

Global Securitized Markets – Global Business Introduction

Focus on Non Agency / Subprime

March 28, 2007

Global Securitized Markets Overview

- Global Securitized Markets (GSM) is a division of FICC with nearly 400 employees that provides:
 - Origination
 - Structuring
 - Financing and
 - Risk managementof residential and commercial real estate and all types of consumer assets, around the globe
- GSM is divided into three product areas – non-agency residential mortgages (Non Agency), consumer and other non-mortgage assets (Global Securitized Products), and commercial real estate (Global Real Estate)

Elements of GSM

What are our products?

- Mortgage Whole Loans
- Non Agency Collateralized Mortgage Obligations (CMOs) and Mortgage Derivatives
- Adjustable Rate Mortgages (ARMs) and Hybrids
- Asset Backed Securities (ABSs)
- Commercial Mortgage Backed Securities (CMBSs)
- Other mortgage and asset-backed financing products
- Warehousing

How do we make money?

- Trading – bid/offer spread, low margin, high volume, flow business
- Structuring Solutions – creating products to meet customers’ specific financing needs from origination through disposition
- Securitization – warehousing, financing, issuance, and distribution of securities backed by a range of asset classes
- Bridges/warehouses to securitization and distribution
- Principal risk taking
- Equity investing alongside customers

What customers do we interact with?

- Mortgage Originators
- Financial Sponsors
- Consumer Asset Originators
- Financial Institutions
- Money Managers
- Hedge Funds
- Pension Funds

What differentiates us from our competitors?

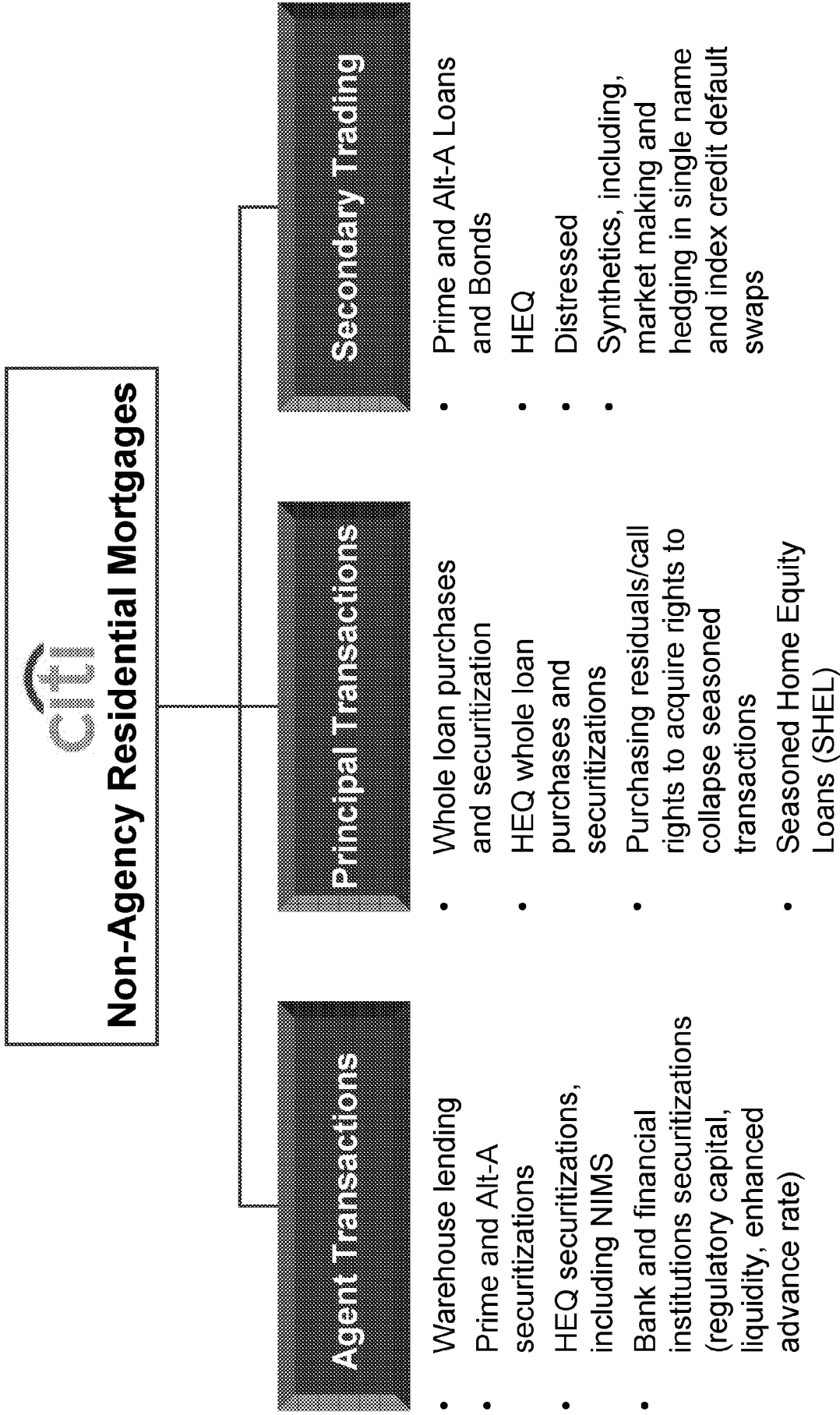
- Focused approach to serving customer needs across a wide range of products, globally
- Ability to act as agent, advisor, finance provider, and principal, as the client requires
- Deep and global distribution franchise
- Ability to price market and credit risk better than our competitors and to take and distribute large risks
- Not viewed as competition with our clients, but as strategic partners

