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- I. Executive Summary**

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- V. Global Portfolio Optimization (GPO)**

- VI. Counterparty Credit Risk (CCR)**

I. Executive Summary



<p>Market Trends (pgs 4-5, 13, 22)</p> <ul style="list-style-type: none"> CDS spreads continued their tightening trend through 2H06 amid strong corporate earnings, cyclically low default rates and demand from structured credit products. Spreads of US auto names continued to recover from the extreme levels seen in late 2005. In the synthetic CDO market, equity tranche spreads tightened and correlation skews flattened amid the stable market environment and, in recent months, due to the introduction of CPDO structures. Global CDO issuance more than doubled to nearly \$400bn, a new all-time record. Citigroup was second in the league tables with an 11.4% market share. 	<p>Risk Manager Estimate Stress Testing (pgs 9, 17-18, 26)</p> <ul style="list-style-type: none"> The RME for USCT increased \$32mm to \$206mm in 4Q06, driven by a more defensive CR01 exposure, particularly in non-investment rated credits. Spread tightening stress assumptions for high yield were lowered given the already tight spread environment. The RME for US Correlation Trading decreased from \$89mm to \$50mm in 4Q06 on decreased iTraxx Cor01 exposure. The RME for the CDO Warehouse increased by \$10mm to \$159mm in 4Q06 from higher ABS spread exposure. The RME for the CDO Ex-Warehouse was little changed at \$151mm.
<p>Market Risk Exposures (pgs 6-8, 14-16, 23-25, 30-31, 35-36)</p> <ul style="list-style-type: none"> With spreads at cyclical lows, the USCT desk became increasingly positioned for spreads to widen, particularly in high yield names. It remained primarily net long credit in overnight, jump-to-default terms. Exposure to single names is not unduly concentrated. US Correlation Trading flattened its net correlation exposure during the period. The Cash CDO warehouse grew by \$3.3bn due to a number of high grade ABS CDO deals in various stages of ramp-up. Demand for CLOs remained strong. GPO bought over \$20bn in CDS protection to bring its outstanding GPM loan hedge program to over \$60bn. Most protection purchased during the period was in investment grade credits for RAP asset relief purposes. 	<p>P&L Results (pgs 10, 19, 27, 32, 37)</p> <ul style="list-style-type: none"> USCT's P&L results improved substantially in 2H06, lifting YTD P&L to 72% of the \$90mm plan. P&L for NA Structured Credit Derivatives was weak compared with 1H06. Correlation Trading was impacted by changes to analytics used to value synthetic tranches and higher bid/offer and liquidity reserves. The TRS business reversed \$12mm in previously taken upfront gains in November. Cash CDO monthly P&L averaged \$35mm during the period on the back of record CDO issuance and remained on track to make its \$435mm full year budget. Losses for the GPO loan hedging program were \$(240)mm as the program continued to suffer from spread tightening, particularly in autos, leaving YTD losses through November at more than \$(450)mm.
<p>New Products / CMAC Review (pgs 11, 20, 28, 33, 38)</p> <ul style="list-style-type: none"> NA Structured Credit Derivatives submitted a number of requests to CMAC for one-off and program approval amid continued product innovation, particularly in the Correlation Trading arena. The Cash CDO desk took a number of new products to CMAC, including Leveraged Super Senior Notes (LSS) and a number of novel financing transactions that vary slightly from the more conventional warehouse facility agreements. With the advent of the Loan-only CDS (LCDS) market, the GPO-GPM desk obtained CMAC approval to buy LCDS to hedge loans. Going forward, this should reduce the basis risk that exists between the underlying loans and the CDS contract that primarily reference senior unsecured bonds on CDS that reference senior unsecured debt. 	

Mapping to
...
more closely
to USCT
Euro
nic

II. US Credit Trading: Key Market Risk Exposures



- The desk cut its net short protection position in late summer, opening a short credit / long protection position in September and October as the market continued to rally. It sharply reversed its jump-to-default position in October as demand for CPDO structures sent spreads tighter
- The desk increased its CR01 exposure during the period, remaining positioned for spreads overall to widen, especially in single B names
- The desk decreased its structural long Cash / short CDS basis risk exposure from \$(3.0)mm to \$(2.1)mm/bp

Notional/ Market Value \$MM

Ratings
AAA
AA
A
BBB
BB
B
CCC & Lower
Total

30-Jun-06	31-Jul-06	31-Aug-06	30-Sep-06	31-Oct-06	30-Nov-06
249	278	274	256	237	291
(46)	28	179	123	153	221
878	774	691	862	413	1,099
(401)	(156)	(1,144)	(1,677)	(2,244)	(409)
(270)	(173)	(144)	(612)	(390)	(510)
416	361	20	(272)	(J)	162
296	194	264	12	41	398
1,123	1,306	141	(1,309)	(1,793)	1,251

CR01 \$K/+1bp

Ratings
AAA
AA
A
BBB
BB
B
CCC & Lower
Total

30-Jun-06	31-Jul-06	31-Aug-06	30-Sep-06	31-Oct-06	30-Nov-06
65	36	32	(2)	42	31
193	151	124	107	199	223
159	369	537	480	629	325
(617)	(767)	(487)	(497)	(178)	(555)
37	(58)	(62)	82	124	176
784	747	839	1,073	1,199	1,145
(54)	22	69	(149)	(48)	308
567	501	1,052	1,094	1,969	1,654

Basis CR01 \$K/+1bp

Ratings
Bonds
Single Name CDS
Index CDS
Total

30-Jun-06	31-Jul-06	31-Aug-06	30-Sep-06	31-Oct-06	30-Nov-06
(3,037)	(2,885)	(2,512)	(2,006)	(1,909)	(2,098)
3,934	3,897	4,140	3,677	4,299	3,859
(329)	(511)	(576)	(578)	(421)	(108)
567	501	1,052	1,094	1,969	1,654

