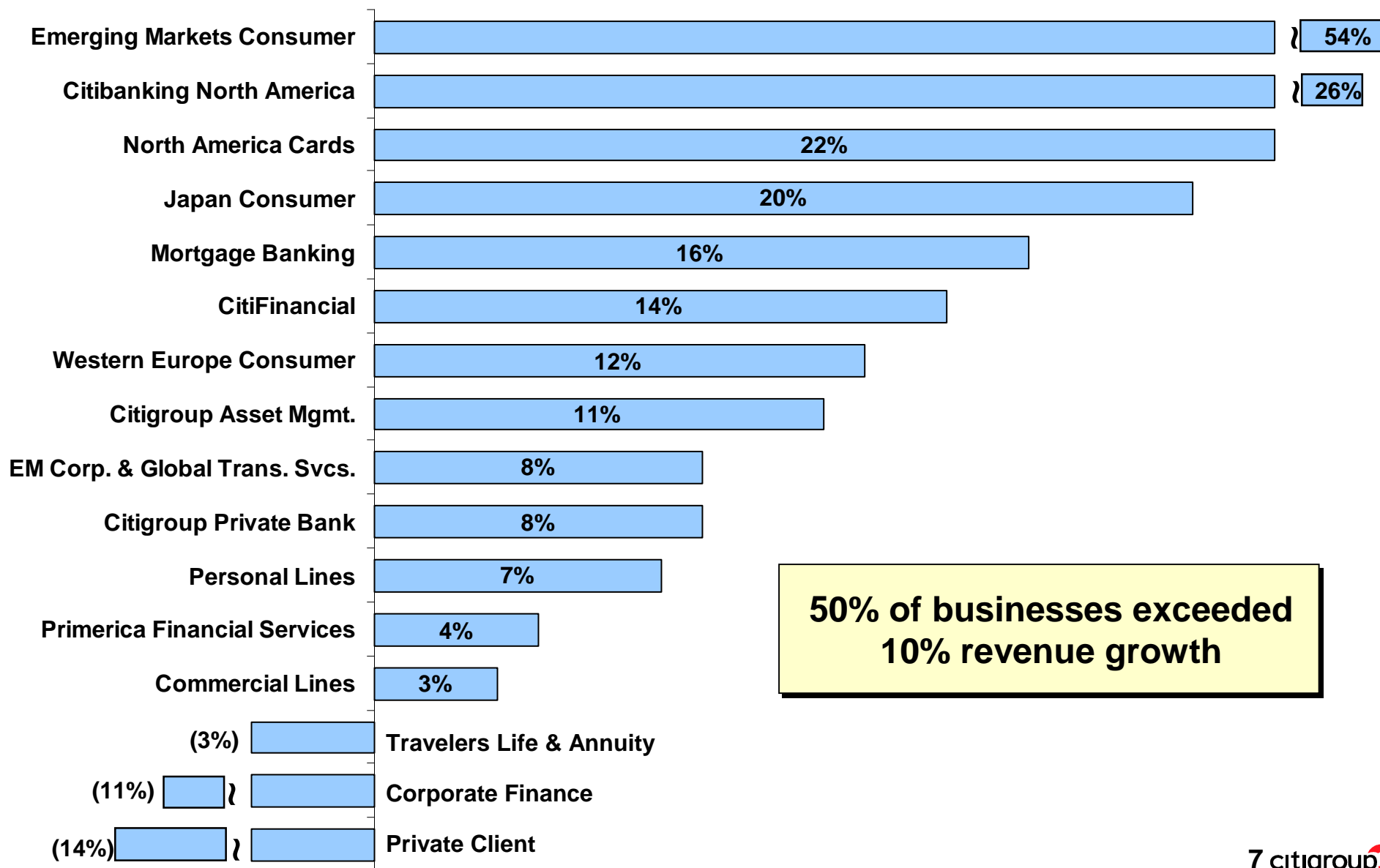
# Earnings Momentum

## Core Income Third Quarter 2001 (Year-over-Year %)



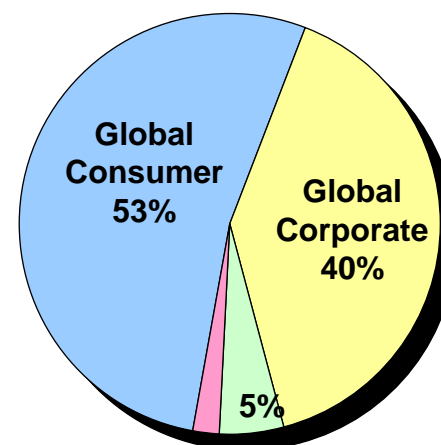
# Maintaining Top-Line Growth

**Revenue Third Quarter 2001 (Year-over-Year%)**

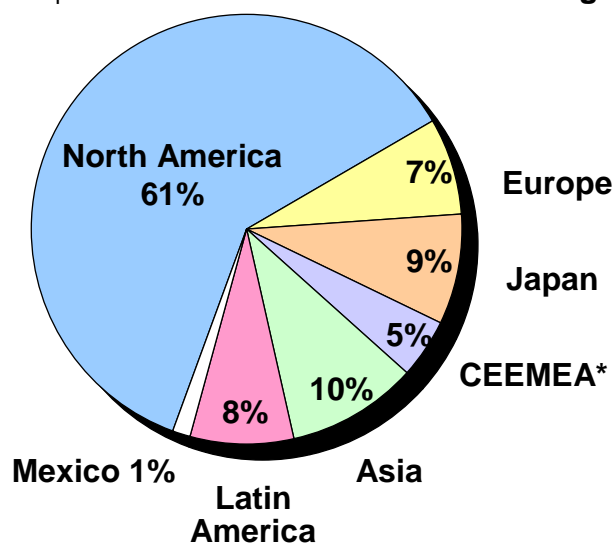


# YTD 2001 Income

(\$ in Millions)	YTD 2001	YTD 2000	% Change
Global Consumer	\$ 5,954	\$ 4,881	22%
Global Corporate	4,529	4,903	(8%)
Global Investment Mgmt. & Private Banking	545	511	7%
Investment Activities	251	1,189	(79%)
Corporate/Other	(572)	(675)	15%
<b>Core Income</b>	<b>\$10,707</b>	<b>\$10,809</b>	<b>(1%)</b>
Diluted Core EPS	\$ 2.07	\$ 2.09	(1%)
ROE	20.7%	24.4%	
Restructuring Charge	(298)	(130)	
Effect of Accounting Changes	(158)	—	
Net Income	\$10,251	\$10,679	(4%)



**Investment Activities 2%**  
Note: Excludes Corporate/Other  
**Global Investment Mgmt. & Private Banking 5%**



Note: Excludes Investment Activities.  
Total may exceed 100% due to rounding

\*CEEMEA (Central & Eastern Europe, Middle East and Africa) includes the Indian sub-continent



# Rating Agency Upgrades

	Moody's	
	<u>From</u>	<u>To</u>
Citigroup <sup>(1)</sup>	Aa2	Aa1
Citibank <sup>(2)</sup>	Aa2	Aa1
Citicorp <sup>(1)</sup>	Aa3	Aa1
Salomon Smith Barney <sup>(3)</sup>	Aa3	Aa1
Travelers Life & Annuity <sup>(4)</sup>	Aa3	Aa1

***“Citigroup has proven the benefits of its extraordinary diversification in a difficult operating environment.” - Moody's***

***“At a time when weak equity markets are affecting its brokerage, investment banking, and investment management businesses, gains in market share..., acquisitions and stringent cost-cutting measures have allowed [Citigroup] to continue to produce earnings growth.” - Standard & Poor's***

