TREASURY MONTHLY INTERMEDIATION SNAPSHOT

Name of institution: **Citigroup Inc.**
Reporting month(s): February 2009
Submission date: March 31, 2009
Person to be contacted regarding this report: Carol Hayles or Peter Bieszard

PART II. QUALITATIVE OVERVIEW

Please provide a brief overview of the intermediation activity during the month. This discussion should include a general commentary on the lending environment, loan demand, any changes in lending standards and terms, and any other intermediation activity.

Company description: Citigroup Inc. ("Citi") does business in the United States through Citibank, Citi Institutional Clients Group, The Citi Private Bank, Smith Barney, Primerica, Diners Club, CitiFinancial, CitiMortgage and Citi Cards.

All data cited below reflect comparisons to January 2009, unless otherwise noted.

Consumer Lending: Consumer lending activity in February reflected persistent underlying weakness in the U.S. economy, an increase in unemployment to 8.1 percent and further declines in consumer spending. Against this backdrop, Citi originated approximately $13.4 billion in U.S. consumer lending in February.

First mortgage balances increased moderately, compared with January. Refinancing volumes rose 12 percent as lower interest rates continued to drive activity. Total origination activity exceeded $6.9 billion, but was approximately $880 million less than in January 2009. A shortage in homeowners' available equity led to a 76 percent drop in application volumes from February 2008.

Home equity loan balances and used and unused commitments were approximately flat, compared with January. Asset sales increased substantially in February. However, this was reflective of normal volume, with January having lower than usual sales. Origination volume and sales of home equity assets have declined significantly year over year, reflecting sustained weakness in the housing market and tighter credit standards.

In February, Citi continued to help distressed borrowers keep their homes through the Citi Homeowner Assistance Program (CHAP) and other foreclosure prevention efforts, and modified 3,024 first and second mortgage loans totaling $597 million. Citi also initiated a temporary foreclosure moratorium effective February 12, 2009 until March 12, 2009, on all Citi-owned first mortgage loans that are the customer's principal residence and on loans that Citi services in cases where it has reached an understanding with the investor. The company announced that it would not initiate or complete any new foreclosures on eligible customers during this time, pending the announcement of a federal Government loan modification program.

In February, average consumer credit card total loan balances declined $3.3 billion on a month-to-month basis, while purchase sales declined marginally due in part to fewer processing days during the month. Average receivables also declined, as consumers continued to pay down balances from seasonal holiday spending. Payment rates decreased by approximately 200 basis points compared with February

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2008, driven by a stressed macroeconomic environment in which consumers pay less towards their credit cards in order to meet their mortgage payments and other financial obligations. New credit lines issued to consumers decreased by 16 percent in February, compared with January and consistent with the month-to-month seasonal drop experienced in February 2008. Further deterioration in the U.S. economy and the consumer credit environment, coupled with Citi's efforts to maintain sound lending practices, resulted in a decline of 7 percent in total used and unused Commitments. Most of this decline was the result of inactive account closures.

However, Citi continues to provide card members facing financial challenges with expanded eligibility forbearance programs. More than 144,000 card members entered these programs in February, an increase of 84 percent from the same period in 2008. Citi is currently providing help to more than 1.2 million card members through its forbearance programs. On February 18, Citi also joined other credit card issuers and payments networks to launch "Help With My Credit," which provides assistance to consumers struggling with their credit card payments.

Average total balances on other consumer loans – including auto, student and other personal installment loans – were flat on a month-to-month basis. Personal installment loan originations fell by more than half, as a result of tighter credit standards for new borrowers and the worsening economic environment in February. Average student loans outstanding were up slightly over January, although originations were down due to seasonality. Auto loan originations exceeded those of January on a daily basis. Originations were slightly lower overall than in January, reflecting the shorter month. Other activity (pay downs, amortizations, etc.) has remained fairly consistent over the past several months.

Commercial Lending: Overall commercial lending activity (including Commercial Real Estate) continued to suffer from broader macroeconomic weakness. New commitments in February declined by half and overall C&I balances were flat on a month-to-month basis. However, all industry segments continued to show signs of new demand.

Average outstanding commercial real estate loans and leases remained flat. Originations were down month over month due to the continued weak economic environment. Citi continues to renew and roll over its existing loans, when we are comfortable with the value of the underlying asset and the ability of counterparties to meet their obligations.

Other Intermediation Activities: Citi made net sales of approximately $26 billion in mortgage- and asset-backed securities (MBS/ABS) in February.

The increase in MBS sales resulted from the sale of a large quantity of pass-through pools purchased in January. Significantly lower customer collateralized financing activity – stemming from the reduced matchbook's overall risk and capital usage – drove the corresponding matchbook balance decline.

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Citi's total debt underwriting decreased by $16 billion month over month as a result of lower average principal per deal. High yield underwriting activity in February included nine deals totaling $3.9 billion, of which Citi lead managed four. Investment grade underwriting activity in February included 53 deals totaling $65 billion – of which Citi lead managed 19 with an aggregate value of $6.9 billion. Finally, there were 19 equity and linked deals with an aggregate value of $3.1 billion, compared with 18 deals valued at $4.3 billion in January. Citi lead managed two of the deals in February.

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