CITIGROUP INC
Form 10-Q
August 03, 2012

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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, 2012

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, 2012: 2,932,483,238

Available on the web at www.citigroup.com

CITIGROUP INC

SECOND QUARTER 2012 FORM 10-Q

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. 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, 2011 (2011 Annual Report on Form 10-K) and Citigroup's Quarterly Report on Form 10-Q for the quarter ended March 31, 2012. Additional information about Citigroup is available on Citi's Web site 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 U.S. Securities and Exchange Commission (SEC), are available free of charge through Citi's Web site by clicking on the "Investors" page and selecting "All SEC Filings." The SEC's Web site 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 104 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 classifications, including the transfer of the substantial majority of Citi's retail partner cards businesses (which is now referred to as Citi retail services) from Citi Holdings *Local Consumer Lending* to Citicorp *North America Regional Consumer Banking,* which was effective January 1, 2012, see Citi's Form 8-K furnished to the SEC on March 26, 2012.

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

SECOND QUARTER 2012 EXECUTIVE SUMMARY

Citigroup

Citigroup reported second quarter of 2012 net income of $2.9 billion, or $0.95 per diluted share. Citi's reported net income declined by 12%, or $395 million, from the second quarter of 2011. Results for the second quarter of 2012 included a positive credit valuation adjustment on derivatives (excluding monolines), net of hedges (CVA) and debt valuation adjustment on Citi's fair value option debt (DVA) of $219 million, compared to positive $164 million in the second quarter of 2011, as Citi's credit spreads marginally widened during the quarter. Results for the second quarter of 2012 also included a net pre-tax loss of $424 million from the partial sale of Citi's minority interest in Akbank T.A.S. (Akbank). This compared to a $199 million gain recorded in the second quarter of 2011 from the partial sale of Citi's minority interest in Housing Development Finance Corporation Ltd.

Excluding CVA/DVA and the impact of these minority investments, Citi earned $3.1 billion in the second quarter of 2012, or $1.00 per diluted share, compared to $1.02 per diluted share in the prior-year period. The year-over-year decrease in earnings per share, excluding CVA/DVA and the impact of minority investments, primarily reflected lower revenues, partially offset by a year-over-year decline in expenses and continued declines in credit costs.

As announced on July 19, 2012, Citi could have a significant non-cash charge to its net income in the third quarter of 2012, representing other-than-temporary impairment of the carrying value of its 49% interest in the Morgan Stanley Smith Barney joint venture. For additional information, see "Citi Holdings *Brokerage and Asset Management*" and Notes 11 and 24 to the Consolidated Financial Statements below.

Citi's revenues, net of interest expense, were $18.6 billion in the second quarter of 2012, down 10% versus the prior-year period. Excluding CVA/DVA and the impact of minority investments, revenues were $18.8 billion, down 7% from the second quarter of 2011, as revenues in Citicorp (comprised of *Global Consumer Banking (GCB)*, *Securities and Banking* and *Transaction Services*) were unchanged from the prior-year period while revenues continued to decline in Citi Holdings. Net interest revenues of $11.6 billion were 5% lower than the prior-year period, largely due to continued declining loan balances in *Local Consumer Lending* in Citi Holdings. Excluding CVA/DVA and the impact of minority investments, non-interest revenues were $7.3 billion, down 11% from the prior-year period, principally due to the absence of gains on the sale of reclassified held-to-maturity securities and other assets in the *Special Asset Pool* in the second quarter of 2011.

Operating Expenses

Citigroup expenses fell 6% versus the prior-year period to $12.1 billion. In the second quarter of 2012, Citi recorded legal and related costs and repositioning charges of $666 million ($480 million of legal and related costs and $186 million of repositioning charges, approximately half of which was related to *Securities and Banking*), compared to $637 million in the prior-year period ($601 million of legal and related costs and $36 million of repositioning charges). Excluding these items, as well as the impact of foreign exchange translation into U.S. dollars for reporting purposes (FX translation), which lowered reported expenses by approximately $0.5 billion in the second quarter of 2012, operating expenses fell by 3% to $11.5 billion versus the prior-year period. Citi's legal and related expenses remained at elevated levels during the second quarter of 2012, and will likely continue to be difficult to predict. Citi could also incur additional repositioning charges in future periods, as it continues to adapt its businesses to the market environment.

Citicorp's expenses were $10.3 billion, down 3% from $10.7 billion in the prior-year period, due primarily a decline in *Securities and Banking* expenses year-over-year resulting from efficiency savings and lower compensation costs.

Citi Holdings expenses were down 25% year-over-year to $1.2 billion, principally due to the continued decline in assets and thus lower operating expenses, as well as lower legal and related costs.

Credit Costs

Citi's total provisions for credit losses and for benefits and claims of $2.8 billion declined $581 million, or 17%, from the prior-year period. Net credit losses of $3.6 billion were down $1.6 billion, or 31%, from the second quarter of 2011. Consumer net credit losses declined $1.4 billion, or 29%, to $3.4 billion, driven by continued credit improvement in *North America* Citi-branded cards and Citi retail services in Citicorp and in *Local Consumer Lending* within Citi Holdings. Corporate net credit losses decreased $196 million year-over-year to $154 million, driven primarily by continued credit improvement in the *Special Asset Pool* in Citi Holdings.

The net release of allowance for loan losses and unfunded lending commitments was $984 million in the second quarter of 2012, down 50% from the net release of $2.0 billion in the second quarter of 2011. Of the $984 million net reserve release, $923 million related to Consumer and was mainly driven by *North America* Citi-branded cards and Citi retail services. The $61 million net Corporate reserve release was mainly driven by the *Special Asset Pool* in Citi Holdings.

