



**Resolution Plan  
for  
Citigroup Inc. & Citibank, N.A.**

**Public Section**

**October 1, 2013**

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## I. Summary of 2013 Resolution Plan

Last year marked Citi's 200th anniversary – a momentous year for the company. Not only was it an opportunity to reflect upon Citi's history, but also an opportunity to consider the road ahead. Citi has a unique legacy, one that has been built on the principle of connecting its clients to the world and, in turn, connecting the world for its clients. Citi's global model has always been driven by one imperative: to serve the needs of its clients.

Citi today is stronger than ever, with a strategy that is well-aligned with three dominant trends of globalization, urbanization and digitization. Citi is well-positioned to serve its clients in a way that is smart, safe and doesn't come at a cost to the American taxpayer or puts at risk the safety and soundness of the company.

Four years ago, Citi identified its core businesses (what we call Citicorp, the base for the company going forward), and the businesses and assets that were not core (what we call Citi Holdings). Since that time, Citi Holdings has shrunk by more than \$700 billion in assets. In that same time, Citi has continued to build up its capital and liquidity. In addition, Citi has made other necessary changes in its businesses to prepare for new regulatory and capital rules, including selling down its minority stakes, which became punitive under Basel III, and reshaping certain businesses, such as securitized products, that are most affected by the new capital rules.

Key indicators of "Citi's Strength" include:<sup>1</sup>

- Robust liquidity levels and a strong capital base
  - \$389 billion of high quality liquid assets, Basel III Liquidity Coverage Ratio (LCR) estimated to be 110%<sup>2</sup>
  - Estimated Basel III Tier 1 Common Ratio of 10.0%<sup>3</sup>
  - Estimated Basel III Supplementary Leverage Ratio of 4.9%<sup>3</sup>
- High credit quality and a well-reserved portfolio
  - Favorable credit trends and a highly diversified portfolio
  - Well-reserved, with loan loss reserves at 3.4% of loans

<sup>1</sup> All information as of June 30, 2013.

<sup>2</sup> "High quality liquid assets" generally is defined as available cash at central banks and unencumbered liquid securities and is based on Citi's current interpretation of the definition of "high quality liquid assets" under the proposed Basel III LCR. Citi's estimated LCR is a non-GAAP financial measure. Citi's estimated LCR as of June 30, 2013 is based on its interpretation, expectations and understanding of the proposed LCR calculation requirements and is necessarily subject to final regulatory clarity and rulemaking and other implementation guidance.

<sup>3</sup> Citi's estimated Basel III Tier 1 Common Ratio and estimated Basel III Supplementary Leverage Ratio and certain related components are non-GAAP financial measures. Citi's estimated Basel III Tier 1 Common Ratio and estimated Basel III Supplementary Leverage Ratio as of June 30, 2013 are based on the U.S. banking agencies proposed Basel III rules (Basel III NPR). In July 2013, the U.S. banking agencies adopted the final U.S. Basel III rules. Citi continues to review these and other recent developments relating to the future capital requirements of financial institutions such as Citi. As a result, Citi's Basel III estimates as of June 30, 2013 are based on its understanding, expectations and interpretation of the Basel III NPR and are necessarily subject to, among other matters, Citi's review and implementation of the Final Basel III Rules, anticipated compliance with all required enhancements to model calibration and other refinements with respect to the Basel III Tier 1 Common Ratio, and further regulatory implementation guidance in the U.S.

- Disciplined ongoing balance sheet management, with Citi remaining smaller today than it was before the 2007-2008 crisis
- Progress in improving consistency and quality of earnings
  - Growth in revenue and net income, with profitability in the last 14 quarters
  - Citicorp deposits and loans growth year-over-year

With Citi's increased financial strength and liquidity, and its client-oriented business model, it is highly unlikely that a resolution of the company would ever be required. In keeping with the purposes of the Dodd-Frank Wall Street Reform and Consumer Protection Act (the Dodd-Frank Act), Citi has steadily built its balance sheet so that even in severe stress scenarios, Citi can continue to operate and serve its clients without taxpayer support. The strength of Citi's balance sheet also expands the range of options for the resolution of Citi, if it ever were to become necessary, offering regulators flexibility in choosing a resolution strategy that minimizes the adverse impact of Citi's failure on customers and U.S. financial stability. For example, Citi's strong capital and liquidity positions mean that regulators will have the means, without putting taxpayer funds at risk, to require the recapitalization of Citi's banking entities permitting them to serve their clients without systemic disruption, under new management and ownership, even in a stress scenario involving severe losses. Citi's capital and liquidity levels are also sufficient to wind-down portions of Citi's business or, in the event of an extremely unlikely economic catastrophe, the entire firm, without causing systemic disruption.

Against this background, Citi is pleased to submit its 2013 Resolution Plan (Resolution Plan) to the Federal Deposit Insurance Corporation (FDIC) and the Board of Governors of the Federal Reserve System (Federal Reserve). The Resolution Plan covers Citigroup Inc. (Citigroup Parent), the parent holding company, and its subsidiaries and affiliates (collectively, Citi) as required by the final rules (165(d) Rule) adopted by the Federal Reserve and the FDIC pursuant to Section 165(d) of the Dodd-Frank Act. This Resolution Plan also covers Citibank, N.A. (CBNA) as required by the final rules adopted by the FDIC for certain insured depository institutions (IDI Rule).

The preparation of Citi's Resolution Plan entailed a rigorous, enterprise-wide process involving Citi's senior-most management across Citi's businesses, Operations and Technology (O&T), Risk, Finance and Legal, as well as the Citigroup Parent and CBNA Boards of Directors. In this Public Section, in accordance with regulatory instruction, Citi is providing the following information:

- A. Citi's Material Legal Entities (MLEs) (defined below)
- B. Citi's Core Business Lines (CBLs) (defined below)
- C. Summary financial information regarding assets, liabilities, capital and major funding sources
- D. Citi's derivative and hedging activities
- E. Memberships in material payment, clearing and settlement systems
- F. Citi's foreign operations
- G. Citi's material supervisory authorities

- H. Citi's principal officers
- I. The resolution planning corporate governance structure and process related to resolution planning
- J. Citi's material management information systems
- K. Citi's resolution strategy including such items as the range of potential purchasers of the company's businesses and legal entities

As described in more detail in Part K, Citi's Resolution Plan demonstrates that Citi can be resolved, should it be necessary, under Title I of the Dodd-Frank Act, without adverse systemic impact or use of taxpayer money, either through a recapitalization of CBNA by Citigroup Parent or through a wind-down or sale in an orderly manner, if necessary. The Resolution Plan also includes a summary of the reasons Citi could readily be resolved under Title II of the Dodd-Frank Act without the use of taxpayer funds, based on the Title II "Single Point of Entry" (SPOE) recapitalization approach described by U.S. regulators.

## A. The Names of Material Entities

The final rules implementing Section 165(d) of the Dodd-Frank Act define CBLs as those business lines, including associated operations, services, functions and support that upon failure would result in a material loss of revenue, profit or franchise value of Citi or CBNA. As described in Part B, Citi identified its CBLs based on analysis of several factors. Using these CBLs as the foundation for its analysis, Citi identified its MLEs using the definition provided by the rules, which includes an entity, including a subsidiary or foreign office that is significant to the activities of a CBL.

