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**Copy for**  
**Board of Governors of the**  
**Federal Reserve System**

# SUMMARY OF SUPERVISORY ACTIVITY AND FINDINGS



Name CITIGROUP INC.

Period Covered: JANUARY 1, 2000 – DECEMBER 31, 2000

Location: NEW YORK, NEW YORK

RSSD ID Number: 1951350

Start Date: FEBRUARY 5, 2001

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**FEDERAL RESERVE BANK OF NEW YORK**



CONFIDENTIAL

FEDERAL RESERVE BANK OF NEW YORK

NEW YORK, N Y 10045-0001

AREA CODE 212 720 2164

March 13, 2001

**BY HAND**

Board of Directors  
Citigroup Inc  
399 Park Avenue  
3<sup>rd</sup> Floor  
New York, N Y 10043

Enveloped Addressed  
C/O  
Mr Sanford I Weill  
Chairman

Dear Board Members

Please find enclosed a printed and diskette copy of our Summary of Supervisory Activity and Findings for Citigroup Inc for the fiscal year 2000. It is our intention to furnish you with such a report once each year to keep you abreast of the company's supervisory status and the nature of any significant concerns that were noted throughout the year. We ask that you please acknowledge the receipt of the report by having the enclosed printed form signed and returned to us in the envelope provided.

Our findings indicate that Citigroup remains in satisfactory condition, and has accordingly been assigned a composite supervisory rating of "2". The firm's overall assessment reflects a combination of its generally satisfactory, albeit improving, technology integration and risk management infrastructure efforts, as well as its strong financial performance.

During the corporation's second year of operations, there has been noted progress in the consolidation of Citicorp and Travelers' businesses, highlighted by the synergies created in the Global Corporate and Investment Bank. Nonetheless, the corporation's technology infrastructure needs to be enhanced. The integration of outdated and disparate systems resulting in the need for considerable manual intervention continues to be in the forefront of managerial challenges.

In 2000, the corporation's independent risk management function made notable improvements in its infrastructure and in the development of standardized approaches to aggregate market and credit risks, although further work remains in improving stress-testing capabilities. Management has taken a disciplined approach to meeting its project target dates and appears to be on schedule to achieve its goal of fully automating the corporation's market and credit risk management processes over the next two years. However, the management of operational risk remains particularly challenging, given the organization's continued integration of legacy systems, e-commerce initiatives and strategic acquisitions, and Citigroup continues to lag its peers in implementing a robust operational risk management framework. The revised Basel Capital Accord proposal underscores the need to make improvements in managing this risk and we encourage management to continue its efforts in this regard. Overall, while progress on the risk management front is evident, similar to Citigroup's leadership positions in various business lines, we fully expect the organization to continue to strive to become an industry leader in firm-wide risk management.

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March 13, 2001

The company continued to perform extremely well in 2000. Citigroup's diversified revenue stream, coupled with management's ability to effectively control costs, led to record profitability for the year. As a result, the corporation's capital base remains solid and adequately supports the firm's global operations. However, the corporation's liquidity position has tightened, reflecting, in large part, the funding structure related to the Associates First Capital acquisition. In addition, while consolidated credit quality has only deteriorated slightly over the past year, the continued organic growth and Associates acquisition have increased the corporation's credit risk profile. Management is reminded to remain diligent in its efforts to monitor this risk, in light of the changes in the current economic environment.

Representatives of this Bank plan to meet with you on March 20, 2001 to discuss our current evaluation of the firm. After you have had an opportunity to review the report, we would expect to receive a written response to the matters discussed within 45 days of the receipt of this letter.

In closing, we wish to note that this letter contains confidential bank examination material and should be treated accordingly by your organization. As such, the contents of this letter are subject to the rules of the Board of Governors of the Federal Reserve System regarding disclosure of confidential supervisory information.

Sincerely,



Homer C. Hill, III  
Examining Officer and  
Central Point of Contact

Enclosures

HCH SJD/hch

RSSD No 1951350RESTRICTED F R  
12 CFR 261**SUMMARY OF SUPERVISORY  
ACTIVITY AND FINDINGS**

<u>Citigroup Inc</u> <b>Corporate Title</b>	<u>399 Park Avenue</u> <b>Street</b>	<u>New York</u> <b>City</b>
<u>New York</u> <b>County</b>	<u>New York</u> <b>State</b>	<u>10043</u> <b>Zip Code</b>

Homer C. Hill, III  
**Federal Reserve Bank of New York**  
**Central Point of Contact**

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Inspection Date	December 31, 2000	Previous Inspection Date	September 30, 1999
Financial Statements	December 31, 2000	Financial Statements	September 30, 1999

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**SUPERVISORY ACTIVITIES AND SCOPE OF REVIEWS**

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**Supervisory Activities**

The Federal Reserve's supervisory strategy for Citigroup is to continually evaluate the risk management and control processes of the consolidated entity and its key business lines, as well as to monitor the corporation's risk profile and financial performance. The objective is to protect insured depository affiliates and to minimize systemic risk.

The Federal Reserve's supervisory program is accomplished through a combination of on-site meetings and reviews conducted at Citigroup, and extensive off-site analysis of the company's internal risk management reports, publicly available information, and information from the functional and foreign regulators. The review of internal risk management reports is a critical element of the process.

An important aspect of the supervisory program is reliance to the greatest extent possible on the primary bank and functional regulators. Examination and financial information received from these regulators were reviewed, including reports from the OCC, SEC and the State of Connecticut Insurance Department's (CID). Reviews of business lines, which included functionally and foreign regulated entities, were coordinated with those regulators. Meetings were held with the relevant, key bank, functional and foreign regulators to communicate the Federal Reserve's supervisory plans, in instances where the corporation's activities involved entities under their jurisdiction.

**Scope of Reviews**

The following on-site reviews were conducted in 2000 and the findings of most of these reviews were conveyed to the corporation.

***Operational Risk Reviews***

- Reviews of Citigroup's Operations and Data Centers in Dublin and Lewisham were conducted to assess the application systems running at the Data Centers. The reconciliation and charge-off methodologies for the cash and securities operations were also reviewed.
- A review of Internet Outsourcing Issues was conducted jointly with the OCC to determine how management controls outsourcing arrangements. Standards and policies were reviewed against various regulatory guidelines.
- A review of Audit and Risk Review was conducted jointly with the OCC. The review included an assessment of management systems, such as business monitoring, issue tracking, risk assessment, and planning and scheduling.

***Credit Risk Reviews***

- Reviews of the new GCIB and GCB credit policies were conducted to assess the changes in policies and procedures for these two business groups. The reviews focused on revisions in credit approval authorities, on the core credit concepts contained in the manuals, on the assignment of credit accountability and responsibility and on the level of credit risk management's participation in the entire credit process.
- A review of the allowance for loan and lease losses was undertaken to gain insight into the policies and procedures that govern the loan loss reserve process. The key assumptions used in the reserve methodology and documentation supporting the reserve analyses were also reviewed.
- Citigroup's highly leveraged portfolio was reviewed to assess the credit risk management policies and practices.

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**SUPERVISORY ACTIVITIES AND SCOPE OF REVIEWS - CONTINUED**

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used to govern the firm's credit exposures to highly leveraged institutions. The management structure, key MIS reports, credit terms and limits, exposure measurement, margin collateral and stress testing of the HLI portfolio were included in the review.

- A review of Citibank, Taipei was conducted by the OCC with our participation. The purpose of the review was to assess the credit risk management process for the consumer business, evaluate branch profitability and portfolio quality. In addition, two products were reviewed, namely mortgages and credit cards and the related rewrite programs.

***Market Risk Reviews***

- In conjunction with the OCC we participated in a review of credit derivative activities in the Portfolio Re-balancing group at Citibank, N A. The focus was to ascertain the extent to which Citibank utilizes these instruments for credit risk management purposes. Also reviewed were legal and regulatory risks and related accounting.
- A target review of the equities businesses value at risk (VaR) and stress testing methodologies was conducted at Citigroup and across several other large banking organizations. The objective was to determine how differences in methodologies might contribute to differences in reported VaR and stress testing results. The appropriateness of methodologies in the context of the risks and the inventory carried at each organization were also evaluated.