$715 million of the net reserve release was attributable to Citicorp and compared to a $1.4 billion release in the prior-year period. The decline in the Citicorp reserve release year-over-year mostly reflected a lower reserve release in *North America Regional Consumer Banking (NA RCB)* and a reserve build within *Latin America Regional Consumer Banking (LATAM RCB)*, primarily driven by loan growth. The $269 million net reserve release in Citi Holdings was down from $583 million in the prior-year period, due primarily to lower releases in the *Special Asset Pool*.

Capital and Loan Loss Reserve Positions

Citigroup's Tier 1 Capital ratio was 14.5% at quarter end and its Tier 1 Common ratio was 12.7%, up approximately 90 and 110 basis points, respectively, from the prior-year period. Citi's estimated Tier 1 Common ratio under Basel III was 7.9% at the end of the second quarter of 2012, an increase from an estimated 7.2% as of the first quarter of 2012. The increase in Citi's estimated Basel III Tier 1 Common ratio quarter-over-quarter was primarily due to net income, but was also positively impacted by the partial sale of Citi's stake in Akbank as well as lower risk-weighted assets. For additional information on Citi's estimated Basel III Tier 1 Common ratio, see "Capital Resources and Liquidity Capital Resources" below.

Citigroup's total allowance for loan losses was $27.6 billion at quarter end, or 4.3% of total loans, compared to $34.4 billion, or 5.4%, in the prior-year period. The decline in the total allowance for loan losses reflected continued asset sales in Citi Holdings, lower non-accrual loans, and overall continued improvement in the credit quality of the loan portfolios.

The Consumer allowance for loan losses was $24.6 billion, or 6.0% of total Consumer loans, at quarter-end, compared to $30.9 billion, or 7.0% of total loans, at June 30, 2011. Total non-accrual assets declined 22% to $11.5 billion compared to the second quarter of 2011. Corporate non-accrual loans declined 47% to $2.6 billion, and Consumer non-accrual loans declined 1% to $8.3 billion.

Citicorp

Citicorp net income increased 6% from the prior-year period to $4.3 billion. The increase largely reflected a 3% decline in each of operating expenses and provisions for credit losses and for benefits and claims, with revenues relatively unchanged at $18.0 billion. The decline in operating expenses in Citicorp year-over-year primarily reflected the impact of FX translation. CVA/DVA recorded in *Securities and Banking* was a positive $198 million in the second quarter of 2012, compared to positive $147 million in the prior-year period. Excluding CVA/DVA, Citicorp net income increased 5% from the prior-year period to $4.2 billion.

Excluding CVA/DVA, Citicorp revenues were $17.8 billion, flat versus the second quarter of 2011. *GCB* revenues of $9.8 billion were largely unchanged versus the prior-year period. *North America RCB* revenues grew 4% to $5.1 billion driven by higher mortgage revenues, which Citi expects could continue into the third quarter of 2012. The higher mortgage revenues were partially offset by lower cards revenues as consumers continued to deleverage in the face of ongoing macroeconomic uncertainty. Citi expects this trend in cards to continue for the remainder of 2012.

International *GCB* revenues (consisting of *Asia Regional Consumer Banking (Asia RCB)*, *LATAM RCB* and *EMEA Regional Consumer Banking (EMEA RCB)*) declined 4% year-over-year to $4.6 billion. International *GCB* revenues were negatively impacted by FX translation as the U.S. dollar generally strengthened in the second quarter of 2012 against local currencies in which Citi generates revenues. Excluding the impact of FX translation, international *GCB* revenues rose 4% year-over-year, driven by 8% revenue growth in *LATAM RCB*, partially offset by a 1% decline in *EMEA RCB* while revenues in *Asia RCB* were largely unchanged. In *Asia*, the slowdown in revenue growth from prior periods reflected a combination of lower investment sales due to overall macroeconomic concerns and regulatory actions to limit the availability of consumer credit in certain countries, particularly Korea. Citi expects these regulatory factors to continue to negatively impact revenues in *Asia* in the third and fourth quarters of 2012.

In *North America RCB*, average deposits of $151 billion grew 5% year-over-year and retail loans of $41 billion grew 22%, while average card loans of $108 billion declined 3% and card purchase sales were roughly flat due to the deleveraging related to ongoing macroeconomic uncertainty, as referenced above. Excluding the impact of FX translation, international *GCB* average deposits of $166 billion grew 1% year-over-year, average retail loans of $97 billion were up 11%, and average card loans of $36 billion grew 5% year-over-year. International card purchase sales were up 10%, excluding the impact of FX translation.

Citicorp end of period loans increased for the sixth consecutive quarter, up 10% year-over-year to $527 billion, with 2% growth in Consumer loans and 22% growth in Corporate loans.

Securities and Banking revenues were $5.4 billion in the second quarter of 2012, down 1% year-over-year. Excluding the impact of CVA/DVA, *Securities and Banking* revenues were $5.2 billion, or 2% lower than the prior-year period. Fixed income markets revenues, excluding CVA/DVA,(1) of $2.8 billion in the second quarter of 2012 decreased 4% from the prior-year period, as lower revenues in credit and securitized products, driven by weaker market conditions, were partially offset by strong revenue growth within rates and currencies. Equity markets revenues, excluding CVA/DVA, of $550 million in the second quarter of 2012 were 29% below the prior-year period, largely related to lower industry volumes in cash equities. Investment banking revenues fell 21% from the prior-year period to $854 million as slight growth in advisory revenues was more than offset by declines in debt and equity underwriting revenues. Lending revenues of $608 million were up 70% from the prior-year period, driven by higher net interest revenues on strong corporate loan growth and improved spreads, as well as $42 million in gains on hedges compared to an $85 million loss on hedges in the prior-year period. Private Bank revenues, excluding CVA/DVA, of $570 million were up 3% from the prior-year period driven primarily by growth in *North America* lending and deposits.