At its most basic and simple level, Citi's legal entity structure can be viewed as:

1. Banking activities conducted by CBNA;
2. Capital markets and banking activities conducted by Citi's separately capitalized broker-dealers; and
3. O&T activities conducted by select subsidiaries.

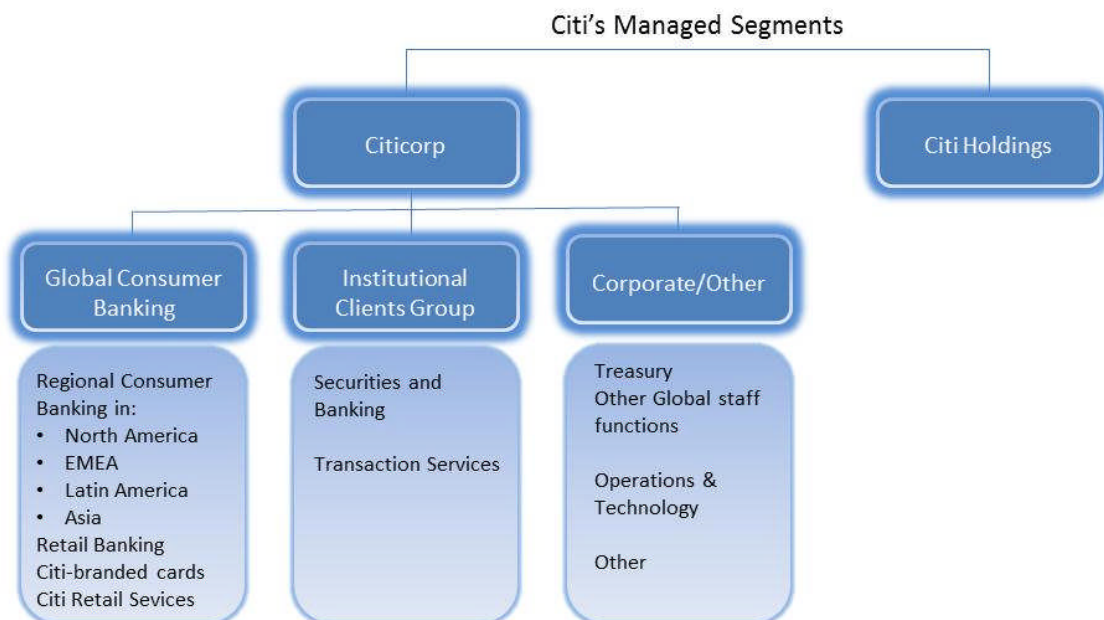
The chart below lists these MLEs. The MLEs for Citi and CBNA are the same.

Citigroup Inc. (Citigroup Parent)		
Banks	Broker-Dealers	Service / Operational Subsidiaries
Citibank, N.A. Primary Insured Depository Institution	Citigroup Global Markets Inc. Citigroup Global Markets Limited – UK Citigroup Global Markets Japan Inc. – Japan	<u><b>HoldCo Subsidiaries</b></u> Citigroup Technology Inc. Citicorp Data Services Inc. Citishare Corporation Citigroup Management Corporation Citigroup Services Japan Ltd.  <u><b>Bank Subsidiaries</b></u> Citicorp Credit Services, Inc. (NY) Citicorp Credit Services, Inc. (USA) CitiMortgage, Inc. Citi Business Services Costa Rica Citicorp Services India Limited
<u><b>Branches of CBNA</b></u> CBNA London – UK CBNA Dublin – Ireland CBNA Singapore – Singapore CBNA Hong Kong – Hong Kong CBNA Bahamas – Bahamas CBNA ROHQ – Philippines  <u><b>Subsidiaries of CBNA</b></u> Citibank International plc – UK Citibank Europe plc – Ireland Citibank Japan Ltd. – Japan Citibank Singapore Limited – Singapore Citibank (Hong Kong) Ltd. – Hong Kong		
Banamex – Mexico		

## B. Description of Core Business Lines

As part of its restructuring four years ago, Citi's organization was revised to simplify and streamline management of its businesses. As a result, Citi is organized into two primary business segments:

- **Citicorp**: consists of Citi's Global Consumer Banking businesses and Institutional Clients Group – the business segments that are the core of Citi's ongoing global banking strategy. Citicorp also includes Corporate/Other, which consists of global staff functions (including Finance, Risk, Human Resources, Legal and Compliance), other corporate expense and global O&T expenses, Citi Corporate Treasury and corporate items and discontinued operations.
- **Citi Holdings**: established in 2009, consists of the businesses and assets that are not central to Citi's strategy. The assets in Citi Holdings are in the process of being sold off or wound down in an economically rational way.



As noted in Part A above, CBLs are defined as those business lines, including associated operations, services, functions and support, that upon their failure would result in a material loss of revenue, profit or franchise value of Citi or CBNA. In developing the list of CBLs, the starting point was the businesses that are part of Citicorp, as those are deemed core to Citi's strategy. Citi continued its analysis, incorporating the following criteria, both quantitative and qualitative, to arrive at the list of CBLs for resolution planning purposes:

- Total assets, revenue and earnings;
- Market share and/or industry position;
- The characteristics of the customer base, geographic footprint, brand and operational synergies of the business with other Citi businesses;



- Growth outlook;
- The attractiveness of the business to competitors as a potential acquisition; and
- Maintenance of franchise value even in a resolution scenario.

Based on the final rules under the Dodd-Frank Act and the above criteria, Citi has identified the following businesses as CBLs. The products and services listed below are the CBLs for purposes of Citi's resolution planning only; Citi has neither changed its strategy nor the businesses in Citicorp which are conducted through three main business lines: Transaction Services, Securities and Banking and Global Consumer Banking.

<b>Transaction Services Core Business Lines</b>	
Global Payments	The Global Payments business offers four payment activities to clients of Citi's Institutional Clients Group: (i) same currency payments; (ii) cross-currency payments; (iii) Continuous Linked Settlement; and (iv) Automated Clearing House Payments
Liquidity Management Services	Liquidity Management Services provides liquidity management services and short-term investment products to clients of Citi's Institutional Clients Group

<b>Securities and Banking Core Business Lines</b>	
Debt Capital Markets	Debt Capital Markets originates, structures, and syndicates securities and financing transactions in debt capital markets
Municipal Securities Division	Municipal Securities Division offers client services that include U.S. public sector capital-raising and advisory services, project financing and multifamily affordable housing financing. Clients are also offered secondary trading in municipal securities and derivatives
Global Foreign Exchange/Local Markets (FX/LM)	Global Foreign Exchange/Local Markets includes foreign exchange spot, forwards, and derivatives, as well as fixed-income rate products in emerging market countries
G10 Rates	G10 Rates trades on behalf of clients in G-10 sovereigns and agency securities and derivatives, as well as secured finance products (repos, reverse repos, and securities lending)
Corporate Portfolio Management	Corporate Portfolio Management is the corporate loan portfolio that is part of Citi's Corporate and Investment Banking

