CITIGROUP INC
Form 10-Q
August 02, 2013

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-Q

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

For the quarterly period ended June 30, 2013

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, NY	**10022**
(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 has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ý No o

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ý	Accelerated filer o	Non-accelerated filer o (Do not check if a smaller reporting company)	Smaller reporting company 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 June 30, 2013: 3,041,026,489

Available on the web at www.citigroup.com

CITIGROUP INC
SECOND QUARTER 2013 FORM 10-Q

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OVERVIEW

Citigroup's history dates back to the founding of Citibank in 1812. Citigroup's original corporate predecessor was incorporated in 1988 under the laws of the State of Delaware. Following a series of transactions over a number of years, Citigroup Inc. was formed in 1998 upon the merger of Citicorp and Travelers Group Inc.

Citigroup is a global diversified financial services holding company whose businesses provide consumers, corporations, governments and institutions with a broad range of financial products and services, including consumer banking and credit, corporate and investment banking, securities brokerage, transaction services and wealth management. Citi has approximately 200 million customer accounts and does business in more than 160 countries and jurisdictions.

Citigroup currently operates, for management reporting purposes, via two primary business segments: Citicorp, consisting of Citi's *Global Consumer Banking* businesses and *Institutional Clients Group*; and Citi Holdings, consisting of *Brokerage and Asset Management, Local Consumer Lending* and *Special Asset Pool*. For a further description of the business segments and the products and services they provide, see "Citigroup Segments" below, "Management's Discussion and Analysis of Financial Condition and Results of Operations" and Note 3 to the Consolidated Financial Statements.

Throughout this report, "Citigroup," "Citi" and "the Company" refer to Citigroup Inc. and its consolidated subsidiaries.

This Quarterly Report on Form 10-Q should be read in conjunction with Citigroup's Annual Report on Form 10-K for the year ended December 31, 2012 filed with the U.S. Securities and Exchange Commission (SEC) on March 1, 2013 (2012 Annual Report on Form 10-K) and Citigroup's Quarterly Report on Form 10-Q for the quarter ended March 31, 2013 filed with the SEC on May 3, 2013 (First Quarter of 2013 Form 10-Q). Additional information about Citigroup is available on Citi's website at *www.citigroup.com*. Citigroup's recent annual reports on Form 10-K, quarterly reports on Form 10-Q, proxy statements, as well as other filings with the SEC, are available free of charge through Citi's website by clicking on the "Investors" page and selecting "All SEC Filings." The SEC's website also contains current reports, information statements, and other information regarding Citi at *www.sec.gov*.

Within this Form 10-Q, please refer to the tables of contents on pages 2 and 108 for page references to Management's Discussion and Analysis of Financial Condition and Results of Operations and Notes to Consolidated Financial Statements, respectively.

Certain reclassifications have been made to the prior periods' financial statements to conform to the current period's presentation. For information on certain recent such reclassifications, see Citi's Forms 8-K furnished to the SEC on April 5, 2013 and June 28, 2013.

As described above, Citigroup is managed pursuant to the following segments:

The following are the four regions in which Citigroup operates. The regional results are fully reflected in the segment results above.

(1) *North America* includes the U.S., Canada and Puerto Rico, *Latin America* includes Mexico, and *Asia* includes Japan.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

EXECUTIVE SUMMARY

Second Quarter of 2013 Summary Results

During the second quarter of 2013, Citi saw growth in its core businesses in Citicorp versus the prior-year period, driven principally by strong results in its markets businesses within *Securities and Banking* as well as an improved credit environment. Despite this growth, Citi's results for the second quarter of 2013 also reflected a continued challenging operating environment, including slowing growth in the emerging markets, continued spread compression(1) globally impacting its *Global Consumer Banking (GCB)* and *Transaction Services* businesses and elevated legal and related expenses as Citi continues to work through its "legacy" legal issues. Legal and related expenses are expected to continue to remain elevated and somewhat volatile as Citi works through these issues, although Citi was able to resolve a portion of its legacy representation and warranty issues during the second quarter of 2013, with its announced agreement with Fannie Mae (see "Managing Global Risk Credit Risk Citigroup Residential Mortgages Representations and Warranties" below).

Citigroup

Citigroup reported second quarter of 2013 net income of $4.2 billion, or $1.34 per diluted share. Citi's reported net income increased by 42%, or $1.2 billion, from the second quarter of 2012. Results for the second quarter of 2013 included a positive credit valuation adjustment (CVA) on derivatives (counterparty and own-credit), net of hedges, and debt valuation adjustment (DVA) on Citi's fair value option debt of $477 million ($293 million after-tax), compared to $219 million ($140 million after-tax) in the second quarter of 2012, reflecting a widening of Citi's credit spreads and a tightening of counterparty spreads during the quarter. Second quarter of 2012 results also included a net loss of $424 million ($274 million after-tax) related to the sale of a 10.1% stake in Akbank T.A.S (Akbank).

Excluding CVA/DVA in both periods and the Akbank loss in the second quarter of 2012,(2) Citigroup net income increased 26% to $3.9 billion. Earnings per share of $1.25 increased 25% compared to $1.00 in the prior year period. The year-over-year increase in earnings per share primarily reflected higher revenues and lower net credit losses, partially offset by higher legal and related expenses, a lower loan loss reserve release and a higher effective tax rate as compared to the prior-year period. Citi's higher effective tax rate in the second quarter of 2013 reflected higher earnings in *North America*, a higher effective tax rate on its international operations due to the previously-disclosed change in its assertion surrounding the indefinite reinvestment of earnings in certain of its international entities as well as the resolution of certain tax issues in the current quarter (for additional information, see "Income Taxes" below).

Citi's revenues, net of interest expense, were $20.5 billion in the second quarter of 2013, up 11% versus the prior-year period. Excluding CVA/DVA and the Akbank loss in the second quarter of 2012, revenues were $20.0 billion, up 8% compared to the prior-year period, as revenues in Citicorp and Citi Holdings grew by 7% and 17%, respectively. Net interest revenues of $11.7 billion were 3% higher than the prior-year period, as growth in *Securities and Banking* in Citicorp and an increase in *Local Consumer Lending* in Citi Holdings was partially offset by the ongoing impact of spread compression in *Transaction Services* in Citicorp, which Citi expects will likely continue to negatively impact net interest revenues in the near term. Non-interest revenues were $8.8 billion, up 25% from the prior-year period, driven by growth in *Securities and Banking* revenues and the absence of the Akbank loss in the second quarter of 2012. Excluding CVA/DVA in both periods and the Akbank loss in the second quarter of 2012, non-interest revenues of $8.3 billion were 15% higher than the prior-year period.

Operating Expenses

Citigroup expenses increased 1% versus the prior-year period to $12.1 billion, driven by higher legal and related expenses in Citi Holdings (see below), partially offset by lower repositioning charges of $75 million in the second quarter of 2013 compared to $186 million in the prior-year period. Citi incurred legal and related expenses of $832 million (compared to $480 million in the prior-year period). Excluding legal and related expenses, repositioning charges and the impact of foreign exchange translation into U.S. dollars for reporting purposes (as used throughout this report, FX translation),(3) Citi's operating expenses were $11.2 billion, a 1% reduction versus the prior-year period. This expense decline reflected approximately $200 million of repositioning savings, partially offset by higher performance-based compensation expense as compared to the prior-year period given the improved operating performance.

Citicorp's expenses were $10.6 billion, down 2% from the prior-year period, largely reflecting lower legal and related expenses. Citicorp legal and related expenses were $131 million in the second quarter of 2013, compared to $278 million in the prior-year period. Citi Holdings expenses increased 25% from the prior-year period to $1.5 billion, principally due to the higher legacy legal and related expenses, which were primarily reflected in the *Special Asset Pool*. Citi Holdings legal and related expenses were $702 million in the second quarter of 2013, compared to $202 million in the prior-year period.

(1) As used throughout this report, spread compression refers to the reduction in net interest revenue as a percentage of loans or deposits, as applicable, as driven by either lower yields on interest-earning assets or higher costs to fund such assets (or a combination thereof).

(2) Citigroup's results of operations, excluding the impact of CVA/DVA and gains/(losses) on minority investments, are non-GAAP financial measures. Citi believes the presentation of its results of operations excluding the impact of CVA/DVA and gains/(losses) on minority investments provides a more meaningful depiction of the underlying fundamentals of its businesses.

(3) FX translation decreased reported operating expenses by approximately $0.1 billion in the second quarter of 2013 as compared to the prior-year period. For the impact of FX translation on second quarter 2013 results of operations for each of *EMEA Regional Consumer Banking (RCB), Latin America RCB, Asia RCB* and *Transaction Services*, see the table accompanying the discussion of each respective business' results of operations below.

Credit Costs and Loan Loss Reserve Positions

Citi's total provisions for credit losses and for benefits and claims of $2.0 billion declined 25% from the prior-year period. Net credit losses of $2.6 billion were down 25% from the second quarter of 2012. Consumer net credit losses declined 23% to $2.6 billion reflecting improvements in mortgages in Citi Holdings *Local Consumer Lending* and *North America* Citi-branded cards and Citi retail services in Citicorp. Corporate net credit losses were $45 million in the second quarter of 2013, compared to $154 million in second quarter of 2012.

The net release of allowance for loan losses and unfunded lending commitments was $784 million in the second quarter of 2013, 22% lower than the prior-year period, with $705 million related to Consumer and the remainder in Corporate. Of the $784 million net reserve release, $311 million was attributable to Citicorp, compared to a $740 million release in the prior-year period. The decline in the Citicorp reserve release principally reflected lower releases in *North America RCB* largely related to cards. The $473 million net reserve release in Citi Holdings increased from $269 million in the prior-year period and included a reserve release of approximately $525 million related to *North America* mortgages.

Citigroup's total allowance for loan losses was $21.6 billion at quarter end, or 3.4% of total loans, compared to $27.6 billion, or 4.3%, at the end of the prior-year period. The decline in the total allowance for loan losses reflected asset sales, lower non-accrual loans, and overall continued improvement in the credit quality of Citi's loan portfolios.

The Consumer allowance for loan losses was $18.9 billion, or 5.0% of total Consumer loans, at quarter end, compared to $24.6 billion, or 6.0% of total loans, at June 30, 2012. Total non-accrual assets decreased 12% to $10.1 billion as compared to June 30, 2012. Corporate non-accrual loans declined 17% to $2.1 billion, reflecting continued credit improvement. Consumer non-accrual loans declined 9%, to $7.6 billion, versus the prior-year period.

Capital

Citigroup's Basel I Tier 1 Capital and Tier 1 Common ratios were 13.2% and 12.2% as of June 30, 2013, respectively, each reflecting the final U.S. market risk capital rules (Basel II.5) which became effective on January 1, 2013. Citi's estimated Tier 1 Common ratio under Basel III was 10.0% at the end of the second quarter of 2013, up from an estimated 9.3% at March 31, 2013. Citi's estimated Basel III Supplementary Leverage Ratio for the second quarter of 2013 was 4.9%.(4)

Citicorp(5)

Citicorp net income increased 23% from the prior-year period to $4.8 billion. CVA/DVA in *Securities and Banking* was $462 million ($284 million after-tax), compared to $198 million ($127 million after-tax) in the prior-year period. Excluding CVA/DVA and the Akbank loss in the second quarter of 2012, Citicorp net income increased 12% from the prior-year period to $4.5 billion, as revenue growth, lower operating expenses and lower net credit losses were partially offset by lower loan loss reserve releases and a higher effective tax rate.

Citicorp revenues, net of interest expense, were $19.4 billion in the second quarter of 2013, up 11% versus the prior-year period. Excluding CVA/DVA and the Akbank loss in the second quarter of 2012, Citicorp revenues were $18.9 billion in the quarter, a 7% increase versus the prior-year period, as growth in *Securities and Banking* and *GCB* revenues was partially offset by a decline in *Transaction Services* revenues.

Global Consumer Banking revenues of $9.7 billion increased 2% versus the prior-year period. *North America RCB* revenues of $5.1 billion declined 1% from the prior-year period, driven by a 4% decline in retail banking revenues with total cards revenues (Citi-branded cards and Citi retail services) unchanged. The decline in retail banking revenues was driven by lower mortgage servicing revenues combined with ongoing spread compression, partially offset by a gain of approximately $180 million on the sale of a mortgage portfolio during the current quarter. Citi expects retail banking revenues will continue to be negatively impacted due to the current interest rate environment as historically high mortgage origination volumes are expected to decline and gain on sale margins to reduce. Spread compression in the deposit portfolio is also expected to continue to negatively impact retail banking revenues. *North America RCB* average retail loans of $41 billion grew 2% and average deposits of $165 billion grew 8%, both versus the prior-year period. *North America RCB* cards revenues remained unchanged, as a 1% increase in Citi retail services revenues to $1.5 billion was offset by a 1% decline in Citi-branded cards revenues to $2.0 billion. Average card loans of $104 billion declined 4% versus the prior-year period, driven by increased payment rates resulting from ongoing consumer deleveraging. Citi retail services revenues were also negatively impacted by higher contractual partner payments due to the impact of continued improving credit trends. Card purchase sales of $60 billion increased 2% versus the prior-year period.

International *GCB* revenues (consisting of *Asia RCB*, *Latin America RCB* and *EMEA RCB*) grew 6% versus the prior-year period. Excluding the impact of FX translation, international *GCB* revenues grew 5%, driven by 8% revenue growth in *Latin America RCB* and 2% revenue growth in each of *Asia RCB* and *EMEA RCB*. While international *GCB* revenues continued to reflect spread compression in certain markets, as well as the impact of regulatory changes, particularly in *Asia*, most underlying business metrics continued to exhibit growth. International *GCB* average retail loans increased 5% versus the prior-year period, investment sales grew 36%, average card

(4) Citi's estimated Basel III Tier 1 Common ratio and estimated Basel III Supplementary Leverage ratio as of June 30, 2013 are based on the U.S. banking agencies proposed Basel III rules (Basel III NPR). In July 2013, the U.S. banking agencies adopted the final U.S. Basel III rules. Citi continues to review these and other recent developments relating to the future capital requirements of financial institutions such as Citi. In addition, Citi's estimated Basel III Tier 1 Common ratio, Supplementary Leverage ratio and certain related components are non-GAAP financial measures. For additional information on these matters, see "Capital Resources and Liquidity Capital Resources" below.

(5) Citicorp includes Citi's three operating businesses *Global Consumer Banking, Securities and Banking* and *Transaction Services* as well as *Corporate/Other*. See "Citicorp" below for additional information on the results of operations for each of the businesses in Citicorp.

loans grew 3%, and card purchase sales grew 9%, all excluding the impact of FX translation.

Securities and Banking revenues were $6.8 billion in the second quarter of 2013, up 25% from the prior-year period. Excluding CVA/DVA,(6) *Securities and Banking* revenues of $6.4 billion increased 21% from the prior-year period, driven principally by growth in equity and fixed income markets and investment banking revenues.

Fixed income markets revenues of $3.4 billion, excluding CVA/DVA, increased 18% from the prior-year period with strength in all major products. Equity markets revenues of $942 million in the second quarter of 2013, excluding CVA/DVA, increased 68% from the prior-year period, driven by an improvement in derivatives performance as well as higher cash equity volumes.

Investment banking revenues rose 21% from the prior-year period to $1.0 billion with higher revenues in all major products. Private Bank revenues of $645 million, excluding CVA/DVA, increased 9% from the prior-year period, with growth in all regions. Lending revenues decreased to $424 million from $571 million in the prior-year period, reflecting $23 million of mark-to-market gains on hedges related to accrual loans as credit spreads widened less significantly during the second quarter of 2013 (compared to a $156 million gain in the prior-year period). Excluding the mark-to-market impact on hedges related to accrual loans, core lending revenues declined 3% to $401 million versus the prior year, as lower volumes were offset by slightly higher spreads.

Transaction Services revenues declined 1% to $2.7 billion versus the prior-year period. *Treasury and Trade Solutions* revenues declined 3%, as the impact of spread compression globally was only partially offset by loan and deposit growth. *Securities and Fund Services* revenues increased 5% (6% excluding the impact of FX translation), as higher settlement volumes and fees offset lower net interest spreads. Despite the continued negative impact of spread compression on revenues in *Transaction Services*, underlying volumes continued to grow, with average deposits and other customer liability balances up 7% and assets under custody up 10%, each versus the prior-year period.

Citicorp end of period loans increased 3% from the prior-year period to $544 billion, with Consumer loans flat and 7% growth in Corporate loans. Excluding $3.2 billion of Consumer loans as of the end of the second quarter of 2012 (related to Citi's agreement to sell Credicard, which was moved to discontinued operations in *Corporate/Other* in the second quarter of 2013), (7) Consumer loans grew 1% versus the prior-year period. Growth in Corporate loans included the impact of adding approximately $7 billion of previously unconsolidated assets during the second quarter of 2013, reflected in *North America Transaction Services* (for additional information, see "Balance Sheet Loans" as well as Note 19 to the Consolidated Financial Statements). Excluding this consolidation, Corporate loans increased 4% compared to the prior-year period.

Citi Holdings(8)

During the second quarter of 2013, Citi continued to make progress on its goal of reducing the negative impact of Citi Holdings on its overall results of operations. Citi Holdings net loss was $570 million in the second quarter of 2013, compared to a net loss of $910 million in the second quarter of 2012. Excluding CVA/DVA,(9) Citi Holdings net loss decreased to $579 million compared to a net loss of $923 million in the prior-year period, as growth in revenues and lower credit costs were partially offset by higher expenses. Expenses increased 25% from the prior-year period reflecting the higher legal and related costs discussed above. Excluding legal and related costs, expenses declined 18% versus the prior-year period.

Citi Holdings revenues increased 16% to $1.1 billion from $938 million in the prior-year period. Excluding CVA/DVA, Citi Holdings revenues increased 17% to $1.1 billion versus the prior-year period, as higher revenues in *Local Consumer Lending* and the *Special Asset Pool* were partially offset by a decline in *Brokerage and Asset Management* revenues.

Local Consumer Lending revenues of $1.1 billion increased 13% from the prior year primarily due to lower funding costs. *Special Asset Pool* revenues, excluding CVA/DVA, were $42 million in the second quarter of 2013, compared to $(102) million in the prior-year period, primarily reflecting lower funding costs and improved asset marks. *Brokerage and Asset Management* revenues were $(20) million, compared to $87 million in the prior year, reflecting lower Morgan Stanley Smith Barney (MSSB) joint venture equity-related revenues. As previously announced, Citigroup completed the sale of its remaining 35% stake in the MSSB joint venture during the second quarter of 2013. Net interest revenues increased 32% to $784 million versus the prior-year period, driven predominately by improvements in *Local Consumer Lending* and the *Special Asset Pool*. Non-interest revenues, excluding CVA/DVA, declined 9% from the prior-year period to $293 million, driven by lower *Brokerage and Asset Management* revenues.

Citi Holdings end of period assets declined 31% from the prior-year to $131 billion at the end of the second quarter of 2013 (for additional information on the drivers of the asset decline during the current quarter, see "Citi Holdings" below). At the end of the quarter, Citi Holdings assets comprised approximately 7% of total Citigroup GAAP assets, 12% of risk-weighted assets (as defined under current regulatory guidelines), and 21% of its estimated risk-weighted assets under Basel III. *Local Consumer Lending* continued to represent the largest segment within Citi Holdings, with $115 billion of assets as of the end of second quarter of 2013, of which approximately 70%, or $80 billion, were related to mortgages in *North America* real estate lending.

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(6) For the summary of CVA/DVA by business within *Securities and Banking* for the second quarter of 2013 and comparable periods, see "Citicorp *Institutional Clients Group*" below.

(7) For additional information, see "Citigroup *Global Consumer Banking Latin America Regional Consumer Banking*" below and Note 2 to the Consolidated Financial Statements.

(8) Citi Holdings includes *Local Consumer Lending, Special Asset Pool* and *Brokerage and Asset Management*. See "Citi Holdings" below for additional information on the results of operations for each of the businesses in Citi Holdings.

(9) CVA/DVA in Citi Holdings, recorded in the *Special Asset Pool*, was $15 million in the second quarter of 2013, compared to $21 million in the prior-year period.

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RESULTS OF OPERATIONS

SUMMARY OF SELECTED FINANCIAL DATA Page 1

Citigroup Inc. and Consolidated Subsidiaries

In millions of dollars, except per-share amounts and ratios	Second Quarter 2013	Second Quarter 2012	% Change	Six Months 2013	Six Months 2012	% Change
Net interest revenue	**$ 11,682**	$ 11,343	3%	**$ 23,312**	$ 23,059	1%
Non-interest revenue	**8,797**	7,044	25	**17,394**	14,449	20
Total revenues, net of interest expense	**$ 20,479**	$ 18,387	11%	**$ 40,706**	$ 37,508	9%
Operating expenses	**12,140**	11,994	1	**24,407**	24,173	1
Provisions for credit losses and for benefits and claims	**2,024**	2,696	(25)	**4,483**	5,596	(20)
Income from continuing operations before income taxes	**$ 6,315**	$ 3,697	71%	**$ 11,816**	$ 7,739	53%
Income taxes	**2,127**	718	NM	**3,697**	1,715	NM
Income from continuing operations	**$ 4,188**	$ 2,979	41%	**$ 8,119**	$ 6,024	35%
Income (loss) from discontinued operations, net of taxes(1)	**30**	7	NM	**(3)**	19	NM
Net income before attribution of noncontrolling interests	**$ 4,218**	$ 2,986	41%	**$ 8,116**	$ 6,043	34%
Net income attributable to noncontrolling interests	**36**	40	(10)	**126**	166	(24)
Citigroup's net income	**$ 4,182**	$ 2,946	42%	**$ 7,990**	$ 5,877	36%
Less:						
Preferred dividends Basic	**9**	9	%	**13**	13	%
Dividends and undistributed earnings allocated to employee restricted and deferred shares that contain nonforfeitable rights to dividends, applicable to Basic EPS	**83**	69	20	**155**	123	26
Income allocated to unrestricted common shareholders for Basic EPS	**$ 4,090**	$ 2,868	43%	**$ 7,822**	$ 5,741	36%
Add: Interest expense, net of tax, and dividends on convertible securities and adjustment of undistributed earnings allocated to employee restricted and deferred shares that contain nonforfeitable rights to dividends, applicable to diluted EPS	**1**	4	(75)	**1**	8	(88)
Income allocated to unrestricted common shareholders for diluted EPS	**$ 4,091**	$ 2,872	42%	**$ 7,823**	$ 5,749	36%
Earnings per share						
Basic						
Income from continuing operations	**1.34**	0.98	37	**2.57**	1.96	31
Net income	**1.35**	0.98	38	**2.57**	1.96	31
Diluted						
Income from continuing operations	**$ 1.33**	$ 0.95	40%	**$ 2.57**	$ 1.90	35%
Net income	**1.34**	0.95	41	**2.57**	1.91	35
Dividends declared per common share	**0.01**	0.01		**0.02**	0.02	

Statement continues on the next page, including notes to the table.

SUMMARY OF SELECTED FINANCIAL DATA Page 2

Citigroup Inc. and Consolidated Subsidiaries

In millions of dollars, except per-share amounts, ratios and direct staff	Second Quarter 2013	Second Quarter 2012	% Change	Six Months 2013	Six Months 2012	% Change
At June 30:						
Total assets	**$ 1,883,988**	$ 1,916,451	(2)			
Total deposits	**938,427**	914,308	3			
Long-term debt	**220,959**	288,334	(23)			
Citigroup common stockholders' equity	**191,633**	183,599	4			
Total Citigroup stockholders' equity	**195,926**	183,911	7			
Direct staff *(in thousands)*	**253**	261	(3)			
Ratios						
Return on average assets	**0.89%**	0.62%		**0.85%**	0.62%	
Return on average common stockholders' equity(3)	**8.8%**	6.5%		**8.5%**	6.5%	
Return on average total stockholders' equity(3)	**8.6%**	6.5%		**8.3%**	6.5%	
Efficiency ratio	**59%**	65%		**60%**	64%	
Tier 1 Common(4)(5)	**12.16%**	12.71%				
Tier 1 Capital(5)	**13.24%**	14.46%				
Total Capital(5)	**16.18%**	17.70%				
Leverage(6)	**7.86%**	7.66%				
Citigroup common stockholders' equity to assets	**10.17%**	9.58%				
Total Citigroup stockholders' equity to assets	**10.40%**	9.60%				
Dividend payout ratio(2)	**0.7%**	1.1%				
Book value per common share	**$ 63.02**	$ 62.61	1			
Ratio of earnings to fixed charges and preferred stock dividends	**2.44x**	1.67x		**2.35x**	1.69x	

(1) Discontinued operations for 2013 and 2012 includes the announced sale of Citi's Brazil Credicard business. Discontinued operations in 2013 also includes a carve-out of Citi's liquid strategies business within Citi Capital Advisors, the sale of which is to occur pursuant to two separate transactions, the first of which closed in February 2013. Discontinued operations in 2013 and 2012 also reflect the sale of the Egg Banking PLC credit card business. For additional information, see Note 2 to the Consolidated Financial Statements.

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

(3) The return on average common stockholders' equity is calculated using net income less preferred stock dividends divided by average common stockholders' equity. The return on average total Citigroup stockholders' equity is calculated using net income divided by average Citigroup stockholders' equity.

(4) As currently defined by the U.S. banking regulators, the Tier 1 Common ratio represents Tier 1 Capital less non-common elements, including qualifying perpetual preferred stock, qualifying noncontrolling interests in subsidiaries and qualifying trust preferred securities divided by risk-weighted assets.

(5) Second quarter of 2013 Basel I capital ratios reflect the final (revised) U.S. market risk capital rules (Basel II.5) that were effective on January 1, 2013.

(6) The leverage ratio represents Tier 1 Capital divided by quarterly adjusted average total assets.

SEGMENT AND BUSINESS INCOME (LOSS) AND REVENUES

The following tables show the income (loss) and revenues for Citigroup on a segment and business view:

CITIGROUP INCOME

	Second Quarter		%	Six Months		%
In millions of dollars	2013	2012	Change	2013	2012	Change
Income (loss) from continuing operations						
CITICORP						
Global Consumer Banking						
North America	**$ 1,124**	$ 1,174	(4)%	**$ 2,237**	$ 2,471	(9)%
EMEA	**28**	13	NM	**35**		
Latin America	**371**	335	11	**751**	710	6
Asia	**432**	449	(4)	**849**	950	(11)
Total	**$ 1,955**	$ 1,971	(1)%	**$ 3,872**	$ 4,131	(6)%
Securities and Banking						
North America	**$ 849**	$ 549	55%	**$ 2,001**	$ 736	NM
EMEA	**787**	365	NM	**1,232**	879	40%
Latin America	**350**	309	13	**662**	633	5
Asia	**396**	252	57	**842**	563	50
Total	**$ 2,382**	$ 1,475	61%	**$ 4,737**	$ 2,811	69%
Transaction Services						
North America	**$ 161**	$ 122	32%	**$ 290**	$ 248	17%
EMEA	**229**	317	(28)	**452**	617	(27)
Latin America	**179**	181	(1)	**343**	355	(3)
Asia	**239**	269	(11)	**493**	566	(13)
Total	**$ 808**	$ 889	(9)%	**$ 1,578**	$ 1,786	(12)%
Institutional Clients Group	**$ 3,190**	$ 2,364	35%	**$ 6,315**	$ 4,597	37%
Corporate/Other	**$ (388)**	$ (447)	13%	**$ (710)**	$ (778)	9%
Total Citicorp	**$ 4,757**	$ 3,888	22%	**$ 9,477**	$ 7,950	19%
CITI HOLDINGS						
Brokerage and Asset Management	**$ (53)**	$ (24)	NM	**$ (132)**	$ (161)	18%
Local Consumer Lending	**(134)**	(819)	84%	**(427)**	(1,452)	71
Special Asset Pool	**(382)**	(66)	NM	**(799)**	(313)	NM
Total Citi Holdings	**$ (569)**	$ (909)	37%	**$ (1,358)**	$ (1,926)	29%
Income from continuing operations	**$ 4,188**	$ 2,979	41%	**$ 8,119**	$ 6,024	35%
Discontinued operations	**$ 30**	$ 7	NM	**$ (3)**	$ 19	NM
Net income attributable to noncontrolling interests	**36**	40	(10)%	**126**	166	(24)%
Citigroup's net income	**$ 4,182**	$ 2,946	42%	**$ 7,990**	$ 5,877	36%

NM Not meaningful

CITIGROUP REVENUES

In millions of dollars	Second Quarter 2013	2012	% Change	Six Months 2013	2012	% Change
CITICORP						
Global Consumer Banking						
North America	**$ 5,052**	$ 5,102	(1)%	**$ 10,162**	$ 10,268	(1)%
EMEA	**364**	358	2	**732**	727	1
Latin America	**2,327**	2,095	11	**4,638**	4,283	8
Asia	**1,968**	1,952	1	**3,928**	3,950	(1)
Total	**$ 9,711**	$ 9,507	2%	**$ 19,460**	$ 19,228	1%
Securities and Banking						
North America	**$ 2,599**	$ 2,017	29%	**$ 5,569**	$ 3,459	61%
EMEA	**2,166**	1,612	34	**4,039**	3,571	13
Latin America	**747**	730	2	**1,517**	1,453	4
Asia	**1,329**	1,112	20	**2,694**	2,330	16
Total	**$ 6,841**	$ 5,471	25%	**$ 13,819**	$ 10,813	28%
Transaction Services						
North America	**$ 667**	$ 663	1%	**$ 1,293**	$ 1,302	(1)%
EMEA	**921**	908	1	**1,782**	1,781	
Latin America	**467**	446	5	**914**	888	3
Asia	**677**	750	(10)	**1,349**	1,501	(10)
Total	**$ 2,732**	$ 2,767	(1)%	**$ 5,338**	$ 5,472	(2)%
Institutional Clients Group	**$ 9,573**	$ 8,238	16%	**$ 19,157**	$ 16,285	18%
Corporate/Other	**$ 103**	$ (296)	NM	**$ 96**	$ 175	(45)%
Total Citicorp	**$ 19,387**	$ 17,449	11%	**$ 38,713**	$ 35,688	8%
CITI HOLDINGS						
Brokerage and Asset Management	**$ (20)**	$ 87	NM	**$ (37)**	$ 39	NM
Local Consumer Lending	**1,055**	932	13%	**2,111**	2,256	(6)%
Special Asset Pool	**57**	(81)	NM	**(81)**	(475)	83
Total Citi Holdings	**$ 1,092**	$ 938	16%	**$ 1,993**	$ 1,820	10%
Total Citigroup net revenues	**$ 20,479**	$ 18,387	11%	**$ 40,706**	$ 37,508	9%

NM Not meaningful

CITICORP

Citicorp is Citigroup's global bank for consumers and businesses and represents Citi's core franchises. Citicorp is focused on providing best-in-class products and services to customers and leveraging Citigroup's unparalleled global network, including many of the world's emerging economies. Citicorp is physically present in approximately 100 countries, many for over 100 years, and offers services in over 160 countries and jurisdictions. Citi believes this global network provides a strong foundation for servicing the broad financial services needs of its large multinational clients and for meeting the needs of retail, private banking, commercial, public sector and institutional clients around the world. At June 30, 2013, Citicorp had approximately $1.8 trillion of assets and $874 billion of deposits, representing 93% of Citi's total assets and deposits, respectively.