***Travelers Reviews***

- Reviews of Travelers insurance activities are largely confined to consulting with insurance functional regulators to obtain their assessments of risk. During 2000, we monitored through periodic discussions and visits with the CID the on-site review of key Travelers subsidiaries.
- On a quarterly basis, meetings were held with Travelers management to assess the potential risks posed by insurance activities that extend beyond the direct authority of CID. In addition, internal management reports are reviewed to monitor the consolidated risks posed by insurance to the FHC and its depository subsidiaries.

***International Banking Reviews***

- An examination of Citibank Overseas Investment Corporation (COIC), an Edge Act subsidiary of Citibank NA, was conducted and focused on reviewing internal and external audit coverage, analysis of asset quality, loan loss reserve adequacy, and assessments of certain COIC subsidiaries.
- Citibank Canada, Toronto, Ontario was examined with a focus on credit, liquidity, operational, reputational and legal risks relating to the consumer business. Capital market activities were also reviewed in terms of risks. Operational technology risks were reviewed across capital markets, consumer lending and business integration areas.
- CIPLC, London is the primary operating subsidiary under COIC and a review was conducted to assess the corporate governance issues surrounding the creation of this Single European entity. In addition, an evaluation was made of the impact of the restructuring on CIPLC's risk profile, as it relates to credit, operational and reputational risks. Progress was also assessed in terms of the integration of businesses into CIPLC and the success of the legal vehicle conversions into branches of CIPLC.

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**SUPERVISORY ACTIVITIES AND SCOPE OF REVIEWS - CONTINUED**

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- Citibank Privatkunden AG, Germany was subject to a target review and assessment of its outsourcing arrangements. In addition, an evaluation was made of its accounting practices, in particular the write-off rules for the consumer business.

***Fiduciary Review***

- Citi Fiduciary Trust Company is a mutual fund transfer agent and this was an initial examination mandated under the requirements of the Board of Governors and the SEC. All components of the transfer agency rating system, namely management, compliance, operations and controls and audits were evaluated and rated. The objective of the review was to assess risk management process, compliance with SEC rules, policies and procedures and internal controls.



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**RISK MANAGEMENT**

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Risk management is evaluated in terms of the ability to identify, monitor and control the various financial risks associated with banking. These risks, which may arise from the bank's lending and/or money and capital markets activities, include credit /settlement risk, market risk, interest rate risk and liquidity risk. Consideration is given to the effectiveness of management's system of identifying risk, and whether management is adequately informed of the risk being undertaken, the effectiveness of risk management systems in monitoring and controlling risk exposures, and management's ability to recognize new risks that may arise from either the changing environment or management's decision to engage in new activities

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**Overview**

Citigroup's risk profile is inherently high reflecting the breadth and scope of the company's global business activities and numerous post-merger reporting, corporate governance, and control issues that still exist. Although controls at the business unit levels are adequate and the audit and compliance functions considered effective, weaknesses remain in the timeliness of informational flows to senior management on a group-wide basis, particularly with respect to credit and market risk exposures. The inability to aggregate and manipulate data on an automated basis inhibits real-time stress testing and portfolio analysis. While the inherent risk of the consolidated organization is high, generally effective controls at the business line level and improving corporate oversight cause Citigroup's overall risk level to be considered moderate. Moreover, the Windows on Risk process remains an effective tool for senior level management to assess and monitor the risks of the consolidated corporation.

Over the past year, the organization made a significant number of acquisitions and expanded through organic growth. The need to integrate these businesses into Citigroup further complicates existing system initiatives focused on risk management. It also magnifies the need for management to have in place risk management systems that incorporate all business lines on an automated basis. Management's challenge is to ensure that the development of risk management systems remains in balance with business growth. Moreover, the ongoing expansion of the franchise makes it critically important that management begin to formulate longer-range plans that include the enhanced capability to measure the impact of financial shocks across the entire corporations, including the insurance entities.

***Operational Risk***

Overall, inherent operational risk at Citigroup is considered high, with mitigating controls viewed as generally satisfactory. Contributing to this assessment are the following key challenges facing management: 1) the integration of disparate systems, 2) the replacement of outdated legacy systems, 3) the management of aggressive acquisition plans, and 4) the oversight of e-commerce initiatives and strategic Internet alliances, which further expose the firm to cyber-crime and heighten privacy and security issues. The redesign of the traditional branch system into a 'Financial Services Network' and the weaknesses in enterprise-wide information security also present additional operational risk challenges to the organization. Notwithstanding, management has instituted various risk controls, including sound business line infrastructures, to assist in controlling and managing the firm's operational risk profile.

In an effort to further strengthen Citigroup's operational risk control infrastructure and risk management processes, management's attention is directed towards addressing the following:

- **Risk Management Program and Governance Structure** An analysis of Citigroup's operational risk structure indicates that the organization is in the early stages of implementing an operational risk program. Milestone completion dates have not been set for the various stages of implementation, which makes it difficult to ascertain when a fully robust operational risk infrastructure will be established. While some progress has been made in designing a loss event database for operational risk, significant work remains in incorporating key risk indicators throughout the global enterprise. Moreover, other institutions of a similar size and complexity are further along in the implementation of an effective operational risk model.

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**RISK MANAGEMENT - CONTINUED**

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Therefore, management should consider accelerating this process, particularly in light of its ongoing acquisition plans

- Information Technology Support A multiyear plan is in effect to update legacy risk management systems, including intra-day clearance and settlement positions, to allow senior management to aggregate and manage exposures globally. The Citigroup Global Technology Infrastructure organization has also begun a series of strategic initiatives to enhance the firm's automation architecture. In addition, considering the numerous instances of weak information security practices cited by Audit and Risk Review throughout the global enterprise, a redrafting of information security policies and a corporate gap analysis is presently underway. Given the importance of these initiatives, it is imperative that management continues to provide the appropriate level of resources to ensure the timely completion of these planned enhancements.
- Audit and Risk Review (ARR) ARR satisfactorily implements its audit responsibilities and is considered effective. Additionally, ARR's management systems are well developed or are in the process of being fully implemented. However, the current audit cycle allows up to eighteen months between reviews of high-risk entities. Since the audit plan and schedule is based on a risk assessment methodology, the cycle between reviews of high-risk areas should be no greater than twelve months.

***Credit Risk***

Credit risk is considered satisfactorily managed. Over the past year, credit risk management has been strengthened, reflecting the new group-wide policies and procedures issued for the Global Corporate and Investment Bank (GCIB) and the Global Consumer Bank (GCB). These policies were reviewed as part of a targeted examination in December 2000 and our findings indicated that they are centered around sound core credit concepts, provide good guidance to the businesses and appropriately assign accountability and responsibility to the appropriate management levels in both GCIB and GCB. Going forward, management needs to ensure that the new credit policies and procedures are successfully implemented in all major businesses and countries where GCIB and GCB operate. Areas that also warrant management's attention include:

- Management Information Systems Citigroup's risk management information systems remain fragmented and some require manual intervention to capture data across businesses. The standardization of technology to improve the quality of risk management information systems is progressing but near term completion is not anticipated. Good progress has been made on PSE with systems close to completion. However, during our review of the firm's exposure to highly leveraged institutions, systems issues were noted in regards to stress testing, standardized liquidity and leverage measurement and consolidated reporting. On a positive note, the MIS group in the GCB has improved credit risk management reports through standardization, efficient global reporting and refined credit risk tools in all major products and regions. Additional progress has also been noted in the GCIB credit risk management reports. Management is encouraged to continue its efforts.
- Associates First Capital Acquisition A major challenge for management will be the efficient integration of Associates' business lines, systems and geographic locations into the more rigorous risk management culture of Citigroup and CitiFinancial. Given the size of the acquisition and the reputational risk concerns associated with the business, heightened management awareness is warranted.
- Establishment of Global Consumer Finance policies Given the organization's growing consumer finance

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**RISK MANAGEMENT - CONTINUED**

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and sub-prime lending businesses, global consumer finance policies and procedures should be developed

- Allowance for Loan and Lease Losses In June 2000, a review of Citigroup's loan loss reserve was conducted and found to be adequate. However, the methodology involved in determining the allowance for loan and lease losses needs to be more fully documented with assumptions/models used in generating exposure estimates appropriately validated

#### Credit Quality

Asset quality is satisfactory but credit risk at Citigroup is increasing. This is evident from the deterioration in the North American corporate loan portfolio, the acquisition of the Associates sub-prime/ consumer lending business, the global expansion of credit cards and the vulnerabilities of certain emerging markets countries. When commercial classifications, consumer blanket classifications and certain country exposures are weighted according to risk, the result equals 4.87% of Citigroup's tier 1 capital and reserves, up from 4.47% a year ago.

