CITIGROUP INC
Form 10-Q
May 04, 2007

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SECURITIES AND EXCHANGE COMMISSION

Washington, D. C. 20549

FORM 10-Q

ý **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended March 31, 2007

OR

o **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from to
Commission file number 1-9924

Citigroup Inc.

(Exact name of registrant as specified in its charter)

Delaware	**52-1568099**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

399 Park Avenue, New York, New York 10043
(Address of principal executive offices) (Zip Code)

(212) 559-1000
(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ý No o

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer ý Accelerated filer o Non-accelerated filer o

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes o No ý

Indicate the number of shares outstanding of each of the issuer's classes of common stock as of the latest practicable date:

Common stock outstanding as of March 31, 2007: 4,946,439,087

Available on the Web at www.citigroup.com

Citigroup Inc.

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THE COMPANY

Citigroup Inc. (Citigroup and, together with its subsidiaries, the Company) is a diversified global financial services holding company. Our businesses provide a broad range of financial services to consumer and corporate customers. Citigroup has more than 200 million customer accounts and does business in more than 100 countries. Citigroup was incorporated in 1988 under the laws of the State of Delaware.

The Company is a bank holding company within the meaning of the U.S. Bank Holding Company Act of 1956 registered with, and subject to examination by, the Board of Governors of the Federal Reserve System (FRB). Some of the Company's subsidiaries are subject to supervision and examination by their respective federal and state authorities.

This quarterly report on Form 10-Q should be read in conjunction with Citigroup's 2006 Annual Report on Form 10-K.

The principal executive offices of the Company are located at 399 Park Avenue, New York, New York 10043. The headquarters' telephone number is 212 559 1000. Additional information about Citigroup is available on the Company's Web site at www.citigroup.com. Citigroup's annual report on Form 10-K, its quarterly reports on Form 10-Q, its current reports on Form 8-K, and all amendments to these reports are available free of charge through the Company's web site by clicking on the "Investor Relations" page and selecting "SEC Filings." The Securities and Exchange Commission (SEC) web site contains reports, proxy and information statements, and other information regarding the Company at www.sec.gov.

Citigroup is managed along the following segment and product lines:

(1) Disclosure includes Canada and Puerto Rico.

CITIGROUP INC. AND SUBSIDIARIES

SUMMARY OF SELECTED FINANCIAL DATA

In millions of dollars, except per share amounts	Three Months Ended March 31, 2007	2006	% Change
Net interest revenue	**$ 10,570**	$ 9,766	8%
Non-interest revenue	**14,889**	12,417	20
Revenues, net of interest expense	**$ 25,459**	$ 22,183	15%
Restructuring expense	**1,377**		
Other operating expenses	**14,194**	13,358	6
Provisions for credit losses and for benefits and claims	**2,967**	1,673	77
Income from continuing operations before taxes and minority interest	**$ 6,921**	$ 7,152	(3)%
Income taxes	**1,862**	1,537	21
Minority interest, net of taxes	**47**	60	(22)
Income from continuing operations	**$ 5,012**	$ 5,555	(10)%
Income from discontinued operations, net of taxes(1)		84	NM
Net Income	**$ 5,012**	$ 5,639	(11)%
Earnings per share			
Basic:			
Income from continuing operations	**$ 1.02**	$ 1.13	(10)%
Net income	**1.02**	1.14	(11)
Diluted:			
Income from continuing operations	**1.01**	1.11	(9)
Net income	**1.01**	1.12	(10)
Dividends declared per common share	**$ 0.54**	$ 0.49	10
At March 31:			
Total assets	**$ 2,020,966**	$ 1,586,201	27%
Total deposits	**738,521**	627,358	18
Long-term debt	**310,768**	227,165	37
Mandatorily redeemable securities of subsidiary trusts	**9,440**	6,166	53
Common stockholders' equity	**121,083**	113,418	7
Total stockholders' equity	**122,083**	114,418	7
Ratios:			
Return on common stockholders' equity(2)	**17.1%**	20.3%	
Return on risk capital(3)	**31%**	41%	
Return on invested capital(3)	**17%**	20%	
Tier 1 Capital	**8.26%**	8.60%	
Total Capital	**11.48**	11.80	
Leverage(4)	**4.84**	5.22	
Common stockholders' equity to assets	**5.99%**	7.15%	
Dividends declared(5)	**53.5%**	43.8%	
Ratio of earnings to fixed charges and preferred stock dividends	**1.39x**	1.58x	

(1) Discontinued operations relates to residual items from the Company's sale of Citigroup's Travelers Life & Annuity, which closed during the 2005 third quarter, and the Company's sale of substantially all of its Asset Management Business, which closed during the 2005 fourth quarter. See Note 2 on page

87.