GSM Financials - Historical

(\$ Millions)	2006 FY	2006 FY W(L)		2005 FY	2004 FY
		2005			
GSM Net Revenue	1,281	28%		1,027	958
Direct Expense	105	-6%		112	98
Allocations	150	31%		114	99
Total Expense	255	13%		226	196
Pre Tax Pre Bonus	1,026	28%		800	761
Total IC*	207	24%		167	141
Total Expense Incl. IC	462	17%		393	338
Margin	819	29%		633	620
Total Cost/Recovery of Credit	(0)	N/A		(32)	87
EBIT	819	23%		665	533
Net Income (35% Tax Rate)	533	23%		432	347
Return on GAAP Capital	20%	-7%		26%	32%
Return on RAP Capital	24%	-11%		35%	32%
Return on Economic Capital	82%	17%		65%	65%
Net Income/Revenue	42%	-1%		42%	36%
PTPB/Headcount	2.74	23%		2.24	2.27
Headcount	374	4%		358	335

*Total IC includes direct GSM IC as well as allocated FI Admin and Sales IC
 2006 FI Admin and Sales IC is unavailable, 2005 numbers have been used

Non Agency Trading & Finance



Structural & Cyclical Changes are Impacting the Mortgage Industry

Forces of Change

Structural

- Significant upheaval amongst largest originators
- Vertical integration
- Increased participation among both traditional and new investors, but few sellers at expected distressed levels
- Increased investment by private funds in platforms
- Increased (hybrid) ARM originations
- Spike in subprime defaults
- Increased legislative/regulatory oversight
- Affordability products (IO, Option ARMs) under the microscope
- Falling home price appreciation
- Fall in the rate of conforming mortgage originations
- Potential material opportunities / dislocations in non performing and subperforming
- Flat yield curve; irrational competition in certain sectors, especially in sub-prime
- Industry faced with significantly less production in the face of tightening credit

Cyclical

Mortgage Sector Product Comparison

Characteristic	Jumbo / Prime	Alt-A	Subprime
Average Balance	\$417k to \$15m	\$175 to \$417k	\$150 to \$250k
Coupon	5.75 to 6.25%	6.50 to 7.25%	8.00 to 9.00%
Margin to Prime	25 to 50bps	50 to 100bps	200 to 300bps
FICO	>700	680 to 720	600 - 625
LTV	65 to 75%	75 to 85%	80 to 90%
Owner Occ %	75 to 85%	60 to 80%	85 to 95%
Original Term (Max)	30yrs	30yrs	30yrs
WAL	3 to 5yrs	3 to 5yrs	2 to 4yrs*
Cumulative Defaults	0.50 to 1.50%	1.50 to 3.00%	8.00 to 15.00%
Cumulative Losses	0.25 to 0.50%	0.75 to 1.50%	4.00 to 7.50%

* Industry moving away from shorter reset arm product for non-prime.