It is recognized that Citigroup benefits from substantial product and geographic diversification. However, it is uncertain whether stable or improving conditions in other regions of the world would offset credit erosion in the U.S. if a protracted slowdown in its economy occurs.

#### *Commercial Credit*

Asset quality in GCIB has deteriorated with the level of criticized commercial credits increasing. Deterioration is also evident in Citigroup's internal grade distribution, which displays some shift toward the higher risk ratings. However, most of the GCIB portfolio is investment grade and should support the portfolio in a cyclical downturn.

GCIB has been adequately controlling the risk level of its portfolio. Most notably, collateral was increased in instances where needed and sub-limits established on certain vulnerable industry exposures. Other positive steps include the actions taken to bolster the Institutional Recovery Management Group and optimize risk/reward ratios.

The emerging markets corporate business has improved over the last year. Criticized asset levels are down with most of the improvement emanating from Asia. Overall, CEMEA was stable. Risk management in the emerging markets is solid. Problems are identified early and managed down appropriately. Management is urged to continue to closely monitor the emerging market economies that are vulnerable to internal political and macroeconomic events and to economic problems in other regions of the world.

#### *Consumer Credit*

GCB asset quality remains solid with credit costs at decade lows. The portfolio is conservatively managed and credit cards and other consumer portfolios are performing well. However, the Associates acquisition increases GCB's credit risk profile. In addition, Latin American charge-offs and delinquencies remain high in spite of a large amount of account restructuring in certain countries.

While the credit quality data for GCB is presently favorable, the contraction in the U.S. economy, the Associates acquisition and the volatility of certain Latin American countries are likely to lead to weaker credit trends in 2001. However, over the past year, GCB management has implemented several credit changes to bolster the consumer portfolio against a downturn in the U.S. economy, including strengthening collections training, staffing and infrastructure.

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**RISK MANAGEMENT - CONTINUED**

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***Market Risk***

Market risk is considered moderate and risk management practices are effective. Over the past two years, market risk at SSB has declined, as management realigned the business strategy to focus on customer-driven flow trading. Through weekly meetings, the Risk Management Committee (RMC) provides appropriate senior level oversight and closely monitors risk within GCIB.

At the business line level, Market Risk Management (MRM) has made notable progress over the past year by instituting formal limits and devising a framework to monitor compliance. However, this is a manually intensive process and is only accomplished through the use of front office systems. Other areas that require management's continued focus include:

- Risk Management Algorithms & Data Processing MRM continues to rely on disparate risk management algorithms and data processing systems to monitor market risk. System deficiencies impede the performance of more granular stress tests and back testing, an industry best practice. This is particularly important in businesses such as equity that have experienced significant growth and in light of the complexity of transactions.
- Aggregation of Market Risk Across Global Businesses Several initiatives are underway with respect to rationalizing and enhancing the market risk measures for the trading portfolios of GCIB. Specifically, Risk Architecture's market risk data capture project is designed to provide MRM with the capability to accurately monitor and aggregate market risk across the global businesses. It will also provide for automated business stress tests and limit monitoring. While the data capture project is steadily progressing, the importance of this project makes it critical that Risk Architecture maintains its momentum and meets specified target dates.
- Measurement of Balance Sheet Shocks Management needs to consider ways to integrate the remainder of the balance sheet into automated systems that can measure the effect of market or credit shocks on the entire balance sheet, including both the accrual book and the liability side of the balance sheet. In addition, management should also develop appropriate ways to more fully integrate the analysis of risk exposures arising from insurance entities into the consolidated group-wide measures of exposure. Given the significance size and scope of activities of the company and the significant lead-time needed to implement such enhancements to risk systems, management is encouraged to develop more comprehensive long-term plans for integrating systems.

***Liquidity Risk***

Liquidity risk is inherently moderate, reflecting Citigroup's ability to maintain adequate liquidity for both the parent company and operating subsidiaries above their daily requirements with funding obtainable at favorable rates. Its liquidity/funding management controls are acceptable despite the challenges presented as a result of significant acquisitions over the past year. Citigroup and its subsidiaries have maintained unimpeded access to capital markets through uniformly high debt ratings and a global name recognition that continues to be enhanced through record core earnings performances.

Overall, liquidity risk at Citigroup is considered moderate and is viewed as increasing in risk until initiatives to re-examine liquidity planning and contingency funding requirements, necessitated primarily by the Associates merger, are brought to fruition.

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**RISK MANAGEMENT - CONTINUED**

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***Legal Risk***

Legal risk is inherently high given Citigroup's diverse activities in over one hundred countries. However, the effective management controls over these high-risk activities causes overall legal risk to be considered moderate. Two major concerns for the corporation are privacy practices and predatory lending. Citigroup must continually monitor compliance with the privacy promise made as part of the merger application. Additionally, the recent acquisition of Associates along with CitiFinancial's sub-prime lending portfolios will continue to attract a great deal of scrutiny and potentially increase legal risk.

Under the Board Order, the company is subject to commitments involving Sections 23A and 23B, privacy, cross marketing, and the Community Reinvestment Act, its compliance to date is considered satisfactory. However, legal risk also encompasses the regulatory risk associated with management's relationships with local regulators where Citigroup has a presence. In this regard, recent adverse publicity surrounding activities in various countries have highlighted these risks. To reduce this exposure, management must continually work to foster more cooperative relationships with its foreign regulators.

***Reputational Risk***

Similar to legal risk, inherent reputational risk is high, reflecting the scope and complexity of the corporation's activities and the many constituencies with which it interacts. Nevertheless, management is diligent in protecting the corporation's franchise and reputation, and the overall control environment is considered effective resulting in a composite rating of moderate. However, reputational risk is increasing reflecting the Associates acquisition and the claims of predatory lending, coupled with the continued high level of scrutiny surrounding the firm's Anti-Money Laundering (AML) practices. While management in the private bank has made substantial progress in correcting long-standing control issues, negative press reports persist. Similarly, AML issues within the corporate bank have also been subject to increased publicity and both foreign and domestic regulatory inquiry. Management must remain vigilant and make a concerted effort to ensure corporate know-your-customer and AML policies and procedures are strictly adhered to.

***Underwriting Risk***

Insurance underwriting risk continues to be moderate, given that the majority of the property and casualty and life and annuity underwriting risk exposures are clearly defined, highly measurable, and limited with respect to loss coverage. Management controls insurance underwriting risk exposures through the risk selection process, disciplined pricing and reserving practices, by using reinsurance, and through timely management feedback.

***Catastrophe Risk***

Catastrophe risk is inherently high and well managed. Although Travelers Property Casualty Corporation stopped underwriting large environmental insurance policies, significant exposures to hazardous waste, including asbestos, remain from prior years. These latent exposures are considered to be well reserved against, however, in many instances, it is difficult to ascertain the cost to resolve pending loss claims. Similarly, the corporation is attempting to limit risk exposures due to natural catastrophes such as hurricanes and earthquakes by adhering to policies that limit new underwriting activity to a level necessary, only, to meet state mandates.

Internal management reporting is comprehensive and management has recently improved disclosures regarding catastrophe risk exposures to include detail on its assessment of hurricane estimates.



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**FINANCIAL PERFORMANCE**

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Citigroup Inc continues to produce strong financial results and successfully increase its overall market share presence, demonstrating the company's drive to maintain geographic and product diversity

The corporation's consolidated earnings remain strong and among the industry's best. The record earnings performance evidenced for the year can be traced to management's ability to maintain reasonable expense and loss provisioning levels while generating significant revenue growth from new and old businesses. The substantial revenue growth was fostered by Citigroup's continued emphasis on increasing its market share in key sectors, both domestically and globally, and through a series of strategic acquisitions completed this year. Management's focus on the diversification of the organization's revenue streams enhances the sustainability of future corporate earnings and continued internal capital generation.

