



# **2014 Resolution Plan for Citigroup Inc. & Citibank, N.A.**

**Public Section**

**June 30, 2014**

## Table of Contents

<b>I. SUMMARY OF 2014 RESOLUTION PLAN .....</b>	<b>3</b>
<b>A. The Names of Material Entities</b>	<b>6</b>
<b>B. Description of Core Business Lines</b>	<b>7</b>
<b>C. Summary Financial Information Regarding Assets, Liabilities, Capital and Major Funding Sources</b>	<b>10</b>
<b>D. Description of Derivative and Hedging Activities</b>	<b>15</b>
<b>E. Memberships in Material Payment, Clearing and Settlement Systems</b>	<b>17</b>
<b>F. Description of Foreign Operations</b>	<b>19</b>
<b>G. Material Supervisory Authorities</b>	<b>23</b>
<b>H. Principal Officers</b>	<b>24</b>
<b>I. Resolution Planning Corporate Governance Structure and Processes</b>	<b>25</b>
<b>J. Description of Material Management Information Systems</b>	<b>27</b>
<b>K. High-Level Description of Resolution Strategy</b>	<b>29</b>

[THIS PAGE INTENTIONALLY LEFT BLANK]

## I. Summary of 2014 Resolution Plan

Citi continues to implement a focused, client-oriented business strategy. In a challenging macroeconomic environment, we also continue to respond to the high and still rising regulatory standards of the post crisis financial services landscape. As a result of significant actions undertaken during and since the financial crisis, Citi today is a simpler, smaller, safer and stronger institution.

**Simpler:** Citi has returned to the basics of institutional and consumer banking and is focused on generating consistent, quality earnings to create shareholder value.

**Smaller:** Citi has completed more than 60 divestitures of businesses not core to our strategy, reducing Citi Holdings' assets by nearly \$700 billion, while also reducing the remaining portfolio's drag on earnings. These non-core assets now represent only 6% of Citi's balance sheet and the company is committed to continuing to shed the remaining assets in an economically rational manner.

**Safer:** Safety and soundness are our license to do business, and we continue to strengthen risk management and invest in our controls infrastructure and processes through close collaboration between our Risk, Finance, Compliance, and Operations and Technology functions as well as our businesses.

**Stronger:** Citi is one of the best capitalized banks in the world. At the end of 1Q 2014, our Tier 1 Common capital ratio stood at an estimated 10.5% on a Basel III basis, and we maintain a strong balance sheet with keen focus on asset quality, robust capital, liquidity and loan loss reserves.

Citi's leadership remains confident in the firm's ability to withstand the impact of a wide range of severe stress scenarios while continuing to provide financial services to customers and markets. Despite the challenging operating environment for all banking institutions throughout the past year, Citi has demonstrated the resiliency of its franchise and ability to perform. Key indicators of "Citi's financial strength" include:<sup>1</sup>

- Robust liquidity levels and a strong capital base
  - \$424.8 billion in high quality liquid assets; Basel III Liquidity Coverage Ratio (LCR) estimated at 120%<sup>2</sup>
  - Estimated Basel III Tier 1 Common Ratio of 10.5%<sup>3</sup>

<sup>1</sup> All information as of March 31, 2014.

<sup>2</sup> "High quality liquid assets" generally are defined as available cash at central banks and unencumbered liquid securities; the estimate LCR is based on Citi's current interpretation of the definition of "high-quality liquid assets" under the Basel Committee on Banking Supervision's final Basel III Liquidity Coverage Ratio rules.

<sup>3</sup> Citi's estimated Basel III Tier 1 Common Ratio and estimated Basel III Supplementary Leverage Ratio and certain related components are non-GAAP financial measures. Citi's estimated Basel III Tier 1 Common Ratio is based on the "Advanced Approaches" for determining total risk-weighted assets. Citi's estimated Basel III ratios and related components are based on its current interpretation, expectations and understanding of the final U.S. Basel III rules and are subject to (among other possible reasons for revision) ongoing regulatory review, regulatory approval of Citi's credit, market and operational Basel III risk models (as well as its market risk models under Basel II.5), additional refinements, modifications or enhancements (whether required or otherwise) to Citi's models, and further implementation guidance from the Basel Committee or U.S. regulators. Any modifications or requirements resulting from these ongoing reviews or from the continued implementation of Basel III in the