Non Agency Strategy

- In a market where margins have compressed, overall mortgage issuance has slowed, and the focus is on credit trading, to preserve and enhance Non Agency mortgage trading and financing revenues we must secure access to supply and excel in managing risk across the credit spectrum. We are executing on our strategy to:

- Gain additional access to mortgage origination, both flow and bulk, to enable Citigroup to grow its whole loan purchase business significantly and hold share against commoditization
- Gain additional access to mortgage securitization opportunities
- Gain additional access to underperforming and non-performing mortgage loans
- Position securitization residuals and other lower-tier credit tranches
- Enhance Citigroup's investment in residuals and under- / non-performing assets by controlling the servicing of the related loans
- Hedge and position synthetically through Credit Default Swaps (CDS), and
- Continue to build distribution for credit and other structured products

Non Agency Performance and Outlook

- The Non Agency sector of Securitized Markets is ahead of plan, with the business well positioned to assist customers and seize opportunities in the subprime space. Credit losses Q107 in the subprime sector were minimal, due to successful risk management, and subprime exposure is modest as a proportion of Securitized Markets' and FICC's overall exposure. The FICC Securitized Markets business is highly diversified, covering also consumer assets and commercial real estate, across the globe.
- Securitized Markets' Non Agency sector risk management approaches include strict underwriting guidelines, very active management of purchases and inventory across the asset life cycle, strict monitoring of warehousing facilities (both of counterparties and asset values), hedging and market making in credit default and index swaps, efficient disposition, and proprietary default recovery strategies.
- We are very excited about the our recently announced financing and acquisition option agreement for Ameriquest's wholesale origination and servicing, which advances our strategy to grow our Non Agency platform.
- We are ready to serve our clients as they manage their portfolios through this period of revaluation, spread widening and volatility, just as we stand ready to support liquidity in the residential mortgage sector and profit from opportunities opened up by market developments.

Non Agency Financials

- Non Agency is ahead of plan for both revenues and net income, with strong cost discipline and targeted investment in process and systems:

	2007 Mar YTD Fcst**	2007 Mar YTD Budget	2007 FY Budget
Non Agency Revenue	70	63	252
Pre Tax Pre Bonus	56	47	191
Net Income (35% Tax Rate)	30	24	97

** YTD Fcst consists of January and February actuals and March estimate

Subprime Warehouse Line Exposure

Non Agency's subprime exposure is well managed, and not material to FICC or Citigroup:

Subprime Warehouse Line Exposure

(\$ Millions)	As of 3/19/2007		As of 12/31/2006		2007 H(L) 2006	
	UPB	Citi Advance (\$)	UPB	Citi Advance (\$)	UPB	Citi Advance (\$)
Amerquest	2,552	2,431	194	190	2,357	2,241 (A)
New Century	-	-	443	431	(443)	(431) (B)
All Other	872	841	1,192	1,182	(320)	(341)
Total Notes	3,424	3,273	1,830	1,803	1,594	1,470

Notes:

(A) 2.3 billion of the increase relates to the ACC strategic partnership.

(B) Line closed in March 2007.

Subprime Trading Exposure

(\$ Millions)	As of 2/28/2007			As of 12/31/2006			2007 H/(L) 2006		
	Balance	Loan Count	Mkt Value	Balance	Loan Count	Mkt Value	Balance	Loan Count	Mkt Value
<i>Whole Loans</i>									
Accredited	48	260	50	852	4,533	867	(805)	(4,273)	(817)
Ameriquest	231	990	61	4,176	19,477	4,200	(3,945)	(18,487)	(4,139)
Centex	0	4	0	-	-	-	0	4	0
CitiMortgage	81	384	81	-	-	-	81	384	81
First Horizon	40	254	40	-	-	-	40	254	40
Lime Financial	2	14	2	7	37	3	(5)	(23)	(1)
Mandalay	0	2	1	0	2	1	(0)	-	(0)
Master Financial	5	13	4	12	52	10	(7)	(39)	(5)
Meritage	4	18	4	-	-	-	4	18	4
Mortgage IT	5	30	6	0	1	0	5	29	6
National City	1	7	1	5	38	4	(4)	(31)	(2)
New Century	1	4	1	4	13	0	(3)	(9)	1
Opteum	6	21	5	615	2,249	623	(609)	(2,228)	(618)
Option One	2	9	1	19	337	11	(17)	(328)	(10)
Quick Loan	10	26	9	6	18	6	3	8	2
Wells Fargo	1	12	1	449	3,054	458	(447)	(3,042)	(457)
Total Whole Loans*	436	2,048	268	6,146	29,811	6,182	(5,710)	(27,763)	(5,914)
<i>Subprime Bonds</i>									
Residuals/NIMs**			910			630			280
Other Bonds			1485			585			900
Total Bonds*			2,395			1,215			1,180
Total			2,663			7,397			(4,734)