Citigroup's and Citicorp's capital ratios remain strong and continue to exceed both regulatory guidelines for "well capitalized" institutions and management's internal targets for tier 1 and total capital. The corporation has been able to maintain its capital benchmarks despite its active share repurchase program. The repurchase program has helped the firm to neutralize the impact of share issuance under employee benefit plans, thus preventing dilution. Management plans to continue this program over the coming year. Nevertheless, the firm's capital position remains solid and the company's regulated insurance and securities subsidiaries continue to exceed the minimum capital standards of its primary regulators.

Citigroup maintains sufficient liquidity to meet the requirements of the parent company and its operating subsidiaries. The solid global reputation of the corporation combined with its strong capital base and wide-ranging financial capabilities ensures its access to diverse funding sources at a favorable cost. However, the liquidity position of Citigroup has diminished, reflecting the challenges presented by the Associates acquisition and the substantial increase in short-term borrowings to fund the firm's assets.

**BOPEC RATING**

The Bank Holding Company Performance Rating System currently in use at the Federal Reserve requires an annual rating for Citigroup. The composite and component ratings are reflected in the table below.

<b>BOPEC RATINGS</b>	<b>12/31/00 Citigroup</b>	<b>9/30/99 Citigroup</b>
<i>Bank Holding Company Rating System</i>		
Composite Rating Management	2 Satisfactory	2 Satisfactory
<i>Component Ratings</i>		
Bank Subsidiaries	2	2
Other Nonbank Subsidiaries	2	2
Parent Company	1	1
Consolidated Earnings	1	1
Consolidated Capital	1	1

The overall condition of the bank subsidiaries continues to be satisfactory reflective of the examinations conducted by the respective regulators. This includes the following banks: Citibank, F S B, California, Citibank (Nevada), and Citibank (South Dakota), N A, which are all rated satisfactory, and Citibank (NYS), which remained strong. Moreover, Citibank N A continues to be accorded a satisfactory composite rating.

Collectively, the nonbank subsidiaries are in satisfactory condition. This assessment is based on effective risk management and adequate internal controls and corporate audit coverage. This assessment also reflects our ongoing monitoring of risks and financial performance, meetings conducted throughout the year with management, as well as discussions with the respective functional regulators at SSB and Travelers.

Citicorp Banking Corporation is considered satisfactory, mirroring the evaluation of its two principal subsidiaries, CitiFinancial and Citibank, FSB California. CitiFinancial operates its lending business based on sound credit practices and a disciplined risk management approach. The subsidiary remains profitable and earnings are projected to be further enhanced when combined with the Associates acquisition. Although Associates has an aggressive lending profile with relatively high associated credit costs, management should remain steadfast in its efforts to bring Associate's underwriting standards up to the level of CitiFinancial's criteria, which have continued to serve the company well.

The parent company remains strong. The firm continues to demonstrate ready access to the money and capital markets to meet its short-and long-term funding requirements and is a source of strength to its subsidiaries. For further details on liquidity, earnings and capital, please refer to the Financial Performance page 2.

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**CITIBANK OVERSEAS INVESTMENT CORPORATION**

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<b>CAMEO RATINGS</b>	<b>12/31/00 COIC</b>	<b>12/31/99 COIC</b>
<i>Composite Rating</i>	<b>2</b>	<b>2</b>
<i>Component Ratings</i>		
Capital	1	1
Asset Quality	2	2
Management	2	2
Earnings	1	1
Operations/Internal Controls	2	2

**Summary of Condition**

COIC is accorded a composite rating of satisfactory. Management of the Edge Act corporation is considered effective and capital and earnings remain strong. Consolidated asset quality remains satisfactory with noted improvement in the level of classifications for most subsidiaries. Moreover, the operations and control environment is considered adequate.

**Risk Management**

Risk management is satisfactory. Corporate governance at the country level is effective in managing regulatory, reputational, and legal risks. During the on-site examinations of selected target subsidiaries, corporate governance was found to be sound, particularly in the UK, where the CIPLC Board is proactive. An effective corporate governance structure is vital to the UK, especially during the period of business rationalization, legal vehicle transformation, and systems consolidation resulting from its Single Europe Program.

**Operational Risk**

The operations and internal control environments at COIC and its subsidiaries are also satisfactory. However, information technology continues to be a challenge to the Citigroup businesses that utilize COIC subsidiaries. There is also some concern that the growth in the size and diversity of the COIC businesses could outpace the functionality and capacity of systems to accurately aggregate global risks and to adequately support management decision-making. The inefficiencies in the integration of projects, the inadequate functionality of certain systems and the lack of contingency planning are all issues that are being addressed by COIC management.

**Subsidiaries**

The targeted reviews of Citibank Investments Limited (CIL), Citibank Privatkunden, AG and Citibank Canada found each of these businesses to be properly managed. The reviews did not identify any significant weaknesses or operational deficiencies. The findings of these targeted examinations have been factored into the satisfactory composite rating of COIC.



RSSD No 1951350**BANK HOLDING COMPANY  
REPORT OF INSPECTION  
CONFIDENTIAL SECTION**

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Name of Institution	Citigroup Inc		
Examination As-Of Date	December 31, 2000	Previous Examination Date	September 30, 1999
Examination Open Off-Site	Continuous Supervision	Examination Open On-Site	February 5, 2001
Examination Closed On-Site	March 9, 2001	Examination Closed Off-Site	March 9, 2001

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Resource Usage Spreadsheet  
NED Large BHC Information Input Form

**CONFIDENTIAL SECTION  
PRINCIPAL OFFICERS**

<b>Name &amp; Title</b>	<b>Year of Birth</b>	<b>Position held in subsidiary and/or affiliate organization</b>
Hamid Biglari	1958	Head of Corporate Strategy
Winfried F W Bischoff	1941	Chairman - Citigroup Europe
David Bushnell	1954	Risk Officer GCIB
Michael A Carpenter	1947	Chief Executive Officer Global Corporate and Investment Bank
Michael D'Ambrose	1957	Senior Human Resources Officer
Robert Druskin	1947	Chief Operating and Technology Officer
Ahmed Fahour	1966	Senior Vice President - Head of Development
Jay S Fishman	1952	Chief Operating Officer - Finance & Risk President and CEO of Travelers Property Casualty Corp
Michael B G Froman	1962	Executive Director - Strategic Priorities and Business Development
Robert Guthrie	1953	Chief Executive Officer - Global Equipment Finance
Keith Hughes	1946	Vice Chairman and Director
Thomas Wade Jones	1949	Chairman and CEO - Global Investment Management & Private Banking Group
Robert L Lipp	1938	Chairman of Travelers Property and Casualty Co
Marjorie Magner	1949	Senior Executive Vice President Chief Administrative Officer - GCB
Deryck C Maughan	1947	Vice Chairman
Victor J Menezes	1949	Chief Executive Officer - Emerging Markets President of Citibank NA
Charles O Prince	1950	Chief Operating Officer - Admin & Oper General Counsel and CAO
William R Rhodes	1935	Vice Chairman
Peter Sabatacakis	1946	Senior Risk Officer
Todd S Thomson	1961	Chief Financial Officer, Head of Citigroup Investments

A

**Principal Officers**

**CONFIDENTIAL SECTION  
PRINCIPAL OFFICERS - CONTINUED**

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<b>Name &amp; Title</b>	<b>Year of Birth</b>	<b>Position held in subsidiary and/or affiliate organization</b>
Sanford I Weill	1933	Chairman
Robert B Willumstad	1945	Chief Executive Officer - GCB
Barbara A Yastine	1949	Chief Financial Officer - SSB and Citibank's Global Relationship Bank

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A(1)