- Estimated Basel III Supplementary Leverage Ratio of 5.6%<sup>3</sup>
- High credit quality and a well-reserved portfolio
  - Favorable credit trends and a highly diversified portfolio
  - Loan loss reserves totaling 2.9% of all loans
- Disciplined ongoing balance sheet management, with Citi remaining significantly smaller today than it was before the 2007-2008 crisis
- Progress in improving quality and consistency of earnings, with Citicorp loan growth up 7% in the 1<sup>st</sup> quarter 2014 over the prior year

With Citi's increased financial strength and liquidity and its client-oriented business model, it is highly unlikely that a resolution of the company would ever be required. The strength of Citi's balance sheet also expands the range of options available for resolving Citi, should doing so ever become necessary, offering regulators flexibility in choosing a resolution strategy that minimizes adverse impact on customers and U.S. financial stability. For example, Citi's strong capital and liquidity positions mean that regulators will have the ability, without putting taxpayer funds at risk, to require the recapitalization of Citi's banking entities, permitting them to serve their clients without systemic disruption. Such a recapitalization—which would result in new management and ownership—could be undertaken even in a failure scenario involving severe losses. Citi's capital and liquidity levels are also sufficient to wind-down portions of Citi's business or, in the event of an extremely unlikely economic catastrophe, the entire firm, while mitigating systemic disruption.

Against this background, Citi is pleased to submit its 2014 Resolution Plan (Resolution Plan) to the Federal Deposit Insurance Corporation (FDIC) and the Board of Governors of the Federal Reserve System (Federal Reserve). The Resolution Plan covers Citigroup Inc. (Citigroup Parent), the parent holding company, and its subsidiaries and affiliates (collectively, Citi) as required by the final rules adopted by the Federal Reserve and the FDIC pursuant to Section 165(d) of the Dodd-Frank Act (165(d) Rule). This Resolution Plan also covers Citibank, N.A. (CBNA) as required by the final rules adopted by the FDIC for certain insured depository institutions (IDI Rule).

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

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

---

U.S. could result in changes to Citi's risk-weighted assets or other elements involved in the calculation of Citi's Basel III ratios, which could negatively impact Citi's capital ratios and its ability to achieve its capital requirements as it projects or as required.

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

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

## A. The Names of Material Entities

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

At the most basic level, Citi’s legal entity structure consists of:

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

The chart below lists these MLEs; two additional MLEs were identified for the 2014 Plan and included in the Exhibit below. All of CBNA’s MLEs are also MLEs for Citi.

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

## B. Description of Core Business Lines

As part of Citi's restructuring five years ago, the company's organization was simplified to improve and streamline management of its businesses. Today Citi is organized into two primary segments:

- Citicorp consists of Citi's Global Consumer Banking businesses and Institutional Clients Group, the business segments core to Citi's strategy. Citicorp also includes Corporate/Other, which consists of global staff functions (including Finance, Risk, Human Resources, Legal and Compliance), other corporate expense and global O&T expenses, Citi Corporate Treasury, corporate items, and discontinued operations.
- Citi Holdings, established in 2009, consists of those businesses and assets no longer central to Citi's strategy. The assets in Citi Holdings are in the process of being sold off or wound down in an economically rational way.

In late 2013, Citi further streamlined the structure of the Institutional Clients Group, by removing a management layer in Securities & Banking and Transaction Services, which now operate in a more integrated manner with an enhanced emphasis on client service. To reflect these changes, beginning with Citi's first-quarter 2014 earnings announcement, Treasury and Trade Solutions, Capital Market Origination and Corporate & Investment Banking are now reported as part of Banking, while Markets and Securities Services are reported together.



As noted in Part A above, CBLs are defined as those business lines—including associated operations, services, functions and support—that upon their failure would result in a material loss of revenue, profit



or franchise value of Citi or CBNA. In developing the list of Citi’s CBLs for resolution planning purposes, we began with the businesses in Citicorp, those core to Citi’s strategy. The analysis then incorporated the following quantitative and qualitative criteria:

- Total assets, revenue and earnings;
- Market share and/or industry position;
- The customer base, geographic footprint, brand and operational synergies of the business with other Citi businesses;
- Growth outlook;
- The attractiveness of the business to competitors as a potential acquisition; and
- Maintenance of franchise value even in a resolution scenario.