* As of 3/27/07 approximate subprime loans owned is \$3.6bn, residuals/NIMs are at \$848mm

**Roughly 50% of each residual/NIM amount is investment grade

Subprime Strategy

Eliminated risk, managed risk:

- Sold risk and hedged risk – New Century exit, CDS positioning and trading are examples
- 1Q markdowns in the book are a function of changed yield and default assumptions, and are not realized losses
- Subprime and residual risk non-material to FICC or Citigroup
- Increase in residuals is result of recent securitizations

Non Agency's strategic plan correctly anticipated market developments, and we are continuing successfully to pursue it:

- Vertical integration
- Special servicing
- Continued opportunistic acquisition of portfolios

GSM Overview

- Global Staff
- Organization
- 2007 YTD Financials

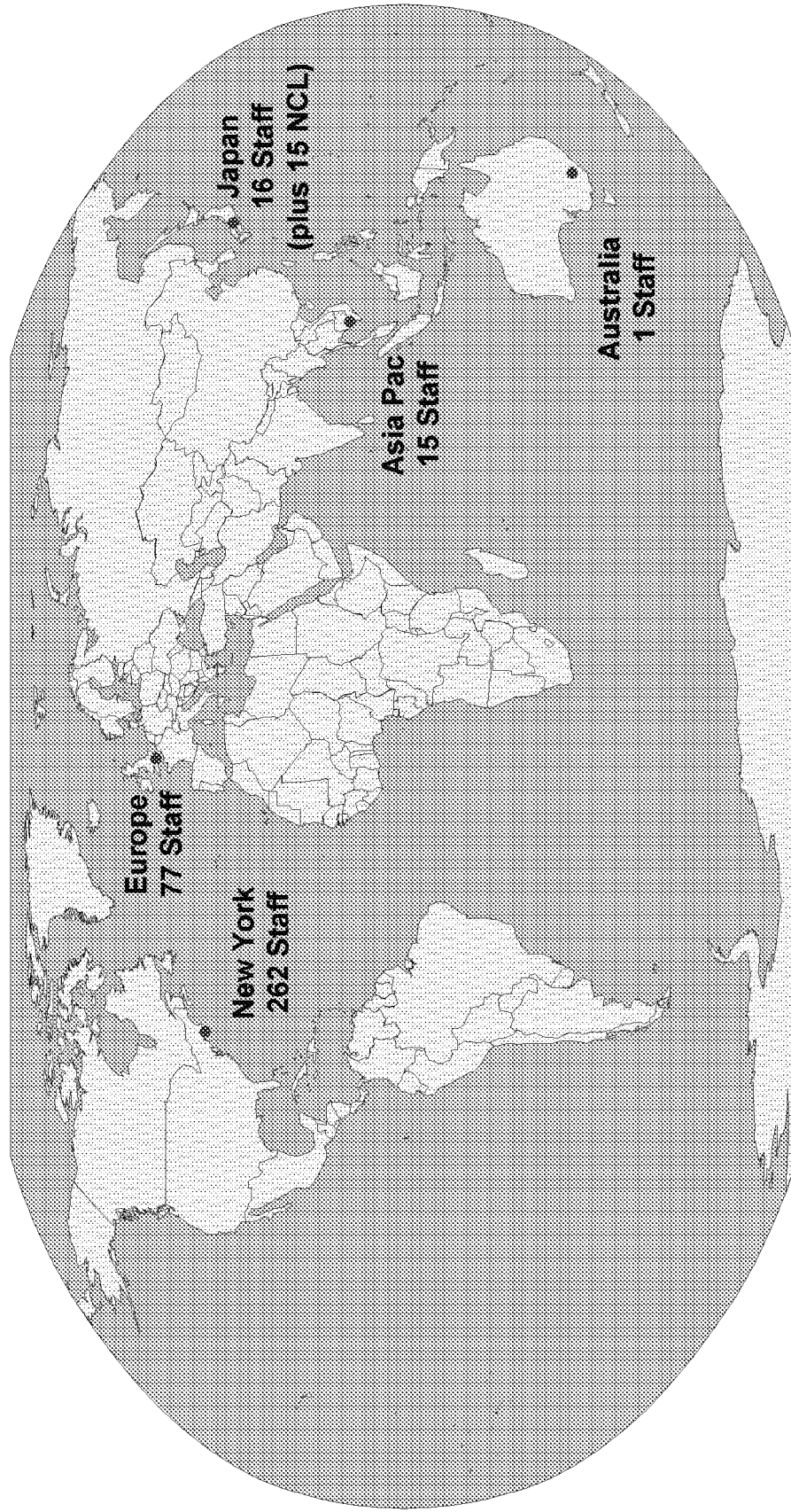
Non Agency Overview

- Product Types
- Historical Financials
- 2007 YTD Financials
- Revenue by Sector
- Securitization League Table – 2006/2005
- Securitization League Table – 2007 YTD
- Recent Non Agency Spread Movement

