



Citizenship


is the positive impact Citi has on society and the environment through its core business activities, diversity efforts, volunteerism and Citi Foundation philanthropy.

Welcome

Welcome to Citi’s* Eighth Annual Citizenship report.

In this report, we provide an overview of the Citizenship activities we have undertaken in 2008 across our various business lines and global operations. We have organized the report to focus on the issues of highest priority to our stakeholders and of greatest significance to our ongoing business success.

We encourage you to visit our website for more information on the topics featured in this report. For those of you seeking a brief Citizenship summary, we invite you to download our Citizenship brochure. [www](#)

As always, we seek to improve both our Citizenship performance and our Citizenship reporting. We welcome your feedback, comments and questions. 

We are self-declaring a Global Reporting Initiative Sustainability Reporting Guidelines (GRI G3) Application Level of B for this report. The Guidelines provide a universally applicable framework for sustainability disclosure. More information on the GRI G3 is available at the GRI website. [www](#)

Report icons









This icon will open a weblink in your preferred browser. (Note: A dialogue box may appear when you click this icon. Click “allow” to open the website.)



This icon will take you to additional information in the report on the relevant topic. Use the navigation in the sidebar to return to the Table of Contents.

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* “Citi” as used in this report refers to Citigroup Inc., its subsidiaries and their affiliates.

A Message from Our CEO



Dear Readers,

In the eight years that Citi has published a Citizenship report, we have never before seen the scale of economic turmoil that has shaken the U.S. and global economies. Yet through these uncertain times, Citi's Citizenship leadership is more important than ever before.


Our work to address pressing societal issues—from supporting communities struggling to cope with waves of foreclosures, to offering financial education to allow individuals to better manage their money, to providing financing to microfinance institutions and identifying environmental business opportunities in partnership with our clients—is needed and valued. Our Citizenship programs make an immediate and significant difference in improving quality of life and establishing the foundation for long-term prosperity for

individuals, communities and society as a whole. We will continue to leverage our unique global reach and local presence to bring successful Citizenship initiatives to scale, adapting our knowledge and expertise to local conditions and cultures.

Diversity is very important to me and to Citi. The key to business success is having diversity of thought. Our success—and the success of our culture of meritocracy—depends on every one of us having the chance to succeed. Citi's diverse and talented employees

make this possible. Their exceptional efforts on behalf of our clients, communities and other stakeholders are apparent in the stories you will read in this report. They have overcome limited resources and a difficult operating environment to maintain an incredible level of service and programmatic achievement.

As we enter 2009 we will work diligently in order to restore confidence in financial markets and establish an even stronger footing for the future of our organization.

Our Citizenship efforts are a key part of our way forward, and I invite you to share your thoughts with us on our continuing journey (page 83). 

Vikram Pandit
Chief Executive Officer
Citigroup Inc.

The Economic Landscape

The past year brought with it unprecedented and extreme circumstances for the entire financial services industry. Along with our peers, we were forced to make many tough decisions on expenses, asset dispositions, equity infusions and overall strategic direction. Over the past year, we have pursued a determined strategy to get “fit” for the future through efforts designed to reduce our balance sheet exposures, enhance our risk management function, reduce costs and put the company on a path to growth.

Troubled Asset Relief Program (TARP)

In late 2008 the U.S. Treasury Department, the Federal Reserve Board and the Federal Deposit Insurance Corporation (FDIC) responded to the gravity of threats to the stability of the U.S. financial system. They created a \$700 billion TARP fund to inject capital into the banking system, increase credit liquidity and restore market confidence.

Citi received an initial \$25 billion investment in October 2008 and an additional \$20 billion in December 2008 through an agreement that strengthened Citi's capital ratios. The U.S. government also agreed to a loss-sharing agreement on

Citi's Board of Directors receives periodic reports on the uses of TARP capital.

approximately \$301 billion of assets. Citi paid for this agreement by issuing \$7.3 billion of preferred stock and warrants; details on the terms of these agreements are available online. [www](#) and [www](#)

Citi is committed to using TARP capital to support the objectives of the TARP program, including promoting the sustained growth and vitality of the U.S. economy. In February 2009 Citi released a progress report [www](#) describing the procedures it has established

to oversee deployment of TARP capital, as well as other efforts the company is making to help Americans remain in their homes, assist distressed borrowers and support U.S. businesses and communities. Citi will update the TARP Progress Report on a quarterly basis.

2008 Performance Highlights

Goals	2008 Performance Highlights
Community Relations <ul style="list-style-type: none"> • Help borrowers affected by the mortgage crisis • Manage relationships with communities and advocates globally 	<ul style="list-style-type: none"> • Helped approximately 440,000 homeowners since 2007 through loss mitigation and proactive loan modifications • Established the Citi Homeowners Assistance program • Citi Foundation provided more than \$3 million in Homeownership Counseling grants
Financial Education and Asset Preservation <ul style="list-style-type: none"> • Invest \$200 million over ten years in financial education • Share best practices and collaborate on leveraging resources and knowledge • Support programs to help low-income families build and preserve assets 	<ul style="list-style-type: none"> • Invested \$28 million toward \$200 million goal in 73 countries and territories • Held 15 U.S.-based financial education conferences • Reached 22,344,441 individuals through financial education and asset-building programs
Citi Microfinance <ul style="list-style-type: none"> • Support continued growth of the microfinance industry globally • Expand microfinance activities in the United States • Help advance the field of microfinance through research 	<ul style="list-style-type: none"> • Citi businesses served over 100 microfinance institutions, global networks and investors in 35 countries • Finalized \$30 million ACCION Texas transaction • Sponsored inaugural <i>Banana Skins</i> report on potential risks to the microfinance industry
Environment <ul style="list-style-type: none"> • Continue activities under \$50 billion climate initiative • Reduce absolute greenhouse gas (GHG) emissions by 10 percent by 2011 (2005 baseline) • Expand the number of LEED certified facilities and increase the number of LEED accredited staff • Build on sustainable IT and internal efficiency measures to save energy, water and materials 	<ul style="list-style-type: none"> • Committed \$3.9 billion to climate-related activities • Reduced year-on-year absolute GHG emissions for the first time • Achieved LEED Platinum and Gold certification for data centers in Frankfurt, Germany and Austin, Texas, respectively, and LEED-CI Gold certification for a data center in Singapore • Opened 37 branches under the LEED Volume Build branch program • 38 employees and managing agent staff achieved LEED accreditation • Eliminated six million square feet of office space through the Alternative Workplace Strategies program

CONTINUED ON THE NEXT PAGE

2008 Performance Highlights (continued)

Goals	2008 Performance Highlights
Environmental and Social Risk Management (ESRM) <ul style="list-style-type: none"> • Integrate Carbon Principles into ESRM Policy • Continue to provide Equator Principles leadership • Continue robust application of ESRM Policy and Equator Principles in project finance and other relevant transactions • Train more Citi employees on the ESRM Policy 	<ul style="list-style-type: none"> • Commenced Carbon Principles implementation in August 2008; reviewed four transactions • Engaged with Chinese financial institutions around Equator Principles integration • Provided ESRM review and advice on 380 transactions, including 39 subject to the Equator Principles • Provided ESRM training to 560 employees globally
Diversity <ul style="list-style-type: none"> • Advance programs to support goal of being the employer of choice, service provider of choice, business partner of choice and neighbor of choice 	<ul style="list-style-type: none"> • Launched the Women's Leadership Development Program; 57 participants attended two sessions • 13,400 employees globally participated in Citi's employee networks
Employees <ul style="list-style-type: none"> • Maintain positive work environment responsive to employee needs • Provide training and opportunities for employee development • Support volunteerism and employee engagement with local communities 	<ul style="list-style-type: none"> • Approved 3,589 applications for flexible work arrangements • Delivered 8.5 million hours of training to employees • Approximately 55,000 Citi employees participated in more than 1,000 volunteer activities during Global Community Day 2008 • The Citi Foundation provided \$3 million in employee matching gifts and volunteer program grants
Citi Foundation <ul style="list-style-type: none"> • Focus grantmaking on programs that foster economic empowerment • Support programs that can achieve scale • Achieve greater operational efficiency 	<ul style="list-style-type: none"> • Committed more than \$13.2 million to launch the Building Bridges to College and Career initiative in the United States • Reached 2,572,451 people through the Global Financial Education Program 2002 through 2008 • Developed six new operational goals to guide the future direction of the Citi Foundation • Reduced grant review, vetting and payment cycle times for all grants; in 2008 only 32 percent of grants took longer than 90 days compared to 53 percent in 2007

Citizenship at Citi



Message from Pamela Flaherty

Citizenship is a significant, strategic priority for Citi. In these times of economic distress, our Citizenship efforts—helping families hold onto their homes, helping microfinance institutions serve more clients, teaching financial fundamentals to young people, ensuring our operations are environmentally sustainable, promoting diversity and reaching out through philanthropy and volunteerism—continue to make a positive difference in the daily lives of individuals and families in the communities where we work.

In 2008 we responded to the singular and devastating consequences of the U.S. mortgage market decline by helping distressed homeowners via a portfolio of homeownership preservation programs. We have taken a leadership role in working with government agencies, task forces and our industry peers to explore additional means of providing foreclosure relief.

We also continued to focus on our core Citizenship priorities of microfinance, financial education and asset preservation, and the environment.


- Citi Microfinance and our Commercial Bank in the United States entered into a five-year contract with ACCION Texas to

provide capital for ACCION Texas to expand its microloan portfolio by purchasing up to \$30 million of ACCION Texas's microfinance loans. Our agreement will help build capacity for the provision of financial services to individuals and small businesses that are outside "conventional" economic boundaries.

- Our financial education and asset preservation programs and partnerships now reach millions of people in 73 countries and territories. We are on track to meet our ten-year, \$200 million commitment to financial education, with \$149 million committed to date. Additionally, we launched a new initiative designed to dramatically improve college success rates.

- Our environmental initiatives continue to develop and evolve—and make a positive difference. This past year, we fully integrated the risk assessment framework of the Carbon Principles into our Environmental and Social Risk Management (ESRM) approach. We also made good progress on our \$50 billion climate initiative and piloted sustainable IT initiatives to save energy and cut costs.

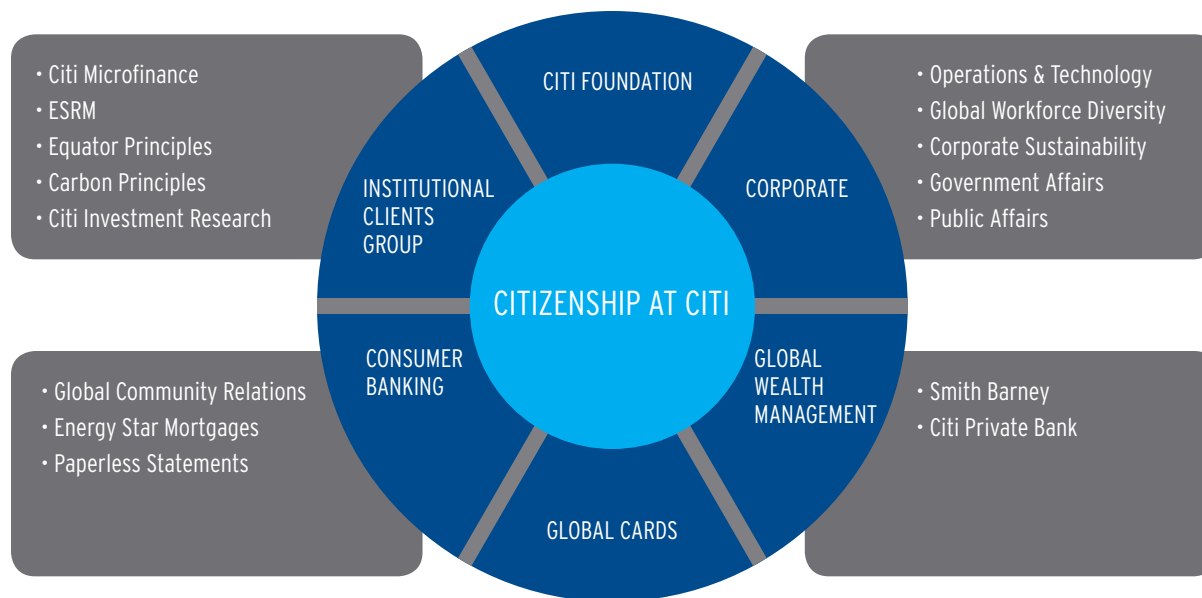
Citizenship is a complex undertaking, and its many shifting issues require that we listen carefully to our stakeholders to better understand their concerns. Through this ongoing dialogue, we can determine how best to orient our Citizenship programs. Of special note is our membership in Ceres,

an organization which this year provided us an opportunity to hear from a panel of diverse experts regarding our Citizenship performance and communications. You can read some of their comments and our responses on page 10. 

Pamela P. Flaherty

Director, Corporate Citizenship
President and Chief Executive Officer,
Citi Foundation

Citizenship is integral to Citi operations. The Public Affairs Committee of Citi's Board of Directors oversees Citi's overall Citizenship priorities and performance. Our businesses implement Citizenship policies and commitments through their day-to-day activities. Citi businesses are supported by Citi's Director of Corporate Citizenship and internal teams specializing in issues such as the environment, public policy, diversity, financial education, community relations and human rights.



Citi's Citizenship efforts were recognized for the seventh year in a row through the company's inclusion in the Dow Jones Sustainability Index and FTSE4Good.

Citizenship priorities and challenges

Our core Citizenship priorities—microfinance, financial education and asset preservation, and the environment—reflect areas where we hold specific expertise and have an opportunity to make a material difference. These priorities, along with a focus on diversity, support for our employees, a positive presence in our communities and a commitment to philanthropy through the Citi Foundation, are embedded across our global operations. While our priorities have remained constant, we adjust our activities to accommodate new stakeholder needs, learning from our successes and mistakes and changing economic conditions.

We faced extraordinary challenges in 2008. Every department has had to adjust the way it works to be more “fit,” efficient and effective. You'll see these and other issues addressed throughout the report. We believe that our strategic focus on Citizenship—supported by continued internal commitment and informed by external feedback—will strengthen confidence and trust among our stakeholders as we look to the future.

Our key stakeholders include investors and shareholders, employees, clients, peer institutions in the Equator Principles network, communities, regulators, vendors, suppliers and nongovernmental organizations (NGOs).

Stakeholder engagement

Through our engagement with individual stakeholders and stakeholder organizations, we are reaching out to millions of people each year. Whether these engagements are long-term partnerships or one-time interactions, we view each of them as an opportunity to learn about our stakeholders' views and concerns. The input we receive allows us not only to better position our Citizenship programs, but also at times to fundamentally change the ways in which we do

business. Although we may not always agree on a particular approach to resolving challenging issues, we always listen carefully, share information whenever possible and integrate stakeholder recommendations.

This year, as a member of Ceres,* we were fortunate to receive direct feedback on our 2007 Citizenship report. Ceres convened an independent group of individuals with expertise on environmental, social and governance issues who

represented a range of constituencies. This team reviewed the 2007 Citizenship report and considered whether Citi had reported adequately on its sustainability performance and key impacts. Through this review process, we received extensive feedback which we considered in developing the final version of this report.

* Ceres is a network of investors, environmentalists and other public interest groups that works with companies and investors to address sustainability challenges. www.ceres.org

"In 2008 Ceres worked with Citi to organize a multi-stakeholder dialogue around issues including climate change, the impact of the economic downturn on Citi's sustainability commitments, implementation of the Equator Principles and workforce issues. The ongoing, significant changes in the financial services sector make it more important than ever for Citi to keep communications channels open. While we don't expect Citi to have all the answers, it is our responsibility to ask tough questions and push the company to broaden and deepen its commitment to sustainability."

Andrea Moffat

Senior Director of Corporate Programs, Ceres

Veena Ramani

Manager, Corporate Accountability Program, Ceres

The table below elaborates on some of the specific comments made by the Ceres panel.

Ceres' feedback	Citi's response
Provide a clear statement of ongoing commitment to Citizenship	Citi remains strongly committed to Citizenship as a strategic priority. Read about our commitment in our CEO letter [link] and message from our Director of Corporate Citizenship. [link]
Discuss challenges transparently	We discuss the economic landscape in 2008 [link] and we address challenges specific to each area of performance in the relevant sections of this report.
Describe Citi's actions to help customers affected by the mortgage crisis	We are continuing our significant outreach to impacted and at-risk borrowers and communities affected by foreclosure. We are also working with regulators, peers and NGOs to develop and implement public policy solutions to the mortgage crisis. [link]
Provide more detail as to how Citi is integrating the Carbon Principles into its environmental and social risk management structure	We began implementation of the Carbon Principles in 2008, including integrating them into our ESRM Policy and credit review process, and reviewed four transactions in the period between August 2008 and the close of 2008. [link]
Discuss impacts to date of Citi's \$50 billion climate initiative	We are making good progress on our \$50 billion climate initiative. In 2008 numerous activities across our businesses were counted toward our ten-year goal. [link]
Provide clarification as to Citi's greenhouse gas (GHG) reduction goal	Our goal is to reduce GHG emissions by ten percent globally by 2011 from a 2005 baseline, measured in absolute terms. [link]
Provide information on Citi's plans to make infrastructure, sourcing and workforce practices more environmentally sustainable	Citi is integrating environmental considerations across its operations. For example, in 2008, Citi's Procurement group drafted a Statement of Supplier Principles, including sections on environment, human rights and ethics. The Statement is expected to be finalized in Spring 2009.

Governance and Ethics

Board of Directors

The Board of Directors' primary responsibility is to provide effective governance over the Company's affairs for the benefit of its stockholders and to balance the interests of its diverse constituencies around the world, including its customers, employees, suppliers and local communities.

- Citi's standard is that at least two-thirds of the members of Citi's Board of Directors should be independent directors
- 12 of 15 directors (80 percent) are independent*
- Two directors (13 percent) are female, 13 are male*
- Six directors (40 percent)—including the Chief Executive Officer—are Asian, Black or Hispanic*

There are four standing board committees, including Audit and Risk Management, Personnel and Compensation, Nomination and Governance and Public Affairs.

* As of December 31, 2008

Committee charters

A written charter for each committee outlines the mission, membership qualifications and duties for committee members. The Public Affairs Committee reviews and advises on

- the state of the Company's relationships with external constituencies, how those constituencies view the Company and the issues raised by them;

- the public policy and reputation issues facing Citi;
- political contributions made by the Company and charitable contributions made by the Company and the Citi Foundation;
- Community Reinvestment Act performance and compliance with fair lending practices;
- shareholder proposals, management responses and other shareholder activism issues;

- the Company's policies and practices regarding supplier diversity; and
- the Company's sustainability policies and programs, including environment and human rights.

All members of the Audit and Risk Management, Nomination and Governance and the Personnel and Compensation Committees are independent directors as defined by the New York Stock Exchange

corporate governance rules and Citi's Corporate Governance Guidelines, which are available online. [www](#)

For more information on Citi's Board of Directors Committee Charters, please visit our Corporate Governance webpage. [www](#)

In light of the company's performance in 2008, Citi's Chairman, its Chief Executive Officer and its Chief Financial Officer asked not to be paid bonuses for that year.

Changes in 2008

The Board of Directors disbanded the Executive Committee in August 2008. Previously, the Executive Committee held the authority to act on behalf of the Board of Directors when the full Board was not present. This responsibility has since been delegated to the Nomination and Governance Committee, which comprises entirely independent directors.

The Board also transferred the responsibility for CEO succession planning from the Personnel and Compensation Committee to the Nominating and Governance Committee and amended the charters of both committees to reflect this change.

Sir Win Bischoff stepped down as Chairman of Citi's Board of Directors in February 2009 and was succeeded by Richard Parsons (former Lead Director).

Executive compensation

Our approach to executive compensation is based on the principles outlined below:

- **Pay for performance.** We are committed to paying for high-performance people at all levels of the organization at competitive rates.
- **Meritocracy requires differentiation in pay.** Compensation will vary based on each person's performance, relative to the overall performance of the company.
- **The most senior leaders should be most affected.** We have instituted a policy under which we can recoup executive compensation that over time proves to be based on inaccurate financial or other information. We also have placed significant new limitations on the amount of severance compensation that can be awarded to executives.
- **Alignment.** Compensation should align the long-term interests of management with stockholders.

Citi Code of Conduct

Citi's Code of Conduct, updated in 2007, affirms, informs and reinforces the belief that maintaining ethical standards is critical to maintaining world-class business standards. The Citi Code of Conduct outlines the laws, rules, regulations and Citi policies that govern the activities of Citi and sets the standards of business behavior and ethics that apply across Citi.

The Citi Code of Conduct applies to every director, officer and employee of Citi and each of its subsidiaries. All employees, directors and officers are required to review and comply with the Citi Code of Conduct. In addition, other persons performing services for Citi may be subject to the Citi Code of Conduct by contract or agreement. A copy of the Citi Code of Conduct is available in 25 languages on our website. [www](#) Click on "About Citi," then "Corporate Governance" and then "Code of Conduct."

Code of Ethics for Financial Professionals

This Code of Ethics is intended to supplement the Citigroup Code of Conduct. It applies to the principal executive officer of Citi, all its subsidiaries and all professionals worldwide serving in finance, accounting, tax or investor relations—even though such a wide application is not required by law. [www](#)

Citi's global anti-money laundering program

Citi has joined with governments, international organizations and other financial services organizations to close off the financial channels used by money launderers and terrorist organizations. Citi has adopted an anti-money laundering policy (AML) that requires every Citi business to develop and implement effective programs to comply with applicable laws and protect Citi from being used as a conduit for money laundering. Citi's Global Head of AML and Sanctions Compliance and a team of more than 300 Compliance Officers around the world foster compliance and help to train employees in proper practices and controls. To learn more, please visit our webpage. [www](#)

Citi and human rights

Citi supports the protection and preservation of human rights around the world and is guided by fundamental principles of human rights, such as those set forth in the United Nations Universal Declaration of Human Rights and the International Labour

Organisation (ILO) Core Conventions. Citi's support for these principles is reflected in our policies and conduct regarding our employees, suppliers, clients and the countries where we do business. Citi's Statement on Human Rights, released in 2007, is available on our webpage. [www](#)

The Statement is cross-referenced in and supports our ESRM Policy, which states that ESRM-covered transactions in developing countries are expected to comply with the International Finance Corporation's Performance Standards on Social and Environmental Sustainability. These Performance Standards include policies on Indigenous Peoples; standards related to the involuntary resettlement of affected people; harmful child labor, forced labor and other labor standards;

and policies related to public consultation with affected communities.

To better understand different human rights issues and how they intersect with Citi, in January 2009 Citi hosted a stakeholder dialogue on human rights, attended by 11 external stakeholders and 19 Citi participants, including senior bankers and environmental staff. Participants discussed topics including Sudan, human rights safeguards in our ESRM Policy and the human rights challenges associated with operating our international franchises.

Public policymaking

Citi participates in public policy debate in the United States to further the strategic and Citizenship

Political contributions

Citi makes political contributions in accordance with applicable federal, state and local laws, and Citi's Political Contributions Policy, which can be viewed online. [www](#) To ensure compliance with these provisions, all political contributions are reviewed and approved by Citi's General Counsel's Office and by Citi Global Government Affairs.