(2) The return on average common stockholders' equity is calculated using net income after deducting preferred stock dividends.

(3) Risk capital is a measure of risk levels and the trade-off of risk and return. It is defined as the amount of capital required to absorb potential unexpected economic losses resulting from extremely severe events over a one-year time period. Return on risk capital is calculated as annualized income from continuing operations divided by average risk capital. Invested capital is defined as risk capital plus goodwill and intangible assets excluding mortgage servicing rights (which are a component of risk capital). Return on invested capital is calculated using income adjusted to exclude a net internal charge Citigroup levies on the goodwill and intangible assets of each business offset by each business' share of the rebate of the goodwill and intangible asset charge. Return on risk capital and return on invested capital are non-GAAP performance measures; because they are measures of risk with no basis in GAAP, there is no comparable GAAP measure to which they can be reconciled. Management uses return on risk capital to assess businesses' operational performance and to allocate Citigroup's balance sheet and risk capital capacity. Return on invested capital is used to assess returns on potential acquisitions and to compare long-term performance of businesses with differing proportions of organic and acquired growth. See page 47 for a further discussion of risk capital.

(4) Tier 1 Capital divided by adjusted average assets.

(5) Dividends declared per common share as a percentage of net income per diluted share.

NM Not meaningful

MANAGEMENT'S DISCUSSION AND ANALYSIS

MANAGEMENT SUMMARY

Income from continuing operations of $5.012 billion in the first quarter of 2007 was down 10% from the first quarter of 2006. Diluted EPS from continuing operations was down 9%. Results for 2007 include an $871 million after-tax (or $0.17 per share) restructuring charge related to the Company's Structural Expense Review completed during the quarter.

Customer volume growth was strong, with average loans up 14%, average deposits up 19%, average interest-earning assets up 25%, and client assets under fee-based management up 12% from year-ago levels. U.S. debt, equity and equity-related underwriting increased 21% from year-ago levels. Branch activity included the opening of 99 branches during the quarter (48 internationally and 51 in the U.S.). *U.S. Cards* accounts were up 14% and purchase sales were up 6%.

During the first quarter of 2007, we continued to invest in expanding our distribution and enhancing our technology as we build a broad, strong foundation for future growth. We successfully completed our tender offer to become the majority (over 60%) shareholder of Nikko Cordial and closed several acquisitions, consistent with our efforts to drive growth through a balance of organic investment and targeted acquisitions and to expand internationally.

* Excludes Japan Automated Loan Machines (ALMs).

Revenues were a record $25.5 billion, up 15% from a year ago, driven by Markets & Banking, up 23%. Our international operations recorded revenue growth of 18% in the quarter, with International Consumer up 14%, International Markets & Banking up 20%, and International Global Wealth Management up 32%. U.S. Consumer revenues grew 6%, while Alternative Investments revenues declined 17%.

Net interest revenue increased 8% from last year as higher deposit and loan balances were offset by pressure on net interest margins. Net interest margin in the first quarter of 2007 was 2.46%, down 39 basis points from the first quarter of 2006 (see discussion of net interest margin on page 63).

Operating expenses increased 17% from the first quarter of 2006. Excluding the restructuring charge in 2007 and the 2006 initial adoption of SFAS 123(R), expenses were up 12% from the prior year. The relationship between revenue growth and expense growth, excluding the aforementioned impact of restructuring and SFAS 123(R), improved during the quarter. As our Structural Expense Review takes shape, we expect the pace of year-over-year expense growth (excluding acquisitions) to continue to moderate through 2007.

Income was diversified by segment and region, as shown in the charts below.

* Excludes Corporate/Other loss of $912 million.

* Excludes Corporate/Other loss of $912 million and Alternative Investments income of $222 million.

Credit costs increased $1.3 billion from a year ago, primarily driven by an increase in net credit losses of $509 million and a net charge of $597 million to build loan loss reserves. The $597 million net build compares to a net reserve release of $154 million in the prior-year period. The build was primarily due to increased reserves to reflect: a change in estimate of loan losses inherent in the initial tenor portion of the Consumer Loan Portfolio; portfolio growth, and increased delinquencies in second mortgages, in the *U.S. Consumer Lending* mortgage portfolio; and portfolio growth in Markets & Banking, which includes higher commitments to leveraged transactions and an increase in average loan tenor. The Global Consumer loss rate was 1.69%, a 23 basis-point increase from the first quarter of 2006.