II. US Credit Trading: Single Name Concentrations



Top 10 exposures ranked by limit usage

30-Jun-06				31-Jul-06				31-Aug-06			
Issuer	Rating	Exp	Usage	Issuer	Rating	Exp	Usage	Issuer	Rating	Exp	Usage
First Wave Marine Inc	<- CCC	(75)	100%	Goodyear Tire & Rubber Co	B	121	81%	Goodyear Tire & Rubber Co	B	125	83%
Sovereign Bancorp Inc	BB	(244)	98%	Supervalu Inc	B	135	75%	Occidental Petroleum Corp	<-CCC	(57)	76%
Supervalu Inc	B	146	81%	Continental Airlines Inc	<- CCC	(48)	64%	Intelsat Holdings Ltd	<-CCC	(48)	64%
Graham Packaging Co Inc	B	120	80%	Aquila Inc	<- CCC	44	58%	Ford Motor Co	B	140	56%
Continental Airlines Inc	<- CCC	(57)	76%	Occidental Petroleum Corp	<- CCC	(42)	56%	Aquila Inc	<-CCC	40	53%
Welsh Carson Anderson	<- CCC	50	67%	JC Penney Co Inc	BBB-	(178)	51%	Supervalu Inc	B	95	53%
Forest Oil Corp	B	93	62%	Intelsat Holdings Ltd	<- CCC	(37)	50%	DJ CDX NA XO	BB	131	52%
JC Penney Co Inc	BBB-	(188)	54%	CBS Corp	BBB-	(170)	49%	DJ CDX NA 1G High Vol	BBB-	251	50%
DJ CDX NA XO	BB	130	52%	Southwest Airlines Co	BBB+	(237)	47%	Starwood Hotels & Resorts Worldwide Inc	<-CCC	(36)	48%
Hess Corp	BB	(117)	47%								
			72%								
29-Sep-06				31-Oct-06				30-Nov-06			
Issuer	Rating	Exp	Usage	Issuer	Rating	Exp	Usage	Issuer	Rating	Exp	Usage
Goodyear Tire & Rubber Co Inc	B	121	81%	Goodyear Tire & Rubber Co Inc	B	114	74%	Tenet Healthcare Corp	C	97	77%
American International Group Inc	BBB	259	65%	General Motors Corp	<-CCC	151	60%	Goodyear Tire & Rubber Co Inc	B	130	74%
Intelsat Holdings Ltd	<-CCC	(44)	58%	NA HY Indexes rated B	B	(169)	56%	Lyondell Chemical Co	<-CCC	53	70%
Tenet Healthcare Corp	C	(43)	57%	DJ CDX NA IG	BBB-	412	55%	Goodyear Tire & Rubber Co Inc	B	130	74%
Supervalu Inc	B	76	51%	Visteon Corp	<-CCC	(40)	53%	American International Group Inc	A	359	60%
Continental Airlines Inc	<-CCC	(36)	49%	Aquila Inc	<-CCC	38	51%	Aquila Inc	<-CCC	43	57%
Southwest Airlines Co	BBB+	(236)	47%	Southwest Airlines Co	BBB+	(239)	48%	Xcel Energy Inc	D	41	54%
Avis Budget Group Inc	<-CCC	(34)	45%	JC Penney Co Inc	BBB-	(165)	47%	El Paso Corp	B	78	52%
Aquila Inc	<-CCC	34	45%	Tenet Healthcare Corp	C	35	47%	Cablevision Systems Corp	C	39	52%
								DJ CDX NA IG	BBB-	1,542	51%

- Highlighted names indicate that utilization has been consistently concentrated among a few selective names during the period

II. US Credit Trading: Limit Activity



Limit Excesses

Date of Excess	Limit	Description	Actual Resolution Date
11/14/2006	Single Issuer (GM)	The desk exceeded its GM temporary limit exception of \$250MM by \$30MM, or by 12%	11/16/2006
11/17/2006	Single Issuer (Tenet)	The desk exceeded its Tenet (CCC & below) limit of \$75MM by \$2MM, or less than 3%	11/22/2006
12/13/2006	Single Issuer (HCA)	The desk exceeded its HCA (CCC & below) temporary sub limit exception of \$150MM by \$1MM, or less than 1%	12/18/2006

Limit Exceptions

Exception Date	Limit	Exception	Expiry Date
8/15/2006	Single Issuer (GM)	The limit was increased for parent GM from \$75mm to \$150mm and limit for GMAC and Rescap bonds (rated BB) were kept at \$250mm.	11/13/2006
8/24/2006	Single Issuer (Delta)	As the bulk of the EETC related debts were rated AAA the limit for those were increased from \$75mm to \$150mm while capping the <= BB issues at \$75mm.	11/22/2006
9/25/2006	Single Issuer (Continental Airlines)	It allowed the business to buy higher rated pass-through certificates with increase in limit from \$75mm to \$250mm while capping the <= BB issues at \$75mm.	12/22/2006
10/30/2006	Single Issuer (Ford)	This exception allows us to segregate between Ford parent and higher rated Ford Motor Credit for single issuer limit monitoring purposes. Specifically it allows Ford Motor Credit to get \$250mm limit while capping the limit for Ford parent at \$150mm.	1/11/2007
11/13/2006	Single Issuer (HCA)	It allowed the business to accumulate more issues in its strategic account following LDO announcement which also resulted in downgrade of HCA senior unsecured debts to CCC. CCC limit was increased from \$75mm to \$150mm and B limit was increased by \$100mm from \$150mm to \$250mm.	5/30/2007
11/14/2006	Single Issuer (GM)	The limit was increased for parent GM from \$75mm to \$150mm and limit for GMAC and Rescap bonds (rated BB) were kept at \$250mm.	2/12/2007
11/16/2006	Single Issuer (Freescale Semiconductor)	Total single issuer (B&BB) limit was increased to \$200mm from \$150mm, keeping a cap on the single issuer B limits at \$150mm; this accommodated increased activity subsequent to the pricing of \$5.9bn in new debt	1/15/2007
11/21/2006	Single Issuer (TENET)	TENET limit was increased from \$75mm to \$125mm to accommodate increased flow for strategic hold	2/19/2007
11/22/2006	Single Issuer (GoodYear)	GoodYear limit of \$150MM was increased to \$175mm to accommodate customer flow	2/19/2006
11/30/2006	Single Issuer (GMAC & Rescap)	This exception was required as GM sold GMAC to Carebus and needed separate entity exception.	2/12/2007

Permanent Limit Changes

Effective Date	Limit	Description
11/3	Limits for CDS Indices will be removed and replaced with trigger structure	The proposal is to retain triggers against index-only exposures to alert us to a build-up in risk concentration until business is able to properly decompose indices into their constituent names both for CRO1 and JTD purposes

Aggregate limits to be instituted

II. US Credit Trading: Quarterly RME Stress Testing



- The RME increased \$32mm to \$206mm from 3Q06 to 4Q06, driven by increased CR01 exposure, specifically in non-investment grade credits
- With spreads reaching new cyclical lows, the desk continued to position itself to benefit from spread widening
- Historically low spread levels in high yield led to a change in spread-tightening scenario for non-investment grade names: stress moves for BB, B and CCC & below were eased 25bps, 50bps and 100bps, respectively.