**Principal Officers - Continued**

**CONFIDENTIAL SECTION  
DIRECTORS**

<b>Name (Committee Member)</b>	<b>Years on Board</b>	<b>Year of Birth</b>	<b>Occupation or principal business affiliation</b>
C Michael Armstrong (A), (R)	6	1938	Chairman and Chief Executive Officer AT&T Corp
Alain J P Belda (A), (R)	3	1943	President and Chief Operating Officer Alcoa Inc
Kenneth J Bialkin (E), (P), (PC)	13	1929	Partner, Skadden, Arps, Meagher & Flom LLP
Kenneth T Derr (E), (A), (R)	12	1936	Chairman and Chief Executive Officer Chevron Corporation
John M Deutch (A), (P)	9	1938	Institute Professor, MIT
* Gerald R Ford	13	1913	Former President of the United States
Keith W Hughes	--	1946	Vice Chairman
Ann Dibble Jordan (P), (PC), (I)	10	1934	Consultant
Robert I Lipp	--	1938	Chairman of Travelers Property Casualty Corp
Reuben Mark (A), (P)	4	1939	Chairman and Chief Executive Officer Colgate-Palmolive Co
Michael T Masin (A), (P)	2	1944	Vice Chairman, President International, Director GTE Corporation
Dudley C Mecum (E), (A), (R)	13	1934	Managing Director, Capricorn Holdings, LLC
Richard D Parsons (R), (PC), (I)	4	1948	President, Time Warner, Inc
Andrall E Pearson (R), (PC), (I)	13	1925	Chairman and Chief Executive Officer Tricon Global Restaurants, Inc
Robert E Rubin (E)	--	1938	Chairman of the Executive Committee
Franklin A Thomas (E), (P), (PC), (I)	29	1934	Former President, The Ford Foundation

AA

Directors

**CONFIDENTIAL SECTION  
DIRECTORS - CONTINUED**

<b>Name (Committee Member)</b>	<b>Years on Board</b>	<b>Year of Birth</b>	<b>Occupation or principal business affiliation</b>
Sanford I Weill (E)	13	1933	Chairman
Arthur Zankel (E), (R), (PC), (I)	13	1931	General Partner, First Manhattan Co

\* The Honorable Gerald R Ford is an honorary director and as such is appointed by the Board and does not stand for election

\*\* As of March 7, 2001 Keith W Hughes, Chairman and Chief Executive Officer of Associates, who joined Citigroup's Board of Directors and became Vice Chairman left Citigroup

There are six committees

(E) - Executive Committee

(A) - Audit Committee

(R) - Risk, Capital and Subsidiaries Committee

(P) - Public Affairs Committee

(PC) - Personnel, Compensation and Directors Committee

(I) - Incentive Compensation Subcommittee

**Citigroup Directors' Fees**

Outside directors currently receive an annual retainer of \$125,000, payable either 100% in common stock, receipt of, which is deferrable at the director's election, or up to 50% in cash to cover taxes and the remainder in common stock. Effective January 1, 2001, directors may elect to receive all or a portion of their compensation in the form of an option to purchase shares of Citigroup common stock.

Effective July 18, 2000, outside directors and the honorary director became entitled to receive an annual option grant to purchase 5,000 shares of Citigroup common stock. The 2000 stock option award was made on July 18, 2000 and was prorated for six months. The 2001 option grant to purchase 5,000 shares was made in January 1, 2001. Subsequent grants will be made in January of each year.

Committee and subcommittee chairs receive additional compensation of \$15,000, except for the chair of the audit committee, who receives \$25,000. Directors receive no additional compensation for participation on board committees and subcommittees. Additional compensation for special assignments is determined on a case by case basis, but no such additional compensation was paid to any director in 2000.

Directors who are employees of Citigroup or its subsidiaries do not receive any compensation for their services as directors.

AA (1)

**Directors - Continued**

**CONFIDENTIAL SECTION  
CONDITION OF BANK HOLDING**

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- 1 **Prospects of holding company**
  - 2 **Assess management and the board of directors** In addition, appraise the policies with respect to the level of control and supervision exercised over subsidiaries, including risk evaluation and control and management information systems
  - 3 **Subsidiary bank(s), date of most recent examination and rating**
  - 4 **Is the holding company a member of a chain banking organization?** No If so, summarize significant problems at any holding company or subsidiary bank, or in the chain organization
  - 5 **List any individual or group that own(s) or control(s) 5 percent or more of the outstanding voting shares of the bank holding company's stock** Discuss significant changes in ownership
  - 6 **Other supervisory concerns** None
  - 7 **BOPEC Rating**
  - 8 **Recommendations for supervisory action** None
- 

*Given the information that is provided in the various risk-focused documents, the closed section of the report will only highlight certain key areas. Please refer to the risk-focused documents for more detailed information on corporate strategy/prospects, risk management/ controls and Senior Management*

# **1 Prospects**

The prospects for Citigroup remain favorable. Citigroup is a world leader in diversified financial services with a unique combination of scale, scope and geographic reach. A key to Citigroup's continued success is its solid management team, which exhibits a disciplined approach in balancing earnings growth through its risk/reward initiatives, curtailing expenses, and expanding operations through carefully controlled marketing campaigns and acquisitions. Management has also made significant progress in forming strategic internet alliances and developing key e-commerce initiatives to assist the company in reaching its goals. Growth over the coming year will be primarily fueled by the corporation's cross-selling endeavors, accompanied by strategic acquisitions of other financial service companies, in order to meet the firm's long-term earnings growth rate of 15% per year.

Management will continue to focus its attention on the following areas:

- **Global consumer financial services.** The firm will continue to try and cross-sell its comprehensive banking, insurance and investment products globally. Moreover, management plans to further enhance its leadership position in global credit cards, through organic growth and targeted portfolio acquisitions.
- **The Global Corporate Investment Bank (GCIB).** Building upon the momentum of the Schroders acquisition, the firm will continue to target expansion of its investment banking presence in Europe.
- **Emerging Markets.** Management has expressed the desire for a more equal distribution of Citigroup's assets between U.S. and international investments. Countries that management is considering for expansion purposes include Brazil, Mexico, Argentina, Poland and Turkey. Throughout 2001 and beyond there may be a shift to focus on increased investments overseas.
- **Private Banking/Asset Management.** Given the scale of this business line relative to GCIB and the Global Consumer Bank, management is interested in enhancing its wealth management business and increasing its market share.

Two recent acquisitions, Associates First Capital (Associates) and European American Bank (EAB), will strengthen Citigroup's existing businesses and add to its earnings power. Associates will enhance the consumer and commercial franchises in the U

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**B**

**Condition of Bank Holding Company**

**CONFIDENTIAL SECTION**  
**CONDITION OF BANK HOLDING COMPANY - CONTINUED**

S and provide a good platform for growth in Japan and in other overseas markets. The EAB deal will increase Citigroup's market share in the New York metropolitan area and provide Citigroup with incremental low cost deposits to enhance its funding capabilities. Both were directly in line with the organization's corporate objectives.

Citigroup's diversified earnings streams and strong capital and reserves result in a positive outlook on growth for the entire institution. With a largely investment grade balance sheet, sizeable capital position and diversified business mix, Citigroup's prospects continue to be very favorable. However, a harsher global economic environment and prolonged deterioration in credit quality could pose a significant challenge for management and slow down the firm's strong earnings momentum.

**2. Combined Risk Management and Internal Controls – (Rated "2")**

Citigroup effectively manages its risks and is accorded a risk management and internal control rating of "2". The rating reflects the corporation's ability to handle existing and foreseeable exposures that may arise in the daily course of business. Board oversight, policies and limits, risk monitoring procedures and reports are considered generally adequate. Both the board and senior management are committed to providing the necessary guidance to ensure an effective risk management process at both the business line and corporate levels. Please see the open section of the report and risk-focused documents for more detailed information.

**Senior Management**

The following details key senior management changes that have occurred since the last inspection (dated September 30, 1999).

In October 1999, Mr. Robert E. Rubin, former U.S. Secretary of the Treasury, joined the Board of Directors of Citigroup. He was elected to the office of the Chairman, which then consisted of Mr. Weill, Mr. Reed and himself. Mr. Rubin currently serves as the Chairman of the Executive Committee of the Board and participates in strategic, managerial and operational matters of the firm, but has no line responsibilities.

Effective April 18, 2000, Mr. John Reed retired from Citigroup and Mr. Sandy Weill became the sole chairman and chief executive officer. The position of president remains vacant since Mr. Jamie Dimon's departure in late 1998. However, in December 2000, Mr. Weill named Jay Fishman and Charles Prince as his Chief Operating Officers (COO). Mr. Fishman now serves as the COO for Finance and Risk and continues his duties as Head of Travelers Property and Casualty, while Mr. Prince serves as the COO of Administration and Operations and retains his responsibilities as General Counsel.