Based on the final rules under the Dodd-Frank Act and the above criteria, Citi has identified the following businesses as CBLs for the purposes of Citi’s resolution planning only. In serving clients and guiding Citi’s ongoing operations, the company remains managed through three main business lines: Banking, Markets & Securities Services and Global Consumer Banking.

Each CBL is conducted through one or more MLEs identified in Part A. The CBLs for CBNA are all CBLs for Citi as well. Global Consumer Banking – Mexico is the only CBL for Citi that isn’t a CBL for CBNA (because Banamex is a subsidiary of Citigroup Parent that is separate from CBNA). Citi’s Resolution Plan addresses the resolution of each of these CBLs as required by the U.S. regulators. As part of Citi’s ongoing strategic and financial planning activities, the list of Citi’s CBLs will be subject to ongoing evaluation and possible revision.

Banking Core Business Lines	
Global Payments	The Global Payments business offers four key payment activities to clients of Citi’s Institutional Clients Group: (i) same currency payments; (ii) cross-currency payments; (iii) Continuous Linked Settlement; and (iv) Automated Clearing House Payments
Liquidity Management Services	Liquidity Management Services provides liquidity management services and short-term investment products to clients of Citi’s Institutional Clients Group
Debt Capital Markets	Debt Capital Markets originates, structures, and syndicates securities and financing transactions in debt capital markets
Corporate Portfolio Management	Corporate Portfolio Management is the corporate loan portfolio that is part of Citi’s Corporate and Investment Banking business.

<b>Markets and Securities Services Core Business Lines</b>	
Municipal Securities Division	Municipal Securities Division offers client services that include U.S. public sector capital-raising and advisory services, project financing and multifamily affordable housing financing. Clients are also offered secondary trading in municipal securities and derivatives
Global Foreign Exchange/Local Markets (FX/LM)	Global Foreign Exchange/Local Markets includes foreign exchange spot, forwards, and derivatives, as well as fixed-income rate products in emerging market countries
G10 Rates	G10 Rates trades on behalf of clients in G10 sovereigns and agency securities and derivatives, as well as secured finance products (repos, reverse repos and securities lending)

<b>Global Consumer Banking Core Business Lines</b>	
U.S. Branded Cards	U.S. Branded Cards offers both proprietary and co-branded credit cards that are originated through direct mail, apply-by-phone, mobile phone, Internet/online and Citi's U.S. Retail Banking branch network
U.S. Retail Services	U.S. Retail Services partners with major national retailers, oil companies and specialty retailers to provide credit card products to their customers
U.S. Retail Banking	U.S. Retail Banking provides traditional banking services to retail customers and small to midsize businesses in the U.S. through a network of 962 retail bank branches as of 3/31/14 and approximately 2,900 branch ATMs
U.S. Consumer Mortgages	U.S. Consumer Mortgages is a nationwide lender and servicer of residential home mortgages and includes the mortgage assets that reside in both Citicorp and Citi Holdings that are managed by CitiMortgage
International Consumer Banking (Mexico, Hong Kong, Singapore and Japan)	Citi's consumer businesses in Mexico, Hong Kong, Singapore and Japan provide traditional banking services to retail customers and small to midsize businesses, along with credit card and mortgage products

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

### Financial Summary – Citigroup consolidated

<i>Net Revenue (\$ millions)</i>	1Q 2014	4Q 2013	3Q 2013	2Q 2013	1Q 2013
Global Consumer Banking	9,293	9,469	9,232	9,718	9,746
Institutional Clients Group	9,234	7,044	7,372	9,560	9,591
Corporate / Other	141	(41)	42	114	6
Citicorp	18,668	16,472	16,646	19,392	19,343
Citi Holdings	1,456	1,307	1,258	1,096	905
<b>Total Citi</b>	<b>20,124</b>	<b>17,779</b>	<b>17,904</b>	<b>20,488</b>	<b>20,248</b>