Factor Sensitivity	4Q06				3Q06				Difference	
	Avg Act \$K/bp	Avg Abs \$K/bp	Stress Move	P&L (\$MM)	Avg Act \$K/bp	Avg Abs \$K/bp	Stress Move	P&L (\$MM)	Exposure	P&L
US Credit Trading				(206)				(174)		(32)
CR01		1554		(169)	391	469		(120)	1,085	(49)
AAA	18	19	(15)	(0)	41	41	(15)	(1)	0	(22)
AA	158	160	(15)	(2)	156	156	(15)	(2)	4	(0)
A	548	549	(20)	(11)	216	250	(20)	(5)	299	(6)
BBB	(449)	(450)	(25)	11	(693)	(700)	(25)	18	250	(6)
BB	41	76	(75)	(6)	8	78	(100)	(8)	(2)	2
B	1056	1056	(100)	(106)	714	716	(150)	(107)	340	2
CCC	24	144	(175)	(25)	(51)	(71)	(275)	20	215	(45)
DV01	(68)	(88)	75	(7)	(204)	(203)	75	(15)		9
Basis Risk (MM/bp)				(30)				(34)		4
Yield Curve Risk (MM/bp)				(31)				(39)		8

*Bank Positioned
for credit spread
widened*

II. US Credit Trading: P&L Summary



US Credit Trading	31-Jul-06	31-Aug-06	30-Sep-06	31-Oct-06	30-Nov-06	YTD 2006	2006 Plan	Run Rate
Investment Grade	(285)	(2,486)	4,192	3,598	1,170	26,007		
Investment Grade CDS	(3,220)	2,728	3,148	1,170	116	(177)		
High Yield	3,834	4,693	6,037	5,629	18,468	78,305		
High Yield CDS	(5,275)	(2,618)	(2,747)	(3,688)	2,753	(44,520)		
Total	(4,946)	2,317	10,629	6,709	22,507	59,615	90,000	72%

- YTD P&L through November was \$59.6mm, or 72% of 2006 prorated plan
- P&L highlights over the July – November 2006 period include:
 - In July, the desk reported P&L of \$(4.9)mm from spread tightening in the consumer products and supermarket retail sectors, spread tightening in the CDX HiVol index and spread widening in High Yield index names
 - In September, P&L of \$10.6mm was broad-based, although index trading benefited from increased flow due to the CDX roll
 - In November, the desk reported P&L of \$22.5mm, mostly driven by gains from bid/ask spreads earned on CDS protection sold to GPM's loan portfolio, gains from flow trading in the new HCA and Freescale high yield debt issues, and rallying bond prices in the airline, auto, precious metal and hospital sectors

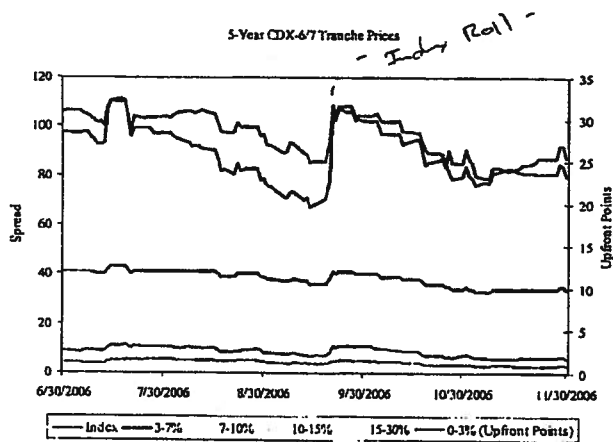
II. US Credit Trading: New Products / CMAC



- None

III. NA Structured Credit Derivatives

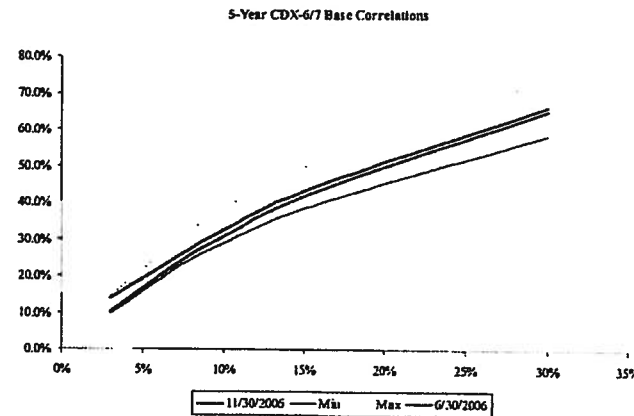
III. NA Structured Credit: Market Trends



Source: Citigroup

- Base correlation skews continued the flattening trend seen since the price correction of 2Q05, partly as a result of the favorable credit environment, but also due to the introduction of CPDO's into the market

- Five-year and ten-year index tranche levels jumped up as a result of the increase in duration caused by the roll into CDX-7
- Tranches spreads subsequently declined because of the benign credit environment, although the introduction of CPDO's led to a moderate increase in senior tranche levels from their six-month lows



Source: Citigroup

III. NA Structured Credit: Key Market Risk Exposures



US Correlation Trading

- Jump-to-Default and spread exposures remained concentrated in Single-A and BBB credits, consistent with the desk's primary activity in CDX Investment Grade index tranches. The desk remained net long protection in tranches and net short protection in index/single name CDS
- Outright correlation exposure decreased, primarily driven by the decrease in super senior correlation exposure and a flattening in offsetting junior mezz and equity correlation exposure
- The desk's legacy synthetic super senior exposure that is not decomposed into the underlying names reduced to \$2bn

Notional / Market Value \$MM

Rating	30-Jan-06	31-Jul-06	31-Aug-06	30-Sep-06	31-Oct-06	30-Nov-06
AAA	(5)	(87)	(67)	(25)	(58)	(67)
AA	128	69	56	243	115	212
A	1,269	821	687	1,447	923	1,850
BBB	3,091	2,300	2,077	2,583	2,360	3,534
BB	167	50	17	(290)	(141)	126
B	39	97	132	(9)	(34)	(7)
CCC&Lower	(1)	37	17	(127)	(74)	(21)
Total	4,688	3,381	2,898	3,824	3,091	5,828

CR01 \$K+1bp

Rating	30-Jan-06	31-Jul-06	31-Aug-06	30-Sep-06	31-Oct-06	30-Nov-06
AAA	(30)	(1)	12	70	73	43
AA	(59)	(73)	(17)	89	95	47
A	(264)	(180)	(160)	37	120	(227)
BBB	(448)	(342)	(447)	(399)	(392)	(687)
BB	(91)	(81)	(75)	(74)	(28)	(82)
B	(27)	(19)	(30)	(32)	29	9
CCC&Lower	72	83	42	214	25	39
Total	(846)	(612)	(676)	(75)	(78)	(857)

Notional \$MM

Rating	30-Jan-06	31-Jul-06	31-Aug-06	30-Sep-06	31-Oct-06	30-Nov-06
Super Senior	2,971	2,971	2,137	2,137	2,137	2,137
Total	2,971	2,971	2,137	2,137	2,137	2,137