A list of all political contributions made by Citi or its Political Action Committees is available on our Corporate Governance webpage. [www](#) This list is updated annually.

goals of the company. Among other activities in 2008, Citi

- worked with members of Congress and the Administration to develop policies aimed at preventing distressed borrowers from losing their homes;
- consulted with policymakers and other private student lending institutions regarding proposed legislative and regulatory changes that would have a dramatic impact on the private student lending market and, by extension, student access to credit; and
- organized a strategic campaign regarding credit card practices in order to dispel myths about the industry and further educate stakeholders on the importance of access to credit.

Contact Citi's Office of Homeownership Preservation**Toll-Free Phone:** 1-866-915-9417**E-mail:** mortgagehelp@citi.com**Website:** <http://www.mortgagehelp.citi.com>

Citi is working hard to keep distressed homeowners whose mortgages it owns or services in their homes and out of foreclosure.

Helping Homeowners

Citi established its Office of Homeownership Preservation (OHP) in 2007, in anticipation of the foreclosure crisis. OHP, a unique partnership between Citi Global Community Relations and our Loss Mitigation team, coordinates aggressive outreach to distressed borrowers, supports the training of homeownership professionals in localities around the United States and provides guidance to Citi businesses involved in the development of work-out solutions for distressed borrowers.

Citi uses a variety of home retention work-out strategies to help create an affordable and sustainable solution for the borrower. When it is not possible for the borrower to maintain their home, Citi works with the borrower to minimize further harm.

In 2008 OHP:

- Reached out to 88,000 borrowers
- Participated in 106 borrower outreach events in 72 cities
- Trained more than 600 counselors from 304 non-profit organizations
- Worked with 18,240 borrowers to find foreclosure solutions

Citi Homeowner Assistance Program

The Citi Homeowner Assistance program was announced in the fourth quarter of 2008. Through this industry-leading initiative, we are proactively reaching out to thousands of homeowners whose mortgages Citi holds and who might need help to remain current on their mortgages. Citi remains focused on delivering flexible solutions and is committed to keeping borrowers in their homes. Citi is concentrating particularly on borrowers in geographic regions that are likely to face extreme economic distress.

As part of this program, Citi does not initiate a foreclosure or complete a foreclosure sale on any eligible borrower for whom Citi owns the mortgage when the borrower is seeking to stay in the home that is his/her principal residence, is working in good faith with Citi and has sufficient income for affordable mortgage payments.

Stabilizing neighborhoods severely impacted by foreclosures

In 2008 the U.S. federal government announced the availability of \$3.9 billion in federal funding under the Housing and Economic Recovery Act of 2008. To help communities that are severely impacted by concentrations of foreclosed homes apply for aid, Citi's OHP and the Citi Foundation moved quickly to launch the \$1 million Citi Neighborhood Stabilization Planning Grants program. The \$50,000 to \$100,000 grants, awarded to non-profits affiliated with the Housing Partnership Network (HPN), support collaborative programs that engage local non-profit, public and for-profit organizations to redevelop foreclosed properties.

HPN-affiliated non-profits in the following 12 cities received funding in the fall of 2008:

Oakland, CA	Atlanta, GA
Chicago, IL	Boston, MA
Detroit, MI	Charlotte, NC
New York, NY	Rochester, NY
Cleveland, OH	Columbus, OH
Pittsburgh, PA	Houston, TX



Helping Homeowners

"This past summer, Housing Partnership Network non-profit members based in Chicago began to contemplate the enormity of the vacant building problem driven by the massive wave of foreclosures in Midwest communities. With the Citi Foundation's grant, we were able to quickly hire the staff and consultants necessary to begin a partnership with the City of Chicago to purchase and reposition vacant buildings in targeted neighborhoods. Because of Citi's early and fast help, we are much further along in implementing our strategy."

Cindy M. Holler

President, Mercy Housing Lakefront



The OHP 25-City Tour

Citi launched in 2007 and continued through 2008 a program of intensive outreach to borrowers at risk of foreclosure. In the “25-City Tour,” Citi co-hosted, with local, community-based housing counseling organizations, one workshop for counselors and another for borrowers in each of 25 U.S. cities. A total of more than 300 organizations and 700 homeowners

attended these sessions, and more than 580 counselors were trained.

In conjunction with the Tour, Citi offered a funding opportunity of \$50,000 in each city, to one non-profit with the most aggressive and innovative foreclosure prevention outreach, counseling and education program. This effort cumulatively provided \$1.25 million of investment to communities for homeownership preservation in

2008. We project that this program will ultimately lead to the placement of 25 additional counselors who will be able to help an estimated additional 4,500 clients each year.

Partnering with non-profit organizations

Citi leverages its resources by supporting and collaborating with the homeownership preservation efforts of many non-profit partners.

- Citi is a founding member of HOPE Now, a coalition of counselors, government, investors, lenders and servicers working to facilitate homeownership preservation solutions.
- Citi is a national sponsoring partner of the NeighborWorks Center for Foreclosure Solutions and the Ad Council Campaign with NeighborWorks America and the Housing Preservation Foundation (HPF).
- Citi and the Citi Foundation are founding sponsors of the NeighborWorks Center for Homeownership Education and Counseling (NCHEC). Our support enables NCHEC to train and certify foreclosure prevention counselors.
- Other partners include the Association of Community Organizations for Reform Now (ACORN), the Neighborhood Assistance Corporation of America (NACA), the National Community Reinvestment Coalition (NCRC), the Consumer Credit Counseling Service (CCCS) and the Consumer Counseling Resource Center (CCRC).

Citi Foundation grants help stabilize neighborhoods

The Citi Foundation provided more than \$3 million to numerous organizations in the United States over the past year and a half in support of pre- and post-purchase homeowner-ship counseling, including:

- **\$500,000** to Local Initiatives Support Corporation (LISC) at the national level to stabilize foreclosure-distressed neighborhoods
- **\$1,000,000** to Living Cities for neighborhood stabilization and innovative urban revitalization strategies

Public disclosure of mortgage results

Citi is the first financial services organization to have made its mortgage lending data publicly available. The quarterly Citi U.S. Mortgage Lending Data and Servicing Foreclosure Prevention Efforts Report provides information on our originations, delinquency trends, ARM resets, loss mitigation

efforts and foreclosures. In the fourth quarter of 2008 distressed borrowers serviced by Citi who received modifications, extensions, HSAs, reinstatements or repayment plans outnumbered those who were foreclosed on by more than six to one. www.citi.com/mortgage

Overall, Citi did not aggressively introduce non-traditional products

and more aggressive underwriting practices in its mortgage origination business, in contrast to general market trends. Citi has historically evaluated each of its portfolios in or near default status to identify those customers who might be eligible for timely and tailored solutions to refinance or modify their mortgages and stay in their homes.

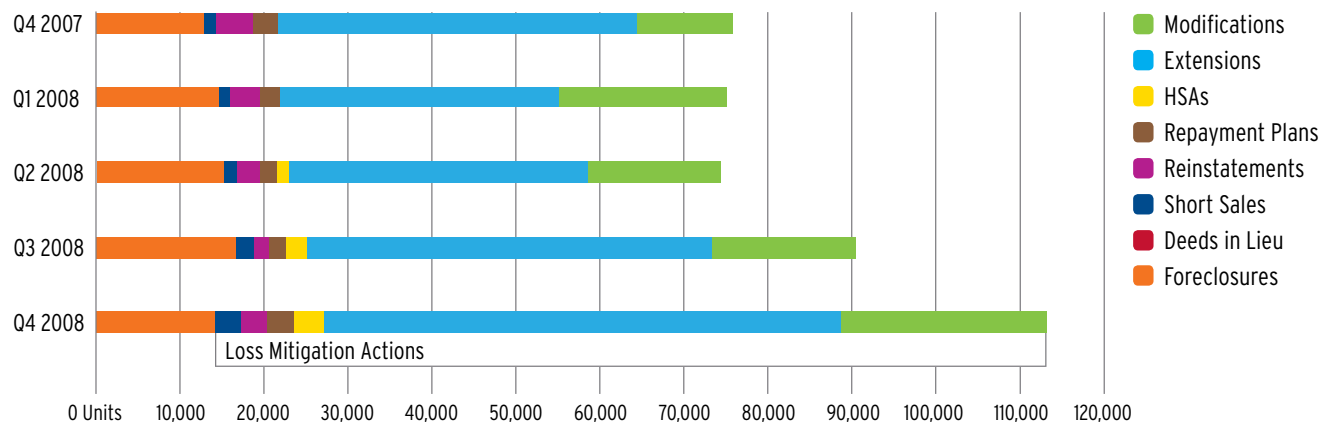
Helping Homeowners

"Citi continues to build on its longstanding efforts to develop new ways to help our customers remain in their homes. Since the beginning of 2007, these efforts have helped approximately 440,000 homeowners we service to avoid potential foreclosure on their homes, representing approximately \$43 billion in loans."

Sanjiv Das
CEO of CitiMortgage

Loss Mitigation Actions

Total Citi – All FICO (Credit Score) Bands



Note: Total Citi includes Citi Consumer Banking and CRLI. Citi Consumer Banking includes CMI, CTB, CBNA and CFNA (firsts and seconds). CRLI includes firsts and seconds.

Reaching Out to Our **Communities**

Message from Eric Eve

Citi's Community Relations division works across the franchise to leverage Citi's resources and in close coordination with the Citi Foundation to make communities better. Our work, which builds on Citi's 200-year history of service to our communities, is more critical than ever in light of difficult U.S. and global economic conditions.

Our commitment to communities remains strong despite the adverse economic climate. More than ever before, our communities look to Citi for support, guidance and leadership.

We are leveraging and strengthening existing relationships and expertise, and reinforcing the connections between our businesses and our communities.



Eric Eve

Senior Vice President
Global Community Relations

Our approach to serving low- to moderate-income individuals and communities

Citi and the Citi Foundation partner with national and local non-profit organizations to deliver specialized services, education and banking products, particularly for low- to moderate-income individuals and communities and those who are "unbanked" or "underbanked" to create positive change in our communities. We promote:

- the preservation and revitalization of neighborhoods, including extensive efforts to mitigate the risk of foreclosure
- financial education and asset building for individuals, families and entrepreneurs
- microfinance, microentrepreneurship and small business
- educational achievement and college access
- responsible environmental stewardship

Our Community Relations team brings tremendous experience, expertise and enthusiasm to bear on issues of importance to our communities, and we encourage and benefit from strong employee volunteerism.

Citi also invests in research to assess the needs of those who lack access to mainstream banking services, in order to refine our strategies to better serve these individuals. For example, Citi

supported the Underbanked Consumer Study by the Center for Financial Services Innovation, which was a first-of-its-kind, national and comprehensive evaluation of the underbanked segment of the U.S. population.

Community Relations Outreach	2008	2007
Partnerships in the United States	More than 60 national organizations and approximately 800 local affiliates	Approximately 70 national organizations and 1,200 local affiliates
Initiatives	More than 200	More than 350
Individuals positively affected	More than 200,000	More than 250,000

Listening to community concerns

Citi Global Community Relations regularly meets with local government officials, community advocates, non-profit organizations and other stakeholders to listen to their concerns and enhance our understanding of how well Citi’s business activities, outreach programs and innovative initiatives are serving communities. In 2008 Global Community Relations held Citi Dialogues in nine major markets across the United States. Attendees represented more than 100 local partners and 14 national partners.

A major focus of the discussion at the Citi Dialogues was how Citi and its partners could work together to develop solutions for individuals and communities affected by

foreclosures and related housing issues. Community advocates also highlighted the need for ongoing support for small business development, financial education, services for low- to moderate-income communities and investment in the “green” economy. They also raised concerns about the tightening of the credit markets, access to branches in lower-income communities and the loss of trust in major financial institutions.

We welcome these insights and guidance and will use this information to shape our programs. Ongoing engagement, through both formal dialogues and informal communication, will continue to be a hallmark of our efforts in coming years.

A Sample of Citi’s Non-profit Partners
ASPEN Institute/FIELD Project www
Association of Community Organizations for Reform Now (ACORN) www
Center for Financial Services Innovation (CFSI) www
Enterprise Community Partners www
Habitat for Humanity International (HFHI) www
Local Initiatives Support Corporation (LISC) www
National Coalition for Asian Pacific American Community Development (NCAPACD) www
National Community Reinvestment Coalition (NCRC) www
National Council of La Raza (NCLR) www
National Urban League (NUL) www
Neighborworks America (NWA) www
Social Compact www

IN 2008 WE CONTINUED OUR WORK IN CRITICAL AREAS OF COMMUNITY SUPPORT:

- Serving low- to moderate-income individuals and communities
- Supporting microenterprise and small businesses
- Integrating environmental considerations into our initiatives
- Building on our international outreach and engagement
- Building the capacity of our non-profit partners
- Serving as a reliable channel of key information about Citi and the economy

Saving for the American Dream

Citi and the Citi Foundation partner with the **United Way** of Greater Los Angeles (UWGLA) to offer the Saving for the American Dream asset-building program. UWGLA's local presence and knowledge helps overcome language and cultural barriers, allowing Citi to establish a strong and targeted community connection.

The **Saving for the American Dream** program promotes the Individual Development Account (IDA), a savings account for “working poor” families who are saving toward a particular asset goal (such as a home). The IDA provides matching funds from a variety of government and private sector sources. IDA account holders are also offered financial education training and resources.

As of December 30, 2008, **509 IDA accounts** and 77 related Ramp Up accounts were opened in the Greater Los Angeles area. Citi also offers the IDA program in other markets across the country. Nationally in 2008 Citi maintained more than 50 separate IDA programs, with approximately 4,000 IDA accounts, active in its branches—exceeding \$3 million in deposits.

Our commitment to affordable lending

In 2003 Citi committed to finance \$200 billion in affordable housing and community revitalization lending through 2010, with Citi Community Capital (CCC) funds. We surpassed our \$200 billion goal in 2005, with lending to date totaling approximately \$224.5 billion. In 2008 CCC provided \$2.8 billion in loans.

Complying with fair lending requirements

Citi strongly supports U.S. regulations that aim to eliminate discrimination and unethical practices in lending. We believe that these safeguards help to ensure fair access to credit for all eligible borrowers.

Commitment to Community Reinvestment

Citi, through its banking subsidiaries, has made a significant commitment to meeting both the letter and the spirit of the Community Reinvestment Act (CRA). The CRA was enacted in 1977 to ensure that banks help to meet the credit needs of their entire communities, including

“The lenders most prominently associated with subprime mortgage lending abuses and high rates of foreclosure are lenders not subject to CRA. A recent study of 2006 Home Mortgage Disclosure Act data showed that banks subject to CRA and their affiliates originated or purchased only six percent of the reported high-cost loans made to lower-income borrowers within their CRA assessment areas.”

John C. Dugan

U.S. Comptroller of the Currency

low- and moderate-income neighborhoods. Banks provide access to the financial services that permit individuals and families to build assets and that enable the kinds of sustainable, constructive changes—including stable homeownership and the development of small businesses—that revitalize communities.

Citi’s commitment to ensuring access to financial products and services for low- to moderate-income individuals, families and communities involves longstanding partnerships with key community groups and institutions. Our approach involves providing financial products and services as well as opportunities to use those products wisely. Our subject matter experts maintain knowledge of the communities we serve, which enhances our ability to tailor our products and services to the needs of those communities. Citi’s community development offerings are provided to families, small businesses, communities and the non-profit groups and other institutions that serve them.

Citi’s record of compliance with the CRA is assessed by government regulatory agencies, which rate our performance. Citi has received the highest possible rating—“outstanding”—for each of our five banks: Citibank, N.A.; Citibank (Banamex USA); Citicorp Trust Bank, fsb; Citibank (South Dakota, N.A.); and Department Stores National Bank.

Home Mortgage Disclosure Act (HMDA): This U.S. regulation protects borrowers against discrimination by requiring financial institutions to maintain a Loan Application Register, which is submitted for federal review on an annual basis. The Register contains data about the types of loans requested, location of the properties, census data about the borrowers and whether the loans were granted or denied. www.fdic.gov/bank/individual/abstract/hmda/

Supporting microenterprise and small businesses

Small and microbusinesses (small businesses with five or fewer employees) are a primary engine for job creation and economic growth in communities. Citi and the Citi Foundation reach out to entrepreneurs to provide technical support, skills training and tailored financial products and services.

For example, the Citi Foundation supports the Aspen Institute’s FIELD program, which identifies, develops and disseminates best practices for the microenterprise sector in the United States. Over the past year, seven microfinance organizations have participated in the Aspen Institute’s Scale Academy, which provides peer learning and technical assistance in strategic planning, credit scoring, customer retention, market research and marketing, product development and capitalization. The seven organizations made substantial progress: collectively, they reported 35 percent overall growth; 5,627 clients served and 1,542 loans initiated.

In 2008 Citi Commercial Bank worked with Citi Microfinance to establish a groundbreaking partnership with ACCION Texas 

Integrating environmental considerations into our initiatives

Citi Global Community Relations supports Citi's company-wide commitment to mitigate the environmental impact of our activities. We work to integrate sustainability considerations into our external programs and initiatives.

In 2008 the Citi Foundation continued its support for Enterprise Community Partners' Green Communities Program www.ewcnp.org with a \$500,000 grant to fund environmentally sustainable, affordable housing developments in the United States. These developments will provide hundreds of low- to moderate-income families with the opportunity to live in "green" residences. In addition to funding new housing developments, the Green Communities Program is focusing on retrofits of existing affordable housing so as to maximize potential energy savings and minimize water use and carbon emissions.

Our International Community Relations Objectives:

- **Develop, promote and leverage strategic initiatives** to support local economic development, asset building and financial education
- **Monitor and respond to local issues of concern**
- **Engage in proactive outreach** to build trust and strong local relationships

Building on our international outreach and engagement

As Citi continues to expand into new international markets, we strive to fully understand local and regional conditions that affect our communities. We partner with local organizations to provide relevant, accessible and effective products and services.

Belgium: Stakeholder engagement builds bridges

In March 2007 Citibank Belgium, one of the most prominent consumer lending institutions in the country, was the focus of Socialist Party campaigns related to poverty and consumer over-indebtedness. In response, Citi undertook an extensive engagement effort to better understand stakeholder concerns and to build partnerships in the community. Citi

successfully helped to address stakeholder issues such as access to consumer credit and concern over levels of consumer indebtedness. Citi also established a platform from which to disseminate financial education information, particularly to local youth. Citi and the Citi Foundation provided funding support to the following organizations, among others:

- **Groupe de Réflexion et d'Echange des praticiens de l'Aide Juridique (GREPA):** "The Teaching Toolbox" initiative to teach at-risk young adults how to develop good financial practices and avoid over-indebtedness

- **Vlaams Centrum voor Schuldbemiddeling (VCS):** “Youth Financial Education Comic Book” targeting 14- to 16-year-olds
- **Network for Training Entrepreneurship Belgium VZW (NFTE):** “Entrepreneurial Future Program,” including business plan competitions and entrepreneurship education for young people

In 2008, 14,209 bankers globally taught 540,764 students under the Teach Children to Save program; since its launch in 1997, 60,959 bankers have taught 2.8 million students.

South Africa: Teach Children to Save

In 2008 Citi brought the established Teach Children to Save program to South Africa and adapted the program materials to reflect specific cultural issues in this country. The program was a huge success: in partnership with the South African Savings Institute, the Banking Association South Africa and the American Bankers Association Education Foundation, Citi reached more than 40,000 students in grades 4 through 7 in 200 schools across the country. The highly impactful, one-day program was accomplished with the help of more than 400 financial representatives from various banking institutions, who volunteered to teach children basic budgeting and savings skills. Citi is already planning for next year's event, with opportunities for even more children to benefit from the program.

Providing more relevant and local information

Citi in Your Community [www](#) provides information about our community-focused work in the United States and internationally.

Building the capacity of our non-profit partners

One of the challenges facing non-profit community development organizations is how to most effectively reach low- to moderate-income individuals and families. In 2008 Citi undertook a unique initiative to provide best-in-class resources to selected partners to build their communication and technology capacity. The goals of the program included helping the organizations expand their digital infrastructure; increasing their ability to deliver information and tools to constituents; and building their capacity to attract additional funding, expand membership, raise visibility and demonstrate impact.

Three non-profit organizations participated in the pilot program:

- National Development Council [www](#)
- Social Compact [www](#)
- National Coalition for Asian Pacific American Community Development [www](#)

To date, measures of success include the development of improved websites; enhanced in-house capacity to manage technology and communications; and increased visibility, leadership and expertise in the community development field.

Measuring the outcomes of our community relations initiatives

Citi is a member of the London Benchmarking Group (LBG), www.lbg.org an organization established to better measure corporate community investment in order to improve program implementation and management. In 2008 Citi applied the LBG tracking model in four pilot markets in the United

States and 16 countries in Europe, the Middle East, Africa and Latin America.

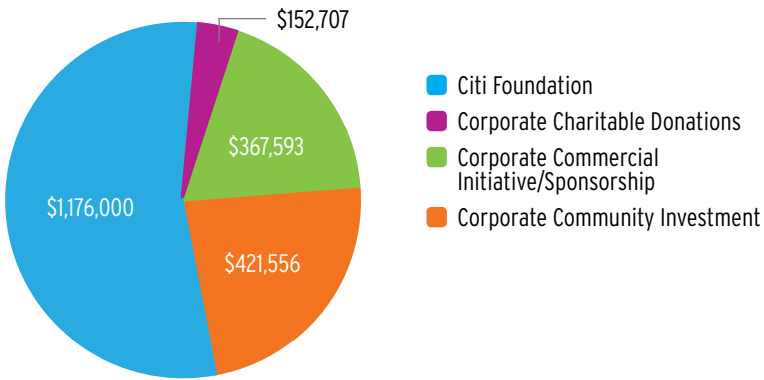
Our efforts were focused on building a comprehensive set of inputs for the model. In 2009 we are measuring the longer-term impacts of our international community initiatives.

LBG in the United States

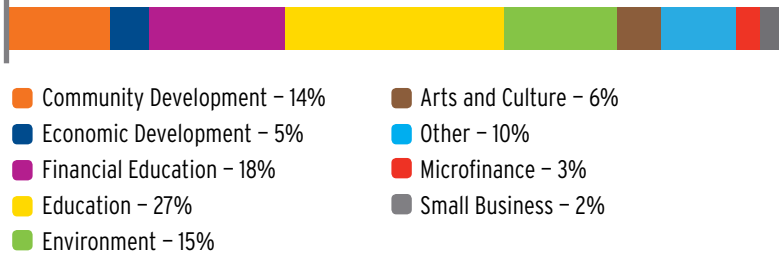
Sample programs

- Women entrepreneurs: training on obtaining new capital
- Small business owners: how to write business plans and launch and grow businesses
- Earned Income Tax Credit recipients: guidance on use of funds to open Individual Development Accounts
- Neighborhoods: Planning funds to promote development of affordable housing.

LBG in Brazil



Giving focus



Sample programs

- *Junior Achievement:* Banks in Action program provides financial education skills to students in ten states.
- *Citi Community Intern Program:* Develops community projects while building NGO capacity and providing students with internship opportunities.
- *Habitat for Humanity:* Financial literacy program teaches financial education skills to families that have loans from Habitat for Humanity.

Advancing Financial Education



The complexities of today's marketplace can make it difficult for individuals and families to effectively manage their finances. At the same time, the broad lack of financial competency among youth and adults has become a global concern. Citi's Financial Education and Asset Building program recognizes the importance of financial literacy and is well-positioned to meet the growing financial education needs of the communities we serve.