Transaction Services revenues were $2.8 billion, up 5% from the prior-year period, as growth in *Treasury and Trade Solutions* offset declines in *Securities and Fund Services*. *Treasury and Trade Solutions* revenue growth reflected strong growth in average deposits and trade loans. *Securities and Fund Services* revenues primarily reflected the impact of FX

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(1) For the summary of CVA/DVA by business within *Securities and Banking* for the second quarter of 2012 and comparable periods, see "Citicorp *Institutional Clients Group* *Securities and Banking*" below.

translation. Excluding the impact of FX translation, *Securities and Fund Services* delivered modest revenue growth while absorbing lower assets under custody and lower settlement volumes. *Transaction Services* average deposits and other customer liabilities grew 8% year-over-year to $396 billion, while assets under custody declined 6% year-over-year to $12.2 trillion.

Citi Holdings

Citi Holdings net loss of $920 million in the second quarter of 2012 was higher than the loss of $661 million reported in the second quarter of 2011, as revenue declines and lower credit reserve releases more than offset lower expenses and a continued improvement in net credit losses.

Citi Holdings revenues decreased 62% from the prior-year period to $924 million. Excluding CVA/DVA of positive $21 million in the second quarter of 2012, compared to positive $17 million in the prior-year period, Citi Holdings revenues were $903 million, or 62% lower than the second quarter of 2011. Net interest revenues declined 44% year-over-year to $581 million, largely driven by continued declining loan balances in *Local Consumer Lending*. Non-interest revenues, excluding CVA/DVA, decreased 76% to $322 million from the prior-year period, primarily reflecting the absence of gains on sale of reclassified held-to-maturity securities and other assets in the *Special Asset Pool* in the second quarter of 2011.

Citi Holdings assets declined 28% year-over-year to $191 billion as of the end of the second quarter of 2012. At the end of the second quarter of 2012, Citi Holdings assets comprised approximately 10% of total Citigroup GAAP assets and 18% of current risk-weighted assets. *Local Consumer Lending* continued to represent the largest segment within Citi Holdings, with $138 billion of assets. Over 70% of *Local Consumer Lending* assets, or approximately $100 billion, consist of mortgages in *North America* real estate lending. As of the end of the second quarter of 2012, approximately $9.5 billion of Citi's loan loss reserves were allocated to *North America* real estate lending in Citi Holdings.

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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 2012	Second Quarter 2011(1)	% Change	Six Months 2012	Six Months 2011	% Change
Net interest revenue	**$ 11,593**	$ 12,148	(5)%	**$ 23,540**	$ 24,250	(3)%
Non-interest revenue	**7,049**	8,474	(17)	**14,508**	16,098	(10)
Revenues, net of interest expense	**$ 18,642**	$ 20,622	(10)%	**$ 38,048**	$ 40,348	(6)%
Operating expenses	**12,134**	12,936	(6)	**24,453**	25,262	(3)
Provisions for credit losses and for benefits and claims	**2,806**	3,387	(17)%	**5,825**	6,571	(11)
Income from continuing operations before income taxes	**$ 3,702**	$ 4,299	(14)%	**$ 7,770**	$ 8,515	(9)%
Income taxes	**715**	967	(26)	**1,721**	2,152	(20)
Income from continuing operations	**$ 2,987**	$ 3,332	(10)%	**$ 6,049**	$ 6,363	(5)%
Income (loss) from discontinued operations, net of taxes(1)	**(1)**	71	NM	**(6)**	111	NM
Net income before attribution of noncontrolling interests	**$ 2,986**	$ 3,403	(12)%	**$ 6,043**	$ 6,474	(7)%
Net income attributable to noncontrolling interests	**40**	62	(35)%	**166**	134	24
Citigroup's net income	**$ 2,946**	$ 3,341	(12)%	**$ 5,877**	$ 6,340	(7)%
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	**69**	62	11	**123**	96	28
Income allocated to unrestricted common shareholders for Basic EPS	**$ 2,868**	$ 3,270	(12)%	**$ 5,741**	$ 6,231	(8)%
Add: Interest expense, net of tax, 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	**4**	6	(33)	**8**	7	14%
Income allocated to unrestricted common shareholders for diluted EPS	**$ 2,872**	$ 3,276	(12)%	**$ 5,749**	$ 6,238	(8)%
Earnings per share(2)						
Basic						
Income from continuing operations	**$ 0.98**	$ 1.10	(11)%	**$ 1.96**	$ 2.11	(7)
Net income	**0.98**	1.12	(13)	**1.96**	2.14	(8)
Diluted						
Income from continuing operations	**$ 0.95**	$ 1.07	(11)%	**$ 1.91**	$ 2.05	(7)%
Net income	**0.95**	1.09	(13)	**1.91**	2.08	(8)
Dividends declared per common share	**0.01**	0.01		**0.02**	0.01	100