CR01 \$K+1bp

Product	30-Jan-06	31-Jul-06	31-Aug-06	30-Sep-06	31-Oct-06	30-Nov-06
CDS	(2,240)	(3,335)	(3,126)	(884)	(1,090)	(2,070)
Tranches	1,401	2,717	2,444	815	1,017	1,218
Other Assets	(7)	5	6	(6)	(5)	(5)
Total	(846)	(612)	(676)	(75)	(78)	(857)

\$K/corrupt

Tranche	30-Jan-06	31-Jul-06	31-Aug-06	30-Sep-06	31-Oct-06	30-Nov-06
Super Senior	1,891,632	638,614	888,506	333,573	878,648	397,601
Senior	(442,147)	(58,832)	(152,259)	(132,780)	(197,867)	(92,699)
Senior Mezzanine	259,456	917,380	697,478	714,264	874,780	830,064
Junior Mezzanine	1,214,672	1,274,089	668,255	121,657	(596,502)	126,176
Equity	(1,391,976)	(1,755,385)	(1,766,362)	(969,863)	(1,546,090)	(695,980)
Total	1,331,436	1,015,646	335,618	66,851	(587,831)	565,163

\$K/corrupt

Index Tranche	30-Jan-06	31-Jul-06	31-Aug-06	30-Sep-06	31-Oct-06	30-Nov-06
Super Senior	1,156,904	(68,834)	117,319	150,177	252,641	(210,600)
Senior	(570,093)	(83,054)	(139,361)	(203,833)	(197,873)	(103,309)
Senior Mezzanine	(472,625)	161,087	9,576	(36,201)	527,381	591,903
Junior Mezzanine	385,505	584,348	243,504	(541,720)	(793,095)	(112,786)
Equity	142,220	(122,219)	(125,605)	909,913	(375,108)	(466,785)
Total	841,909	471,327	105,433	278,316	(586,055)	(301,576)

\$K/corrupt

Resepch Tranche	30-Jan-06	31-Jul-06	31-Aug-06	30-Sep-06	31-Oct-06	30-Nov-06
Super Senior	734,528	707,448	810,656	743,711	708,080	622,900
Senior	127,948	24,203	15,812	131,137	344,531	(8,510)
Senior Mezzanine	732,081	756,293	625,019	468,723	115,512	235,791
Junior Mezzanine	629,167	689,741	466,089	469,643	(1,169,089)	142,799
Equity	(1,734,196)	(1,633,365)	(1,737,318)	(1,760,392)	(966)	(126,239)
Total	489,528	544,320	180,259	52,842	(966)	866,741

III. NA Structured Credit: Key Market Risk Exposures



US Exotics / Structuring

- Risk exposures remained relatively modest and somewhat static during the period, although the desk has plans to develop exotic credit-linked structures to be offered to investors.

Notional / Market Value SMM

Rating	30-Jun-06	31-Jul-06	31-Aug-06	30-Sep-06	31-Oct-06	30-Nov-06
AAA	(57)	94	95	95	95	96
AA	(11)	(11)	(11)	(11)	(11)	(11)
A	(4)	(7)	(7)	(7)	(7)	(7)
BBB	31	0	0	1	1	4
BB	0	1	1	1	1	1
B	(9)	(9)	(9)	(9)	(9)	(9)
CCC&Lower	-	-	-	-	-	-
Total	(49)	68	69	69	69	73

CR01 SK/+1bp

Rating	30-Jun-06	31-Jul-06	31-Aug-06	30-Sep-06	31-Oct-06	30-Nov-06
AAA	(4)	(62)	(76)	(76)	(78)	(88)
AA	(3)	(5)	(6)	(4)	(6)	(6)
A	(15)	(18)	(23)	(29)	231	(40)
BBB	(13)	2	10	2	24	(1)
BB	1	1	1	1	46	1
B	3	3	3	3	49	3
CCC&Lower	-	-	-	-	-	-
Total	(31)	(79)	(91)	(104)	267	(131)

SK/volpt

Vega	30-Jun-06	31-Jul-06	31-Aug-06	30-Sep-06	31-Oct-06	30-Nov-06
Corporate Vega	798	803	849	830	807	760
Libor Vega	(325)	(317)	(296)	(276)	(263)	(226)
Treasury Vega	-	-	-	-	-	-
Spread Vega	-	-	-	-	-	-
Total	474	485	553	554	543	534

CR01 SK/+1bp

Product	30-Jun-06	31-Jul-06	31-Aug-06	30-Sep-06	31-Oct-06	30-Nov-06
Cash Products	(435)	(453)	(487)	(505)	(514)	(544)
Exotics & CDS	403	374	396	401	781	413
Total	(31)	(79)	(91)	(104)	267	(131)

III. NA Structured Credit: Quarterly RME Stress Testing



US Correlation Trading

- The RME decreased from \$89mm in 3Q06 to \$50mm in 4Q06 driven by decrease in CR01 exposure and iTraxx / CDX Corr01 exposure
- Because of a change in risk profile, a spread tightening scenario was used to stress the desk's spread exposure in 4Q06 as opposed to the spread widening scenario used in the prior quarter
- The Stress P&L impact from Corr01 exposure declined in 4Q06 due to a decline in exposure and a change in the way the desk rescaled its correlation skew on certain bespoke trades from iTraxx to CDX

Factor Sensitivity	4Q06				3Q06				Difference	
	Actual Avg. \$K/bp	Abs. Avg. \$K/bp	Stress Move	P&L (\$MM)	Actual Avg. \$K/bp	Abs. Avg. \$K/bp	Stress Move	P&L (\$MM)	Exposure	P&L
NA Correlation										
Spread DV01	(131)			(3)	(590)			(9)	459	6
AAA	68	68	(15)	(1)	(7)	(14)	30	(6)	74	(1)
AA	91	92	(15)	(1)	(13)	(45)	30	(1)	123	(10)
A	97	149	(20)	(3)	(154)	(163)	40	(7)	251	4
BBB	(384)	(389)	(25)	10	(353)	(353)	60	(21)	(31)	31
BBB ¹	(46)	(51)	(75)	4	(88)	(88)	250	(22)	42	26
B ¹	3	25	(100)	(2)	(24)	(26)	375	(10)	26	7
BCC ¹	41	51	(175)	(9)	68	70	750	52	(26)	(61)
DV01	12	31	(75)	(2)	52	52	(75)	(4)	(40)	2
CDX Corr01				(34)				(40)	1	6
5yr	(0.30)	0.11	(16)	(18)	0.50	5.45	(3)	(17)	(1)	(1)
7yr	0.14	0.56	(2)	(11)	(0.31)	(4.82)	0	(2)	0	(9)
10yr	0.36	(0.15)	4	(5)	(0.76)	(3.48)	6	(21)	1	15
ITRAXX Corr01				(5)				(30)	0	25
5yr	0.20	0.16	(2)	(3)	1.00	2.20	(7)	(16)	(1)	14
7yr	(0.02)	(0.02)	4	(1)	0.51	1.57	(6)	(9)	(1)	9
10yr	0.07	0.10	(2)	(2)	0.14	1.95	(2)	(4)	(0)	3
HYCDX Corr01				(1)				(1)	0	1
5yr	(0.09)	(0.02)	4	(1)	0.08	1.50	(1)	(1)	(0)	1
Super Senior CR01	825,679.43	1,026,635	(5)	(5)	825,679.43	1,026,635	(5)	(5)	0	0
RME				(50)				(89)		39