Citi's Office of Financial Education, with support from Citi business units and the Citi Foundation, works to meet these challenges. We have identified several critical factors in attaining economic success, including the ability of individuals to

- establish financial plans;
- manage money effectively;
- use credit wisely;

- understand how financial services can help them achieve their financial goals; and
- develop strategies for preserving their financial position during times of both economic prosperity and instability.

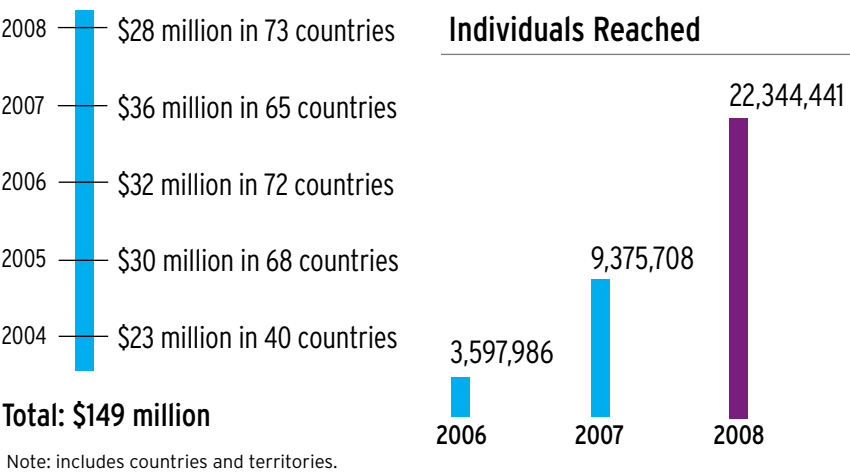
We realize that knowledge-building by itself is not enough. Through our programs, we encourage individuals to put knowledge about budgeting, savings, money management and

homeownership into practice in order to achieve long-term behavioral change and lasting results. We are testing innovations in delivering financial education to achieve greater reach and effectiveness. Citi is also taking a leadership role in hosting convenings around the world to promote dialogue and the sharing of financial education best practices, with the goal of helping individuals and families move up the financial ladder—and stay there.

For more information regarding the Office of Financial Education, our programs and resources, please visit our website. [www](http://www.citi.com/financial-education)

Our \$200 million commitment to financial education

Citi established a ten-year, \$200 million global commitment to financial education in 2004. Total funding to date provided by Citi and the Citi Foundation is approximately \$149 million.



Selected financial education programs

- **Australia:** “Hip Pocket” Financial Education Workshops Reached 2,726 Students ■
 - **China:** Beijing Hosted the Fifth Citi-FT Financial Education Summit ■
 - **Costa Rica:** Citi’s Women’s Council Started a Financial Education Project Targeting Women ■
 - **Israel:** Citi and Tel Aviv University Sponsored “A Different Economics” Program for Students ■
 - **Mexico:** Nobel Peace Prize Laureate Muhammad Yunus Addressed Banamex Financial Education Summit ■
 - **Morocco:** Citi Foundation Sponsored North Africa Regional Financial Education Training ■
 - **Poland:** Bank Handlowy Marked 100,000 Visitors to Its Financial Education Portal ■
 - **Singapore:** Citi and TSAO Foundation Launched a Financial Education Program for Low-Income Women over 40 ■
 - **United States:** Citi Sponsored “The Money Camp” in Los Angeles, California ■
- Funded by the Citi Foundation
■ Funded by Citi business units

“Financial education changes your life for the better. I was earning a living but I actually knew nothing about managing my own finances. Financial education helped me to learn about budgeting, savings, banking, credit and insurance.”

Scovia Mulindwa Nanziri

Trainer and Public Relations Officer at FINCA Uganda

The Global Financial Education Program

The Citi Foundation is the primary funder of the Global Financial Education Program (GFEP), [www](http://www.gfep.org) a long-term, strategic initiative, led by Microfinance Opportunities and Freedom from Hunger, which has provided financial education to low-income individuals across five topics:

- Budgeting: Use Money Wisely
- Debt Management: Handle With Care
- Savings: You Can Do It!
- Bank Services: Know Your Options
- Financial Negotiations: Communicate With Confidence

Through continued support from the Citi Foundation, GFEP plans to launch four new modules (risk

management and insurance, remittances, consumer protection and financial education for youth) in the near future.

GFEP impact around the world

The original five GFEP modules, first published in English in March 2006, are now available in Spanish, Russian, Portuguese, Arabic, Chinese and French. From the program's inception in 2002 through 2008, GFEP has received \$6.2 million in grant dollars from the Citi Foundation toward financial education projects around the world. More than 5,400 trainers have been trained in the core curriculum to date, providing financial education directly to 322,000 individuals. Through the use of alternative delivery channels, the program's total outreach surpassed 2.24 million people at the close of 2008.

Youth financial education

The Council for Economic Education: Financing Your Future Program

In 2005 the Citi Foundation funded the Council for Economic Education (CEE) to develop Financing Your Future—a personal finance DVD series for use at the high school level. The five videos and companion lesson plans cover topics such as investing in one's own human capital and learning how to create wealth through budgeting, saving and investing. **The program is a powerful tool for teachers** seeking to reverse the trend of low financial literacy rates among young adults.

Over the past two years, the Citi Foundation has funded CEE and its state affiliates to conduct 101 teacher training workshops in 21 states across the United States. More than 2,500 teachers were trained by the end of 2008 to implement the Financing Your Future program, **enabling them to reach more than 370,000 students.** In 2008 the Citi Foundation provided an additional \$125,000 grant to CEE to support teacher training workshops for 600 teachers in Baltimore, Chicago, Dallas, Los Angeles and New York, with the goal of reaching 90,000 more students.

Additionally, Citi's offices in Brazil, China, the Dominican Republic, Indonesia, France, Russia and Vietnam have funded local NGOs in their markets to continue the work they began by participating in local trainings through GFEP. This

trickle-down effect provides financial education to an ever-widening circle of underserved individuals throughout the world.

"The current global financial crisis highlights more than ever the critical role of financial literacy in wise decision-making, protecting wealth and achieving financial well-being, especially for disadvantaged and low-income groups."

Andrew Au
CEO, Citi China

Financial education convenings

Citi-FT Financial Education Summit 2008: "Reducing Financial Vulnerability: Innovation and Impact"

Citi's Asia Pacific Region, in partnership with the *Financial Times*, the Pearson Foundation, and the Citi Foundation, organized the Citi-FT Financial Education Summit in Beijing, China. [www](#)

The 2008 Summit convened more than 200 attendees from 25 countries and territories, making it China's largest-ever international financial education event. Participants agreed on the widespread need for more financial education, especially to help vulnerable groups during volatile economic times. The two-day program showcased innovations in financial education from around the world and discussed methodologies and challenges related to improved measurement and impact assessment in financial education.

Youth Financial Education meeting

In 2008 the Citi Foundation and the New America Foundation hosted a meeting in Washington, D.C. on financial education for youth in order to better understand its effectiveness and long-term impact. The meeting included financial education experts from the public, private, non-profit and academic sectors. The resulting whitepaper is available online.

[www](#)

State-based conferences

The Office of Financial Education partners with Citi businesses, the Citi Foundation and non-profit organizations to sponsor, coordinate and present at state and regional financial education conferences throughout the United States. In 2008 Citi supported 15 state-level financial education conferences with the goal of providing training, sharing best practices and discussing domestic financial education innovations.

"The Smart Women, Smart Money Conference has provided critical financial management information to over 13,000 women in the State of Idaho free of charge. The tools and techniques learned by these ladies have literally changed many of their lives for the better."

Ron Crane
Idaho State Treasurer



Consumer Lending

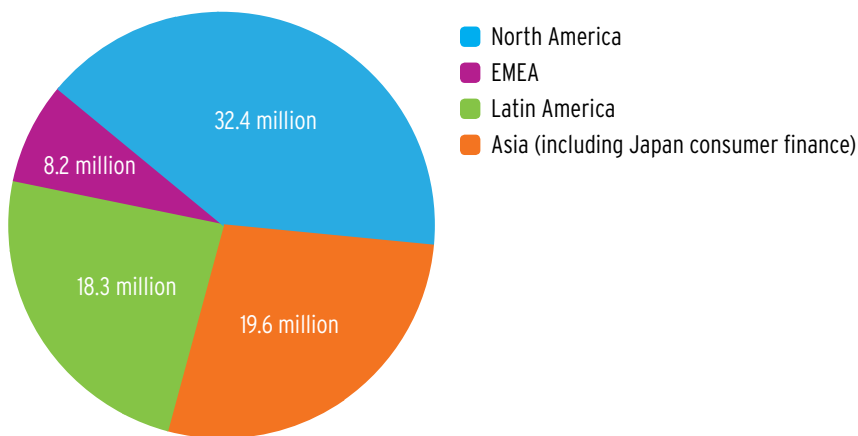
Citi, at its most basic level, is a bank. We collect deposits from individuals and businesses and invest them across more than 100 countries in emerging markets, credit cards, fixed income, equities and consumer loans. We aim to create stable and high-growth returns for our clients and shareholders.

We seek to be transparent and fair in setting the terms of our various financial products and services. We have created a suite of online resources to help clients learn the basics of credit, personal finance, savings and entrepreneurship. [www](#) Our customer service operations (accessible via phone, Internet or in person at local bank branches) assist clients with more specific questions and concerns.

We also establish special resources to aid customers under extraordinary economic pressures; one example is our Office of Homeownership Preservation. [www](#) Citi is also offering programs to offer manageable terms for debt repayment to Citi cardholders who are having financial difficulty. For example, our new forbearance programs provide payment incentives, matched payments and balance consolidation to eligible borrowers.

Citi Consumer Banking Customer Accounts

As of December 31, 2008



Total: 78.5 million

CITI OPENS LENDING COMPANIES IN RURAL CHINA

Citibank (China) Co., Ltd. received approval in 2008 from the China Banking Regulatory Commission Hubei Branch to establish two new lending companies—the first time an international bank has received permission to establish a lending company model in China. The lending companies are based in Gong'an and Chibi in Hubei Province in Central China, areas that are experiencing robust economic growth and agricultural development. The companies focus on offering loans to underserved segments of the local population and making credit more accessible.

Consumer Lending

Measuring customer satisfaction

Each of our consumer banking businesses tracks customer satisfaction through a variety of tools in an effort to identify and address problem areas and create better products. One example is our Latin America Customer Experience Management approach of

- creating a set of customer experience tools that yield both quantitative and qualitative data;
- understanding customers' needs, perceptions and experiences;
- communicating these priorities internally; and
- developing action plans to improve overall customer experience.

Expanding our **Microfinance Business**

Message from Bob Annibale

Citi Microfinance works with Citi's businesses and microfinance institutions—from NGOs and cooperatives to regulated banks and multinational microfinance institutions (MFIs)—that provide financial services to underserved and underbanked microentrepreneurs and enterprises.

Our strategy is to partner with and to build on the strength of these partner MFIs to jointly develop new products, reduce costs, manage risks, diversify funding and expand their outreach and scale. As such, we are developing products and services ranging from local currency financing, cash management solutions, treasury products and foreign exchange hedging to product distribution partnerships like microsavings, remittances and life insurance products that expand access to finance.

In Mexico, for example, Citi provides life insurance to more

than one million rural women through Banco Compartamos. In India, with BASIX, and in New York, with Grameen America, Citi is opening savings accounts for their unbanked clients. In the United States, Citi is cofinancing microentrepreneurs through a newly established partnership with ACCION Texas. And in 35 countries, local Citi branches serve MFIs directly, thereby strengthening and deepening our local presence.

Our diverse business experiences have demonstrated that Citi, in partnership with the microfinance sector, can contribute to increased



scale and product choice, and expand access to financial services for the millions of clients that MFIs serve. We look forward to continuing this work to help bring financial opportunity to people around the world.

Bob Annibale

Global Director, Citi Microfinance

Citi Microfinance works with a wide range of institutions to offer financial services to clients outside the reach of traditional financial institutions.

Over the past six years, Citi has contributed to the growth and evolution of business microfinance by helping partner institutions worldwide to develop infrastructure, diversify their product offerings and improve the level of service to microentrepreneurs and enterprises.



2002 — **MiBanco (Peru)**
PEN20 million structured bond

2004 — **Compartamos (Mexico)**
MXP500 million investment-grade bond

2005 — **Compartamos (Mexico)**
Launched life insurance partnership

2005 — **Banco Solidario and Banco Bolivariano (Ecuador)**
Established workers remittances partnership to link families in the United States and Ecuador

2006 — **Kashf Foundation (Pakistan)**
\$22 million local syndication

2007 — **Procredit (Romania)**
\$54 million local syndication, the first private sector syndication in Romania

2007 — **Procredit (Ecuador)**
\$20 million five-year structured loan

2007 — **BRAC (Bangladesh)**
\$180 million securitization of microloan receivables program

2007 — **SKS (India)**
\$44 million asset assignment program

2008 — **ACCION Texas (United States)**
\$30 million asset purchase program

2008 — **Grameen America (United States)**
Launched microsavings partnership

2008 — **BRAC (Bangladesh)**
\$22 million local currency facility with the International Finance Corporation (IFC)

Citi Microfinance is active in more than 35 countries and serves over 100 MFIs, global networks and investors worldwide.

Our mission

Working together with Citi's businesses, product groups and geographies, Citi Microfinance provides microfinance institutions (MFIs) and their clients with products and services spanning the financial spectrum.

Citi Microfinance supports the commercial development of MFIs through

- innovation, financing and product development with partners;
- local currency funding and transaction services;
- corporate finance and capital markets solutions;
- credit, savings, insurance and remittance products; and
- risk assessment framework for the industry.

In addition to our work in the field, Citi has endorsed an initiative of the Consultative Group to Assist the Poor (CGAP [www](#)), which is housed at the World Bank, to help establish "early-stage" best practice in microfinance for consumer protection. Citi Microfinance is represented at the board or steering committee level of a number of leading microfinance industry organizations, including CGAP, the Small Enterprise Education and Promotion Network (SEEP [www](#)), the Council of Microfinance Equity Funds [www](#), the Microfinance Information Exchange (MIX Market [www](#)) and the MicroFinance Network (MFN [www](#)).

Partnering with BRAC in Bangladesh

In 2008 Citi and the International Finance Corporation (IFC) provided BRAC, one of the world's largest MFIs, with a local currency facility designed to benefit its micro-lending operations in Bangladesh. The facility is available in local currency, Bangladesh Taka (BDT), and has a tenor of five years with an amortization structure. This innovative structure will benefit many potential loan recipients; namely the microcredit and small- and medium-size enterprise segments which BRAC serves.

Together, Citi and the IFC, a member of the World Bank Group, financed BRAC with \$22 million, which includes an \$18 million partial credit guarantee from the IFC. The partnership will enable Citibank in Bangladesh to extend additional long-term local currency funds to BRAC, as Citi has also provided financing to BRAC through the first AAA-rated local currency securitization of microfinance loans. Please visit BRAC's website for more information. [www](#)

"BRAC has worked with Citi on a number of financing innovations supporting its growth in Bangladesh, from bank syndications to securitization, and with BRAC Africa as we expand our outreach in underserved markets."

Fazle Hasan Abed
Chairperson, BRAC

"This transaction will lead to wider and more innovative access to finance for U.S. microfinance institutions. ACCION Texas has significant experience in supporting emerging microentrepreneurs, both through business development services and by providing these enterprises with often their only source of formal access to financing."

Janie Barrera

President and CEO of ACCION Texas

Investing in microfinance in the United States

In 2008 Citi entered into the U.S. microfinance market with a five-year contract to purchase up to \$30 million in microenterprise loans from ACCION Texas. The transaction gave ACCION Texas the funding and the capital relief needed to expand its client acquisition and lending services. This partnership will translate into more investment in small businesses, greater access to capital and increased economic empowerment for the underserved and underbanked.

ACCION Texas's mission is to provide loans to small business owners who cannot otherwise secure access to commercial credit. It has the largest microloan portfolio in the United States and it has provided over \$77 million through 9,500 loans to more than 6,000 clients. [www](#)

Understanding emerging microfinance risks

Citi Microfinance worked closely with the Centre for the Study of Financial Innovation (CSFI) on the *Microfinance Banana Skins* benchmark report to survey the risks facing the microfinance industry as of 2008. The report, which was co-sponsored by the Citi Foundation and CGAP, identifies "Banana Skins"—or potential risks to the microfinance industry—based on responses from survey results from industry practitioners, regulators, investors and others in 74 countries.

One of the report's key messages is that the microfinance sector, which is rapidly expanding and provides access to capital to millions of people, faces many of the same risks as other segments in the financial sector. The report serves as an excellent example of thought leadership and collaboration in support of the microfinance industry. A follow-up survey will be carried out in early 2009.

For more information, please view the report online. [www](#)

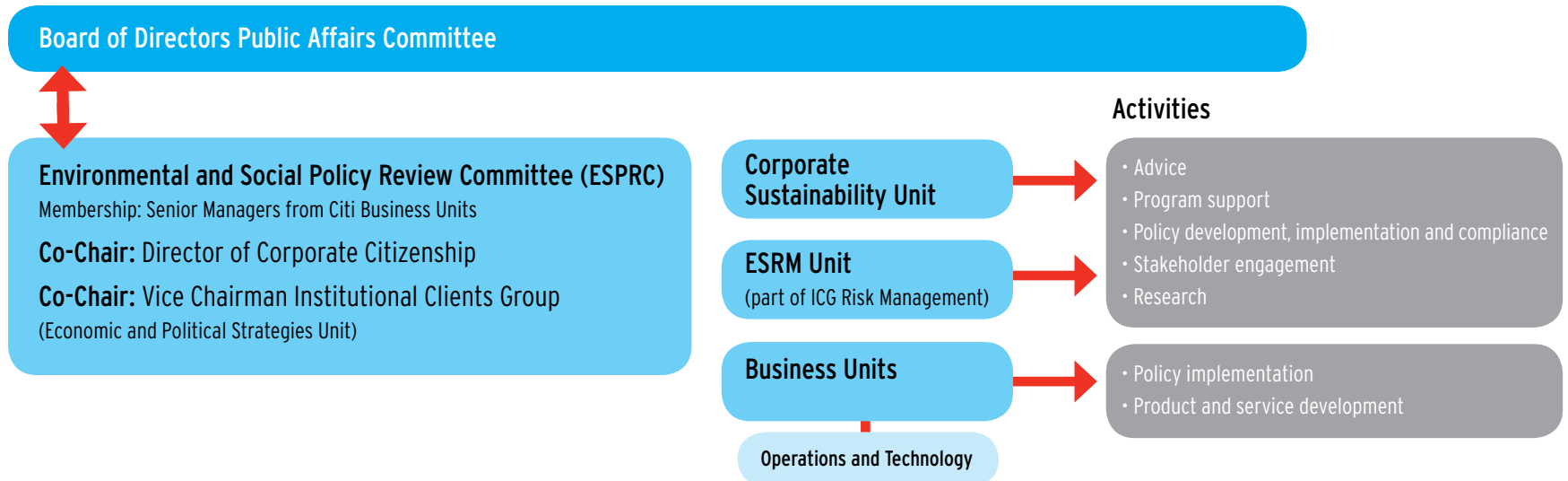
Managing Our Environmental Performance



Citi's rigorous ESRM Policy, our adherence to the Equator Principles and the Carbon Principles and our position statements on Climate Change and Human Rights serve as a solid foundation for screening transactions, advising our bankers and clients and promoting innovative and environmentally sound ways of doing business.

But that's only part of the story. Citi applies the same diligence to ensuring that its own environmental house is in order. Our ability to integrate environmental programs and policies into our organizational structure means that the environment is integral to the way we do business.

Environmental Management at Citi



Working through challenging issues

Stakeholders—including our clients and civil society partners—play an important role in helping to define Citi’s sustainability priorities and eventual policy positions.

Climate Change Stakeholder Dialogue

In February 2008 Citi convened a Climate Change Stakeholder Dialogue. The attendees included 15 external stakeholder participants and 12 Citi participants; Citi Vice Chairman Lew Kaden provided the introduction. The Dialogue predominantly focused on a discussion of the newly launched Carbon Principles (and their development process) and also featured a session on “Corporate Governance and Climate Change” led by Mindy Lubber, President of Ceres.

Sudan and Human Rights

Citi is prohibited under U.S. Department of Treasury Office of Foreign Asset Control (OFAC) regulations from doing business in Sudan, or from directly financing clients’ business operations in that country. A shareholder resolution offered at Citi’s 2008 Annual General Meeting (AGM), however, requested not that Citi disengage from clients operating in Sudan, but that Citi ask these clients to use their influence with the Sudanese government to help stop the conflict in Darfur. Throughout 2008 Citi engaged with multiple stakeholders about some of Citi’s clients’ investments in Sudan. Senior bankers who work with these clients were briefed on this issue and included in discussions. Citi also posted a Statement on Sudan and Human Rights on its website. [www](#)

The shareholder resolution ultimately received 7.8 percent of the vote. At the AGM, Amnesty International USA commended Citi on its willingness to participate in open and substantive dialogue.

Mountaintop Removal Mining

In response to a shareholder resolution that focused on climate change and also asked Citi to stop financing Mountaintop Removal (MTR) mining projects, we organized several activities, including a trip to West Virginia and a formal briefing in New York City to gather information and listen to the concerns of affected stakeholders.

The briefing, held in December 2008, was attended by Sir Win Bischoff (Citi’s Chairman at that time), senior bankers and Citi environmental staff. External attendees included representatives from the scientific, environmental and legal communities, locally affected people and, in a separate segment of the meeting, representatives from the mining industry. The discussion ranged over a broad set of issues, including, on one

side, the potential negative environmental, public health and social impacts of MTR (including water quality and property impacts), and, on the other, the positive economic contribution of MTR-related job creation, including committed reforestation and reclamation efforts, as well as existing environmental controls, engineering specifications and regulatory oversight. We will consider this and other ongoing engagement with community and industry stakeholders as we work toward developing an approach to this complex issue.

Managing Environmental and Social Risk

Citi's ESRM Policy was developed in 2003 to address environmental and social issues from both a credit risk perspective and a reputation and franchise risk perspective. It applies to all transactions globally with known use of proceeds that meet certain threshold limits.

The ESRM Policy helps guide Citi bankers by providing a general framework that incorporates the Equator Principles; the International Finance Corporation (IFC) Performance Standards; the IFC Environmental, Health and Safety (EHS) guidelines; and, as of August 2008, the Carbon Principles.

Citi and the Equator Principles

The Equator Principles are the benchmark for the financial industry to manage social and environmental issues in project financing. [www](#) As a founding member, Citi continued its leadership role in the Equator Principles Financial Institutions (EPFI) network in 2008. Citi's ESRM Director serves on the EPFI Steering Committee, and Citi representatives lead the client/industry outreach working group and co-lead the best practice group.

Transaction/Product Type	Required Threshold Amount
Transactions subject to the Equator Principles and Citi ESRM Policy	
Project Finance: Transactions and Project Finance Advisories	Project capital costs above \$10 million
Other Transactions subject to Citi ESRM Policy	
Project Finance: Existing Projects and Refinancings	Project capital costs above \$10 million
Corporate and Government Loans	Total facility amount above \$50 million
Official and Export Agency Loans	Total facility amount above \$50 million
Acquisition Finance	Total facility amount above \$50 million
Debt Securities Placements or Underwritings (Bonds)	Underwriter or arranger of debt securities placements or underwritings in excess of \$50 million
Equity Investment or Equity Underwriting Transactions	Citi equity investment in excess of \$5 million; Underwriter, arranger or placement agent for the selling of equity securities in excess of \$50 million
LCs, Bid Bonds and Performance Bonds	Relevant instruments in excess of \$50 million




The ESRM Unit supports Citi's business units by

- advising on and reviewing transactions covered by the ESRM Policy, the Equator Principles and the Carbon Principles, as well as monitoring these transactions over time;
- providing training on the ESRM Policy to relevant Citi employees;
- acting as the primary point of contact between stakeholder groups and Citi for issues related to the Equator Principles;

- working with other Equator Principles Financial Institutions to develop Equator Principles best practices; and
- revising the ESRM Policy as necessary.