Global Consumer Banking Core Business Lines	
U.S. Branded Cards	U.S. Branded Cards offers both proprietary and co-branded credit cards originated through direct-marketing channels, partner websites or through the U.S. Retail Banking branch network
U.S. Retail Services	U.S. Retail Services partners with major national retailers, oil companies and specialty retailers to provide credit card products to their customers
U.S. Retail Banking	U.S. Retail Banking provides traditional banking services to retail customers and small to midsize businesses in the U.S. through a network of 999 retail bank branches and 3,000 branch ATMs
U.S. Consumer Mortgages	U.S. Consumer Mortgages is a nationwide lender and servicer of residential home mortgages and includes the mortgage assets that reside in both Citicorp and Citi Holdings that are managed by CitiMortgage
International Consumer Banking Mexico Hong Kong Singapore Japan	The GCB businesses in Mexico, Hong Kong, Singapore and Japan provide traditional banking services to retail customers and small to midsize businesses, along with credit card and mortgage products

Each CBL is conducted through one or more MLEs identified in Part A. The CBLs for CBNA are the same as the CBLs for Citi, with the exception of Global Consumer Banking – Mexico (because Banamex is a subsidiary of Citigroup Parent outside CBNA). Citi’s Resolution Plan addresses the resolution of each of these CBLs as required by the U.S. regulators. As part of Citi’s ongoing strategic and financial planning activities, the list of Citi’s CBLs will be subject to ongoing evaluation.

## C. Summary Financial Information Regarding Assets, Liabilities, Capital and Major Funding Sources

### Financial Summary – Citigroup consolidated

<i>Net Revenue (\$ MM)</i>	2Q 2013	1Q 2013	4Q 2012	3Q 2012	2Q 2012
Global Consumer Banking	9,711	9,749	9,977	9,915	9,507
Securities and Banking	6,841	6,978	4,362	4,847	5,471
Transaction Services	2,732	2,606	2,617	2,619	2,767
Corporate / Other	103	(7)	(106)	1	(296)
Citicorp	19,387	19,326	16,850	17,382	17,449
Citi Holdings	1,092	901	1,067	(3,679)	938
<b>Total Citi</b>	<b>20,479</b>	<b>20,227</b>	<b>17,917</b>	<b>13,703</b>	<b>18,387</b>

<i>Net Income (\$ MM)</i>	2Q 2013	1Q 2013	4Q 2012	3Q 2012	2Q 2012
Global Consumer Banking	1,955	1,917	1,717	2,107	1,971
Securities and Banking	2,382	2,355	697	1,185	1,475
Transaction Services	808	770	792	822	889
Corporate / Other	(388)	(322)	(848)	(76)	(447)
Citicorp	4,757	4,720	2,358	4,038	3,888
Citi Holdings	(569)	(789)	(1,049)	(3,553)	(909)
<b>Continuing Operations</b>	<b>4,188</b>	<b>3,931</b>	<b>1,309</b>	<b>485</b>	<b>2,979</b>
Discontinued Operations	30	(33)	(85)	8	7
Non-controlling Interests	36	90	28	25	40
<b>Total Citi</b>	<b>4,182</b>	<b>3,808</b>	<b>1,196</b>	<b>468</b>	<b>2,946</b>

<i>Citigroup Consolidated (\$ B)</i>	2Q 2013	1Q 2013	4Q 2012	3Q 2012	2Q 2012
Total Assets	1,884	1,882	1,865	1,931	1,916
Total Liabilities	1,686	1,686	1,674	1,743	1,731
Total Equity	198	195	191	189	186

## Capital Summary (Basel I) <sup>4</sup>

<i>Financial Ratios</i>	2Q 2013	1Q 2013	4Q 2012	3Q 2012	2Q 2012
Tier 1 Common Ratio	12.2%	11.8%	12.7%	12.7%	12.7%
Tier 1 Capital Ratio	13.2%	13.1%	14.1%	13.9%	14.5%
Total Capital Ratio	16.2%	16.1%	17.3%	17.1%	17.7%
Leverage Ratio	7.9%	7.8%	7.5%	7.4%	7.7%

## Financial Summary – CBNA consolidated

<i>Income Statement (\$ millions)</i>	2012	2011
Interest Revenue	51,853	54,733
<u>Interest Expense</u>	<u>10,884</u>	<u>12,559</u>
Net Interest Revenue	40,969	42,174
<u>Non-Interest Revenue</u>	<u>16,154</u>	<u>15,011</u>
Total Revenues	57,123	57,185
Provisions for credit losses and for benefits and claims	8,540	10,243
<u>Operating Expenses</u>	<u>33,166</u>	<u>33,615</u>
Income from continuing operations before income taxes	15,417	13,327
Provision for income taxes	3,406	2,913
Income from continuing operations	12,011	10,414
Income (loss) from discontinued operations, net of taxes	(70)	202
Net income attributable to non-controlling interests	96	84
<b>Net income attributable to Citibank, N.A.</b>	<b>11,845</b>	<b>10,532</b>

<i>Balance Sheet (\$ billions)</i>	2012	2011
Total Assets	1,313	1,288
Total Liabilities	1,165	1,135
Total Equity	148	154

## Funding and Liquidity

### Overview

Citi's funding and liquidity objectives generally are to maintain liquidity to fund its existing asset base as well as grow its core businesses in Citicorp, in order to serve clients, while at the same time to maintain sufficient excess liquidity, structured appropriately, so that it can operate under a wide variety of market

<sup>4</sup> 1Q13 and 2Q13 Basel I capital ratios reflect the final (revised) U.S. market risk capital rules (Basel II.5) that were effective on January 1, 2013.

conditions, including market disruptions for both short- and long-term periods. Citi's primary liquidity objectives are established by entity, and in aggregate, across three major categories:

- the parent entity, which includes Citigroup Parent and Citi's broker-dealer subsidiaries that are consolidated into Citigroup (collectively referred to in this section as "parent");
- Citi's significant Citibank entities, which consist of CBNA units domiciled in the U.S., Western Europe, Hong Kong, Japan and Singapore (collectively referred to in this section as "significant Citibank entities"); and
- Other Citibank and Banamex entities.

At an aggregate level, Citi's goal is to maintain sufficient funding in amount and tenor to ensure that customer assets are fully funded, as well as to maintain an appropriate amount of cash and high quality liquid assets in these entities. The liquidity framework requires that entities be self-sufficient or net providers of liquidity, including in conditions established under their designated stress tests.

Citi's primary sources of funding include (i) deposits via Citi's bank subsidiaries, which are Citi's most stable source of long-term funding, (ii) long-term debt (primarily senior and subordinated debt) primarily issued at the parent and certain bank subsidiaries, and (iii) stockholders' equity, at both the bank and non-bank entities. These sources may be supplemented by short-term borrowings, primarily in the form of secured financing transactions (securities loaned or sold under agreements to repurchase, or repos).