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 2012	Second Quarter 2011	% Change	Six Months 2012	Six Months 2011	% Change
At June 30:						
Total assets	**$ 1,916,451**	$ 1,956,626	(2)%			
Total deposits	**914,308**	866,310	6			
Long-term debt	**288,334**	352,458	(18)			
Trust preferred securities (included in long-term debt)	**16,036**	16,077				
Citigroup common stockholders' equity	**183,599**	176,052	4			
Total Citigroup stockholders' equity	**183,911**	176,364	4			
Direct staff *(in thousands)*	**261**	263	(1)			
Ratios						
Return on average common stockholders' equity(3)	**6.47%**	7.67%		**6.50%**	7.49%	
Return on average total stockholders' equity(3)	**6.48**	7.67		**6.50**	7.49	
Tier 1 Common(4)(5)	**12.71%**	11.62%				
Tier 1 Capital(4)	**14.46**	13.55				
Total Capital(4)	**17.70**	17.18				
Leverage(4)(6)	**7.66**	7.05				
Citigroup common stockholders' equity to assets	**9.58%**	9.00%				
Total Citigroup stockholders' equity to assets	**9.60**	9.01				
Dividend payout ratio(7)	**0.01**	0.01				
Book value per common share(2)	**$ 62.61**	$ 60.34				
Ratio of earnings to fixed charges and preferred stock dividends	**1.66x**	1.65x		**1.69x**	1.67x	

(1) Discontinued operations for 2011 primarily reflect the sale of the Egg Banking PLC credit card business. See Note 2 to the Consolidated Financial Statements.

(2) All per share amounts and Citigroup shares outstanding for all periods reflect Citigroup's 1-for-10 reverse stock split, which was effective May 6, 2011.

(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) Unless otherwise noted, Tier 1 Common, Tier 1 Capital, Total Capital and Leverage balances and/or ratios disclosed within this Form 10-Q refer to those calculated under current regulatory guidelines.

(5) As 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.

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

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

NM
Not meaningful

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

In millions of dollars	Second Quarter 2012	Second Quarter 2011	% Change	Six Months 2012	Six Months 2011	% Change
Income (loss) from continuing operations						
CITICORP						
Global Consumer Banking						
North America	**$ 1,196**	$ 1,111	8%	**$ 2,513**	$ 2,048	23%
EMEA	**17**	33	(48)	**10**	90	(89)
Latin America	**329**	396	(17)	**704**	869	(19)
Asia	**448**	479	(6)	**951**	932	2
Total	**$ 1,990**	$ 2,019	(1)%	**$ 4,178**	$ 3,939	6%
Securities and Banking						
North America	**$ 488**	347	41%	**$ 616**	$ 811	(24)%
EMEA	**365**	341	7	**877**	1,105	(21)
Latin America	**325**	296	10	**667**	569	17
Asia	**250**	210	19	**557**	420	33
Total	**$ 1,428**	$ 1,194	20%	**$ 2,717**	$ 2,905	(6)%
Transaction Services						
North America	**$ 124**	$ 129	(4)%	**$ 250**	$ 235	6%
EMEA	**332**	286	16	**647**	561	15
Latin America	**185**	160	16	**363**	332	9
Asia	**274**	289	(5)	**576**	572	1
Total	**$ 915**	$ 864	6%	**$ 1,836**	$ 1,700	8%
Institutional Clients Group	**$ 2,343**	$ 2,058	14%	**$ 4,553**	$ 4,605	(1)%
Total Citicorp	**$ 4,333**	$ 4,077	6%	**$ 8,731**	$ 8,544	2%
Corporate/Other	**$ (427)**	$ (134)	NM	**$ (739)**	$ (613)	(21)%
Total Citicorp and *Corporate/Other*	**$ 3,906**	$ 3,943	(1)%	**$ 7,992**	$ 7,931	1%
CITI HOLDINGS						
Brokerage and Asset Management	**$ (24)**	$ (100)	76%	**$ (160)**	$ (110)	(45)%
Local Consumer Lending	**(821)**	(1,189)	31%	**(1,454)**	(2,198)	34
Special Asset Pool	**(74)**	678	NM	**(329)**	740	NM
Total Citi Holdings	**$ (919)**	$ (611)	(50)%	**$ (1,943)**	$ (1,568)	(24)%
Income from continuing operations	**$ 2,987**	$ 3,332	(10)%	**$ 6,049**	$ 6,363	(5)%
Discontinued operations	**$ (1)**	$ 71	NM	**$ (6)**	111	NM
Net income attributable to noncontrolling interests	**40**	62	(35)%	**166**	134	24%
Citigroup's net income	**$ 2,946**	$ 3,341	(12)%	**$ 5,877**	$ 6,340	(7)%

NM
Not meaningful

CITIGROUP REVENUES

In millions of dollars	Second Quarter 2012	Second Quarter 2011	% Change	Six Months 2012	Six Months 2011	% Change
CITICORP						
Global Consumer Banking						
North America	**$ 5,135**	$ 4,949	4%	**$ 10,333**	$ 9,892	4%
EMEA	**366**	410	(11)	**744**	831	(10)
Latin America	**2,322**	2,408	(4)	**4,763**	4,702	1
Asia	**1,948**	2,026	(4)	**3,945**	3,922	1
Total	**$ 9,771**	$ 9,793		**$ 19,785**	$ 19,347	2%
Securities and Banking						
North America	**$ 1,926**	$ 2,125	(9)%	**$ 3,274**	$ 4,453	(26)%
EMEA	**1,609**	1,642	(2)	**3,563**	3,703	(4)
Latin America	**757**	682	11	**1,512**	1,270	19
Asia	**1,113**	1,033	8	**2,331**	2,078	12
Total	**$ 5,405**	$ 5,482	(1)%	**$ 10,680**	$ 11,504	(7)%
Transaction Services						
North America	**$ 665**	$ 609	9%	**$ 1,306**	$ 1,219	7%
EMEA	**930**	898	4	**1,824**	1,735	5
Latin America	**455**	439	4	**906**	856	6
Asia	**757**	731	4	**1,514**	1,429	6
Total	**$ 2,807**	$ 2,677	5%	**$ 5,550**	$ 5,239	6%
Institutional Clients Group	**$ 8,212**	$ 8,159	1%	**$ 16,230**	$ 16,743	(3)%
Total Citicorp	**$ 17,983**	$ 17,952		**$ 36,015**	$ 36,090	
Corporate/Other	**$ (265)**	$ 263	NM	**$ 235**	$ 202	16%
Total Citicorp and *Corporate/Other*	**$ 17,718**	$ 18,215	(3)%	**$ 36,250**	$ 36,292	
CITI HOLDINGS						
Brokerage and Asset Management	**$ 87**	$ 47	85%	**$ 41**	$ 184	(78)%
Local Consumer Lending	**931**	1,345	(31)%	**2,257**	2,864	(21)
Special Asset Pool	**(94)**	1,015	NM	**(500)**	1,008	NM
Total Citi Holdings	**$ 924**	$ 2,407	(62)%	**$ 1,798**	$ 4,056	(56)%
Total Citigroup net revenues	**$ 18,642**	$ 20,622	(10)%	**$ 38,048**	$ 40,348	(6)%