In addition to the ESRM core management and team members in New York, Citi has regional ESRM Champions and ESRM Approvers. Both Champions and Approvers are high-level senior credit officers located in different countries around the world with various ESRM review, approval and advisory roles.

Project finance review process

Client Actions	Project Review Stage	Business/Transactor Actions	Independent Risk Review and Approval
<ul style="list-style-type: none"> Client seeks competitive financing terms from bank market Prepares or finalizes EIA documentation 	Business Opportunity Identified	Business opportunity identified for internal review and discussion	
 <p>Receives and reviews marketing letter from Citi</p>	Greenlight Memo and Marketing Stage	<ul style="list-style-type: none"> Approvals required from appropriate senior business heads, control units ESRM Category proposed along with potential ESRM Policy or Equator requirements Following greenlight approval, submits Citi proposal/marketing letter to client 	<ul style="list-style-type: none"> Approvals required from appropriate Independent Risk heads Independent Risk representative assigned to deal team ESRM team notified and consulted For Category A transaction, ESRM Approver approval required in consultation with ESRM team
<ul style="list-style-type: none"> Reviews and seeks clarification on Citi proposals, including Equator Principles requirements Accepts, modifies or rejects Citi proposal If proposal accepted, Citi Mandated 	Discussion of Citi Proposal with Client	<ul style="list-style-type: none"> Includes discussion of Equator Principles, if relevant Prior to mandate, preliminary credit approval or re-approval of greenlight which includes, again, discussion of ESRM Category and requirements 	
<ul style="list-style-type: none"> Client provides to Citi Equator Principles documentation, prepared by or on behalf of client (e.g., EIA, Action Plan, consultation information) 	Detailed Due Diligence Process, Including Term Sheet Negotiations	<ul style="list-style-type: none"> Transactor and Independent Risk review EA documentation For Category A transactions, appointment of Independent Environmental Consultant to review EA documentation to confirm compliance with Equator Principles ESRM team provides review and advice 	
<ul style="list-style-type: none"> Client accepts commitment 	Credit Approval and Commitment	<ul style="list-style-type: none"> Confirms project satisfies applicable internal credit analysis standards, including ESRM Policy and Equator Principles requirements or, in rare instances, appropriate waivers obtained if deviation is justified For Category A transactions, ESRM Approver approval required in consultation with ESRM team 	
 <ul style="list-style-type: none"> Final facility terms agreed Signs loan documentation Receives first disbursement 	Closing and Disbursement	<ul style="list-style-type: none"> Conditions precedent met, including ESRM and Equator Principles conditions, if any Citi signs loan documentation Business “hand-off” of project to Independent Risk/Portfolio Management 	<ul style="list-style-type: none"> Credit Approval revised, if appropriate Portfolio Management assumes control and oversight of project
 <ul style="list-style-type: none"> Based on previously agreed terms, client plans for and submits Equator Principles and other monitoring and reporting to Citi and/or Syndicate regarding compliance with environmental and social conditions (e.g., Environmental Management Plan) 	Ongoing Monitoring and Supervision		<ul style="list-style-type: none"> Receives and reviews ongoing monitoring and compliance reports from client and/or Independent Expert Works with the client and/or Independent Expert to identify and correct areas of noncompliance, if any If significant area of noncompliance is evident, ESRM Approver notified and action plan devised to bring client back into compliance

Note: The above provides an illustrative summary of usual steps taken for a typical Citi project finance transaction. All transactions are not identical, and the review, approval and monitoring steps described above may be tailored, supplemented or reduced based on the facts and circumstances of a particular transaction.

 Designates ESRM review and control point.

Transactions Receiving ESRM Review*

	2008		2007		2006	
By Financial Product Type	Total (Category A, B, C & N/A)	Category A	Total (Category A, B, C & N/A)	Category A	Total (Category A, B, C & N/A)	Category A
Project Finance (subject to the Equator Principles)	39	13	64	17	86	20
Project Finance Advisories (subject to the Equator Principles)	23	15	14	9	39	17
Corporate and Government Loans	157	9	217	30	208	26
Debt and Equity Underwriting	39	10	45	17	29	6
Forestry Annual Review	19	0	13	0	15	
Other (e.g., Acquisition Finance, Letters of Credit, Refinancings)	103	8	147	12	61	1
Total	380	55	500	85	438	70

	2008		2007		2006	
By Region	Total	A	Total	A	Total	A
United States and Canada	76	9	66	5	59	4
Latin America and the Caribbean	89	16	129	18	116	17
Europe, the Middle East and Africa	124	18	160	24	163	23
Asia and the Pacific	91	12	145	38	100	26
Total	380	55	500	85	438	70

*Note: The decrease in the number of transactions reviewed by ESRM in 2008 was a result of an overall decrease in transactions due to global economic conditions, not as a result of any change to ESRM Policy implementation.

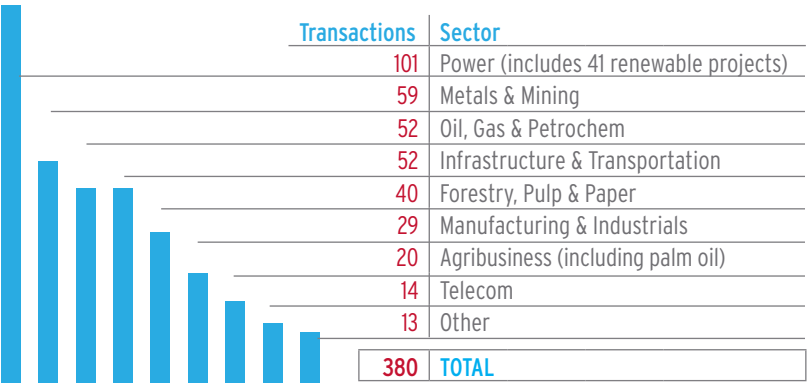
Citi tracks all transactions reviewed by the ESRM Unit, along with the ongoing advice that is provided, in a master database. Transactions are added into the database at the marketing stage, regardless of whether Citi proceeds with the transaction.

Transactions are classified into three categories as defined under the ESRM Policy:

- **Category A:** Use of proceeds is expected to have significant adverse social and/or environmental impacts that are diverse, irreversible or unprecedented.
- **Category B:** Use of proceeds is expected to have limited adverse social and/or environmental impacts that are few in number, generally site-specific, largely reversible and readily addressed through mitigation measures.
- **Category C:** Use of proceeds is expected to have minimal or no adverse impacts.

When an ESRM-covered transaction is deemed Category A, an ESRM Approver (designated senior credit officer) must review and approve the transaction, in consultation with the ESRM team.

2008 Transactions Receiving ESRM Review by Sector



Ensuring compliance

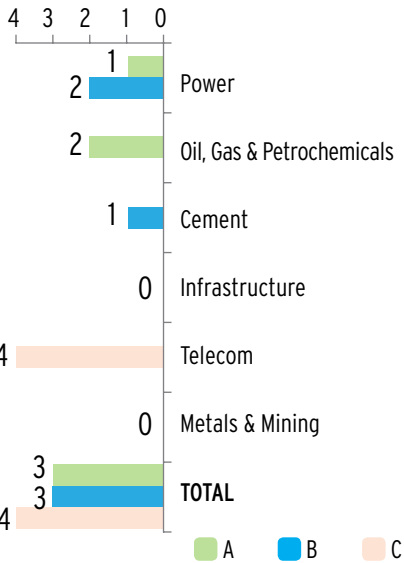
Citi's independent Audit Risk and Review (ARR) group conducts periodic compliance audits to ensure that Citi business units are appropriately applying relevant Institutional Clients Group Policies in transactions. ARR reviews whether affected business units have complied with internal ESRM Policy requirements under covered

product credit programs, in consultation with the ESRM Unit when necessary. The Equator Principles also require independent review for all Category A projects prior to financial close. Additionally, independent monitoring reports may be required monthly, quarterly or annually, as appropriate, during construction and operation of the project.

Project Finance: Equator Principles Implementation Reporting

In 2008 ESRM reviewed and gave Equator Principles advice on 39 project finance transactions at the marketing stage. Ten project finance transactions subject to the Equator Principles reached the funding stage in 2008. Project finance deals can take years to reach financial close, and may not reach the funding stage for a number of reasons not related to ESRM review, including financial or credit challenges, lost bids and decisions by project sponsors to use a different financing structure. Citi was also awarded seven project finance advisories in 2008.

2008 Funded Project Finance Transactions by Sector and Category



2008 Transactions Receiving Equator Principles Review

Project Finance Transactions			
Category	Reviewed	Funded	Project Costs (bns)
A	13	3	\$155.5
B	23	3	\$18.7
C	3	4	\$9.5
Total	39	10	\$183.7

Project Finance Advisories		
Category	Reviewed	Mandated
A	15	3
B	7	3
C	1	1
Total	23	7

Sharing Citi's Environmental Best Practices with Chinese Financial Institution Peers and Regulators

Citi is engaging with participants in China's financial services sector on how to integrate environmental risk into their credit policies. For example, **China's Green Credit Policy aims to improve compliance with environmental regulations** by restricting access to commercial credit for Chinese companies that bypass environmental assessments or fail pollution checks.

In June 2008 Citi welcomed a high-level delegation of Chinese institutions to New York City to discuss the Equator Principles and learn more about Citi's ESRM Policy. Hosted and accompanied by IFC, participating institutions included China's Ministry of Environmental Protection, China's Banking Regulatory Commission (CBRC) and a number of leading Chinese private financial institutions.

Additionally, in September 2008 the **CBRC hosted a large-scale conference on environmental risk for the Chinese financial sector.** More than 250 participants attended, representing 68 Chinese financial institutions from across the country. Citi's ESRM Director was invited to discuss Citi's leadership role in creating and implementing the Equator Principles. He also described how Citi had integrated environmental and social issues into its business practices and risk management functions and provided practical advice on how to establish an ESRM-like function within a financial institution.

2008 carbon emissions from project financings in the power sector

Citi reports annually on the aggregate carbon dioxide emissions from thermal power plants that it finances through its project finance business. Our annual assessment is global and includes emissions data on our project financing of new capacity only, including expansions of existing plants, but not refinancings or deals that have not yet closed. Project-specific emissions are calculated for both a 30- and 60-year plant lifetime and are derived from the plant's capacity

and heat rate, the carbon content of the fuel (a publicly available figure) and projected capacity utilization.

In the past two years, our project finance unit financed two thermal power projects: two in 2007 and zero in 2008. While there were three project finance transactions in the power sector in 2008, they were for a wind farm, a hydroelectric dam and a transmission line.

Citi's Share of CO₂ Emissions Equivalent to:

Reporting Year	Citi's Share of Total Project Costs (Debt + Equity)
2008	0 mmtCO ₂
2007	39.7 - 79.5 mmt CO ₂

Carbon emissions are reported as a range: the lower number for a 30-year plant life, the higher number for a 60-year plant life.

ESRM Case Studies

Applying Citi's Sustainable Forestry Policy

Whereas the ESRM Policy applies to the Institutional Clients Group and is triggered only when project capital costs exceed certain thresholds, Citi's Sustainable Forestry Policy covers forestry deals of all sizes and has also been adapted for use by Citi's Global Wealth Management unit.

In 2008 a Citi Private Banker in Southeast Asia notified the ESRM department that a client, who owned a palm oil plantation and forestry concessions, was requesting a personal loan to finance operations of those assets. The ESRM department

- required the banker to conduct a Forest Product Obligor review on the client's forestry concessions;

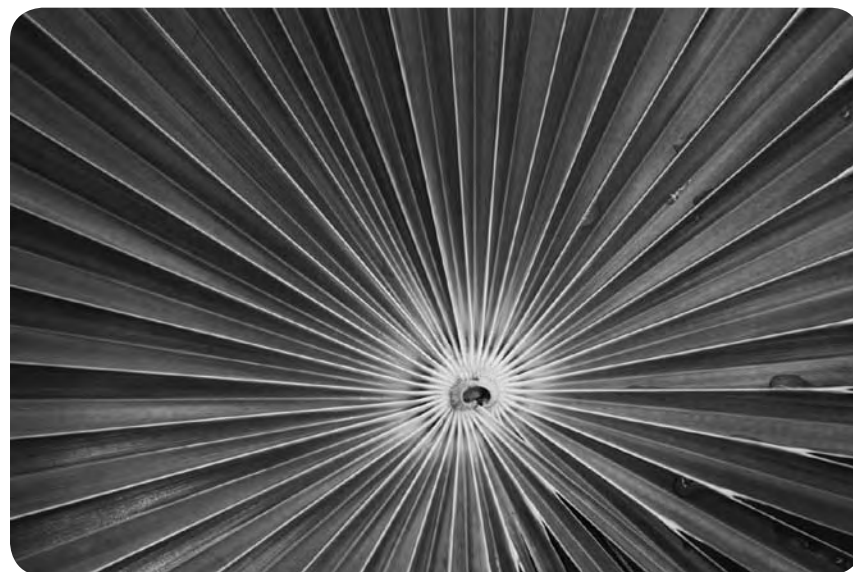
- required the client to commit to obtain certification for their forestry assets over a three- to five-year time horizon;
- developed a questionnaire which the banker used to conduct a site visit on the palm oil plantation to identify and analyze the company's management practices; and
- required that the client commit to joining the Roundtable on Sustainable Palm Oil (RSPO) within the next three years as a condition of receiving the loan.

The client complied with all requests and made an official representation to adhere to the RSPO's Principles and Criteria when developing plantations in the future.

Preserving critical habitats in Africa

In 2008 a Citi business unit working on a proposed dam transaction in Africa approached the ESRM team for advice on whether such a project would be feasible under Citi's ESRM Policy. Our analysis revealed that the proposed dam would have flooded thousands of hectares of tropical hardwood forest and considerably degraded or destroyed adjacent critical habitat. The Equator

Principles and IFC Performance Standard 6 ban significant conversion or degradation of a critical habitat. The ESRM team determined through significant research and discussions with various experts that the project would be unlikely to meet the Equator Principles and Citi's ESRM Policy standards. The Citi deal team did not proceed with their proposal based on the ESRM team's advice.



Training

Citi provides training to employees to help them understand and implement the ESRM Policy and other policies and guidance, meet operational objectives and provide clients with environmental products and services. For example, Citi's New York Commercial Bank conducts trainings and offers seminars for employees and clients to help them take advantage of energy efficiency finance programs offered by the New York State Energy and Research Development Authority (NYSERDA). Also, Citi Realty Services organized training sessions and seminars on applying the principles of the U.S. Green Building Council's Leadership in Energy and Environmental Design (LEED) program.

ESRM training

More than 3,600 Citi employees have been trained on environmental and social risk issues since the ESRM Policy was released in 2003. Approximately 560 employees received training in 2008, including 347 employees who utilized Citi's ESRM web module. The in-person training sessions, which combine lecture, video, case studies and interactive group exercises, were enhanced in 2008 by focusing on the sector-specific issues that address the particular needs of the trainees.

ESRM Training in 2008

ESRM Web Module	347
In-person training	213
India	26
China	19
Israel	22
Brazil	48
New York	98
Total	560

In-person trainings include ESRM Policy training for Bankers, Risk Managers and Citi Alternative Investments; ESRM Awareness training for Communications, Public Affairs and Global Wealth Management; and Carbon Principles training for Bankers, Risk Managers and Legal.



Carbon Principles

In 2008 Citi adopted the Carbon Principles, conducted banker training, implemented procedures to screen transactions and applied the Principles to several corporate finance deals. This is Citi's first year of Carbon Principles implementation and reporting.

The Carbon Principles provide a framework for banks and their power clients to evaluate and address carbon risks in the financing of applicable coal-fired power projects in the United States. Citi led the development of the Principles, along with a number of other financial institutions, with input from environmental groups and U.S. power companies.

The rapidly evolving policy environment in the United States informed the geographic scope of the Principles and interest in interim guidance in advance of anticipated U.S. regulation. The Carbon Principles banks account for a considerable majority of lending and debt underwriting to the sector in the United States. Please visit the Carbon Principles website for more information. [www](http://www.carbonprinciples.org)

Over the course of 2008, Citi formally integrated the Carbon Principles framework into its existing ESRM approach (including Citi's credit policy and procedure), and commenced implementation in August 2008.

To prepare for the implementation phase, Citi formed an internal working group comprising representatives from ESRM, Corporate Sustainability, legal and affected business units, to develop a comprehensive training program on the Carbon Principles, including curriculum and guidance materials. Three separate training sessions

were conducted in mid-2008 with approximately 40 Citi employees, including all relevant bankers, risk managers and legal associates in the affected sector.

A positive indication that the training and systems that have been put in place are effective is the fact that Citi bankers have accurately identified all applicable Carbon Principles transactions to date, both at the project finance and corporate finance level. In all of these cases our clients were forthcoming with information and requested data, and engaged

in conference calls to respond to questions regarding carbon risks.

Citi will maintain an ongoing dialogue with clients, NGOs and other Carbon Principles banks to collect and assess new data and information on carbon risks to continually apply and evolve our own Carbon Principles diligence process and learning. We will continue to train our employees and encourage other banks active in this sector to formally adopt the framework.



Carbon Principles

Adopters of the Carbon Principles commit to:

- Encourage clients to consider cost-effective energy efficiency, renewable energy and other low-carbon alternatives to conventional generation
- Evaluate the financial and operational risk to fossil fuel generation financings posed by the prospect of U.S. domestic CO₂ emissions controls
- Educate clients, regulators and other industry participants regarding the additional diligence required for fossil fuel generation financings

Case analysis: Citi's implementation of the Carbon Principles

All transactions at Citi in 2008 that were subject to the Carbon Principles were corporate bond issuances. These bonds were issued at the parent company level and provide funds for general purposes (not targeted to a particular project or need). While these funds were not targeted to a specific purpose, the issuing companies had applicable power plants under construction or about to begin construction. Therefore, the Carbon Principles were applied.

Because corporate bonds are backed by the cash flows and assets of the issuing companies, which are already rated by the major rating agencies and well known to investors, the bonds are typically readied for issuance within three to five days. The Carbon Principles framework was structured to include these fast turnaround, corporate-level transactions, providing lenders with the flexibility to conduct due diligence “with respect to the timing of the transaction.” In addition, the Principles allow the degree of diligence on an

applicable power plant to reflect the importance of that plant to the overall cash flows and credit rating of the issuing company in a corporate financing transaction.

In these four transactions, a modified set of core diligence issues from the larger Carbon Principles framework were analyzed and discussed with the issuing companies. The decision process included the examination of the potential impact of carbon risks involving the applicable plant on the overall corporate financial profile.

Carbon Principles

“We commend Citi’s leadership and foresight in crafting the Carbon Principles and urge them to expand their reach. Given the growing recognition of harm to our economy and society from high-carbon industries, we believe that increased financial scrutiny of high-carbon projects is essential.”

Dan Bakal
Ceres

Mark Brownstein
Environmental Defense Fund

Susan Leeds
Natural Resources Defense Council

**Transactions Subject to the Carbon Principles,
August 2008 to December 2008**

Financial Product Type	Corporate Bonds	Corporate Loans	Project Finance
Number of transactions completed	4	0	0

In 2008 Citi did not participate in directly financing any new power plants subject to the Carbon Principles. There were no project financings or corporate loans at Citi subject to the Carbon Principles. This low level of activity may largely be due to the abbreviated five-month implementation period and the distressed state of the capital markets. As a result of resistance within the regulatory process, however, fewer applicable projects are progressing to the financing stage of development.

Meeting the challenge of climate change

Climate change is an issue significant not only for its potential to disrupt ecosystems and economies in the future, but as a current crisis whose impacts are already being felt around the world. Citi recognizes its responsibility to act swiftly to reduce GHG emissions while working to mitigate and adapt to the effects of global warming.

Our global presence and our close relationships with clients and partners uniquely position us to lead the field in developing innovative climate change strategies, products and services. We will continue to leverage our geographic reach and our relationships with our stakeholders to develop climate change solutions from our perspective as a financial institution, and to help inform public policy and regulatory frameworks to leverage market forces and achieve economically viable, equitable and effective environmental goals.

In 2008 Citi established an internal Climate Policy Task Force composed of representatives from various banking units, Government Affairs and Corporate Sustainability. The

CITI LEADS IN CLIMATE DISCLOSURE

In 2008 Citi was honored to be included in the Carbon Disclosure Project's (CDP) Leadership Index for the fourth year in a row. The index is based on Global 500 company responses to the annual CDP survey and highlights those companies that provide a high level of transparency around their climate change risks and opportunities. Citi's CDP responses are available online. www.citi.com/cdp

Task Force tracks climate policy developments and determines how Citi can appropriately and effectively serve as a resource to policymakers.

As part of our efforts to develop solutions, we collaborate with diverse non-profits, networks and research organizations such as the Pew Center on Global Climate Change, Environmental Defense Fund (EDF), Natural Resources

Defense Council (NRDC), Ceres, Renewable Energy and International Law (REIL) policy network, the Global Roundtable on Climate Change (GROCC) and the Clinton Climate Initiative. We also participate in the U.S. Environmental Protection Agency's Climate Leaders and Energy Star Commercial Buildings programs.

In 2008 Citi released its fourth "Climatic Consequences" research paper, which details risks and opportunities associated with changing precipitation patterns and water scarcity.

Tracking our \$50 billion climate initiative

Business Unit (billions of dollars)	May 2007*	2007	2008
Institutional Clients Group	7.71	5.17	3.15
Consumer Banking	0	.02	.28
Operations and Technology	.4	.511	.54
Total	8.1	5.7	3.98
Total to Date	Approximately \$17.78 Billion		

* Initial amount as of the May 2007 announcement.

\$50 Billion Climate Initiative

In 2007 we announced our intent to target \$50 billion over ten years in a wide-ranging portfolio of climate-related activities. This initiative incorporates both internal and external activities, such as sustainable construction of Citi facilities, financing of alternative energy, investment in clean technology and research into carbon reduction strategies on behalf of our clients. We are particularly excited about the diversity of projects already started, championed by a broad cross-section of our business units.

We are proud of the progress we have made to date. We have invested a cumulative \$17.7 billion and refined the methodologies by which we identify and “count” projects. We typically count two types of transactions: activities that contribute to or result in GHG reductions relative to existing technology or existing facilities (for example, the financing of wind power or the retrofitting of a facility with more efficient equipment) and transitional technologies that will be critical building blocks to achieving GHG reductions in the future (for example, through coal gasification).

An internal advisory group has been formed to help our business and operations units apply this methodology and identify new projects, products and services that conform to our “climate positive” criteria.

As we work to meet our targets, we are facing challenges related to organizational shifts and business unit changes. We also anticipate that our rate of activity in these first years will be affected by the ongoing economic crisis. Despite these constraints, we are confident of meeting our ten-year goal, especially given the external growth in clean energy driven by existing and anticipated carbon regulation and the increase in clean energy activity across our own business units.