(1) Long-term Debt

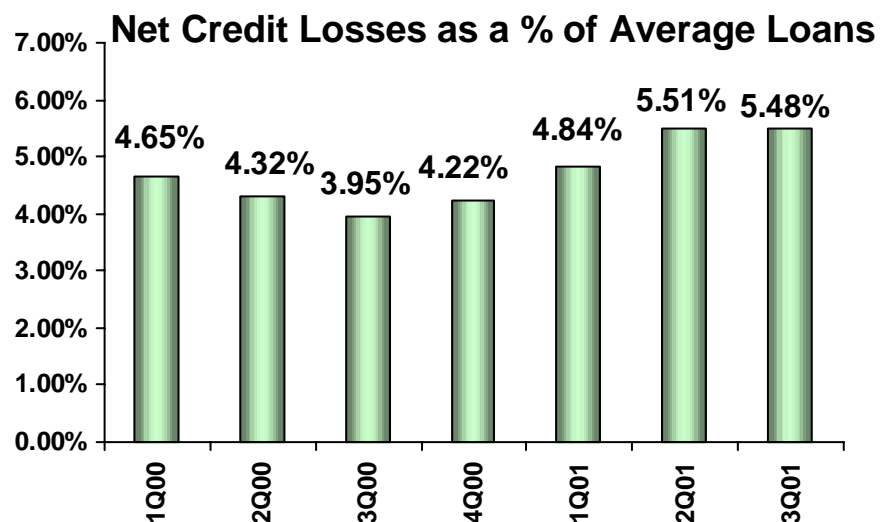
(2) Long-term Deposits

(3) Senior Debt

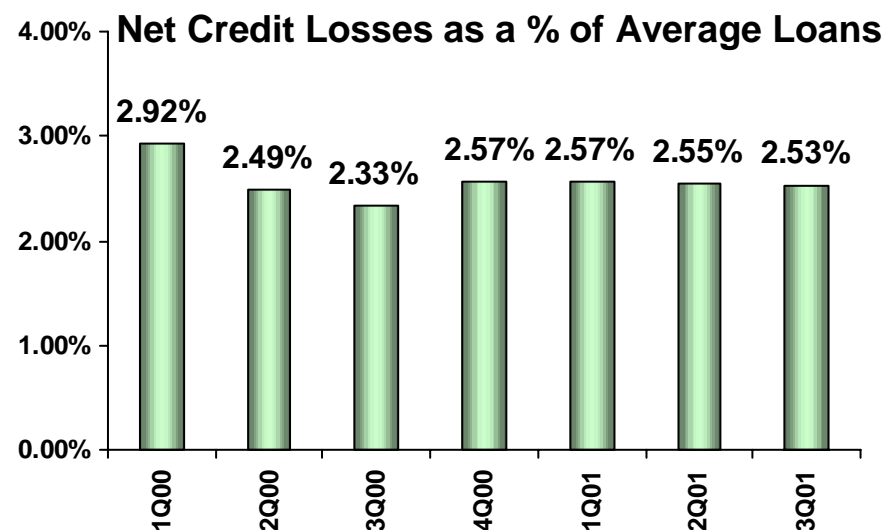
(4) Insurance Financial Strength

# Global Consumer Credit Quality

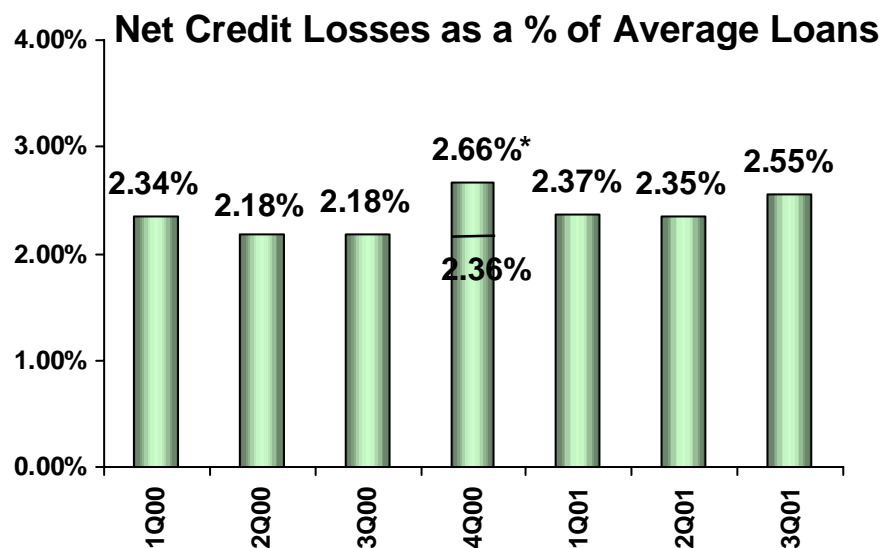
**CitiCards (1)**



**CitiFinancial**



**International Consumer**

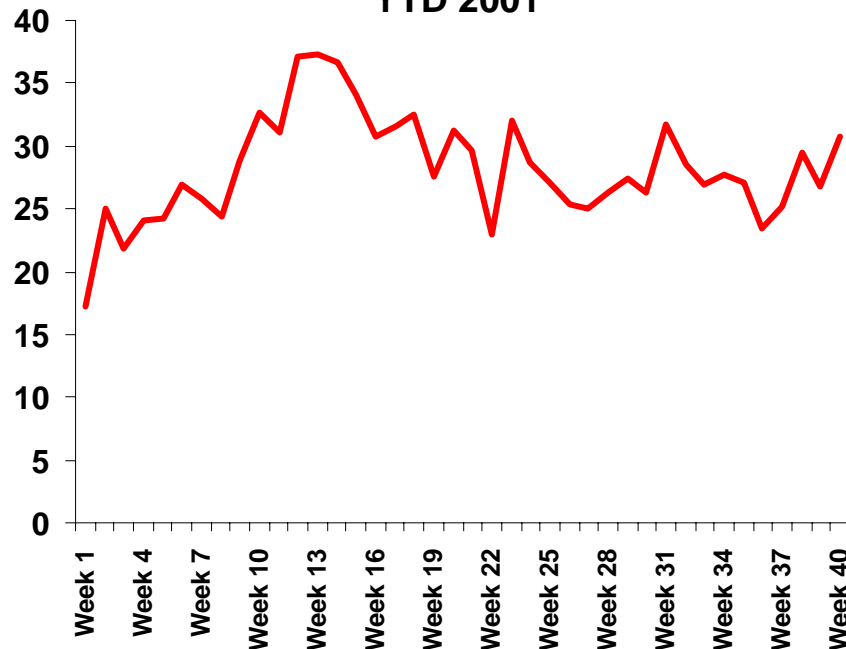


(1) Excludes Diners Club

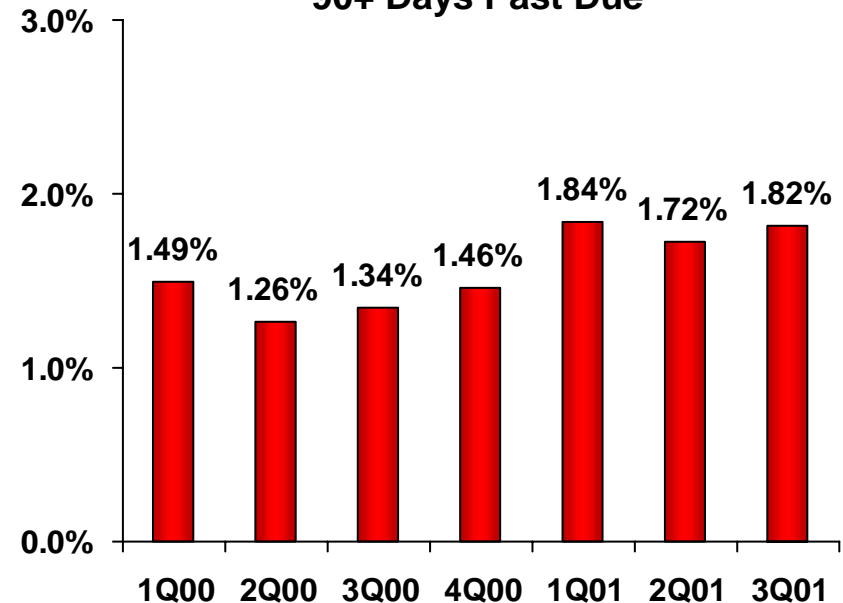
