Board of Governors of the Federal Reserve System

Joint Press Release

Board of Governors of the Federal Reserve System
Federal Deposit Insurance Corporation
U.S. Department of the Treasury

For immediate release **November 23, 2008**

Joint Statement by Treasury, Federal Reserve, and the FDIC on Citigroup

Washington, DC -- The U.S. government is committed to supporting financial market stability, which is a prerequisite to restoring vigorous economic growth. In support of this commitment, the U.S. government on Sunday entered into an agreement with Citigroup to provide a package of guarantees, liquidity access, and capital.

As part of the agreement, Treasury and the Federal Deposit Insurance Corporation will provide protection against the possibility of unusually large losses on an asset pool of approximately $306 billion of loans and securities backed by residential and commercial real estate and other such assets, which will remain on Citigroup's balance sheet. As a fee for this arrangement, Citigroup will issue preferred shares to the Treasury and FDIC. In addition and if necessary, the Federal Reserve stands ready to backstop residual risk in the asset pool through a non-recourse loan.

In addition, Treasury will invest $20 billion in Citigroup from the Troubled Asset Relief Program in exchange for preferred stock with an 8% dividend to the Treasury. Citigroup will comply with enhanced executive compensation restrictions and implement the FDIC's mortgage modification program.

With these transactions, the U.S. government is taking the actions necessary to strengthen the financial system and protect U.S. taxpayers and the U.S. economy.

We will continue to use all of our resources to preserve the strength of our banking institutions and promote the process of repair and recovery and to manage risks. The following principles guide our efforts:

- We will work to support a healthy resumption of credit flows to households and businesses.
- We will exercise prudent stewardship of taxpayer resources.
- We will carefully circumscribe the involvement of government in the financial sector.
- We will bolster the efforts of financial institutions to attract private capital.

Term sheet (42 KB PDF)