Highlighted projects

- Renewable energy portfolio acquisition:** In December 2007 ArcLight Capital Partners acquired a renewable energy portfolio of 18 geothermal, wind and solar renewable power generation projects with an installed capacity of 824 megawatts from Caithness Energy. Citi Infrastructure and Energy Finance (IEF) and the Asset Finance Group (AFG), both units of the Institutional Clients Group, played a key role. IEF acted as underwriter of bank facilities and lead manager of a lease-backed capital markets offering and AFG was the underwriter of the lease equity.
- Renewable energy carbon credits:** Citi Global Commodities Group sourced carbon credits from a renewable hydropower project in South America for the European airline easyJet in August 2007. The U.N.-certified carbon credits generated will be used to provide a voluntary offset product for easyJet passengers. Citi is serving as a custodian for the carbon credits and will retire them on easyJet's behalf.

- **Green energy community investment fund:** Citi Community Capital and Helio Micro Utility created the Green Energy Community Investment Fund to initially finance up to four megawatts (MW) of solar electricity production in 2008. Through this new initiative, solar power systems will be installed on qualifying commercial buildings, apartment buildings and public sector facilities throughout the United States, with an emphasis on reaching underserved communities.
- **Large scale windfarm project financing:** In June 2008 Citi was joint bookrunner and administrative agent for the largest wind financing completed in the United States to date: a \$741 million, 15-year construction and term loan for Noble Environmental Power. The deal financed three separate wind parks in New York State with an aggregate generating capacity of 330 MW, utilizing 220 General Electric 1.5 MW SLE wind turbines. Over the

next 20 years, Noble projects that these three projects combined will bring in over \$150 million to their respective local economies in addition to long-term, well-paying jobs, and provide enough energy to power approximately 110,000 homes annually.

- **Sustainable buildings:** Citi Realty Services (Operations and Technology) is reducing the environmental impacts of managed facilities through the purchase of green energy, LEED certification of construction projects, energy saving retrofits to existing facilities, space reductions through Alternative Workplace Strategies and ongoing sustainable purchasing and recycling programs.

Operating in a carbon-constrained world

Despite significant efforts to reduce GHG emissions, we know that some degree of climate change is inevitable. Citi is beginning to consider how it can help clients adapt to climate-related changes so as to mitigate ecological, regulatory and socioeconomic impacts as well as take advantage of new business opportunities. For example, Citi Financial Education teamed up in 2008 with the Maryland Fuel Fund's "Watt Watchers," a program that helps moderate- and low-income families to better understand and manage energy use in the home. Watt Watchers' program participants realized significant cost-savings, prompting Citi Financial Education's role in providing complementary programming on how families could best use the newfound disposable "income." We expect that carbon constraints will increase the relevance and value of such partnerships in the future.

Clients join the effort to reduce GHGs

Our retail clients around the world are also helping Citi to address climate change. In January 2008 we launched "Project Green" to let people choose to receive electronic statements instead of paper statements. By switching to

e-statements, clients help reduce the materials and energy—and related GHG emissions—used to produce, print and mail paper statements. The program also allows Citi to save money on printing and mailing costs. To date, 28 countries (from Colombia to Korea, Turkey to Thailand) have launched e-statement programs.

Operational environmental performance

Across all Citi operations, we strive to reduce our use of energy, water and materials, not only to lessen our environmental footprint, but also to achieve increased efficiencies and cost savings. In support of these objectives, we have set reduction goals and targets, initiated ambitious sustainable building projects and IT initiatives and invested in training our employees.

Citi Operations and Technology (O&T) heads up many of these efforts and is currently working to create a more-integrated sustainability platform. The platform will encourage and facilitate greater collaboration and cooperation on sustainability initiatives among O&T organizations (Executive Services, Information Technology, Realty Services and Shared Services [including procurement]). It will also allow for standardized reporting on energy and other sustainability-related metrics and improve accountability.

Citi's goal is to reduce its global GHG emissions ten percent by 2011 from a 2005 base year, measured in absolute terms.

Measuring and reducing our GHG emissions

Citi Realty Services (CRS) established an environmental database in 2000 that is the basis of all operational emissions reporting. The database tracks monthly facility energy consumption, water consumption, waste disposal and recycling in nearly 14,000 active facilities globally.

CRS provides global facilities emissions data to initiatives including the Carbon Disclosure Project, the Dow Jones Sustainability Index and U.S. Environmental Protection Agency (EPA) Climate Leaders. In prior years, each submission required that we use different formats and factors in compiling GHG data. In an effort to ensure consistency and transparency, CRS updated all energy and emissions conversion factors into one unified format using actors from the EPA, the U.N. Intergovernmental Panel on Climate Change and the International Energy Agency.

Partnering with the Climate Leaders program

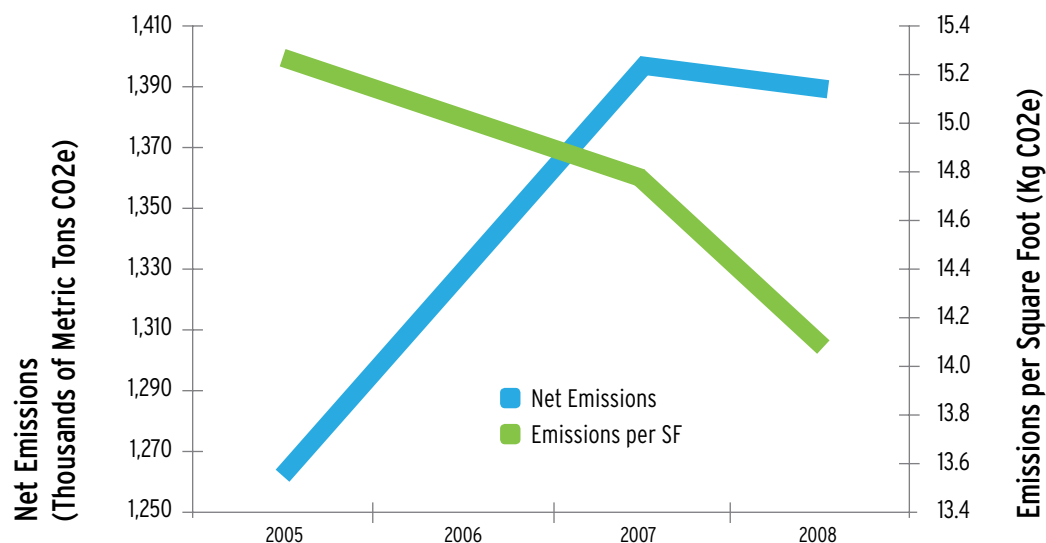
In 2008 CRS became a partner in the EPA Climate Leaders program. In doing so, we developed a comprehensive emissions inventory management plan and provided all emissions calculations and data quality documentation to the EPA for third-party review. In this process, Citi demonstrated its comprehensive and effective management system for tracking global facilities energy consumption emissions reporting. Citi now has one of the most far-reaching goals among its peers in the program, extending to all owned and leased facilities globally.

Citi adopted the operational control boundary conditions for measuring emissions in its corporate real estate portfolio as defined by the GHG Protocol Corporate and Reporting Standard. Citi also adheres to this standard with regard to structural changes to the portfolio through business acquisitions and dispositions, with relevant adjustments made to prior

reporting years. These adjustments ensure that our emissions statements and reduction goal present a consistent assessment of the company's real estate operating boundaries. Organic growth and portfolio optimization do not trigger an adjustment to prior years. This year's report is the first in which these adjustments are reflected in the results.

Citi will continue to leverage the Climate Leaders partnership to provide third-party transparency to our emissions statements and goals, ensure that our emissions inventory management remains under tight control, validate all base-year adjustments and ensure we are using the most accurate calculation methods for determining our emissions.

GHG Emissions (absolute)



Since 2005 Citi's real estate emissions metrics per square foot have steadily improved. As of 2008 the CO₂e emissions per area of managed space are down nearly 8 percent from 2005 levels. This outcome is the result of effective application of energy-saving best practices, awareness and training programs and our commitment to sustainable design in all new construction and renovation projects.

From 2005 through 2007, however, our absolute emissions continued to rise, even as we normalized historical data to appropriately account for business acquisitions and dispositions. This contradiction between falling metrics and rising absolutes is a result of organic growth within the company and in our real estate portfolio.

In 2008 Citi Realty Services extended efforts to improve environmental performance in our real

estate portfolio by undertaking more aggressive energy-saving measures and footprint rationalization. We also saw an increase in the employee-to-seat ratio driven by the Alternative Workplace Strategies program which aims to reduce our real estate space requirements and expenses. As a result, we are able to report success in reducing our absolute emissions for the first time, while maintaining the equally important reduction trend in emissions per area metrics.

Responding to new carbon regulation

Beyond environmental stewardship, a strong incentive for Citi to cut GHG emissions is the expected introduction of mandatory cap-and-trade schemes and other carbon regulations in certain countries. One example is a mandatory emissions trading scheme called the Carbon Reduction Commitment (CRC) being introduced in the UK starting in April 2010. Under the proposed CRC legislation, Citi is likely to be required to purchase emissions allowances relating to our directly purchased energy requirements, measured in metric tons of CO₂. The first phase of the program lasts for 3 years. Citi is increasing its efforts with regard to sustainable practices in building

design and operations to reduce emissions and therefore minimize the purchase requirement. These types of expenses are driving return on sustainable investments and enabling Citi to realize both the expense offsets as well as the emissions avoidance from our projects and initiatives.

Reporting renewable energy purchases

In the United States, Citi purchases Green-e certified renewable energy. Voluntary purchases with this type of certification ensures that the energy is carbon-free and generated from new sources above and beyond those created through legislative requirements. It further prevents "double-counting" of carbon offsets.

This certification standard, however, is not available in all international markets. After reviewing our international green energy purchases, we discovered instances where the energy we buy comes from utility-serving entities that are legally required to produce renewable energy or that the energy comes from clean power sources older than the generally accepted 1997 origination of the renewable energy market. Although we will report the energy purchased under these contracts as green energy, we are voluntarily omitting any carbon offsets resulting from such purchases.

In 2009 Citi will develop a new guideline offered in each country in which we have the opportunity to purchase green energy. The guideline will help ensure the application of Climate Leaders principles and allow us to utilize a greater share of our renewable energy purchases as offsets against our unavoidable emissions.



Greening our real estate portfolio

In 2008 we created a real estate sustainability team composed of regional energy managers, centralized resources and senior leadership from the real estate division to lead GHG emissions reduction initiatives and ensure the application of sustainable building practices globally. One focus of this team for 2009 will be to expand the implementation of low- and no-cost operational energy-saving best practices across all classes of facilities through knowledge-sharing, validation, strategy-setting and results-tracking.

Citi Realty Services LEED Accreditation (number of staff accredited by end of 2008)	
LEED Commercial Interiors	25
LEED Existing Buildings	9
LEED New Construction	4
Total	38

Achieving LEED certification

Citi applies the U.S. Green Building Council (USGBC) Leadership in Energy and Environmental Design (LEED) sustainability building standards, and similar standards, worldwide. Citi Realty Services has created several ongoing LEED training programs open to global participation designed to teach the principles of sustainable design, construction and building operations. The programs offer the opportunity for team members to share experiences while preparing to take the exam and become LEED Accredited Professionals (LEED AP).

We are proud to have achieved LEED-NC (new construction) Platinum certification for our new data center in Frankfurt, Germany and LEED-NC Gold certification for our Austin, Texas data center. Citi also received LEED-CI (commercial interiors) Gold certification for a new data center in Singapore. Citi completed a total of 47 LEED-certified projects by the end of 2008. An additional 118 projects globally are expected to become LEED certified in 2009.

Frankfurt Data Center

Citi commissioned and opened a new LEED-NC platinum certified regional data center in Frankfurt, Germany in June 2008. The center is the first of its kind to reach this highest level of environmental certification and is the first data center certified at any level outside of the United States. Immediately following the opening, we began a process of migrating

technology from less efficient data centers to the new center.

An average large data processing center requires at least as much energy to maintain an optimal operating environment as to power the technology itself (primarily due to the need for air conditioning). In contrast, the innovative design employed in the Frankfurt center will reduce cooling and support-related energy needs by approximately 50 percent, resulting in a CO₂ reduction of 25 percent when compared with conventional designs.

We continue to learn from the experience of developing and operating the Frankfurt center and apply this knowledge toward future projects.

LEED Projects	Completed 2007	Completed 2008	Projected for 2009
Data Centers	–	3	–
Office Buildings	1	3	19
Operations Centers	2	–	1
Branches	–	38	50
TOTAL	3	44	70
CUMULATIVE TOTAL	3	47	117

Certifying branches through LEED Volume Build

In 2007 Global Operations, CitiFinancial and CRS teams joined the USGBC Retail Volume Build program pilot. The Volume Build approach to certification uses a prototypical design and compliance process to reduce the cost and redundancy of LEED documentation and filing requirements.

Through the program, we were able to LEED certify a large number of CitiFinancial and Citibank branches in a short period of time. To date we have 38 certified branches, with an additional 50 targeted for certification in 2009. Starting in 2007 all new branches that are built with LEED candidacy in mind include such features as low-flow plumbing fixtures; carpet, desks, chairs and fabrics made from recycled materials; green cleaning programs; energy-efficient office equipment; and renewable energy for 50 percent of the branch electrical energy consumption.

In 2008 Citi achieved ISO 14001 Certification for its regional headquarters buildings in Canary Wharf, London and in Dubai, United Arab Emirates.

Benchmarking through Energy Star

In 2008 Citi Realty Services began participating in the EPA Energy Star Commercial Buildings Program. The program evaluates the overall energy performance of a facility and compares the results to a U.S. Department of Energy database of over 60,000 facilities. Energy Star awards are granted to buildings rating in the top 75th percentile after having passed an engineering audit.

This benchmarking program has become the basis for Citi to focus efforts on improving energy performance in its facilities. Most recently, five buildings in Asia Pacific and 16 in Latin America were added to the Citi Energy Star Program, bringing the current global count to 92 major buildings, totaling more than 18 million square feet. A total of 86 buildings have completed the benchmarking process, with eight receiving Energy Star awards.

Citi is using this program to recognize facilities outside the United States with outstanding energy performance. Five buildings in Poland, Belgium, Ireland and Mexico City have all achieved outstanding scores. Citi is in the process of expanding the program to include more than 1,600 branch facilities globally totaling over eight million square feet in 2009.



Sustainable IT at Citi

Citi’s Sustainable Information Technology (IT) Program was formally created in September 2007 and has been cited by Gartner Research for its model governance structure. The program takes a holistic approach to identifying where technology can have a positive environmental impact, with initiatives focused on power management, paper substitution, travel substitution, sustainable supply chain and employee education and engagement.

PC power management

In 2008 Citi launched “Log off for Savings,” a pilot to demonstrate the effectiveness of new software in centrally managing PC sleep settings (desktops enter a low-power standby mode when not in use). Approximately 5,000 employees across all business lines and regions are participating. Through this initiative, we expect not only to cut down on GHG emissions in support of our ten percent reduction goal, but also to realize significant cost savings. Plans will be developed for software deployment where applicable in 2009.

Sustainable IT Framework

	Ways IT Can Reduce Its Own Environmental Impact	Ways IT Can Reduce Citi’s Environmental Impact
IT Specific	Power Management <ul style="list-style-type: none">• Client Computing• Data Centers• Sensor Controls	Paper Substitution <ul style="list-style-type: none">• Electronic Document Imaging and Retention• Electronic Statements and Billing• Process Automation
IT Enabled	Sustainable Supply Chain <ul style="list-style-type: none">• Procurement Policy• Vendor Evaluation on Carbon Footprint, Risk Analysis• Asset Management and Recycling	Travel Substitution <ul style="list-style-type: none">• Web/Video Conferencing• Alternative Workplace Strategies• Online Collaboration and Training
	Employee Education and Engagement	
	Cross-Functional Team Collaboration	

Desktop Standardization Initiative

Citi’s Desktop Standardization Initiative (DSI) is standardizing the desktop environment across businesses. We are consolidating our back-end infrastructure and paving the way for future virtualization opportunities. “Thin Client” technology (i.e., equipment that runs software and processing functions off a central server

rather than at the desktop) is one of the desktop offerings. According to Forrester Research, thin clients use anywhere from 6 to 50 watts, versus the 150 to 350 watts used by a standard PC. They also have a longer lifecycle and represent significantly less hardware. At the end of 2008, Thin Client computing comprised 4.8 percent of the global desktop footprint.

Citi is saving over \$1 million per year in power and cooling alone from virtualization programs in North America

CITI EMPLOYEES PARTICIPATE IN WIRELESS ROUNDUP

Citi employees in 28 New York City metro locations and 25 other locations throughout North America demonstrated their commitment to the environment and to giving back to their local communities by participating in the “Wireless Roundup” mobile device drive. In all, 3,507 BlackBerrys and phones and 5,176 chargers and other accessories were collected. The drive culminated on Global Community Day when employees volunteered to prepare the donated devices for donation to the Verizon Wireless HopeLine program, a national initiative that benefits victims of domestic violence. [www](#) Proceeds from the sale of the refurbished devices benefitted local domestic violence prevention and support programs in select Citi markets nationwide.

Data Center Consolidation

Year	2008	2007	2006
Number of data centers	32	37	52
Server Virtualization			
Total kW avoided	235	286	

Global Data Center Strategy

Citi continues to make strong progress in our plan to reduce the overall number of data centers from 52 to 24. In addition to achieving the world’s first LEED platinum and gold certifications for stand-alone, new construction data centers, the Global Data Center Strategy and IT Optimization initiatives are achieving cost reduction and energy efficiency through IT simplification, integration and standardization. For example, we are harnessing the power of “virtualization” software to reduce the physical requirements and resources associated with data processing and storage. Virtualization allows us to use one server to replace multiple machines, and reduces the amount of hardware, physical space and energy needed. In North America, each virtualized server represents an approximate 73 percent reduction in energy used for power and cooling.

Paper substitution, conservation and print optimization

Wherever possible, Citi is moving toward the use of electronic documents, statements, billing and faxing so as to conserve paper and the energy used for mailing. We also ask that employees use double-sided printing and only print when absolutely necessary.

Our Equity Trading Floor in New York City is an example of the significant paper reductions possible with double-sided printing. Before the desktop technology group converted all 160 printers to a duplex printing default, the office was printing nearly 150,000 pages per week. Following conversion in February 2008, printing dropped by more than half to approximately 60,000 pages per week. The office will additionally save 16.2 tons of paper per year along with the related energy associated with paper production and shipment.

Impacts associated with commercial business air travel (GHG Protocol Scope 3)

	2008	2007	2005
Air miles traveled (miles)	661,715,756*	816,973,496	873,109,318
CO ₂ emissions (metric tons)	127,146	166,242	177,665

* Annualized estimate based on 2008 data through August 2008.

Travel substitution

Business travel accounts for a portion of Citi’s GHG emissions. We are working to limit these emissions, especially those generated through air travel, by using tele- and video-conferencing wherever possible.

We also encourage employees to try out new ways of commuting such as using local public transit, biking, walking or car-pooling.

We’ve rolled out a national “Cool to Pool” program in the United States, which uses an online collaboration tool to connect employees looking to commute together. In Tampa, Florida, several dozen employees living in ten different cities are using the program to each save an average of \$38 per week in gas.

“Doing our part is not always easy and at times may be inconvenient, but by printing double-sided we are reducing the number of trees that are cut down and the amount of paper we buy, which makes good financial sense. It’s a win-win for the environment and the firm.”

Ruben Salcido

Chief Administrative Office Americas Equities



E-waste Recycling (North America)

Year	2008	2007	2006
Number of serialized assets (not including devices such as keyboards, mice, etc.)	60,148	45,000	7,300
Equipment recycled (metric tons)	> 680	> 499	> 82

Alternative Workplace Strategies (AWS)

Citi is identifying opportunities to reduce costs, minimize negative impacts on the environment, improve productivity and increase effectiveness by making changes in how we operate. The AWS program, which builds on our Flexible Work Strategies initiative, is an innovative approach to workplace context and processes that addresses how, when and where people work. AWS goes beyond conventional workplace strategies and allows the company to reduce real estate costs by improving employee-to-seat ratio.

Over the course of the next three years, AWS will allow CRS to eliminate a minimum of 46,500 seats from Citi’s portfolio (approximately 19,000 seats in 2008 and 15,500 seats in 2009). CRS established these targets through an analysis of the current real estate portfolio and employee work styles. We identified specific

buildings that would be targeted for disposal over the next three years and are working with the businesses to implement this plan.

Sustainable supply chain and e-waste disposal

Citi takes technology disposal seriously and is aware of the impact it can have on our business, reputation, clients and communities. Disposal of technology has, in the past, been a decentralized process within Citi. We have made great strides over the last few years to centralize technology disposals and have been successful in significantly reducing technology waste in landfills through formal e-waste recycling programs in North America. Between 2003 and 2005, 6,000 serialized devices had been processed for recycling. Once we instituted centralized disposals, 112,448 serialized devices were reused or demanufactured for recycling for a similar time period between 2006 and 2008.

Sustainable procurement

Installing multifunction devices

Citi is reducing its environmental impact through the deployment of multifunctional devices—office equipment that supports a number of functions such as printing, copying and scanning. By reducing the number of devices in use, we reduce energy consumption as well as the number of devices to dispose of at the end of their useful life. The newer digital devices are Energy Star compliant, require less frequent service and use less toner.

During 2008 the new equipment rollout was completed for 28 sites in North America, covering over 50,000 employees and reducing the number of devices we use by more than 7,400. With the availability of double-sided printing and scanning capability, Citi has realized a 24 percent reduction in paper usage at these 28 sites.

Citi is extending the program to the Asia Pacific, EMEA and LATAM regions. For example, Citi Mexico replaced 7,000 printers, 3,000 copiers, 3,500 fax machines and 1,200 scanners with multifunction devices. The decrease in printing has resulted in a related reduction in the number of toner cartridges used per year from 34,000 to 15,000—all of which will ultimately be recycled.

Promoting green purchasing

Citi made changes to the U.S. office supply catalog and ordering process that reduced the overall number of items available while increasing the number of products containing recycled content. These changes resulted in a five percent increase in the total office supply spend on products containing recycled content, at 38 percent of the spend in 2008 compared to 33 percent in 2007.

Throughout 2007 Citi's operations grew rapidly both organically and through acquisition. The Environmental Footprint table highlights the effect of this organic growth on our energy and emissions consumption. In

contrast, 2008 saw minimal organic growth in our real estate portfolio. We also worked hard to "get fit" in our use of space and were able to eliminate more than six million square feet from our real estate holdings by year end.

CRS also focused on implementing energy conservation measures and best practices in our facilities in 2008, resulting in the first-ever year-on-year reduction of our overall GHG emissions. We expect that our continued efforts to reduce real

estate expenses, including energy consumption and related expenses, will yield proportional reductions in our GHG emissions through the coming years.

Citi's Environmental Footprint

	2008	2007	2005
Seats ¹	482,159	448,769	378,512
RSF ²	98,656,618	94,603,293	82,700,000
ABSOLUTE INDICATORS			
ENERGY USE (Gwh)			
Electricity	2,589	2,581	2,299
District Heating (Steam & Chilled Water)	93	94	88
Energy Purchased - Scope 2	2,682	2,675	2,387
Natural Gas	166	171	199
Fuel Oil	33	34	32
Energy Consumed - Scope 1	199	205	231
Total Energy	2,881	2,880	2,618
WASTE GENERATION (metric tons)			
Recycled Office Paper	24,160	21,978	19,995
Refuse and Other	69,329	78,076	87,747
Total Waste	93,489	100,054	107,743
WATER USE			
Total Water Consumption (m ³)	8,524,664	7,790,192	7,364,201

Impact Table footnotes

¹ "Seats" is the 12-month average of total vacant and occupied seats in our real estate portfolio.