Citicorp consists of the following operating businesses: *Global Consumer Banking* (which consists of *Regional Consumer Banking* in *North America, EMEA, Latin America* and *Asia*) and *Institutional Clients Group* (which includes *Securities and Banking* and *Transaction Services*). Citicorp also includes *Corporate/Other*.

	Second Quarter		**%**	**Six Months**		**%**
In millions of dollars except as otherwise noted	**2013**	**2012**	**Change**	**2013**	**2012**	**Change**
Net interest revenue	**$ 10,898**	$ 10,748	1%	**$ 21,775**	$ 21,755	
Non-interest revenue	**8,489**	6,701	27	**16,938**	13,933	22%
Total revenues, net of interest expense	**$ 19,387**	$ 17,449	11%	**$ 38,713**	$ 35,688	8%
Provisions for credit losses and for benefits and claims						
Net credit losses	**$ 1,838**	$ 2,162	(15)%	**$ 3,786**	$ 4,286	(12)%
Credit reserve build (release)	**(301)**	(766)	61	**(618)**	(1,365)	55
Provision for loan losses	**$ 1,537**	$ 1,396	10%	**$ 3,168**	$ 2,921	8%
Provision for benefits and claims	**46**	49	(6)	**109**	107	2
Provision (release) for unfunded lending commitments	**(10)**	26	NM	**8**	14	(43)
Total provisions for credit losses and for benefits and claims	**$ 1,573**	$ 1,471	7%	**$ 3,285**	$ 3,042	8%
Total operating expenses	**$ 10,593**	$ 10,759	(2)%	**$ 21,358**	$ 21,721	(2)%
Income from continuing operations before taxes	**$ 7,221**	$ 5,219	38%	**$ 14,070**	$ 10,925	29%
Provisions for income taxes	**2,464**	1,331	85	**4,593**	2,975	54
Income from continuing operations	**$ 4,757**	$ 3,888	22%	**$ 9,477**	$ 7,950	19%
Income (loss) from discontinued operations, net of taxes	**30**	7	NM	**(3)**	19	NM
Noncontrolling interests	**35**	39	(10)	**120**	163	(26)%
Net income	**$ 4,752**	$ 3,856	23%	**$ 9,354**	$ 7,806	20%
Balance sheet data *(in billions of dollars)*						
Total end-of-period (EOP) assets	**$ 1,753**	$ 1,725	2%			
Average assets	**1,751**	1,714	2	**$ 1,743**	$ 1,702	2%
Return on average assets	**1.09%**	0.91%		**1.08%**	0.92%	
Efficiency ratio (Operating expenses/Total revenues)	**55%**	62%		**55%**	61%	
Total EOP loans	**$ 544**	$ 527	3			
Total EOP deposits	**$ 874**	$ 852	3			

NM Not meaningful

GLOBAL CONSUMER BANKING

Global Consumer Banking (GCB) consists of Citigroup's four geographical *Regional Consumer Banking (RCB)* businesses that provide traditional banking services to retail customers through retail banking, commercial banking, Citi-branded cards and Citi retail services. *GCB* is a globally diversified business with 3,912 branches in 38 countries around the world as of June 30, 2013. For the quarter ended June 30, 2013, *GCB* had $391 billion of average assets and $326 billion of average deposits. Citi's strategy is to focus on the top 150 cities globally that it believes have the highest growth potential in consumer banking. Consistent with this strategy, as announced in the fourth quarter of 2012 as part of its repositioning efforts, Citi intends to optimize its branch footprint and further concentrate its presence in major metropolitan areas. As of June 30, 2013, Citi had consumer banking operations in approximately 120, or 80%, of these cities.

	Second Quarter		%	Six Months		%
In millions of dollars except as otherwise noted	**2013**	**2012**	**Change**	**2013**	**2012**	**Change**
Net interest revenue	**$ 7,072**	$ 7,010	1%	**$ 14,243**	$ 14,174	
Non-interest revenue	**2,639**	2,497	6	**5,217**	5,054	3%
Total revenues, net of interest expense	**$ 9,711**	$ 9,507	2%	**$ 19,460**	$ 19,228	1%
Total operating expenses	**$ 5,131**	$ 5,183	(1)%	**$ 10,340**	$ 10,263	1%
Net credit losses	**$ 1,785**	$ 2,039	(12)%	**$ 3,694**	$ 4,220	(12)%
Credit reserve build (release)	**(237)**	(753)	69	**(577)**	(1,509)	62
Provisions (release) for unfunded lending commitments	**9**			**24**	(1)	NM
Provision for benefits and claims	**46**	50	(8)	**109**	108	1%
Provisions for credit losses and for benefits and claims	**$ 1,603**	$ 1,336	20%	**$ 3,250**	$ 2,818	15%
Income from continuing operations before taxes	**$ 2,977**	$ 2,988		**$ 5,870**	$ 6,147	(5)%
Income taxes	**1,022**	1,017		**1,998**	2,016	(1)
Income from continuing operations	**$ 1,955**	$ 1,971		**$ 3,872**	$ 4,131	(6)%
Noncontrolling interests	**6**	(1)	NM	**11**		
Net income	**$ 1,949**	$ 1,972	(1)%	**$ 3,861**	$ 4,131	(7)%
Balance Sheet data *(in billions of dollars)*						
Average assets	**$ 391**	$ 382	2%	**$ 396**	$ 384	3%
Return on assets	**2.00%**	2.10%		**1.98%**	2.19%	
Efficiency ratio	**53%**	55%		**53%**	53%	
Total EOP assets	**$ 395**	$ 388	2			
Average deposits	**$ 326**	$ 318	3	**$ 328**	$ 318	3
Net credit losses as a percentage of average loans	**2.53%**	2.94%		**2.61%**	3.01%	
Revenue by business						
Retail banking	**$ 4,535**	$ 4,430	2%	**$ 9,070**	$ 8,979	1%
Cards(1)	**5,176**	5,077	2	**10,390**	10,249	1
Total	**$ 9,711**	$ 9,507	2%	**$ 19,460**	$ 19,228	1%
Income from continuing operations by business						
Retail banking	**$ 723**	$ 808	(11)%	**$ 1,449**	$ 1,636	(11)%
Cards(1)	**1,232**	1,163	6	**2,423**	2,495	(3)
Total	**$ 1,955**	$ 1,971		**$ 3,872**	$ 4,131	(6)%

Foreign Currency (FX) Translation Impact									
Total revenue as reported	**$**	**9,711**	$	9,507	2%	**$**	**19,460**	$	19,228	1%
Impact of FX translation(2)				36					(4)	
Total revenues ex-FX	**$**	**9,711**	$	9,543	2%	**$**	**19,460**	$	19,224	1%
Total operating expenses as reported	**$**	**5,131**	$	5,183	(1)%	**$**	**10,340**	$	10,263	1%
Impact of FX translation(2)				(8)					(58)	
Total operating expenses ex-FX	**$**	**5,131**	$	5,175	(1)%	**$**	**10,340**	$	10,205	1%
Total provisions for LLR & PBC as reported	**$**	**1,603**	$	1,336	20%	**$**	**3,250**	$	2,818	15%
Impact of FX translation(2)				13					7	
Total provisions for LLR & PBC ex-FX	**$**	**1,603**	$	1,349	19%	**$**	**3,250**	$	2,825	15%
Net income as reported	**$**	**1,949**	$	1,972	(1)%	**$**	**3,861**	$	4,131	(7)%
Impact of FX translation(2)				25					29	
Net income ex-FX	**$**	**1,949**	$	1,997	(2)%	**$**	**3,861**	$	4,160	(7)%

(1) Includes both Citi-branded cards and Citi retail services.

(2) Reflects the impact of foreign exchange (FX) translation into U.S. dollars at the second quarter of 2013 exchange rates for all periods presented.

NM Not meaningful

NORTH AMERICA REGIONAL CONSUMER BANKING

North America Regional Consumer Banking (NA RCB) provides traditional banking and Citi-branded cards and Citi retail services to retail customers and small to mid-size businesses in the U.S. *NA RCB*'s approximate 983 retail bank branches as of June 30, 2013 are largely concentrated in the greater metropolitan areas of New York, Los Angeles, San Francisco, Chicago, Miami, Washington, D.C., Boston, Philadelphia, Dallas, Houston, San Antonio and Austin. At June 30, 2013, *NA RCB* had approximately 12.0 million customer accounts, $41.7 billion of retail banking loans and $165.9 billion of deposits. In addition, *NA RCB* had approximately 99.7 million Citi-branded and Citi retail services credit card accounts, with $105.3 billion in outstanding card loan balances.

	Second Quarter		%	Six Months		%
In millions of dollars, except as otherwise noted	**2013**	**2012**	**Change**	**2013**	**2012**	**Change**
Net interest revenue	**$ 4,065**	$ 4,002	2%	**$ 8,217**	$ 8,096	1%
Non-interest revenue	**987**	1,100	(10)	**1,945**	2,172	(10)%
Total revenues, net of interest expense	**$ 5,052**	$ 5,102	(1)%	**$ 10,162**	$ 10,268	(1)%
Total operating expenses	**$ 2,384**	$ 2,452	(3)%	**$ 4,813**	$ 4,792	
Net credit losses	**$ 1,190**	$ 1,511	(21)%	**$ 2,445**	$ 3,140	(22)%
Credit reserve build (release)	**(351)**	(814)	57	**(721)**	(1,655)	56
Provisions for benefits and claims						
Provision (release) for unfunded lending commitments	**13**	19	(32)%	**27**	33	(18)%
Provisions for credit losses and for benefits and claims	**$ 852**	$ 716	19%	**$ 1,751**	$ 1,518	15%
Income from continuing operations before taxes	**$ 1,816**	$ 1,934	(6)%	**$ 3,598**	$ 3,958	(9)%
Income taxes	**692**	760	(9)	**1,361**	1,487	(8)
Income from continuing operations	**$ 1,124**	$ 1,174	(4)%	**$ 2,237**	$ 2,471	(9)%
Noncontrolling interests	**1**			**1**		
Net income	**$ 1,123**	$ 1,174	(4)%	**$ 2,236**	$ 2,471	(10)%
Balance Sheet data *(in billions of dollars)*						
Average assets	**$ 172**	$ 171	1%	**$ 174**	$ 170	2%
Return on average assets	**2.62%**	2.76%		**2.59%**	2.92%	
Efficiency ratio	**47%**	48%		**47%**	47%	
Average deposits	**$ 165**	$ 152	9	**$ 165**	$ 151	9
Net credit losses as a percentage of average loans	**3.29%**	4.07%		**3.34%**	4.20%	
Revenue by business						
Retail banking	**$ 1,591**	$ 1,650	(4)%	**$ 3,164**	$ 3,279	(4)%
Citi-branded cards	**1,978**	1,988	(1)	**4,004**	4,034	(1)
Citi retail services	**1,483**	1,464	1	**2,994**	2,955	1
Total	**$ 5,052**	$ 5,102	(1)%	**$ 10,162**	$ 10,268	(1)%
Income from continuing operations by business						
Retail banking	**$ 274**	$ 337	(19)%	**$ 503**	$ 671	(25)%
Citi-branded cards	**457**	413	11	**905**	1,005	(10)
Citi retail services	**393**	424	(7)	**829**	795	4
Total	**$ 1,124**	$ 1,174	(4)%	**$ 2,237**	$ 2,471	(9)%

2Q13 vs. 2Q12

Net income decreased 4%, mainly driven by a $463 million reduction in loan loss reserve releases, partially offset by a $321 million reduction in net credit losses and lower expenses.

Revenues decreased 1%, as higher volumes in retail banking were offset by significant continued spread compression.

Retail banking revenues of $1.6 billion declined 4% due to lower mortgage servicing revenues and ongoing spread compression in both mortgage gain-on-sale margins and in the deposit portfolio. The decline in retail banking revenues was partially offset by a gain of approximately $180 million on the sale of a mortgage portfolio during the current quarter. Mortgage originations increased 33%, average retail loans were unchanged and average deposits increased 9%. Citi expects retail banking revenues will continue to be negatively impacted due to the current interest rate environment as historically high mortgage origination volumes are expected to decline and gain on sale margins to reduce. Spread compression in the deposit portfolio is also expected to continue to negatively impact retail banking revenues.

Cards revenues were unchanged, as improved net interest spreads, benefitting from both higher yields and lower funding costs, were offset by continued lower average loan balances. In Citi-branded cards, revenues declined 1% to $2.0 billion, reflecting a 5% decline in average loans, partly offset by an improvement in net interest spreads. Net interest revenue increased 2%, reflecting lower cost of funds, partially offset by the decline in average loans and a continued increased payment rate from consumer deleveraging. In Citi retail services, revenues increased 1% to $1.5 billion. Net interest revenues increased 3% due to improved spreads, partially offset by a 2% decline in average loans as well as declining non-interest revenues, driven by improving credit and the resulting impact on contractual partner payments. Citi expects cards revenues could continue to be negatively impacted by higher payment rates for consumers, reflecting ongoing economic uncertainty and deleveraging as well as Citi's shift to higher credit quality borrowers.

As previously disclosed, as part of its U.S. Citi-branded cards business, Citibank, N.A. issues a co-branded credit card product with American Airlines, the Citi/AAdvantage card. AMR Corporation and certain of its subsidiaries, including American Airlines, Inc. (collectively, AMR), filed voluntary petitions for reorganization under Chapter 11 of the U.S. Bankruptcy Code in November 2011, and on February 14, 2013, AMR and US Airways Group, Inc. announced a merger agreement under which the companies would be combined. In a filing in U.S. Bankruptcy Court on June 3, 2013, AMR agreed to assume the agreements for the Citi/AAdvantage card program upon confirmation of its filed plan of reorganization, which includes the merger with US Airways. AMR's filed plan of reorganization and the assumption of the Citi/AAdvantage card program agreements are subject to U.S. Bankruptcy Court approval.

Expenses decreased 3%, primarily due to lower legal and related costs, lower repositioning charges as well as efficiency savings, partially offset by higher volume-related mortgage origination costs.

Provisions increased 19%, as lower net credit losses in the cards portfolio and in retail banking were offset by continued lower loan loss reserve releases largely related to cards ($351 million compared to $814 million in the prior-year period).

2Q13 YTD vs. 2Q12 YTD

Year-to-date, *NA RCB* has experienced similar trends to those described above. *Net income* decreased 10%, mainly due to lower loan loss reserve releases, partially offset by lower net credit losses.

Revenues decreased 1%, as a 1% increase in net interest revenue offset a 10% decrease in non-interest revenue. Retail banking revenues declined 4%, as higher mortgage originations and average deposits were more than offset by the significant continued spread compression. Cards revenues were unchanged as improved net interest spreads were offset by lower volumes, driven by the factors described above.

Expenses were flat as lower legal and related costs and efficiency savings were offset by higher volume-related mortgage origination costs.

Provisions increased 15% due to a $934 million reduction in loan loss reserve releases, partially offset by a $696 million reduction in net credit losses in the cards portfolio and in retail banking.

EMEA REGIONAL CONSUMER BANKING

EMEA Regional Consumer Banking (EMEA RCB) provides traditional banking and Citi-branded card services to retail customers and small to mid-size businesses, primarily in Central and Eastern Europe and the Middle East. The countries in which *EMEA RCB* has the largest presence are Poland, Turkey, Russia and the United Arab Emirates. As part of Citi's previously announced repositioning efforts, in July 2013, Citi completed the sales of its consumer operations in Romania and Turkey, including approximately $113 million and $628 million of consumer loan balances and $210 million and $790 million of deposits, respectively.

At June 30, 2013, *EMEA RCB* had 222 retail bank branches with approximately 3.8 million customer accounts, $5.3 billion in retail banking loans, $13.0 billion in deposits, and 2.8 million Citi-branded card accounts with $2.8 billion in outstanding card loan balances.

In millions of dollars, except as otherwise noted	Second Quarter 2013	Second Quarter 2012	% Change	Six Months 2013	Six Months 2012	% Change
Net interest revenue	**$ 237**	$ 248	(4)%	**$ 483**	$ 501	(4)%
Non-interest revenue	**127**	110	15	**249**	226	10
Total revenues, net of interest expense	**$ 364**	$ 358	2%	**$ 732**	$ 727	1%
Total operating expenses	**$ 333**	$ 337	(1)%	**$ 677**	$ 696	(3)%
Net credit losses	**$ (1)**	$ 14	NM	**$ 28**	$ 43	(35)%
Credit reserve build (release)	**(9)**	(13)	31%	**(20)**	(18)	(11)
Provision (release) for unfunded lending commitments	**(1)**				(1)	100
Provisions for credit losses	**$ (11)**	$ 1	NM	**$ 8**	$ 24	(67)%
Income from continuing operations before taxes	**$ 42**	$ 20	NM	**$ 47**	$ 7	NM
Income taxes	**14**	7	100%	**12**	7	71%
Income from continuing operations	**$ 28**	$ 13	NM	**$ 35**	$	
Noncontrolling interests	**5**	1	NM	**8**	2	NM
Net income (loss)	**$ 23**	$ 12	92%	**$ 27**	$ (2)	NM
Balance Sheet data *(in billions of dollars)*						
Average assets	**$ 10**	$ 9	11%	**$ 10**	$ 9	11%
Return on average assets	**0.92%**	0.54%		**0.54%**	(0.04)%	
Efficiency ratio	**91%**	94%		**92%**	96%	
Average deposits	**$ 13**	$ 12	5	**$ 13**	$ 12	5
Net credit losses as a percentage of average loans	**(0.05)%**	0.75%		**0.70%**	1.17%	
Revenue by business						
Retail banking	**$ 214**	$ 210	2%	**$ 429**	$ 426	1%
Citi-branded cards	**150**	148	1	**303**	301	1
Total	**$ 364**	$ 358	2%	**$ 732**	$ 727	1%
Income (loss) from continuing operations by business						
Retail banking	**$**	$ (9)	100%	**$ (8)**	$ (35)	77%
Citi-branded cards	**28**	22	27	**43**	35	23
Total	**$ 28**	$ 13	NM	**$ 35**	$	
Foreign Currency (FX) Translation Impact						
Total revenue as reported	**$ 364**	$ 358	2%	**$ 732**	$ 727	1%

Impact of FX translation(1)				(1)				(9)	
Total revenues ex-FX	**$**	**364**	$	357	2%	**$**	**732**	$ 718	2%
Total operating expenses as reported	**$**	**333**	$	337	(1)%	**$**	**677**	$ 696	(3)%
Impact of FX translation(1)				(1)				(10)	
Total operating expenses ex-FX	**$**	**333**	$	336	(1)%	**$**	**677**	$ 686	(1)%
Provisions for credit losses as reported	**$**	**(11)**	$	1	NM	**$**	**8**	$ 24	(67)%
Impact of FX translation(1)				1					
Provisions for credit losses ex-FX	**$**	**(11)**	$	2	NM	**$**	**8**	$ 24	(67)%
Net income (loss) as reported	**$**	**23**	$	12	92%	**$**	**27**	$ (2)	NM
Impact of FX translation(1)								$ 1	
Net income (loss) ex-FX	**$**	**23**	$	12	92%	**$**	**27**	$ (1)	NM

(1) Reflects the impact of foreign exchange (FX) translation into U.S. dollars at the second quarter of 2013 exchange rates for all periods presented.

NM Not meaningful

The discussion of the results of operations for EMEA RCB below excludes the impact of FX translation for all periods presented. Presentation of the results of operations, excluding the impact of FX translation, are non-GAAP financial measures. Citi believes the presentation of EMEA RCB's results excluding the impact of FX translation is a more meaningful depiction of the underlying fundamentals of the business. For a reconciliation of certain of these metrics to the reported results, see the table above.

2Q13 vs. 2Q12

Net income of $23 million compared to net income of $12 million in the prior-year period and was mainly due to lower net credit losses and higher revenues.

Revenues increased 2%, with growth across all major products due to higher investment and loan volumes, partially offset by lower revenues that occurred after Citi announced the sale of its consumer operations in Turkey and Romania. Net interest revenue decreased 4%, due to spread compression in cards as well as portfolio liquidation, partially offset by growth in average deposits of 6%, average retail loans of 12% and average cards loans of 3%. Interest rate caps on credit cards, particularly in Poland, the continued liquidation of a higher yielding non-strategic retail banking portfolio and the continued low interest rate environment were the main contributors to the lower spreads. Citi expects continued regulatory changes and spread compression to continue to negatively impact revenues in this business during the remainder of 2013. Non-interest revenue increased 16%, mainly reflecting higher investment fees and card fees due to increased sales volumes. Cards purchase sales increased 8% and investment sales increased 26%.

Expenses declined 1%, as efficiency savings were mostly offset by continued investment spending on new internal operating platforms and higher repositioning charges related to the sales of the consumer operations in Turkey and Romania.

Provisions were a benefit of $11 million, due to a net credit recovery as a result of sales of written-off accounts and the sales of the consumer operations in Turkey and Romania, partially offset by lower loan loss reserve releases. Net credit losses also continued to reflect stabilizing credit quality and Citi's strategic move toward lower-risk customers. Assuming the underlying core portfolio continues to grow during the remainder of 2013, Citi believes credit costs in *EMEA RCB* could begin to rise.

2Q13 YTD vs. 2Q12 YTD

Year-to-date, *EMEA RCB* has experienced similar trends to those described above. *Net income* of $27 million compared to a net loss of $1 million in the prior-year period and was primarily due to lower net credit losses, higher revenues and lower operating expenses.

Revenues increased 2%, with growth across all major products due to higher volumes, partially offset by lower revenues resulting from the exit of certain markets, including the sales of the consumer operations in Turkey and Romania. Net interest revenue declined 2% primarily due to spread compression, driven by the same factors described above. Non-interest revenue increased 11%, mainly reflecting higher investment fees and card fees due to increased sales volume, partially offset by a loss on the sale of certain businesses. Cards purchase sales increased 8% and investment sales increased 19%.

Expenses decreased 1%, primarily due to efficiency savings and lower repositioning charges, partially offset by the continued investment spending.

Provisions decreased 67% to $8 million, primarily due to lower net credit losses, driven by the factors described above.

LATIN AMERICA REGIONAL CONSUMER BANKING

Latin America Regional Consumer Banking (Latin America RCB) provides traditional banking and Citi-branded card services to retail customers and small to mid-size businesses, with the largest presence in Mexico and Brazil. *Latin America RCB* includes branch networks throughout *Latin America* as well as Banco Nacional de Mexico, or Banamex, Mexico's second-largest bank, with nearly 1,700 branches. As part of Citi's previously announced repositioning efforts, during the second quarter of 2013, Citi entered into an agreement to sell Credicard, Citi's non-Citibank branded cards business and consumer finance business in Brazil, including approximately $3.3 billion in consumer loan balances. Results of operations have been restated for all historical periods, while all balance sheet data have been reclassified as of the second quarter of 2013, to reflect Credicard as discontinued operations and reported in *Corporate/Other* (for additional information, see Note 2 to the Consolidated Financial Statements). During the second quarter of 2013, Citi also entered into an agreement to sell its retail banking operations in Uruguay, including approximately $69 million of consumer loan balances and $267 million of deposits, respectively.

At June 30, 2013, *Latin America RCB* had 2,136 retail branches, with approximately 32.2 million customer accounts, $29.9 billion in retail banking loans and $46.6 billion in deposits. In addition, the business had approximately 9.3 million Citi-branded card accounts with $11.5 billion in outstanding loan balances.

	Second Quarter		%	Six Months		%
In millions of dollars, except as otherwise noted	**2013**	2012	Change	**2013**	2012	Change
Net interest revenue	**$ 1,580**	$ 1,474	7%	**$ 3,126**	$ 2,963	6%
Non-interest revenue	**747**	621	20	**1,512**	1,320	15
Total revenues, net of interest expense	**$ 2,327**	$ 2,095	11%	**$ 4,638**	$ 4,283	8%
Total operating expenses	**$ 1,307**	$ 1,230	6%	**$ 2,615**	$ 2,461	6%
Net credit losses	**$ 416**	$ 315	32%	**$ 835**	$ 648	29%
Credit reserve build	**104**	95	9	**142**	186	(24)
Provision for benefits and claims	**33**	31	6	**82**	75	9
Provisions for loan losses and for benefits and claims (LLR & PBC)	**$ 553**	$ 441	25%	**$ 1,059**	$ 909	17%
Income from continuing operations before taxes	**$ 467**	$ 424	10%	**$ 964**	$ 913	6%
Income taxes	**96**	89	8	**213**	203	5
Income from continuing operations	**$ 371**	$ 335	11%	**$ 751**	$ 710	6%
Noncontrolling interests		(2)	100	**2**	(2)	NM
Net income	**$ 371**	$ 337	10%	**$ 749**	$ 712	5%
Balance Sheet data *(in billions of dollars)*						
Average assets	**$ 80**	$ 78	3%	**$ 83**	$ 80	4%
Return on average assets	**1.86%**	1.83%		**1.86%**	1.88%	
Efficiency ratio	**56%**	59%		**56%**	57%	
Average deposits	**$ 46**	$ 44	4	**$ 46**	$ 45	2
Net credit losses as a percentage of average loans	**4.03%**	3.57%		**4.09%**	3.62%	
Revenue by business						
Retail banking	**$ 1,538**	$ 1,405	9%	**$ 3,085**	$ 2,879	7%
Citi-branded cards	**789**	690	14	**1,553**	1,404	11
Total	**$ 2,327**	$ 2,095	11%	**$ 4,638**	$ 4,283	8%
Income from continuing operations by business						
Retail banking	**$ 211**	$ 238	(11)%	**$ 459**	$ 454	1%
Citi-branded cards	**160**	97	65	**292**	256	14

Total	**$**	**371**	$	335	11%	**$**	**751**	$	710	6%
Foreign Currency (FX) Translation Impact										
Total revenue as reported	**$**	**2,327**	$	2,095	11%	**$**	**4,638**	$	4,283	8%
Impact of FX translation(1)				68					60	
Total revenues ex-FX	**$**	**2,327**	$	2,163	8%	**$**	**4,638**	$	4,343	7%
Total operating expenses as reported	**$**	**1,307**	$	1,230	6%	**$**	**2,615**	$	2,461	6%
Impact of FX translation(1)				25					8	
Total operating expenses ex-FX	**$**	**1,307**	$	1,255	4%	**$**	**2,615**	$	2,469	6%
Provisions for LLR & PBC as reported	**$**	**553**	$	441	25%	**$**	**1,059**	$	909	17%
Impact of FX translation(1)				12					5	
Provisions for LLR & PBC ex-FX	**$**	**553**	$	453	22%	**$**	**1,059**	$	914	16%
Net income as reported	**$**	**371**	$	337	10%	**$**	**749**	$	712	5%
Impact of FX translation(1)				21					23	
Net income ex-FX	**$**	**371**	$	358	4%	**$**	**749**	$	735	2%

(1) Reflects the impact of foreign exchange (FX) translation into U.S. dollars at the second quarter of 2013 exchange rates for all periods presented.

The discussion of the results of operations for Latin America RCB below excludes the impact of FX translation for all periods presented. Presentation of the results of operations, excluding the impact of FX translation, are non-GAAP financial measures. Citi believes the presentation of Latin America RCB's results excluding the impact of FX translation is a more meaningful depiction of the underlying fundamentals of the business. For a reconciliation of certain of these metrics to the reported results, see the table above.

2Q13 vs. 2Q12

Net income increased 4% as higher revenues were partially offset by higher credit costs and higher expenses.

Revenues increased 8%, primarily due to volume growth in retail banking and cards, partially offset by continued spread compression. Net interest revenue increased 5% due to increased volumes, partially offset by spread compression. Citi expects slower volume growth and continued spread compression to negatively impact net interest revenues during the remainder of 2013. Non-interest revenue increased 17%, primarily due to higher fees from increased business volumes in retail and cards. Retail banking revenues increased 6% as average loans increased 13% and investment sales increased 19% while deposits were flat. Cards revenues increased 12% as average loans increased 9% and purchase sales increased 13%.

Despite the year-over-year growth, Citi expects overall volume growth could begin to slow, particularly in Mexico, due to slowing economic growth in the region. In addition, the Mexico governmental authorities are considering various reforms, including reducing borrowing costs through increased banking competition, increasing lending activity, increasing disclosure requirements and client mobility as well as imposing additional requirements in the consumer finance area. These reforms have not yet been adopted, and thus the impact on Citi's businesses is not certain. For information on the potential impact to *Latin America RCB* from foreign exchange controls, see "Managing Global Risk Cross-Border Risk" below.

Expenses increased 4% on increased volume-related costs, mandatory salary increases in certain countries and higher transactional costs, partially offset by lower repositioning charges and marketing costs.

Provisions increased 22%, primarily due to higher net credit losses as well as a higher loan loss reserve build. Net credit losses increased 32%, primarily in the Mexico cards and personal loan portfolios, reflecting both portfolio seasoning and volume growth. The higher loan loss reserve build in the current quarter was partially due to an increase in reserves for Mexican homebuilders. Homebuilders in Mexico have recently begun to experience financial difficulties, primarily due to, among other things, decreases in government subsidies, new government policies promoting vertical housing and an overall renewed government emphasis on urban planning. Citi's outstanding loans to the top three builders totaled approximately $300 million at the end of the current quarter, with nearly 100% collateralized. Citi currently expects the net credit loss rate in *Latin America* to remain relatively unchanged for the remainder of 2013, although the rate could be higher if any material losses are incurred in the Mexico homebuilder portfolio.

2Q13 YTD vs. 2Q12 YTD

Year-to-date, *Latin America RCB* has experienced similar trends to those described above. *Net income* increased 2% as higher revenues were partially offset by higher expenses and credit costs.

Revenues increased 7%, primarily due to volume growth in retail banking and cards, partially offset by spread compression, driven by the factors described above. Net interest revenue increased 4% due to increased volumes, partially offset by continued spread compression. Non-interest revenue increased 13%, primarily due to higher fees from increased business volumes in retail and cards. Retail banking revenues increased 6% as average loans increased 14%, investment sales increased 14% while deposits grew 1%. Cards revenues increased 12% as average loans increased 9% and purchase sales increased 13%.

Expenses increased 6% on increased volume-related costs, higher repositioning charges, mandatory salary increases in certain countries and higher transactional and marketing costs.

Provisions increased 16%, primarily due to higher net credit losses, partially offset by lower loan loss reserve builds. Net credit losses increased 29%, primarily in the Mexico personal loan and card portfolios, reflecting both volume growth and portfolio seasoning.

ASIA REGIONAL CONSUMER BANKING

Asia Regional Consumer Banking (Asia RCB) provides traditional banking and Citi-branded card services to retail customers and small to mid-size businesses, with the largest Citi presence in Korea, Australia, Singapore, Hong Kong, Taiwan, Japan, India, Malaysia and Indonesia. At June 30, 2013, *Asia RCB* had 571 retail branches, approximately 16.9 million customer accounts, $68.5 billion in retail banking loans and $101.2 billion in deposits. In addition, the business had approximately 16.4 million Citi-branded card accounts with $18.9 billion in outstanding loan balances.