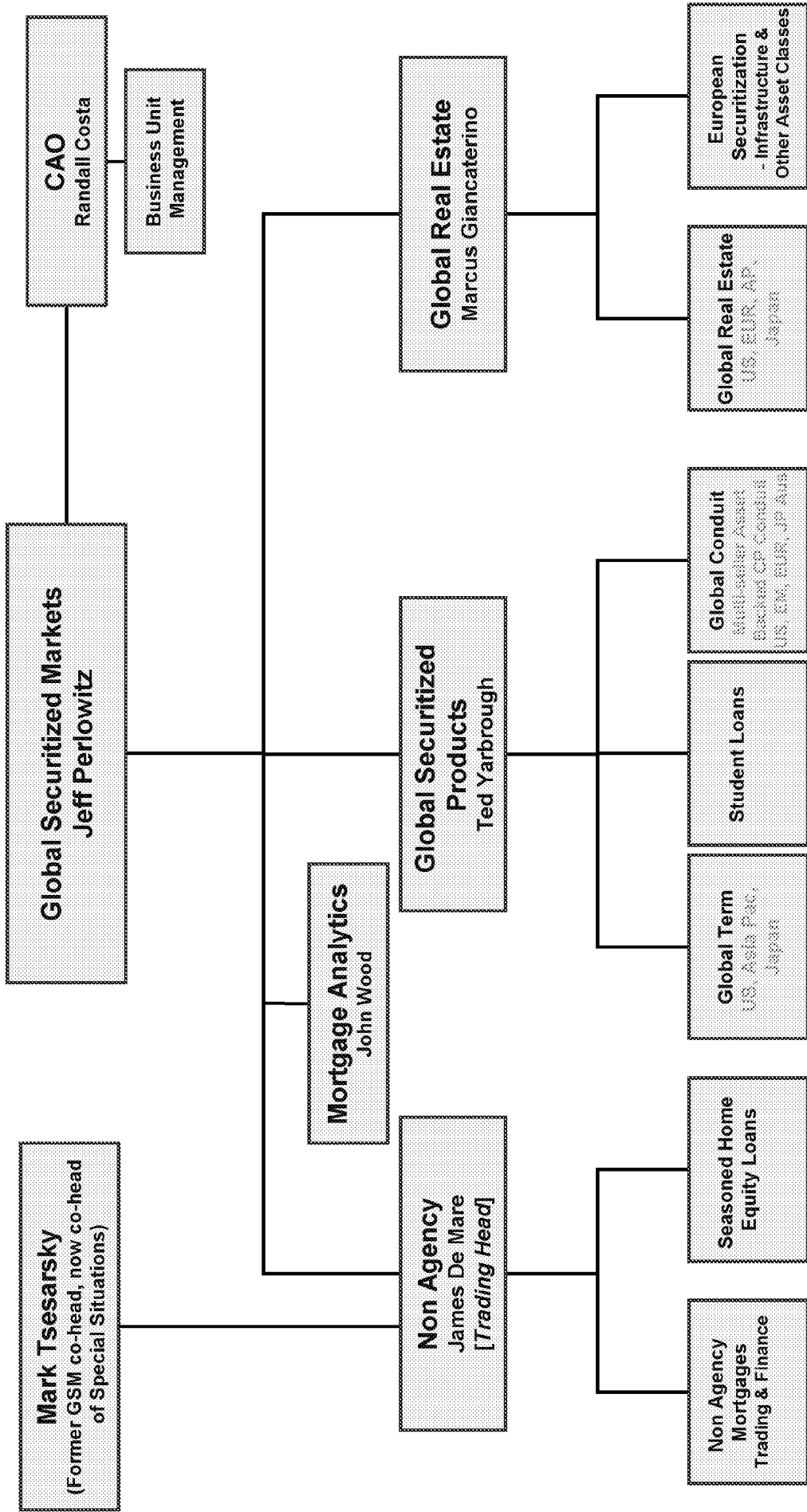
Global Securitized Markets Overview

GSM Global Staff

371 Staff located around the world as of February 2007



Global Securitized Markets Organizational Structure



GSM Financials – 2007 YTD

	2007 Mar YTD Fcst**	YTD Fcst W/(L) Budget	2007 Mar YTD Budget	2007 FY Budget
(\$ Millions)				
GSM Net Revenue	287	-13%	330	1,292
Direct Expense	30	-17%	36	133
Allocations	38	7%	35	142
Total Expense	67	-5%	71	275
Pre Tax Pre Bonus	219	-15%	259	1,017
Total IC*	52	0%	52	207
Total Expense Incl. IC	119	-3%	123	482
Margin	168	-19%	207	810
Total Cost/Recovery of Credit	-	0%	-	-
EBIT	168	-15%	207	810
Net Income (35% Tax Rate)	109	-19%	135	527
Return on GAAP Capital	14%	-3%	17%	17%
Return on RAP Capital	20%	-5%	24%	24%
Return on Economic Capital	63%	-15%	78%	76%
Net Income/Revenue	38%	-3%	41%	41%
P TPB/Headcount	2.34	-11%	2.62	3
Headcount	375	-5%	396	396

* Total IC is an estimate based on prior years and includes direct GSM IC as well as allocated FI Admin and Sales IC

** YTD Fcst consists of January and February actuals and March estimate



Non-Agency Overview

Non Agency Product Types

- Non Agency residential mortgages cover a wide range of mortgage products. Niche products have developed over time in order to more clearly define borrower quality and satisfy borrower needs. The following is a list of Non Agency product types:
 - **Prime Mortgage Loans** – Mortgage loans that conform to FNMA/FHLMC underwriting guidelines but exceed agency balances.