² "RSF" is rentable square footage. This value is a 12-month average of the total owned/leased portfolio and as such does not reflect the space reductions achieved by AWS in the latter part of the year. This value excludes sublet space in which utilities are consumed by non-Citi tenants.

³ Data in this table will differ from prior year's reports due to accuracy improvements in historical consumption data, as well as the recalculation of all emissions using the most current WRI and eGRID (United States electric) conversion factors (please see page 50 for full details).

	2008	2007	2005
CO₂e EMISSIONS (metric tons)			
Direct CO ₂ e (GHG Scope 1)	38,631	39,895	44,424
Indirect CO ₂ e (GHG Scope 2)	1,388,786	1,379,656	1,220,948
Total CO ₂ e	1,427,416	1,419,551	1,265,372
Green Energy	(37,858)	(22,771)	(2,147)
Net CO ₂ e	1,389,559	1,396,779	1,263,225
RELATIVE INDICATORS			
Total Energy Consumed			
Kwh / RSF	29.2	30.5	31.7
Kwh / Seat	5,975	6,418	6,917
Net CO₂e			
Metric tons / RSF	.014	.015	.015
Metric tons / Seat	2.9	3.1	3.3

Environmental Goals

Quantitative Environmental Goals and Results

Indicator	2006	2007	2008 Goal	2008 Actual	2009 Goal
Absolute CO ₂ e reduction	–	–	–	–	5%
Green energy procurement	42,375 MWh	59,642 MWh	120,000 MWh	132,155 MWh	120,000 MWh
	3 countries	5 countries	6 countries	6 countries	6 countries
Data center consolidation	52 centers	37 centers	32 centers	32 centers	30 centers
Stakeholder dialogues	–	1 dialogue on climate change	2 dialogues	1 dialogue and 1 briefing	2 dialogues
Sustainable Development Investments (SDI)	3 investments, committing approximately \$75 million*	4 investments, committing a total of \$55 million	Invest between \$100 and \$150 million	2 investments, committing a total of \$50 million**	–

* 2006 data represents activities of the Sustainable Development Investment Program as part of Citi Venture Capital International, before SDI became a stand-alone investment center.

** SDI was converted to an asset management function at the end of 2008; no new investments are currently planned for 2009.

Qualitative Environmental Goals and Results

2008 Goal	2008 Actual
Policy, Training and Implementation	
Implement the Carbon Principles	Commenced Carbon Principles implementation in August 2008, with ongoing engagement with clients, other financial institutions and NGO partners
Lead Equator Principles Working Group	Citi is a member of the EPFI Steering Committee, leading the industry outreach working group, co-leading the best practice group and participating in other working groups. Citi's ESRM Director participated in the CBRC-organized Green Credit Policy seminar in China in September 2008, attended by 68 Chinese financial institutions and regulators
Engage clients in environmentally sensitive sectors	Engaged clients in the extractive and power industries and industry associations such as the International Council on Metals and Mining (ICMM), the International Petroleum Industry Environmental Conservation Association (IPIECA) and the Society of Petroleum Engineers (SPE)
Train employees on and raise awareness of Citi's ESRM Policy	Rolled out ESRM web-based e-learning tool globally. Held in-person trainings in Brazil, China, India, Israel and the United States. Conducted in-depth training on the Carbon Principles
Train employees on Citi's Sustainable Forestry Policy	Included Sustainable Forestry Policy in the ESRM Web module. Held an in-person training in Brazil. Updated guidance documents based on recommendations from the Rainforest Alliance
Launch a virtual learning center for Citi Realty Services	Initiated in-person and virtual LEED training programs; 38 employees became LEED accredited
Expand paperless statement initiative globally	28 countries currently participate in the e-statement program
2009 Goals	
<ul style="list-style-type: none"> • Continue external engagement on implementation of the Carbon Principles and Equator Principles • Continue leading Equator Principles working groups on best practice and client/industry outreach, including the International Hydropower Association • Co-lead EPFI initiative to review options for addressing environmental and social risks beyond project finance • Contribute significantly to the IFC Performance Standards review and update, including the approach to human rights and climate change • Continue to conduct due diligence on transactions in the U.S. coal sector, with a greater degree of sensitivity for environmental and social impacts and risks related to Mountaintop Removal mining • Develop a framework for understanding the relevance of water-scarcity issues to Citi operations and business units 	

Qualitative Environmental Goals and Results

2008 Goal	2008 Actual
Operations and Technology	
Hire Regional Energy Managers	Positions created and filled in all regions
Evaluate external recognition and accreditation programs	Commenced participation in ISO 14001 and EPA Energy Star programs. Continued application of LEED standards in new construction and retrofits
Deploy thin client computing	By the end of 2008, thin client comprised 4.8 percent of the global desktop footprint
Conduct piloting of PC Power Management software	Began pilot with approximately 5,000 users participating across all business units
Rollout of Alternative Workplace Strategies (AWS) program	Initiated AWS pilot and eliminated six million square feet of office space from portfolio due to seat reductions and space optimization
2009 Goals	
<ul style="list-style-type: none"> • Complete Energy Star benchmarking of 1,500 branches and expand major buildings portfolio to over 100 sites • Achieve Energy Star certification for at least 20 new sites in 2009 and recertify all current 2008 recipients • Continue to deploy thin client computing as part of the Desktop Standardization Initiative • Complete PC Power Management pilot and develop deployment plans where applicable • Eliminate an additional 15,500 seats under the AWS program (two-year total of 45,000 seats eliminated) • Create a global Asset Management Network for best-practice sharing in view of creating global standards • Communicate and raise employee awareness on the carbon cost of electronic storage • Expand LEED training program to assist employees in obtaining LEED accreditation • Enhance employee networking and communications around sustainability best practices and environmental awareness • Create a global process for tracking energy savings from power and cooling related to IT Optimization initiatives 	

Promoting Diversity

Message from Ana Duarte McCarthy

At Citi, we embrace diversity as a business imperative—a source of strength, a competitive advantage and an enduring commitment. The challenges created by the financial crisis in 2008 did not change this philosophy.

We remain committed to our core objectives of attracting diverse talent, fostering an inclusive work environment and supporting innovative development opportunities while driving management accountability for diversity performance and ensuring that our diversity programs are aligned to current business priorities.

- Our ability to successfully launch the Women's Leadership Development Program in conjunction with the UCLA Anderson School of Management demonstrated our commitment to supporting the development of high-performing female talent in Citi's pipeline. We received

overwhelmingly positive feedback on the program.

- We created the Citi Employee Network program eight years ago in the United States. The program has now grown to 44 networks representing more than 13,400 employees, with an international presence in the United Kingdom.
- We have instituted additional programs to support Citi's overall goal of attracting and retaining top talent. For example, Citi's formal and informal mentoring programs support our employees' development and advancement goals. Also, our Flexible Work Strategies give employees and managers an opportunity to ensure a seamless

approach to meeting personal and business needs, with schedules that provide an alternative to traditional business hours or locations.

Citi's global commitment to diversity was again recognized in 2008. Among other recognitions, Citi was named to *DiversityInc* magazine's Top 50 Companies for Diversity; to the Top 50 list of "Where Women Want to Work" by the *Times U.K.*; and as a "Family Friendly Employer" by the Slovak Ministry of Labor, Social Affairs and Family. Citi also received a 100 percent rating on the Human Rights Campaign (HRC) Corporate Equality Index.



Thanks to continued support and commitment from management and employees, we look forward to building on this success and advancing our diversity strategy in 2009.

Ana Duarte McCarthy

Chief Diversity Officer

At the close of 2008, there were 44 employee networks representing some 13,400 members

Management structure

The Diversity Operating Committee is composed of senior diversity and human resources leaders from Citi's core businesses around the world. The Committee meets bi-weekly to

- review progress against our diversity strategy;
- share best practices;
- align diversity policies globally; and
- develop, promote and execute global diversity initiatives through the business diversity councils, which focus on dimensions of diversity such as disability, ethnicity, gender, race and sexual orientation.

Employee networks

Employee networks are employee-initiated and employee-led groups, organized according to affinity and open to all employees. At the close of 2008, there were 44 employee networks representing some 13,400 members across 16 locations in the United States and the United Kingdom. New network groups are also taking shape in the Republic of Ireland. Compared with 2007, membership has decreased slightly due to recent workforce reductions throughout the company.

Recognized networks include the following:

- African Heritage
- Asian Pacific Heritage
- disAbility (focused on people with disabilities and the caregivers of people with disabilities)
- Hispanic Heritage
- Native American Heritage
- Pride (focused on the lesbian, gay, bisexual and transgender community)
- Roots (multicultural)
- Women's
- Working Parents

Learn the Business

The "Learn the Business" speaker series is sponsored by our Employee Network Groups. Invited speakers are asked to candidly and informally share information about their career, their views on leadership and their advice for succeeding at Citi, including their perspective on business unit dynamics, financials and short- and long-term goals. The sessions are often set up in panel format allowing senior staff to join in, present their roles and offer personal commentary. The sessions offer attendees the opportunity for making career connections while learning about the various businesses within Citi.

Mentoring

Thanks to the ongoing participation of the senior leadership, Citi's mentoring program continues to inspire and help train employees. Citi offers several mentoring programs beyond traditional one-on-one mentoring. One example is "Coaching for Success," where participants are assigned both a coach and a "thinking partner"—an individual who helps guide the participant through issues and challenges. Participants are offered programs emphasizing self-awareness, career management, communication and presentation skills. They also receive tips and feedback on styles of delivery, cross-cultural communication, the importance of building a network and the value of diversified career moves.

Another example of mentoring at Citi is senior manager groups. Participants include high-potential employees from diverse backgrounds who are candidates for advancement. In 2008 Vice Chairman Lew Kaden sponsored a six-session mentoring series for nine employees from a variety of functional areas.

Citi's Global Women's Initiative was launched in March 2006 to share best practices and support the development of women at Citi

Citi Women's Initiative

In 2008 CEO Vikram Pandit appointed Citi's Chief Marketing Officer (and Chairman and CEO, Women & Co.) and Citi's Chief Innovation Officer (both women), as co-heads of the Global Women's Initiative. Together they have convened a group of senior women to meet regularly and find ways to highlight Citi's external efforts related to women's advancement. As of 2008, there were 48 Women's Councils and networks worldwide, representing more than 7,300 members.

Women's Leadership Development Program

The Women's Leadership Development Program was launched in April 2008 in conjunction with UCLA's Anderson School of Management. The program combines lectures, discussion, small group work and personal assignments to help female leaders to advance their careers. The program's goals are to teach participants to demonstrate executive readiness, become champions and role models to the organization and grow professional networks.

Two sessions of the program were held in 2008 for a total of 57 participants; 26 U.S.-based women participated in the first workshop and an additional 31 participants convened at a second session in November. The feedback

from the participants has been extremely positive. We plan to continue to offer the program in 2009 and potentially expand the program for other diverse groups.

"If you're not aware of your own biases—and both men and women can have unconscious gender bias—you're not building the best possible team, and that translates into lost revenue opportunities."

Alejandra Nunez

Vice President, Fixed Income Rates Sales, Participant in Women's Leadership Development Program

DIVERSITY WEEK

In 2008 Citi's European businesses hosted "Diversity Week," through which 40 countries in the region jointly sought to generate awareness about the importance of diversity in the workplace.

Management Leadership for Tomorrow

Despite representing 28 percent of the U.S. population, minorities only make up eight percent of students at the top 50 business schools and only three percent of senior leadership positions in business. The Management Leadership for Tomorrow (MLT) program was founded as an independent study project at Harvard Business School in 1992. Its mission is to address the under-representation of African-Americans, Latinos and Native Americans in business leadership positions by increasing the presence of minorities in fast-track, entry-level jobs and major graduate business schools.

Citi views MLT as an important partner in our strategy to identify strong leaders who are reflective of our global company and diverse customer base. In 2004 Citi partnered with MLT to create the first Career Transition Leadership Seminar or “Boot Camp,” which exposes students to careers in the financial services industry. Our continuing partnership with MLT has given us the opportunity to launch innovative outreach to participants, such as webcast conference calls focused on interviewing skills.

“MLT provides the roadmap, hard and soft skills, coaching and mentoring, door-opening relationships and a high-performing peer community that young people need to realize their career potential. These key ingredients are not taught in the classroom and fill an important gap in our education system. Citi has played a central role in the development and delivery of MLT’s curriculum and has provided tremendous career opportunities for our fellows.”

John Rice

Founder and CEO , Management Leadership for Tomorrow

Select Diversity Relationships

- Center for Work-Life Policy: The Hidden Brain Drain Task Force (focuses on advancement of women and minorities in organizations)
- National Council on Research for Women (helps build a more inclusive and equitable world for women and girls)
- Forte Foundation (provides access to women MBA candidates)
- Families and Work Institute (nonpartisan research organization that studies the changing workforce, family and community)
- Consortium for Graduate Study in Management (provides MBA fellowships to more than 300 minority students annually)
- INROADS (minority undergraduate internship program)
- Management Leadership for Tomorrow (focused on minorities in fast-track, entry-level positions and major graduate business schools)
- National Black MBA Association (NBMBA)
- National Society of Hispanic MBAs (NSHMBA)
- Opportunity Now (represents employers who strive to ensure inclusiveness for women)
- Out in the City (program for undergraduate lesbian, gay, bisexual and transgender individuals)
- Reaching Out MBA Conference (focusing on lesbian, gay, bisexual and transgender individuals)
- Sponsors for Educational Opportunity (SEO)
- TOIGO (encourages minority students to consider careers in finance)

U.S. Workforce Information Report

We are required by law to file an Employer Information Report EEO-1 detailing the ethnic and racial composition of our U.S. workforce with the U.S. Equal Opportunity Commission and the U.S. Department of Labor Office of Federal Contract Compliance Programs.

Citi offers Equal Employment Opportunity (EEO) to everyone—regardless of race, gender, gender identity or expression, color, creed, religion, national origin, citizenship, age, disability, marital status, including civil unions as defined and recognized by state law, sexual orientation, ancestry, veteran status or socioeconomic status. Citi's EEO policies apply to all

employment practices, including recruiting, hiring, promoting and training. Citi's commitment to EEO includes the development of Affirmative Action programs as required under U.S. federal employment laws and regulations. Executives and department managers are responsible for making good-faith efforts to achieve Affirmative Action goals.

The primary responsibility for developing and monitoring each program is assigned to a senior Human Resources officer, and progress on Affirmative Action efforts is regularly reviewed with senior management.

JOB CATEGORIES	TOTAL	MALE							FEMALE						
		WHITE	BLACK	HISPANIC	ASIAN	Native Hawaiian or Other Pacific Islander	Native American	2+RACE	WHITE	BLACK	HISPANIC	ASIAN	Native Hawaiian or Other Pacific Islander	Native American	2+RACE
EXEC/SENIOR MGRS	37	27	1	1	1	0	0	0	7	0	0	0	0	0	0
FIRST/MID-LVL MGRS	21,765	8,857	728	912	1,038	5	31	13	7,257	1,096	1,038	741	7	25	17
PROFESSIONALS	30,373	10,963	1,229	1,493	3,879	29	28	23	7,356	1,730	1,370	2,199	14	36	24
TECHNICIANS	4,979	1,867	294	225	493	5	10	8	1,389	260	153	264	0	5	6
SALES WORKERS	25,100	12,976	841	1,303	739	11	33	9	5,581	1,246	1,538	752	13	42	16
ADMIN SUPPORT	61,046	8,693	2,931	2,816	1,137	28	64	45	25,562	9,347	7,456	2,560	61	245	101
CRAFT WORKERS	72	32	11	8	3	0	0	0	9	5	3	1	0	0	0
OPERATIVES	984	180	105	63	119	2	2	0	231	100	39	139	2	1	1
LABORERS and HELPERS	19	7	9	1	0	0	0	0	1	1	0	0	0	0	0
SERVICE WORKERS	71	15	2	29	2	0	0	0	11	3	7	2	0	0	0
TOTAL	144,446	43,617	6,151	6,851	7,411	80	168	98	47,404	13,788	11,604	6,658	97	354	165

* Data as of July 2008.

Supplier diversity

In 2008 Citi continued its strategic approach of working to increase spend with diverse suppliers, building the sustainability program, maximizing leadership opportunities for diverse suppliers and enhancing strategic alliances with internal and external partners. Citi Supplier Diversity (CSD) focuses on the following strategic initiatives:

Building presence

- Citi established a team of sourcing advocates from each commodity category to further embed the diversity program within the procurement process in the United States.
- Citi hosted its first “Doing Business with Citi” workshop for minority suppliers in 2008. Sourcing managers spoke to prospective suppliers about the supplier selection criteria, and several eligible suppliers were invited to participate in a subsequent Request for Proposal process.

SUPPLIER DIVERSITY IN EMEA

Citi launched the Europe, Middle East and Africa (EMEA) Supplier Diversity program in June 2008. Citi managers are now working with EMEA Supplier Diversity to determine appropriate measurements and goals for sourcing diverse suppliers. In addition, eSourcing, a procurement engagement and event management tool, will be utilized to review all supply chain diversity, environmental and sustainable practices.

Building on current alliances

- Citi conducted several educational workshops in New York City in support of local diversity organizations. Additional workshops will be developed in 2009.
- Citi worked with Equity Capital Markets (ECM) to host the fifth annual Citi Supplier Diversity/ Equity Capital Markets Broker-Dealer Breakfast.
- Citi co-managed the “Let’s Do Business Together” seminar, which joined more than 200 prospective suppliers and 15 financial services companies.

Outreach

- Citi partnered with Dartmouth University’s Tuck School of Business Minority Business Enterprise Program to award a scholarship to a diverse supplier.
- The United States will relaunch its Mentor Protégée program in 2009.
- Citi’s Manager of EMEA Supplier Diversity was appointed Chair of the Corporate Advisory Board for WE Connect, the United Kingdom’s leading supplier diversity initiative.

Serving Our **Employees**



With approximately 323,000 employees in more than 100 countries, Citi's workforce is as diverse as it is talented. We recognize that our differences make us a stronger and richer organization. We seek to provide our employees with the resources they need to perform at a high level, balance their responsibilities effectively and, ultimately, fulfill their potential.

Citi offers a range of employee benefits, varying by location, that can include medical insurance, disability benefits, spending accounts and life insurance.

Workforce reductions in 2008

Our overall objective at Citi is to build shareholder value, serve our clients and customers and create growth opportunities for all employees while maintaining our commitment to corporate Citizenship; we worked diligently in 2008 to achieve these ends. Our financial performance and results, considered together with the extremely difficult operating environment, required us to take additional steps to reduce our

overall expenses and return the company to a stronger financial position. Over the course of 2008, our global workforce decreased by 52,000 employees.

The decision to reduce staffing levels is always tremendously difficult. We have instituted measures to assist with employee transitions; for example, in the United States, we provide a paid notice period for all eligible Citi employees. In addition, we provide

severance payments as determined by individual global locations.

We also fund outplacement services and offer Employee Assistance Plan (EAP) resources to help employees manage stresses related to job loss or other personal concerns. EAP can be reached 24 hours a day and provides for up to three free sessions with an outside counselor.

Flexible Work Strategies

Implemented in 2005, Citi’s Flexible Work Strategies (FWS) program enables employees and managers to consider different ways on how, where and when work can be accomplished. In light of the program’s success, the FWS guidelines and application tools have since been translated into 16 languages. Specific arrangements made possible by the FWS program include flextime, remote work, compressed workweek, job sharing between two employees, part-time or reduced schedule and leave of absence.

Alternative Workplace Strategies

The Alternative Workplace Strategies (AWS) program, which builds on the success of Citi’s FWS initiative, is helping us to maximize the use of Citi’s workspace and reduce our GHG emissions. Citi managers, in collaboration with Citi Realty Services, assess current work styles and environments and offer a range of alternative workplace solutions. Those solutions include, but may not be limited to, conventional office, shared/hybrid workspace, hoteling, satellite office and telecommute/ virtual office.

The AWS program offers employees increased flexibility, reduced commuting times, better work/life balance and the opportunity for greater collaboration with colleagues who share workspace.

Flexible Work Strategies Participation

Year	Number of requests received	Number of requests approved	Number of countries with approved flexible work arrangements
2008	4,944	3,823	36
2007	3,904	2,807	35
2006	4,462	2,662	30

Voice of the Employee Survey Results

Year	Response Rate	Satisfied	Neutral	Dissatisfied
2008	84%	63%	22%	15%
2007	89%	70%	17%	13%
2006	94%	70%	17%	13%
2005	92%	67%	18%	15%

Listening to our employees

We value our employees’ feedback and have developed several mechanisms for feedback and dialogue including periodic pulse surveys and our annual employee opinion survey, the Voice of the Employee (VOE). The VOE survey is conducted confidentially via the web and is translated into 40 different languages for administration in more than 100 countries worldwide. The VOE has been administered annually over the past ten years.

This year we updated the survey content to reflect Citi’s new direction and strategy. The new survey design will help us measure the most important aspects of our work environment so that we can

encourage practices that engage our people and help each of us perform at our best. We administered the VOE in the early fall of 2008, an especially turbulent economic time period. Despite the difficult timing, more than 275,000 employees completed the survey, for a response rate of 84 percent.

The results are used by managers and teams to build upon the areas that will help strengthen our culture and make Citi a great place to work. Managers and VOE Champions develop action plans to address the improvement opportunities identified via the survey.

Employee Training in 2008

Region	Population	Web-based trainings	Instructor-led trainings	Total trainings completed	# of hours delivered	Hours/Employee
Asia/Pacific	88,955	461,740	374,374	836,114	1,006,035	11.3
EMEA	54,835	329,380	209,456	538,836	658,660	12
LATAM	90,717	311,570	365,918	677,488	941,385	10.4
North America	142,006	1,894,789	528,603	2,423,392	5,910,808	41.6
Total	376,513	2,997,479	1,478,351	4,475,830	8,516,888	22.6

Training and development

We see training as an investment in our company's future. As such, our training programs are designed to meet the specific needs of each business unit. Employees participate in a structured development program and receive further development opportunities as they grow with the company.

Performance evaluation

Performance evaluations, which incorporate work environment, managerial and ethical elements, are used to set goals, assess employee performance, provide developmental feedback and contribute to compensation decisions. Citi managers are responsible for conducting annual performance evaluations at the

end of the year and, in some business units, they also complete mid-year appraisals. Approximately 175,000 officers and non-officers have access to complete the process online in the Global Talent and Performance Management System, which helps ensure a consistent approach to evaluating performance globally.

Employees have formed or joined trade unions and work councils in many of Citi's non-U.S. operations. In our support for the preservation of human rights around the world, Citi is guided by principles such as those in the ILO Core Conventions, including freedom of association for our employees and the right to organize and bargain collectively.

ON-THE-JOB
HEALTH AND SAFETY

Maintaining on-the-job health and safety is vital to our employees' well-being and productivity. The Citi Security and Fire Safety Policy (CSFSP) establishes standards that

- facilitate the protection of Citi's employees, customers, facilities and assets;
- develop security and fire safety programs designed to identify, evaluate and mitigate risks;
- ensure that Citi sectors and functions adhere to all applicable regulatory and legal requirements; and
- provide oversight, at the Citi level, of security and fire safety programs, to ensure appropriate and consistent practices.