<i>Net Income (\$ millions)</i>	1Q 2014	4Q 2013	3Q 2013	2Q 2013	1Q 2013
Global Consumer Banking	1,727	1,541	1,535	1,862	1,825
Institutional Clients Group	2,965	1,468	1,740	3,136	3,070
Corporate / Other	(458)	(256)	20	(229)	(165)
Citicorp	4,234	2,753	3,295	4,769	4,730
Citi Holdings	(283)	(428)	(109)	(581)	(799)
Continuing Operations	3,951	2,325	3,186	4,188	3,931
Discontinued Operations	37	181	92	30	(33)
Noncontrolling Interests	45	50	51	36	90
<b>Total Citi</b>	<b>3,943</b>	<b>2,456</b>	<b>3,227</b>	<b>4,182</b>	<b>3,808</b>

<i>Citigroup Consolidated (\$ billions)</i>	1Q 2014	4Q 2013	3Q 2013	2Q 2013	1Q 2013
Total Assets	1,895	1,880	1,900	1,884	1,882
Total Liabilities	1,684	1,674	1,697	1,686	1,686
Total Equity	210	206	203	198	195

## Capital Summary

<i>Financial Ratios</i>	1Q 2014	4Q 2013	3Q 2013	2Q 2013	1Q 2013
Estimated Basel III Tier 1 Common Ratio	10.5%	10.1%	10.5%	10.0%	9.3%
Estimated Basel III Tier 1 Capital Ratio	11.1%	10.7%	10.9%	10.4%	9.6%
Estimated Basel III Total Capital Ratio	12.5%	12.1%	13.2%	12.8%	12.3%
Estimated Basel III Supplementary Leverage Ratio	5.6%	5.4%	5.1%	4.9%	N/A

## Financial Summary – CBNA consolidated

<i>Income Statement (\$ millions)</i>	2013	2012
Interest Revenue	47,728	51,013
<u>Interest Expense</u>	<u>9,154</u>	<u>10,915</u>
Net Interest Revenue	38,574	40,098
<u>Non-Interest Revenue</u>	<u>16,883</u>	<u>15,980</u>
Total Revenues	55,457	56,078
Provisions for credit losses and for benefits and claims	4,964	8,150
<u>Operating Expenses</u>	<u>30,236</u>	<u>32,620</u>
Income from continuing operations before income taxes	20,257	15,308
Provision for income taxes	6,193	3,386
<hr/> Income from continuing operations	<hr/> 14,064	<hr/> 11,922
Income (loss) from discontinued operations, net of taxes	336	19
Net income attributable to noncontrolling interests	100	96
<b>Net income attributable to Citibank, N.A.</b>	<b>14,300</b>	<b>11,845</b>

<i>Balance Sheet (\$ billions)</i>	2013	2012
Total Assets	1,347	1,313
Total Liabilities	1,198	1,165
Total Equity	148	148

## Funding and Liquidity

### Overview

Citi's funding and liquidity objectives are to maintain liquidity to fund existing assets while growing our core businesses in Citicorp to meet client needs. At the same time, we strive to maintain sufficient excess liquidity, structured appropriately, to facilitate operating under a wide variety of market conditions, including market disruptions for both short- and long-term periods. Citi formulates our primary liquidity objectives according to the needs of each CBL and MLE, and in aggregate, according to the requirements of three major categories:

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

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

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

### High Quality Liquid Assets

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

	Parent			Significant Citibank Entities			Other Citibank and Banamex Entities			Total		
	1Q 2014	4Q 2013	1Q 2013	1Q 2014	4Q 2013	1Q 2013	1Q 2014	4Q 2013	1Q 2013	1Q 2014	4Q 2013	1Q 2013
<i>In billions of dollars</i>												
Available Cash Unencumbered	38.8	38.4	39.3	77.1	82.6	53.6	13.3	15.6	10.4	129.2	136.6	103.3
Liquid Securities	28.7	28.1	24.0	188.5	181.2	169.2	78.4	77.8	79.3	295.7	287.1	272.5
Total	67.5	66.5	63.3	265.6	263.8	222.8	91.8	93.4	89.7	424.8	423.7	375.8

## Funding Sources

### Deposits

Deposits are the primary funding source for Citi's banking subsidiaries. As of March 31, 2014, deposits stood at \$966.3 billion, an increase of 3% year-over-year and largely unchanged quarter-over-quarter. The year-over-year increase reflected, in part, elevated levels of market liquidity and strong corporate balance sheets, in addition to underlying business growth. Excluding the impact of FX translation, deposits grew 4% year-over-year.