The effective tax rate was 26.9% in the first quarter of 2007, reflecting the impacts of the restructuring charge and $131 million in tax benefits for the initial application under APB 23 relating to certain foreign subsidiaries' ability to indefinitely reinvest their earnings abroad. The 21.5% effective tax rate in the first quarter of 2006 includes the tax benefit related to the resolution of the Federal Tax Audit.

Our stockholders' equity and trust preferred securities grew to $131.5 billion at March 31, 2007. Stockholders' equity increased by $2.3 billion during the quarter to $122.1 billion. We distributed $2.7 billion in dividends to shareholders and repurchased $645 million of common stock during the quarter. As a result of the Company's recent acquisitions, the successful Nikko tender offer, and other growth opportunities, it is anticipated that we will not resume our share repurchase program during the remainder of the year. Return on common equity was 17.1% for the quarter. Citigroup maintained its "well-capitalized" position with a Tier 1 Capital Ratio of 8.26% at March 31, 2007.

Certain of the statements above are forward-looking statements within the meaning of the Private Securities Litigation Reform Act. See "Forward-Looking Statements" on page 78.

EVENTS IN 2007 AND 2006

Structural Expense Review

During the first quarter of 2007, the Company completed a review of its structural expense base in a Company-wide effort to create a more streamlined organization, reduce expense growth, and provide investment funds for future growth initiatives.

As a result of the review, a pretax restructuring charge of $1.4 billion ($871 million after-tax) was recorded in Corporate/Other during the first quarter of 2007. Additional pretax restructuring charges of $200 million are anticipated to be recognized by the end of 2007. Separate from the restructuring charge, additional implementation costs of approximately $100 million pretax are expected throughout 2007.

See Note 7 on page 92 for additional information.

Adoption of SFAS 157 Fair Value Measurements

The Company elected to early-adopt SFAS No. 157, *"Fair Value Measurements"* (SFAS 157), as of January 1, 2007. SFAS 157 defines fair value, establishes a consistent framework for measuring fair value and expands disclosure requirements about fair value measurements. SFAS 157 requires, among other things, Citigroup's valuation techniques used to measure fair value to maximize the use of observable inputs and minimize the use of unobservable inputs. In addition, SFAS 157 precludes the use of block discounts for instruments traded in an active market, which were previously applied to large holdings of publicly-traded equity securities, and requires the recognition of trade-date gains related to certain derivative trades that use unobservable inputs in determining the fair value. This guidance supersedes the guidance in EITF Issue No. 02-3, which prohibited the recognition of day-one gains on certain derivative trades when determining the fair value of instruments not traded in an active market. The cumulative effect of these two changes resulted in an increase to retained earnings of $75 million.

As a result of maximizing observable inputs as required by SFAS 157, Citigroup began to reflect external credit ratings as well as other observable inputs when measuring the fair value of our derivative positions. The cumulative effect of making this derivative valuation adjustment was a gain of $250 million after-tax ($402 million pre-tax, which was recorded in the Markets & Banking business), or $0.05 per diluted share, included in 2007 first quarter earnings. The primary drivers of this change were the requirement that Citigroup include its own credit rating in pricing derivatives and the elimination of a valuation adjustment, which is no longer necessary under SFAS 157.

See Note 16 on page 105 for additional information.

Adoption of SFAS 159 Fair Value Option

In conjunction with the adoption of SFAS 157, the Company early-adopted SFAS 159, *"The Fair Value Option for Financial Assets and Financial Liabilities"* (SFAS 159), as of January 1, 2007. SFAS 159 provides an option for most financial assets and liabilities to be reported at fair value on an instrument-by-instrument basis with changes in fair value reported in earnings. After the initial adoption, the election is made at the acquisition of a financial asset, financial liability, or a firm commitment and it may not be revoked. Under the SFAS 159 transition provisions, the Company has elected to report certain financial instruments and other items at fair value on a contract-by-contract basis, with future changes in value reported in earnings. SFAS 159 provides an opportunity to mitigate volatility in reported earnings that was caused by measuring hedged assets and liabilities that were previously required to use an accounting method other than fair value, while the related economic hedges were reported at fair value.

The adoption of SFAS 159 resulted in an after-tax decrease to January 1, 2007 retained earnings of $99 million ($157 million pretax).

See Note 16 on page 105 for additional information.