 - **Alternative-A Mortgage Loans** – Mortgage loans that do not conform to FNMA/FHLMC underwriting guidelines.
 - May exceed allowable debt to income ratios
 - May not provide full verification of income, assets, employment or down payment
 - May or may not exceed FNMA/ FHLMC balance limits
 - **Sub-Prime/Non-Prime Mortgage Loans** – Mortgage loans where the mortgagor's credit score is lower than a typical Prime or Alt-A mortgage (FICO score, on average, below 620).
 - **Sub-Performing / Non-Performing Mortgage Loans** (Seasoned Home Equity Loans - SHEL) – Mortgage loans where the payment history of the borrower has previously been or currently is impaired.
 - **Home Equity Lines of Credit** – A method of borrowing in which a homeowner may borrow against the equity as needed. This mortgage product differs from a standard mortgage loan in that the borrowing may be done over a period of time, preventing excess borrowing and limiting interest costs.
 - **Closed-End Second Liens** - A second mortgage lien is junior, or subordinate, to the first mortgage lien. In other words, the lien holder of the second mortgage is second in line to be repaid in case of default.
 - **High Loan-to-Value Mortgage Loans** – Mortgage loans where the loan amount approaches or even may exceed the property value. These loans are typically offered to high credit borrowers where the risk of default is minimal.