Hamid Biglari, 42, was named Head of Corporate Strategy of Citigroup Inc. in December 2000. He was, prior to joining Citigroup, a partner and co-head of the Global Investment Banking consulting practice at McKinsey and Company.

Winifred F. W. Bischoff, 59, has been Chairman of Citigroup Europe of Citigroup Inc. since April 2000. From 1995 until the merger of J. Henry Schroder & Co. Ltd. with Salomon Smith Barney Holdings Inc. in April 2000, he was Chairman and Group Chief Executive of J. Henry Schroder & Co. Ltd. He served in other executive or management positions with various Schroder entities after joining the firm in 1966.

Robert Druskin, 53, has been Chief Operations and Technology Officer of Citigroup Inc. since September 2000. From 1998 to 2000, he was Chief Administration Officer and Head of Operations & Technology of the Global Corporate and Investment Bank of Citigroup. From 1997 to 1998, he was Chief Administration Officer of Salomon Smith Barney. He has served in other executive or management positions with subsidiaries of Citigroup since joining a predecessor of Salomon Smith Barney in 1969.

Ahmed Fahour, 34, was named Senior Vice President and Head of Development for Citigroup Inc. in December 2000. He was, for 13 years prior to joining Citigroup, a partner/officer at the Boston Consulting Group.

Michael B. G. Froman, 38, has been Executive Director of Strategic Priorities and Business Development in the emerging markets business of Citigroup Inc. since January 2001. He was Chief of Staff of the Office of the Chairman and Chief Operating Officer.

B(1)

**Condition of Bank Holding Company - Continued**

**CONFIDENTIAL SECTION**  
**CONDITION OF BANK HOLDING COMPANY - CONTINUED**

of the Internet Operating Group from December 1999 to January 2001 From January 1997 to July 1999, Mr Froman served as Chief of Staff of the Department of the Treasury of the United States

Roy Guthrie, 47, has been Chief Executive Officer, Global Equipment Finance of Citigroup Inc since November 2000 He was, from 1998 until the merger of Associates First Capital Corporation ("Associates") with Citigroup in November 2000, Senior Executive Vice President and a director of Associates From 1996 to 2000 he was Chief Financial Officer of Associates He joined Associates in 1978 and had held other executive or management positions with Associates since joining in 1984

Keith Hughes, 54, was named Vice Chairman and a Director of Citigroup Inc in November 2000 He was, from 1995 until the merger of Associates with Citigroup in November 2000, the Chairman and Chief Executive Officer of Associates From 1991 to 1995, he was President and Chief Operating Officer of Associates He had held other executive management positions with Associates after joining in 1984 He retired from Citigroup Inc as of March 7, 2001

Marjorie Magner, 51, has been the Senior Executive Vice President and Chief Administrative Officer of Citigroup's Global Consumer business, since July 2000 She has also been, since January 2000, the Head of Citibanking North America and Primerica Financial Services She has held other executive or officer positions with subsidiaries of Citigroup since joining Citigroup's predecessor in 1987

Todd S Thomson, 39, has been Chief Financial Officer of Citigroup since March 2000 Mr Thomson was Chief Executive Officer of Citibank's Global Private Bank from 1999 to 2000 He has been employed as Chief Executive Officer or in other executive or management positions with Citigroup since July 1998 Prior to that time, Mr Thomson was Senior Vice President, Strategic Planning and Business Development for GE Capital Services Previously, Mr Thomson held management positions at Barents Group LLC and Bain and Company

**3 Examination Ratings**

<b>Subsidiary Banks</b>	<b>Examination Date</b>	<b>Agency</b>	<b>CAMELS</b>
Citibank, N A	12/31/00	OCC*	1-2-2-1-2-2 / 2
Citibank (S D), N A	12/31/00	OCC	1-2-2-1-2-2 / 2
Citibank (NV), N A	12/31/00	OCC	1-2-2-1-2-2 / 2
Associates National Bank	12/31/00	OCC	2-2-2-2-2-2 / 2
Citibank NYS	12/31/00**	NYSBD	1-1-1-1-1-1 / 1
Citibank FSB	6/30/00	OTS	2-1-2-2-1-2 / 2
Travelers Bank, FSB	10/25/99	OTS	2-1-1-1-1-1 / 1
Associates Capital Bank Inc	9/30/00	FDIC/USD	1-2-3-1-2-2 / 2

\*OCC supervises Citibank on a continuous basis

\*\* Preliminary results.

**5 Major Shareholders**

As of December 31, 2000, there are no major shareholders that own more than 5% of Citigroup's outstanding common stock The largest shareholder is H-R-H Alwaleed who beneficially owns approximately 4 0% of Citigroup's outstanding common stock

B(2)

Condition of Bank Holding Company - Continued



**CONFIDENTIAL SECTION**  
**CONDITION OF BANK HOLDING COMPANY - CONTINUED**

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7.

<b>BOPEC RATINGS</b>	<b>12/31/00 Citigroup</b>	<b>9/30/99 Citigroup</b>
<i>Bank Holding Company Rating System</i>		
Composite Rating Management	2 Satisfactory	2 Satisfactory
<i>Component Ratings</i>		
Bank Subsidiaries	2	2
Other Nonbank Subsidiaries	2	2
Parent Company	1	1
Consolidated Earnings	1	1
Consolidated Capital	1	1

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**B(3)****Condition of Bank Holding Company - Continued**

**OTHER SUPERVISORY ISSUES**

1. Is the holding company's policy on assessing dividends from the subsidiary bank(s) reasonable and is it being complied with? Yes If no to either, discuss.
2. Has the holding company complied with all representations made in application(s) to the Board of Governors? Yes If not, discuss
3. Does the subsidiary bank(s) maintain compensating balances at another institution for debt advanced to the holding company? No If the bank is not adequately compensated, discuss
4. If applicable, describe the holding company's policy on assessing management and service fees for work performed for the subsidiary bank Are policies and fees reasonable? Yes If not, discuss
5. Are there any intercompany transactions subject to comment? No If so, discuss
6. Are there any insider transactions subject to comment? No If so, discuss
7. Do the holding company's intercorporate income tax accounting policies and practices conform with the Board of Governors' September 1978 policy statement? Yes If not, discuss
8. If the holding company uses a subsidiary bank's personnel or assets to sell credit-related life insurance to the bank's customers, does the holding company give the bank reasonable compensation for its services? Yes If not, discuss
9. Is the holding company in compliance with the tie-in prohibitions contained in Section 106(b) of the BHC Act Amendments of 1970? Yes If not, discuss
10. Is the holding company or its subsidiary(ies) a defendant in any litigation which could have a significantly adverse effect on the overall organization? No If so, discuss
11. Is the insurance program for the holding company and its subsidiary(ies) considered adequate? Yes If not, discuss
12. Are reports filed with the Federal Reserve System prepared accurately and submitted on a timely basis? Yes If not, discuss
13. Did the inspection uncover any violation of law, regulation or Federal Reserve policy statement not cited above? No If so, discuss
14. Does the holding company or its subsidiary(ies) have any outstanding commitments to the Board of Governors? No If so, discuss Before the Gramm-Leach-Bliley Act became effective, as part of the merger approval process for Citicorp and Travelers, Citigroup Inc. entered into an agreement (Board Order) with the BOG. The primary covenants identified the need for the firm to upgrade its risk management aggregation systems to encompass the firm's group-wide exposures and develop a Privacy Promise for its customers. The firm continues to make good progress on these initiatives.
15. Is there any other matter having a detrimental impact on the subsidiary bank(s) not discussed elsewhere in this report? No If so, discuss
16. Does the holding company or its subsidiary(ies) have an internal credit risk-rating system? Yes If so, is it adequate? Yes If no, how does the organization effectively monitor credit risk?
17. Other Matters None

C

Other Supervisory Issues

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**CONFIDENTIAL SECTION  
ADMINISTRATIVE MATTERS**

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**Final meeting date and those attending**

Meeting was held on March 14, 2001. In attendance from the Federal Reserve Bank of New York were Homer C. Hill, III and Sarah Dahlgren. Citigroup Inc. attendees were Sandy Weill, Chairman and CEO, Todd Thomson, CFO, Jay Fishman, COO of Finance and Risk, Roger Trupin, Controller and Stephanie Mudick, Deputy General Counsel.