Sale of MasterCard Shares

During the first quarter of 2007, the Company recorded a $171 million after-tax gain ($268 million pretax) on the sale of approximately 2.955 million of the 4.947 million MasterCard Class B shares which were received by Citigroup as a part of the MasterCard initial public offering completed in June 2006. The after-tax gain was recorded in the following businesses:

In millions of dollars	**Total**
U.S. Cards	$ 103
International Cards	42
International Retail Banking	26

In millions of dollars		Total
Total	$	171

Credit Reserves

During the first quarter of 2007, the Company recorded a net build of $597 million to its credit reserves, consisting of a net build of $311 million in Global Consumer and a net build of $286 million in Markets & Banking.

The build of $311 million in Global Consumer was primarily due to increased reserves to reflect: a change in estimate of loan losses inherent in the initial tenor portion of the Consumer Loan portfolio; increased delinquencies in second mortgages, and portfolio growth in the *U.S. Consumer Lending* mortgage portfolio. Additionally, market expansion in Mexico Cards and the integration of the Credicard portfolio in Brazil added to the increase.

The build of $286 million in Markets & Banking was primarily in *Securities and Banking*, which had a $300 million reserve increase during the quarter due to portfolio growth which includes higher commitments to leveraged transactions and an increase in average loan tenor.

During the first quarter of 2006, the Company recorded a net release/utilization of its credit reserves of $154 million, consisting of a net release/utilization of $187 million in Global Consumer and Global Wealth Management, and a net build of $33 million in Markets & Banking.

Acquisition of Bisys

On May 2, 2007, the Company announced an agreement to acquire Bisys Group, Inc. (Bisys) for $1.45 billion. At closing, Citigroup will sell the Retirement and Insurance Services Divisions of Bisys to affiliates of J.C. Flowers & Co. LLC, making the net cost of the transaction to Citigroup approximately $800 million. Citigroup will retain the Investment Services Division of Bisys, which provides administrative services for hedge funds, mutual funds and private equity funds. The transaction is expected to close in the second half of 2007 and is subject to Bisys shareholder approval and to regulatory approvals in the U.S., Ireland and Bermuda. Bisys will be included within Citigroup's *Transaction Services* business.

Tender Offer for Nikko Cordial

On April 26, 2007, Citigroup completed its successful tender offer to become the majority shareholder of Nikko Cordial Corporation in Japan. Approximately 541 million shares were tendered for approximately $7.7 billion. Following the May 9, 2007 scheduled closing date Citigroup will own a total ownership stake in excess of 60%. Once the tender offer is closed, Citigroup will consolidate Nikko and its operations with the minority stake disclosed as Minority Interest.

This acquisition accelerates Citigroup's growth strategy in the world's second largest economy and is intended to provide a broad base of global products and services to Nikko Cordial's client network.

Agreement to Acquire Old Lane Partners, L.P.

On April 13, 2007, the Company announced a definitive agreement to acquire 100% of the outstanding partnership interests in Old Lane Partners, L.P. and Old Lane Partners, GP, LLC (Old Lane). Old Lane is the manager of a global, multi-strategy hedge fund and a private equity fund with total capital under management and private equity commitments of approximately $4.5 billion. Old Lane will operate as part of Citigroup's Alternative Investments (CAI) business. Following the completion of the transaction, Old Lane's Vikram Pandit will become Chief Executive Officer of CAI. The transaction is subject to customary regulatory reviews and is expected to close in the third quarter of 2007.

Acquisition of ABN AMRO Mortgage Group

On March 1, 2007, Citigroup acquired ABN AMRO Mortgage Group (AAMG), a subsidiary of LaSalle Bank Corporation and ABN AMRO Bank N.V. AAMG is a national originator and servicer of prime residential mortgage loans. As part of this acquisition, Citigroup purchased approximately $12 billion in assets, including $3 billion of mortgage servicing rights. The acquisition of AAMG added approximately 1.5 million servicing customers to the *U.S. Consumer Lending* portfolio.

Asia Acquisitions

Acquisition of Bank of Overseas Chinese

On April 9, 2007, Citigroup announced the agreement to acquire 100% of Bank of Overseas Chinese (BOOC) in Taiwan for approximately $427 million, subject to certain closing adjustments. BOOC offers a broad suite of corporate banking, consumer and wealth management products and services to more than one million clients through 55 branches in Taiwan.

This transaction will strengthen Citigroup's presence in Asia making it the largest international bank and 13th largest by total assets among all domestic Taiwan banks. Citigroup's acquisition of BOOC is subject to shareholder and U.S. and Taiwanese regulatory approvals and is expected to close during the second half of 2007.