¹ Because spreads were at historical lows for this quarter, standard spread tightening stresses were not employed

III. NA Structured Credit: Quarterly RME Stress Testing



US Exotics / Structuring

- The RME increased from \$8mm in 3Q06 to \$11mm in 4Q06 stemming from larger Non-Investment Grade CR01 exposure

Credit Products Quarterly Market Risk Stress Test

Factor Sensitivity	4Q06				3Q06				Difference	
	Avg Actual SK/bp	Avg Abs. SK/bp	Stress Move	P&L (\$MM)	Avg Actual SK/bp	Avg Abs. SK/bp	Stress Move	P&L (\$MM)	Exposure	P&L
NA Exotics				(11)				(8)		(3)
Spread DV01	(29)	(31)		(4)	(74)	(84)		(2)	45	(2)
AAA	(73)	(75)	(15)	1	(58)	(58)	30	(2)	(15)	3
AA	(5)	(5)	(15)	0	(0)	(7)	30	(0)	(5)	0
A	(26)	(26)	(20)	1	(16)	(16)	40	(1)	(10)	1
BBB	17	18	(25)	(0)	(4)	(7)	60	(0)	21	(0)
BB ¹	26	26	(75)	(2)	1	1	250	0	25	(2)
B ¹	31	31	(100)	(3)	3	3	375	1	28	(4)
CCC ¹	0	0	(175)	0	0	0	750	0	0	0
DV01	(38)	(40)	75	(3)	(35)	(35)	75	(3)	(2)	(0)
Net Vega	533	533	(8)	(4)	501	501	(8)	(4)	32	(0)

Notes 4Q06

* Simple sum of average absolutes is used as desk RME sum in master spreadsheet.

III. NA Structured Credit: P&L Summary

method change



US Structured Credit Products	31-Jul-06	31-Aug-06	30-Sep-06	31-Oct-06	30-Nov-06	YTD 2006	2006 Plan	Run Rate
Correlation Trading	3,481	(6,093)	371	(6,862)	(2,363)	49,324		
TRS	1,371	4,702	2,462	2,887	(11,977)	44,719		
Exotics/Structured Finance	7,813	6,198	5,085	1,583	8,288	58,211		
Total	12,665	4,806	7,918	(2,392)	(6,052)	152,254	75,000	221%
Letters of Credit Insurance Expense	(3,149)	(3,068)	0	(3,314)	(6,107)	(37,017)		
Total Net of LC Insurance Expense	9,516	1,739	7,918	(5,706)	(12,159)	115,237	75,000	168%

- Total P&L averaged \$3.4mm per month during the period. 2006 YTD P&L through November, prior to the cost of certain hedging contracts accounted for as insurance expense, totaled \$152.3mm, or 221% of prorated plan
- P&L for Correlation Trading totaled \$(11.4)mm during the period. Losses in August were driven by changes in the analytics used to calculate tranche trades, while losses in October were primarily due to changes in bid/offer and liquidity Market Value Adjustment methodology
- Major bespoke deals closed during the period included:

Size	Client	Description
\$600MM	GPM Leveraged Finance	Beach Street 4 CLO referencing 88 leveraged loans
\$290MM	North Carolina SISA	7%-100% Tranche Hedging 135 names in case for situations where there is a default and the firm owes workman's compensation
\$25MM	King Street	0%-3% Principal Only Bespoke tranche on 102 names
\$10MM	Merrill Lynch	3%-5% Principal Only CDX-7 tranche
\$14MM	Elliot	Bought Protection on a 7-10 Year Forward Starting 5.7%-6.7% tranche

*1 - Citicorp's new Risks
Gamma - Quanto -
Corr/Index*

- The TRS business reported P&L of \$(12)mm in November after Financial Control reversed \$12mm in inception P&L that had been previously taken upfront in recognition of a basis risk previously not factored into the Net Present Value calculation

III. NA Structured Credit: New Products / CMAC Reviews



- One-off approval to sell CDO senior tranche protection to SISA on reference portfolio, where the credit event is defined as bankruptcy, failure to pay AND failure to pay workers' compensation
- One-off approval to structure and publicly distribute "Genesis", a synthetic CLO referencing syndicated leveraged loans that, unlike the Beach Street series, are not from Citigroup's GPM loan portfolio
↳ there are several of these out
- One-off approval to structure and publicly distribute "Bernoulli", a synthetic CDO with cash flow-based waterfall payments as opposed to market value
- Limited program approval to offer Significant Acquisition and Increased Leverage Swaptions (SAILSSM) to clients, a type of LBO swaption in which the European-style CDS option knocks-in upon a predefined leveraging event
- Program approval to offer trade claims as an eligible asset in the \$12bn TRS program
↳ on defaulted companies

IV. US CDO: Key Market Risk Exposures - Warehouse



- Collateral in the warehouse increased from \$6.2bn to \$9.5bn during the period, primarily from increased ABS collateral
- Although demand for CLOs remained robust, leveraged loan collateral was unchanged as healthy deal closing volume offset the strong pipeline of new deals
- The increased use of CDS on ABS in 2H06 reflects increased demand for hybrid deals that consist of both cash and synthetic assets

Notional/Market Value \$MM

Ratings
AAA/AA
A
BBB
BB & Lower
Total

30-Jun-06	31-Jul-06	31-Aug-06	30-Sep-06	31-Oct-06	30-Nov-06
864	1,349	1,200	1,578	2,521	2,940
683	997	1,038	1,531	1,543	1,343
834	991	998	1,169	2,399	1,157
3,844	4,454	4,027	4,079	4,196	4,049
6,225	7,790	7,263	8,357	10,659	9,487

Notional/Market Value \$MM

Products
Bonds/Loans
Equity
Preferreds
Government
CDS on ABS/CMBBS/RMBS
MBS/ABS
Total

30-Jun-06	31-Jul-06	31-Aug-06	30-Sep-06	31-Oct-06	30-Nov-06
3,668	4,315	3,857	3,800	3,741	3,723
102	107	6	6	6	6
19	19	13	13	17	17
(106)	(107)	(191)	(278)	(192)	(226)
2,543	3,456	3,579	4,716	5,837	5,437
6,225	7,790	7,263	8,357	10,659	9,487