\*4Q00 of 2.66 % includes FFIEC write-offs; ex-FFIEC in 4Q00 was 2.36%

# Consumer Credit - Early Indicators

National Credit Card Bankruptcy Filings <sup>(1)</sup>  
YTD 2001



CitiCards <sup>(2)</sup>  
90+ Days Past Due



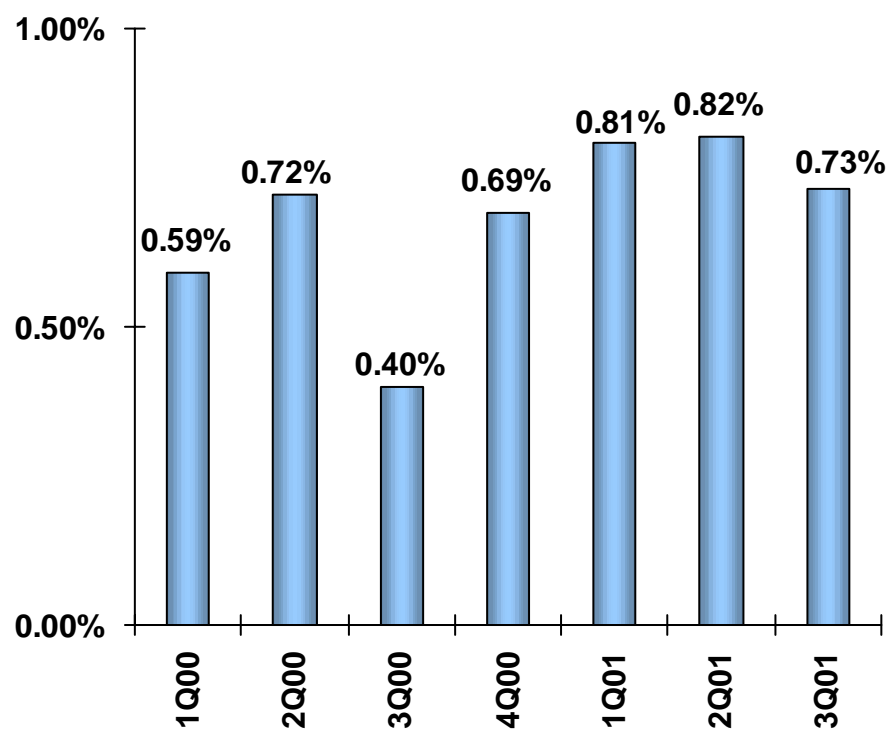
- Weekly national bankruptcy filings have improved since peak in March, but have trended up in September
- North America Cards<sup>(2)</sup> 90+ day delinquencies deteriorated 10 basis points compared to 2Q01