## High Quality Liquid Assets

As referenced above, Citi works to ensure that the structural tenor of these funding sources is sufficiently long in relation to the tenor of its asset base. The key goal of Citi's asset/liability management is to ensure that there is excess tenor in the liability structure so as to provide excess liquidity after funding the assets. The excess liquidity resulting from a longer-term tenor profile can effectively offset potential decreases in liquidity that may occur under stress. This excess funding is held in the form of high quality liquid assets, as shown below.

### High Quality Liquid Assets

	Parent			Significant Citibank Entities			Other Citibank and Banamex Entities			Total		
	Jun. 30, 2013	Mar. 31, 2013	Jun. 30, 2012	Jun. 30, 2013	Mar. 31, 2013	Jun. 30, 2012	Jun. 30, 2013	Mar. 31, 2013	Jun. 30, 2012	Jun. 30, 2013	Mar. 31, 2013	Jun. 30, 2012
<i>In billions of dollars</i>												
Available cash	\$34.0	\$39.3	\$55.6	\$68.0	\$53.6	\$53.0	\$13.5	\$10.4	\$14.0	\$115.6	\$103.3	\$122.6
Unencumbered liquid securities	24.2	24.0	37.6	170.3	169.2	168.4	79.1	79.3	83.5	273.6	272.5	289.6
<b>Total</b>	<b>\$58.2</b>	<b>\$63.3</b>	<b>\$93.2</b>	<b>\$238.3</b>	<b>\$222.8</b>	<b>\$221.4</b>	<b>\$92.6</b>	<b>\$89.7</b>	<b>\$97.5</b>	<b>\$389.2</b>	<b>\$375.8</b>	<b>\$412.2</b>

## Funding Sources

### Deposits

Deposits are the primary funding source for Citi's bank subsidiaries. As of June 30, 2013, end-of-period deposits of \$938.4 billion increased by \$4.6 billion, or less than 1% quarter-over-quarter. Excluding the impact of FX translation, deposits grew 4% year-over-year, and 2% quarter-over-quarter. Citi continues to focus on maintaining a geographically diverse retail and corporate deposit base. As of June 30, 2013, approximately 58% of Citi's deposits were located outside of the U.S., compared to 59% at March 31, 2013 and 61% at June 30, 2012.

### Long-Term Debt

Long-term debt (generally defined as original maturity of one year or more) continued to represent the most significant component of Citi's funding for the parent entities. The vast majority of this funding is composed of senior unsecured term debt, along with limited amounts of long-term subordinated instruments.

Long-term debt is an important funding source for Citi's parent entities due in part to its multi-year maturity structure. The weighted average maturities of long-term debt, issued by Citigroup Parent and its affiliates (including CBNA), with a remaining life greater than one year (excluding trust preferred securities), was approximately 7.0 years as of June 30, 2013, unchanged from the prior quarter and prior-year period.

### Secured Financing Transactions and Short-Term Borrowings

Citi supplements its primary sources of funding with short-term borrowings when they are appropriate for its liquidity profile. Short-term borrowings generally include (i) secured financing (securities loaned or sold under agreements to repurchase, or repos) and (ii) short-term borrowings consisting of commercial paper and borrowings from the FHLBs and other market participants.

Citi has significantly reduced its short-term funding from the capital markets and is far less dependent on this funding source than it was before the crisis, reducing sensitivity to market stresses.

## **Liquidity Management, Measures and Stress Testing**

Liquidity is managed via a centralized treasury model by Corporate Treasury and by in-country treasurers. Pursuant to this structure, Citi's liquidity resources are managed with a goal of ensuring the asset/liability match and that liquidity positions are appropriate in every country and throughout Citi. Citi's Head of Franchise Risk and Strategy is responsible for the overall risk profile of Citi's liquidity resources. The Head of Franchise Risk and Strategy, and Chief Financial Officer (CFO) co-chair Citi's Asset Liability Management Committee (ALCO), which includes Citi's Treasurer and other senior executives. ALCO sets the investment strategy of the liquidity portfolio and monitors its performance. Significant changes to portfolio asset allocations need to be approved by the ALCO.

### **Liquidity Measures**

Citi uses multiple measures in monitoring its liquidity, including those described below.

The structural liquidity ratio, defined as the sum of deposits, long-term debt and stockholders' equity as a percentage of total assets, measures whether the asset base is funded by sufficiently long-dated liabilities. Citi's structural liquidity ratio remained stable at approximately 72% as of June 30, 2013.

In addition, Citi believes it is currently in compliance with the proposed Basel III Liquidity Coverage Ratio (LCR), as amended by the Basel Committee on Banking Supervision on January 7, 2013 (the amended LCR guidelines), even though such ratio is not proposed to take full effect until 2019. Based on Citi's current interpretation of the amended LCR guidelines, Citi's estimated LCR was approximately 110% as of June 30, 2013, compared with approximately 116% at March 31, 2013 and 127% at June 30, 2012. Approximately 5 percentage points of the decrease in Citi's LCR quarter-over-quarter was driven by the MSSB transaction. Citi's 110% LCR represents additional liquidity of approximately \$37 billion above the

proposed minimum 100% LCR threshold. Citi continues to expect to operate with an LCR in the range of 110% going forward, with the potential for modest variability from quarter-to-quarter.

### Stress Testing

Liquidity stress testing is performed for each of Citi's major entities, operating subsidiaries and countries. Stress testing and scenario analyses are intended to quantify the potential impact of a liquidity event on the balance sheet and liquidity position, and to identify viable funding alternatives that can be utilized. These scenarios include assumptions about significant changes in key funding sources, market triggers (such as credit ratings), and potential uses of funding and political and economic conditions in certain countries. These conditions include standard and stressed market conditions as well as firm-specific events.

A wide range of liquidity stress tests are important for monitoring purposes. Some span liquidity events over a full year, some may cover an intense stress period of one month, and still other time frames may be appropriate. These potential liquidity events are useful to ascertain potential mismatches between liquidity sources and uses over a variety of horizons (overnight, one week, two weeks, one month, three months, one year), and liquidity limits are set accordingly. To monitor the liquidity of a unit, those stress tests and potential mismatches may be calculated with varying frequencies, with several important tests performed daily. Given the range of potential stresses, Citi maintains a series of contingency funding plans on a consolidated basis as well as for individual entities. These plans specify a wide range of readily available actions that are available in a variety of adverse market conditions, or idiosyncratic disruptions.

For a more detailed discussion of Citi's funding and liquidity, see Citi's 2012 Annual Report on Form 10-K (2012 Form 10-K) and Second Quarter 2013 Quarterly Report on Form 10-Q (2Q13 Form 10-Q) filed with the U.S. Securities and Exchange Commission (SEC).

## D. Description of Derivative and Hedging Activities

### Overview

In the ordinary course of business, Citi provides clients with various services and products, including derivatives, to help manage their risks. Citi uses similar services and products to manage its own risks as part of its commitment to the ongoing safety and soundness of the company.

### Customer Needs

In order to meet the needs of its clients, Citi includes an appropriate range of derivatives in its product offerings. Citi's clients require a wide variety of risk management strategies, such as the need to transfer, modify or reduce interest rate, foreign exchange and other market/credit risks, as well as products for the clients' own permissible trading purposes.