Citi continues to focus on maintaining a geographically diverse retail and corporate deposit base. As of March 31, 2014, approximately 57% of Citi's deposits were located outside of North America, compared to 56% on December 31, 2013 and 59% on September 30, 2013.

### Long-Term Debt

Long-term debt (generally defined as debt with original maturities of one year or more) continues to represent the most significant component of Citi's funding for the parent entities and is a supplementary source of funding for the bank entities.

Long-term debt is an important funding source for Citi's parent entities owing in part to its multi-year maturity structure. The weighted average maturities of long-term debt, issued by Citigroup Parent and its affiliates (including CBNA), with a remaining life greater than one year (excluding trust preferred securities), was approximately 6.8 years as of March 31, 2014—a slight decrease from the prior quarter and prior-year period, primarily due to the slight decrease in Citi's long-term debt issuances during the current quarter as compared to recent periods.

### Secured Financing Transactions and Short-Term Borrowings

Citi supplements its primary sources of funding with short-term borrowings when appropriate for the company's liquidity profile. Short-term borrowings generally include (i) secured financing (securities loaned or sold under agreements to repurchase, or repos) and (ii) to a lesser extent, short-term borrowings consisting of commercial paper and borrowings from the Federal Home Loan Banks and other market participants.

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

## Liquidity Management, Measures and Stress Testing

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

## Liquidity Measures

Citi uses multiple metrics to monitor the firm's liquidity and measures liquidity stress periods of various lengths, with emphasis on the 30-day and 12-month periods.

In addition to internal measures that Citi has developed for a 30-day stress scenario, Citi also monitors its liquidity by reference to the Liquidity Coverage Ratio (LCR), as calculated pursuant to the final Basel III LCR rules issued by the Basel Committee on Banking Supervision in January, 2013. Based on Citi's current interpretation of the Basel Committee's final Basel III LCR rules, Citi's estimated LCR was approximately 120% as of March 31, 2014, compared with approximately 117% on December 31, 2013. The increase in the LCR during the first quarter of 2014 was primarily owing to a reduction in estimated derivative-related outflows, and to the increase in Citi's high quality liquid assets.

For 12-month liquidity stress periods, Citi uses several measures, including the long-term liquidity measure. This is based on Citi's internal 12-month, highly stressed market scenario and assumes market, credit and economic conditions are moderately to highly stressed with potential further deterioration. The long-term liquidity measure is broadly defined as the ratio of unencumbered liquidity resources to net stressed cumulative outflows over a 12-month period.

Going forward Citi will continue to review the Basel Committee's guidelines, including the implementation of the net stable funding ratio (NSFR) issued in January, 2014, relative to the company's overall liquidity position.

## Stress Testing

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

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

For a more detailed discussion of Citi's funding and liquidity, see Citi's 2013 Annual Report on Form 10-K (2013 Form 10-K) and First Quarter 2014 Quarterly Report on Form 10-Q (1Q14 Form 10-Q) filed with the U.S. Securities and Exchange Commission (SEC).

## D. Description of Derivative and Hedging Activities

### Overview

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

### Customer Needs

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

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

### Hedging

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

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

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



Please see Citi's 2013 Form 10-K and 1Q14 Form 10-Q for a detailed discussion of Citi's derivative and hedging activities.

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

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

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

### Payments FMUs

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

### Clearing and Settlement FMUs

- Chicago Mercantile Exchange (CME)
- CREST
- The Depository Trust Company (DTC)
- Eurex Clearing AG (Eurex)
- Euroclear Bank SA (Euroclear)
- Fedwire Securities Services
- Fixed Income Clearing Corporation (FICC)

- ICE Clear Europe
- LCH.Clearnet Ltd. (LCH)
- National Securities Clearing Corporation (NSCC)

### **International Messaging Utility**

- Society for Worldwide Interbank Financial Telecommunication (SWIFT)

## F. Description of Foreign Operations

Citi provides banking products and services that support economic activity in the United States and around the world. The foreign operations of Citi's Banking and Markets & Securities Service business segments help U.S. companies pursue business opportunities outside the United States, and provide a full suite of banking services—including payments, lending and capital markets—that help to develop and sustain their international activities. These foreign operations also serve governments and non-profits, as well as local businesses and multi-national companies, by providing international financing and payments services. Citi's Global Consumer Business segment serves consumers with local and international banking services in 35 countries.