In millions of dollars, except as otherwise noted	Second Quarter 2013	Second Quarter 2012	% Change	Six Months 2013	Six Months 2012	% Change
Net interest revenue	**$ 1,190**	$ 1,286	(7)%	**$ 2,417**	$ 2,614	(8)%
Non-interest revenue	**778**	666	17	**1,511**	1,336	13
Total revenues, net of interest expense	**$ 1,968**	$ 1,952	1%	**$ 3,928**	$ 3,950	(1)%
Total operating expenses	**$ 1,107**	$ 1,164	(5)%	**$ 2,235**	$ 2,314	(3)%
Net credit losses	**$ 180**	$ 199	(10)%	**$ 386**	$ 389	(1)%
Credit reserve build (release)	**19**	(21)	NM	**22**	(22)	NM
Provision (release) for unfunded lending commitments	**10**			**24**		
Provisions for credit losses	**$ 209**	$ 178	17%	**$ 432**	$ 367	18%
Income from continuing operations before taxes	**$ 652**	$ 610	7%	**$ 1,261**	$ 1,269	(1)%
Income taxes	**220**	161	37	**412**	319	29
Income from continuing operations	**$ 432**	$ 449	(4)%	**$ 849**	$ 950	(11)%
Noncontrolling interests						
Net income	**$ 432**	$ 449	(4)%	**$ 849**	$ 950	(11)%
Balance Sheet data *(in billions of dollars)*						
Average assets	**$ 129**	$ 124	4%	**$ 129**	$ 125	3%
Return on average assets	**1.34%**	1.46%		**1.33%**	1.53%	
Efficiency ratio	**56%**	60%		**57%**	59%	
Average deposits	**$ 102**	$ 110	(7)	**$ 105**	$ 110	(5)
Net credit losses as a percentage of average loans	**0.82%**	0.92%		**0.88%**	0.89%	
Revenue by business						
Retail banking	**$ 1,192**	$ 1,165	2%	**$ 2,392**	$ 2,395	
Citi-branded cards	**776**	787	(1)	**1,536**	1,555	(1)%
Total	**$ 1,968**	$ 1,952	1%	**$ 3,928**	$ 3,950	(1)%
Income from continuing operations by business						
Retail banking	**$ 238**	$ 242	(2)%	**$ 495**	$ 546	(9)%
Citi-branded cards	**194**	207	(6)	**354**	404	(12)
Total	**$ 432**	$ 449	(4)%	**$ 849**	$ 950	(11)%
Foreign Currency (FX) Translation Impact						
Total revenue as reported	**$ 1,968**	$ 1,952	1%	**$ 3,928**	$ 3,950	(1)%
Impact of FX translation(1)		(31)			(55)	
Total revenues ex-FX	**$ 1,968**	$ 1,921	2%	**$ 3,928**	$ 3,895	1%

Total operating expenses as reported	$	**1,107**	$	1,164	(5)%	$	**2,235**	$	2,314	(3)%
Impact of FX translation(1)				(32)					(56)	
Total operating expenses ex-FX	$	**1,107**	$	1,132	(2)%	$	**2,235**	$	2,258	(1)%
Provisions for credit losses as reported	$	**209**	$	178	17%	$	**432**	$	367	18%
Impact of FX translation(1)									2	
Provisions for credit losses ex-FX	$	**209**	$	178	17%	$	**432**	$	369	17%
Net income as reported	$	**432**	$	449	(4)%	$	**849**	$	950	(11)%
Impact of FX translation(1)				4					5	
Net income ex-FX	$	**432**	$	453	(5)%	$	**849**	$	955	(11)%

(1) Reflects the impact of foreign exchange (FX) translation into U.S. dollars at the second quarter of 2013 exchange rates for all periods presented.

NM Not meaningful

The discussion of the results of operations for Asia RCB below excludes the impact of FX translation for all periods presented. Presentation of the results of operations, excluding the impact of FX translation, are non-GAAP financial measures. Citi believes the presentation of Asia RCB's results excluding the impact of FX translation is a more meaningful depiction of the underlying fundamentals of the business. For a reconciliation of certain of these metrics to the reported results, see the table above.

2Q13 vs. 2Q12

Net income decreased 5%, primarily due to a higher effective tax rate (see "Income Taxes" below) and higher credit costs, partially offset by higher revenues and lower expenses.

Revenues increased 2%, as higher non-interest revenue was partially offset by lower net interest revenue. Several key markets experienced strong revenue growth, including India, Hong Kong and Singapore, partially offset by the continued negative impacts from the low interest rate environment and ongoing regulatory changes in the region, particularly Korea as well as Indonesia and Taiwan. Net interest revenue declined 6%, primarily driven by continued spread compression, particularly in Korea. Average retail deposits declined 4%, partly reflecting an outflow to investment products and efforts to rebalance the deposit portfolio mix. Average retail loans increased 2% (11% excluding Korea). Spread compression and regulatory changes in the region are expected to continue to have an adverse impact on cards revenue.

Non-interest revenue increased 20%, including a 62% increase in investment sales, due to favorable market conditions. Most underlying business metrics continued to improve in *Asia RCB*, including a 7% increase in cards purchase sales.

Expenses declined 2%, as efficiency savings were partially offset by increased investment spending, particularly investments in China cards, and higher volume related growth.

Provisions increased 17%, reflecting a higher loan loss reserve build, primarily due to regulatory requirements in Korea as well as volume growth in China, India and Singapore, partially offset by lower net credit losses due to higher recoveries as a result of sales of written-off accounts in the current quarter. Despite this increase year-over-year, overall credit quality in the region continued to remain stable.

2Q13 YTD vs. 2Q12 YTD

Year-to-date, *Asia RCB* has experienced similar trends to those described above. *Net income* decreased 11%, primarily due to the higher effective tax rate as well as higher credit costs, partially offset by higher revenues and lower expenses.

Revenues increased 1%, due to higher non-interest revenue, partially offset by lower net interest revenue. Net interest revenue declined 7%, primarily driven by the ongoing spread compression. Average retail deposits declined 3%, partly reflecting an outflow to investment products and efforts to rebalance the deposit portfolio mix. Non-interest revenue increased 16%, reflecting a 52% increase in investment sales, due to favorable market conditions, and a 6% increase in Citi-branded cards purchase sales.

Expenses declined 1%, as efficiency savings were mostly offset by increased investment spending and higher volume-related growth.

Provisions increased 17%, primarily reflecting a higher loan loss reserve build, driven by the factors described above.

INSTITUTIONAL CLIENTS GROUP

Institutional Clients Group (ICG) includes *Securities and Banking* and *Transaction Services*. *ICG* provides corporate, institutional, public sector and high-net-worth clients around the world with a full range of products and services, including cash management, foreign exchange, trade finance and services, securities services, sales and trading of loans and securities, institutional brokerage, underwriting, lending and advisory services. *ICG*'s international presence is supported by trading floors in approximately 75 countries and jurisdictions and a proprietary network within *Transaction Services* in over 95 countries and jurisdictions. At June 30, 2013, *ICG* had approximately $1.1 trillion of assets and $532 billion of deposits.

In millions of dollars, except as otherwise noted	Second Quarter 2013	Second Quarter 2012	% Change	Six Months 2013	Six Months 2012	% Change
Commissions and fees	**$ 1,156**	$ 1,081	7%	**$ 2,335**	$ 2,222	5%
Administration and other fiduciary fees	**696**	742	(6)	**1,390**	1,438	(3)
Investment banking	**983**	793	24	**2,068**	1,604	29
Principal transactions	**2,407**	1,434	68	**4,822**	3,350	44
Other	**368**	326	13	**727**	(79)	NM
Total non-interest revenue	**$ 5,610**	$ 4,376	28%	**$ 11,342**	$ 8,535	33%
Net interest revenue (including dividends)	**3,963**	3,862	3	**7,815**	7,750	1
Total revenues, net of interest expense	**$ 9,573**	$ 8,238	16%	**$ 19,157**	$ 16,285	18%
Total operating expenses	**$ 4,937**	$ 4,979	(1)%	**$ 9,925**	$ 10,066	(1)%
Net credit losses	**$ 53**	$ 122	(57)%	**$ 92**	$ 64	44%
Provision (release) for unfunded lending commitments	**(19)**	26	NM	**(16)**	15	NM
Credit reserve build	**(64)**	(13)	NM	**(41)**	145	NM
Provisions for credit losses	**$ (30)**	$ 135	NM	**$ 35**	$ 224	(84)%
Income from continuing operations before taxes	**$ 4,666**	$ 3,124	49%	**$ 9,197**	$ 5,995	53%
Income taxes	**1,476**	760	94	**2,882**	1,398	NM
Income from continuing operations	**$ 3,190**	$ 2,364	35%	**$ 6,315**	$ 4,597	37%
Noncontrolling interests	**23**	31	(26)	**73**	91	(20)
Net income	**$ 3,167**	$ 2,333	36%	**$ 6,242**	$ 4,506	39%
Average assets *(in billions of dollars)*	**$ 1,090**	$ 1,051	4%	**$ 1,080**	$ 1,035	4%
Return on average assets	**1.17%**	0.89%		**1.17%**	0.88%	
Efficiency ratio	**52%**	60%		**52%**	62%	
Revenues by region						
North America	**$ 3,266**	$ 2,680	22%	**$ 6,862**	$ 4,761	44%
EMEA	**3,087**	2,520	23	**5,821**	5,352	9
Latin America	**1,214**	1,176	3	**2,431**	2,341	4
Asia	**2,006**	1,862	8	**4,043**	3,831	6
Total revenues	**$ 9,573**	$ 8,238	16%	**$ 19,157**	$ 16,285	18%
Income from continuing operations by region						
North America	**$ 1,010**	$ 671	51%	**$ 2,291**	$ 984	NM
EMEA	**1,016**	682	49	**1,684**	1,496	13%
Latin America	**529**	490	8	**1,005**	988	2

Asia		**635**		521	22		**1,335**		1,129	18
Total income from continuing operations	**$**	**3,190**	$	2,364	35%	**$**	**6,315**	$	4,597	37%
Average loans by region (*in billions of dollars*)										
North America	**$**	**96**	$	82	17%	**$**	**93**	$	78	19%
EMEA		**56**		52	8		**55**		52	6
Latin America		**37**		34	9		**38**		34	12
Asia		**64**		63	2		**62**		62	
Total average loans	**$**	**253**	$	231	10%	**$**	**248**	$	226	10%

NM Not meaningful

SECURITIES AND BANKING

Securities and Banking (S&B) offers a wide array of investment and commercial banking services and products for corporations, governments, institutional and public sector entities and high-net-worth individuals. *S&B* transacts with clients in both cash instruments and derivatives, including fixed income, foreign currency, equity and commodity products. *S&B* includes investment banking and advisory services, lending, debt and equity sales and trading, institutional brokerage, derivative services and private banking.

S&B revenue is generated primarily from fees and spreads associated with these activities. *S&B* earns fee income for assisting clients in clearing transactions, providing brokerage and investment banking services and other such activities. Revenue generated from these activities is recorded in *Commissions and fees*. In addition, as a market maker, *S&B* facilitates transactions, including holding product inventory to meet client demand, and earns the differential between the price at which it buys and sells the products. These price differentials and the unrealized gains and losses on the inventory are recorded in *Principal transactions*. *S&B* interest income earned on inventory and loans held is recorded as a component of *Net interest revenue*.

In millions of dollars, except as otherwise noted	Second Quarter 2013	Second Quarter 2012	% Change	Six Months 2013	Six Months 2012	% Change
Net interest revenue	**$ 2,573**	$ 2,369	9%	**$ 5,010**	$ 4,708	6%
Non-interest revenue	**$ 4,268**	3,102	38	**8,809**	6,105	44
Total revenues, net of interest expense	**$ 6,841**	$ 5,471	25%	**$ 13,819**	$ 10,813	28%
Total operating expenses	**$ 3,495**	$ 3,568	(2)%	**$ 7,059**	$ 7,269	(3)%
Net credit losses	**$ 37**	$ 97	(62)%	**$ 72**	$ 37	95%
Provision (release) for unfunded lending commitments	**(19)**	26	NM	**(16)**	9	NM
Credit reserve build	**(97)**	(64)	(52)	**(63)**	71	NM
Provisions for credit losses	**$ (79)**	$ 59	NM	**$ (7)**	$ 117	NM
Income before taxes and noncontrolling interests	**$ 3,425**	$ 1,844	86%	**$ 6,767**	$ 3,427	97%
Income taxes	**1,043**	369	NM	**$ 2,030**	616	NM
Income from continuing operations	**$ 2,382**	$ 1,475	61%	**$ 4,737**	$ 2,811	69%
Noncontrolling interests	**18**	26	(31)	**62**	82	(24)
Net income	**$ 2,364**	$ 1,449	63%	**$ 4,675**	$ 2,729	71%
Average assets *(in billions of dollars)*	**$ 933**	$ 913	2%	**$ 929**	$ 899	3%
Return on average assets	**1.02%**	0.64%		**1.01%**	0.61%	
Efficiency ratio	**51%**	65%		**51%**	67%	
Revenues by region						
North America	**$ 2,599**	$ 2,017	29%	**$ 5,569**	$ 3,459	61%
EMEA	**2,166**	1,612	34	**4,039**	3,571	13
Latin America	**747**	730	2	**1,517**	1,453	4
Asia	**1,329**	1,112	20	**2,694**	2,330	16
Total revenues	**$ 6,841**	$ 5,471	25%	**$ 13,819**	$ 10,813	28%
Income from continuing operations by region						
North America	**$ 849**	$ 549	55%	**$ 2,001**	$ 736	NM
EMEA	**787**	365	NM	**1,232**	879	40%
Latin America	**350**	309	13	**662**	633	5
Asia	**396**	252	57	**842**	563	50

Total income from continuing operations	**$**	**2,382**	$	1,475	61%	**$**	**4,737**	$	2,811	69%
Securities and Banking revenue details (excluding CVA/DVA)										
Total investment banking	**$**	**1,039**	$	860	21%	**$**	**2,102**	$	1,732	21%
Fixed income markets		**3,372**		2,861	18		**7,995**		7,642	5
Equity markets		**942**		561	68		**1,768**		1,477	20
Lending		**424**		571	(26)		**733**		583	26
Private bank		**645**		591	9		**1,274**		1,189	7
Other *Securities and Banking*		**(43)**		(171)	75		**(205)**		(632)	68
Total *Securities and Banking* revenues (ex-CVA/DVA)	**$**	**6,379**	$	5,273	21%	**$**	**13,667**	$	11,991	14%
CVA/DVA	**$**	**462**	$	198	NM	**$**	**152**	$	(1,178)	NM
Total revenues, net of interest expense	**$**	**6,841**	$	5,471	25%	**$**	**13,819**	$	10,813	28%

NM Not meaningful

2Q13 vs. 2Q12

Net income increased 63%. Excluding $462 million of CVA/DVA (see table below), net income increased 57%, primarily driven by an increase in revenues and a decline in expenses, partially offset by a higher effective tax rate (see "Income Taxes" below).

Revenues increased 25%. Excluding CVA/DVA:

Revenues increased 21%, reflecting higher revenues in fixed income markets, equity markets and investment banking. Overall, Citi's wallet share continued to improve during the current quarter in most products, while maintaining what Citi believes to be a disciplined risk appetite for the market environment.

Fixed income markets revenues increased 18%, reflecting strength across all major products, including rates and currencies, credit-related and securitized products and commodities. Rates and currencies performance improved due to higher investor flows compared to a weaker prior-year period, particularly in FX and Citi's local markets business. Credit-related and securitized products improved from increased investor demand for yields.

Equity markets revenues increased 68%, primarily due to improved derivatives performance, particularly in *Asia* and *North America*, and higher cash equity volumes as a result of improved market conditions. Cash equity and derivatives client activity also reflected an increased client market share.

Investment banking revenues increased 21%, reflecting growth in all major products and improved overall investment banking wallet share. Advisory revenues increased 6%, reflecting improved wallet share resulting from announced volumes during the second half of 2012, despite a contraction in the overall M&A market wallet. Equity underwriting revenues increased 58%, primarily driven by improved wallet share and increased market activity and share gains in initial public offering activity. Debt underwriting revenues rose 14%, primarily due to increased leveraged finance activity.

Lending revenues decreased 26%, driven by lower mark-to-market gains on hedges related to accrual loans (see table below) due to less significant credit spread widening versus the prior-year period. Excluding lending hedges related to accrual loans, core lending revenues decreased 3%, as lower volumes were partially offset by slightly higher spreads. Citi expects demand for corporate loans to remain muted in the current market environment.

Private Bank revenues increased 9%, driven mainly by growth across regions. Growth across most products, particularly in capital markets and managed investments, was partially offset by lending, which declined slightly on spread compression despite strong volume growth.

Expenses decreased 2%, primarily due to efficiency savings due to the impact of repositioning, partially offset by higher incentive compensation and volume-based transaction expenses driven by improved performance.

Provisions declined to a net credit benefit of $79 million, primarily reflecting lower net credit losses and a higher loan loss reserve release reflecting portfolio improvement.

2Q13 YTD vs. 2Q12 YTD

Year-to-date, *S&B* has experienced similar trends to those described above. *Net income* increased 71%. Excluding $152 million of CVA/DVA (see table below), net income increased 33%, primarily driven by the increase in revenues and decline in expenses, partially offset by the higher effective tax rate.

Revenues increased 28%. Excluding CVA/DVA:

Revenues increased 14%, reflecting higher revenues in all major products. Overall, Citi's wallet share continued to improve during the period in most products.

Fixed income markets revenues increased 5%, primarily reflecting strong performance in spread products and commodities. Rates and currencies were lower compared to a strong prior-year period that benefited significantly from long-term refinancing operations (LTRO) activity in *EMEA*. Credit-related and securitized products improved, particularly in *North America*, which experienced increased investor demand for higher yields.

Equity markets revenues increased 20% due to the strong derivatives performance and higher cash equity volumes.

Investment banking revenues increased 21%, reflecting growth in all major products and improved overall investment banking wallet share. Advisory revenues increased 34%, reflecting improved wallet share resulting from announced volumes during the second half of 2012, despite a contraction in the M&A market wallet. Equity underwriting revenues increased 52%, primarily due to improved wallet share and increased market activity. Debt underwriting revenues rose 9%, primarily due to increased leveraged finance activity.

Lending revenues increased 26%, driven by the absence of mark-to-market losses on hedges related to accrual loans (see table below). Credit spreads tightened more in the prior-year period. Excluding lending hedges related to accrual loans, core lending revenues decreased 5%, primarily related to lower volumes and loan sale activity, partially offset by higher spreads.

Private Bank revenues increased 7%, driven mainly by growth across regions. All products showed improved performance, particularly in capital markets and managed investments.

Expenses decreased 3%, primarily due to efficiency savings due to the impact of repositioning, partially offset by higher incentive compensation and volume-based transaction expenses driven by improved performance.

Provisions declined $124 million, primarily due to a loan loss reserve release resulting from portfolio improvement, partially offset by higher net credit losses.

In millions of dollars	Three Months Ended June 30, 2013	Three Months Ended June 30, 2012	Six Months Ended June 30, 2013	Six Months Ended June 30, 2012
***S&B* CVA/DVA**				
Fixed Income Markets	**$ 434**	$ 146	**$ 141**	$ (940)
Equity Markets	**28**	50	**12**	(234)
Private Bank		2	**(1)**	(4)
Total *S&B* CVA/DVA	**$ 462**	$ 198	**$ 152**	$ (1,178)
***S&B* Hedges on Accrual Loans gain (loss)(1)**	**$ 23**	$ 156	**$ (1)**	$ (188)

(1) Hedges on *S&B* accrual loans reflect the mark-to-market on credit derivatives used to economically hedge the corporate loan accrual portfolio. The fixed premium cost of these hedges is included (netted against) the core lending revenues to reflect the cost of the credit protection.

TRANSACTION SERVICES

Transaction Services is composed of Treasury and Trade Solutions and Securities and Fund Services. Treasury and Trade Solutions provides comprehensive cash management and trade finance services for corporations, financial institutions and public sector entities worldwide. Securities and Fund Services provides securities services to investors, such as global asset managers, custody and clearing services to intermediaries, such as broker-dealers, and depository and agency/trust services to multinational corporations and governments globally. Revenue is generated from net interest revenue on the spread between trade loans or intercompany placements and interest paid to customers on deposits as well as fees for transaction processing and fees on assets under custody and administration.

	Second Quarter		%	Six Months		%
In millions of dollars, except as otherwise noted	2013	2012	Change	2013	2012	Change
Net interest revenue	**$ 1,390**	$ 1,493	(7)%	**$ 2,805**	$ 3,042	(8)%
Non-interest revenue	**1,342**	1,274	5	**2,533**	2,430	4
Total revenues, net of interest expense	**$ 2,732**	$ 2,767	(1)%	**$ 5,338**	$ 5,472	(2)%
Total operating expenses	**1,442**	1,411	2	**2,866**	2,797	2
Provisions (releases) for credit losses	**49**	76	(36)	**42**	107	(61)
Income before taxes and noncontrolling interests	**$ 1,241**	$ 1,280	(3)%	**$ 2,430**	$ 2,568	(5)%
Income taxes	**433**	391	11	**852**	782	9
Income from continuing operations	**$ 808**	$ 889	(9)%	**$ 1,578**	$ 1,786	(12)%
Noncontrolling interests	**5**	5		**11**	9	22
Net income	**$ 803**	$ 884	(9)%	**$ 1,567**	$ 1,777	(12)%
Average assets *(in billions of dollars)*	**$ 157**	$ 138	14%	**$ 151**	$ 136	11%
Return on average assets	**2.05%**	2.58%		**2.09%**	2.63%	
Efficiency ratio	**53%**	51%		**54%**	51%	
Revenues by region						
North America	**$ 667**	$ 663	1%	**$ 1,293**	$ 1,302	(1)%
EMEA	**921**	908	1	**1,782**	1,781	
Latin America	**467**	446	5	**914**	888	3
Asia	**677**	750	(10)	**1,349**	1,501	(10)
Total revenues	**$ 2,732**	$ 2,767	(1)%	**$ 5,338**	$ 5,472	(2)%
Income from continuing operations by region						
North America	**$ 161**	$ 122	32%	**$ 290**	$ 248	17%
EMEA	**229**	317	(28)	**452**	617	(27)
Latin America	**179**	181	(1)	**343**	355	(3)
Asia	**239**	269	(11)	**493**	566	(13)
Total income from continuing operations	**$ 808**	$ 889	(9)%	**$ 1,578**	$ 1,786	(12)%
Foreign Currency (FX) Translation Impact						
Total revenue as reported	**$ 2,732**	$ 2,767	(1)%	**$ 5,338**	$ 5,472	(2)%
Impact of FX translation(1)		(21)			(62)	
Total revenues ex-FX	**$ 2,732**	$ 2,746	(1)%	**$ 5,338**	$ 5,410	(1)%
Total operating expenses as reported	**$ 1,442**	$ 1,411	2%	**$ 2,866**	$ 2,797	2%
Impact of FX translation(1)		(8)			(23)	
Total operating expenses ex-FX	**$ 1,442**	$ 1,403	3%	**$ 2,866**	$ 2,774	3%

Net income as reported	**$**	**803**	$	884	(9)%	**$**	**1,567**	$	1,777	(12)%
Impact of FX translation(1)				(13)					(35)	
Net income ex-FX	**$**	**803**	$	871	(8)%	**$**	**1,567**	$	1,742	(10)%
Key indicators *(in billions of dollars)*										
Average deposits and other customer liability balances as reported	**$**	**424**	$	396	7%					
Impact of FX translation(1)				(1)						
Average deposits and other customer liability balances ex-FX	**$**	**424**	$	395	7%					
EOP assets under custody(2) *(in trillions of dollars)*	**$**	**13.4**	$	12.2	10%					

(1) Reflects the impact of foreign exchange (FX) translation into U.S. dollars at the second quarter of 2013 exchange rates for all periods presented.

(2) Includes assets under custody, assets under trust and assets under administration.

NM Not meaningful

The discussion of the results of operations for Transaction Services below excludes the impact of FX translation for all periods presented. Presentation of the results of operations, excluding the impact of FX translation, are non-GAAP financial measures. Citi believes the presentation of Transaction Services' results excluding the impact of FX translation is a more meaningful depiction of the underlying fundamentals of the business. For a reconciliation of certain of these metrics to the reported results, see the table above.

2Q13 vs. 2Q12

Net income decreased 8%, primarily reflecting lower revenues, higher expenses and a higher effective tax rate on international operations (see "Income Taxes" below).

Revenues decreased 1% as higher deposit balances, trade loans and higher market volumes were more than offset by continued spread compression, particularly in *Asia*. Volume growth remains challenged in *Asia*. Treasury and Trade Solutions revenues declined 3%, driven by spread compression globally, partially offset by continued growth in balances as average deposits increased 7% and average trade loans increased 16% (excluding the impact of adding approximately $7 billion of previously unconsolidated assets during the quarter; for additional information, see "Balance Sheet Loans" below and Note 19 to the Consolidated Financial Statements). Securities and Fund Services revenues increased 6%, as settlement volumes increased 13% and assets under custody increased 10%, partially offset by spread compression related to deposits. Despite the overall underlying volume growth, Citi expects spread compression will continue to negatively impact *Transaction Services* net interest revenues in the near term.

Expenses increased 3%, primarily driven by volume-related growth and increased financial transaction taxes in *EMEA*, which are expected to continue in future periods, mostly offset by efficiency savings and lower legal and related expenses.

Average deposits and other customer liabilities increased 7%, primarily as a result of client activity in *Latin America* and *EMEA* (for additional information on Citi's deposits, see "Capital Resources and Liquidity Funding and Liquidity" below).

2Q13 YTD vs. 2Q12 YTD

Year-to-date, *Transaction Services* has experienced similar trends to those described above. *Net income* decreased 10%, primarily reflecting lower revenues, higher expenses and the higher effective tax rate on international operations.

Revenues decreased 1% as higher deposit balances, trade loans and higher market volumes were more than offset by continued spread compression. Treasury and Trade Solutions revenues declined 3%, driven by spread compression globally, partially offset by continued growth in balances as average deposits increased 8% and average trade loans increased over 18% (excluding the addition of the previously unconsolidated assets described above). Securities and Fund Services revenues increased 4%, as settlement volumes increased 9% and assets under custody increased 10%, partially offset by spread compression related to deposits.

Expenses increased 3%, primarily driven by volume-related growth and the financial transaction taxes described above, partially offset by efficiency savings.

Average deposits and other customer liabilities increased 9%, primarily as a result of the client activity in *Latin America* and *EMEA*.

CORPORATE/OTHER

Corporate/Other includes unallocated global staff functions (including finance, risk, human resources, legal and compliance), other corporate expenses and unallocated global operations and technology expenses, Corporate Treasury and discontinued operations. As described under "*Latin America Regional Consumer Banking*" above, as of the second quarter of 2013, Credicard was moved to *Corporate/Other* and reported as discontinued operations. At June 30, 2013, *Corporate/Other* had approximately $290 billion of assets, or 15% of Citigroup's total assets, consisting primarily of Citi's liquidity portfolio (approximately $95 billion of cash and cash equivalents and $141 billion of liquid available-for-sale securities, each as of June 30, 2013). For additional information, see "Balance Sheet Review" and "Capital Resources and Liquidity Funding and Liquidity" below.

In millions of dollars	Second Quarter 2013	Second Quarter 2012	% Change	Six Months 2013	Six Months 2012	% Change
Net interest revenue	**$ (137)**	$ (124)	(10)%	**$ (283)**	$ (169)	(67)%
Non-interest revenue	**240**	(172)	NM	**379**	344	10
Total revenues, net of interest expense	**$ 103**	$ (296)	NM	**$ 96**	$ 175	(45)%
Total operating expenses	**$ 525**	$ 597	(12)%	**$ 1,093**	$ 1,392	(21)%
Provisions for loan losses and for benefits and claims						
Loss from continuing operations before taxes	**$ (422)**	$ (893)	53%	**$ (997)**	$ (1,217)	18%
Income taxes (benefits)	**(34)**	(446)	92	**(287)**	(439)	35
Loss from continuing operations	**$ (388)**	$ (447)	13%	**$ (710)**	$ (778)	9%
Loss (gain) from discontinued operations, net of taxes	**30**	7	NM	**(3)**	19	NM
Net loss before attribution of noncontrolling interests	**$ (358)**	$ (440)	19%	**$ (713)**	$ (759)	6%
Noncontrolling interests	**6**	9	(33)	**36**	72	(50)
Net loss	**$ (364)**	$ (449)	19%	**$ (749)**	$ (831)	10%
EOP assets *(in billions of dollars)*	**$ 290**	$ 285	2%			

NM Not meaningful

2Q13 vs. 2Q12

The *net loss* decreased 19%, primarily due to an increase in revenues, partially offset by a lower tax benefit.

Revenues increased $399 million to $103 million, driven by the absence of the impact of minority investments in the prior-year period,(10) partially offset by the impact of hedging activities and lower revenue from both sales of available-for-sale (AFS) securities and investment yields on Citi's treasury portfolio in the current quarter.

Expenses decreased 12%, largely driven by lower legal and related costs and lower repositioning charges.

2Q13 YTD vs. 2Q12 YTD

The *net loss* decreased 10%, primarily due to lower expenses and a lower tax benefit, partially offset by lower revenues.

Revenues decreased 45%, driven by the impact of hedging activities and lower revenue from both sales of AFS securities and investment yields on Citi's treasury portfolio, partially offset by the absence of the impact of minority investments in the prior-year period.(11)

Expenses decreased 21%, largely driven by lower legal and related costs.

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(10) In the second quarter of 2012, Citi recorded a net pretax loss of $424 million ($274 million after-tax) related to the sale of a 10.1% stake in Akbank T.A.S.

(11) In the first six months of 2012, Citi recorded a net pretax gain on minority investments of $53 million ($29 million after-tax), which included pretax gains of $1.1 billion and $542 million on the sales of Citi's remaining stake in Housing Development Finance Corporation Ltd. (HDFC) and its stake in Shanghai Pudong Development Bank (SPDB), respectively, offset by a pretax impairment charge relating to Akbank T.A.S. of $1.2 billion and the net pretax loss of $424 million related to the sale of the 10.1% stake in Akbank T.A.S.

CITI HOLDINGS

Citi Holdings contains businesses and portfolios of assets that Citigroup has determined are not central to its core Citicorp businesses and consists of *Brokerage and Asset Management, Local Consumer Lending* and *Special Asset Pool*.

As of June 30, 2013, Citi Holdings assets were approximately $131 billion, a decrease of approximately 31% year-over-year and 12% from March 31, 2013. The decline in assets of $18 billion from March 31, 2013 was composed of approximately $8 billion related to the sale of Citi's remaining interest in the MSSB joint venture, $4 billion of loan and other asset sales and $6 billion of run-off, pay-downs and charge-offs. As of June 30, 2013, Citi Holdings represented approximately 7% of Citi's GAAP assets, 12% of Citi's risk-weighted assets (as defined under current regulatory guidelines), and 21% of its estimated risk-weighted assets under Basel III.