Citi has controls in place to evaluate whether a particular product or strategy is appropriate for a client. As part of this process, Citi considers the risks associated with the transaction, as well as the client's business purpose for the transaction. Citi also oversees the activities associated with managing risks it might take in the course of offering derivatives to clients, such as booking offsetting trades. This oversight includes (i) centralized price verification; (ii) credit, market, operational, and stress and accounting limits; and (iii) frequent reporting of risks and stress results to senior managers and periodically to the Risk Management and Finance Committee of Citi's and CBNA's Board of Directors.

### Hedging

As part of its commitment to manage the safety and soundness of the company, Citi utilizes a variety of strategies to manage certain risks that arise from the normal course of its banking activities. These risks include:

- Interest rate risk: natural mismatches can occur due to interest rate differentials between cash flows resulting from asset and liability businesses.
- Credit risk: Citi uses products designed to hedge credit exposures to clients, to limit losses from exposures to groups of similar client types, or to limit losses from exposures to certain countries or regions.
- Foreign exchange risk: products are used to manage exposures to currency fluctuations related to investments made in non-U.S. subsidiaries or other non-U.S. dollar assets.
- Client facilitation risk: client product offerings may include inherent balance sheet risk for Citi.

Citi's risk reduction strategies include the use of derivatives which are subject to strict controls, including a comprehensive set of policies and controls that specify the permitted use of Citi's legal entities and products, documentation, collateral management and risk limits. Independent Risk Management provides oversight for the adherence to the credit, market, operational, stress and accounting limits that Citi has implemented. Independent Risk Management also develops and conducts regular stress tests to ensure compliance with the specified risk tolerances.

Please see Citi's 2012 Form 10-K and 2Q13 Form 10-Q for a detailed discussion of Citi's derivative and hedging activities.



## E. Memberships in Material Payment, Clearing and Settlement Systems

Financial market utilities (FMUs), such as payment systems, exchanges, depositories and clearinghouses are key components of the financial markets infrastructure. These FMUs serve to link together Citi's global network which is the foundation of its core strategy of meeting the financial services needs of large multinational clients as well as the needs of retail, private banking, commercial, public-sector and institutional clients around the world. Similar to other large financial institutions, Citi participates and has membership in a number of payments, clearing and settlement systems, virtually all of which are subject to regulatory supervision and local licensing requirements.

As part of its participation in various FMUs described below, Citi has in place risk management processes to control both credit risk and operational risk. Citi has a Network Management Group that works with Independent Risk Management to perform due diligence and credit risk evaluation/monitoring on all third party clearers. The Network Management Group also works with its clearing partners to process Citi's transaction flow with a goal of ensuring that it is being processed according to contractual terms and that Citi maintains appropriate business recovery capabilities to mitigate operational risk.

Citi also has in place the Payments Systems Risk Management group (PSRM), tasked with providing a consistent framework for assessing, measuring, approving, monitoring, reporting and mitigating risks related to FMUs. Payments systems risk is the risk to earnings or capital arising from Citi's involvement with FMUs that facilitate the transfer of value by providing trading, payments, clearing, settlement or depository services. Such services include funds transfer systems; securities and derivatives clearinghouses; securities depositories; consumer networks; and other FMUs that serve as equity, fixed income or derivatives exchanges. Listed below are some of the material systems to which Citi belongs:

### Payments FMUs

- Clearing House Automated Payment System (CHAPS)
- Clearing House Interbank Payments System (CHIPS)
- CLS Bank International (CLS)
- Electronic Payments Network (EPN)
- Fed ACH Services (FedACH)
- Fedwire Funds Service
- Foreign Exchange Yen Clearing Systems (FXYCS)
- Hong Kong Dollar Clearing House Automated Transfer System (HKD-CHATS)
- Sistema de Pagos Electronico Interbancario (SPEI)
- Target2

### Clearing and Settlement FMUs

- Chicago Mercantile Exchange (CME)
- CREST
- The Depository Trust Company (DTC)
- Eurex Clearing AG (Eurex)

- Euroclear Bank SA (Euroclear)
- Fedwire Securities Services
- Fixed Income Clearing Corporation (FICC)
- ICE Clear Europe
- LCH.Clearnet Ltd. (LCH)
- National Securities Clearing Corporation (NSCC)

### International Messaging Utility

- Society for Worldwide Interbank Financial Telecommunication (SWIFT)

## F. Description of Foreign Operations

Citi provides banking products and services that support economic activity in the United States and across the globe. The foreign operations of Citi's Securities and Banking and Transaction Services/Payments business segments help U.S. companies pursue business opportunities outside the United States, and provide a full suite of banking services, including payments, lending and capital markets, that help to develop and sustain their international activities. These foreign operations also serve governments and non-profits, as well as local businesses and multi-national companies, by providing international financing and payments services. Citi's Global Consumer Business segment serves consumers with local and international banking services around the world.

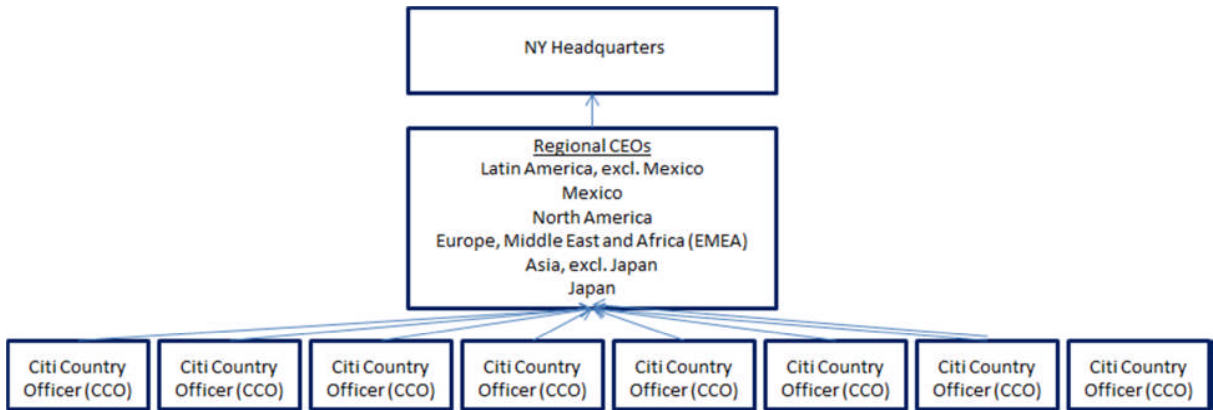
Citi's global network's services for U.S. corporations and other institutional and global clients includes deposit taking, payments, FX, trade finance, lending, custody and capital markets. Citi's network enables the international activities of these clients by linking their various international locations through effective management of liquidity and facilitation of financial flows and other financial transactions, including, for example, the payment of employees outside the U.S. and the hedging of foreign currency exposures across international countries, which for some U.S. corporations can number 50 to 100. Citi's network in turn connects the various international hubs of these multinationals to their respective suppliers and customers in international locations, enabling commercial activity by facilitating payments and disbursements, trade finance and balance sheet hedging. Citi scales its international network, both in terms of locations and capabilities, to match the needs of these clients

**International Governance**

Citi has in place a strong global framework of governance, management and oversight of the activities conducted in each country; supervision is effected by senior management in the product areas, the regions and the global function managers, as depicted below:



This international franchise management structure (IFM) is designed to ensure that there is a core set of processes, procedures, and guidelines to govern the international franchise. IFM plays an important role in balancing local franchise governance and management with overall institutional objectives by helping align local franchise objectives with global platforms and strategies.