Strategic Investment and Cooperation Agreement with Guangdong Development Bank

On December 17, 2006, a Citigroup-led consortium acquired an 85.6% stake in Guangdong Development Bank ("GDB"). Citigroup's share is 20% of GDB and its investment of approximately $725 million is accounted for under the equity method.

In accordance with the parties' agreement, Citigroup will have significant management influence at GDB to enhance GDB's management team and corporate governance standards, instill operational and lending best practices, improve risk management and internal controls, upgrade GDB's information technology infrastructure, and further develop GDB's customer service and product offerings.

U.K. Market Expansion

Egg

On May 1, 2007, Citigroup completed its acquisition of Egg Banking plc (Egg), the world's largest pure online bank and one of the U.K.'s leading online financial services providers, from Prudential PLC for approximately $1.127 billion. Egg has more than three million customers and offers various financial products and services including online payment and account aggregation services, credit cards, personal loans, savings accounts, mortgages, insurance and investments.

Quilter

On March 1, 2007, the Company completed the acquisition of Quilter, a U.K. wealth advisory firm with over $10.9 billion of assets under management, from Morgan Stanley. Quilter has more than 18,000 clients and 300 staff located in 10 offices throughout the U.K., Ireland and the Channel Islands. Quilter's results are included within Global Wealth Management.

Central American Acquisitions

Grupo Cuscatlan

On December 13, 2006, Citigroup announced the agreement to acquire the subsidiaries of Grupo Cuscatlan for $1.51 billion in cash and stock from Corporacion UBC Internacional S.A. Grupo Cuscatlan is one of the leading financial groups in Central America, with assets of $5.4 billion, loans of $3.5 billion, and deposits of $3.4 billion. Grupo Cuscatlan has operations in El Salvador, Guatemala, Costa Rica, Honduras and Panama. This acquisition is subject to local country regulatory approvals and is expected to close during the second quarter of 2007.

Grupo Financiero Uno

On March 5, 2007, Citigroup completed its acquisition of Grupo Financiero Uno (GFU), the largest credit card issuer in Central America, and its affiliates.

The acquisition of GFU, with $2.2 billion in assets, expands the presence of Citigroup's Latin America consumer franchise, enhances its credit card business in the region and establishes a platform for regional growth in Consumer Finance and Retail Banking.

GFU has more than one million retail clients, representing 1.1 million credit card accounts, $1.3 billion in credit card receivables and $1.5 billion in deposits in Guatemala, El Salvador, Honduras, Nicaragua, Costa Rica and Panama. GFU operates a distribution network of 75 branches and more than 100 mini-branches and points of sale.

EMEA Expansion

Purchase of 20% Equity Interest in Akbank

On January 9, 2007, Citigroup completed its purchase of a 20% equity interest in Akbank for approximately $3.1 billion. Akbank, the second-largest privately owned bank by assets in Turkey, is a premier, full-service retail, commercial, corporate and private bank.

Sabanci Holding, a 34% owner of Akbank shares, and its subsidiaries have granted Citigroup a right of first refusal or first offer over the sale of any of their Akbank shares in the future. Subject to certain exceptions, including purchases from Sabanci Holding and its subsidiaries, Citigroup has otherwise agreed not to increase its percentage ownership in Akbank.

Resolution of Federal Tax Audit

In March 2006, the Company received a notice from the Internal Revenue Service (IRS) that they had concluded the tax audit for the years 1999 through 2002 (referred to hereinafter as the "resolution of the Federal Tax Audit"). For the first quarter of 2006, the Company released a total of $657 million from its tax contingency reserves related to the resolution of the Federal Tax Audit.

The following table summarizes the 2006 first quarter tax benefits, by business, from the resolution of the Federal Tax Audit:

In millions of dollars	Total
Global Consumer	$ 290
Markets & Banking	176
Global Wealth Management	13
Alternative Investments	58
Corporate/Other	61
Continuing Operations	$ 598
Discontinued Operations	59
Total	$ 657

Adoption of the Accounting for Share-Based Payments

On January 1, 2006, the Company adopted Statement of Financial Accounting Standards (SFAS) No. 123 (revised 2004), *"Share-Based Payment"* (SFAS 123(R)), which replaced the existing SFAS 123 and superseded Accounting Principles Board (APB) Opinion No. 25. SFAS 123(R) requires companies to measure and record compensation expense for stock options and other share-based payments based on the instruments' fair value, reduced by expected forfeitures.