In millions of dollars, except as otherwise noted	Second Quarter 2013	Second Quarter 2012	% Change	Six Months 2013	Six Months 2012	% Change
Net interest revenue	**$ 784**	$ 595	32%	**$ 1,537**	$ 1,304	18%
Non-interest revenue	**308**	343	(10)	**456**	516	(12)
Total revenues, net of interest expense	**$ 1,092**	$ 938	16%	**$ 1,993**	$ 1,820	10%
Provisions for credit losses and for benefits and claims						
Net credit losses	**$ 770**	$ 1,329	(42)%	**$ 1,700**	$ 3,063	(44)%
Credit reserve build (release)	**(480)**	(250)	(92)	**(827)**	(800)	(3)
Provision for loan losses	**$ 290**	$ 1,079	(73)%	**$ 873**	$ 2,263	(61)%
Provision for benefits and claims	**154**	165	(7)	**322**	336	(4)
Provision (release) for unfunded lending commitments	**7**	(19)	NM	**3**	(45)	NM
Total provisions for credit losses and for benefits and claims	**$ 451**	$ 1,225	(63)%	**$ 1,198**	$ 2,554	(53)%
Total operating expenses	**$ 1,547**	$ 1,235	25%	**$ 3,049**	$ 2,452	24%
Loss from continuing operations before taxes	**$ (906)**	$ (1,522)	40%	**$ (2,254)**	$ (3,186)	29%
Benefits for income taxes	**(337)**	(613)	45	**(896)**	(1,260)	29
(Loss) from continuing operations	**$ (569)**	$ (909)	37%	**$ (1,358)**	$ (1,926)	29%
Noncontrolling interests	**1**	1		**6**	3	100
Citi Holdings net loss	**$ (570)**	$ (910)	37%	**$ (1,364)**	$ (1,929)	29%
Balance sheet data *(in billions of dollars)*						
Average assets	**$ 144**	$ 202	(29)%	**$ 149**	$ 213	(30)%
Total EOP assets	**131**	191	(31)			
Total EOP loans	**100**	128	(22)			
Total EOP deposits	**65**	63	3%			

NM Not meaningful

BROKERAGE AND ASSET MANAGEMENT

Brokerage and Asset Management (BAM) currently consists primarily of retail alternative investments. On June 28, 2013, Citi completed the sale of its remaining 35% interest in the MSSB joint venture, which included approximately $8 billion of assets. See "Capital Resources and Liquidity Funding and Liquidity Deposits" for a discussion of the deposits associated with the MSSB joint venture as well as Note 12 to the Consolidated Financial Statements. At June 30, 2013, *BAM* had approximately $1 billion of assets, or less than 1% of Citi Holdings assets.

In millions of dollars, except as otherwise noted	Second Quarter 2013	Second Quarter 2012	% Change	Six Months 2013	Six Months 2012	% Change
Net interest revenue	**$ (87)**	$ (122)	29%	**$ (171)**	$ (253)	32%
Non-interest revenue	**67**	209	(68)	**134**	292	(54)
Total revenues, net of interest expense	**$ (20)**	$ 87	NM	**$ (37)**	$ 39	NM
Total operating expenses	**$ 63**	$ 126	(50)%	**$ 168**	$ 283	(41)%
Net credit losses	**$**	$	%	**$**	$	%
Credit reserve build (release)					(1)	100
Provisions for loan losses					(1)	100
Loss from continuing operations before taxes	**$ (83)**	$ (39)	NM	**$ (205)**	$ (243)	16%
Income tax benefits	**(30)**	(15)	(100)%	**(73)**	(82)	11
Loss from continuing operations	**$ (53)**	$ (24)	NM	**$ (132)**	$ (161)	18%
Noncontrolling interests	**1**	1		**6**	2	NM
Net loss	**$ (54)**	$ (25)	NM	**$ (138)**	$ (163)	15%
EOP assets *(in billions of dollars)*	**$ 1**	$ 22	(95)%			
EOP deposits *(in billions of dollars)*	**57**	55	4			

NM Not meaningful

2Q13 vs. 2Q12

The *net loss* in *BAM* increased by $29 million to $54 million, primarily due to a decrease in revenues, partially offset by lower expenses.

Revenues decreased $107 million to $(20) million, driven by lower ongoing MSSB equity-related revenues and lower transition services revenues, partially offset by lower funding costs due to a 95% decline in year-over-year assets from $22 billion to $1 billion.

Expenses decreased 50%, driven by lower costs related to transition services provided to the MSSB joint venture and lower expense related to retail alternative investments.

2Q13 YTD vs. 2Q12 YTD

The *net loss* in *BAM* decreased by $25 million to $138 million, primarily due to lower operating expenses, partially offset by lower revenues.

Revenues decreased $76 million to $(37) million, driven by lower ongoing transition services and equity revenues associated with the MSSB joint venture, partially offset by lower funding costs.

Expenses decreased 41%, driven by lower costs related to transition services provided to the MSSB joint venture and lower legal and related costs and lower expenses related to retail alternative investments.

LOCAL CONSUMER LENDING

Local Consumer Lending (LCL) includes a substantial portion of Citigroup's *North America* mortgage business (see "North America Consumer Mortgage Lending" below), CitiFinancial North America (consisting of the OneMain and CitiFinancial Servicing businesses), remaining student loans and credit card portfolios, and other local consumer finance businesses globally (including Western European cards and retail banking and Japan Consumer Finance). At June 30, 2013, *LCL* consisted of approximately $115 billion of assets (with approximately $108 billion in *North America*), or approximately 88% of Citi Holdings assets, and thus represents the largest segment within Citi Holdings. The *North America* assets primarily consisted of residential mortgages (residential first mortgages and home equity loans), which were approximately $80 billion as of June 30, 2013.

In millions of dollars, except as otherwise noted	Second Quarter 2013	Second Quarter 2012	% Change	Six Months 2013	Six Months 2012	% Change
Net interest revenue	**$ 869**	$ 782	11%	**$ 1,709**	$ 1,711	
Non-interest revenue	**186**	150	24	**402**	545	(26)%
Total revenues, net of interest expense	**$ 1,055**	$ 932	13%	**$ 2,111**	$ 2,256	(6)%
Total operating expenses	**$ 806**	$ 1,043	(23)%	**$ 1,631**	$ 2,040	(20)%
Net credit losses	**$ 775**	$ 1,289	(40)%	**$ 1,695**	$ 3,041	(44)%
Credit reserve build (release)	**(475)**	(186)	NM	**(800)**	(706)	(13)
Provision for benefits and claims	**154**	165	(7)	**322**	336	(4)
Provisions for credit losses and for benefits and claims	**$ 454**	$ 1,268	(64)%	**$ 1,217**	$ 2,671	(54)%
Loss from continuing operations before taxes	**$ (205)**	$ (1,379)	85%	**$ (737)**	$ (2,455)	70%
Benefits for income taxes	**(71)**	(560)	87	**(310)**	(1,003)	69
Loss from continuing operations	**$ (134)**	$ (819)	84%	**$ (427)**	$ (1,452)	71%
Noncontrolling interests					1	(100)
Net loss	**$ (134)**	$ (819)	84%	**$ (427)**	$ (1,453)	71%
Balance sheet data *(in billions of dollars)*						
Average assets	**$ 118**	$ 143	(17)%	**$ 121**	$ 150	(19)%
EOP assets	**115**	137	(16)			
Net credit losses as a percentage of average loans	**2.98%**	4.09%		**3.18%**	4.71%	

2Q13 vs. 2Q12

The *net loss* decreased by 84%, driven mainly by the improved credit environment primarily in *North America* mortgages, increased revenues and lower operating expenses.

Revenues increased 13%, with an increase in both net interest and non-interest revenues. The increase in net interest revenue was driven by lower funding costs. The increase in non-interest revenue was driven by asset sales and higher mortgage servicing revenues, partially offset by a higher residential mortgage repurchase reserve build. The repurchase reserve build in the current quarter was $245 million, compared to $148 million in the prior-year period (see "Managing Global Risk Credit Risk Citigroup Residential Mortgages Representations and Warranties" below).

Expenses decreased 23%, driven by lower volumes and divestitures as well as lower legal and related costs, which declined 73% due to the absence of reserves related to payment protection insurance (PPI) taken in the prior-year period (see "Payment Protection Insurance" below).

Provisions decreased 64%, driven primarily by improved credit in *North America* mortgages, lower volumes and divestitures. Net credit losses decreased by 40%, driven by improved credit performance. Net credit losses in the current quarter included $30 million related to the national mortgage and independent foreclosure review settlements. Net credit losses in *LCL* will likely continue to be impacted as Citi completes its mortgage assistance obligations under the independent foreclosure review settlement, which is currently estimated to result in approximately $30 million of quarterly net credit losses during the remainder of 2013 (see "Managing Global Risk Credit Risk National Mortgage Settlement/Independent Foreclosure Review Settlement" below for additional information).

Net credit losses in *LCL* declined 40%, with net credit losses in *North America* mortgages decreasing by 37%, other portfolios in *North America* by 35% and international by 67%. These declines were driven by lower overall asset levels, the sale of current and delinquent loans as well as underlying credit improvements. Loan loss reserve releases increased $289 million to $475 million, primarily due to a loan loss reserve release of approximately $525 million related to the *North America* mortgage portfolio.

Average assets declined 17%, driven by asset sales and portfolio run-off, including declines of $16 billion in *North America* mortgage loans and $5 billion in international assets.

2Q13 YTD vs. 2Q12 YTD

Year-to-date, *LCL* has experienced similar trends to those described above. The *net loss* decreased by 71%, driven mainly by the improved credit environment primarily in *North America* mortgages and lower operating expenses.

Revenues decreased 6%, driven by a decrease in non-interest revenues. Net interest revenue was unchanged from the prior-year period. Non-interest revenue declined due to higher residential mortgage repurchase reserve builds and lower loan balances due to continued asset sales, divestitures and run off, partially offset by improvements in asset sales and higher mortgage servicing revenues. The repurchase reserve build in the current period was $470 million, compared to $332 million in the prior-year period (see "Managing Global Risk Credit

Risk Citigroup Residential Mortgages Representations and Warranties" below).

Expenses decreased 20%, driven by lower volumes and divestitures as well as lower legal and related costs, which declined 57% due to the absence of reserves related to PPI taken in the prior-year period and lower independent foreclosure review charges as a result of the previously announced independent foreclosure review settlement.

Provisions decreased 54%, driven primarily by the improved credit in *North America* mortgages, lower volumes and divestitures. Net credit losses decreased by 44%, driven by improved credit performance as well as the absence of $413 million of incremental charge-offs in the first half of 2012 related to the national mortgage settlement. Net credit losses in the current period included $106 million related to the national mortgage and independent foreclosure review settlements. Loan loss reserve releases increased 13%, due to the improved credit environment, primarily in *North America* mortgages.

Average assets decreased 19%, driven by asset sales and portfolio run-off, including declines of $16 billion in *North America* mortgage loans and $6 billion in international assets.

Payment Protection Insurance

Over the past several years Citi, along with other financial institutions in the UK, has been subject to an increased number of claims relating to the sale of payment protection insurance products (PPI). For additional information, see "Citi Holdings Local Consumer Lending Payment Protection Insurance" in Citi's 2012 Annual Report on Form 10-K.

As previously disclosed, during the second quarter of 2013, Citi moved into the full execution phase of its customer contact exercise to contact proactively any customers who may have been mis-sold PPI after January 2005 and invite them to have their individual sale reviewed (Customer Contact Exercise). In addition, Citi completed its re-evaluation of PPI customer complaints that were reviewed and rejected prior to December 2010 (the Customer Re-evaluation Exercise). The number of customer complaints regarding the sale of PPI remained elevated during the second quarter of 2013, primarily as a result of the Customer Contact Exercise and PPI complaints received directly from customers.

During the second quarter of 2013, Citi did not increase its PPI reserves and paid PPI claims totaling $55 million, all of which were charged against its reserves. At June 30, 2013, Citi's PPI reserve was $252 million.

SPECIAL ASSET POOL

The *Special Asset Pool (SAP)* consists of a portfolio of securities, loans and other assets that Citigroup intends to continue to reduce over time through asset sales and portfolio run-off. *SAP* had approximately $15 billion of assets as of June 30, 2013, which constituted approximately 11% of Citi Holdings assets.

In millions of dollars, except as otherwise noted	Second Quarter 2013	Second Quarter 2012	% Change	Six Months 2013	Six Months 2012	% Change
Net interest revenue	**$ 2**	$ (65)	NM	**$ (1)**	$ (154)	99%
Non-interest revenue	**55**	(16)	NM	**(80)**	(321)	75
Total revenues, net of interest expense	**$ 57**	$ (81)	NM	**$ (81)**	$ (475)	83%
Total operating expenses	**$ 678**	$ 66	NM	**$ 1,250**	$ 129	NM
Net credit losses	**$ (5)**	$ 40	NM	**$ 5**	$ 22	(77)%
Credit reserve builds (releases)	**(5)**	(64)	92%	**(27)**	(93)	71
Provision (releases) for unfunded lending commitments	**7**	(19)	NM	**3**	(45)	NM
Provisions for credit losses	**$ (3)**	$ (43)	93%	**$ (19)**	$ (116)	84%
Loss from continuing operations before taxes	**$ (618)**	$ (104)	NM	**$ (1,312)**	$ (488)	NM
Income taxes (benefits)	**(236)**	(38)	NM	**(513)**	(175)	NM
Loss from continuing operations	**$ (382)**	$ (66)	NM	**$ (799)**	$ (313)	NM
Noncontrolling interests						
Net loss	**$ (382)**	$ (66)	NM	**$ (799)**	$ (313)	NM
EOP assets *(in billions of dollars)*	**$ 15**	$ 32	(53)%			

NM Not meaningful

2Q13 vs. 2Q12

The *net loss* increased by $316 million, mainly driven by higher legal and related expenses, partially offset by increased revenues.

Revenues increased $138 million. CVA/DVA was $15 million, compared to $21 million in the prior-year period. Excluding the impact of CVA/DVA, revenues in *SAP* were $42 million, compared to $(102) million in the prior-year period. The improvement in revenues was primarily driven by an improvement in non-interest revenue, primarily due to lower asset marks, as well as net interest revenues, primarily due to lower funding costs.

Expenses increased $612 million, primarily driven by higher legal and related costs.

Provisions were a benefit of $3 million, which represented a 93% decline from the prior-year period, due to a decrease in loan loss reserves releases and an increase in the provision for unfunded lending commitments, partially offset by a decrease in net credit losses (a net credit benefit of $5 million in the current quarter compared to net credit losses of $40 million in the prior-year period).

Assets declined 53% to $15 billion, primarily driven by sales, amortization and prepayments. Asset sales of $2.4 billion in the current quarter generated a pretax loss of $13 million, compared to asset sales of $2.8 billion and a pretax gain of $76 million in the prior-year period.

2Q13 YTD vs. 2Q12 YTD

The *net loss* increased by $486 million, mainly driven by higher legal and related expenses, partially offset by increased revenues.

Revenues improved 83% to $(81) million. CVA/DVA was $6 million, compared to $109 million in the prior-year period. Excluding the impact of CVA/DVA, revenues in *SAP* were $(87) million, compared to $(584) million in the prior-year period. The improvement in non-interest revenue and net interest revenues were driven by the factors described above.

Expenses increased $1.1 billion, primarily driven by higher legal and related costs.

Provisions were a benefit of $19 million, which represented an 84% decline from the prior-year period, due to the decrease in loan loss reserve releases and an increase in the provision for unfunded lending commitments, partially offset by the decrease in net credit losses.

Assets declined 53% to $15 billion, primarily driven by sales, amortization and prepayments.

BALANCE SHEET REVIEW

The following sets forth a general discussion of the changes in certain of the more significant line items of Citi's Consolidated Balance Sheet. For additional information on Citigroup's liquidity resources, including its deposits, short-term and long-term debt and secured financing transactions, see "Capital Resources and Liquidity Funding and Liquidity" below.

In billions of dollars	June 30, 2013	March 31, 2013	December 31, 2012	2Q13 vs. 1Q13 Increase (decrease)	% Change	2Q13 vs. 4Q12 Increase (decrease)	% Change
Assets							
Cash and deposits with banks	**$ 189**	$ 174	$ 139	**$ 15**	**9%**	$ 50	36%
Federal funds sold and securities borrowed or purchased under agreements to resell	**263**	270	261	**(7)**	**(3)**	2	1
Trading account assets	**307**	308	321	**(1)**		(14)	(4)
Investments	**300**	305	312	**(5)**	**(2)**	(12)	(4)
Loans, net of unearned income and allowance for loan losses	**622**	623	630	**(1)**		(8)	(1)
Other assets	**203**	202	202	**1**		1	
Total assets	**$ 1,884**	$ 1,882	$ 1,865	**$ 2**	**%**	$ 19	1%
Liabilities							
Deposits	**$ 938**	$ 934	$ 931	**$ 4**	**%**	$ 7	1%
Federal funds purchased and securities loaned or sold under agreements to repurchase	**218**	222	211	**(4)**	**(2)**	7	3
Trading account liabilities	**123**	120	116	**3**	**3**	7	6
Short-term borrowings	**59**	48	52	**11**	**23**	7	13
Long-term debt	**221**	234	239	**(13)**	**(6)**	(18)	(8)
Other liabilities	**127**	129	125	**(2)**	**(2)**	2	2
Total liabilities	**$ 1,686**	$ 1,687	$ 1,674	**$ (1)**	**%**	$ 12	1%
Total equity	**198**	195	191	**3**	**2**	7	4
Total liabilities and equity	**$ 1,884**	$ 1,882	$ 1,865	**$ 2**	**%**	$ 19	1%

ASSETS

Cash and Deposits with Banks

Cash and deposits with banks is composed of both *Cash and due from banks* and *Deposits with banks. Cash and due from banks* includes (i) cash on hand at Citi's domestic and overseas offices, and (ii) non-interest-bearing balances due from banks, including non-interest-bearing demand deposit accounts with correspondent banks, central banks (such as the Federal Reserve Bank), and other banks or depository institutions for normal operating purposes. *Deposits with banks* includes interest-bearing balances, demand deposits and time deposits held in or due from banks (including correspondent banks, central banks and other banks or depository institutions) maintained for, among other things, normal operating and regulatory reserve requirement purposes.

During the second quarter of 2013, cash and deposits with banks increased $15 billion, or 9%, driven by a $15 billion, or 10%, increase in deposits with banks while due from banks remained relatively unchanged. The growth in cash balances was driven by the continued reduction of Citi Holdings assets, particularly due to the cash proceeds received from the completion of the sale of Citi's remaining 35% interest in the MSSB joint venture, additional short-term borrowings, higher deposits in *Transactions Services* and other Citi Holdings asset sales and runoff, partially offset by trade lending growth and long-term debt maturities and repurchases. This increase in cash balances was driven in part to prepare for the third quarter of 2013 deposit transfer to Morgan Stanley. For additional information on this transfer and Citi's deposits, see "Capital Resources and Liquidity Funding and Liquidity" below.

Federal Funds Sold and Securities Borrowed or Purchased Under Agreements to Resell (Reverse Repos)

Federal funds sold consist of unsecured advances to third parties of excess balances in reserve accounts held at the Federal Reserve Bank. During the second quarter of 2013, Citi's federal funds sold were not significant.

Reverse repos and securities borrowed decreased by $7 billion, or 3%, in the second quarter of 2013, primarily due to a reduction in trading activity in *Securities and Banking,* including client and market-driven changes in prime finance as well as in fixed income finance.

For further information regarding these balance sheet categories, see Note 10 to the Consolidated Financial Statements.

Trading Account Assets

Trading account assets includes debt and marketable equity securities, derivatives in a net receivable position, residual interests in securitizations and physical commodities inventory. In addition, certain assets that Citigroup has elected to carry at fair value, such as certain loans and purchase guarantees, are also included in trading account assets.

Trading account assets were relatively unchanged quarter-over-quarter, as decreases in foreign government securities ($3 billion, or 4%), equity securities ($2 billion, or 3%) and corporate debt securities ($2 billion, or 6%) were offset by a $4 billion, or 22%, increase in U.S. Treasury and federal agency securities and a $1 billion, or 3%, increase in derivative assets. Average trading account assets were $263 billion in the second quarter of 2013, compared to $265 billion in the first quarter of 2013. The changes in the asset levels reflected normal trading fluctuations in line with market movements during the quarter.

For further information on Citi's trading account assets, see Note 11 to the Consolidated Financial Statements.

Investments

Investments consist of debt and equity securities that are available-for-sale, debt securities that are held-to-maturity, non-marketable equity securities that are carried at fair value and non-marketable equity securities carried at cost. Debt securities include bonds, notes and redeemable preferred stock, as well as certain mortgage-backed and asset-backed securities and other structured notes. Marketable and non-marketable equity securities carried at fair value include common and nonredeemable preferred stock. Nonmarketable equity securities carried at cost primarily include equity shares issued by the Federal Reserve Bank and the Federal Home Loan Banks (FHLB) that Citigroup is required to hold.

During the second quarter of 2013, investments decreased $5 billion, or 2%, primarily due to a $4 billion, or 1%, decline in AFS securities, predominantly U.S. Treasury securities driven by Citi Treasury liquidity and spread management activities.

For further information regarding investments, see Note 12 to the Consolidated Financial Statements.

Loans

Loans represent the largest asset category of Citi's balance sheet. Citi's total loans, net of unearned income, were $644 billion at June 30, 2013, compared to $646 billion at March 31, 2013 and $655 billion at June 30, 2012. The impact of FX translation was a negative $8 billion year-over-year and a negative $7 billion quarter-over-quarter. In addition, approximately $3 billion of loans were moved to *Discontinued operations* during the second quarter of 2013 as a result of the agreement to sell Citi's Brazil Credicard business (see Note 2 to the Consolidated Financial Statements).

Excluding the impact of FX translation and the Credicard loans,(12) loans decreased 1% from the prior-year period and increased 1% quarter-over-quarter. At the end of the second quarter of 2013, Consumer and Corporate loans represented 60% and 40%, respectively, of Citi's total loans.

The decline in loans from the prior-year period reflected a 21% decline in Citi Holdings loans, due to continued run-off and asset sales, partially offset by 4% growth in Citicorp. Within Citicorp, Consumer loans grew 2% from the prior-year period, as growth in all international regions, led by *Latin America*, was offset by continued customer deleveraging in *North America*. Corporate loans grew 8% from the prior-year period, with growth across almost all regions and segments, particularly in international trade loans.

Quarter-over-quarter, Citi Holdings loans declined 7% and Citicorp loans increased 2%. Citicorp Corporate loans increased 5% while Citicorp Consumer loans remained relatively unchanged. The Corporate loan growth was driven by *North America Transaction Services*, and was due to the addition of approximately $7 billion of previously unconsolidated assets during the current quarter, which consisted of trade loans (see Note 19 to the Consolidated Financial Statements). Excluding the impact of the consolidation, Corporate loans grew 2% sequentially, driven by increased trade loans overseas within *Transaction Services*. Consumer loans remained relatively unchanged.

During the second quarter of 2013, average loans of $642 billion yielded an average rate of 7.1%, compared to $643 billion and 7.2%, respectively, in the first quarter of 2013.

For further information on Citi's loan portfolios, see generally "Managing Global Risk Credit Risk" below and Note 13 to the Consolidated Financial Statements.

Other Assets

Other assets consists of brokerage receivables, goodwill, intangibles and mortgage servicing rights in addition to other assets (including, among other items, loans held-for-sale, deferred tax assets, equity-method investments, interest and fees receivable, premises and equipment, certain end-user derivatives in a net receivable position, repossessed assets and other receivables).

During the second quarter of 2013, other assets remained relatively unchanged at $203 billion as an $8 billion increase in brokerage receivables was offset by the reduction in other assets due to the sale of Citi's remaining 35% investment in the MSSB joint venture.

For further information regarding goodwill and intangible assets, see Note 15 to the Consolidated Financial Statements.

LIABILITIES

Deposits

Deposits represent customer funds that are payable on demand or upon maturity. For a discussion of Citi's deposits, see "Capital Resources and Liquidity Funding and Liquidity" below.

Federal Funds Purchased and Securities Loaned or Sold Under Agreements to Repurchase (Repos)

Federal funds purchased consist of unsecured advances of excess balances in reserve accounts held at the Federal Reserve Banks from third parties. During the second quarter of 2013, Citi's federal funds purchased were not significant.

Repos and securities lent decreased by $4 billion, or 2%, in the second quarter of 2013, primarily due to the reduction in client and market-driven trading activity in reverse repos and securities borrowing transactions, as discussed above. For further information on Citi's secured financing transactions, including repos and securities lending transactions, see "Capital Resources and Liquidity Funding and Liquidity" below. See also Note 10 to the Consolidated Financial Statements for additional information on these balance sheet categories.

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(12) Throughout this section, the discussion of loans excludes the impact of FX translation and reflects the movement of the Credicard loans to *Discontinued operations* during the second quarter of 2013.

Trading Account Liabilities

Trading account liabilities includes securities sold, not yet purchased (short positions), and derivatives in a net payable position, as well as certain liabilities that Citigroup has elected to carry at fair value.

During the second quarter of 2013, trading account liabilities increased by $3 billion, or 3%, substantially all of which was due to an increase in short equity positions, which was aligned with the corresponding increase in securities borrowing transactions discussed above. Average trading account liabilities were $82 billion, compared to $72 billion in the first quarter of 2013, primarily due to higher average *Institutional Clients Group* volumes in the beginning of the current quarter.

For further information on Citi's trading account liabilities, see Note 11 to the Consolidated Financial Statements.

Debt

Debt is composed of both short-term and long-term borrowings. Short-term borrowings include commercial paper and borrowings from unaffiliated banks and other market participants, including the FHLB. Long-term borrowings include senior notes, subordinated notes, trust preferred securities and securitizations. For further information on Citi's long-term and short-term debt borrowings, see "Capital Resources and Liquidity Funding and Liquidity" below and Note 16 to the Consolidated Financial Statements.

Other Liabilities

Other liabilities consists of brokerage payables and other liabilities (including, among other items, accrued expenses and other payables, deferred tax liabilities, certain end-user derivatives in a net payable position, and reserves for legal claims, taxes, repositioning, unfunded lending commitments, and other matters).

During the second quarter of 2013, other liabilities decreased $2 billion, or 2%, driven by normal business fluctuations.

SEGMENT BALANCE SHEET AT JUNE 30, 2013(1)

In millions of dollars	Global Consumer Banking	Institutional Clients Group	Corporate/Other, Discontinued Operations and Consolidating Eliminations(2)	Subtotal Citicorp	Citi Holdings	Citigroup Parent Company-Issued Long-Term Debt and Stockholders' Equity(3)	Total Citigroup Consolidated
Assets							
Cash and deposits with banks	**$ 18,827**	**$ 73,389**	**$ 95,424**	**$ 187,640**	**$ 1,533**	**$**	**$ 189,173**
Federal funds sold and securities borrowed or purchased under agreements to resell	**5,727**	**256,509**		**262,236**	**969**		**263,205**
Trading account assets	**8,923**	**292,635**	**244**	**301,802**	**4,768**		**306,570**
Investments	**33,262**	**104,106**	**147,778**	**285,146**	**15,194**		**300,340**
Loans, net of unearned income and allowance for loan losses	**272,816**	**257,336**		**530,152**	**92,009**		**622,161**
Other assets	**55,042**	**84,037**	**46,625**	**185,704**	**16,835**		**202,539**
Total assets	**$ 394,597**	**$ 1,068,012**	**$ 290,071**	**$ 1,752,680**	**$ 131,308**		**$ 1,883,988**
Liabilities and equity							
Total deposits	**$ 326,564**	**$ 531,931**	**$ 15,241**	**$ 873,736**	**$ 64,691**	**$**	**$ 938,427**
Federal funds purchased and securities loaned or sold under agreements to repurchase	**7,374**	**210,877**		**218,251**	**1**		**218,252**
Trading account liabilities	**67**	**121,645**	**140**	**121,852**	**1,170**		**123,022**
Short-term borrowings	**256**	**47,108**	**11,217**	**58,581**	**226**		**58,807**
Long-term debt	**2,164**	**39,573**	**$ 10,131**	**51,868**	**6,550**	**162,541**	**220,959**
Other liabilities	**19,611**	**79,030**	**15,912**	**$ 114,553**	**12,142**		**126,695**
Net inter-segment funding (lending)	**38,561**	**37,848**	**235,530**	**311,939**	**46,528**	**(358,467)**	
Total liabilities	**$ 394,597**	**$ 1,068,012**	**$ 288,171**	**$ 1,750,780**	**$ 131,308**	**$ (195,926)**	**$ 1,686,162**
Total equity			**1,900**	**1,900**		**195,926**	**197,826**
Total liabilities and equity	**$ 394,597**	**$ 1,068,012**	**$ 290,071**	**$ 1,752,680**	**$ 131,308**	**$ _**	**$ 1,883,988**

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(1) The supplemental information presented in the table above reflects Citigroup's consolidated GAAP balance sheet by reporting segment as of June 30, 2013. The respective segment information depicts the assets and liabilities managed by each segment as of such date. While this presentation is not defined by GAAP, Citi believes that these non-GAAP financial measures enhance investors' understanding of the balance sheet components managed by the underlying business segments, as well as the beneficial inter-relationship of the asset and liability dynamics of the balance sheet components among Citi's business segments.

(2) Consolidating eliminations for total Citigroup and Citigroup parent company assets and liabilities are recorded within the *Corporate/Other* segment.

(3) The total stockholders' equity and the majority of long-term debt of Citigroup resides in the Citigroup parent company Consolidated Balance Sheet. Citigroup allocates stockholders' equity and long-term debt to its businesses through inter-segment allocations as described above.

CAPITAL RESOURCES AND LIQUIDITY

CAPITAL RESOURCES

Overview

Capital is used principally to support assets in Citi's businesses and to absorb credit, market and operational losses. Citi primarily generates capital through earnings from its operating businesses. Citi may augment its capital through issuances of common stock, perpetual preferred stock and equity issued through awards under employee benefit plans, among other issuances. During the first six months of 2013, Citi issued $1.8 billion of noncumulative perpetual preferred stock, resulting in a total of approximately $4.3 billion outstanding as of June 30, 2013.

Citi has also previously augmented its regulatory capital through the issuance of trust preferred securities, although the treatment of such instruments as regulatory capital will be phased out under the final U.S. Basel III rules (Final Basel III Rules) (see "Regulatory Capital Standards Developments" below). Accordingly, Citi continues to redeem certain of its trust preferred securities in contemplation of such future phase out (see "Funding and Liquidity Long-Term Debt" below).

Further, changes in regulatory and accounting standards as well as the impact of future events on Citi's business results, such as corporate and asset dispositions, may also affect Citi's capital levels.

For additional information on Citi's capital resources, including an overview of Citigroup's capital management framework and regulatory capital standards, see "Capital Resources and Liquidity Capital Resources" and "Risk Factors Regulatory Risks" in Citigroup's 2012 Annual Report on Form 10-K.