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, 2012, Citicorp had approximately $1.4 trillion of assets and $845 billion of deposits, representing approximately 75% of Citi's total assets and approximately 92% of its deposits.

Citicorp consists of the following businesses: *Global Consumer Banking* (which included retail banking and Citi-branded cards in four regions *North America, EMEA, Latin America* and *Asia,* as well as Citi retail services in *North America*) and *Institutional Clients Group* (which includes *Securities and Banking* and *Transaction Services*).

In millions of dollars except as otherwise noted	Second Quarter 2012	2011	% Change	Six Months 2012	2011	% Change
Net interest revenue	**$ 11,033**	$ 11,163	(1)%	**$ 22,266**	$ 22,222	%
Non-interest revenue	**6,950**	6,789	2	**13,749**	13,868	(1)
Total revenues, net of interest expense	**$ 17,983**	$ 17,952		**$ 36,015**	$ 36,090	%
Provisions for credit losses and for benefits and claims						
Net credit losses	**$ 2,246**	$ 2,982	(25)%	**$ 4,466**	$ 6,232	(28)%
Credit reserve build (release)	**(741)**	(1,391)	47	**(1,317)**	(3,202)	59
Provision for loan losses	**$ 1,505**	$ 1,591	(5)%	**$ 3,149**	$ 3,030	4%
Provision for benefits and claims	**50**	36	39	**108**	91	19
Provision for unfunded lending commitments	**26**	(5)	NM	**14**	(1)	NM
Total provisions for credit losses and for benefits and claims	**$ 1,581**	$ 1,622	(3)%	**$ 3,271**	$ 3,120	5%
Total operating expenses	**$ 10,300**	$ 10,669	(3)%	**$ 20,605**	$ 20,905	(1)%
Income from continuing operations before taxes	**$ 6,102**	$ 5,661	8%	**$ 12,139**	$ 12,065	1%
Provisions for income taxes	**1,769**	1,584	12	**3,408**	3,521	(3)
Income from continuing operations	**$ 4,333**	$ 4,077	6%	**$ 8,731**	$ 8,544	2%
Net income attributable to noncontrolling interests	**30**	12	NM	**91**	23	NM
Citicorp's net income	**$ 4,303**	$ 4,065	6%	**$ 8,640**	$ 8,521	1%
Balance sheet data *(in billions of dollars)*						
Total EOP assets	**$ 1,436**	$ 1,423	1%			
Average assets	**1,429**	1,422		**$ 1,415**	$ 1,394	2%
Total EOP deposits	**845**	791	7			

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 4,080 branches in 39 countries around the world. At June 30, 2012, *GCB* had $387 billion of assets and $324 billion of deposits.

In millions of dollars except as otherwise noted	Second Quarter 2012	2011	% Change	Six Months 2012	2011	% Change
Net interest revenue	**$ 7,197**	$ 7,411	(3)%	**$ 14,570**	$ 14,743	(1)%
Non-interest revenue	**2,574**	2,382	8%	**5,215**	4,604	13
Total revenues, net of interest expense	**$ 9,771**	$ 9,793		**$ 19,785**	$ 19,347	2%
Total operating expenses	**$ 5,313**	$ 5,357	(1)%	**$ 10,523**	$ 10,448	1%
Net credit losses	**$ 2,124**	$ 2,832	(25)%	**$ 4,402**	$ 5,872	(25)%
Credit reserve build (release)	**(728)**	(1,335)	45	**(1,462)**	(2,752)	47
Provisions for unfunded lending commitments		3	100	**(1)**	3	NM
Provision for benefits and claims	**50**	36	39	**108**	91	19
Provisions for credit losses and for benefits and claims	**$ 1,446**	$ 1,536	(6)%	**$ 3,047**	$ 3,214	(5)%
Income from continuing operations before taxes	**$ 3,012**	$ 2,900	4%	**$ 6,215**	$ 5,685	9%
Income taxes	**1,022**	881	16	**2,037**	1,746	17
Income from continuing operations	**$ 1,990**	$ 2,019	(1)%	**$ 4,178**	$ 3,939	6%
Net income (loss) attributable to noncontrolling interests	**(1)**	3	NM		1	(100)
Net income	**$ 1,991**	$ 2,016	(1)%	**$ 4,178**	$ 3,938	6%
Average assets *(in billions of dollars)*	**$ 381**	$ 377	1%	**$ 383**	$ 372	3%
Return on assets	**2.10%**	2.14%		**2.19%**	2.13%	
Total EOP assets	**387**	384	1			
Average deposits *(in billions of dollars)*	**318**	317		**318**	313	2%
Net credit losses as a percentage of average loans	**3.02%**	4.12%				
Revenue by business						
Retail banking	**$ 4,394**	$ 4,143	6%	**$ 8,912**	$ 8,077	10%
Cards(1)	**5,377**	5,650	(5)	**10,873**	11,270	(4)
Total	**$ 9,771**	$ 9,793		**$ 19,785**	$ 19,347	2%
Income from continuing operations by business						
Retail banking	**$ 791**	$ 631	25%	**$ 1,603**	$ 1,310	22%
Cards(1)	**1,199**	1,388	(14)	**2,575**	2,629	(2)
Total	**$ 1,990**	$ 2,019	(1)%	**$ 4,178**	$ 3,939	6%