CR01 \$K/+1bp

Ratings
AAA/AA
A
BBB
BB & Lower
Total

30-Jun-06	31-Jul-06	31-Aug-06	30-Sep-06	31-Oct-06	30-Nov-06
(53)	(47)	29	41	(10)	51
(13)	(12)	(10)	(10)	(4)	(7)
(3)	(38)	(56)	(66)	(63)	(46)
(1,602)	(1,317)	(1,682)	(1,570)	(1,582)	(1,649)
(1,671)	(1,414)	(1,718)	(1,604)	(1,660)	(1,651)

Other Key Market Risk Exposures

Risk Factors
IR Vega \$K/1vp
ABS Spread \$K/+1bp
MBS Spread \$K/+1bp
Prepay Risk \$K/+1%

30-Jun-06	31-Jul-06	31-Aug-06	30-Sep-06	31-Oct-06	30-Nov-06
(2,601)	(1,743)	(1,717)	(1,934)	(2,652)	(2,221)
(1,079)	(1,062)	(1,302)	(1,166)	(2,156)	(2,377)
(489)	(205)	(251)	(462)	(518)	(491)
77	88	25	33	2	(81)

IV. US CDO: Key Market Risk Exposures – Ex-Warehouse



- CR01 exposure increased by \$(951)k/bp to \$(1,134)k/bp, with most of the increase in AAA-rated tranches
 - Of note, The primary desk held \$215mm in the AAA-rated Fab 2006-1 deal that priced in November
- Market value exposure to unrated CDO equity tranches declined from \$318mm to \$261mm
- Net Super Senior exposure grew from \$29bn to 31bn over the period. Super senior exposure is now reported on both a gross and net basis, with the gross amount excluding market spread volatility hedges, including CDS and LSS notes

Notional/ Market Value \$MM

Ratings
AAA
AA
A
BBB
BB
B
CCC & Lower
Total

30-Jun-06	31-Jul-06	31-Aug-06	30-Sep-06	31-Oct-06	30-Nov-06
465	1,068	261	320	398	776
58	125	73	71	61	89
96	92	46	58	(49)	(35)
53	37	(62)	55	52	37
58	41	34	47	61	39
22	22	22	22	22	22
318	220	219	264	293	261
1,070	1,603	593	838	838	1,189

CR01 SK/A-1bp

Ratings
AAA
AA
A
BBB
BB
B
CCC & Lower
Total

30-Jun-06	31-Jul-06	31-Aug-06	30-Sep-06	31-Oct-06	30-Nov-06
(21)	(523)	(450)	(476)	(419)	(780)
5	(2)	(12)	3	33	(41)
(32)	(37)	(20)	(36)	55	(79)
(10)	(13)	(5)	(40)	33	(108)
(16)	(16)	(15)	(13)	(14)	(27)
(8)	(8)	(8)	(8)	(8)	(8)
(100)	(90)	(117)	(91)	(98)	(92)
(183)	(689)	(627)	(660)	(417)	(1,134)

Notional \$MM

Ratings
Super Senior Net
Super Senior Gross

30-Jun-06	31-Jul-06	31-Aug-06	30-Sep-06	31-Oct-06	30-Nov-06
28,594	29,586	31,032	29,537	29,946	31,360
					37,635

IV. US CDO: Limit Activity



Limit Excesses

Date of Excess	Limit	Description	Actual Resolution Date
7/24	Non Inv Grade Cap	The desk exceeded its BB & lower limit of \$4bn by \$355mm.	8/23

Limit Exceptions

Exception Date	Limit	Exception	Expiry Date
8/8/2006	Super Senior	Increase Super Senior Limit from \$30bn to \$32bn.	8/22/2006
8/22/2006	Super Senior	Increase Super Senior Limit from \$30bn to \$32bn.	11/20/2006
11/22/2006	Super Senior Net	Increase Super Senior Net Limit from \$30bn to \$36bn.	1/31/2007
8/24/2006	Warehouse BB & below cap	Increase from \$4bn to \$5bn.	10/24/2006
10/25/2006	Warehouse BB & below cap	Increase from \$4bn to \$5bn.	1/5/2007

Permanent Limit Changes

Date	Limit	Change
11/22/2006	Super Senior Gross	Create new \$40bn limit for Super Senior Gross (excludes market risk hedges, e.g. CDSs, LSSs).

IV. US CDO: Quarterly RME Stress Testing



- The Ex-warehouse RME increased slightly to \$151mm and remained primarily driven by exposure to unrated equity tranches and Super Senior exposure
- The \$10mm increase in the Warehouse RME to \$159mm was primarily due to increased ABS spread exposure given the higher collateral balance. As in prior quarters, the RME applies 50% of the respective risk factor's typical stress move to the Warehouse in recognition of the fact that the desk is rarely unable to recover less than cost when the CDO deal actually prices

US CDO Desk	4Q06				3Q06				Difference	
	Actual	Avg Abs	Stress Move	P&L (\$MM)	Actual	Avg Abs	Stress Move	P&L (\$MM)	Exposure	P&L
Ex-Warehouse	(9,760)			(151)	(9,451)			(146)		(4)
DV01	(87)	(87)	75	(7)	(93)	(93)	75	(7)	6	0
CR01	(678)	(710)	139	(99)	(516)	(537)	176	(95)	(172)	(4)
Super Senior* (K/bps)	(9,082)	(9,082)	5	(45)	(8,935)	(8,935)	5	(45)	(147)	(1)
AAA (K/bps)	(475)	(475)	30	(14)	(348)	(348)	30	(10)	(128)	(4)
AA (K/bps)	(8)	(13)	30	(0)	(3)	(11)	30	(0)	(2)	(0)
A (K/bps)	(38)	(45)	40	(2)	(35)	(35)	40	(1)	(9)	(0)
BBB (K/bps)	(46)	(50)	60	(3)	(10)	(10)	60	(1)	(40)	(2)
BB (K/bps)	(14)	(14)	250	(4)	(21)	(21)	250	(5)	6	2
B (K/bps)	(7)	(22)	375	(8)	(8)	(21)	375	(8)	(1)	(0)
CCC& Lower (K/bps)	(90)	(90)	750	(68)	(92)	(92)	750	(69)	2	1
Warehouse				(159)				(149)		(10)
DV01	(219)	(219)	38	(8)	(183)	(183)	38	(7)	(36)	(1)
Other Risk Factors**										
MBS (K/bps)	(492)	(492)	18	(9)	(280)	(280)	18	(5)	(212)	(4)
ABS (K/bps)	(1,668)	(1,668)	15	(25)	(1,105)	(1,105)	15	(17)	(563)	(8)
IR Vega (vol pt)	(2,460)	(2,460)	2	(5)	(2,243)	(2,243)	2	(4)	(217)	(0)
Prepayment (1%)	(2)	49	(13)	(1)	63	74	(13)	(1)	(25)	0
Loan CR01 (K/bps)	(1,489)	(1,489)	75	(112)	(1,543)	(1,543)	75	(116)	54	4
Avg Actual Exposures ***										
Warehouse (\$MM)	9,352									
Loans (\$MM)	3,723									