Current Regulatory Capital Guidelines

Citigroup Capital Resources Under Current Regulatory Guidelines

Citigroup is subject to the risk-based capital guidelines issued by the Federal Reserve Board which, as currently in effect, constitute the Basel I credit risk capital rules and, beginning January 1, 2013, also the final (revised) market risk capital rules (Basel II.5).

Historically, capital adequacy has been measured, in part, based on two risk-based capital ratios, the Tier 1 Capital and Total Capital (Tier 1 Capital + Tier 2 Capital) ratios. Tier 1 Capital consists of the sum of "core capital elements," such as qualifying common stockholders' equity, as adjusted, qualifying perpetual preferred stock, qualifying noncontrolling interests, and qualifying trust preferred securities, principally reduced by goodwill, other disallowed intangible assets, and disallowed deferred tax assets. Total Capital also includes "supplementary" Tier 2 Capital elements, such as qualifying subordinated debt and a limited portion of the allowance for credit losses. Both measures of capital adequacy are stated as a percentage of risk-weighted assets.

In 2009, the U.S. banking regulators developed a new supervisory measure of capital termed "Tier 1 Common," which is defined as Tier 1 Capital less non-common elements, including qualifying perpetual preferred stock, qualifying noncontrolling interests, and qualifying trust preferred securities.

Citigroup's risk-weighted assets are principally derived from application of the risk-based capital guidelines related to the measurement of credit risk. Pursuant to these guidelines, on balance sheet assets and the credit equivalent amount of certain off-balance-sheet exposures (such as financial guarantees, unfunded lending commitments, letters of credit and derivatives) are assigned to one of several prescribed risk-weight categories based upon the perceived credit risk associated with the obligor or, if relevant, the guarantor, the nature of the collateral, or external credit ratings. Risk-weighted assets also incorporate a measure for market risk on covered trading account positions and foreign exchange and commodity positions whether or not carried in the trading account. Excluded from risk-weighted assets are any assets, such as goodwill and deferred tax assets, to the extent required to be deducted from regulatory capital.

Citigroup is also subject to a Leverage ratio requirement, a non-risk-based measure of capital adequacy, which is defined as Tier 1 Capital as a percentage of quarterly adjusted average total assets.

To be "well capitalized" under current federal bank regulatory agency definitions, a bank holding company must have a Tier 1 Capital ratio of at least 6%, a Total Capital ratio of at least 10%, and not be subject to a Federal Reserve Board directive to maintain higher capital levels. In addition, the Federal Reserve Board currently expects bank holding companies to maintain a minimum Leverage ratio of 3% or 4%, depending on factors specified in its regulations. The following table sets forth Citigroup's regulatory capital ratios as of June 30, 2013 and December 31, 2012:

	Jun. 30, 2013(1)	Dec. 31, 2012(2)
Tier 1 Common	**12.16%**	12.67%
Tier 1 Capital	**13.24**	14.06
Total Capital (Tier 1 Capital + Tier 2 Capital)	**16.18**	17.26
Leverage	**7.86**	7.48

(1) Tier 1 Common, Tier 1 Capital, and Total Capital ratios are calculated based on Basel I credit risk capital rules and final (revised) market risk capital rules (Basel II.5) effective on January 1, 2013.

(2) Tier 1 Common, Tier 1 Capital, and Total Capital ratios are calculated based on Basel I credit risk and market risk capital rules.

As indicated in the table above, Citigroup was "well capitalized" under the current federal bank regulatory agency definitions as of June 30, 2013 and December 31, 2012.

Components of Citigroup Capital Under Current Regulatory Guidelines

In millions of dollars	June 30, 2013	December 31, 2012
Tier 1 Common Capital		
Citigroup common stockholders' equity(1)	**$ 191,672**	$ 186,487
Regulatory Capital Adjustments and Deductions:		
Less: Net unrealized gains (losses) on securities available-for-sale, net of tax(2)(3)	**(1,290)**	597
Less: Accumulated net unrealized losses on cash flow hedges, net of tax	**(1,671)**	(2,293)
Less: Pension liability adjustment, net of tax(4)	**(4,615)**	(5,270)
Less: Cumulative effect included in fair value of financial liabilities attributable to the change in own creditworthiness, net of tax(5)	**11**	18
Less: Disallowed deferred tax assets(6)	**40,054**	41,800
Less: Intangible assets:		
Goodwill, net of related deferred tax liability (DTL)	**23,360**	24,170
Other disallowed intangible assets, net of related DTL	**3,559**	3,868
Other	**(440)**	(502)
Total Tier 1 Common Capital	**$ 131,824**	$ 123,095
Tier 1 Capital		
Qualifying perpetual preferred stock(1)	**$ 4,254**	$ 2,562
Qualifying trust preferred securities	**6,562**	9,983
Qualifying noncontrolling interests	**862**	892
Total Tier 1 Capital	**$ 143,502**	$ 136,532
Tier 2 Capital		
Allowance for credit losses(7)	**$ 13,676**	$ 12,330
Qualifying subordinated debt(8)	**18,167**	18,689
Net unrealized pretax gains on available-for-sale equity securities(2)	**34**	135
Total Tier 2 Capital	**$ 31,877**	$ 31,154
Total Capital (Tier 1 Capital + Tier 2 Capital)	**$ 175,379**	$ 167,686

Citigroup Risk-Weighted Assets

In millions of dollars	June 30, 2013	December 31, 2012(10)
Credit Risk-Weighted Assets(9)	**$ 939,472**	$ 929,722
Market Risk-Weighted Assets	**144,600**	41,531
Total Risk-Weighted Assets	**$ 1,084,072**	$ 971,253

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(1) Issuance costs related to preferred stock outstanding at June 30, 2013 are excluded from common stockholders' equity and netted against preferred stock in accordance with Federal Reserve Board regulatory reporting requirements, which differ from those under U.S. GAAP.

(2) Tier 1 Capital excludes net unrealized gains (losses) on AFS debt securities and net unrealized gains on AFS equity securities with readily determinable fair values, in accordance with risk-based capital guidelines. In arriving at Tier 1 Capital, banking organizations are required to deduct net unrealized losses on AFS equity securities with readily determinable fair values, net of tax. Banking organizations are permitted to include in Tier 2 Capital up to 45% of net unrealized pretax gains on AFS equity securities with readily determinable fair values.

(3)

In addition, includes the net amount of unamortized loss on held-to-maturity (HTM) securities. This amount relates to securities which were previously transferred from AFS to HTM, and non-credit-related factors such as changes in interest rates and liquidity spreads for HTM securities with other than temporary impairment.

(4)

The Federal Reserve Board granted interim capital relief for the impact of ASC 715-20, *Compensation Retirement Benefits Defined Benefits Plans* (formerly SFAS 158).

(5)

The impact of changes in Citigroup's own creditworthiness in valuing liabilities for which the fair value option has been elected is excluded from Tier 1 Capital, in accordance with risk-based capital guidelines.

(6)

Of Citi's approximately $54 billion of net deferred tax assets at June 30, 2013, approximately $11 billion of such assets were not deducted in calculating regulatory capital pursuant to current risk-based capital guidelines, while approximately $40 billion of such assets exceeded the limitation imposed by these guidelines and were deducted in arriving at Tier 1 Capital. Citi's approximately $3 billion of other net deferred tax assets primarily represented deferred tax assets related to the regulatory capital adjustments for the pension liability, unrealized gains (losses) on AFS securities and cash flow hedges, offset by deferred tax liabilities related to the adjustments for goodwill and certain other intangible assets, which are permitted to be excluded prior to deriving the amount of net deferred tax assets subject to limitation under the guidelines.

(7)

Includable up to 1.25% of risk-weighted assets. Any excess allowance for credit losses is deducted in arriving at risk-weighted assets.

(8)

Includes qualifying subordinated debt in an amount not exceeding 50% of Tier 1 Capital.

(9)

Includes risk-weighted credit equivalent amounts, net of applicable bilateral netting agreements, of approximately $66 billion for interest rate, commodity, equity, foreign exchange, and credit derivative contracts as of June 30, 2013, compared with approximately $62 billion as of December 31, 2012. Credit risk-weighted assets also include those deriving from certain other off-balance-sheet exposures, such as financial guarantees, unfunded lending commitments and letters of credit, and reflect deductions such as for certain intangible assets and any excess allowance for credit losses.

(10)

Risk-weighted assets as computed under Basel I credit risk and market risk capital rules. Total risk-weighted assets at December 31, 2012, including estimated market risk-weighted assets of approximately $169.3 billion assuming application of Basel II.5, would have been approximately $1.11 trillion.

Capital Resources of Citigroup's Subsidiary U.S. Depository Institutions Under Current Regulatory Guidelines

Citigroup's subsidiary U.S. depository institutions are also subject to risk-based capital guidelines issued by their respective primary federal bank regulatory agencies, which are similar to the guidelines of the Federal Reserve Board. The following table sets forth the capital tiers and capital ratios under current regulatory guidelines for Citibank, N.A., Citi's primary subsidiary U.S. depository institution, as of June 30, 2013 and December 31, 2012.

In billions of dollars, except ratios	Jun. 30, 2013	Dec. 31, 2012(1)
Tier 1 Common Capital	$ 119.4	$ 116.6
Tier 1 Capital	120.1	117.4
Total Capital (Tier 1 Capital + Tier 2 Capital)	139.0	135.5
Tier 1 Common ratio	13.26%	14.12%
Tier 1 Capital ratio	13.34	14.21
Total Capital ratio	15.45	16.41
Leverage ratio	9.44	8.97

(1) Risk-weighted assets as computed under Basel I credit risk and market risk capital rules.

Impact of Changes on Citigroup and Citibank, N.A. Capital Ratios Under Current Regulatory Guidelines

The following table presents the estimated sensitivity of Citigroup's and Citibank, N.A.'s capital ratios to changes of $100 million in Tier 1 Common Capital, Tier 1 Capital or Total Capital (numerator), or changes of $1 billion in risk-weighted assets or adjusted average total assets (denominator), as of June 30, 2013. This information is provided for the purpose of analyzing the impact that a change in Citigroup's or Citibank, N.A.'s financial position or results of operations could have on these ratios. These sensitivities only consider a single change to either a component of capital, risk-weighted assets or adjusted average total assets. Accordingly, an event that affects more than one factor may have a larger basis point impact than is reflected in this table.

	Tier 1 Common ratio		Tier 1 Capital ratio		Total Capital ratio		Leverage ratio	
	Impact of $100 million change in Tier 1 Common Capital	Impact of $1 billion change in risk-weighted assets	Impact of $100 million change in Tier 1 Capital	Impact of $1 billion change in risk-weighted assets	Impact of $100 million change in Total Capital	Impact of $1 billion change in risk-weighted assets	Impact of $100 million change in Tier 1 Capital	Impact of $1 billion change in adjusted average total assets
Citigroup	**0.9 bps**	**1.1 bps**	**0.9 bps**	**1.2 bps**	**0.9 bps**	**1.5 bps**	**0.5 bps**	**0.4 bps**
Citibank, N.A.	**1.1 bps**	**1.5 bps**	**1.1 bps**	**1.5 bps**	**1.1 bps**	**1.7 bps**	**0.8 bps**	**0.7 bps**

Citigroup Broker-Dealer Subsidiaries

At June 30, 2013, Citigroup Global Markets Inc., a U.S. broker-dealer registered with the SEC that is an indirect wholly owned subsidiary of Citigroup, had net capital, computed in accordance with the SEC's net capital rule, of $5.1 billion, which exceeded the minimum requirement by $4.3 billion.

In addition, certain of Citi's other broker-dealer subsidiaries are subject to regulation in the countries in which they do business, including requirements to maintain specified levels of net capital or its equivalent. Citigroup's other broker-dealer subsidiaries were in compliance with their capital requirements at June 30, 2013.

Basel III

Tier 1 Common Ratio

At June 30, 2013, Citi's estimated Basel III Tier 1 Common ratio was 10.0%, compared to an estimated 9.3% at March 31, 2013 (each based on total "advanced approaches" risk-weighted assets, and including Basel II.5).(13) The increase in Citi's estimated Basel III Tier 1 Common ratio quarter-over-quarter was primarily due to quarterly net income and other improvements to Tier 1 Common Capital, the most significant of which was attributable to the sale of Citi's remaining 35% interest in the MSSB joint venture, as well as the further utilization of DTAs (see "Income Taxes" below) and continued lower overall risk-weighted assets. These increases were partially offset by reductions in Citi's *Accumulated other comprehensive income* (AOCI), primarily due to the rising interest rate environment during the current quarter and the resulting impact on the unrealized gains (losses) in Citi's available-for-sale investment securities. For additional information on the impacts of changes in AOCI on Citi's Basel III Tier 1 Common ratio, see "Market Risk" below.

The table below sets forth the components of Citi's Basel III Tier 1 Common Capital and risk-weighted assets as of June 30, 2013 and December 31, 2012.

Components of Citigroup Tier 1 Common Capital and Risk-Weighted Assets Under Basel III

In millions of dollars	June 30, 2013	December 31, 2012
Tier 1 Common Capital(1)		
Citigroup common stockholders' equity(2)	**$ 191,672**	$ 186,487
Add: Qualifying noncontrolling interests	**161**	171
Regulatory Capital Adjustments and Deductions:		
Less: Accumulated net unrealized losses on cash flow hedges, net of tax	**(1,671)**	(2,293)
Less: Cumulative change in fair value of financial liabilities attributable to the change in own creditworthiness, net of tax	**524**	587
Less: Intangible assets:		
Goodwill, net of related deferred tax liability (DTL)(3)	**24,553**	25,488
Identifiable intangible assets other than mortgage servicing rights (MSRs), net of related DTL	**5,057**	5,632
Less: Defined benefit pension plan net assets	**876**	732
Less: Deferred tax assets (DTAs) arising from tax credit and net operating loss carryforwards	**27,900**	28,800
Less: Excess over 10%/15% limitations for other DTAs, certain common equity investments, and MSRs(4)	**17,447**	22,316
Total Tier 1 Common Capital	**$ 117,147**	$ 105,396
Total Risk-Weighted Assets(5)	**$ 1,167,597**	$ 1,206,153

(1) Calculated based on the Basel III NPR.

(2) Issuance costs related to preferred stock outstanding at June 30, 2013 are excluded from common stockholders' equity and netted against preferred stock in accordance with Federal Reserve Board regulatory reporting requirements, which differ from those under U.S. GAAP.

(3) Includes goodwill "embedded" in the valuation of significant common stock investments in unconsolidated financial institutions.

(4) Aside from MSRs, reflects DTAs arising from temporary differences and significant common stock investments in unconsolidated financial institutions.

(5) Calculated based on the Basel III NPR "advanced approaches" for determining risk-weighted assets, and including Basel II.5.

Supplementary Leverage Ratio

Citigroup's estimated Basel III Supplementary Leverage ratio was 4.9% for the second quarter of 2013.(13) The ratio represents the average for the quarter of the three monthly ratios of Tier 1 Capital to total leverage exposure (i.e., the sum of the ratios calculated for April, May and June, divided by three). Total leverage exposure is the sum of: (i) the carrying value of all on-balance sheet assets less applicable Tier 1 Capital deductions; (ii) the potential future exposure on derivative contracts; (iii) 10% of the notional amount of unconditionally cancellable commitments; and (iv) the full notional amount of certain other off-balance sheet exposures (e.g., other commitments and contingencies).

(13) Citigroup's estimated Basel III Tier 1 Common ratio and estimated Basel III Supplementary Leverage ratio as of June 30, 2013 are based on the U.S. banking agencies proposed Basel III rules (Basel III NPR). In July 2013, the U.S. banking agencies adopted the Final Basel III Rules. Citi continues to review these and other recent developments relating to the future capital requirements of financial institutions such as Citi (see "Regulatory Capital Standards Developments" below). As a result, Citi's Basel III estimates are based on its current understanding, expectations and interpretation of the Basel III NPR and are necessarily subject to, among other

matters, Citi's review and implementation of the Final Basel III Rules, anticipated compliance with all required enhancements to model calibration and other refinements with respect to the Basel III Tier 1 Common ratio, and further regulatory implementation guidance in the U.S. Citi's estimated Basel III Tier 1 Common ratio and estimated Basel III Supplementary Leverage ratio and certain related components are non-GAAP financial measures. Citigroup believes these ratios and their components provide useful information to investors and others by measuring Citigroup's progress against expected future regulatory capital standards.

Regulatory Capital Standards Developments

Basel II.5

In June 2012, the U.S. banking agencies released final (revised) market risk capital rules (Basel II.5), which became effective on January 1, 2013. Subsequently, in July 2013, the U.S. banking agencies issued a notice of proposed rulemaking that would amend Basel II.5 by conforming such rules to certain elements of the Final Basel III Rules, as well as incorporating additional clarifications. Citi does not expect that these changes to Basel II.5, if adopted as proposed, would have a material impact on the measurement of market risk capital.

Basel III

In July 2013, the U.S. banking agencies released the Final Basel III Rules which comprehensively revise the regulatory capital framework for substantially all U.S. banking organizations, and implement many aspects of the Basel Committee on Banking Supervision's (BCBS) Basel III rules as well as incorporate relevant provisions of the Dodd-Frank Act. The Final Basel III Rules are largely consistent with the Basel III NPR (including the Standardized Approach NPR and the Advanced Approaches NPR) issued in June 2012, as applicable to "Advanced Approaches" banking organizations (generally those with consolidated total assets of at least $250 billion or consolidated total on balance sheet foreign exposures of at least $10 billion), which includes Citi and Citibank, N.A. Advanced Approaches banking organizations are required to adopt the Final Basel III Rules effective January 1, 2014, with the exception of the "Standardized Approach" for deriving risk-weighted assets which becomes effective January 1, 2015. For additional information regarding the Basel III NPR, see "Capital Resources and Liquidity Capital Resources Regulatory Capital Standards Basel III" in Citi's 2012 Annual Report on Form 10-K.

Among the more significant of the revisions under the Final Basel III rules relative to Advanced Approaches banking organizations are the treatment of non-qualifying Tier 1 and Tier 2 Capital instruments and expansion of the capital floor provision of the "Collins Amendment" of the Dodd-Frank Act to include the Capital Conservation Buffer.

The Final Basel III Rules require that Advanced Approaches banking organizations phase-out from Tier 1 Capital trust preferred securities issued prior to May 19, 2010 by January 1, 2016, with 50% of these capital instruments includable in Tier 1 Capital in 2014 and 25% includable in 2015. The trust preferred securities excluded from Tier 1 Capital may be included in full in Tier 2 Capital during those two years, but must be phased out of Tier 2 Capital by January 1, 2022 (declining in 10% annual increments starting at 60% in 2016).

Furthermore, in connection with the Final Basel III Rules, the U.S. banking agencies indicated their views regarding the appropriate subordination standard for Tier 2 qualifying subordinated debt, which represent a departure from the current guidance upon which bank holding companies have, in part, historically relied. Under the Final Basel III Rules, any nonconforming Tier 2 subordinated debt issued prior to May 19, 2010 will be required to be phased out by January 1, 2016, but issuances after May 19, 2010 will be required to be excluded from capital as of January 1, 2014. As set forth under "Components of Citigroup Capital Under Current Regulatory Guidelines" above, Citi had approximately $18.2 billion of currently qualifying Tier 2 subordinated debt outstanding as of June 30, 2013. It is Citi's understanding, however, that after recognizing this apparent modification of current guidance, the U.S. banking agencies are considering clarifying the intent and effect of the Final Basel III Rules on such guidance. Citi will review any future clarifying guidance from the U.S. banking agencies and assess the resulting impact, if any, on its currently outstanding Tier 2 qualifying subordinated debt.

With regard to minimum required risk-based capital ratios, the Final Basel III Rules modify the regulations implementing the capital floor provision of the Collins Amendment as adopted in June 2011. This provision requires Advanced Approaches banking organizations to calculate each of the three risk-based capital ratios (Tier 1 Common, Tier 1 Capital and Total Capital) under both the Standardized Approach starting on January 1, 2015 (or, for 2014, prior to the effective date of the Standardized Approach, the existing Basel I capital rules) and the "Advanced Approaches" and report the lower (most conservative) of each of the resulting capital ratios.

In contrast to the Basel III NPR, however, the Final Basel III Rules also require that the Capital Conservation Buffer for Advanced Approaches banking organizations, as well as the Countercyclical Capital Buffer, if invoked, be calculated in accordance with the Collins Amendment, thus requiring use of both the Advanced Approaches and the Standardized Approach (or the existing Basel I capital rules in 2014) to determine compliance based on the lower (more conservative) of the two. The buffers are to be phased in incrementally from January 1, 2016 through January 1, 2019.

The Final Basel III Rules are substantially consistent with the Basel III NPR with regard to the Standardized Approach, although the Final Basel III Rules did not adopt modifications to the calculation of risk-weighting for residential mortgages as were proposed. The Final Basel III Rules pertaining to the Standardized Approach are applicable to substantially all U.S. banking organizations and, when effective on January 1, 2015, will become the generally applicable risk based standard for purposes of the Collins Amendment floor, replacing the existing Basel I rules governing the calculation of risk-weighted assets for credit risk.

Under the Final Basel III Rules, consistent with the Basel III NPR, Advanced Approaches banking organizations are also required to calculate two leverage ratios, a "Tier 1" Leverage ratio and a "Supplementary" Leverage ratio. Citi, as with substantially all U.S. banking organizations, will be required to maintain a minimum Tier 1 Leverage ratio of 4%. The Supplementary Leverage ratio significantly differs from the Tier 1 Leverage ratio by including certain off-balance sheet exposures within the denominator of the ratio. Advanced Approaches banking organizations will be required to maintain a minimum Supplementary Leverage ratio of 3% commencing on January 1, 2018, but must commence disclosing this ratio on January 1, 2015.

In July 2013, subsequent to the release of the Final Basel III rules, the U.S. banking agencies also issued a notice of proposed rulemaking which would amend the Final Basel III Rules to impose on the eight largest U.S. bank holding companies (currently identified as globally systemically important banks (G-SIBs) by the Financial Stability Board, which includes Citi) a 2% leverage buffer in addition to the stated 3% minimum Supplementary Leverage ratio requirement. The leverage buffer would operate in a manner similar to that of the Capital Conservation Buffer, such that if a banking organization failed to exceed the 2% requirement it would be subject to increasingly onerous restrictions (depending upon the extent of the shortfall) regarding capital distributions and discretionary executive bonus payments. Accordingly, the proposal would effectively raise the Supplementary Leverage ratio requirement to 5%. Additionally, the proposed rules would require that insured depository institution subsidiaries of these bank holding companies, such as Citibank, N.A. maintain a minimum Supplementary Leverage ratio of 6% to be considered "well capitalized" under the revised prompt corrective action framework.

Separately, in June 2013, the BCBS proposed revisions that would significantly increase the denominator of the Basel III Leverage ratio (the equivalent of the U.S. Supplementary Leverage ratio), primarily in relation to the measurement of exposure regarding derivatives and securities financing transactions. The U.S. banking agencies may revise the Supplementary Leverage ratio in the future based upon any revisions adopted by the BCBS.

Tangible Common Equity and Tangible Book Value Per Share

Tangible common equity (TCE), as currently defined by Citigroup, represents common equity less goodwill and other intangible assets (other than mortgage servicing rights (MSRs)). Other companies may calculate TCE in a different manner.

The following table sets forth Citi's TCE and related information as of June 30, 2013 and December 31, 2012.(14) The decline in Citi's TCE ratio during the first half of 2013 was primarily due to a significant increase in market risk-weighted assets resulting from the adoption of Basel II.5 on January 1, 2013, offset in part by net income during the period.

In millions of dollars or shares, except ratios and per share data		**June 30, 2013**		**December 31, 2012**
Total Citigroup stockholders' equity	**$**	**195,926**	$	189,049
Less:				
Preferred stock		**4,293**		2,562
Common equity	**$**	**191,633**	$	186,487
Less:				
Goodwill		**24,896**		25,673
Other intangible assets (other than MSRs)		**4,981**		5,697
Goodwill and other intangible assets (other than MSRs) related to assets of discontinued operations held for sale		**267**		32
Net deferred tax assets related to goodwill and other intangible assets				32
Tangible common equity (TCE)	**$**	**161,489**	$	155,053
Tangible assets				
GAAP assets	**$**	**1,883,988**	$	1,864,660
Less:				
Goodwill		**24,896**		25,673
Other intangible assets (other than MSRs)		**4,981**		5,697
Goodwill and other intangible assets (other than MSRs) related to assets for discontinued operations held for sale		**267**		32
Net deferred tax assets related to goodwill and other intangible assets				309
Tangible assets (TA)	**$**	**1,853,844**	$	1,832,949
Risk-weighted assets (RWA)	**$**	**1,084,072(1)**	$	971,253(2)
TCE/TA ratio		**8.71%**		8.46%
TCE/RWA ratio		**14.90%**		15.96%
Common shares outstanding (CSO)		**3,041.0**		3,028.9
Book value per share (common equity/CSO)	**$**	**63.02**	$	61.57

Tangible book value per share (TCE/CSO)	**$ 53.10**	$ 51.19

(1) Risk-weighted assets as computed under current regulatory capital guidelines.

(2) Risk-weighted assets as computed under Basel I credit risk and market risk capital rules.

(14) TCE, tangible book value per share and related ratios are non-GAAP financial measures. Citigroup believes these ratios and their components provide useful information to investors as they are capital adequacy metrics used and relied upon by investors and industry analysts.

FUNDING AND LIQUIDITY

Overview

Citi's funding and liquidity objectives are to maintain liquidity to fund its existing asset base as well as grow its core businesses in Citicorp, while at the same time maintain sufficient excess liquidity, structured appropriately, so that it can operate under a wide variety of market conditions, including market disruptions for both short- and long-term periods. Citigroup's primary liquidity objectives are established by entity, and in aggregate, across three major categories:

- the parent entity, which includes the parent holding company (Citigroup) and Citi's broker-dealer subsidiaries that are consolidated into Citigroup (collectively referred to in this section as "parent");
- Citi's significant Citibank entities, which consist of Citibank, N.A. units domiciled in the U.S., Western Europe, Hong Kong, Japan and Singapore (collectively referred to in this section as "significant Citibank entities"); and
- other Citibank and Banamex entities.

At an aggregate level, Citigroup's goal is to ensure that there is sufficient funding in amount and tenor to ensure that customer assets are fully funded, as well as an appropriate amount of cash and high quality liquid assets(15) in these entities. The liquidity framework requires that entities be self-sufficient or net providers of liquidity, including in conditions established under their designated stress tests.

Citi's primary sources of funding include (i) deposits via Citi's bank subsidiaries, which are Citi's most stable and lowest cost source of long-term funding, (ii) long-term debt (primarily senior and subordinated debt) primarily issued at the parent and certain bank subsidiaries, and (iii) stockholders' equity. These sources may be supplemented by short-term borrowings, primarily in the form of secured financing transactions (securities loaned or sold under agreements to repurchase, or repos).

As referenced above, Citigroup works to ensure that the structural tenor of these funding sources is sufficiently long in relation to the tenor of its asset base. The key goal of Citi's asset/liability management is to ensure that there is excess tenor in the liability structure so as to provide excess liquidity after funding the assets. The excess liquidity resulting from a longer-term tenor profile can effectively offset potential decreases in liquidity that may occur under stress. This excess funding is held in the form of high quality liquid assets which Citi generally refers to as its "liquidity resources," and is described further below.

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(15) As set forth in the table below, "high quality liquid assets" generally is defined as available cash at central banks and unencumbered liquid securities and is based on Citi's current interpretation of the definition of "high quality liquid assets" under the proposed Basel III Liquidity Coverage Ratio. See "Liquidity Measures" below.

High Quality Liquid Assets

	Parent			Significant Citibank Entities			Other Citibank and Banamex Entities			Total		
In billions of dollars	**Jun. 30, 2013**	**Mar. 31, 2013**	**Jun. 30, 2012**	**Jun. 30, 2013**	**Mar. 31, 2013**	**Jun. 30, 2012**	**Jun. 30, 2013**	**Mar. 31, 2013**	**Jun. 30, 2012**	**Jun. 30, 2013**	**Mar. 31, 2013**	**Jun. 30, 2012**
Available cash	**$ 34.0**	$ 39.3	$ 55.6	**$ 68.0**	$ 53.6	$ 53.0	**$ 13.5**	$ 10.4	$ 14.0	**$ 115.6**	$ 103.3	$ 122.6
Unencumbered liquid securities	**24.2**	24.0	37.6	**170.3**	169.2	168.4	**79.1**	79.3	83.5	**273.6**	272.5	289.6
Total	**$ 58.2**	$ 63.3	$ 93.2	**$ 238.3**	$ 222.8	$ 221.4	**$ 92.6**	$ 89.7	$ 97.5	**$ 389.2**	$ 375.8	$ 412.2

Note: Amounts for the first and second quarter of 2013 are based on Citi's current interpretation of the definition of "high quality liquid assets" under the proposed Basel III Liquidity Coverage Ratio. Amounts for the second quarter of 2012 are based on Citi's prior internal view of its liquidity resources (available cash at central banks and unencumbered liquid securities); such amounts have not been adjusted due to immateriality. All amounts in the table above are as of period-end and may increase or decrease intra-period in the ordinary course of business.

As set forth in the table above, Citigroup's liquidity resources totaled approximately $389.2 billion at June 30, 2013, compared to $375.8 billion at March 31, 2013 and $412.2 billion at June 30, 2012. Citigroup's liquidity resources at June 30, 2013 included approximately $20 billion of cash to fund the transfer of MSSB deposits to Morgan Stanley during the third quarter of 2013 (see "Deposits" below).

At June 30, 2013, Citigroup's parent liquidity resources totaled approximately $58.2 billion, compared to $63.3 billion at March 31, 2013 and $93.2 billion at June 30, 2012. These amounts include unencumbered liquid securities and available cash held in Citi's U.S. and non-U.S. broker-dealer entities. The decrease quarter-over-quarter was primarily due to the continued repayment and runoff of long-term debt.

Citigroup's significant Citibank entities had approximately $238.3 billion of liquidity resources as of June 30, 2013, compared to $222.8 billion at March 31, 2013 and $221.4 billion at June 30, 2012. As of June 30, 2013, the significant Citibank entities' liquidity resources included $68.0 billion of cash on deposit with major central banks(16) and other cash held in vaults, compared with $53.6 billion at March 31, 2013 and $53.0 billion at June 30, 2012. As discussed in more detail under "Balance Sheet Review Cash and Deposits with Banks" above, the increase in available cash quarter-over-quarter was primarily driven by the continued reduction of Citi Holdings assets, particularly due to the cash proceeds from the completion of the sale of Citi's remaining interest in the MSSB joint venture.

The significant Citibank entities' liquidity resources as of June 30, 2013 also included unencumbered liquid securities that are available for sale, as collateral for secured financing through private markets or by pledging to the major central banks. The liquidity value of these securities was $170.3 billion at June 30, 2013 compared to $169.2 billion at March 31, 2013 and $168.4 billion at June 30, 2012.

Citi estimates that its other Citibank and Banamex entities and subsidiaries held approximately $92.6 billion in liquidity resources as of June 30, 2013, compared to $89.7 billion at March 31, 2013 and $97.5 billion at June 30, 2012. The increase quarter-over-quarter was primarily due to deposit growth and modest reductions in lending in those entities. The $92.6 billion as of June 30, 2013 included $13.5 billion of available cash and $79.1 billion of unencumbered liquid securities.