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**Suggestions for the next inspection**

For a listing of scheduled reviews for 2001 please refer to the Supervisory Plan of the risk-focused documents.

**Citigroup Summary Review Contacts**

The CPC and EIC should arrange to meet with the primary contacts, Michael Ross and Shelley Dropkin, two months prior to a review to present the applicable entry letters.

Michael Ross (559-9788) and Shelley Dropkin (793-7396) are responsible for coordinating the entry letter responses. The Audit division will also provide official listing of names and telephone numbers for examiner use.

**Parent Company and Liquidity/Funding** Questions concerning the parent company's legal structure, dividend capacity and cash flow should be directed to Greg Ehlke (559-0302) and Marty Waters (559-3249) of the Office of Corporate Finance. For Liquidity and Funding contact John Rice (559-6704).

**Asset Quality** Mr. Julian Lustig (559-3259), Vice President - Credit Risk Information and Reporting section of Risk Architecture, is directly responsible for our consolidated asset quality reports. Key **monthly** reports are the Citigroup Consolidated Credit Portfolio Review, the Monthly Portfolio Quality Report, and the Country Exposure Report. Key **quarterly** reports are the Credit Risk Profile Report, the List of Major Obligor with Classifications of \$10 million or more, and the Quarterly Financial Data Supplement that accompanies quarterly SEC filings.

For a more granular view of the Consumer portfolio, key reports are the Monthly Global Consumer Group's Credit Risk Management Reports which are supplemented by additional Risk Management Reviews of North America, Latin America, Asia Pacific and Central and Eastern Europe-MidEast and Africa. These reports are shared with the OCC examiners. The OCC examiner in charge of the Global Consumer Bank, is Roy Stovall.

**Risk Management** Questions concerning risk management should be directed to Petros Sabatacakis (793-5243), Senior Risk Officer at Citigroup Inc. Questions regarding Windows on Risk should be directed to Nancy Newcomb (559-2773).

**Audit and Internal Controls** Questions concerning audit and internal controls should be directed to Douglas Peterson, Chief Auditor (657-3416) and Paula Burton (657-2212).

**Earnings** The primary contact regarding earnings is Roger Trupin, Controller of Citigroup (559-2867).

**Technology** Questions pertaining to Information Systems and Technology should be directed to Mel Taub (793-1215) and Steve Russel, Chief Technology Auditor (718-248-6107).

**- R E S T R I C T E D -**  
**NATIONAL EXAMINATION DATA**  
**BHC INSPECTION - LARGE INPUT FORM**  
**BHC's OVER \$150MM IN CONSOLIDATED ASSETS**

SUPERVISORY DATA INPUT					
RSSD ID Number	1951350				
Select Form	Large BHC Inspection				
Name of BHC	Citigroup Inc				
Location	City	New York	State	New York	
<b>DATES (CCYY-MM-DD)</b>					
Scheduled Start Date	2/5/01	Start Date	2/5/01	Financial As Of Date	12/31/00
Asset Quality Review Date	12/31/00	Close Date	3/9/01		
Exit Meeting Date	3/14/01	Report Disposition Date	3/14/01		
Report Disposition	<input checked="" type="checkbox"/> Mailed to Institution <input type="checkbox"/> For Internal Use Only				

GENERAL					
Continuous Exam?	<input checked="" type="checkbox"/>	Yes	<input type="checkbox"/>	No	
Inspection Mandated?	<input checked="" type="checkbox"/>	Yes	<input type="checkbox"/>	No	
Location?	<input checked="" type="checkbox"/>	Onsite	<input type="checkbox"/>	Offsite	
Purpose	<input type="checkbox"/>	Change In Control	<input type="checkbox"/>	Compliance	<input type="checkbox"/>
	<input type="checkbox"/>	Due Diligence	<input checked="" type="checkbox"/>	Routine	<input type="checkbox"/>
Conducted	<input type="checkbox"/>	Concurrent	<input checked="" type="checkbox"/>	Independent	<input type="checkbox"/>
Exam Scope	<input checked="" type="checkbox"/>	Full	<input type="checkbox"/>	Limited	<input type="checkbox"/>
	<input type="checkbox"/>	Supervisory Assessment Activity	<input type="checkbox"/>	Target	<input type="checkbox"/>
Targeted Area(s) - If a targeted examination, place an "X" by appropriate entry(s)					
<input type="checkbox"/>	Accounting/Financial Reporting	<input type="checkbox"/>	Credit Administration	<input type="checkbox"/>	Investment Advisory Services
<input type="checkbox"/>	Asset/Liability Management	<input type="checkbox"/>	Earnings	<input type="checkbox"/>	Leasing
<input type="checkbox"/>	Asset Quality	<input type="checkbox"/>	Fair Lending	<input type="checkbox"/>	Loan Review
<input type="checkbox"/>	Bank Secrecy Act	<input type="checkbox"/>	Funding/Liquidity	<input type="checkbox"/>	Mergers and Acquisitions
<input type="checkbox"/>	Broker/Dealer	<input type="checkbox"/>	Infrastructure	<input type="checkbox"/>	Mgmt Information Systems
<input type="checkbox"/>	Capital Markets	<input type="checkbox"/>	Insurance	<input type="checkbox"/>	Mortgage Banking
<input type="checkbox"/>	Community Banking	<input type="checkbox"/>	Intercompany Transactions	<input type="checkbox"/>	Mutual Funds
<input type="checkbox"/>	Compliance	<input type="checkbox"/>	Interest Rate Risk	<input type="checkbox"/>	Other
<input type="checkbox"/>	Consumer Lending	<input type="checkbox"/>	Internal Controls/Audit	<input type="checkbox"/>	Supervisory Assessment
Lead Agency	<input checked="" type="checkbox"/>	FRB	<input type="checkbox"/>	NASD	<input type="checkbox"/>
	<input type="checkbox"/>	OCC	<input type="checkbox"/>	OTS	<input type="checkbox"/>
	<input type="checkbox"/>	SEC	<input type="checkbox"/>	State	
Lead Office	New York				
NAME OF PARTICIPATING AGENCY(IES)	OFFICE	ROLE			
		Participant	Reviewer		
Federal Reserve Bank	Philadelphia	<input checked="" type="checkbox"/>	<input type="checkbox"/>		
Board Staff	Washington, D C	<input checked="" type="checkbox"/>	<input type="checkbox"/>		
		<input type="checkbox"/>	<input type="checkbox"/>		
		<input type="checkbox"/>	<input type="checkbox"/>		

Revised July 1999

<b>GENERAL (Continued)</b>									
Lead BOPEC/FM Rating:	2	2	1	1	1	/	2	S	Risk Management Rating: 2
Problem Bank(s)?	<input type="checkbox"/>	Yes	<input checked="" type="checkbox"/>	No					
Reviewer BOPEC/FM Rating:						/			Risk Management Rating:
Problem Bank(s)?	<input type="checkbox"/>	Yes	<input type="checkbox"/>	No					

<b>ASSET QUALITY Dollar Value in Thousands (000)</b>			
CLASSIFIED	Parent	Bank(s)	Nonbank(s)
Substandard		8,469,000	1,569,000
Value Impaired Assets		637,000	
Doubtful Assets		1,558,000	45,000
Loss Assets		297,000	
<b>OTHER</b>			
Special Mention Assets		13,959,000	7,000
OTRP Assets		1,163,000	
<b>ALLOWANCES</b>			
ALLL		8,961,000	
ATRR			
Tier 1 Risk-Based Capital		54,498,000	

<b>STAFF RESOURCES FOR EACH AGENCY (Lead, Participant, and/or Review) (Last Name, First Name)</b>			
Agency (e.g., FRB Boston):	FRB of New York		
Examiner in Charge:	Homer C. Hill, III		
Reviewer:			

<b>EXAMINATION HOURS - Lead Agency</b>				Budgeted <input type="checkbox"/>	Actual <input type="checkbox"/>
BY STAGE:			BY CATEGORY:		
	On-site	Off-site	Commissioned:	376.00	
Preparation:	171.50		Noncommissioned:	138.00	
Examination:	342.50		Training:		
Report Development:					
Total By Stage:	514.00		Total By Category:	514.00	
Travel:			GRAND TOTAL (+Travel):	514.00	