(1) Source: Visa

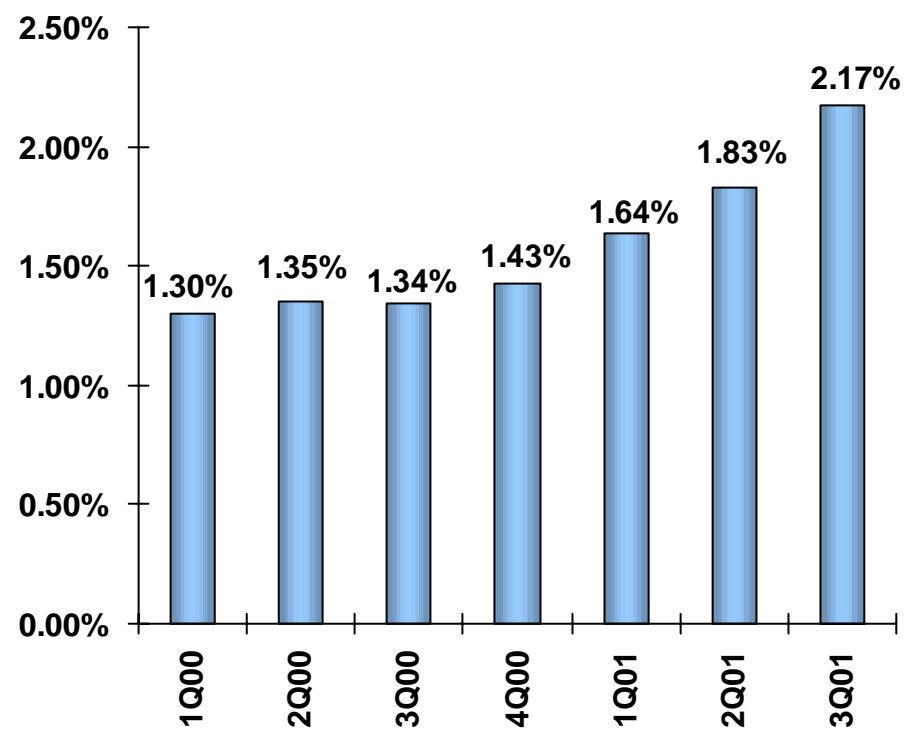
(2) Excludes Diners Club

# Global Corporate Credit Quality

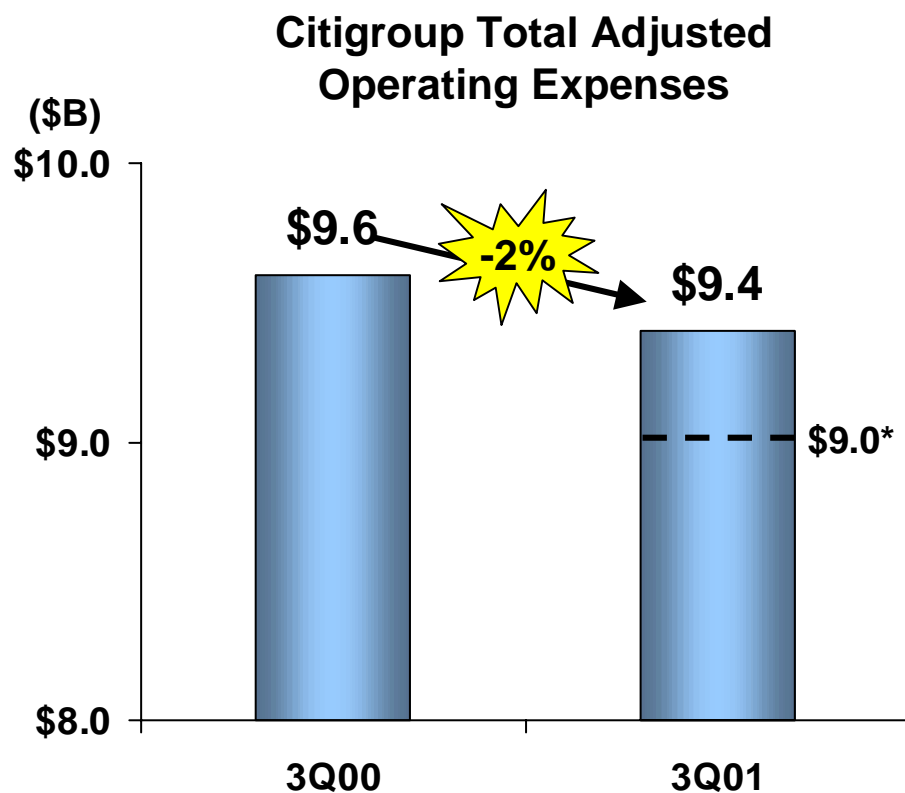
Global Corporate  
NCLs as a % of Average Loans



Global Corporate  
Cash Basis Loans as a % of EOP Loans



# Expense Management

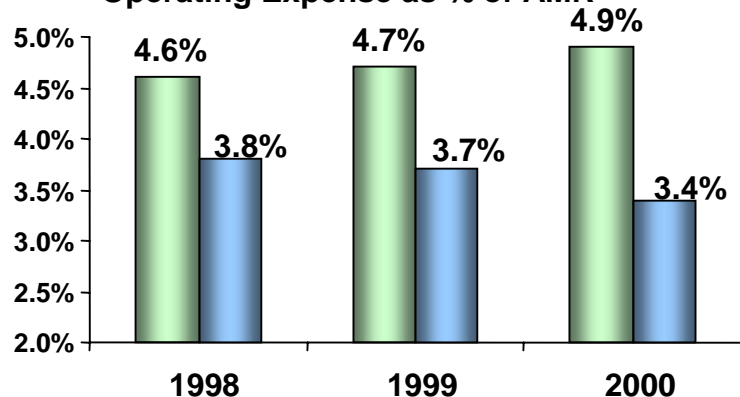


- **Significant reduction in controllable expenses**
  - New controls in place
- **Headcount reductions where appropriate**
- **Reviewing all “investments” - technology initiatives, etc.**
  - Delaying and reducing where appropriate