Citi's liquidity resources as of June 30, 2013 do not include additional potential liquidity in the form of Citigroup's borrowing capacity from the various Federal Home Loan Banks (FHLB), which was approximately $27 billion as of June 30, 2013 and is maintained by pledged collateral to all such banks. The liquidity resources shown above also do not include Citi's borrowing capacity at the U.S. Federal Reserve Bank discount window or international central banks, which capacity would also be in addition to the resources noted above.

Moreover, in general, Citigroup can freely fund legal entities within its bank vehicles. Citigroup's bank subsidiaries, including Citibank, N.A., can lend to the Citigroup parent and broker-dealer entities in accordance with Section 23A of the Federal Reserve Act. As of June 30, 2013, the amount available for lending to these entities under Section 23A was approximately $18 billion (compared to approximately $17 billion at March 31, 2013), provided the funds are collateralized appropriately.

(16) Includes the U.S. Federal Reserve Bank, European Central Bank, Bank of England, Swiss National Bank, Bank of Japan, the Monetary Authority of Singapore and the Hong Kong Monetary Authority.

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High Quality Liquid Assets By Type

The following table shows the composition of Citi's liquidity resources by type of asset as of each of the periods indicated. For securities, the amounts represent the liquidity value that could potentially be realized, and thus excludes any securities that are encumbered, as well as the haircuts that would be required for secured financing transactions.

In billions of dollars	**Jun. 30, 2013**	**Mar. 31, 2013**	**Jun. 30, 2012**
Available cash	**$ 115.6**	$ 103.3	$ 122.6
U.S. Treasuries	**81.1**	79.9	77.4
U.S. Agencies/Agency MBS	**63.4**	61.7	71.4
Foreign Government(1)	**118.6**	119.8	132.9
Other Investment Grade(2)	**10.5**	11.1	7.9
Total	**$ 389.2**	375.8	$ 412.2

Note: Amounts for the first and second quarter of 2013 are based on Citi's current interpretation of the definition of "high quality liquid assets" under the proposed Basel III Liquidity Coverage Ratio. Amounts for the second quarter of 2012 are based on Citi's prior internal view of its liquidity resources; such amounts have not been adjusted due to immateriality.

(1) Foreign government also includes foreign government agencies, multinationals and foreign government guaranteed securities. Foreign government securities are held largely to support local liquidity requirements and Citi's local franchises and, as of June 30, 2013, principally included government bonds from Korea, Japan, Mexico, Brazil, Hong Kong, Singapore and Taiwan.

(2) Includes contractual committed facilities from central banks in the amount of $0.7 billion and $1.2 billion at the end of the second and first quarters of 2013, respectively.

Citi's liquidity resources are composed entirely of cash, securities positions and contractual committed facilities from the central banks. While Citi utilizes derivatives to manage the interest rate and currency risks related to the liquidity resources, credit derivatives are not used.

Deposits

Deposits are the primary and lowest cost funding source for Citi's bank subsidiaries. The table below sets forth the end of period deposits, by business and/or segment, and the total average deposits for each of the periods indicated.

In billions of dollars	**Jun. 30, 2013**	**Mar. 31, 2013**	**Jun. 30, 2012**
Global Consumer Banking			
North America	**$ 165.9**	$ 166.8	$ 153.2
EMEA	**12.9**	13.1	12.6
Latin America	**46.6**	49.1	45.8
Asia	**101.2**	106.8	112.5
Total	**$ 326.6**	$ 335.8	$ 324.1
ICG			
Securities and Banking	**$ 105.8**	$ 111.9	$ 121.5
Transaction Services	**426.1**	411.6	399.3
Total	**$ 531.9**	$ 523.5	$ 520.8
Corporate/Other	**15.2**	8.8	6.7
Total Citicorp	**$ 873.7**	$ 868.1	$ 851.6
Total Citi Holdings	**64.7**	65.7	62.7

Total Citigroup Deposits (EOP)	**$**	**938.4**	$	933.8	$	914.3
Total Citigroup Deposits (AVG)	**$**	**924.5**	$	920.4	$	893.4

Quarter-over-quarter, end-of-period deposits of $938.4 billion increased by $4.6 billion, or less than 1%. Excluding the impact of FX translation, deposits grew 4% year-over-year, and 2% quarter-over-quarter. Excluding the impact of FX translation, *Global Consumer Banking* deposits increased 2% year-over-year and 1% quarter-over-quarter. Domestic growth was offset by a decline in *Asia*, as Citi optimized the high deposit to loan ratios in this region by reducing cost of funds. Excluding the impact of FX translation, *Transaction Services* deposits grew by 7% year-over-year, and 4% quarter-over-quarter, primarily as a result of client activity in *Latin America* and *EMEA*.

In connection with the MSSB joint venture, Citi held $57 billion of deposits related to MSSB customers as of June 30, 2013. As previously disclosed, pursuant to its agreement with Morgan Stanley, Citi will transfer these deposits to Morgan Stanley in stages, starting with approximately $20 billion during the third quarter of 2013, and approximately $5 billion per quarter for the next two years.

During the second quarter of 2013, the composition of Citi's deposits continued to shift toward a greater proportion of operating balances.(17) Operating balances represented 79% of Citicorp's total deposit base as of June 30, 2013, compared to 78% at March 31, 2013 and 74% at June 30, 2012. This continued shift to operating balances, combined with overall market conditions and prevailing interest rates, continued to reduce Citi's cost of deposits during the second quarter of 2013. Excluding the impact of FDIC assessments and deposit insurance, the average rate on Citi's total deposits was 0.56% at June 30, 2013, compared with 0.61% at March 31, 2013 and 0.74% at June 30, 2012.

Deposits can be interest-bearing or non-interest-bearing. Of Citi's $938 billion of deposits as of June 30, 2013, $188 billion were non-interest-bearing, compared to $190 billion at March 31, 2013, and $180 billion at June 30, 2012. The remaining $750 billion of deposits were interest-bearing, compared to $744 billion at March 31, 2013 and $734 billion at June 30, 2012. As of June 30, 2013, approximately 58% of Citi's deposits were located outside of the U.S., compared to 59% at March 31, 2013 and 61% at June 30, 2012.

Long-Term Debt

Long-term debt (generally defined as original maturities of one year or more) continued to represent the most significant component of Citi's funding for the parent entities. The vast majority of this funding is composed of senior term debt, along with subordinated instruments.

Senior long-term debt includes benchmark notes and structured notes, such as equity- and credit-linked notes. Citi's issuance of structured notes is generally driven by customer demand and is not a significant source of liquidity for Citi. Structured notes frequently contain contractual features, such as call options, which can lead to an expectation that the debt will be redeemed earlier than one year, despite contractually scheduled original maturities greater than one year. As such, when considering the measurement of Citi's long-term "structural" liquidity, structured notes with these contractual

(17) Citi defines operating balances as checking and savings accounts for individuals, as well as cash management accounts for corporations. This compares to time deposits, where rates are fixed for the term of the deposit and which have generally lower margins.

features are not included (see footnote 1 to the "Long-Term Debt Issuances and Maturities" table below).

Long-term debt is an important funding source for Citi's parent entities due in part to its multi-year maturity structure. The weighted average maturities of long-term debt issued by Citigroup and its affiliates (including Citibank, N.A.) with a remaining life greater than one year (excluding trust preferred securities) was approximately 7.0 years as of June 30, 2013, unchanged from the prior quarter and prior-year period.

Long-Term Debt Outstanding

The following table sets forth Citi's total long-term debt outstanding for the periods indicated:

In billions of dollars	**June 30, 2013**	**March 31, 2013**	**June 30, 2012**
Parent	**$ 172.6**	$ 184.9	$ 222.8
Senior/subordinated debt(1)	**160.0**	168.4	194.4
Trust preferred securities	**6.6**	9.6	16.0
Securitizations(1)(2)	**0.3**	0.3	3.2
Local country(1)	**5.7**	6.6	9.2
Bank	**$ 48.4**	$ 49.4	$ 65.5
Senior/subordinated debt	**0.0**	0.1	4.6
Securitizations(1)(2)	**26.4**	25.0	34.5
FHLB borrowings	**14.5**	16.3	17.8
Local country	**7.5**	8.0	8.6
Total long-term debt	**$ 221.0**	$ 234.3	$ 288.3

(1) Includes structured notes in the amount of $21.7 billion, $22.5 billion and $25.1 billion for the second quarter of 2013, the first quarter of 2013 and the second quarter of 2012, respectively.

(2) Of the approximate $26.7 billion of total bank and parent securitizations as of June 30, 2013, approximately $23.9 billion related to credit card securitizations, the vast majority of which is at the bank level.

As set forth in the table above, Citi's overall long-term debt decreased by approximately $13 billion quarter-over-quarter. In the bank, the decrease was due to FHLB run-off that was replaced with deposit growth. Additionally, securitization maturities were offset by $2.5 billion of second quarter issuance in the Citibank Credit Card Issuance Trust (CCCIT). In the parent, the decrease was primarily due to debt maturities, trust preferred redemptions, and debt repurchases through tender offers or buybacks, partially offset by issuances. These reductions are in keeping with Citi's continued strategy to deleverage its balance sheet and lower its funding costs.

As previously disclosed and as part of its liquidity and funding strategy, Citi has considered, and may continue to consider, opportunities to repurchase its long-term and short-term debt pursuant to open market purchases, tender offers or other means. Such repurchases further decrease Citi's overall funding costs. During the second quarter of 2013, Citi repurchased an aggregate of approximately $5.0 billion of its outstanding long-term and short-term debt, including the $3.0 billion of trust preferred securities primarily pursuant to selective public tender offers and open market purchases. Additionally, Citi redeemed one series of its outstanding trust preferred securities for an aggregate amount of approximately $1.0 billion, which closed on July 15, 2013 (for details on Citi's remaining outstanding trust preferred securities, see Note 16 to the Consolidated Financial Statements).

Year-to-date, Citi has reduced its long-term debt outstanding by approximately $19 billion, including $10 billion net reduction from maturities and issuances, $5 billion of mark-to-market decrease due to increasing interest rates, and $4 billion of foreign exchange decrease primarily due to the weakening of the Japanese Yen, Pound Sterling and Euro. While Citi expects to continue to reduce its outstanding long-term debt during the remainder of 2013, such reductions will likely occur at a more moderate rate as compared to the significant decrease during 2012 (approximately $84 billion). These reductions could occur through maturities as well as continued repurchases, tender offers, redemptions and similar means. Generally, reductions in Citi's long-term debt will reflect the funding needs of its businesses, and will also be dependent on the economic environment as well as any potential new regulatory changes, such as prescribed levels of debt required to be maintained by Citi pursuant to the U.S. banking regulators orderly liquidation authority (for additional information, see "Risk Factors Regulatory Risks" in Citi's 2012 Annual Report on Form 10-K).

Long-Term Debt Issuances and Maturities

The table below details Citi's long-term debt issuances and maturities (including repurchases and redemptions) during the periods presented:

	2Q13		1Q13		2Q12	
In billions of dollars	**Maturities**	**Issuances**	**Maturities**	**Issuances**	**Maturities**	**Issuances**
Parent	**$ 13.7**	**$ 5.4**	$ 8.2	$ 8.7	$ 18.9	$ 3.4
Structural long-term debt(1)	**12.5**	**4.8**	6.4	8.2	17.7	3.0
Local country level, and other(1)	**1.2**	**0.6**	1.8	0.5	1.2	0.4
Securitizations	**0.0**	**0.0**	0.0	0.0	0.0	0.0
Bank	**$ 4.7**	**$ 4.3**	$ 1.9	$ 0.6	$ 14.4	$ 7.7
Structural long-term debt(1)	**0.0**	**0.0**	0.0	0.0	6.0	0.0
Local country level, and other	**1.0**	**0.8**	1.0	0.6	1.1	0.2
FHLB borrowings	**2.8**	**1.0**	0.0	0.0	0.7	7.5
Securitizations	**0.9**	**2.5**	0.9	0.0	6.6	0.0
Total	**$ 18.4**	**$ 9.7**	$ 10.1	$ 9.3	$ 33.3	$ 11.1

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(1) Citi defines structural long-term debt as its long-term debt (original maturities of one year or more), excluding certain structured debt, such as equity-linked and credit-linked notes, with early redemption features effective within one year. Structured debt excluded from Citi's structural long-term debt is included in "other." Structural long-term debt is a non-GAAP measure. Citigroup believes that the structural long-term debt measure provides useful information to its investors as it excludes long-term debt that could be redeemed by the holders thereof within one year. The amount of structured debt issuances included in "other", and thus excluded from "structural long-term debt," were $0.7 billion, $0.4 billion and $0.3 billion in the second quarter of 2013, first quarter of 2013 and second quarter of 2012, respectively. The amount of structured debt maturities included in "other", and thus excluded from "structural long-term debt," were $0.8 billion, $1.6 billion and $0.7 billion, in the second quarter of 2013, first quarter of 2013 and second quarter of 2012, respectively.

The table below shows Citi's aggregate expected annual long-term debt maturities (including repurchases and redemptions) as of June 30, 2013:

	Expected Long-Term Debt Maturities as of June 30, 2013							
In billions of dollars	**2013(1)**	**2014**	**2015**	**2016**	**2017**	**2018**	**Thereafter**	**Total**
Parent	**$ 36.4**	**$ 26.3**	**$ 20.7**	**$ 16.5**	**$ 20.9**	**$ 10.2**	**$ 63.6**	**$ 194.6**
Senior/subordinated debt(2)	31.5	24.0	20.0	16.0	20.6	10.1	56.3	178.5
Trust preferred securities	3.9	0.0	0.0	0.0	0.0	0.0	5.7	9.6
Securitizations	0.0	0.0	0.0	0.0	0.0	0.0	0.2	0.2
Local country	1.0	2.3	0.7	0.5	0.3	0.1	1.4	6.3
Bank	**$ 17.3**	**$ 10.4**	**$ 10.6**	**$ 6.4**	**$ 3.1**	**$ 4.2**	**$ 3.0**	**$ 55.0**
Securitizations	2.4	6.5	7.6	2.8	2.3	4.0	2.5	28.1
Local country	3.1	2.4	2.0	0.6	0.8	0.2	0.5	9.6
FHLB borrowings	11.8	1.5	1.0	3.0	0.0	0.0	0.0	17.3
Total long-term debt	**$ 52.7**	**$ 36.7**	**$ 31.3**	**$ 22.9**	**$ 24.0**	**$ 14.4**	**$ 67.6**	**$ 249.6**

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(1) Includes $28.5 billion of first half 2013 maturities.

(2)

Includes certain structured debt, such as equity-linked and credit-linked notes, with early redemption features effective within one year. The amount and maturity of such debt included is as follows: $0.2 billion maturing in 2013; $0.6 billion in 2014; $0.6 billion in 2015; $0.6 billion in 2016; $0.5 billion in 2017; $0.3 billion in 2018; and $1.2 billion thereafter.

Secured Financing Transactions and Short-Term Borrowings

As referenced above, Citi supplements its primary sources of funding with short-term borrowings. Short-term borrowings generally include (i) secured financing (securities loaned or sold under agreements to repurchase, or repos) and (ii) short-term borrowings consisting of commercial paper and borrowings from the FHLB and other market participants. See Note 16 to the Consolidated Financial Statements for further information on Citigroup's and its affiliates' outstanding short-term borrowings.

Secured Financing

Secured financing is primarily conducted through Citi's broker-dealer subsidiaries to facilitate customer matched-book activity and to efficiently fund a portion of the trading inventory. Generally, changes in the level of secured financing are primarily due to fluctuations in inventory (either on an end-of-quarter or on an average basis).

Secured financing was $218 billion as of June 30, 2013, compared to $222 billion as of March 31, 2013 and $215 billion as of June 30, 2012. The decrease in secured financing quarter-over-quarter was primarily driven by a reduction in trading positions in *Securities and Banking* businesses, particularly in the latter part of the second quarter (see "Balance Sheet Review Assets" above).

Average balances for secured financing were approximately $243 billion for the quarter ended June 30, 2013, compared to $233 billion for the quarter ended March 31, 2013 and $225 billion for the quarter ended June 30, 2012. The increase in average balances quarter-over-quarter was primarily due to seasonal intra-quarter growth, particularly in *EMEA*.

Commercial Paper

The following table sets forth Citi's commercial paper outstanding for each of its parent and significant Citibank entities, respectively, for each of the periods indicated. The increase in the significant Citibank entities' outstanding commercial paper balances quarter-over-quarter was driven by the consolidation of $7 billion of previously unconsolidated assets during the current quarter, which consisted of trade loans within *North America Transaction Services* (see "Balance Sheet Loans" above and Note 19 to the Consolidated Financial Statements).

In billions of dollars	Jun. 30, 2013	Mar. 31, 2013	Jun. 30, 2012
Commercial paper			
Parent	**$ 0.2**	$ 0.3	$ 5.1
Significant Citibank Entities	**18.1**	11.7	15.6
Total	**$ 18.3**	$ 12.0	$ 20.7

Other Short-Term Borrowings

At June 30, 2013, Citi's other short-term borrowings, which includes borrowings from the FHLB and other market participants, were approximately $41 billion, compared with $36 billion at March 31, 2013 and $38 billion at June 30, 2012. The increase in short-term borrowings quarter-over-quarter primarily related to FHLB borrowings and was in preparation for the MSSB deposit transfers beginning in the third quarter of 2013 (as discussed above).

Liquidity Management, Measures and Stress Testing

For a discussion of Citi's liquidity management and stress testing, see "Capital Resources and Liquidity Funding and Liquidity Liquidity Management, Measures and Stress Testing" in Citi's 2012 Annual Report on Form 10-K.

Liquidity Measures

Citi uses multiple measures in monitoring its liquidity, including those described below.

The structural liquidity ratio, defined as the sum of deposits, long-term debt and stockholders' equity as a percentage of total assets, measures whether the asset base is funded by sufficiently long-dated liabilities. Citi's structural liquidity ratio remained stable at approximately 72% as of June 30, 2013.

In addition, Citi believes it is currently in compliance with the proposed Basel III Liquidity Coverage Ratio (LCR), as amended by the Basel Committee on Banking Supervision on January 7, 2013 (the amended LCR guidelines), even though such ratio is not proposed to take full effect until 2019. Based on Citi's current interpretation of the amended LCR guidelines, Citi's estimated LCR was approximately 110% as of June 30, 2013, compared with approximately 116% at March 31, 2013 and 127% at June 30, 2012.(18) Approximately 5 percentage points of the decrease in Citi's LCR quarter-over-quarter was driven by the MSSB transaction.

Citi's 110% LCR represents additional liquidity of approximately $37 billion above the proposed minimum 100% LCR threshold. Citi continues to expect to operate with an LCR in the range of 110% going forward, with the potential for modest variability from quarter-to-quarter.

The LCR is designed to ensure banks maintain an adequate level of unencumbered cash and highly liquid securities that can be converted to cash to meet liquidity needs under an acute 30-day stress scenario. Under the amended LCR guidelines, the LCR is to be calculated by dividing the amount of unencumbered cash and highly liquid, unencumbered government, government-backed and corporate securities by estimated net outflows over a stressed 30-day period. The net outflows are calculated by applying assumed outflow factors, prescribed in the amended LCR guidelines, to various categories of liabilities, such as deposits, unsecured and secured wholesale borrowings, unused commitments and derivatives-related exposures, partially offset by inflows from assets maturing within 30 days. The amended LCR requirements expanded the definition of liquid assets, and reduced outflow estimates for certain types of deposits and commitments.

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(18) Citi's estimated LCR is a non-GAAP financial measure. Citi believes this measure provides useful information to investors and others by measuring Citi's progress toward potential future expected regulatory liquidity standards. Citi's estimated LCR for all periods presented is based on its current interpretation, expectations and understanding of the proposed LCR calculation requirements and is necessarily subject to final regulatory clarity and rulemaking and other implementation guidance.

Credit Ratings

Citigroup's funding and liquidity, including its funding capacity, ability to access the capital markets and other sources of funds, as well as the cost of these funds, and its ability to maintain certain deposits, is partially dependent on its credit ratings. The table below indicates the ratings for Citigroup, Citibank, N.A. and Citigroup Global Markets Inc. (a broker-dealer subsidiary of Citigroup) as of June 30, 2013.

Debt Ratings as of June 30, 2013

	Citigroup Inc.		Citibank, N.A.	
	Senior debt	Commercial paper	Long-term	Short-term
Fitch Ratings (Fitch)	**A**	**F1**	**A**	**F1**
Moody's Investors Service (Moody's)	**Baa2**	**P-2**	**A3**	**P-2**
Standard & Poor's (S&P)	**A-**	**A-2**	**A**	**A-1**

Note: Citigroup Global Markets Inc. (CGMI) is rated A/A-1 by Standard & Poor's.

NR Not rated.

Recent Credit Rating Developments

On June 20, 2013, S&P changed the outlook on the long-term debt ratings of Citibank, N.A. to "stable" from "negative," citing Citi's "progress on shedding assets from Citi Holdings and reducing the risk in that portfolio."

S&P further stated that it is reconsidering the amount of government support factored into long-term ratings at the non-operating holding company level for eight U.S. banks, including Citi. At this time, S&P is not reassessing support assumptions of operating subsidiaries. S&P noted that it is closely monitoring the evolution and implementation of the Dodd-Frank regulations, including the Title II orderly liquidation authority single-point-of-entry resolution plan, and expects to update holding company support assumptions once proposed rules are written. The senior long-term debt ratings of Citigroup Inc. receive two notches of government support uplift under S&P's current methodology.

Potential Impacts of Ratings Downgrades

Ratings downgrades by Moody's, Fitch or S&P could negatively impact Citigroup's and/or Citibank, N.A.'s funding and liquidity due to reduced funding capacity, including derivatives triggers, which could take the form of cash obligations and collateral requirements.

The following information is provided for the purpose of analyzing the potential funding and liquidity impact to Citigroup and Citibank, N.A. of a hypothetical, simultaneous ratings downgrade across all three major rating agencies. This analysis is subject to certain estimates, estimation methodologies, and judgments and uncertainties, including without limitation those relating to potential ratings limitations certain entities may have with respect to permissible counterparties, as well as general subjective counterparty behavior (e.g., certain corporate customers and trading counterparties could re-evaluate their business relationships with Citi, and limit the trading of certain contracts or market instruments with Citi). Moreover, changes in counterparty behavior could impact Citi's funding and liquidity as well as the results of operations of certain of its businesses. Accordingly, the actual impact to Citigroup or Citibank, N.A. is unpredictable and may differ materially from the potential funding and liquidity impacts described below.

For additional information on the impact of credit rating changes on Citi and its applicable subsidiaries, see "Risk Factors Liquidity Risks" in Citi's 2012 Annual Report on Form 10-K.

Citigroup Inc. and Citibank, N.A. Potential Derivative Triggers

As of June 30, 2013, Citi estimates that a hypothetical one-notch downgrade of the senior debt/long-term rating of Citigroup across all three major rating agencies could impact Citigroup's funding and liquidity due to derivative triggers by approximately $0.9 billion. Other funding sources, such as secured financing transactions and other margin requirements, for which there are no explicit triggers, could also be adversely affected.

In addition, as of June 30, 2013, Citi estimates that a hypothetical one-notch downgrade of the senior debt/long-term rating of Citibank, N.A. across all three major rating agencies could impact Citibank, N.A.'s funding and liquidity due to derivative triggers by approximately $2.7 billion.

In total, Citi estimates that a one-notch downgrade of Citigroup and Citibank, N.A., across all three major rating agencies, could result in aggregate cash obligations and collateral requirements of approximately $3.6 billion (see also Note 20 to the Consolidated Financial Statements). As set forth under "High Quality Liquid Assets" above, the liquidity resources of Citi's parent entities were approximately $58 billion, and the liquidity resources of Citi's significant Citibank entities and other Citibank and Banamex entities were approximately $331 billion, for a total of approximately $389 billion as of June 30, 2013. These liquidity resources are available in part as a contingency for the potential events described above.

In addition, a broad range of mitigating actions are currently included in Citigroup's and Citibank, N.A.'s contingency funding plans. For Citigroup, these mitigating factors include, but are not limited to, accessing surplus funding capacity from existing clients, tailoring levels of secured lending, adjusting the size of select trading books and collateralized borrowings from Citi's significant bank subsidiaries. Mitigating actions available to Citibank, N.A. include, but are not limited to, selling or financing highly liquid government securities, tailoring levels of secured lending, adjusting the size of select trading books, reducing loan originations and renewals, raising additional deposits, or borrowing from the FHLB or central banks. Citi believes these mitigating actions could substantially reduce the funding and liquidity risk, if any, of the potential downgrades described above.

Citibank, N.A. Additional Potential Impacts

In addition to the above derivative triggers, Citi believes that a potential one-notch downgrade of Citibank, N.A.'s senior debt/long-term rating by S&P and Fitch could also have an adverse impact on the commercial paper/short-term rating of Citibank, N.A. As of June 30, 2013, Citibank, N.A. had liquidity commitments of approximately $18.1 billion to consolidated asset-backed commercial paper conduits (as referenced in Note 19 to the Consolidated Financial Statements).

In addition to the above-referenced liquidity resources of Citi's significant Citibank entities and other Citibank and Banamex entities, as well as the various mitigating actions previously noted, mitigating actions available to Citibank, N.A. to reduce the funding and liquidity risk, if any, of the potential downgrades described above, include repricing or reducing certain commitments to commercial paper conduits.

In addition, in the event of the potential downgrades described above, Citi believes that certain corporate customers could re-evaluate their deposit relationships with Citibank, N.A. Among other things, this re-evaluation could include adjusting their discretionary deposit levels or changing their depository institution, each of which could potentially reduce certain deposit levels at Citibank, N.A. As a potential mitigant, however, Citi could choose to adjust pricing or offer alternative deposit products to its existing customers, or seek to attract deposits from new customers, as well as utilize the other mitigating actions referenced above.

OFF-BALANCE-SHEET ARRANGEMENTS

Citigroup enters into various types of off-balance-sheet arrangements in the ordinary course of business. Citi's involvement in these arrangements can take many different forms, including without limitation:

- purchasing or retaining residual and other interests in special purpose entities, such as credit card receivables and mortgage-backed and other asset-backed securitization entities;
- holding senior and subordinated debt, interests in limited and general partnerships and equity interests in other unconsolidated entities; and
- providing guarantees, indemnifications, loan commitments, letters of credit and representations and warranties.

Citi enters into these arrangements for a variety of business purposes. These securitization entities offer investors access to specific cash flows and risks created through the securitization process. The securitization arrangements also assist Citi and Citi's customers in monetizing their financial assets at more favorable rates than Citi or the customers could otherwise obtain.

The table below presents where a discussion of Citi's various off-balance-sheet arrangements may be found in this Form 10-Q. In addition, see "Significant Accounting Policies and Significant Estimates Securitizations" as well as Notes 1, 22 and 27 to the Consolidated Financial Statements in Citigroup's 2012 Annual Report on Form 10-K.

Types of Off-Balance-Sheet Arrangements Disclosures in this Form 10-Q

Variable interests and other obligations, including contingent obligations, arising from variable interests in nonconsolidated VIEs	See Note 19 to the Consolidated Financial Statements.
Letters of credit, and lending and other commitments	See Note 23 to the Consolidated Financial Statements.
Guarantees	See Note 23 to the Consolidated Financial Statements.

MANAGING GLOBAL RISK

Citigroup believes that effective risk management is of primary importance to its overall operations. Accordingly, Citi's risk management process has been designed to monitor, evaluate and manage the principal risks it assumes in conducting its activities. These include credit, market and operational risks.

Citigroup's risk management framework is designed to balance business ownership and accountability for risks with well-defined independent risk management oversight and responsibility. Further, the risk management organization is structured so as to facilitate the management of risk across three dimensions: businesses, regions and critical products.

For more information on Citi's risk management, as well as a discussion of operational risk, see "Managing Global Risk" in Citigroup's 2012 Annual Report on Form 10-K. See also "Risk Factors" in Citi's 2012 Annual Report on Form 10-K.

CREDIT RISK

Loans Outstanding

In millions of dollars	2nd Qtr. 2013	1st Qtr. 2013	4th Qtr. 2012	3rd Qtr. 2012	2nd Qtr. 2012
Consumer loans					
In U.S. offices					
Mortgage and real estate(1)	**$ 112,890**	$ 120,768	$ 125,946	$ 128,737	$ 132,931
Installment, revolving credit, and other	**13,061**	12,955	14,070	14,210	14,757
Cards	**104,925**	104,535	111,403	108,819	109,755
Commercial and industrial	**5,620**	5,386	5,344	5,042	4,668
	$ 236,496	$ 243,644	$ 256,763	$ 256,808	$ 262,111
In offices outside the U.S.					
Mortgage and real estate(1)	**$ 53,507**	$ 54,717	$ 54,709	$ 54,529	$ 53,058
Installment, revolving credit, and other	**32,296**	34,020	33,958	34,094	33,125
Cards	**35,748**	39,522	40,653	39,671	38,721
Commercial and industrial	**23,849**	22,906	22,225	22,266	21,751
Lease financing	**712**	745	781	742	719
	$ 146,112	$ 151,910	$ 152,326	$ 151,302	$ 147,374
Total Consumer loans	**$ 382,608**	$ 395,554	$ 409,089	$ 408,110	$ 409,485
Unearned income	**(456)**	(378)	(418)	(358)	(358)
Consumer loans, net of unearned income	**$ 382,152**	$ 395,176	$ 408,671	$ 407,752	$ 409,127
Corporate loans					
In U.S. offices					
Commercial and industrial	**$ 30,798**	$ 28,558	$ 26,985	$ 30,056	$ 24,889
Loans to financial institutions	**23,982**	16,500	18,159	17,376	19,134
Mortgage and real estate(1)	**26,215**	25,576	24,705	24,221	23,239
Installment, revolving credit, and other	**31,919**	33,621	32,446	32,987	33,838
Lease financing	**1,535**	1,369	1,410	1,394	1,295
	$ 114,449	$ 105,624	$ 103,705	$ 106,034	$ 102,395
In offices outside the U.S.					
Commercial and industrial	**$ 84,317**	$ 85,258	$ 82,939	$ 85,854	$ 87,347
Installment, revolving credit, and other	**14,581**	14,733	14,958	16,758	17,001
Mortgage and real estate(1)	**6,276**	6,231	6,485	6,214	6,517
Loans to financial institutions	**40,303**	38,332	37,739	35,014	31,302
Lease financing	**556**	593	605	574	538
Governments and official institutions	**1,579**	1,265	1,159	984	1,527
	$ 147,612	$ 146,412	$ 143,885	$ 145,398	$ 144,232
Total Corporate loans	**$ 262,061**	$ 252,036	$ 247,590	$ 251,432	$ 246,627
Unearned income	**(472)**	(848)	(797)	(761)	(786)
Corporate loans, net of unearned income	**$ 261,589**	$ 251,188	$ 246,793	$ 250,671	$ 245,841
Total loans net of unearned income	**$ 643,741**	$ 646,364	$ 655,464	$ 658,423	$ 654,968
Allowance for loan losses on drawn exposures	**(21,580)**	(23,727)	(25,455)	(25,916)	(27,611)

Total loans net of unearned income and allowance for credit losses	**$ 622,161**	$ 622,637	$ 630,009	$ 632,507	$ 627,357
Allowance for loan losses as a percentage of total loans net of unearned income(2)	**3.38%**	3.70%	3.92%	3.97%	4.25%
Allowance for Consumer loan losses as a percentage of total Consumer loans net of unearned income(2)	**4.95%**	5.32%	5.57%	5.68%	6.04%
Allowance for Corporate loan losses as a percentage of total Corporate loans net of unearned income(2)	**1.05%**	1.12%	1.14%	1.14%	1.23%

(1) Loans secured primarily by real estate.