In adopting this standard, the Company conformed to recent accounting guidance that restricted or deferred stock awards issued to retirement-eligible employees who meet certain age and service requirements must be either expensed on the grant date or accrued over a service period prior to the grant date. This charge consisted of $398 million after-tax ($648 million pretax) for the immediate expensing of awards granted to retirement-eligible employees in January 2006.

The following table summarizes the SFAS 123(R) impact, by segment, on the 2006 first quarter pretax compensation expense for stock awards granted to retirement-eligible employees in January 2006 ("the 2006 initial adoption of SFAS 123(R)"):

In millions of dollars	***2006 First Quarter***
Global Consumer	$ 121
Markets & Banking	354
Global Wealth Management	145
Alternative Investments	7
Corporate/Other	21
Total	$ 648

The Company recorded the quarterly accrual for the stock awards that were granted in January 2007 during each of the quarters in 2006. During the first quarter of 2007, the Company recorded the quarterly accrual for the estimated stock awards that will be granted in January 2008.

SEGMENT, PRODUCT AND REGIONAL NET INCOME

The following tables show the net income (loss) for Citigroup's businesses on a segment and product view and on a regional view:

Citigroup Net Income Segment and Product View

In millions of dollars	First Quarter 2007	First Quarter 2006(1)	% Change 1Q07 vs. 1Q06
Global Consumer			
U.S. Cards	**$ 897**	$ 926	(3)%
U.S. Retail Distribution	**388**	515	(25)
U.S. Consumer Lending	**359**	437	(18)
U.S. Commercial Business	**121**	126	(4)
Total U.S. Consumer(2)	**$ 1,765**	$ 2,004	(12)%
International Cards	**$ 388**	$ 291	33%
International Consumer Finance	**25**	168	(85)
International Retail Banking	**540**	677	(20)
Total International Consumer	**$ 953**	$ 1,136	(16)%
Other	**$ (85)**	$ (67)	(27)%
Total Global Consumer	**$ 2,633**	$ 3,073	(14)%
Markets & Banking			
Securities and Banking	**$ 2,173**	$ 1,618	34%
Transaction Services	**447**	323	38
Other	**1**	(12)	NM
Total Markets & Banking	**$ 2,621**	$ 1,929	36%
Global Wealth Management			
Smith Barney	**$ 324**	$ 168	93%
Private Bank	**124**	119	4
Total Global Wealth Management	**$ 448**	$ 287	56%
Alternative Investments	**$ 222**	$ 353	(37)%
Corporate/Other	**(912)**	(87)	NM
Income from Continuing Operations	**$ 5,012**	$ 5,555	(10)%
Income from Discontinued Operations(3)		84	NM

	First Quarter		% Change
Total Net Income	**$ 5,012**	$ 5,639	(11)%

(1) Reclassified to conform to the current period's presentation. See Note 3 on page 89 for assets by segment.

(2) U.S. disclosure includes Canada and Puerto Rico.

(3) See Note 2 on page 87.

NM Not meaningful

Citigroup Net Income Regional View

In millions of dollars	First Quarter 2007	First Quarter 2006(1)	% Change 1Q07 vs. 1Q06
U.S.(2)			
Global Consumer	**$ 1,680**	$ 1,937	(13)%
Markets & Banking	**999**	515	94
Global Wealth Management	**361**	228	58
Total *U.S.*	**$ 3,040**	$ 2,680	13%
Mexico			
Global Consumer	**$ 372**	$ 358	4%
Markets & Banking	**114**	78	46
Global Wealth Management	**12**	8	50
Total *Mexico*	**$ 498**	$ 444	12%
Latin America			
Global Consumer	**$ 70**	$ 58	21%
Markets & Banking	**218**	202	8
Global Wealth Management	**3**	3	
Total *Latin America*	**$ 291**	$ 263	11%
EMEA			
Global Consumer	**$ 83**	$ 185	(55)%
Markets & Banking	**694**	635	9
Global Wealth Management	**7**	3	NM
Total *EMEA*	**$ 784**	$ 823	(5)%
Japan			
Global Consumer	**$ 45**	$ 188	(76)%
Markets & Banking	**35**	85	(59)
Global Wealth Management			
Total *Japan*	**$ 80**	$ 273	(71)%
Asia			
Global Consumer	**$ 383**	$ 347	10%
Markets & Banking	**561**	414	36
Global Wealth Management	**65**	45	44
Total *Asia*	**$ 1,009**	$	