Non Agency Historical Financials

	2006 FY		2005 FY		2004 FY	
	2006 FY	2005	2005 FY	2004 FY	2005	2004 FY
(\$ Millions)						
GSM Net Revenue	246		202	224		
Direct Expense	20	-33%	29	26		
Allocations	30	4%	29	22		
Total Expense	50	-14%	58	48		
Pre Tax Pre Bonus	196	37%	144	176		
Total IC*	42	27%	33	31		
Total Expense Incl. IC	92	4%	91	79		
Margin	154	33%	110	145		
Total Cost/Recovery of Credit	-	0%	-	-		
EBIT	154	33%	110	145		
Net Income (35% Tax Rate)	100	33%	72	95		
Return on GAAP Capital	9%	0%	8%	19%		
Return on RAP Capital	37%	6%	31%	30%		
Return on Economic Capital	67%	9%	58%	74%		
Net Income/Revenue	41%	5%	36%	42%		
PTPB/Headcount	3.84	4%	3.68	5.51		
Headcount	51	31%	39	32		

*Total IC includes direct GSM IC as well as allocated FI Admin and Sales IC
2006 FI Admin and Sales IC is unavailable, 2005 numbers have been used

Non Agency Financials – 2007 YTD

	2007 Mar YTD Fcst**	YTD Fcst #(U) Budget	2007 Mar YTD Budget	2007 FY Budget
(\$ Millions)				
Non Agency Revenue	70	11%	63	252
Direct Expense	5	-40%	8	28
Allocations	9	10%	8	33
Total Expense	14	-14%	16	61
Pre Tax Pre Bonus	56	20%	47	191
Total IC*	11	0%	11	42
Total Expense Incl. IC	24	-8%	26	103
Margin	46	25%	37	149
Total Cost/Recovery of Credit	-	0%	-	-
EBIT	46	25%	37	149
Net Income (35% Tax Rate)	30	25%	24	97
Return on GAAP Capital	9%	2%	7%	7%
Return on RAP Capital	36%	11%	26%	26%
Return on Economic Capital	74%	15%	59%	60%
Net Income/Revenue	43%	5%	38%	38%
PTPB/Headcount	4.18	33%	3.15	3.18
Headcount	54	-10%	60	60

* Total IC is an estimate based on prior years and includes direct GSM IC as well as allocated FI Admin and Sales IC

** YTD Fcst consists of January and February actuals and March estimate

Non Agency Revenue By Sector

Sector (\$mm)	2004	2005	2006	Feb 07 YTD
Non Agency CMOs	23.4	10.1	14.1	7.5
Agency / Non Agency ARMS	5.2	8.7	11.9	5.4
Whole Loans/New Issues/Subs	153.0	144.2	174.3	18.2
Warehouse Lending - Spread and Fees	33.5	37.5	44.2	8.0
Other	9.2	1.1	1.4	2.0
Total Revenue	224.3	201.7	245.9	41.1

Non Agency Securitization League Table – 2006 / 2005

Residential Non Agency Mortgage Backed

Book Manager	Proceeds (US\$ Mil)	2006 Rank	Mkt. Share	No. of Issues	2005 Rank	Proceeds (US\$ Mil)	'05 Mkt. Share	'04 No. of Issues
Lehman Brothers	\$123,771	1	11.2%	228	1	\$128,105	12.1%	212
Countrywide Securities	104,924	2	9.5%	144	3	116,528	11.4%	153
Bear Stearns & Co	102,331	3	9.2%	143	2	122,042	12.1%	228
Royal Bank of Scotland Group	98,510	4	8.9%	136	4	114,686	9.9%	160
Deutsche Bank AG	77,330	5	7.0%	132	6	65,115	6.1%	112
Goldman Sachs & Co	69,006	6	6.2%	84	7	60,221	5.9%	85
Credit Suisse	66,541	7	6.0%	118	5	90,775	7.1%	177
Citigroup	59,566	8	5.4%	137	11	58,418	5.9%	147
JP Morgan	58,952	9	5.3%	127	13	45,235	5.5%	89
UBS	51,179	10	4.6%	113	9	59,073	5.9%	126
Morgan Stanley	50,699	11	4.6%	61	8	59,465	5.8%	89
Washington Mutual	49,199	12	4.4%	54	10	55,175	5.7%	44
Merrill Lynch	45,916	13	4.2%	71	12	56,767	5.8%	86
Industry Total	\$957,924			1,548		\$1,035,289		1,707