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

NM
Not meaningful

NORTH AMERICA REGIONAL CONSUMER BANKING

North America Regional Consumer Banking (NA RCB) provides traditional banking and Citi-branded card and Citi retail service to retail customers and small to mid-size businesses in the U.S. *NA RCB's* 1,015 retail bank branches and 12.5 million customer accounts, as of June 30, 2012, are largely concentrated in the greater metropolitan areas of New York, Los Angeles, San Francisco, Chicago, Miami, Washington, D.C., Boston, Philadelphia and certain larger cities in Texas. At June 30, 2012, *NA RCB* had $40.9 billion of retail banking loans and $153.2 billion of deposits. In addition, *NA RCB* had 102.8 million Citi-branded and Citi retail services credit card accounts, with $109.3 billion in outstanding card loan balances.

In millions of dollars, except as otherwise noted	Second Quarter 2012	Second Quarter 2011	% Change	Six Months 2012	Six Months 2011	% Change
Net interest revenue	**$ 4,035**	$ 4,192	(4)%	**$ 8,160**	$ 8,398	(3)%
Non-interest revenue	**1,100**	757	45	**2,173**	1,494	45
Total revenues, net of interest expense	**$ 5,135**	$ 4,949	4%	**$ 10,333**	$ 9,892	4%
Total operating expenses	**$ 2,451**	$ 2,331	5%	**$ 4,792**	$ 4,609	4%
Net credit losses	**$ 1,511**	$ 2,136	(29)%	**$ 3,140**	$ 4,508	(30)%
Credit reserve build (release)	**(814)**	(1,240)	34	**(1,655)**	(2,441)	32
Provisions for benefits and claims	**19**	14	36	**33**	31	6
Provision for unfunded lending commitments		(1)	(100)		(1)	(100)
Provisions for credit losses and for benefits and claims	**$ 716**	$ 909	(21)%	**$ 1,518**	$ 2,097	(28)%
Income from continuing operations before taxes	**$ 1,968**	$ 1,709	15%	**$ 4,023**	$ 3,186	26%
Income taxes	**772**	598	29	**1,510**	1,138	33
Income from continuing operations	**$ 1,196**	$ 1,111	8%	**$ 2,513**	$ 2,048	23%
Net income attributable to noncontrolling interests						
Net income	**$ 1,196**	$ 1,111	8%	**$ 2,513**	$ 2,048	23%
Average assets *(in billions of dollars)*	**$ 171**	$ 161	6%	**$ 170**	$ 162	5%
Average deposits *(in billions of dollars)*	**151**	144	5	**150**	144	4
Net credit losses as a percentage of average loans	**4.07%**	5.90%				
Revenue by business						
Retail banking	**$ 1,647**	$ 1,251	32%	**$ 3,275**	$ 2,439	34%
Citi-branded cards	**2,010**	2,173	(8)	**4,078**	4,377	(7)
Citi retail services	**1,478**	1,525	(3)	**2,980**	3,076	(3)
Total	**$ 5,135**	$ 4,949	4%	**$ 10,333**	$ 9,982	4%
Income from continuing operations by business						
Retail banking	**$ 335**	$ 96	NM	**$ 666**	$ 181	NM
Citi-branded cards	**428**	596	(28)	**1,035**	1,073	(4)
Citi retail services	**433**	419	3	**812**	794	2
Total	**$ 1,196**	$ 1,111	8%	**$ 2,513**	$ 2,048	23%

NM Not meaningful

2Q12 vs. 2Q11

Net income increased 8% as compared to the prior-year period, driven by lower net credit losses and higher revenues from higher gains on sale of mortgages, partly offset by lower loan loss reserve releases, lower cards revenues and higher expenses.

Revenues increased 4% year-over-year as lower net interest margin and loan balances in Citi's cards businesses were more than offset by higher non-interest revenue from the sale of mortgages, which Citi expects will continue into the third quarter of 2012. Net interest revenue decreased 4% year-over-year, driven primarily by lower cards net interest margin which continued to be negatively impacted by the look-back provision of The Credit Card Accountability Responsibility and Disclosure Act (CARD Act). (The CARD Act requires a review be done once every six months for card accounts where the annual percentage rate (APR) has been increased since January 1, 2009 to assess whether changes in credit risk, market conditions or other factors merit a future decline in APR.) In addition, net interest revenue for cards was negatively impacted by higher low-margin promotional balances and lower total average loans, reflecting an increase in the payment rate. *NA RCB* continues to believe the negative impact of the CARD Act and promotional balances should dissipate over the course of 2012 as the population of card accounts subject to the CARD Act look-back provisions declines and promotional balances convert or close. However, Citi expects higher payment rates from consumers, reflecting ongoing economic uncertainty and deleveraging, as well as Citi's shift to higher credit quality borrowers, to continue for the remainder of 2012, absent a meaningful improvement in the U.S. economy. Non-interest revenue increased 45% year-over-year, primarily due to the higher gains on sale of mortgages, partially offset by a decline in non-interest revenues in Citi retail services in the current quarter driven by improving credit and the resulting impact on contractual partner payments.