IV. US CDO: P&L Summary



US Cash CDO	31-Jul-06	31-Aug-06	30-Sep-06	31-Oct-06	30-Nov-06	YTD 2006	2006 Plan	Run Rate
Upfront Fees	26,791	22,317	29,472	6,548	47,553			
Warehouse Financing	7,385	9,782	(12,869)	8,158	5,993			
Warehouse MTM	1,240	(2,427)	449	(6,398)	(3,892)			
Super Senior	4,510	2,994	3,591	6,976	2,600			
Primary MTM	(4,654)	6,062	756	(5,496)	(3,062)			
Secondary Trading	3,740	5,011	5,584	8,872	(3,768)			
Total	39,011	43,739	26,983	18,660	45,423	406,084	435,000	102%

- Monthly P&L averaged \$34.8mm during the period, bringing YTD through November to \$406mm, slightly better than prorated plan. Fee income is typically recognized when deals settle, which can occur up to a month after a deal is priced
- Below is a summary of major deals closed during the period:

Deal Type	Month	Deal Name	Manager	Deal Size SMM	Sub-Type	
Asset Backed CDOs	August	ESP Funding I, Ltd	Elliot Structured Products	1,000	High Grade	
		Jackson 2006-1	NA	1,500	Static Mezzanine	
	September	Westways Funding VIII	TCW Asset Management	2,250	MV High Grade	
		Singa Funding	Lion Capital Management	1,000	High Grade	
	October	Fab US 2006-1	Gulf International Bank	400	Mezzanine	
		Raffles Place II Funding	UOB Asset Management	1,000	High Grade	
		Topanga II CDO	Metropolitan West Asset Mgmt	1,000	Mezzanine	
		Tallships Funding	Bear Stearns Asset Mgmt	1,500	Mezzanine	
		HSP1 Diversified CDO Fund I	Halcyon Sec Products Investors	600	CDO*2	
		Laosra ABS CDO 2006-1	NA	2,000	Mezzanine	
CLOs	August	Fortress Credit Funding III-IV	Fortress Investment Group	1,050	Senior Secured, Cash Flow	
		Madison Park Funding III	Credit Suisse Alternative Capital	650	Senior Secured, Cash Flow	
	September	Capital Source CLO 2006-2	NA	1,500	Middle Market	
		GECLT 2006-3	Morgan Stanley	995	Senior Secured, Cash Flow	
		Halcyon Loan Inv I	Halcyon Loan Investors LP	400	Senior Secured, Cash Flow	
	October	Highland Credit Opportunities	Highland Capital Mgmt	1,176	Loans, Bonds, Dist, Spec. Sit	
		Freeport 2006-1	NA	425	Middle Market	
		Cunnington Finance	Silvermine Capital Mgmt	450	Senior Secured, Cash Flow	
		Callidus Debt Partners CLO Fund V	Callidus Capital Management	400	Senior Sec and Middle Mkt	
	November	Symphony CLO II	Symphony Asset Management	400	Senior Secured, Cash Flow	
		Rampart CLO 2006-1	Stone Tower Capital	600	Senior Secured, Cash Flow	
			Westwood CDO I	Alcentra	450	Senior Secured, Cash Flow
	Real Estate	August	Sorin Real Estate CDO IV	Sorin Capital Management	345	CRF

IV. US CDO: New Products / CMAC Reviews



- Program approval to transact in CDS on ABS/CMBS/RMBS for warehousing, intermediating and hedging purposes
- Program approval to offer Leveraged Super Senior (LSS) notes to investors to hedge desk's existing super senior exposure
letter after ~~sup~~ LSS swaps used in the past -
- One-off approval to provide bridge financing via TRS or warehouse facility to Babson Credit Strategies Fund to a CDO note issuance planned for 3Q07 to be distributed by Citigroup (CGMI)
- One-off approval to provide 364-day, full recourse financing facility to Rampart LLC on its CDO mezzanine debt and equity investments
Allows investor to capture interest income
- One-off approval to provide direct financing facility to KKR Financial for warehousing purposes *during warehouse period -*
Loc -
- One-off approval to participate in multiples roles related to the formation of Pangaea, a newly-formed asset management company, including taking an indirect equity interest in, extending credit to, provide warehouse facilities for, and structure and place CLO securities on behalf of, Pangaea

**V. Global Portfolio Optimization –
Global Portfolio Management
(GPO-GPM)**

V. GPO-GPM: Key Market Risk Exposures



- The GPO-GPM desk buys default protection via CDS to hedge exposure in GPM's loan portfolio. The "short credit" position created by the CDS is reported against OSUC

- GPO-GPM increased its net long protection position from \$40.3bn to \$60.5bn notional and from \$5.8mm/bp to \$9.6mm/bp in CR01. Transactions were predominantly executed for RAP reducing purposes

- CR10%, which measures the P&L from a relative 10% change in CDS spreads, did not increase materially due mainly to the tight spread levels at which the desk was able to execute these transactions

- Exposures remained concentrated in Single-A and BBB credits. The net long protection position in Autos, which is tracked separately, increased slightly from \$4.1bn to \$4.8bn in notional terms and from \$800k/bp to \$1mm/bp in CR01 terms

Notional/ Market Value \$MM

Ratings
AAA
AA
A
BBB
BB
B
CCC & Lower
Total

30-Jun-06	31-Jul-06	31-Aug-06	30-Sep-06	31-Oct-06	30-Nov-06
(866)	(866)	(866)	(966)	(928)	(1,226)
(1,987)	(2,047)	(2,038)	(2,612)	(3,317)	(4,266)
(15,784)	(15,522)	(15,479)	(17,935)	(18,233)	(22,932)
(15,219)	(15,521)	(16,154)	(18,165)	(18,817)	(24,923)
(2,383)	(2,447)	(2,448)	(2,600)	(3,073)	(3,474)
(1,390)	(1,323)	(1,305)	(1,302)	(1,318)	(1,281)
(2,685)	(1,852)	(2,437)	(2,346)	(2,429)	(2,405)
(40,316)	(39,576)	(40,728)	(45,924)	(48,114)	(60,507)