(2) All periods exclude loans which are carried at fair value.

Details of Credit Loss Experience

In millions of dollars	2nd Qtr. 2013	1st Qtr. 2013	4th Qtr. 2012	3rd Qtr. 2012	2nd Qtr. 2012
Allowance for loan losses at beginning of period	**$ 23,727**	$ 25,455	$ 25,916	$ 27,611	$ 29,020
Provision for loan losses					
Consumer(1)	**$ 1,850**	$ 2,158	$ 2,847	$ 2,493	$ 2,389
Corporate	**(23)**	56	(9)	(57)	86
	$ 1,827	$ 2,214	$ 2,838	$ 2,436	$ 2,475
Gross credit losses					
Consumer					
In U.S. offices(1)	**$ 2,157**	$ 2,367	$ 2,442	$ 3,297	$ 2,971
In offices outside the U.S.	**1,003**	1,017	1,066	1,023	1,007
Corporate					
In U.S. offices	**47**	20	58	47	104
In offices outside the U.S.	**50**	40	74	149	123
	$ 3,257	$ 3,444	$ 3,640	$ 4,516	$ 4,205
Credit recoveries					
Consumer					
In U.S. offices	**$ 275**	$ 309	$ 297	$ 282	$ 369
In offices outside the U.S.	**322**	242	261	258	272
Corporate					
In U.S. offices	**28**	5	55	45	54
In offices outside the U.S.	**24**	10	42	34	19
	$ 649	$ 566	$ 655	$ 619	$ 714
Net credit losses					
In U.S. offices(1)	**$ 1,901**	$ 2,073	$ 2,148	$ 3,017	$ 2,652
In offices outside the U.S.	**707**	805	837	880	839
Total	**$ 2,608**	$ 2,878	$ 2,985	$ 3,897	$ 3,491
Other net(2)(3)(4)(5)(6)	**$ (1,366)**	$ (1,064)	(314)	$ (234)	$ (393)
Allowance for loan losses at end of period	**$ 21,580**	$ 23,727	$ 25,455	$ 25,916	$ 27,611
Allowance for loan losses as a % of total loans(7)	**3.38%**	3.70%	3.92%	3.97%	4.25%
Allowance for unfunded lending commitments(8)	**$ 1,133**	$ 1,132	$ 1,119	$ 1,063	$ 1,104
Total allowance for loan losses and unfunded lending commitments	**$ 22,713**	$ 24,859	$ 26,574	$ 26,979	$ 28,715
Net consumer credit losses(1)	**$ 2,563**	$ 2,833	$ 2,950	$ 3,780	$ 3,337
As a percentage of average consumer loans	**2.65%**	2.88%	2.91%	3.72%	3.29%
Net corporate credit losses	**$ 45**	$ 45	$ 35	$ 117	$ 154
As a percentage of average corporate loans	**0.07%**	0.07%	0.06%	0.19%	0.26%
Allowance for loan losses at end of period(9)					
Citicorp	**$ 13,425**	$ 14,330	$ 14,623	$ 14,828	$ 15,387
Citi Holdings	**8,155**	9,397	10,832	11,088	12,224

Total Citigroup	**$**	**21,580**	$	23,727	$	25,455	$	25,916	$	27,611
Allowance by type										
Consumer	**$**	**18,872**	$	20,948	$	22,679	$	23,099	$	24,639
Corporate		**2,708**		2,779		2,776		2,817		2,972
Total Citigroup	**$**	**21,580**	$	23,727	$	25,455	$	25,916	$	27,611

(1) The third quarter of 2012 included approximately $635 million of incremental charge-offs related to Office of the Comptroller of the Currency (OCC) guidance regarding mortgage loans where the borrower has gone through Chapter 7 bankruptcy. There was a corresponding approximately $600 million reserve release in the third quarter of 2012 specific to these mortgage loans. The fourth quarter of 2012 included a benefit to charge-offs of approximately $40 million related to finalizing the impact of the OCC guidance.

(2) The second quarter of 2013 includes a reduction of approximately $650 million related to the sale or transfers to held-for-sale of various U.S. loan portfolios and a reduction of approximately $360 million related to the Brazil Credicard transfer to *Discontinued operations*. Additionally, a reduction of approximately $90 million related to a transfer to held-for-sale of a loan portfolio in Greece and a reduction of approximately $220 million related to FX translation.

(3) The first quarter of 2013 includes a reduction of approximately $855 million related to the sale or transfer to held-for-sale of various U.S. loan portfolios and a reduction of approximately $165 million related to a transfer to held-for-sale of a loan portfolio in Greece.

(4) The fourth quarter of 2012 included a reduction of approximately $255 million related to the sale or transfer to held-for-sale of various U.S. loan portfolios.

(5) The third quarter of 2012 included a reduction of approximately $300 million related to the sale or transfer to held-for-sale of various U.S. loan portfolios.

(6) The second quarter of 2012 included a reduction of approximately $175 million related to the sale or transfer to held-for-sale of various U.S. loan portfolios and a reduction of approximately $200 million related to the impact of FX translation.

(7) June 30, 2013, March 31, 2013, December 31, 2012, September 30, 2012, and June 30, 2012 exclude $4.9 billion, $5.0 billion, $5.3 billion, $5.4 billion, and $5.1 billion, respectively, of loans which are carried at fair value.

(8) Represents additional credit loss reserves for unfunded lending commitments and letters of credit recorded in *Other liabilities* on the Consolidated Balance Sheet.

(9)

Allowance for loan losses represents management's best estimate of probable losses inherent in the portfolio, as well as probable losses related to large individually evaluated impaired loans and troubled debt restructurings. Attribution of the allowance is made for analytical purposes only and the entire allowance is available to absorb probable credit losses inherent in the overall portfolio.

Allowance for Loan Losses (continued)

The following table details information on Citi's allowance for loan losses, loans and coverage ratios as of June 30, 2013 and December 31, 2012:

	June 30, 2013		
In billions of dollars	**Allowance for loan losses**	**Loans, net of unearned income**	**Allowance as a percentage of loans(1)**
North America cards(2)	**$ 6.5**	**$ 105.5**	**6.1%**
North America mortgages(3)	**6.7**	**111.9**	**5.9**
North America other	**1.2**	**21.4**	**5.6**
International cards	**2.3**	**35.6**	**6.5**
International other(4)	**2.2**	**107.7**	**2.1**
Total Consumer	**$ 18.9**	**$ 382.1**	**4.9%**
Total Corporate	**2.7**	**261.6**	**1.0**
Total Citigroup	**$ 21.6**	**$ 643.7**	**3.4%**

(1)

Allowance as a percentage of loans excludes loans that are carried at fair value.

(2)

Includes both Citi-branded cards and Citi retail services. The $6.5 billion of loan loss reserves for *North America* cards as of June 30, 2013 represented approximately 17 months of coincident net credit loss coverage.

(3)

Of the $6.7 billion, approximately $6.4 billion was allocated to *North America* mortgages in Citi Holdings. The $6.7 billion of loans loss reserves for *North America* mortgages as of June 30, 2013 represented approximately 35 months of coincident net credit loss coverage.

(4)

Includes mortgages and other retail loans.

	December 31, 2012		
In billions of dollars	**Allowance for loan losses**	**Loans, net of unearned income**	**Allowance as a percentage of loans(1)**
North America cards(2)	$ 7.3	$ 112.0	6.5%
North America mortgages(3)	8.6	125.4	6.9
North America other	1.5	22.1	6.8
International cards	2.9	40.7	7.0
International other(4)	2.4	108.5	2.2
Total Consumer	$ 22.7	$ 408.7	5.6%
Total Corporate	2.8	246.8	1.1
Total Citigroup	$ 25.5	$ 655.5	3.9%

(1) Allowance as a percentage of loans excludes loans that are carried at fair value.

(2) Includes both Citi-branded cards and Citi retail services. The $7.3 billion of loan loss reserves for *North America* cards as of December 31, 2012 represented approximately 18 months of coincident net credit loss coverage.

(3) Of the $8.6 billion, approximately $8.4 billion was allocated to *North America* mortgages in Citi Holdings. Excluding the $40 million benefit related to finalizing the impact of the OCC guidance in the fourth quarter of 2012, the $8.6 billion of loans loss reserves for *North America* mortgages as of December 31, 2012 represented approximately 33 months of coincident net credit loss coverage.

(4) Includes mortgages and other retail loans.

Non-Accrual Loans and Assets and Renegotiated Loans

The following pages include information on Citi's "Non-Accrual Loans and Assets" and "Renegotiated Loans." There is a certain amount of overlap among these categories. The following summary provides a general description of each category:

Non-Accrual Loans and Assets:

- Corporate and Consumer (commercial market) non-accrual status is based on the determination that payment of interest or principal is doubtful.
- Consumer non-accrual status is based on aging, i.e., the borrower has fallen behind in payments.
- As a result of OCC guidance received in the third quarter of 2012, mortgage loans discharged through Chapter 7 bankruptcy are classified as non-accrual. This guidance added approximately $1.5 billion of Consumer loans to non-accrual status at September 30, 2012, of which approximately $1.3 billion was current. See also Note 1 to the Consolidated Financial Statements.
- *North America* Citi-branded cards and Citi retail services are not included because, under industry standards, credit card loans accrue interest until such loans are charged off, which typically occurs at 180 days contractual delinquency.

Renegotiated Loans:

- Both Corporate and Consumer loans whose terms have been modified in a troubled debt restructuring (TDR).
- Includes both accrual and non-accrual TDRs.

Non-Accrual Loans and Assets

The table below summarizes Citigroup's non-accrual loans as of the periods indicated. Non-accrual loans may still be current on interest payments. In situations where Citi reasonably expects that only a portion of the principal owed will ultimately be collected, all payments received are reflected as a reduction of principal and not as interest income. For all other non-accrual loans, cash interest receipts are generally recorded as revenue.

Non-Accrual Loans

In millions of dollars	Jun. 30, 2013	Mar. 31, 2013	Dec. 31, 2012	Sept. 30, 2012	Jun. 30, 2012
Citicorp	**$ 4,011**	$ 4,235	$ 4,096	$ 4,090	$ 4,000
Citi Holdings	**5,695**	6,418	7,433	8,100	6,917
Total non-accrual loans (NAL)	**$ 9,706**	$ 10,653	$ 11,529	$ 12,190	$ 10,917
Corporate non-accrual loans(1)					
North America	**$ 811**	$ 1,007	$ 735	$ 900	$ 724
EMEA	**972**	1,077	1,131	1,054	1,169
Latin America	**91**	116	128	151	209
Asia	**270**	304	339	324	469
Total corporate non-accrual loans	**$ 2,144**	$ 2,504	$ 2,333	$ 2,429	$ 2,571
Citicorp	**$ 1,728**	$ 1,975	$ 1,909	$ 1,928	$ 2,014
Citi Holdings	**416**	529	424	501	557
Total corporate non-accrual loans	**$ 2,144**	$ 2,504	$ 2,333	$ 2,429	$ 2,571
Consumer non-accrual loans(1)					
North America(2)	**$ 5,568**	$ 6,171	$ 7,148	$ 7,698	$ 6,403
EMEA	**234**	263	380	379	371
Latin America	**1,430**	1,313	1,285	1,275	1,158
Asia	**330**	402	383	409	414
Total consumer non-accrual loans(2)	**$ 7,562**	$ 8,149	$ 9,196	$ 9,761	$ 8,346
Citicorp	**$ 2,283**	$ 2,260	$ 2,187	$ 2,162	$ 1,986
Citi Holdings**(2)**	**5,279**	5,889	7,009	7,599	6,360
Total consumer non-accrual loans(2)	**$ 7,562**	$ 8,149	$ 9,196	$ 9,761	$ 8,346

(1) Excludes purchased distressed loans as they are generally accreting interest. The carrying value of these loans was $606 million at June 30, 2013, $566 million at March 31, 2013, $538 million at December 31, 2012, $533 million at September 30, 2012 and $532 million at June 30, 2012.

(2) The third quarter of 2012 includes an increase in Consumer non-accrual loans in *North America* of approximately $1.5 billion as a result of OCC guidance received in the quarter regarding mortgage loans where the borrower has gone through Chapter 7 bankruptcy. Of the $1.5 billion of such non-accrual loans, $1.3 billion was current as of September 30, 2012.

Non-Accrual Loans and Assets (continued)

The table below summarizes Citigroup's other real estate owned (OREO) assets as of the periods indicated. This represents the carrying value of all real estate property acquired by foreclosure or other legal proceedings when Citi has taken possession of the collateral.

In millions of dollars	Jun. 30, 2013	Mar. 31, 2013	Dec. 31, 2012	Sept. 30, 2012	Jun. 30, 2012
OREO					
Citicorp	**$ 52**	$ 49	$ 49	$ 57	$ 57
Citi Holdings	**339**	363	391	417	484
Total OREO	**$ 391**	$ 412	$ 440	$ 474	$ 541
North America	**$ 267**	$ 286	$ 299	$ 315	$ 366
EMEA	**76**	85	99	111	127
Latin America	**46**	39	40	48	48
Asia	**2**	2	2		
Total OREO	**$ 391**	$ 412	$ 440	$ 474	$ 541
Other repossessed assets	**$**	$ 1	$ 1	$ 1	$ 2
Non-accrual assets Total Citigroup					
Corporate non-accrual loans	**$ 2,144**	$ 2,504	$ 2,333	$ 2,429	$ 2,571
Consumer non-accrual loans(1)	**7,562**	8,149	9,196	9,761	8,346
Non-accrual loans (NAL)	**$ 9,706**	$ 10,653	$ 11,529	$ 12,190	$ 10,917
OREO	**391**	412	440	474	541
Other repossessed assets		1	1	1	2
Non-accrual assets (NAA)	**$ 10,097**	$ 11,066	$ 11,970	$ 12,665	$ 11,460
NAL as a percentage of total loans	**1.51%**	1.65%	1.76%	1.85%	1.67%
NAA as a percentage of total assets	**0.54**	0.59	0.64	0.66	0.60
Allowance for loan losses as a percentage of NAL(2)	**222**	223	221	213	253

Non-accrual assets Total Citicorp	Jun. 30, 2013	Mar. 31, 2013	Dec. 31, 2012	Sept. 30, 2012	Jun. 30, 2012
Non-accrual loans (NAL)	**$ 4,011**	$ 4,235	$ 4,096	$ 4,090	$ 4,000
OREO	**52**	49	49	57	57
Other repossessed assets	**N/A**	N/A	N/A	N/A	N/A
Non-accrual assets (NAA)	**$ 4,063**	$ 4,284	$ 4,145	$ 4,147	$ 4,057
NAA as a percentage of total assets	**0.23%**	0.25%	0.24%	0.24%	0.24%
Allowance for loan losses as a percentage of NAL(2)	**335**	338	357	363	385
Non-accrual assets Total Citi Holdings					
Non-accrual loans (NAL)(1)	**$ 5,695**	$ 6,418	$ 7,433	$ 8,100	$ 6,917
OREO	**339**	363	391	417	484
Other repossessed assets	**N/A**	N/A	N/A	N/A	N/A
Non-accrual assets (NAA)	**$ 6,034**	$ 6,781	$ 7,824	$ 8,517	$ 7,401

NAA as a percentage of total assets	**4.61%**	4.55%	5.02%	4.98%	3.87%
Allowance for loan losses as a percentage of NAL(2)	**143**	146	146	137	177

(1)
The third quarter of 2012 includes an increase in Consumer non-accrual loans of approximately $1.5 billion as a result of OCC guidance received in the quarter regarding mortgage loans where the borrower has gone through Chapter 7 bankruptcy. Of the $1.5 billion of such non-accrual loans, $1.3 billion was current as of September 30, 2012.

(2)
The allowance for loan losses includes the allowance for Citi's credit card portfolios and purchased distressed loans, while the non-accrual loans exclude credit card balances (with the exception of certain international portfolios) and purchased distressed loans as these continue to accrue interest until charge-off.

N/A Not available at the Citicorp or Citi Holdings level.

Renegotiated Loans

The following table presents Citi's loans modified in TDRs.

In millions of dollars	Jun. 30, 2013	Dec. 31, 2012
Corporate renegotiated loans(1)		
In U.S. offices		
Commercial and industrial(2)	**$ 42**	$ 180
Mortgage and real estate(3)	**159**	72
Loans to financial institutions	**16**	17
Other	**417**	447
	$ 634	$ 716
In offices outside the U.S.		
Commercial and industrial(2)	**$ 131**	$ 95
Mortgage and real estate(3)	**59**	59
Other	**1**	3
	$ 191	$ 157
Total Corporate renegotiated loans	**$ 825**	$ 873
Consumer renegotiated loans(4)(5)(6)(7)		
In U.S. offices		
Mortgage and real estate(8)	**$ 19,281**	$ 22,903
Cards	**2,973**	3,718
Installment and other(9)	**611**	1,088
	$ 22,865	$ 27,709
In offices outside the U.S.		
Mortgage and real estate	**$ 823**	$ 932
Cards(10)	**801**	866
Installment and other	**771**	904
	$ 2,395	$ 2,702
Total Consumer renegotiated loans	**$ 25,260**	$ 30,411

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(1) Includes $299 million and $267 million of non-accrual loans included in the non-accrual assets table above at June 30, 2013 and December 31, 2012, respectively. The remaining loans are accruing interest.

(2) In addition to modifications reflected as TDRs at June 30, 2013, Citi also modified $192 million of commercial loans risk rated "Substandard Non-Performing" or worse (asset category defined by banking regulators) in offices outside the U.S. These modifications were not considered TDRs because the modifications did not involve a concession (a required element of a TDR for accounting purposes).

(3) In addition to modifications reflected as TDRs at June 30, 2013, Citi also modified $1 million of commercial real estate loans risk rated "Substandard Non-Performing" or worse (asset category defined by banking regulators) in U.S. offices. These modifications were not considered TDRs because the modifications did not involve a concession (a required element of a TDR for accounting purposes).

(4) Includes $3,582 million and $4,198 million of non-accrual loans included in the non-accrual assets table above at June 30, 2013 and December 31, 2012, respectively. The remaining loans are accruing interest.

(5) Includes $36 million and $38 million of commercial real estate loans at June 30, 2013 and December 31, 2012, respectively.

(6) Includes $230 million and $261 million of commercial loans at June 30, 2013 and December 31, 2012, respectively.

(7) Smaller-balance homogeneous loans were derived from Citi's risk management systems.

(8) Reduction in 2013 includes $3,973 million related to TDRs sold or transferred to held-for-sale.

(9) Reduction in 2013 includes approximately $345 million related to TDRs sold or transferred to held-for-sale.

(10) Reduction in 2013 includes $64 million related to the Brazil Credicard transfer to *Discontinued operations*.

North America Consumer Mortgage Lending

Overview

Citi's *North America* Consumer mortgage portfolio consists of both residential first mortgages and home equity loans. As of June 30, 2013, Citi's *North America* Consumer residential first mortgage portfolio totaled $77.8 billion, while the home equity loan portfolio was $34.2 billion. This compared to $84.4 billion and $35.6 billion of residential first mortgages and home equity loans as of March 31, 2013, respectively. Of the first mortgages at June 30, 2013, $48.6 billion were recorded in *LCL* within Citi Holdings, with the remaining $29.2 billion recorded in Citicorp. With respect to the home equity loan portfolio, $31.2 billion were recorded in *LCL*, with the remaining $3.0 billion in Citicorp.

Citi's residential first mortgage portfolio included $8.1 billion of loans with FHA insurance or VA guarantees as of June 30, 2013, compared to $8.6 billion as of March 31, 2013. This portfolio consists of loans to low-to-moderate-income borrowers with lower FICO (Fair Isaac Corporation) scores and generally has higher loan-to-value ratios (LTVs). Credit losses on FHA loans are borne by the sponsoring governmental agency, provided that the insurance terms have not been rescinded as a result of an origination defect. With respect to VA loans, the VA establishes a loan-level loss cap, beyond which Citi is liable for loss. While FHA and VA loans have high delinquency rates, given the insurance and guarantees, respectively, Citi has experienced negligible credit losses on these loans.

In addition, as of June 30, 2013, Citi's residential first mortgage portfolio included $1.6 billion of loans with origination LTVs above 80%, compared to $1.5 billion at March 31, 2013, which have insurance through mortgage insurance companies. As of June 30, 2013, the residential first mortgage portfolio also had $0.9 billion of loans subject to long-term standby commitments (LTSCs) with U.S. government-sponsored entities (GSEs) (unchanged from March 31, 2013), for which Citi has limited exposure to credit losses. Citi's home equity loan portfolio also included $0.3 billion of loans subject to LTSCs with GSEs (unchanged from March 31, 2013), for which Citi also has limited exposure to credit losses. These guarantees and commitments may be rescinded in the event of loan origination defects.

Citi's allowance for loan loss calculations takes into consideration the impact of these guarantees and commitments.

Citi does not offer option-adjustable rate mortgages/negative amortizing mortgage products to its customers. As a result, option-adjustable rate mortgages/negative amortizing mortgages represent an insignificant portion of total balances, since they were acquired only incidentally as part of prior portfolio and business purchases.

As of June 30, 2013, Citi's *North America* residential first mortgage portfolio contained approximately $6.1 billion of adjustable rate mortgages that are currently required to make a payment only of accrued interest for the payment period, or an interest-only payment, compared to $6.9 billion at March 31, 2013. The decline quarter-over-quarter resulted from conversions to amortizing loans of $268 million and repayments of $324 million, with the remainder primarily due to asset sales and transfers to held-for-sale of $203 million. Borrowers who are currently required to make an interest-only payment cannot select a lower payment that would negatively amortize the loan. Residential first mortgages with this payment feature are primarily to high-credit-quality borrowers who have on average significantly higher origination and refreshed FICO scores than other loans in the residential first mortgage portfolio, and have exhibited significantly lower 30+ delinquency rates as compared with residential first mortgages without this payment feature. As such, Citi does not believe the residential mortgage loans with this payment feature represent substantially higher risk in the portfolio.

North America Consumer Mortgage Quarterly Credit Trends Delinquencies and Net Credit Losses Residential First Mortgages

The following charts detail the quarterly trends in delinquencies and net credit losses for Citigroup's residential first mortgage portfolio in *North America*. Approximately 62% of Citi's residential first mortgage exposure arises from its portfolio within Citi Holdings *LCL.*

(1) 1Q'12 included approximately $315 million of incremental charge-offs related to previously deferred principal balances on modified loans related to anticipated forgiveness of principal in connection with the national mortgage settlement. Excluding the impact of these charge-offs, net credit losses would have been $0.45 billion and $0.43 billion for the Citigroup and Citi Holdings portfolios, respectively.

(2) Includes the following amounts of charge-offs related to Citi's fulfillment of its obligations under the national mortgage and independent foreclosure review settlements: 2Q'12, $22 million; 3Q'12, $25 million; 4Q'12, $32 million; 1Q'13, $25 million; and 2Q'13, $18 million. Citi expects net credit losses in its residential first mortgage portfolio in Citi Holdings to continue to be impacted by its fulfillment of the terms of the independent foreclosure review settlement. See also "Citi Holdings *Local Consumer Lending*" above and "National Mortgage Settlement/Independent Foreclosure Review Settlement" below.

(3) 3Q'12 included approximately $181 million of charge-offs related to OCC guidance with respect to the treatment of mortgage loans where the borrower has gone through Chapter 7 bankruptcy. 4Q'12 included approximately $10 million benefit to charge-offs related to finalizing the impact of the OCC guidance. Excluding these impacts, net credit losses would have been $0.47 billion in 3Q'12 and $0.39 billion in 4Q'12 for the Citigroup portfolio, and $0.44 billion in 3Q'12 and $0.38 billion in 4Q'12 for the Citi Holdings portfolio.

Note:

For each of the tables above, past due exclude (i) U.S. mortgage loans that are guaranteed by U.S. government-sponsored agencies because the potential loss predominantly resides with the U.S. agencies, and (ii) loans recorded at fair value. Totals may not sum due to rounding.

Continued management actions, including asset sales and, to a lesser extent, modification programs, as well as the improvement in the Home Price Index (HPI), were the drivers of the overall improved asset performance within Citi's residential first mortgage portfolio in Citi Holdings during the second quarter of 2013. In addition, Citi continued to observe fewer loans entering the 30-89 days past due delinquency bucket during the quarter, which it attributes to the continued general improvement in the economic environment during the quarter coupled with Citi's sale of re-performing mortgages.

During the second quarter of 2013, Citi sold approximately $0.7 billion of delinquent residential first mortgages (compared to $1.0 billion in the first quarter of 2013) and $2.4 billion of re-performing residential first mortgages (compared to $1.3 billion in the first quarter of 2013). Since the beginning of 2010, Citi has sold approximately $11.4 billion of delinquent residential first mortgages.

In addition, Citi modified approximately $0.4 billion of residential first mortgage loans during the second quarter of 2013 (consistent with $0.4 billion in the first quarter of 2013), including loan modifications pursuant to the national mortgage and independent foreclosure review settlements. Loan modifications under the national mortgage and independent foreclosure review settlements have improved Citi's 30+ days past due delinquencies by approximately $531 million as of the end of the second quarter of 2013. While re-defaults of previously modified mortgages under the HAMP and Citi Supplemental Modification (CSM) programs continued to track favorably versus expectations as of June 30, 2013, Citi's residential first mortgage portfolio continued to show some signs of the impact of re-defaults of previously modified mortgages. For additional information on Citi's residential first mortgage loan modifications, see Note 13 to the Consolidated Financial Statements.

Citi believes that its ability to reduce delinquencies or net credit losses in its residential first mortgage portfolio, due to any deterioration of the underlying credit performance of these loans, portfolio mix, re-defaults, the lengthening of the foreclosure process (see "Foreclosures" below) or otherwise, pursuant to asset sales or modifications could be limited going forward due to, among other things, the lower remaining inventory of delinquent loans to sell or modify or the lack of market demand for asset sales. In addition, Citi has observed that sales of re-performing residential first mortgages tend to be yield sensitive, meaning that as interest rates increase, it could negatively impact Citi's ability to sell such loans. Citi has taken these trends and uncertainties, including the potential for re-defaults, into consideration in determining its loan loss reserves. See "*North America* Consumer Mortgages Loan Loss Reserve Coverage" below.

North America Residential First Mortgages State Delinquency Trends

The following tables set forth, for total Citigroup, the six states and/or regions with the highest concentration of Citi's residential first mortgages as of June 30, 2013 and March 31, 2013.

In billions of dollars	June 30, 2013					March 31, 2013				
State(1)	**ENR(2)**	**ENR Distribution**	**90+DPD %**	**% LTV > 100%**	**Refreshed FICO**	**ENR(2)**	**ENR Distribution**	**90+DPD %**	**% LTV > 100%**	**Refreshed FICO**
CA	**$ 19.0**	**29%**	**1.4%**	**10%**	**734**	$ 20.5	29%	1.6%	18%	733
NY/NJ/CT	**11.1**	**17**	**3.1**	**7**	**728**	11.6	16	3.2	7	727
IN/OH/MI	**3.3**	**5**	**4.1**	**32**	**659**	3.7	5	4.4	33	658
FL	**3.3**	**5**	**6.0**	**33**	**684**	3.5	5	6.2	37	681
IL	**2.8**	**4**	**4.5**	**35**	**699**	3.0	4	4.9	36	697
AZ/NV	**1.6**	**2**	**3.1**	**38**	**707**	1.8	2	3.8	45	706
Other	**24.7**	**38**	**4.6**	**12**	**669**	27.7	39	4.7	13	670
Total	**$ 65.8**	**100%**	**3.4%**	**14%**	**700**	$ 71.8	100%	3.6%	18%	699

Note: Totals may not sum due to rounding.

(1) Certain of the states are included as part of a region based on Citi's view of similar HPI within the region. New York, New Jersey, Connecticut, Indiana, Ohio, Florida and Illinois are judicial states.

(2) Ending net receivables. Excludes loans in Canada and Puerto Rico, loans guaranteed by U.S. government agencies, loans recorded at fair value and loans subject to LTSCs. Excludes balances for which FICO or LTV data are unavailable.

As evidenced by the table above, Citi's residential first mortgages portfolio is primarily concentrated in California and the New York/New Jersey/Connecticut region (with New York as the largest of the three states). The general improvement in refreshed LTV percentages at June 30, 2013 was primarily the result of improvements in HPI across substantially all metropolitan statistical areas, thereby increasing values used in the determination of LTV. Additionally, delinquent and re-performing mortgage asset sales of high LTV loans during the second quarter of 2013 further reduced the amount of loans with greater than 100% LTV. To a lesser extent, modification programs involving principal forgiveness further reduced the loans in this category during the second quarter of 2013. While Citi's 90+ days past due delinquency rates for the states/regions above have improved, with the continued lengthening of the foreclosure process (see discussion under "Foreclosures" below) in all of these states and regions during the second quarter of 2013, Citi expects it could experience less improvement in the 90+ days past due delinquency rate in certain of these states and/or regions in the future.

Foreclosures

The substantial majority of Citi's foreclosure inventory consists of residential first mortgages. As of June 30, 2013, approximately 1.4% (approximately $1.0 billion) of Citi's residential first mortgage portfolio was in Citi's foreclosure inventory, compared to 1.2% ($0.9 billion) as of March 31, 2013 and 2.1% ($1.7 billion) as of June 30, 2012 (for each period, based on the dollar amount of ending net receivables of loans in foreclosure inventory as of such date, excluding loans that are guaranteed by U.S. government agencies and loans subject to LTSCs).

The increase in Citi's foreclosure inventory quarter-over-quarter was primarily a result of the initiation of new foreclosures that had previously been delayed from entering foreclosure due to increased state requirements and other regulatory requirements for foreclosure filings (e.g., extensive documentation, processing and filing requirements). Despite this slight increase quarter-over-quarter, Citi's foreclosure inventory remained below prior-year levels, due primarily to the foreclosure delays discussed above as well as Citi's continued asset sales of delinquent first mortgages and loan modifications, including under the national mortgage and independent foreclosure review settlements.

Although there was an increase in the initiation of foreclosures during the second quarter of 2013, the foreclosure process largely remains stagnant across most states, driven primarily by the additional regulatory requirements necessary to complete foreclosures as well as the continued lengthening of the foreclosure process. Citi continues to experience average timeframes to foreclosure that are two to three times longer than historical norms. Extended foreclosure timelines continue to be more pronounced in the judicial states (i.e., states that require foreclosures to be processed via court approval), where Citi has a higher concentration of residential first mortgages in foreclosure (see "*North America* Residential First Mortgages State Delinquency Trends" above).