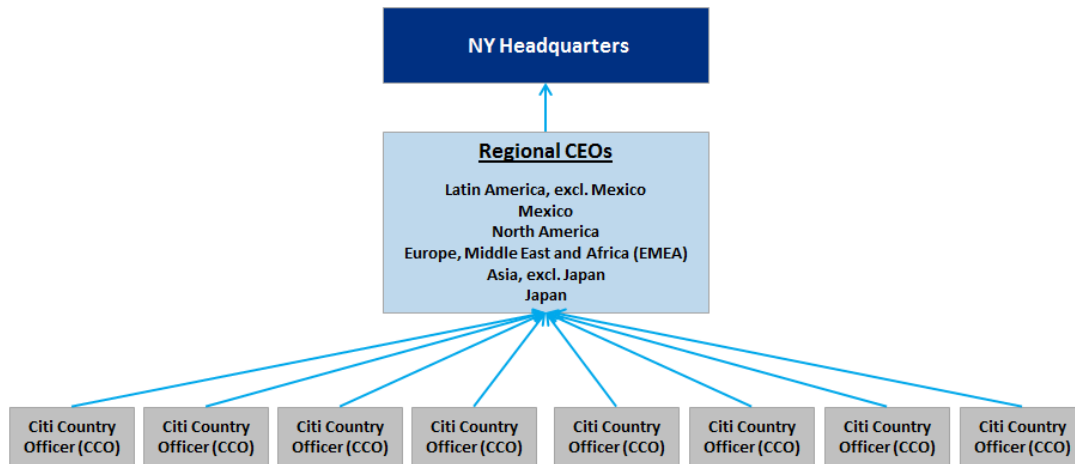
Citi's international services for U.S. corporations and other institutional and global clients include deposit taking, payments, FX, trade finance, lending, custody, and capital markets. Citi's network enables the international activities of these clients by linking their various international locations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

### International Governance

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



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



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

## Financial Overview

In the first quarter of 2014, more than half of Citicorp's revenue and income was earned from banking operations outside of North America.<sup>4</sup> In connection with Citi's efforts to maintain a diversified portfolio, Citi limits its exposure to any one geographic region, country or individual creditor and monitors this exposure on a continuing basis. The following table shows a breakdown of Citicorp's financial results by geographic region for the first quarter of 2014.

Geographic Region	Revenue		Income from Continuing Operations		Average Assets	
	\$ Million	%	\$ Million	%	\$ Billion	%
North America	8,341	45%	2,309	55%	629	35%
EMEA	3,129	17%	794	19%	301	17%
Latin America	3,370	18%	652	15%	178	10%
Asia	3,687	20%	937	22%	347	20%
Other Corp	141	1%	(458)	-11%	318	18%
Total Citicorp	18,668	100%	4,234	100%	1,773	100%

Percentages may not total 100% due to rounding.

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

EMEA includes a diverse mix of developed and emerging markets. Citi's principal operations are in the UK, which during the first quarter of 2014, accounted for more than 43% of Citicorp's revenues in EMEA (about 7% of Citi's total net revenue). The following table shows a breakdown of EMEA's financial results by business segment for the first quarter of 2014.

Business Segment	Revenue		Income from Continuing Operations		Average Assets	
	\$ Million	%	\$ Million	%	\$ Billion	%
Institutional Clients Group	2,782	89%	779	98%	292	97%
Global Consumer Banking	347	11%	15	2%	9	3%

Percentages may not total 100% due to rounding.

### Latin America

Citi has provided banking services in Latin America<sup>5</sup> since 1904, when the firm started operations in Panama. Citi's most prominent operations in Latin America are in Mexico, where its subsidiary bank, Banamex, is the country's second largest bank, with more than 1,600 branches. During the first quarter of 2014, Mexico accounted for 55% of Citicorp's revenues in Latin America (about 9% of Citi's total net revenue). The following table shows a breakdown of Latin America's financial results by business segment for the first quarter of 2014.