CR01 \$K/+1bp

Ratings
AAA
AA
A
BBB
BB
B
CCC & Lower
Total

30-Jun-06	31-Jul-06	31-Aug-06	30-Sep-06	31-Oct-06	30-Nov-06
98	92	85	101	100	162
265	269	249	355	566	720
2,562	2,486	2,372	2,865	2,738	3,624
1,464	1,499	1,560	1,809	1,791	3,066
408	418	435	473	626	710
293	313	337	317	358	333
696	708	949	909	953	965
5,785	5,784	5,986	6,831	7,132	9,582

CR10 \$K/+10%

Ratings
AAA
AA
A
BBB
BB
B
CCC & Lower
Total

30-Jun-06	31-Jul-06	31-Aug-06	30-Sep-06	31-Oct-06	30-Nov-06
55	47	37	41	33	68
102	98	90	170	458	515
3,205	3,068	2,599	3,014	2,354	2,910
(20)	(95)	283	448	78	1,917
5,335	4,622	4,386	3,652	5,849	6,740
7,866	8,448	7,873	7,549	6,997	5,934
14,199	12,643	13,390	12,191	12,923	13,391
30,743	28,831	28,657	27,065	28,693	31,475

Basis CR01 \$K/+1bp

Ratings
Single Name CDS
Index CDS
Total

30-Jun-06	31-Jul-06	31-Aug-06	30-Sep-06	31-Oct-06	30-Nov-06
7,562	7,737	7,828	8,942	9,333	11,760
(1,777)	(1,953)	(1,842)	(2,111)	(2,201)	(2,179)
5,785	5,784	5,986	6,831	7,132	9,582

V. GPO-GPM: Limit Activity



Limit Excesses (None)

Limit Exceptions

Exception Date	Limit	Exception	Expiry Date
8/15/2006	Single Issuer (GM)	GM/GMAC Split - \$50MM for GM+GMAC+ResCap, \$10MM sub-limit for GM	11/13/2006
11/14/2006	Single Issuer (GM)	GM/GMAC Split - \$50MM for GM+GMAC+ResCap, \$10MM sub-limit for GM	2/12/2007

Permanent Limit Changes

Date	Limit	Change
9/19/2006	CR01 Net Trigger	Increased from \$6.65mm/bp to \$9.5mm/bp
9/19/2006	CR10% Net Trigger	Increased from \$49.75mm/10% to \$51mm/10%
9/19/2006	CR10% Net Trigger non-Autos	Increased from \$25.275mm/10% to \$31mm/10%
9/19/2006	VaR Trigger	Increased from \$25mm to \$30mm
11/14/2006	CR01 Net Trigger	Increased from \$9.5mm/bp to \$12.65mm/bp

V. GPO: P&L Summary



GPO	31-Jul-06	31-Aug-06	30-Sep-06	31-Oct-06	30-Nov-06	YTD 2006	2006 Plan	Run Rate
GPM Loan Hedge Portfolio	(59,830)	(44,712)	(33,443)	(58,513)	(43,657)	(454,513)	n/a	n/a

- GPO's loan portfolio hedges reported P&L of \$(240)mm in the July – November period, bringing YTD P&L through November to \$(455)mm. The market-to-market continued to be adversely impacted by general spread tightening and in US auto names in particular. Losses from being long CDS protection in auto sector names comprise \$(248)mm of the YTD total

V. GPO: New Products / CMAC Reviews



- Program approval to buy Loan-only CDS (LCDS) for hedging GPM loan portfolio

VI. Counterparty Credit Risk (CCR)

VI. CCR: Key Market Risk Exposures



- The CCR desk dynamically hedges unsecured counterparty credit exposure on interest rate, FX and commodity derivatives transacted by Citigroup for certain eligible counterparties (i.e. names for which there is a liquid CDS market)
- The desk's JTD exposure stemming from its hedges is currently reported against OSUC (as an offset against reported PSLE) by CIB Credit Risk. All other exposures are managed under the market risk framework
- The desk's risk profile remained driven by exposure to the credit spread of the Republic of Italy due to €13.4bn (\$17.8bn equiv.) in long-dated interest rate swaps and €1.3bn (\$1.8bn equiv.) in cross-currency swaps closed with the Italian government. Given this risk concentration, Italy's CR01 is broken out and monitored against separate limits/triggers
- The desk has Cross Gamma limits in recognition that its CCDS are affected by simultaneous changes in the MTM of the reference derivative and the credit spread of the reference credit

CR01 \$K/+1bp

Ratings
AAA
AA
A
BBB
BB
B
CCC & Lower
Total

30-Jun-06	31-Jul-06	31-Aug-06	30-Sep-06	31-Oct-06	30-Nov-06
40	36	31	28	27	23
(4)	(3)	(2)	(2)	1	(1)
36	68	39	61	3	(14)
131	140	159	138	134	148
8	7	(18)	(0)	10	13
17	16	15	15	15	6
5	(0)	3	(2)	4	2
232	263	227	238	194	177

Basis CR01 \$K/+1bp (Excluding Italy)

Ratings
Bonds
CDS/CCDS
Total

30-Jun-06	31-Jul-06	31-Aug-06	30-Sep-06	31-Oct-06	30-Nov-06
(271)	(278)	(273)	(273)	(261)	(297)
503	541	500	511	456	474
232	263	227	238	194	178

Italy CR01 \$K/+1bp

Ratings
Bonds
CDS/CCDS
Total

30-Jun-06	31-Jul-06	31-Aug-06	30-Sep-06	31-Oct-06	30-Nov-06
1,106	1,142	1,384	1,662	1,594	1,667
(1,145)	(1,369)	(1,695)	(1,658)	(1,695)	(1,935)
(39)	(227)	(311)	4	(101)	(268)

Cross Gamma (+1bp) \$K/bp2

Ratings
IR/CR Cross Gamma K/bp2
FX/CR Cross Gamma K/bp2
Total

30-Jun-06	31-Jul-06	31-Aug-06	30-Sep-06	31-Oct-06	30-Nov-06
17	18	21	23	25	26
22	24	29	32	38	41
38	42	50	55	63	67

VI. CCR: Limit Activity



August 2006 - November 2006

Limit Excesses (None)

Limit Exceptions (None)

Permanent Limit Changes (None)

VI. CCR: P&L Summary



	31-Jul-06	31-Aug-06	30-Sep-06	31-Oct-06	30-Nov-06	YTD 2006	2006 Plan	Run Rate
CCR	(496)	(3,556)	(2,422)	(3,026)	(50)	(14,033)	23,000	-176%

- The negative P&L throughout the period and YTD has mostly resulted from the CDS/Bond basis. Excluding the Italy position, CCR is long bonds and long CDS protection. CDS spreads, particularly in the auto sector, have tightened more sharply than bond spreads this year, reversing gains from last years significant widening in auto sector spreads that was more pronounced in CDS as well

VI. CCR: New Products / CMAC



- None