<b>EXAMINATION HOURS - Participating Agency</b>				Budgeted <input type="checkbox"/>	Actual <input type="checkbox"/>
Name of Participating Agency:					
	On-site	Off-site	Commissioned:		
Preparation:			Noncommissioned:		
Examination:			Training:		
Report Development:					
Total By Stage:			Total By Category:		
Travel:			GRAND TOTAL (+Travel):		

<b>OTHER</b>			
Coordinated with SMB Examination?	<input type="checkbox"/>	Yes	<input checked="" type="checkbox"/> No
Coordinated with Lead Bank Examination?	<input type="checkbox"/>	Yes	<input checked="" type="checkbox"/> No
External Auditor Present at Exit Meeting?	<input type="checkbox"/>	Yes	<input checked="" type="checkbox"/> No
Board Meeting Mandated?	<input type="checkbox"/>	Yes	<input checked="" type="checkbox"/> No

<b>ADDITIONAL BHCs REVIEWED</b>					
RSSD ID	Offsite? (Y/N)	Separate Rpt? (Y/N)	BOPEC/FM	Risk Assmt? (Y/N)	Name and Location
1045848	Y	N	No rating	Y	Citicorp Banking Corporation (CBC) New Castle, DE

<b>ADDITIONAL NONBANKS REVIEWED</b>			
RSSD ID	Offsite? (Y/N)	Risk Assmt? (Y/N)	Name and Location

Input Form Prepared By	Camille M. Taylor
Date Prepared	April 5, 2001

<b>DATA/DATE INPUT</b>			
	<u>Open</u>	<u>Preliminary</u>	<u>Final</u>
NED Data Input By			
Date Input Into NED			
Supervisory Event Number			

## CITIGROUP INC. - Annual Roll-up

Event # 283529

Start Date 2/5/01 End Date 3/15/01

Week ending Feb 9th

Week ending Feb 16th

Name	Position	Commissioned/ Non-commissioned	Mon	Tues	Wed	Thurs	Fri	Total	Mon	Tues	Wed	Thurs	Fri	Total
			5-Feb	6-Feb	7-Feb	8-Feb	9-Feb		12-Feb	13-Feb	14-Feb	15-Feb	16-Feb	
Homer C Hull III	CPC	Commissioned	0.00	2.00	0.00	3.00	(Flex Day)	5.00	0.00	0.00	2.00	2.00	3.00	7.00
Jane Green	Market Risk	Commissioned	0.00	0.00	0.00	2.00		2.00	0.00	0.00	0.00	2.00	1.00	3.00
Jerry Kotch	Credit Risk	Commissioned	10.00	7.00	10.00	3.00		30.00	0.00	0.00	0.00	0.00	0.00	0.00
Kenneth Behrens	Operational Risk	Commissioned	0.00	0.00	0.00	0.00		0.00	5.00	0.00	8.00	0.00	0.00	13.00
Camille Taylor	Financial Analyst	Non-commissioned	0.00	0.00	0.00	2.00		2.00	0.00	5.00	8.00	5.00	7.00	25.00
Larry Eng	Anal - Cons Lending	Commissioned	0.00	0.00	4.00	4.00		8.00	0.00	4.00	4.00	0.00	0.00	8.00
** Michael Cowie	Insurance Risk	Commissioned	0.00	0.00	0.00	8.00		8.00	0.00	5.00	4.00	0.00	0.00	9.00
* John Rogers	Liquidity Risk	Commissioned	7.00	7.00	7.00	7.00		28.00	7.00	0.00	0.00	0.00	0.00	7.00
* Holly C Yetke	Bank Examiner	Non-commissioned	7.00	7.00	0.00	0.00		14.00	0.00	0.00	0.00	0.00	0.00	0.00

Grand Total for the Week

97.00

Grand Total for the Week

72.00

\* Federal Reserve Bank of Philadelphia

\*\* Not on the same Flex schedule

Total # of Hours 514.00Total # of Hours Commissioned 376.00Total # of Hours Non-commissioned 138.00

## CITIGROUP INC. - Annual Roll-up

Event # 283529

Start Date 2/5/01 End Date 3/15/01

Week ending Feb 23rd

Week ending March 2nd

Name	Position	Commissioned/ Non-commissioned	Mon	Tues	Wed	Thurs	Fri	Total	Mon	Tues	Wed	Thurs	Fri	Total	
			19-Feb	20-Feb	21-Feb	22-Feb	23-Feb		26-Feb	27-Feb	28-Feb	1-Mar	2-Mar		
			(Holiday)				(Flex Day)								
Homer C Hill III	CPC	Commissioned	4.00	0.00	2.00	2.00	3.00	11.00	2.00	0.00	3.00	5.00	0.00	10.00	
Jane Green	Market Risk	Commissioned		0.00	0.00	0.00		0.00	5.00	3.00	5.00	5.00	0.00	18.00	
Jerry Kotch	Credit Risk	Commissioned		10.00	6.00	8.00		24.00	12.00	8.00	5.00	0.00	0.00	25.00	
Kenneth Behrens	Operational Risk	Commissioned		2.00	0.00	4.00		6.00	8.00	0.00	0.00	3.00	0.00	11.00	
Camille Taylor	Financial Analyst	Non-commissioned		6.00	6.00	4.00		16.00	2.00	10.00	9.00	11.00	2.00	34.00	
Larry Eng	Anal. - Cons Lending	Commissioned		0.00	4.00	0.00		4.00	0.00	0.00	0.00	0.00	0.00	0.00	
** Michael Cowie	Insurance Risk	Commissioned		4.00	5.00	4.00		13.00	5.00	0.00	0.00	0.00	0.00	5.00	
* John Rogers	Liquidity Risk	Commissioned		0.00	0.00	0.00		0.00	0.00	0.00	0.00	0.00	0.00	0.00	
* Holly C Yetke	Bank Examiner	Non-commissioned		0.00	0.00	0.00		0.00	0.00	0.00	0.00	0.00	0.00	0.00	
Grand Total for the Week									74.00	Grand Total for the Week					103.00

\* Federal Reserve Bank of Philadelphia

\*\* Not on the same Flex schedule

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## CITIGROUP INC. - Annual Roll-up

Event # 283529

Start Date 2/5/01 End Date 3/15/01

Week ending March 9th

Week ending March 16th

Name	Position	Commissioned/ Non-commissioned	Mon	Tues	Wed	Thurs	Fri	Total	Mon	Tues	Wed	Thurs	Fri	Total	Grand Total
			5-Mar	6-Mar	7-Mar	8-Mar	9-Mar		12-Mar	13-Mar	14-Mar	15-Mar	16-Mar		
Homer C Hill III	CPC	Commissioned	9.00	12.00	10.00	12.00	7.00	50.00	5.00	12.00	3.00	0.00	0.00	20.00	103.00
Jane Green	Market Risk	Commissioned	9.00	10.50	10.50	9.00		39.00	0.00	0.00	0.00	0.00	0.00	0.00	62.00
Jerry Kotch	Credit Risk	Commissioned	0.00	0.00	0.00	0.00		0.00	0.00	0.00	0.00	0.00	0.00	0.00	79.00
Kenneth Behrens	Operational Risk	Commissioned	0.00	0.00	0.00	0.00		0.00	0.00	0.00	0.00	0.00	0.00	0.00	30.00
Camille Taylor	Financial Analyst	Non-commissioned	10.00	11.00	9.00	9.00		39.00	2.00	3.00	3.00	0.00	0.00	8.00	124.00
Larry Eng	Anal - Cons Lending	Commissioned	0.00	0.00	2.00	2.00		4.00	0.00	0.00	0.00	0.00	0.00	0.00	24.00
** Michael Cowie	Insurance Risk	Commissioned	4.00	4.00	0.00	0.00		8.00	0.00	0.00	0.00	0.00	0.00	0.00	43.00
* John Rogers	Liquidity Risk	Commissioned	0.00	0.00	0.00	0.00		0.00	0.00	0.00	0.00	0.00	0.00	0.00	35.00
* Holly C Yetke	Bank Examiner	Non-commissioned	0.00	0.00	0.00	0.00		0.00	0.00	0.00	0.00	0.00	0.00	0.00	14.00
Grand Total for the Week									Grand Total for the Week						514.00

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