<sup>4</sup> North America includes the U.S., Canada and Puerto Rico.

<sup>5</sup> Latin America includes Mexico.

Business Segment	Revenue		Income from Continuing Operations		Average Assets	
	\$ Million	%	\$ Million	%	\$ Billion	%
Institutional Clients Group	1,102	33%	341	52%	98	55%
Global Consumer Banking	2,268	67%	311	48%	80	45%

Percentages may not total 100% due to rounding.

### Asia (Asia Pacific and Japan)

Citi's legacy in the Asia Pacific region dates back more than a hundred years. Asia is composed of Asia Pacific and Japan (which for management purposes is a separate region reporting to NY headquarters). The following table includes a breakdown of Asia's financial results by business segment for the first quarter of 2014.

Business Segment	Revenue		Income from Continuing Operations		Average Assets	
	\$ Million	%	\$ Million	%	\$ Billion	%
Institutional Clients Group	1,792	49%	556	59%	217	63%
Global Consumer Banking	1,895	51%	381	41%	130	37%

Percentages may not total 100% due to rounding.

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

## G. Material Supervisory Authorities

### Overview

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

### Holding Company Supervision

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

### Subsidiary Banks

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

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

### Broker-Dealers

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

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



## H. Principal Officers

### Principal Officers of Citigroup Inc.

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

### Principal Officers of CBNA

- Ricardo Arroyo, CFO
- Edith Ginsberg, Head, Human Resources
- Barbara Desoer, CEO
- Loretta Moseman, Treasurer
- Kathryn Reimann, Chief Compliance Officer
- Michael Roberts, Chief Lending Officer
- Anita Romero, General Counsel
- Patrick Ryan, CRO
- Jagdish Rao, Chief Technology Officer

## I. Resolution Planning Corporate Governance Structure and Processes

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

As noted in Part H, CBNA is operated through a distinct governance and management structure with a dedicated CEO. In addition, CBNA is overseen by a separate Board comprised of nine Directors, seven of whom are independent directors (i.e. not members of the management team). This governance framework plays a significant role in reinforcing the safety and soundness of CBNA.

Citi has significant resources across its corporate center, functions, businesses and geographies deployed against Resolution Planning. More than 500 individuals across the company contribute to the plan.

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

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

The working group is comprised of senior executives and includes the participation of such functions as Risk, Finance, Treasury, Legal, Compliance, the Regulatory Reform Steering Committee as well as CBNA;

the group is also supported by an extended team of executives throughout the organization. This working group is overseen by the Resolution Senior Advisors whose mandate is to provide senior-level guidance on Resolution Plan development and execution. These Senior Advisors provide regular updates to members of Citi's Recovery and Resolution Planning Committee (RRPC) which—given the importance of resolution planning—includes the CEO, the CFO, the Head of Franchise Risk and Strategy, the CRO, the General Counsel, the Head of Regulatory Reform Implementation and the business heads of each of Citi's core business segments. The RRPC also has the responsibility of approving the Resolution Plan for submission to the Boards of Directors of Citigroup and CBNA for review and approval of submission to the Federal Reserve and the FDIC.

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

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

## J. Description of Material Management Information Systems

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

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

### Material Management Information Systems

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

### Risk Management Critical MIS Platforms

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

### Treasury – Liquidity Management Critical MIS Platforms

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

### Financial Planning & Analysis Critical MIS Platforms

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

### Resolution Information System

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

## K. High-Level Description of Resolution Strategy

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

### Title I Resolution Strategy

As required by the Federal Reserve and the FDIC and in line with the applicable regulations, Citi has prepared this Resolution Plan under the assumption that Citigroup Parent reached a point of non-viability due to an unforeseen financial loss or liquidity crisis at Citi. The Resolution Plan presents the regulators with multiple options for resolving Citi without using the resolution tools that are only available to the U.S. regulators under Title II of the Dodd-Frank Act.

Citi's Resolution Plan identifies a variety of actions that could be taken, each of which demonstrates that Citi is resolvable in a manner that mitigates potential systemic disruption in the U.S. or global financial markets and without the use of taxpayer funds. Each of these Title I resolution strategies is designed to:

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

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

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

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

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

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

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

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

## **Title II Resolution Strategy**

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

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

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

~ ~ ~