# Market Leading Cost Positions

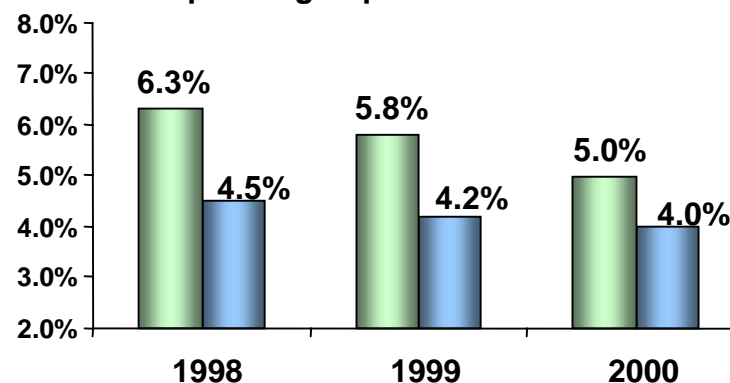
## CitiCards

Operating Expense as % of AMR <sup>(1) (2)</sup>



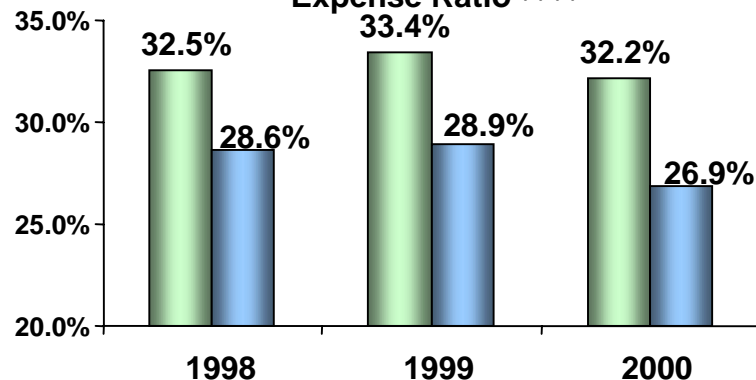
## CitiFinancial

Operating Expense as % of AMR <sup>(3) (4)</sup>



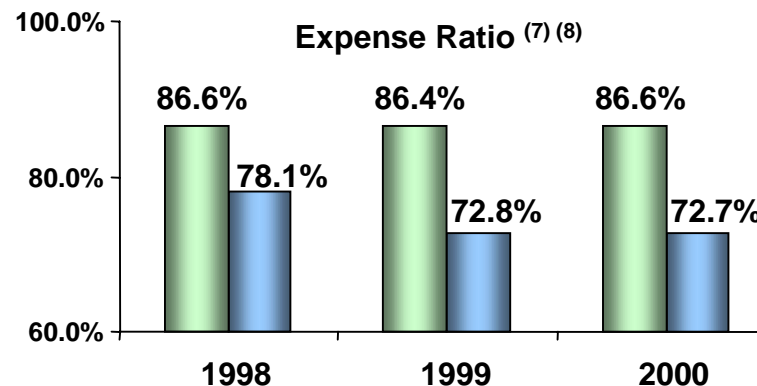
## P&C Insurance

Expense Ratio <sup>(5) (6)</sup>



## Private Client

Expense Ratio <sup>(7) (8)</sup>



(1) Industry includes Citigroup. Source: Visa

(2) Citigroup excludes Associates

(3) Industry is average of American General, Household, Norwest and Washington Mutual

(4) Citigroup includes Associates Consumer Finance in 1999 and 2000; 1998 excludes Associates

(5) Expenses as a percent of Earned Premium

(6) Industry includes CNA, Hartford, Chubb, Safeco and St. Paul

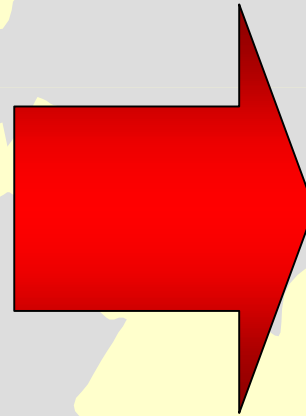
(7) Expenses (Fixed and Variable) as a percent of Total Revenues

(8) Industry includes Merrill Lynch Private Client and AG Edwards (AGE only for 1998)

# ***Continuous Expense Focus***

## ***Operations and Technology Initiatives***

- **Migrating procurement to web**
- **Consolidating processing platforms for European Consumer businesses**
- **Combining Consumer and Corporate O&T in the Emerging Markets**
- **Reducing Global Cards operating platforms from 24 to 2**
- **Rationalizing customer call centers globally**
- **And more...**






**\$1BN+**  
Annualized  
pre-tax expense  
saves by Q402

# ***Delivering on Growth Strategy***

## **Citigroup Strategic Focus**

## **YTD 3Q01 Core Income**

<b>Global Cards</b>		<b>\$1.9B</b>	<b>↑</b>	<b>19%</b>
<b>Global Consumer Finance</b>		<b>\$1.4B</b>	<b>↑</b>	<b>36%</b>
<b>Emerging Markets</b>		<b>\$2.4B</b>	<b>↑</b>	<b>26%</b>
<b>Global Insurance</b>		<b>\$1.6B</b>	<b>↓</b>	<b>21%</b>
<b>Global Capital Markets</b>		<b>\$2.2B</b>	<b>↑</b>	<b>1%</b>
<b>Global Wealth Management</b>		<b>\$2.2B</b>	<b>↓</b>	<b>10%</b>

Note: Some of the above income segments overlap with others.