As part of its Citi-branded cards business, Citi (through Citibank, N.A.) issues a co-branded credit card product with American Airlines, the Citi/AAdvantage card. As has been widely-reported, 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. To date, the ongoing AMR bankruptcy has not had a material impact on the results of operations for *NA RCB*, Citicorp or Citi as a whole. However, it is not certain what the outcome of the bankruptcy process will be or what impact, if any, such outcome could have on the results of operations or financial condition of *NA RCB* over time.

Expenses increased 5%, driven entirely by an increase in legal reserves related to the interchange litigation (see Note 22 to the Consolidated Financial Statements for additional information).

Provisions decreased 21% year-over-year primarily due to lower credit losses in the cards portfolio (down 29% to $1.5 billion), partly offset by the continued lower loan loss reserve releases ($814 million in the second quarter of 2012 compared to $1.2 billion in the prior-year period). Overall, Citi expects continued improvement in *North America RCB* credit quality, assuming no meaningful downturn in the U.S. or global economy.

2Q12 YTD vs. 2Q11 YTD

Year-to-date, *NA RCB* has experienced similar trends to those described above. *Net income* increased 23% as compared to the prior-year period driven by the improvements in credit costs and higher non-interest revenue, partially offset by lower net interest revenue and higher expenses.

Revenues increased 4% period-over-period mainly due to the higher non-interest revenue on sale of mortgages, partially offset by lower loan balances and margin pressure in the cards business. Net interest revenue was down 3% driven primarily by the lower volumes in cards, with average loans lower by 3%. In addition, cards net interest margin was negatively impacted by the look-back provision of the CARD Act and higher low-margin promotional balances. Non-interest revenue increased 45% from the prior year-to-date period, mainly due to the higher gains from mortgage loan sales.

Expenses increased 4% period-over-period, primarily driven by the higher legal reserve described above. This was offset partly by ongoing savings initiatives.

Provisions decreased 28% period-over-period, primarily due to a net credit loss decline of $1.4 billion, partially offset by a decrease in loan loss reserve releases of $786 million as compared to the prior year-to-date period. Cards net credit losses were down $1.3 billion, or 30%, from the prior year-to-date period. The decline in credit costs was driven by the improving credit conditions and stricter underwriting criteria.

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, the Middle East and Africa. The countries in which *EMEA RCB* has the largest presence are Poland, Turkey, Russia and the United Arab Emirates. At June 30, 2012, *EMEA RCB* had 240 retail bank branches with 4.0 million customer accounts, $4.6 billion in retail banking loans and $12.6 billion in deposits. In addition, the business had 2.6 million Citi-branded card accounts with $2.8 billion in outstanding card loan balances.

	Second Quarter		%	Six Months		%
In millions of dollars, except as otherwise noted	2012	2011	Change	2012	2011	Change
Net interest revenue	**$ 256**	$ 248	3%	**$ 518**	$ 490	6%
Non-interest revenue	**110**	162	(32)	**226**	341	(34)
Total revenues, net of interest expense	**$ 366**	$ 410	(11)%	**$ 744**	$ 831	(10)%
Total operating expenses	**$ 338**	$ 355	(5)%	**$ 697**	$ 673	4%
Net credit losses	**$ 14**	$ 46	(70)%	**$ 43**	$ 95	(55)%
Credit reserve build (release)	**(13)**	(55)	76	**(18)**	$ (89)	80
Provision for unfunded lending commitments		4	(100)	**(1)**	4	NM
Provisions for credit losses	**$ 1**	$ (5)	NM	**$ 24**	$ 10	NM
Income from continuing operations before taxes	**$ 27**	$ 60	(55)%	**$ 23**	$ 148	(84)%
Income taxes	**10**	27	(63)	**13**	58	(78)
Income from continuing operations	**$ 17**	33	(48)%	**$ 10**	$ 90	(89)%
Net income attributable to noncontrolling interests	**1**	2	(50)	**2**	2	
Net income	**$ 16**	$ 31	(48)%	**$ 8**	$ 88	(91)%
Average assets *(in billions of dollars)*	**$ 9**	$ 10	(10)%	**$ 9**	$ 10	(10)%
Return on assets	**0.72%**	1.24%		**0.18%**	1.77%	
Average deposits *(in billions of dollars)*	**$ 12**	$ 13	(4)%	**12**	13	(3)
Net credit losses as a percentage of average loans	**0.75%**	2.46%				
Revenue by business						
Retail banking	**$ 214**	$ 234	(9)%	**$ 436**	$ 476	(8)%
Citi-branded cards	**152**	176	(14)	**308**	355	(13)
Total	**$ 366**	$ 410	(11)%	**$ 744**	$ 831	(10)%
Income (loss) from continuing operations by business						
Retail banking	**$ (7)**	$ (11)	36%	**$ (28)**	$ 2	NM
Citi-branded cards	**24**	44	(45)	**38**	88	(57)%
Total	**$ 17**	$ 33	(48)%	**$ 10**	$ 90	(89)%

NM Not meaningful

2Q12 vs. 2Q11

Net income declined by 48% year-over-year. Excluding the impact of FX translation, net income declined by 26%, driven by higher expenses and higher provisions for loan losses.