As illustrated above, in every country where Citi has facilities, there is a Citi Country Officer (CCO) that serves as the lead representative of Citi in that country. The CCO’s responsibilities include protecting the Citi franchise and reputation as well as hosting Country Risk Management; managing regulatory relationships, ensuring appropriate controls (legal entity, compliance, legal and audit) are in place,

managing liquidity and escalating any issues to senior regional management. CCOs report to Regional Heads who oversee activities in their respective regions.

## Financial Overview

In the first half of 2013, more than half of Citicorp's revenue and income was earned from its banking operations outside of North America<sup>5</sup>. In connection with Citi's efforts to maintain a diversified portfolio, Citi limits its exposure to any one geographic region, country or individual creditor and monitors this exposure on a continuing basis. The following table shows a breakdown of Citicorp's financial results by geographic region for the first half of 2013. Citi's Securities and Banking business segment, as described in the charts below, includes loans and other credit facilities to corporate, government and other institutional clients, as well as private banking services and capital market activities, including debt issuance.

Geographic Region	Revenues (in millions of dollars)		Income from Continuing Operations (in millions of dollars)		Average Assets <sup>6</sup> (in billions of dollars)	
North America	17,024	44%	4,528	48%	636	36%
EMEA	6,553	17%	1,719	18%	307	18%
Latin America	7,069	18%	1,756	19%	182	11%
Asia	7,971	21%	2,184	23%	351	20%
Other Corp	96	0%	(710)	-7%	267	15%

Percentages may not total 100% due to rounding.

## Europe, Middle East, and Africa (EMEA)

EMEA includes a diverse mix of developed and emerging markets. Citi's principal operations are in the UK, which during the first half of 2013, accounted for more than 36% of Citicorp's revenues in EMEA (about 5% of Citi's total net revenue). The following table shows a breakdown of EMEA's financial results by business segment for the first half of 2013.

<sup>5</sup> North America includes the U.S., Canada and Puerto Rico.

<sup>6</sup> Average assets are generally computed using daily general ledger balances; monthly or quarterly averages are used by certain subsidiaries where daily averages are unavailable.

Business Segment	Revenues (in millions of dollars)		Income from Continuing Operations (in millions of dollars)		Average Assets (in billions of dollars)	
Securities & Banking	4,039	62%	1,232	72%	249	81%
Transaction Services/ Payments	1,782	27%	452	26%	48	16%
Global Consumer Banking	732	11%	35	2%	10	3%

Percentages may not total 100% due to rounding.

## Latin America

Citi has provided banking services in Latin America<sup>7</sup> since 1904, when it started operations in Panama. Citi's principal operations in Latin America are in Mexico, where its subsidiary bank, Banamex, is the second largest bank with over 1,700 branches. During the first half of 2013, Mexico accounted for 55% of Citicorp's revenues in Latin America (about 9% of Citi's total net revenue). The following table shows a breakdown of Latin America's financial results by business segment for the first half of 2013.

Business Segment	Revenues (in millions of dollars)		Income from Continuing Operations (in millions of dollars)		Average Assets (in billions of dollars)	
Securities & Banking	1,517	21%	662	38%	76	42%
Transaction Services/ Payments	914	13%	343	20%	23	13%
Global Consumer Banking	4,638	66%	751	43%	83	46%

Percentages may not total 100% due to rounding.

<sup>7</sup> Latin America includes Mexico.

### Asia (Asia Pacific and Japan)

Citi's legacy in the Asia Pacific region dates back more than a hundred years. Asia is composed of Asia Pacific and Japan (which for management purposes is a separate region reporting to NY headquarters). The following table includes a breakdown of Asia's financial results by business segment for the first half of 2013.

Business Segment	Revenues (in millions of dollars)		Income from Continuing Operations (in millions of dollars)		Average Assets (in billions of dollars)	
Securities & Banking	2,694	34%	842	39%	165	47%
Transaction Services/ Payments	1,349	17%	493	23%	58	16%
Global Consumer Banking	3,928	49%	849	39%	129	37%

Percentages may not total 100% due to rounding.

The Resolution Plan addresses how Citi's non-U.S. operations would be impacted in the event of failure at the Citigroup Parent, including how Transaction Services/Payments could continue to process payments for customers.

## G. Material Supervisory Authorities

### Overview

Citi is subject to regulation under U.S. federal and state laws, as well as applicable laws in the other jurisdictions in which it does business.

### Holding Company Supervision

As a registered bank holding company and financial holding company, Citi is regulated and supervised by the Federal Reserve.

### Subsidiary Banks

Citi's nationally chartered subsidiary banks, including CBNA, are regulated and supervised by the Office of the Comptroller of the Currency (Comptroller) and its state-chartered depository institution by the relevant state's banking department and the FDIC. The FDIC also has back-up enforcement authority for banking subsidiaries whose deposits it insures. In addition, the FDIC has established the Office of Complex Financial Institutions (OCFI) that is particularly focused on the recovery and resolution for large complex banks. Overseas branches of CBNA are regulated and supervised by the Federal Reserve and Comptroller and overseas subsidiary banks are regulated and supervised by the Federal Reserve.

Overseas branches and subsidiary banks are also regulated and supervised by regulatory authorities in the host countries.

### Broker-Dealers

Citi conducts securities underwriting, brokerage and dealing activities in the U.S. through its ownership of Citigroup Global Markets Inc. (CGMI), its primary broker-dealer. CGMI is registered as a broker-dealer and as an investment adviser with the SEC, and as a futures commission merchant and commodity pool operator with the U.S. Commodity Futures Trading Commission (CFTC). CGMI is also a member of the New York Stock Exchange (NYSE) and other principal U.S. securities exchanges, as well as the Financial Industry Regulatory Authority (FINRA). CGMI is also a primary dealer in U.S. Treasury securities and a member of the principal U.S. futures exchanges.

Outside the U.S., Citi conducts similar securities activities, principally through its ownership of Citigroup Global Markets Limited (CGML) in London, which is authorized and regulated principally by the UK Prudential Regulation Authority and the UK Financial Conduct Authority, and Citigroup Global Markets Japan Inc. (CGMJ) in Tokyo, which is regulated principally by the Financial Services Agency of Japan.