# Global Capital Markets

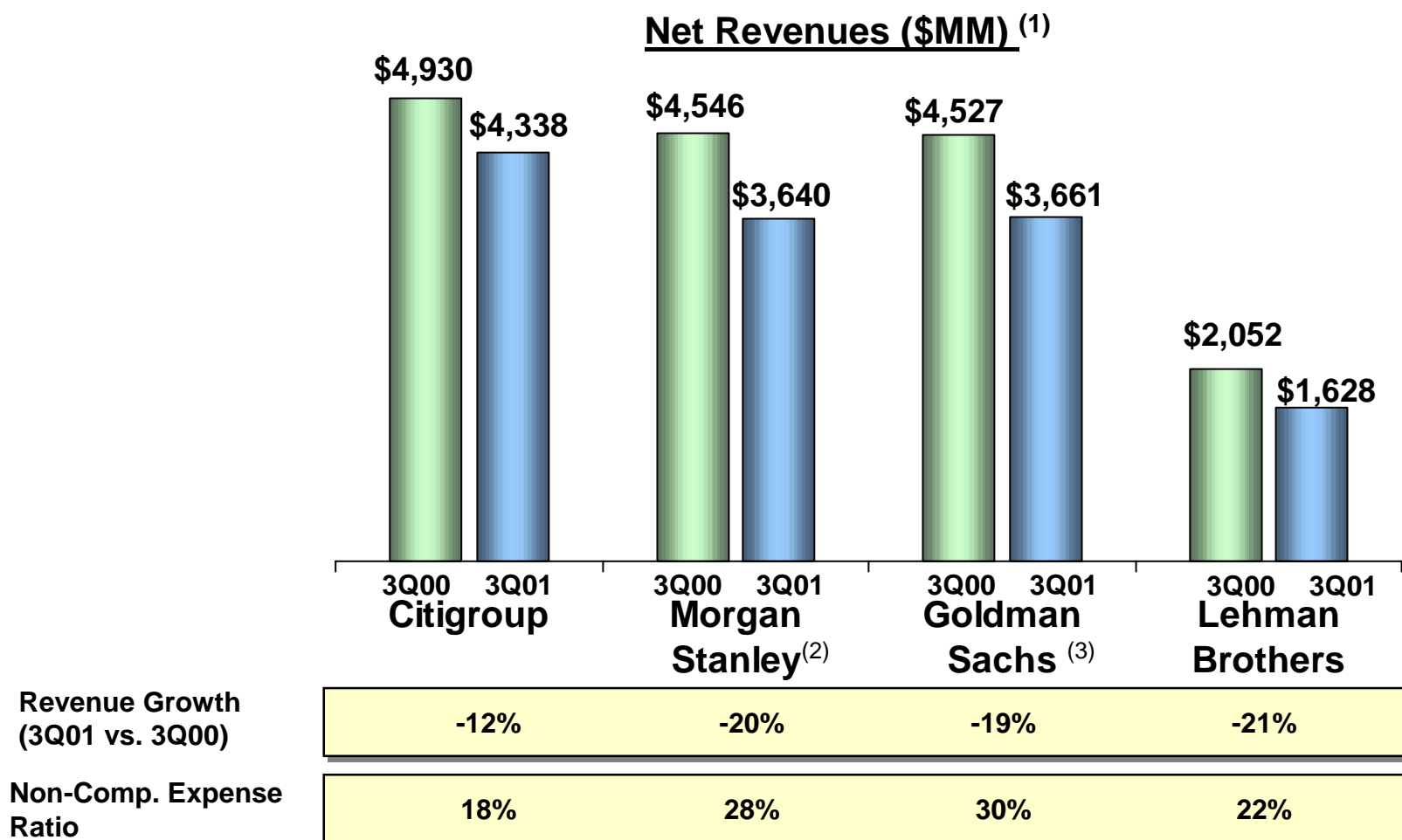
## Increasing Market Share

	YTD 2001		Full Year 2000	
	<u>Share</u>	<u>Rank</u>	<u>Share</u>	<u>Rank</u>
<b>Global Debt &amp; Equity</b>	<b>11.2%</b>	<b>2</b>	<b>10.8%</b>	<b>2</b>
<b>Global Debt <sup>(1)</sup></b>	<b>11.0%</b>	<b>2</b>	<b>11.5%</b>	<b>2</b>
U.S. Investment Grade	21.8%	1	17.9%	1
U.S. High Yield	13.6%	2	11.4%	4
European Debt	7.9%	2	6.4%	4
<b>Global Equity</b>	<b>12.2%</b>	<b>3</b>	<b>8.1%</b>	<b>5</b>
<b>Global M&amp;A (Announced)</b>	<b>13.7%</b>	<b>7</b>	<b>20.9%</b>	<b>5</b>
<b>Global M&amp;A (Completed)</b>	<b>24.5%</b>	<b>4</b>	<b>16.8%</b>	<b>6</b>