Policy standards are based upon generally accepted principles for the assessment of risk. Additional protections may be required based upon a local security and fire safety risk assessment.

RESPONDING TO THE EARTHQUAKE IN SICHUAN PROVINCE

Citi China, Citi Asia Pacific and the Citi Foundation moved quickly to provide aid to assist communities devastated by the May 12, 2008 earthquake in Sichuan Province in southwestern China. Citi raised \$1.2 million for disaster relief agencies such as the Red Cross of China, reflecting generous contributions by its employees within China and around the world. Apart from monetary donations, Citi China employees volunteered their time by staffing an emergency relief hotline and conducting a relief drive to collect emergency items such as milk powder, diapers, clothes, blankets and medical supplies that were distributed to people in the devastated areas of the province.

Employee volunteerism

In challenging times, community engagement is more important than ever because needs are so great. Whether teaching financial education to young people, mentoring a small business owner or serving meals to the homeless, Citi employees respond when called upon to serve.

Volunteerism is deeply embedded in the culture of Citi. In addition to the benefits it provides local communities, it offers positive benefits to our employees ranging from team building to professional skill development.

Citi employees value the development opportunity that skill-based volunteerism offers. By utilizing either work-related life lessons or

professional skills and talents, Citi employees deliver information or services to either individuals or non-profits.

Examples of programs that Citi employees have volunteered for include:

Income Tax Assistance program

Citi volunteers in the United States assist low- to moderate-income citizens with tax preparation and financial education in an effort to ensure they are aware of available tax credits without having to pay a significant fee for tax preparation. These volunteers are committed to improving the financial stability of their communities by educating citizens about saving, sound credit decisions and other monetary issues.

ENGAGE Key Cities program

ENGAGE joins businesses and community organizations to increase the quality and amount of employee engagement in local communities. Citi employees across Europe are part of ENGAGE's "Key Cities" program, an initiative that brings together businesses and community partners. In Europe, ENGAGE has focused on enhancing employability skills and Citi employees are following suit. Employees volunteer their time to deliver workshops on résumé writing and effective interview techniques aimed at helping young people with limited education and job training gain employment.

Beyond homeownership to financial stability

Citi employees engaged in Habitat for Humanity programs throughout Latin America go beyond providing homes for families. They also volunteer to teach vital financial education lessons to the families that will buy these houses, ensuring that they understand and can effectively manage the responsibilities of entering into a home credit agreement.

Global Community Day

Global Community Day is one of many ways that Citi strengthens the communities where we live and work. Our third annual Global Community Day, held on November 8, 2008, brought together more than 55,000 Citi employees and their friends and families. Citi employees participated in more than 1,000 volunteer activities across 550 cities in 100 countries. For more details, please visit our webpage. [www](http://www.citi.com/globalcommunityday)

Results and impact*

- 290,304 lives impacted
- 47,077 tons of food donated
- 34,914 meals served
- 31,354 flora planted
- 3,239 people received financial education

* Data based on 48 percent return rate of Impact Surveys.

- Employee volunteers' hours logged in 2008: 399,378
- Cumulative hours logged since 2004: 1.8 million
- Citi Foundation matching gifts and volunteer incentive program funding totaled \$3 million in 2008

Giving Back Through the Citi Foundation



The Citi Foundation is committed to the economic empowerment of individuals and families, particularly those in need, in the communities where we work so that they can improve their standard of living. We fulfill this mission by providing grant support for programs that are aligned with our priority funding areas, promote collaboration and effective use of philanthropic resources, engage our employees and demonstrate impact and positive outcomes.

Priority funding areas

The Citi Foundation focuses its strategic giving on:

- **Microfinance and Microenterprise** to help individuals and families improve their lives through economic self-sufficiency and reduce financial vulnerability
- **Small and Growing Businesses** to create employment opportunities and support broad economic growth
- **Financial Education and Asset Building** to help individuals and families gain the knowledge and ongoing support they need to achieve financial stability
- **Education** to help improve the quality of and access to primary

and secondary education internationally, and programs in the United States that increase the number of low-income students who enroll in postsecondary education and earn a degree

- **Community Development** in the United States and Canada, with a focus on revitalizing neighborhoods and creating economically vibrant communities
- **The Environment**, by working with our partners in Microfinance and Microenterprise, Small and Growing Businesses and Community Development to support environmental innovations and embed a “green” component within key areas of their work

Foundation Giving

2008 — \$89.9 million

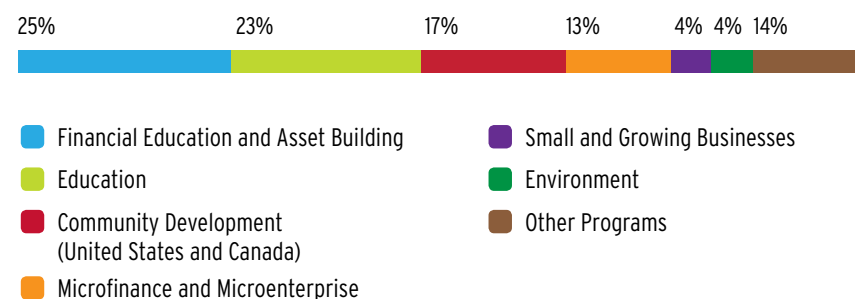
2007 — \$95.6 million

2006 — \$92.9 million

43 percent of Foundation grants in 2008 were targeted to programs outside of the United States.

Programs in **89 countries and territories** received Foundation grants in 2008.

2008 Foundation Giving by Focus Area



Citi Foundation: Changing the Way We Work

	2008 Results	2009 and Beyond Goals
Focus	Eliminated hundreds of small and off-target relationships to free up resources for more focused and high impact grants in our priority funding areas. In 2008 increased strategically focused grantmaking to 86 percent	<ul style="list-style-type: none"> • Continue focus on economic empowerment strategy and priorities • Exit remaining non-strategic relationships
Innovation	Launched innovative grants programs, including Citi's Building Bridges to College and Career initiative and Arc Finance, a sustainable energy and microfinance network. Expanded the geographic scope of the Self-Employment Tax Initiative	<ul style="list-style-type: none"> • Expand Citi's Building Bridges to College and Career effort • Continue to expand efforts to promote self-employment in connection with asset-building • Continue to seek out and support innovations in environmentally sustainable micro and small enterprises
Measuring Impact	Engaged in impact measurement of significant grant initiatives or priorities including Citi's Postsecondary Success Program, the Citi Network Strengthening Program and the Global Financial Education Program	<ul style="list-style-type: none"> • Implement comprehensive and consistent new impact measurement system across all Citi Foundation grants
Collaboration	Joined three funder collaboratives: Living Cities, Consultative Group to Aid the Poor and the Aspen Network for Development Entrepreneurs	<ul style="list-style-type: none"> • Leverage newly formed relationships to develop co-investment opportunities • Develop strategic partnerships with other funders through convenings, events and conferences in support of economic empowerment initiatives
Knowledge-Building	Convened internal and external partners through events such as the Citi-FT Financial Education Summit 2008 and the REO working group meeting	<ul style="list-style-type: none"> • Host external convenings on priority funding areas • Create an internal community of learning and best-practice sharing
Efficiency	Reduced grant review, vetting and payment cycle times for all grants. In 2008 only 32 percent of grants took longer than 90 days compared to 53 percent in 2007	<ul style="list-style-type: none"> • Provide ongoing training and feedback to internal partners on best practices in grantmaking • Continue to reduce grant-processing cycle times

Managing for excellence

In 2008 the Citi Foundation established a set of goals to drive a more focused and strategic approach to our philanthropic mission of economic empowerment. The objective of this rigorous self-evaluation and goal-setting process was to ensure that every dollar we grant generates the greatest measurable impact.

Our six new operational goals will guide our efforts and move us toward greater innovation, collaboration and knowledge-building across all of our core funding areas. These synergies will lead to more effective outcomes, greater outreach and sustainability among our grantees, the development of strategic partnerships with other funders and deeper understanding of effective methods and best practices in the field.



College graduates earn, on average, \$1 million more over their lifetime than high school graduates.

Education

One of the greatest predictors of household economic success is access to a high-quality education. Furthermore, young people who reach higher levels of academic achievement are much better positioned to contribute to the broader economy as adults. Consequently, the Citi Foundation supports programs that:

- increase access to high-quality primary and secondary education, especially in countries where limited educational opportunities are a barrier to future academic and economic success;
- build awareness of postsecondary education opportunities;
- increase academic readiness for college-level work;
- assist students through the college search, application and financial aid process;
- provide information to families about saving for and financing a college education; and
- build the next generation of financial services industry leaders.

"The Citi Foundation grant will strengthen our partner schools' ability to provide the curriculum, peer and educator training and performance management systems to not only increase the financial literacy of students, but to actually drive student behavior so that they apply for financial aid on time, get the assistance they need and enroll in college."

J.B. Schramm

Founder and CEO of College Summit

Building Bridges to College and Career Initiative

In 2008 we invested more than \$13.2 million to establish and launch a new strategic focus within education, titled Building Bridges to College and Career. This initiative will increase access to and success in postsecondary education for low-income and first-generation students by supporting efforts that address the multiple barriers linked to college enrollment and earning a degree. Grants supporting the initiative include the following:

College Summit

Since 1993 College Summit has served more than 35,000 low-income students and has raised school-wide college enrollment rates by more than 15 percent by providing basic tools to build high schools' capacity to transition students to college.



Education

The Citi Foundation provided a \$1 million grant in 2008 to College Summit. The grant will help increase the college enrollment rate of low-income youth by supporting the expansion of College Summit in seven markets. It will also support the development of a financial education curriculum for College Summit's year-long course for high school seniors that helps students explore financial aid options and learn how to manage their personal finances. All 17,000 students that College Summit expects to serve in the 2009/2010 school year will benefit from this curriculum enhancement.

Advancement Via Individual Determination (AVID)

The Citi Foundation provided \$200,000 in funding to AVID to design and test an innovative program model known as Up Where

You Belong. This program aims to increase the college enrollment and success rate of African-American males who want to go to college but are not achieving at the level needed to reach that goal. AVID places these students in college preparatory classes and provides social and academic support, including a daily class that teaches study skills; tutoring; and course curricula that stress writing, reading and teamwork. AVID currently partners with 3,500 schools serving 300,000 students in 45 states. Over the course of 2009, the Up Where You Belong program will be piloted in six markets across the country.

Each year, more than 200,000 low-income high school graduates who are capable of success in college do not enroll.



Citi Postsecondary Success Program

The Citi Foundation, in collaboration with the Academy of Educational Development (AED) and the Public Education Network (PEN), launched a five-year, \$5.1 million Citi Postsecondary Success Program to build community-wide partnerships to address barriers to college enrollment and the successful completion of a degree program.

This significant investment—the largest in our college access and success portfolio—builds on the Foundation's 20-year support of educational programs to improve student achievement and the overall quality of instruction.

Through the program, we are seeking to generate a dramatic and sustainable increase in the number of low-income and first-generation

students who enroll in and complete a college-level degree program. We will also measure and share replicable and scalable collaborative models created through the program with educators, public officials, policy-makers and other key stakeholders.

Supporting education around the world

The Citi Foundation maintains a portfolio of international grants to support primary, secondary and postsecondary education. Some examples include:

- **Brazil:** Paulista Professionalization Institute (IPP) – Preparing low-income high school students for the job market.
- **Indonesia:** Hope Worldwide, Ltd. Citi Success Fund – Grants to teachers for creative projects that improve student achievement and build awareness of social and environmental issues.
- **Uganda:** Private Education Development Network, Newspapers in Education – Program to help low-income primary school children improve basic literacy skills and connect to current events via distribution of free newspapers.
- **United Kingdom:** Teach First Citi English Fellows Program – Program to attract, train, place and support top graduates from leading UK universities to work as teachers in challenging inner-city schools.

Citi Postsecondary Success Program

- **5-year, \$5.1 million initiative**
- **3 cities** in the United States (Philadelphia, Miami and San Francisco)
- Expected to reach **56,000 students**
- **Goals:**
 - 10 percent more students will apply and be accepted to college
 - 100 percent of those applying will be accepted
 - 100 percent of those applying will complete a financial aid application
 - 70 percent will complete their first year of postsecondary education
- **A \$1.5 million companion grant** to the OMG Center for Collaborative Learning, an independent third-party evaluator, will fund efforts to track progress toward the goals of the Citi Postsecondary Success Program. www.citipostsecondary.org

MICROFINANCE AND MICROENTERPRISE

Access to financial services such as microcredit and savings, insurance and remittance products can help the poor to increase income, build viable businesses and reduce financial vulnerability. Microfinance and microenterprise development are recognized for their effective roles as instruments of change, empowering individuals to become economically self-sufficient through self-employment.

The Citi Foundation supports programs that help launch and grow microbusinesses and increase self-employment opportunities for low-income populations. Additionally, we support microfinance institutions (MFIs) in their efforts to achieve scale and long-term financial and environmental sustainability.

Citi Network Strengthening Program

The Citi Network Strengthening Program is a three-year, \$11.2 million international grant program launched in 2007 in collaboration with the Small Enterprise Education and Promotion Network (SEEP) and 12 regional and country-based microfinance networks. These networks represent 63 countries, over 1,400 MFIs and microfinance organization members and more than 25 million clients. The goal of our funding is to build the capacity of network members to help the industry reach greater scale, facilitate the provision of microfinance globally and integrate microfinance into the mainstream financial services industry across the developing world.

In the first year of the program, each of the 12 networks engaged in self-assessments and local industry assessments, developed strategic business plans and established goals and milestones. The second year of the program will emphasize peer learning, provision of specific technical assistance and the launch of impact metrics that will measure overall network success.

The program has already led to a number of significant outcomes:

- As a result of the **Pakistan Microfinance Network's** advocacy efforts, the State Bank of Pakistan launched a Microfinance Credit Guarantee Facility (MCFG) to smooth the flow of liquidity to MFIs. The MCFG ensures that 40 percent of funds provided by banks to

liquidity-starved MFIs are repaid in case of default.

- In August 2008 the **Banking With The Poor Network** convened the first Asia Network Summit, bringing together more than a dozen national and regional microfinance networks as part of a long-term plan to facilitate greater communication between national microfinance networks in the Asia Pacific Region.
- **ProDesarrollo** in Mexico has engaged in an intense advocacy process to position the network as the key representative voice of the Mexican microfinance sector. ProDesarrollo has led the introduction of a legislative reform initiative to mainstream microcredit in Mexico, established mechanisms to identify actors within the sector and set an enabling regulatory environment for the industry.
- In 2008 as part of its efforts to expand access to financial services in Russia, the **Russian Microfinance Center (RMC)** opened three regional offices in the Kabardino-Balkaria Republic, Ural and the Far East.

Asia Microfinance Forum 2008

In August 2008 the Citi Foundation sponsored the second Asia Microfinance Forum in Hanoi, Vietnam. The event was held in

partnership with the Banking With The Poor Network and the Foundation for Development Cooperation, and focused on the challenges and innovations that will have the greatest impact on microfinance in the coming decades, especially in Asia. The Forum was highly successful, attracting more than 500 participants from 50 countries, including more than 100 microfinance practitioners from Vietnam.

"With funding from the Citi Foundation, we are thrilled to have completed our mission of opening three branch offices in our efforts to expand access to financial services in hard-to-reach areas of Russia."

Mikhail Mamuta

President,
Russian Microfinance Center

SMALL AND GROWING BUSINESSES

Small businesses are a powerful driver of economic growth and job creation around the globe. In order to succeed in a rapidly changing global economy, these small enterprises must focus beyond capital and technical assistance and address issues such as environmental sustainability, growing resource scarcity, changing business practice standards and shifting regulations.

The Citi Foundation supports small and growing businesses by funding programs that provide them with access to technical assistance and investment capital and by helping them to adopt new models for achieving financial and environmental sustainability. We are particularly focused on activities that support sustainable enterprise development which generate “triple bottom line” economic, environmental and social benefits.

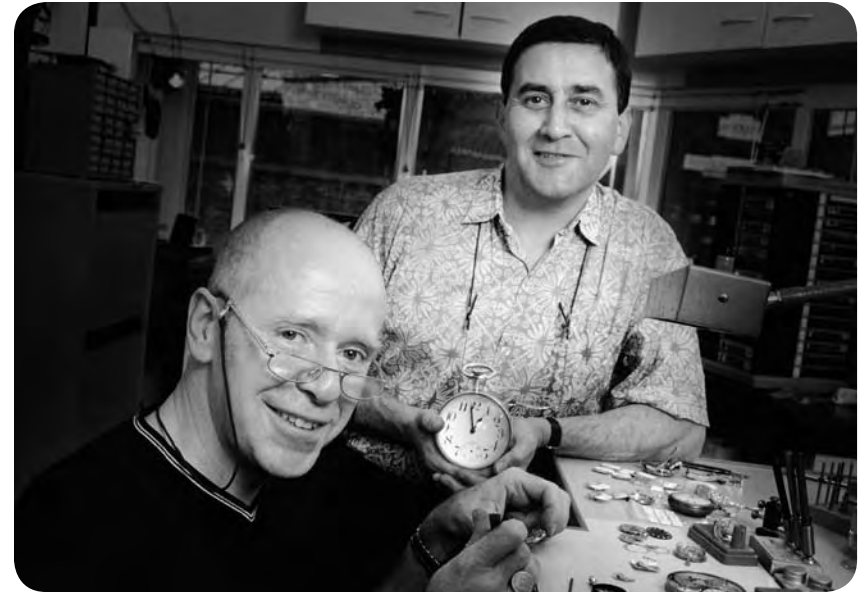
WRI New Ventures program

In 2002 the World Resources Institute (WRI) developed and launched the New Ventures program to support entrepreneurs who incorporate unique social and environmental benefits in their “green sector” enterprises. WRI works with local partners to identify and select promising enterprises for business mentoring, workshops, outreach and investor showcasing.

The Citi Foundation is proud to continue its funding of the WRI New Ventures program in China

and Indonesia and the scale-up of the program into Brazil, Central America, Colombia and India. We invested \$500,000 in the initiative in 2008, helping WRI

- mentor 60 small and growing enterprises for presentations at Investor Forums;
- hold six Investor Forums that convened 600 to 700 participants;
- offer 18 business skills workshops to a total of 500 participants; and
- catalyze \$25 million in investments.



Sustainable Jobs Fund

The Citi Foundation has supported Sustainable Jobs Fund Advisory Services (SJF), the non-profit arm of SJF Ventures, since its inception in 2001. SJF aims to help sustainable enterprises in the United States generate greater employment opportunities in economically distressed or underserved areas, support the creation of quality jobs with skill- and wealth-building opportunities for low-income individuals and encourage environmental improvements through innovations in sustainable enterprise.

In 2008 the Citi Foundation provided funding for the launch of SJF's Sustainable Enterprise Initiative, which serves as a bridge between the sustainable enterprise, community development and the finance sectors by providing research, technical assistance, educational webinars and industry convenings.

FINANCIAL EDUCATION AND ASSET BUILDING

Critical factors in attaining economic success are the ability of individuals to establish financial plans, maintain financial goals and develop strategies for preserving their financial position during times of both economic prosperity and instability. The Citi Foundation supports programs that provide individuals with access to knowledge and incentives that help them take control of their financial future by making informed decisions, acquiring and preserving financial assets and responding to major life events that can affect income and expenses.

Recognizing that consumers have different financial priorities at different stages of their lives, the Citi Foundation supports programs that reflect the differing needs, levels of understanding and learning styles of youth, adults and families in order to achieve greater scale and effectiveness. Through our grants, we look to track not only whether individuals gained mastery of financial education topics, but also whether this knowledge resulted in beneficial economic outcomes.

ABCs of Finances: a nationwide educational portal for Russia

The Citi Foundation is committed to exploring innovative ways to deliver financial education at greater scale through the use of technology. We are a major funder of the first nationwide education web portal in Russia, "ABCs of Finances," that focuses on the basics of personal finance for the Russian population. The website has been developed and launched in partnership with the Government of the Russian Federation including the Russian Ministry of Finance, State DUMA, Agency of Credit Insurance, National Bureau of Credit Histories, All-Russia Society of Customer Rights Protection, Federal Antimonopoly Service and the

National Agency of Non-Governmental Pension Funds.

Additionally, our funds are supporting the publication of two financial education guides that will be disseminated in several Russian regions: Nizhniy Novgorod, Volgograd, Rostov-on-Don, along with related financial education outreach programs such as lectures, trainings and workshops. The program expects to reach more than 100,000 students, 60,000 adults, 500 educators and 300 NGOs and organizations over the next 12 months.

Research Foundation of the State University of New York (SUNY), Financing Your Independence program

The Citi Foundation provides funding to SUNY's University Center for Academic and Workforce Development's Financing Your Independence program. This highly effective program, which is based on Citi's Financial Education Curriculum, provides classroom instruction in four core areas of financial education: income, money management, spending and credit, and savings and investing. The primary goal of the Financing Your Independence curriculum is to provide students with sufficient knowledge and skills in personal finance to equip them to take

responsibility for their own economic stability.

Over the past five years, this program has successfully reached over 6,000 students at six SUNY Educational Opportunity Centers. Upon completing the program, students reported that they were more confident about their own financial management skills and their ability to plan for their futures: 66 percent of students reported success in managing their money, 68 percent were reviewing their credit reports on a regular basis, 79 percent were paying their bills on time, 86 percent were saving money for emergencies and 73 percent were improving their spending habits.



COMMUNITY DEVELOPMENT

The Citi Foundation is committed to maintaining economically vibrant and environmentally sustainable communities in the United States and Canada through the development or preservation of affordable housing for low- to moderate-income individuals, revitalization of underserved neighborhoods including rehabilitation of commercial corridors and/or the development of community facilities such as charter schools and community centers.

Additionally, the Citi Foundation is committed to building the capacity of community development organizations to better serve their communities through management training and technical assistance. The organizations typically supported by the Citi Foundation are non-profit community development corporations (CDCs), community development intermediaries and community development financial institutions (CDFIs) whose programs build and revitalize neighborhoods leading to economic growth and stability in the communities they serve.

Citi Foundation Partners in Progress Grant Program

The Partners in Progress (PIP) Grant Program was started in 1997 to help leading community organizations implement physical development or the revitalization of underserved areas. While PIP originally only encompassed New York-based and regionally based grants, in 2008 the Citi Foundation expanded PIP to a \$2.1 million national program. We provided grants of \$100,000 to local community development organizations in 20 urban communities across the United States.

These grants are funding innovative, physical development and rehabilitation projects that champion the long-term or large-scale revitalization of low- and moderate-income communities. Of the 21 projects selected, more than half include environmental sustainability as a critical aspect of the initiative and one-third include transit-oriented developments.

ENVIRONMENT

In the Citi Foundation's priority focus areas of Microfinance and Microenterprise, Small and Growing Businesses, and Community Development, we strive to partner with organizations to support environmental innovations, providing the financial and technical resources required to embed a "green" component within key areas of their work.

E+Co / Arc Finance

More than 1.6 billion people around the world do not have access to electricity and more than 2.4 billion people cook with traditional fuels like wood, dung and charcoal. Despite the urgent need to slow climate change, 80 percent of people in most developing countries cannot afford the high up-front costs associated with cleaner, more efficient energy technologies.