## H. Principal Officers

### Principal Officers of Citigroup Inc.

- Francisco Aristeguieta, CEO, Latin America
- Stephen Bird, CEO, Asia Pacific
- Don Callahan, Head of Enterprise Operations & Technology, Chief Operations and Technology Officer
- Michael Corbat, Chief Executive Officer
- James Cowles, CEO, Europe, Middle East and Africa
- James Forese, Co-President; CEO, Institutional Clients Group
- John Gerspach, Chief Financial Officer
- Brian Leach, Head of Franchise Risk and Strategy
- Paul McKinnon, Head of Human Resources
- Eugene McQuade, CEO, CBNA
- Manuel Medina-Mora, Co-President; CEO, Global Consumer Banking; Chairman, Mexico
- William Mills, CEO, North America
- Jeffrey Walsh, Controller and Chief Accounting Officer
- Rohan Weerasinghe, General Counsel and Corporate Secretary

### Principal Officers of CBNA

- Ricardo Arroyo, CFO
- Edith Ginsberg, Head, Human Resources
- Eugene McQuade, CEO
- Loretta Moseman, Treasurer
- Kathryn Reimann, Chief Compliance Officer
- Michael Roberts, Chief Lending Officer
- Anita Romero, General Counsel
- Patrick Ryan, CRO
- Joseph Smialowski, Chief Technology Officer



## I. Resolution Planning Corporate Governance Structure and Processes

Corporate governance and management oversight are fundamental to Citi's resolution planning processes and are conducted through a network of Board of Director and senior management committees, legal entity and business line management structures and key functions. This network of committees, functions, legal entity, and business line management structures work together to support the development and implementation of Citi's resolution planning submission.

As noted in Part H, CBNA has its own governance and management structure with senior managers dedicated solely to it. In addition, CBNA has its own Board of Directors comprised of nine directors, eight of whom are independent directors (i.e. not members of management). This governance framework plays a significant role in reinforcing the safety and soundness of CBNA.

As shown in the chart below, Citi has established executive management oversight for the resolution planning process and created a formal senior management working group to manage and implement the planning and development process.

Recovery and Resolution Planning Committee			
Mandate	<ul style="list-style-type: none"> <li>Oversee the ongoing recovery and resolution planning process</li> <li>Oversee the protection of Citi's core business functions and operations in times of extreme stress</li> <li>Approve the annual Plans on behalf of Citi's management for presentation to the Board of Directors</li> </ul>		
Membership	<ul style="list-style-type: none"> <li>CEO</li> <li>CFO</li> <li>CRO</li> <li>Head of Franchise Risk and Strategy</li> <li>Treasurer</li> </ul>	<ul style="list-style-type: none"> <li>CAO, O&amp;T</li> <li>General Counsel</li> <li>CEO, Citi Holdings</li> <li>Head of Compliance</li> <li>Head of Regulatory Reform</li> </ul>	<ul style="list-style-type: none"> <li>CEO, CBNA</li> <li>Co-President, Citigroup; CEO, Global Consumer</li> <li>Co-President, Citigroup; CEO, Institutional Clients Group</li> <li>Vice Chairman</li> </ul>
Resolution Senior Advisors			
Mandate	<ul style="list-style-type: none"> <li>Approve resolution strategy and approach</li> <li>Oversee Plan development and execution</li> </ul>		
Membership	CFO, Head of Franchise Risk and Strategy, Chief Risk Officer, Head of Regulatory Reform, Vice Chairman		
Program Management Office and Senior Working Group			
Program Management	Office of Recovery and Resolution Planning		
Membership/ Working Teams	<ul style="list-style-type: none"> <li>SFS</li> <li>TTS</li> <li>Securities &amp; Banking</li> <li>NA RCB</li> <li>CBNA</li> <li>Banamex</li> </ul>	<ul style="list-style-type: none"> <li>EMEA</li> <li>Asia (HK, Singapore, Japan)</li> <li>Tech. Development</li> <li>Data Sourcing</li> <li>Data Governance/Integrity</li> <li>O&amp;T Strategy</li> </ul>	<ul style="list-style-type: none"> <li>Finance</li> <li>Risk</li> <li>Tax</li> <li>Treasury</li> <li>Compliance</li> <li>Legal</li> </ul>

The working group is comprised of senior executives, and includes the participation of such functions as Risk, Finance, Treasury, Legal, Compliance, the Regulatory Reform Steering Committee as well as CBNA; additionally the group is supported by an extended team of executives throughout the organization. This working group is overseen by the Resolution Senior Advisors whose mandate is to provide senior level guidance on Resolution Plan development and execution. These Senior Advisors provide regular updates to members of Citi's Recovery and Resolution Planning Committee (RRPC) which, given the

importance of resolution planning, includes the most senior levels of Citi management including the CEO, the CFO, the Head of Franchise Risk and Strategy, the CRO, the General Counsel, the Head of Regulatory Reform Implementation and the business heads of each of Citi's core business segments. The RRPC also has the responsibility of approving the Resolution Plan for submission to the Boards of Directors of Citigroup and CBNA for review and approval of submission to the Federal Reserve and the FDIC.

Finally, Citi continues to maintain its Office of Recovery and Resolution Planning that is responsible for coordinating the development, execution and ongoing evolution of Citi's Recovery Plan as well as its Resolution Plan.

As required by the Dodd-Frank Act, Citi's Resolution Plan has been approved for submission by the Boards of Directors of both Citigroup and CBNA.

## J. Description of Material Management Information Systems

Over the past three years, Citi has made significant investments to provide the organization with the business capabilities and information at the level of granularity required to support decision-making and reporting needs. This effort has consisted of the implementation of a standards-based data architecture, adoption of consistent data management practices across the enterprise and a focus on data quality in order to provide the information to support business processes. Citi believes that these investments have resulted in substantial improvements in its material management information systems, and is evidenced by strengthened planning, monitoring, reporting and analytical business capabilities. In addition to supporting management's day-to-day needs, Citi has utilized its improved data management capabilities to support the information needs associated with resolution planning.

Citi recognizes that the effectiveness of its material management information systems and quality of the firm's underlying data rests on well-defined organizational accountabilities, processes and standards, and has adopted an enterprise-wide data management policy that governs the manner in which systems are built and operated. A key component of this policy focuses on the need to adhere to data standards and targeted data quality objectives. Citi supports this policy through the use of a standard enterprise data quality measurement and management program.

### Material Management Information Systems

Citi's material management information systems have adopted an architecture that is built around the use of strategic data repositories, which serve as authoritative sources of information covering areas such as our customers, products, employees, and transactions. The following are examples of material information systems and capabilities that are based on this architecture.

#### Risk Management Critical MIS Platforms

- The Risk Measurement Analytics (RMA) system acts as the aggregator of wholesale credit data into a single reporting framework. RMA went into production in September 2009 and supports the production of Single Name Exposure Summary reporting.
- Citi has a strategic risk reporting portal that provides critical credit risk management capabilities such as access to facility, counterparty, financial and credit approvals, automation of end-to-end credit risk approvals and limit monitoring, and reporting.
- Citi has market risk monitoring and controls systems that include analytical tools required for the effective management of operational risk.
- Citi has an integrated system specializing in Commercial Banking, providing portfolio, risk MIS and early warning reporting capabilities.
- Citi has established strategic data repositories to meet Basel II and III calculation and reporting needs.