- **#1 Global Debt & Equity disclosed fees YTD 3Q01 with 14.4% market share vs. 10.2% (#4) YTD 3Q00**

# Corporate and Investment Bank

## Differentiating Performance



(1) 3Q for Citigroup is July, August, September. For other firms, 3Q is June, July, August.

(2) Securities segment only, excludes Asset Management and Credit Services.

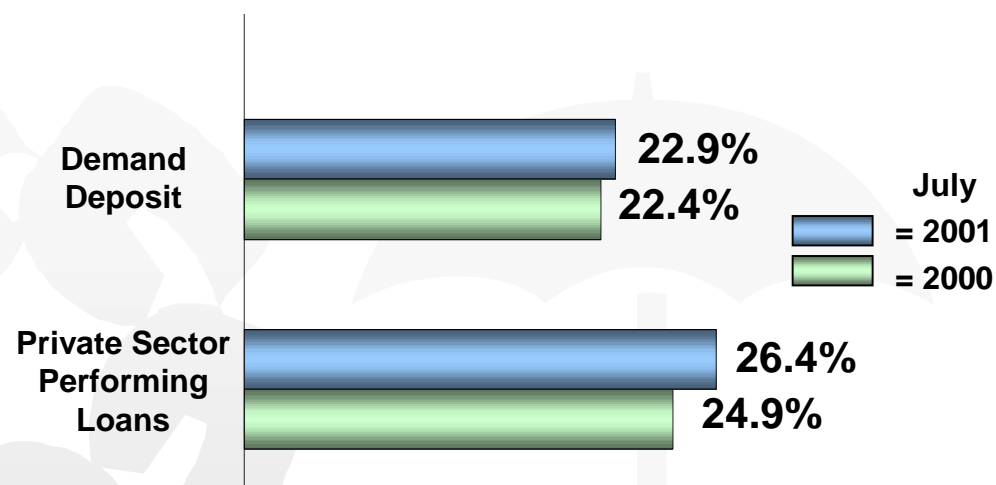
(3) Does not include SLK in 3Q00.

# ***Citigroup in Mexico: Achieves Leadership***

## **Banamex Transaction Milestones**

- 5/17 - Announced transaction**
- 7/6 - Launched tender offer**
- 8/3 - Completed acquisition  
Citigroup trades on Bolsa**
- Early Nov - Branch operating platforms  
integrated**
- 11/01 - Phase I branch consolidation**
- 12/01 - Afores integrated**
- 04/02 - Phase II branch consolidation**

## **Continued Franchise Strength Market Share**



**On track to deliver \$0.05  
earnings accretion in 2002**

# Capital Discipline

Third Quarter 2001

	<u>3Q01</u>	<u>3Q00</u>
Stockholders' equity <sup>(1)</sup> (billions)	\$ 85.5	\$ 68.6
Return on Common Equity	17.5% <sup>(2)</sup>	22.9%
Strong regulatory capital ratios		
Tier I Ratio	8.1% <sup>(2)</sup>	7.8%
Total Capital Ratio	10.7% <sup>(2)</sup>	10.0%
GAAP Assets (billions)	\$ 1,068 <sup>(2)</sup>	\$ 897

- **Consistent share repurchases**
  - 56.6 million shares YTD 2001
  - Repurchase cost of \$2.7 billion YTD 2001; \$649MM in 3Q01
  - Diluted shares outstanding 5.1 billion at end 3Q01
  - Board of Directors authorized further \$5 BN in share repurchases

(1) Includes trust securities

(2) Preliminary

# ***The Citigroup Difference***

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- **Leadership positions in profitable, global segments**

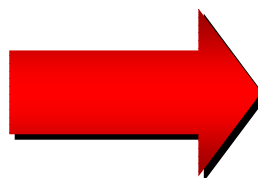
- Diversified by geography, product, channel
- Multi-channel distribution
- Brand strength
- Lowest cost positions

- **Cost management and operational efficiency**

- **Acquisitions expertise**

- **Cross-marketing success**

- **Capital strength**



- **Double-digit earnings growth**

- **20%+ ROE's**

- **Statements made today may include forward-looking information subject to risks, uncertainties and other factors that could materially affect actual results.**
- **For further information please see Citigroup's reports filed with the SEC pursuant to the Securities Exchange Act of 1934 which are available at the SEC's website ([www.sec.gov](http://www.sec.gov)).**