In response to this dilemma, in 2007 the Citi Foundation provided seed funding to E+Co to launch Arc Finance, a global center of expertise and knowledge-building designed to develop microfinance products to help poor people gain access to clean energy services. To date, we have provided \$675,000 to Arc Finance in support of its transition

to an independent non-profit; to continue its work of originating transactions that initiate, strengthen and finance existing energy lending programs; and to develop a communications strategy to link finance with energy for the poor.

Awards

Citi is proud to be recognized for its Citizenship achievements. Below is a partial list of awards that the company received in 2008.

CITIZENSHIP

Best Corporate Citizen, Second Place in Foreign Company Category

CommonWealth magazine (Taiwan)

Best Bank for Corporate Social Responsibility

The Bank of the Year Competition (Hungary)

Honorable Mention for Best CSR Award

Taiwan Academy of Banking and Finance

DIVERSITY

100% Corporate Equality Index
Human Rights Campaign (United States)—fifth time on the list

100 Best Companies for Working Mothers

Working Mother magazine (United States)—18th year on the list

Top 50 Companies for Diversity

DiversityInc magazine (United States)—fifth year on the list

2008 Diversity Elite 60

Hispanic Business magazine (United States)

Top 100 Employers for Lesbian and Gay Staff

Stonewall Workplace Equality Index (United Kingdom)

Top 50 Companies for Diverse Managers to Work

DiversityMBA magazine (United States)

Top 50 List of Where Women Want to Work, LATINA Style 50

LATINA Style magazine (United States)—Named to the list every year since the list began in 1998

EMPLOYEES

Best Flexible Work Practices

Hong Kong HR Awards 2008 (Hong Kong)

Employer of Choice for Women

Equal Opportunity for Women in the Workplace Agency (Australia)

ENVIRONMENT

Top U.S. Bank

Ceres Report on Corporate Governance and Climate Change (United States)

Second-Ranked U.S. Financial Institution

Carbon Disclosure Leadership Index (United Kingdom)

Short-listed for the FT Sustainable Bank of the Year Award

Financial Times (United Kingdom)

Sustainable Energy Award: Highly Commended

Sustainable Energy (Ireland)

Green Data Centre Award

Data Centre Dynamics (for Frankfurt, Germany Data Center)

Smart Workplace

New Jersey Department of Transportation (United States)—for providing commuter benefits that minimize the environmental impact of daily commuting

Don Emilio Abello Energy Efficiency Awards

Department of Energy (Phillipines)—for outstanding performance in energy efficiency at CitiSquare, CitiTower and CitiCenter

FINANCIAL EDUCATION

Award for contributing to the spread of financial education

Association for Financial Security of the Citizens of the Polish Republic (Citi Handlowy/Poland)

Award for participating in National Financial Education Week

National Commission in charge of Protecting and Defending Financial Service Users (Mexico)
Educación Financiera Banamex

Best Participant in Financial Education for Communities and Schools

Financial Supervisory Commission (Taiwan)

Philanthropy Prize 2008, first place in Education category

For support for the Economics for Leaders program (Citi Slovakia)

2008 Stars of Africa Award in the Community Development and Welfare category

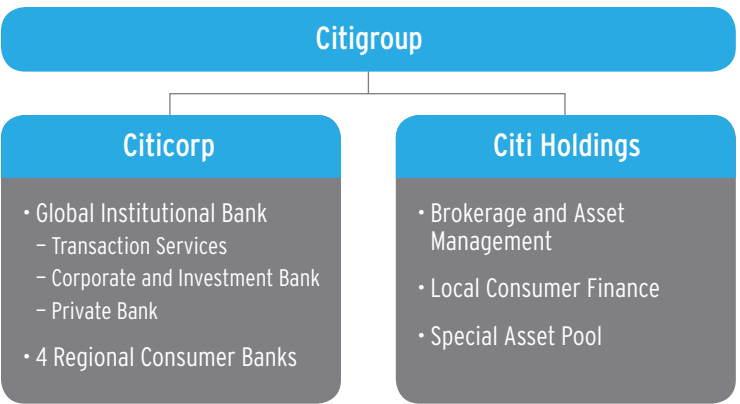
American Chamber of Commerce South Africa (South Africa)

Recognition for four years of support

Abu Dhabi University (United Arab Emirates)

About Citi

Citigroup Inc. is a diversified global financial services holding company headquartered in New York City whose businesses provide a broad range of financial services to consumer and corporate clients, including consumer banking and credit, corporate and investment banking, securities brokerage and wealth management.



We employed approximately 323,000 people at the close of 2008, have more than 200 million customer accounts and do business in more than 100 countries. In 2008 Citi and the Citi Foundation made charitable contributions of more than \$139 million globally. For complete financial information, please refer to Citi's annual report. [www](#)

Citi has been named to the Dow Jones Sustainability Indexes (DJSI World and DJSI North America) and the FTSE4Good Index for the seventh year in a row. Our inclusion in these indices reflects our leadership in setting standards in sustainable growth and in demonstrating exceptional environmental, social and economic performance.

Organizational changes

Throughout 2008 Citi worked to centralize global functions at the corporate level to reduce complexity, leverage global scale and accelerate innovation. Affected functions included finance, information technology (IT), legal, human resources and branding.

In January 2009 Citi announced a reorganization of the company into two distinct businesses, Citicorp and Citi Holdings. This structure will enable Citi to focus on driving performance of its core businesses while maximizing value from "non-core" assets.

Contact **Information**

We appreciate your interest in Citi and hope that this report has provided you with relevant and useful information about our strategy, programs and initiatives. As we work to improve both our Citizenship performance and communications, we invite you to contact us with any comments or questions.

Contact information

For more information on the Citizenship initiatives described in this report, please visit Citi's website [www](http://www.citi.com) or contact

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Forward-looking statements

Certain statements in this document are "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. These statements are based on management's current expectations and are subject to uncertainty and changes in circumstances. Actual results may differ materially from those included in these statements due to a variety of factors. More information about these factors is contained in Citi's filings with the Securities and Exchange Commission.



GRI G3 Content Index



The table below provides information on our use of the Global Reporting Initiative (GRI) G3 Sustainability Guidelines in Citi's 2008 Citizenship report. We are self-declaring a "B" Application Level.

With regard to the location of specific information, we refer to the relevant pages of the 2008 Citizenship report, available on our website at <http://www.citi.com/citigroup/citizen>. [www](#) We also indicate information that is reported on our website or in Citi's 2008 Annual Report and Proxy Statement.

	GRI Disclosure	Type	Location/Notes
	STRATEGY AND ANALYSIS		
1.1	CEO statement	Core	p 3
1.2	Description of key impacts, risks and opportunities	Core	pp 7-8
	ORGANIZATIONAL PROFILE		
2.1	Name of the organization	Core	p 82
2.2	Primary brands, products and services	Core	p 82; 2008 Annual Report (Financial and Form 10-K) www
2.3	Operational structure	Core	p 82; 2008 Annual Report (Financial and Form 10-K) www
2.4	Headquarters location	Core	p 82; 2008 Annual Report (Financial and Form 10-K) www
2.5	Countries of operation	Core	p 82; 2008 Annual Report (Financial and Form 10-K) www
2.6	Nature of ownership and legal form	Core	p 82; 2008 Annual Report (Financial and Form 10-K) www
2.7	Markets served	Core	p 82; 2008 Annual Report (Financial and Form 10-K) www
2.8	Scale of organization	Core	p 82; 2008 Annual Report (Financial and Form 10-K) www
2.9	Significant changes during the reporting period regarding size, structure or ownership	Core	p 82; 2008 Annual Report (Financial and Form 10-K) www
2.10	Awards received during the reporting period	Core	p 81

	GRI Disclosure	Type	Location/Notes
	REPORT PARAMETERS		
	Report Profile		
3.1	Reporting period	Core	p 2
3.2	Date of most recent previous report	Core	April 2008
3.3	Reporting cycle	Core	Annual
3.4	Contact	Core	p 83
	Report Scope and Boundary		
3.5	Process for defining report content	Core	pp 2, 9-10
3.6	Boundary of the report	Core	p 2
3.7	Limitations of the scope or boundary of the report	Core	Not applicable
3.8	Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations and other entities that could affect comparability	Core	p 4
3.9	Data measurement techniques and assumptions	Core	pp 48, 50-51, 58
3.10	Explanation of the effect of any restatements of information provided in earlier reports	Core	pp 50-51, 58
3.11	Significant changes from previous reporting periods in the scope, boundary or measurement methods applied in the report	Core	pp 50-51, 82
	GRI Content Index		
3.12	GRI content index	Core	pp 84-95
	Assurance		
3.13	Policy and current practice with regard to seeking external assurance for the report	Core	pp 9-10

	GRI Disclosure	Type	Location/Notes
	GOVERNANCE, COMMITMENTS AND ENGAGEMENTS		
	Governance		
4.1	Governance structure	Core	p 11; Corporate Governance website www
4.2	Indicate whether the Chair of the highest governance body is also an executive officer	Core	p 11; 2009 Proxy Statement www
4.3	State the number of members of the highest governance body that are independent and/or non-executive members	Core	p 11
4.4	Mechanism for shareholders and employees to provide recommendations or direction to the board	Core	2009 Proxy Statement www
4.5	Linkage between compensation for members of the board, senior managers and executives and the organization's performance	Core	2009 Proxy Statement www
4.6	Processes in place for the board to ensure conflicts of interest are avoided	Core	2009 Proxy Statement www
4.7	Process for determining the qualifications and expertise of the members of the board for guiding the organization's strategy on economic, environmental and social topics	Core	2009 Proxy Statement www
4.8	Statements of mission or values, codes of conduct, and principles relevant to economic, environmental and social performance and the status of their implementation	Core	pp 12-13, 37, 44-46; Corporate Governance website www
4.9	Board procedures for overseeing the organization's identification and management of economic, environmental and social performance, including relevant risks and opportunities, and adherence or compliance with internationally agreed standards, codes of conduct and principles	Core	p 11; Public Affairs Committee Charter www
4.10	Processes for evaluating the board's own performance	Core	Corporate Governance Guidelines www
	Commitments to External Initiatives		
4.11	Explanation of whether and how the precautionary approach or principle is addressed by the organization	Core	pp 35, 38, 40, 47-49
4.12	Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organization subscribes or endorses	Core	pp 13, 37-40, 44-46
4.13	Memberships in associations and/or national/international advocacy organizations in which the organization has positions in governance bodies; participates in projects or committees; provides substantive funding beyond routine dues; or views membership as strategic	Core	pp 9-10, 16, 19, 37, 47, 65
	Stakeholder Engagement		
4.14	List of stakeholder groups engaged by the organization	Core	pp 9-10, 19, 36
4.15	Basis for identification and selection of stakeholders with whom to engage	Core	pp 9-10
4.16	Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group	Core	pp 9-10; 2009 Proxy Statement www
4.17	Key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting	Core	pp 10, 19, 22, 36, 69, 2009 Proxy Statement www

	GRI Disclosure	Type	Location/Notes
	ECONOMIC PERFORMANCE		
DMA	Disclosure on Management Approach	Core	pp 4, 18, 20, 72, 82; 2008 Annual Report www
	Economic performance		
EC1	Economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings and payments to capital providers and governments	Core	pp 19-24, 26-28, 71-73, 75-80; 2008 Annual Report www
EC2	Financial implications and other risks and opportunities for the organization's activities due to climate change	Core	pp 36, 47-52; 2009 Proxy Statement www
EC3	Coverage of the organization's defined benefit plan obligations	Core	2008 Annual Report (Financials and Form 10-K) www
EC4	Significant financial assistance received from government	Core	p 4
	Market Presence		
EC5	Range of ratios of standard entry level wage compared to local minimum wage at significant locations of operation	Additional	Not reported
EC6	Policy, practices and proportion of spending on locally based suppliers at significant locations of operation	Core	Not reported
EC7	Procedures for local hiring and proportion of senior management hired from the local community at significant locations of operation	Core	Not reported
	Indirect Economic Impacts		
EC8	Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind or pro-bono engagement	Core	pp 14-28, 71-80
EC9	Understanding and describing significant indirect economic impacts, including the extent of impacts	Additional	pp 14-28, 71-80

	GRI Disclosure	Type	Location/Notes
	ENVIRONMENTAL		
DMA	Disclosure on Management Approach	Core	pp 35, 37, 43, 55
	Materials		
EN1	Materials used by weight or volume	Core	p 58
EN2	Percentage of materials used that are recycled input materials	Core	p 57
	Energy		
EN3	Direct energy consumption by primary energy source	Core	p 58
EN4	Indirect energy consumption by primary source	Core	p 58
EN5	Energy saved due to conservation and efficiency improvements	Additional	pp 53-57
EN6	Initiatives to provide energy-efficient or renewable energy based products and services, and reductions in energy requirements as a result of these initiatives	Additional	pp 37-39
EN7	Initiatives to reduce indirect energy consumption and reductions achieved	Additional	pp 53-57
	Water		
EN8	Total water withdrawal	Core	p 58
EN9	Water sources significantly affected by withdrawal of water	Additional	Not applicable
EN10	Percentage and total volume of water recycled and reused	Additional	Not reported
	Biodiversity		
EN11	Location and size of land owned, leased, managed in or adjacent to, protected areas and areas of high biodiversity value outside protected areas	Core	Not reported
EN12	Description of significant impacts of activities, products and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas	Core	Not reported
EN13	Habitats protected or restored	Additional	Not applicable
EN14	Strategies, current actions and future plans for managing impacts on biodiversity	Additional	p 37-38, 42
EN15	Number of IUCN Red List species and national conservation list species with habitats in areas affected by operations, by level of extinction risk	Additional	Not applicable

	GRI Disclosure	Type	Location/Notes
	Emissions, Effluents and Waste		
EN16	Total direct and indirect greenhouse gas emissions by weight	Core	pp 51, 58
EN17	Other relevant indirect greenhouse gas emissions by weight	Core	p 58
EN18	Initiatives to reduce greenhouse gas emissions and reductions achieved	Additional	pp 48-57
EN19	Emissions of ozone-depleting substances by weight	Core	Not applicable
EN20	NOx, SOx and other significant air emissions by type and weight	Core	Not reported
EN21	Total water discharge by quality and destination	Core	Not reported
EN22	Total weight of waste	Core	p 58
EN23	Total number and volume of significant spills	Core	Not reported
EN24	Weight of transported, imported, exported or treated waste deemed hazardous under the terms of the Basel Convention Annex I,II, III and VIII, and percentage of transported waste shipped internationally	Additional	Not applicable
EN25	Identify, size, protected status and biodiversity value of water bodies and related habitats significantly affected by the reporting organization's discharges of water and runoff	Additional	Not applicable
	Products and Services		
EN26	Initiatives to mitigate environmental impacts of products and services and extent of impact mitigation	Core	pp 36-49
EN27	Percentage of products sold and their packaging materials that are reclaimed by category	Core	Not applicable
	Compliance		
EN28	Monetary value of significant fines and total number of non-monetary sanctions for noncompliance with environmental laws and regulations	Core	Not reported
	Transport		
EN29	Significant environmental impacts of transporting products and other goods and materials used for the organization's operations, and transporting members of the workforce	Additional	p 56
	Overall		
EN30	Total environmental protection expenditures and investments by type	Additional	p 48

	GRI Disclosure	Type	Location/Notes
	LABOR PRACTICES		
DMA	Disclosure on Management Approach	Core	pp 68-71
	Employment		
LA1	Total workforce by employment type, employment contract and region	Core	Not reported
LA2	Total number and rate of employee turnover by age group, gender and region	Core	Not reported
LA3	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Additional	Not reported
	Labor/Management Relations		
LA4	Percentage of employees covered by collective bargaining agreements	Core	Not reported
LA5	Minimum notice period(s) regarding operational changes, including whether it is specified in collective agreements	Core	Not reported
	Occupational Health and Safety		
LA6	Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programs	Additional	Not applicable
LA7	Rates of injury, occupational diseases, lost days and absenteeism, and number of work-related fatalities by region	Core	Not reported
LA8	Education, training, counseling, prevention and risk-control programs in place to assist workforce members, their families or community members regarding serious diseases	Core	Not reported
LA9	Health and safety topics covered in formal agreements with trade unions	Additional	Not applicable
	Training and Education		
LA10	Average hours of training per year per employee	Core	p 70
LA11	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings	Additional	pp 68, 70
LA12	Percentage of employees receiving regular performance and career development reviews	Additional	p 70
	Diversity and Equal Opportunity		
LA13	Composition of governance bodies and breakdown of employees per category according to gender, age group, minority group membership and other indicators of diversity	Core	pp 11, 66
LA14	Ratio of basic salary of men to women by employee category	Core	Not reported

	GRI Disclosure	Type	Location/Notes
	HUMAN RIGHTS		
DMA	Disclosure on Management Approach	Core	pp 13, 35-37
	Investment and Procurement Practices		
HR1	Percentage and total number of significant investment agreements that include human rights clauses or that have undergone human rights screening	Core	Not applicable
HR2	Percentage of significant suppliers and contractors that have undergone screening on human rights and actions taken	Core	Not reported
HR3	Total hours of employee training on policies and procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained	Additional	p 43
	Non-Discrimination		
HR4	Total number of incidents of discrimination and actions taken	Core	Not reported
	Freedom of Association and Collective Bargaining		
HR5	Operations identified in which the right to exercise freedom of association and collective bargaining may be at significant risk, and actions taken to support these rights	Core	Not applicable
	Child Labor		
HR6	Operations identified as having significant risk for incidents of child labor, and measures taken to contribute to the elimination of child labor	Core	Not applicable
	Forced and Compulsory Labor		
HR7	Operations identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of forced or compulsory labor	Core	Not applicable
	Security Practices		
HR8	Percentage of security personnel trained in the organization's policies or procedures concerning aspects of human rights that are relevant to operations	Additional	Not reported
	Indigenous Rights		
HR9	Total number of incidents of violations involving rights of indigenous people and actions taken	Additional	Not applicable

	GRI Disclosure	Type	Location/Notes
	SOCIETY		
DMA	Disclosure on Management Approach	Core	pp 13, 18, 20
	Community		
S01	Nature, scope and effectiveness of any programs and practices that assess and manage the impacts of operations on communities, including entering, operating and exiting	Core	pp 18-24, 36-37
	Corruption		
S02	Percentage and total number of business units analyzed for risks related to corruption	Core	p 13; Anti-Money Laundering website www
S03	Percentage of employees trained in organization's anti-corruption policies and procedures	Core	pp 12-13; Code of Ethics for Financial Professionals www
S04	Actions taken in response to incidents of corruption	Core	Not reported
	Public Policy		
S05	Public policy positions and participation in public policy development and lobbying	Core	p 13
S06	Total value of financial and in-kind contributions to political parties, politicians and related institutions by country	Additional	p 13; 2008 Political Contributions www
	Anti-Competitive Behavior		
S07	Total number of legal actions for anti-competitive behavior, anti-trust and monopoly practices and their outcomes	Additional	Not reported
	Compliance		
S08	Monetary value of significant fines and total number of non-monetary sanctions for noncompliance with laws and regulations	Core	Not reported

	GRI Disclosure	Type	Location/Notes
	PRODUCT RESPONSIBILITY		
DMA	Disclosure on Management Approach	Core	pp 13, 15-17, 29, 40
	Customer Health and Safety		
PR1	Life cycle stages in which health and safety impacts of products and services are assessed for improvement, and percentage of significant products and services categories subject to such procedures	Core	Not applicable
PR2	Total number of incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts of products and services during their life cycle, by type of outcome	Additional	Not applicable
	Product and Service Labeling		
PR3	Type of product and service information required by procedures, and percentage of significant products and services subject to such information requirements	Core	Not reported
PR4	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes	Additional	Not reported
PR5	Practices related to customer satisfaction, including results of surveys measuring customer satisfaction	Additional	p 30
	Marketing Communications		
PR6	Programs for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship	Core	Not reported
PR7	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion and sponsorship by type of outcomes	Additional	Not reported
	Customer Privacy		
PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data	Additional	Not reported
	Compliance		
PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services	Core	Not reported

	GRI Disclosure	Type	Location/Notes
	FINANCIAL SERVICES SECTOR: SPECIFIC DISCLOSURE ON MANAGEMENT APPROACH		
FS1	Policies with specific environmental and social components applied to business lines	Core	pp 13, 35-42, 44-46
FS2	Procedures for assessing and screening environmental and social risks in business lines	Core	pp 37-39, 41-42, 44-46
FS3	Processes for monitoring clients' implementation of and compliance with environmental and social requirements included in agreements or transactions	Core	p 40
FS4	Processes for improving staff competency to implement the environmental and social policies and procedures as applied to business lines	Core	p 43
FS5	Interactions with clients/investors/business partners regarding environmental and social risks and opportunities	Core	pp 13, 19, 36, 38, 41-42, 46, 49
	FINANCIAL SERVICES SECTOR: PRODUCT AND SERVICE IMPACT INDICATORS		
	Aspect: Product Portfolio		
FS6	Percentage of the portfolio for business lines by specific region, size, and by sector	Core	Not reported
FS7	Monetary value of products and services designed to deliver a specific social benefit for each business line broken down by purpose	Core	Not reported
FS8	Monetary value of products and services designed to deliver a specific environmental benefit for each business line broken down by purpose	Core	p 48
	Aspect: Audit		
FS9	Coverage and frequency of audits to assess implementation of environmental and social policies and risk assessment procedures	Core	p 40
	Aspect: Active Ownership		
FS10	Percentage and number of companies held in the institution's portfolio with which the reporting organization has interacted on environmental or social issues	Core	Not applicable
FS11	Percentage of assets subject to positive and negative environmental or social screening	Core	Not applicable
FS12	Voting polic(ies) applied to environmental or social issues for shares over which the reporting organization holds the right to vote shares or advises on voting	Core	Not applicable
	Aspect: Community		
FS13	Access points in low-populated or economically disadvantaged areas by type	Core	p 20
FS14	Initiatives to improve access to financial services for disadvantaged people	Core	pp 20-28, 31-34, 74-80
	Aspect: Product and Service Labeling		
FS15	Policies for the fair design and sale of financial products and services	Core	pp 12-13, 20-21, 29
FS16	Initiatives to enhance financial literacy by type and beneficiary	Core	pp 25-28, 79

Application Level Table

Report Application Level		C	C+	B	B+	A	A+
STANDARD DISCLOSURES	<div> <div>G3 Profile Disclosures</div> <div>OUTPUT</div> </div>	Report on: 1.1 2.1-2.10 3.1-3.8, 3.10-3.12 4.1-4.4, 4.14-4.15	REPORT EXTERNALLY ASSURED	Report on all criteria listed for Level C plus: 1.2 3.9, 3.13 4.5-4.13, 4.16-4.17	REPORT EXTERNALLY ASSURED	Same as Requirement for Level B	REPORT EXTERNALLY ASSURED
	<div> <div>G3 Management Approach Disclosures</div> <div>OUTPUT</div> </div>	Not Required		Management Approach Disclosures for each Indicator Category		Management Approach Disclosures for each Indicator Category	
	<div> <div>G3 Performance Indicators & Sector Supplement Performance Indicators</div> <div>OUTPUT</div> </div>	Report on a minimum of 10 Performance Indicators, including at least one from each of: Economic, Social and Environmental.		Report on a minimum of 20 Performance Indicators, at least one from each of Economic, Environmental, Human rights, Labor, Society, Product Responsibility.		Report on each core G3 and Sector Supplement* Indicator with due regard to the Materiality Principle by either: a) reporting on the Indicator or b) explaining the reason for its omission.	

*Sector supplement in final version