Source: Thompson Financial December 31, 2006

Non Agency Securitization League Table – Mar 2007 YTD

Residential Non Agency Mortgage Backed

Book Manager	Proceeds (US\$ Mil)	2007 Rank	Mkt. Share	No. of Issues	2006 Rank
Citigroup	15,964	1	9.4%	29	8
JP Morgan	14,720	2	8.6%	17	9
Lehman Brothers	14,713	3	8.6%	25	1
Washington Mutual Inc.	14,035	4	8.2%	12	12
Countrywide Securities Corp	13,570	5	8.0%	14	2
Goldman Sachs & Co	13,199	6	7.7%	16	6
Bear Stearns & Co Inc	12,805	7	7.5%	24	3
Merrill Lynch	10,945	8	6.4%	13	13
Royal Bank of Scotland Group	10,770	9	6.3%	19	4
UBS	8,901	10	5.2%	15	10
Credit Suisse	8,404	11	4.9%	14	7
Banc of America Securities LLC	8,113	12	4.8%	18	16
Deutsche Bank AG	7,784	13	4.6%	18	5
Industry Total	153,930			234	

Source: Thompson Financial March 26, 2007

Recent Non Agency Spread Movement

Deal Issued 3/24/2007

Tranche	A/L	Ratings	Pricing
CRMSI 2007-1 A1 A	1.00	Aaa/AAA	EDSF+17
CRMSI 2007-1 A1 B	1.00	Aaa/AAA	1mL+9
CRMSI 2007-1 A2	2.20	Aaa/AAA	iSwap+42
CRMSI 2007-1 A3	3.00	Aaa/AAA	N+65
CRMSI 2007-1 A4	5.00	Aaa/AAA	N+91
CRMSI 2007-1 A5	8.07	Aaa/AAA	iSwaps+101
CRMSI 2007-1 A6	6.35	Aaa/AAA	iSwaps+70
CRMSI 2007-1 M1	5.44	Aa1/AA+	iSwaps + 89
CRMSI 2007-1 M2	5.44	Aa2/AA	iSwaps + 94
CRMSI 2007-1 M3	5.44	Aa3/AA-	iSwaps + 102
CRMSI 2007-1 M4	5.44	Aa3/A+	iSwaps + 125
CRMSI 2007-1 M5	5.44	A1/A	iSwaps + 140
CRMSI 2007-1 M6	5.44	A2/A-	iSwaps + 150
CRMSI 2007-1 M7	5.44	A3/BBB+	iSwaps + 215
CRMSI 2007-1 M8	5.44	Baa1/BBB	Crmsi retains
CRMSI 2007-1 M9	5.44	Baa1/BBB-	Crmsi retains

Deal Issued 11/16/2006

Tranche	A/L	Ratings	Pricing
CRMSI 2006-3 A1	1.00	Aaa/AAA	EDSF+14
CRMSI 2006-3 A1	1.00	Aaa/AAA	1mL+7
CRMSI 2006-3 A2	2.20	Aaa/AAA	iSwap+35
CRMSI 2006-3 A3	3.00	Aaa/AAA	N+45
CRMSI 2006-3 A4	5.00	Aaa/AAA	N+60
CRMSI 2006-3 A5	8.07	Aaa/AAA	iSwaps+83
CRMSI 2006-3 A6	6.35	Aaa/AAA	iSwaps+52
CRMSI 2006-3 M1	5.44	Aa1/AA+	iSwaps+69
CRMSI 2006-3 M2	5.43	Aa2/AA	iSwaps+72
CRMSI 2006-3 M3	5.43	Aa3/AA-	iSwaps+77
CRMSI 2006-3 M4	5.43	A1/A+	iSwaps+85
CRMSI 2006-3 M5	5.43	A1/A	iSwaps+95
CRMSI 2006-3 M6	5.43	A2/A-	iSwaps+105
CRMSI 2006-3 M7	5.43	A3/BBB+	iSwaps+130
CRMSI 2006-3 M8	5.43	Baa1/BBB	iSwaps+160
CRMSI 2006-3 M9	5.43	Baa1/BBB-	iSwaps+215

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