### Treasury – Liquidity Management Critical MIS Platforms

- Citi has a platform used across businesses worldwide to monitor balance sheet asset and liability figures for the business entity.
- Citi has an application for calculating the daily net funding requirements of various legal entities. Users can upload, view and attest the cash flow information; the dashboard functionality provides the ability to monitor the data uploads and a stress testing module allows the capture and consolidation of various stress scenario information.
- Citi has an application that provides detailed books and records for contractual products (such as swaps, caps, floors, forward rate agreements and swap options); it supports a variety of business as well as regulatory reporting requirements.

### Financial Planning & Analysis Critical MIS Platforms

- Citi has a single franchise database for internal management reporting and external disclosures. The system provides a common information language for business performance measurement and reviews, and unifies and simplifies the demands for information, whether by legal entity, geography, or business unit.
- Citi has a standard reporting engine that brings together financial information to support U.S. statutory as well as global management reporting across all lines of businesses.

### Resolution Information System

As part of its resolution planning preparation, Citi utilized and continued to enhance its systems capabilities to build a data and analytics tool that provides financial, operational and external relationship data across Citi's MLEs and CBLs. This tool leverages the standards-based data architecture and is intended to make Citi's Resolution Plan a living plan with monthly and quarterly updates as well as to provide a streamlined method to answer questions relating to resolution. This tool incorporates the use of strategic data repositories, e.g. consolidated contracts, positions and balances information, and gives Citi and its regulators the ability to access the information that would be needed in a crisis situation. In addition, the functionality is an important strategic and analytic tool that supports Citi's ongoing processes.

## K. High-Level Description of Resolution Strategy

Citi's Resolution Plan shows how key components of Citi's global banking network would be able to operate without disruption during the period following the hypothetical failure of Citigroup Parent, thereby minimizing disruption of customers' access to their funds and property and permitting the processing of customer and counterparty transactions to continue. In addition, as described in the Resolution Plan, large parts -- indeed, virtually all of Citi -- would have a variety of potential buyers including non-U.S. global banks, large international regional banks, certain large U.S. banks and non-bank financial institutions.

### Title I Resolution Strategy

As required by the Federal Reserve and the FDIC and in line with the applicable regulations, Citi has prepared this Resolution Plan under the assumption that Citigroup Parent reached a point of non-viability due to an unforeseen financial loss or liquidity crisis at Citi. The Resolution Plan presents the regulators with multiple options for resolving Citi without using the resolution tools that are only available to the U.S. regulators under Title II of the Dodd-Frank Act. Citi's Resolution Plan identifies a variety of actions that could be taken, each of which demonstrates that Citi is resolvable in a manner that mitigates potential systemic disruption in the U.S. or global financial markets and without the use of taxpayer funds. Each of these Title I resolution strategies is designed to:

- Protect CBNA in the event of failure of Citigroup Parent and other MLEs;
- Enable the resolution of CBNA by the FDIC without taxpayer support;
- Minimize disruption to Citi's clients and to the financial markets more broadly; and
- Preserve the value of Citi's CBLs to the greatest extent possible consistent with the foregoing objectives.

The two basic Title I strategies described in the plan are these:

- **Recapitalization of CBNA.** One strategy for resolution contemplates that before a failure of Citigroup Parent, CBNA would be supported and, if necessary, recapitalized, by Citigroup Parent, which Citi believes has sufficient resources to do so even under a severe stress scenario. After recapitalizing CBNA, Citigroup Parent would commence proceedings under Chapter 11 of the federal Bankruptcy Code. In this strategy, CBNA would continue to operate on a going concern basis without the need for formal resolution procedures. The preferred strategy for Citi's broker-dealers would be to sell them before the failure of Citigroup Parent, but, if that were not possible, the broker-dealers would be liquidated through a Securities Investor Protection Corporation (SIPC) liquidation or other applicable insolvency regime. Citi's core banking business would be separated from the failed Citigroup Parent and broker-dealer businesses and continued as a smaller but recapitalized and viable banking institution.
- **Wind-down or Sale.** The second potential strategy would be to wind-down or sell Citi's operations in an orderly manner that affords customers continuity of service while they migrate to other service providers. Under this strategy, Citi's businesses and assets are either sold or

wound down in an orderly fashion, leveraging Citi's capital resources to fully protect depositors and its liquidity resources to enable an orderly and deliberate wind-down of its activities. Citi personnel would be well equipped to assist regulators in the execution of such actions based on its experience in establishing Citi Holdings and reducing the size of the Citi Holdings portfolio over the past few years.

Under both strategies, senior management responsible for the failure, as well as the Board of Directors would presumably be replaced at the behest of regulators. Citi's Resolution Plan includes continuity of business plans, along with experienced managers, so that even in a resolution scenario, Citi could continue to serve its clients.

It is important to emphasize that the Title I resolution strategies are designed to address both the domestic and the international aspects of Citi's businesses and to ensure that key components of Citi's global banking network are able to operate during the period immediately following Citigroup Parent's failure. Citi's resolution strategies with respect to non-U.S. operations are based on existing laws and regulations in host countries, the obligation of host countries to protect local consumers and businesses, and the nature and extent of Citi's operations in each host country. The Resolution Plan shows that even in a severe stress scenario, the critical elements of Citi's international network can continue to operate. These strategies are also designed to minimize disruption of customers' access to their funds and property and to permit the ongoing processing of customer and counterparty transactions both in the U.S. and internationally.

Additionally, these strategies are designed so that losses would be borne by the shareholders of Citi and, to the extent necessary, subordinated and other unsecured creditors. Based upon Citi's capital strength and asset quality, the Resolution Plan shows that Citi can be resolved without taxpayer support in the unlikely event that ever becomes necessary.

As required by the applicable rules, Citi's Title I Resolution Plan describes the company's strategy for rapid and orderly resolution in bankruptcy during times of financial distress. It contains a strategic analysis of the Resolution Plan's components, a description of the range of specific actions Citi proposes to take in resolution, and a description of Citi's organizational structure, material entities, interconnections and interdependencies, and management information systems.

## **Title II Resolution Strategy**

In addition to describing alternatives available to the regulators under Chapter 11 of the federal Bankruptcy Code, as it is required to do under Section 165(d) of the Dodd-Frank Act, Citi's Resolution Plan also describes an alternative resolution approach under Title II of the Dodd-Frank Act, in light of the fact that the FDIC has announced that it is currently promoting a Title II approach that would accomplish the objectives identified above.

- Although it is not required under Section 165(d), in its Resolution Plan, Citi shows it is resolvable under a Title II recapitalization in a manner that preserves its business as a going concern, fully protects depositors and prevents systemic disruption.
- Citi believes there are multiple scenarios under which it could be resolved using a Title II resolution strategy without the use of taxpayer funds. The preferred Title II resolution strategy,

as recently described by U.S. regulators, is an approach that would involve resolution procedures being commenced solely with respect to the financial institution's holding company (in Citi's case, the Citigroup Parent). The institution's bank and broker-dealer subsidiaries would be recapitalized with assets of the holding company and would continue as ongoing entities owned by a bridge holding company created under Title II of the Dodd-Frank Act. Once the ongoing business operations of the bridge holding company's subsidiaries were stabilized, the bridge holding company could return to the private sector as a viable, well-capitalized financial institution under new senior management and ownership, without the use of taxpayer funds.

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