In addition, active foreclosure units in process for two years or more as a percentage of Citi's total residential and home equity foreclosure inventory was approximately 32%, unchanged from March 31, 2013, and increased from 19% as of June 30, 2012, reflecting the extended foreclosure timelines and lower number of loans moving into foreclosure.

Citi's servicing agreements associated with its sales of mortgage loans to the GSEs generally provide the GSEs with a high level of servicing oversight, including, among other things, timelines in which foreclosures or modification activities are to be completed. The agreements allow for the GSEs to take action against a servicer for violation of the timelines, which includes imposing compensatory fees. While the GSEs have not historically exercised their rights to impose compensatory fees, they have begun to do so on a regular basis. To date, the imposition of compensatory fees, as a result of the extended foreclosure timelines or otherwise, has not had a material impact on Citi.

North America Consumer Mortgage Quarterly Credit Trends Delinquencies and Net Credit Losses Home Equity Loans

Citi's home equity loan portfolio consists of both fixed-rate home equity loans and loans extended under home equity lines of credit. Fixed-rate home equity loans are fully amortizing. Home equity lines of credit allow for amounts to be drawn for a period of time with the payment of interest only and then, at the end of the draw period, the then-outstanding amount is converted to an amortizing loan (the interest-only payment feature during the revolving period is standard for this product across the industry). Prior to June 2010, Citi's originations of home equity lines of credit typically had a 10-year draw period. Beginning in June 2010, Citi's originations of home equity lines of credit typically have a five-year draw period as Citi changed these terms to mitigate risk. After conversion, the home equity loans typically have a 20-year amortization period.

As of June 30, 2013, Citi's home equity loan portfolio of $34.2 billion included approximately $20.4 billion of home equity lines of credit (Revolving HELOCs) that are still within their revolving period and have not commenced amortization, or "reset." This compared to $21.1 billion at March 31, 2013. The following chart sets forth these Revolving HELOCs and the year in which they reset, as well as certain FICO and combined loan-to-value (CLTV) characteristics of the portfolio:

Note:

Totals may not sum due to rounding.

Average refreshed FICO for Revolving HELOCs that will amortize between 2013-2014 was 720.

Average refreshed CLTV for Revolving HELOCs that will amortize between 2013-2014 was 64%.

Average refreshed FICO for Revolving HELOCs that will amortize between 2015-2017 was 722.

Average refreshed CLTV for Revolving HELOCs that will amortize between 2015-2017 was 82%.

As indicated by the chart above, as of June 30, 2013, approximately only 4% of Citi's Revolving HELOCs had commenced amortization. Approximately 8% and 72% of the Revolving HELOCs will commence amortization during the remainder of the periods 2013-2014 and 2015-2017, respectively. Based on the limited sample of Revolving HELOCs that has begun amortization, Citi has experienced marginally higher delinquency rates in its amortizing home equity loan portfolio as compared to its non-amortizing loan portfolio. However, these resets have generally occurred during a period of declining interest rates, which Citi believes has likely reduced the overall "payment shock" to the borrower. Citi continues to monitor this reset risk closely, particularly as it approaches 2015, and Citi will continue to consider any potential impact in determining its allowance for loan loss reserves. In addition, management is reviewing additional actions to offset potential reset risk, such as extending offers to non-amortizing home equity loan borrowers to convert the non-amortizing home equity loan to a fixed-rate amortizing loan.

As of June 30, 2013, the percentage of Citi's U.S. home equity loans in a junior lien position where Citi also owned or serviced the first lien was approximately 30%. However, for all home equity loans (regardless of whether Citi owns or services the first lien), Citi manages its home equity loan account strategy through obtaining and reviewing refreshed credit bureau scores (which reflect the borrower's performance on all of its debts, including a first lien, if any), refreshed CLTV ratios and other borrower credit-related information. Historically, the default and delinquency statistics for junior liens where Citi also owns or services the first lien have been better than for those where Citi does not own or service the first lien. Citi believes this is generally attributable to origination channels and better credit characteristics of the portfolio, including FICO and CLTV, for those junior liens where Citi also owns or services the first lien.

The following charts detail the quarterly trends in delinquencies and net credit losses for Citi's home equity loan portfolio in *North America*. The vast majority of Citi's home equity loan exposure arises from its portfolio within Citi Holdings *LCL*.

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(1) 1Q'12 included approximately $55 million of charge-offs related to previously deferred principal balances on modified loans related to anticipated forgiveness of principal in connection with the national mortgage settlement. Excluding the impact of these charge-offs, net credit losses would have been $0.51 billion and $0.50 billion for the Citigroup and Citi Holdings portfolios, respectively.

(2) Includes the following amounts of charge-offs related to Citi's fulfillment of its obligations under the national mortgage and independent foreclosure review settlements: 2Q'12, $21 million; 3Q'12, $16 million; 4Q'12, $30 million; 1Q'13, $51 million; and 2Q'13, $12 million. Citi expects net credit losses in its home equity loan portfolio in Citi Holdings to continue to be impacted by its fulfillment of the terms of the independent foreclosure review settlement. See also "Citi Holdings *Local Consumer Lending*" above, and "National Mortgage Settlement/Independent Foreclosure Review Settlement" below.

(3) 3Q'12 included approximately $454 million of charge-offs related to OCC guidance with respect to the treatment of mortgage loans where the borrower has gone through Chapter 7 bankruptcy. 4Q'12 included approximately $30 million benefit to charge-offs related to finalizing the impact of the OCC guidance. Excluding these impacts, net credit losses would have been $0.43 billion in 3Q'12 and $0.39 billion in 4Q'12 for the Citigroup portfolio, and $0.41 billion in 3Q'12 and $0.38 billion in 4Q'12 for the Citi Holdings portfolio.

(4) Year-over-year change in the S&P/Case-Shiller U.S. National Home Price Index.

N/A Not Applicable

Note:

For each of the tables above, days past due exclude (i) U.S. mortgage loans that are guaranteed by U.S. government-sponsored agencies, because the potential loss predominantly resides with the U.S. agencies, and (ii) loans recorded at fair value. Totals may not sum due to rounding.

As evidenced by the tables above, home equity loan delinquencies improved during the second quarter of 2013, including fewer loans entering the 30-89 days past due delinquency bucket. The improvement quarter-over-quarter was driven by continued modifications and improvement in HPI. Given the lack of a market in which to sell delinquent home equity loans, as well as the relatively smaller number of home equity loan modifications and modification programs (see Note 13 to the Consolidated Financial Statements), Citi's ability to reduce delinquencies or net credit losses in its home equity loan portfolio in Citi Holdings, whether pursuant to deterioration of the underlying credit performance of these loans or otherwise, is more limited as compared to residential first mortgages. Citi has taken these trends and uncertainties into consideration in determining its loan loss reserves. See "*North America* Consumer Mortgages Loan Loss Reserve Coverage" below.

North America Home Equity Loans State Delinquency Trends

The following tables set forth, for total Citigroup, the six states and/or regions with the highest concentration of Citi's home equity loans as of June 30, 2013 and March 31, 2013.

In billions of dollars	June 30, 2013					March 31, 2013				
State(1)	ENR(2)	ENR Distribution	90+DPD %	% CLTV > 100%(3)	Refreshed FICO	ENR(2)	ENR Distribution	90+DPD %	% CLTV > 100%(3)	Refreshed FICO
CA	**$ 8.9**	**28%**	**1.8%**	**26%**	**725**	$ 9.3	28%	1.9%	36%	723
NY/NJ/CT	**7.6**	**24**	**2.3**	**20**	**717**	7.7	23	2.3	22	715
FL	**2.3**	**7**	**3.2**	**51**	**701**	2.3	7	3.3	55	700
IL	**1.3**	**4**	**1.9**	**57**	**712**	1.3	4	1.7	59	710
IN/OH/MI	**1.1**	**3**	**1.7**	**59**	**686**	1.1	3	2.0	59	681
AZ/NV	**0.8**	**2**	**2.5**	**63**	**712**	0.8	2	2.7	69	710
Other	**10.3**	**32**	**1.9**	**32**	**698**	10.8	33	2.0	38	696
Total	**$ 32.3**	**100%**	**2.1%**	**31%**	**711**	$ 33.3	100%	2.1%	37%	709

Note:

Totals may not sum due to rounding.

(1) Certain of the states are included as part of a region based on Citi's view of similar HPI within the region. New York, New Jersey, Connecticut, Indiana, Ohio, Florida and Illinois are judicial states.

(2) Ending net receivables. Excludes loans in Canada and Puerto Rico and loans subject to LTSCs. Excludes balances for which FICO or LTV data are unavailable.

(3) Represents combined loan-to-value (CLTV) for both residential first mortgages and home equity loans.

As evidenced by the table above, Citi's home equity portfolio is primarily concentrated in California and the New York/New Jersey/Connecticut region (with New York as the largest of the three states). The stable to improving refreshed CLTV percentages at June 30, 2013 was primarily the result of improvements in HPI in these states/regions, thereby increasing values used in the determination of CLTV. For the reasons described under "*North America* Consumer Mortgage Quarterly Credit Trends Delinquencies and Net Credit Losses Home Equity Loans" above, Citi could experience increased delinquencies and thus increased net credit losses in certain of these states and/or regions going forward.

National Mortgage Settlement/Independent Foreclosure Review Settlement

Under the national mortgage settlement, entered into by Citi and other financial institutions in February 2012, Citi agreed to provide (i) customer relief in the form of loan modifications for delinquent borrowers, including principal reductions, and other loss mitigation activities to be completed over three years, with a required settlement value of $1.4 billion; and (ii) refinancing concessions to enable current borrowers whose properties are worth less than the balance of their loans to reduce their interest rates, also to be completed over three years, with a required settlement value of $378 million. Pursuant to the independent foreclosure review settlement, entered into by Citi and other major mortgage servicers in January 2013, Citi agreed to offer $487 million of mortgage assistance to borrowers in accordance with agreed criteria.

For additional information regarding the national mortgage settlement and the independent foreclosure review settlement, including Citi's accounting for the various loan modifications and refinancing concessions offered, see "Managing Global Risk Credit Risk National Mortgage Settlement" and " Independent Foreclosure Review Settlement" in Citi's 2012 Annual Report on Form 10-K.

As of the end of the second quarter of 2013, Citi believes it has fulfilled its requirement for the loan modification remediation and refinancing concessions under the national mortgage settlement. The results are pending review and certification of the monitor required by the national mortgage settlement, which is not expected to be completed until later in 2013.

Through June 30, 2013, Citi assisted approximately 47,000 customers under the loan modification and other loss-mitigation activities provisions of the national mortgage settlement, resulting in an aggregate principal reduction of approximately $3.2 billion that is potentially eligible for inclusion in the settlement value (like other financial institutions party to the national mortgage settlement, Citi does not receive dollar-for-dollar settlement value for the relief it provides under the national mortgage settlement in all cases). Net credit losses of approximately $600 million have been incurred to date relating to the loan modifications under the national mortgage settlement, all of which were offset by loan loss reserve releases (net credit losses included approximately $370 million of incremental charge-offs related to anticipated forgiveness of principal in connection with the national mortgage settlement in the first quarter of 2012).

In addition, as of June 30, 2013, Citi has provided refinance concessions under the national mortgage settlement to approximately 17,000 customers holding loans with a total unpaid principal balance of $2.8 billion, thus reducing their interest rate to 5.25% or less for the remaining life of the loan.

As of June 30, 2013, approximately 8,000 customers holding loans with a total unpaid principal balance of $1.2 billion who were provided refinance concessions under the national mortgage settlement have been accounted for as TDRs. These refinancing concessions have not had a material impact on the fair value of the modified mortgage loans. Further, Citi estimates the forgone future interest income as a result of the refinance concessions under the national mortgage settlement that were not accounted for as TDRs was approximately $15 million during the second quarter of 2013, and that the total amount of expected forgone future interest income as a result of the refinancing concessions will be approximately $60 million annually.

With respect to the independent foreclosure review settlement, Citi continues to fulfill its obligations under the settlement, and estimates it will incur additional net credit losses of approximately $30 million per quarter during the remainder of 2013. Citi continues to believe its loan loss reserve as of June 30, 2013 will be sufficient to cover any mortgage assistance under the independent foreclosure review settlement.

Consumer Mortgage FICO and LTV

The following charts detail the quarterly trends for Citi's residential first mortgage and home equity loan portfolios by risk segment (FICO and LTV) and the 90+ day delinquency rates for those risk segments. For example, in the second quarter of 2013, residential first mortgages had $4.9 billion of balances with refreshed FICO < 660 and refreshed LTV > 100%. Approximately 15.4% of these loans in this segment were over 90+ days past due.

Residential First Mortgages

In billions of dollars

Home Equity Loans

In billions of dollars

Notes:

Data appearing in the tables above have been sourced from Citi's risk systems and, as such, may not reconcile with disclosures elsewhere generally due to differences in methodology or variations in the manner in which information is captured. Citi has noted such variations in instances where it believes they could be material to reconcile to the information presented elsewhere.

Tables exclude loans in Canada and Puerto Rico, loans guaranteed by U.S. government agencies (residential first mortgages table only), loans recorded at fair value (residential first mortgages table only) and loans subject to LTSCs.

Balances exclude deferred fees/costs.

Tables exclude balances for which FICO or LTV data is unavailable. For residential first mortgages, balances for which such data is unavailable include $0.3 billion in the second quarter of 2013, $0.5 billion in the first quarter of 2013 and $0.4 billion in each of the other periods presented. For home equity loans, balances for which such data is unavailable include $0.2 billion in the second quarter of 2013, $0.6 billion in the first quarter of 2013 and $0.2 billion in each of the other periods presented.

Citi's residential first mortgages with an LTV above 100% has declined by 27% since the first quarter of 2013, and high LTV loans with FICO scores of less than 660 decreased by 18% to $4.9 billion. The residential first mortgage portfolio has migrated to a higher FICO and lower LTV distribution as a result of home price appreciation, asset sales and principal forgiveness. Loans 90+ days past due in the residential first mortgage portfolio with refreshed FICO scores of less than 660 as well as higher LTVs have declined by approximately 19%, or $0.2 billion, quarter-over-quarter to approximately $0.8 billion. This can be attributed to asset sales and modification programs, offset by the lengthening of the foreclosure process, as discussed in the sections above. Citi's home equity loans with a CLTV above 100% have declined by 18% since the first quarter of 2013, and high CLTV loans with FICO scores of less than 660 decreased by 17% to approximately $2.9 billion. The CLTV improvement was primarily the result of home price appreciation, charge offs and repayments.

Residential first mortgages historically have experienced higher delinquency rates, as compared to home equity loans, despite the fact that home equity loans are typically in junior lien positions and residential first mortgages are typically in a first lien position. Citi believes this difference is primarily because residential first mortgages are written down to collateral value less cost to sell at 180 days past due and remain in the delinquency population until full disposition through sale, repayment or foreclosure; however, home equity loans are generally fully charged off at 180 days past due and thus removed from the delinquency calculation. In addition, due to the longer timelines to foreclose on a residential first mortgage (see "Foreclosures" above), these loans tend to remain in the delinquency statistics for a longer period and, consequently, the 90 days or more delinquencies of these loans remain higher.

Mortgage Servicing Rights

To minimize credit and liquidity risk, Citi sells most of the conforming mortgage loans it originates but retains the servicing rights. These sale transactions create an intangible asset referred to as mortgage servicing rights (MSRs), which are recorded at fair value on Citi's Consolidated Balance Sheet. The fair value of MSRs is primarily affected by changes in prepayments of mortgages that result from shifts in mortgage interest rates. Specifically, higher interest rates tend to lead to declining prepayments which causes the fair value of the MSRs to increase. In managing this risk, Citi economically hedges a significant portion of the value of its MSRs through the use of interest rate derivative contracts, forward purchase and sale commitments of mortgage-backed securities and purchased securities classified as trading account assets.

Citi's MSRs totaled $2.5 billion as of June 30, 2013, compared to $2.2 billion and $1.9 billion at March 31, 2013 and December 31, 2012, respectively. The increase in the value of Citi's MSRs from March 31, 2013 primarily reflected the impact from higher interest rates partially offset by amortization. As of June 30, 2013, approximately $1.9 billion of MSRs were specific to Citicorp, with the remainder to Citi Holdings.

For additional information on Citi's MSRs, see Note 19 to the Consolidated Financial Statements.

Citigroup Residential Mortgages Representations and Warranties

Overview

In connection with Citi's sales of residential mortgage loans to the U.S. government-sponsored entities (GSEs) and, in most cases, other mortgage loan sales and private-label securitizations, Citi makes representations and warranties that the loans sold meet certain requirements. The specific representations and warranties made by Citi in any particular transaction depend on, among other things, the nature of the transaction and the requirements of the investor (e.g., whole loan sale to the GSEs versus loans sold through securitization transactions), as well as the credit quality of the loan (e.g., prime, Alt-A or subprime).

These sales expose Citi to potential claims for alleged breaches of its representations and warranties. In the event of a breach of its representations and warranties, Citi could be required either to repurchase the mortgage loans with the identified defects (generally at unpaid principal balance plus accrued interest) or to indemnify ("make whole") the investors for their losses on these loans. Investors could also seek recovery for alleged breaches of representations and warranties, as well as losses caused by non-performing loans more generally, through litigation premised on a variety of legal theories.

As of the first quarter of 2013, Citi considers private-label securitization representation and warranty claims as part of its litigation accrual analysis (see "Managing Global Risk Credit Risk Citigroup Residential Mortgages Representation and Warranties Repurchase Reserve" in Citi's First Quarter of 2013 Form 10-Q for additional information). For additional information, see Note 24 to the Consolidated Financial Statements.

Whole Loan Sales

Citi is exposed to representation and warranty repurchase claims primarily as a result of its whole loan sales to the GSEs and, to a lesser extent private investors, through its Consumer business in CitiMortgage. For the types of representation and warranties made to these investors, see "Managing Global Risk Credit Risk Citigroup Residential Mortgages Representation and Warranties" in Citi's 2012 Annual Report on Form 10-K. To the extent Citi made representation and warranties on loans it purchased from third-party sellers that remain financially viable, Citi may have the right to seek recovery of repurchase losses or make-whole payments from the third party based on representations and warranties made by the third party to Citi (a "back-to-back" claim).

During the period 2006 through 2008, Citi sold a total of approximately $321 billion of whole loans, substantially all to the GSEs (this amount has not been adjusted for subsequent borrower repayments of principal, defaults or repurchase activity to date). The vast majority of these loans were either originated by Citi or purchased from third-party sellers that Citi believes would be unlikely to honor back-to-back claims because they are in bankruptcy, liquidation or financial distress and, thus, are no longer financially viable. As discussed below, however, Citi's repurchase reserve takes into account estimated reimbursements, if any, to be received from third-party sellers.

On June 28, 2013, Citi reached an agreement with Fannie Mae to resolve potential future repurchase claims for breaches of representations and warranties on 3.7 million residential first mortgage loans sold to Fannie Mae that were originated between 2000 and 2012 (Covered Loans). Citi paid Fannie Mae $968 million under the agreement, substantially all of which was covered by Citi's existing mortgage repurchase reserves as of March 31, 2013. The agreement covers potential future origination-related representation and warranty claims on the Covered Loans. The agreement does not release Citi's liability with respect to its servicing or other ongoing contractual obligations on the Covered Loans. It also does not release liability to a population of less than 12,000 loans originated between 2000 and 2012 with certain characteristics such as loans sold with a performance guarantee or under special credit enhancement programs.

Private-Label Residential Mortgage Securitizations

Citi is also exposed to representation and warranty repurchase claims as a result of mortgage loans sold through private-label residential mortgage securitizations. For the types of representation and warranties made to these investors, which were generally made or assigned to the issuing trust, as well as other additional information relating to Citi's private-label residential mortgage securitizations, see "Managing Global Risk Credit Risk Citigroup Residential Mortgages Representation and Warranties" in Citi's 2012 Annual Report on Form 10-K.

During the period 2005 through 2008, Citi sold loans into and sponsored private-label securitizations through both its Consumer business in CitiMortgage and its legacy *S&B* business. Citi sold approximately $91 billion of mortgage loans through private-label securitizations during this period.

CitiMortgage

During the period 2005 through 2008, Citi sold approximately $24.6 billion of loans through private-label mortgage securitization trusts via its Consumer business in CitiMortgage. These $24.6 billion of securitization trusts were composed of approximately $15.4 billion in prime trusts and $9.2 billion in Alt-A trusts, each as classified at issuance.

As of June 30, 2013, approximately $7.8 billion of the $24.6 billion remained outstanding (compared to $8.3 billion at March 31, 2013) as a result of repayments of approximately $15.4 billion and cumulative losses (incurred by the issuing trusts) of approximately $1.4 billion. The remaining outstanding amount is composed of approximately $3.8 billion in prime trusts and approximately $4.0 billion in Alt-A trusts, as classified at issuance. As of June 30, 2013, the remaining outstanding amount had a 90 days or more delinquency rate of approximately 16.3% (compared to 15.9% at March 31, 2013).

Legacy S&B Securitizations

During the period 2005 through 2008, S&B, through its legacy business, sold approximately $66.4 billion of loans through private-label mortgage securitization trusts. These $66.4 billion of securitization trusts were composed of approximately $15.4 billion in prime trusts, $12.4 billion in Alt-A trusts and $38.6 billion in subprime trusts, each as classified at issuance.

As of June 30, 2013, approximately $18.3 billion of the $66.4 billion remained outstanding (compared to $19.1 billion at March 31, 2013) as a result of repayments of approximately $36.9 billion and cumulative losses (incurred by the issuing trusts) of approximately $11.1 billion (of which approximately $8.4 billion related to loans in subprime trusts). The remaining outstanding amount is composed of approximately $4.6 billion in prime trusts, $3.9 billion in Alt-A trusts and $9.8 billion in subprime trusts, as classified at issuance. As of June 30, 2013, the remaining outstanding amount had a 90 days or more delinquency rate of approximately 24.1% (compared to 25.4% at March 31, 2013).

Whole Loan Representation and Warranty Claims by Claimant

The following table sets forth the original principal balance of representation and warranty claims by claimant, as well as the original principal balance of unresolved claims by claimant, for each of the quarterly periods presented:

	Claims during the three months ended(1)				
In millions of dollars	**June 30, 2013**	**March 31, 2013**	**December 31, 2012**	**September 30, 2012**	**June 30, 2012**
GSEs and others(2)	**$ 634**	$ 1,110	$ 769	$ 863	$ 860
Mortgage insurers(3)	**13**	16	18	21	90
Total	**$ 647**	$ 1,126	$ 787	$ 884	$ 950

	Unresolved claims at(1)				
In millions of dollars	**June 30, 2013**	**March 31, 2013**	**December 31, 2012**	**September 30, 2012**	**June 30, 2012**
GSEs and others(2)	**$ 259**	$ 1,246	$ 1,224	$ 1,371	$ 1,263
Mortgage insurers(3)	**5**	6	5	4	15
Total	**$ 264**	$ 1,252	$ 1,229	$ 1,375	$ 1,278

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(1) As noted above, excludes private-label securitization claims which Citi considers as part of its litigation accrual analysis and not as part of its repurchase reserve. The original principal balance of representation and warranty claims received on private-label securitizations was $1.5 billion during 2012 and $1.0 billion year-to-date in 2013. The original principal balance of unresolved private-label securitization representation and warranty claims was $2.7 billion as of June 30, 2013.

(2) Predominantly related to claims from the GSEs. The quarter-over-quarter decrease in unresolved claims to the GSEs and others reflects the agreement with Fannie Mae.

(3) Represents the insurer's rejection of a claim for loss reimbursement that has yet to be resolved and includes only GSE whole loan activity. To the extent that mortgage insurance will not cover the claim on a loan, Citi may have to make the GSE whole. Failure to collect from mortgage insurers is considered in determining the repurchase reserve. Citi does not believe the inability to collect reimbursement from mortgage insurers is likely to have a material impact on its repurchase reserve.

Repurchase Reserve

Citi has recorded a repurchase reserve for its potential repurchase or make-whole liability regarding representation and warranty claims, which primarily relates to whole loan sales to the GSEs. Specifically, the repurchase reserve balance is available to cover representation and warranty claims on residential mortgage loans sold to Freddie Mac, loans sold to Fannie Mae that are excluded from the Fannie Mae agreement (as discussed above) and loans sold to private investors.

The repurchase reserve is based on various assumptions which are primarily based on Citi's historical repurchase activity with the GSEs. As of June 30, 2013, the most significant assumptions used to calculate the reserve levels are the: (i) probability of a claim based on correlation between loan characteristics and repurchase claims; (ii) claims appeal success rates; and (iii) estimated loss per repurchase or make-whole payment. In addition, Citi considers reimbursements estimated to be received from third-party sellers, if any, which are generally based on Citi's analysis of its most recent collection trends and the financial solvency or viability of the third-party sellers.

During the second quarter of 2013, Citi recorded an additional reserve of $245 million relating to its whole loan sales repurchase exposure, which was recorded in Citi Holdings Local Consumer Lending. The change in estimate in the second quarter of 2013 primarily resulted from (i) a continued heightened focus by Freddie Mac, including elevated loan documentation requests, resulting in increased estimates of repurchase claims, (ii) a deteriorating repurchase estimate associated with mortgage insurance rescission behavior, and (iii) an incremental reserve related to the Fannie Mae agreement. Citi's claims appeal success rate remained stable during the second quarter of 2013, with approximately half of repurchase claims successfully appealed and thus resulting in no loss to Citi.

As referenced above, the repurchase reserve estimation process for potential whole loan representation and warranty claims relies on various assumptions that involve numerous estimates and judgments, including with respect to certain future events, and thus entails inherent uncertainty. Citi estimates that the range of reasonably possible loss for whole loan sale representation and warranty claims in excess of amounts accrued as of June 30, 2013 could be up to $0.2 billion. This estimate was derived by modifying the key assumptions discussed above to reflect management's judgment regarding reasonably possible adverse changes to those assumptions.

Citi's estimate of reasonably possible loss is based on currently available information, significant judgment and numerous assumptions that are subject to change.

The table below sets forth the activity in the repurchase reserve for each of the quarterly periods presented:

	Three Months Ended				
In millions of dollars	**June 30, 2013**	**March 31, 2013**	**December 31, 2012**	**September 30, 2012**	**June 30, 2012**
Balance, beginning of period	**$ 1,415**	$ 1,565	$ 1,516	$ 1,476	$ 1,376
Reclassification(1)		(244)			
Additions for new sales(2)	**9**	7	6	7	4
Change in estimate(3)	**245**	225	173	200	242
Utilizations	**(37)**	(138)	(130)	(167)	(146)
Fannie Mae Agreement(4)	**(913)**				
Balance, end of period	**$ 719**	$ 1,415	$ 1,565	$ 1,516	$ 1,476

(1) Reflects first quarter of 2013 reclassification of $244 million of the repurchase reserve relating to private-label securitizations to Citi's litigation accruals (see discussion above).

(2) Reflects new whole loan sales, primarily to the GSEs.

(3) The change in estimate for the second quarter of 2013 related to whole loan sales to the GSEs and private investors.

(4) Reflects $968 million paid pursuant to the Fannie Mae agreement, net of repurchases made in the first quarter of 2013, as set forth in the Fannie Mae agreement.

The following table sets forth the unpaid principal balance of loans repurchased due to representation and warranty claims during each of the quarterly periods presented:

	Three Months Ended				
In millions of dollars	**June 30, 2013**	**March 31, 2013**	**December 31, 2012**	**September 30, 2012**	**June 30, 2012**
GSEs and others(1)	**$ 220**	$ 190	$ 157	$ 105	$ 202

(1) Predominantly related to claims from the GSEs.

In addition to the amounts set forth in the table above, Citi recorded make-whole payments of $59 million, $93 million, $92 million, $118 million and $91 million for the quarterly periods ended June 30, 2013, March 31, 2013, December 31, 2012, September 30, 2012 and June 30, 2012, respectively. Nearly all of these make-whole payments were to the GSEs.

To date, the majority of Citi's repurchases have related to loans originated from 2006 through 2008, which also represent the vintages with the highest loss severity. An insignificant percentage of repurchases and make-whole payments have been from vintages pre-2006 and post-2008, which Citi attributes to better credit performance of these vintages and to the enhanced underwriting standards implemented beginning in the second half of 2008. Issues related to (i) misrepresentation of facts by either the borrower or a third party (e.g., income, employment, debts, etc.), (ii) appraisal issues (e.g., an error or misrepresentation of value), and (iii) program requirements (e.g., a loan that does not meet investor guidelines, such as contractual interest rate) have been the primary drivers of Citi's repurchases and make-whole payments to the GSEs. The type of defect that results in a repurchase or make-whole payment, however, has varied and will likely continue to vary over time. There has not been a meaningful difference in Citi's incurred or estimated loss for any particular type of defect.

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North America Cards

Overview

Citi's *North America* cards portfolio primarily consists of its Citi-branded cards and Citi retail services portfolios in Citicorp. As of June 30, 2013, the Citicorp Citi-branded cards portfolio totaled approximately $69 billion, while the Citi retail services portfolio was approximately $36 billion.

See Note 13 to the Consolidated Financial Statements for additional information on Citi's *North America* cards modifications.

North America Cards Quarterly Credit Trends Delinquencies and Net Credit Losses

The following charts detail the quarterly trends in delinquencies and net credit losses for Citigroup's *North America* Citi-branded cards and Citi retail services portfolios in Citicorp. Assuming no downturn in the U.S. economic environment, Citi believes credit trends have largely stabilized in the cards portfolios.

CONSUMER LOAN DETAILS

Consumer Loan Delinquency Amounts and Ratios

	Total loans(1)	90+ days past due(2)			30-89 days past due(2)		
In millions of dollars, except EOP loan amounts in billions	**June 2013**	**June 2013**	**March 2013**	**June 2012**	**June 2013**	**March 2013**	**June 2012**
Citicorp(3)(4)							
Total	**$ 283.7**	**$ 2,644**	$ 2,941	$ 3,090	**$ 2,967**	$ 3,389	$ 3,449
Ratio		**0.94%**	1.02%	1.09%	**1.05%**	1.18%	1.22%
Retail banking							
Total	**$ 145.2**	**$ 849**	$ 863	$ 869	**$ 1,085**	$ 1,191	$ 1,049
Ratio		**0.59%**	0.59%	0.63%	**0.75%**	0.81%	0.76%
North America	**41.7**	**285**	282	294	**217**	226	215
Ratio		**0.71%**	0.68%	0.74%	**0.54%**	0.54%	0.54%
EMEA	**5.3**	**41**	43	49	**68**	70	78
Ratio		**0.77%**	0.83%	1.07%	**1.28%**	1.35%	1.70%
Latin America	**29.7**	**318**	309	285	**368**	427	316
Ratio		**1.07%**	1.02%	1.10%	**1.24%**	1.41%	1.22%
Asia	**68.5**	**205**	229	241	**432**	468	440
Ratio		**0.30%**	0.33%	0.36%	**0.63%**	0.67%	0.65%

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