Revenues decreased 11% year-over-year. Excluding the impact of FX translation, revenues declined 1%, driven by the absence of Akbank, which was moved to *Corporate/Other* in the first quarter of 2012. Net interest revenue increased 3% driven by the absence of Akbank investment funding costs in the current quarter and growth in deposits and retail loans, partially offset by the impact of FX translation and slight spread compression. Interest rate caps on credit cards, particularly in Turkey, and the continued liquidation of a higher yielding non-strategic retail banking portfolio, were the main contributors to the lower spreads. Non-interest revenue decreased 32%, mainly reflecting the absence of Akbank contribution in the current quarter. The underlying drivers in *EMEA RCB* continued to show growth as cards purchase sales grew 8% and retail new loan volume increased 16% year-over-year, each excluding the impact of FX translation.

Expenses decreased 5% year-over-year. Excluding the impact of FX translation, expenses grew by 6% due to the impact of account acquisition-focused investment spending, expansion of the sales force and restructuring charges in Poland and Central Europe.

Provisions increased by $6 million year-over-year due to lower loan loss reserve releases, partially offset by lower net credit losses. Net credit losses continued to improve, declining 70% year-over-year due to the ongoing improvement in credit quality and the move towards lower risk products, together with a benefit from the sale of portfolios in Turkey and Poland (which totaled $13 million) in the current quarter. Citi expects provisions could continue to have a negative impact on *EMEA RCB* results as net credit losses have largely stabilized while the majority of loan loss reserve releases have occurred.

2Q12 YTD vs. 2Q11 YTD

Year-to-date, *EMEA RCB* has experienced similar trends to those described above. *Net income* declined by 91% year-to-date as compared to the prior year-to-date period. Excluding the impact of FX translation, net income declined by 77% from the prior year-to-date period, due to lower revenues and higher expenses and credit costs.

Revenues decreased 10% period-over-period. Excluding the impact of FX translation, revenues declined 3% driven by the absence of Akbank. Net interest revenue increased 6% driven by the absence of the Akbank investment funding costs and the growth in deposits and retail loans, partially offset by the impact of FX translation and spread compression, driven by the factors described above. Non-interest revenue decreased 34%, mainly reflecting the absence of Akbank.

Expenses increased 4% period-over-period. Excluding the impact of FX translation, expenses increased 10% due to the impact of the account acquisition-focused investment spending and the other factors described above.

Provisions increased by $14 million period-over-period due to the lower loan loss reserve releases, partially offset by the lower net credit losses.

LATIN AMERICA REGIONAL CONSUMER BANKING

Latin America Regional Consumer Banking (LATAM 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. *LATAM RCB* includes branch networks throughout *Latin America* as well as Banco Nacional de Mexico, or Banamex, Mexico's second-largest bank, with over 1,700 branches. At June 30, 2012, *LATAM RCB* had 2,198 retail branches, with 31.9 million customer accounts, $25.9 billion in retail banking loans and $45.8 billion in deposits. In addition, the business had 13.0 million Citi-branded card accounts with $13.7 billion in outstanding loan balances.

In millions of dollars, except as otherwise noted	Second Quarter 2012	Second Quarter 2011	% Change	Six Months 2012	Six Months 2011	% Change
Net interest revenue	**$ 1,624**	$ 1,622		**$ 3,283**	$ 3,182	3%
Non-interest revenue	**698**	786	(11)	**1,480**	1,520	(3)
Total revenues, net of interest expense	**$ 2,322**	$ 2,408	(4)%	**$ 4,763**	$ 4,702	1%
Total operating expenses	**$ 1,363**	$ 1,495	(9)%	**$ 2,727**	$ 2,861	(5)%
Net credit losses	**$ 400**	$ 425	(6)%	**$ 830**	$ 832	
Credit reserve build (release)	**120**	(21)	NM	**233**	(168)	NM
Provision for benefits and claims	**31**	22	41	**75**	60	25
Provisions for loan losses and for benefits and claims	**$ 551**	$ 426	29%	**$ 1,138**	$ 724	57%
Income from continuing operations before taxes	**$ 408**	$ 487	(16)%	**$ 898**	$ 1,117	(20)%
Income taxes	**79**	91	(13)	**194**	248	(22)
Income from continuing operations	**$ 329**	$ 396	(17)%	**$ 704**	$ 869	(19)%
Net income (loss) attributable to noncontrolling interests	**(2)**	1	NM	**(2)**	(1)	(100)%
Net income	**$ 331**	$ 395	(16)%	**$ 706**	$ 870	(19)%
Average assets *(in billions of dollars)*	**$ 78**	$ 83	6%	**$ 80**	$ 80	
Return on assets	**1.71%**	1.91%		**1.77%**	2.19%	
Average deposits *(in billions of dollars)*	**$ 44**	$ 48	(8)	**$ 45**	$ 47	(3)%
Net credit losses as a percentage of average loans	**4.15%**	4.64%				
Revenue by business						
Retail banking	**$ 1,378**	$ 1,398	(1)%	**$ 2,826**	$ 2,731	3%
Citi-branded cards	**944**	1,010	(7)	**1,937**	1,971	(2)
Total	**$ 2,322**	$ 2,408	(4)%	**$ 4,763**	$ 4,702	1%
Income from continuing operations by business						
Retail banking	**$ 226**	$ 236	(4)%	**$ 428**	$ 531	(19)%
Citi-branded cards	**103**	160	(36)	**276**	338	(18)
Total	**$ 329**	$ 396	(17)%	**$ 704**	$ 869	(19)%

NM
Not meaningful

2Q12 vs. 2Q11

Net income declined 16% year-over-year, mainly driven by the impact of FX translation. Excluding the impact of FX translation, net income declined 1% due to increased loan loss reserve builds resulting from portfolio growth, partially offset by higher revenues.

Revenues decreased 4%, mainly due to the impact of FX translation. Excluding the impact of FX translation, revenues grew 8% year-over-year, mainly due to higher volumes and fees, particularly in Mexico personal installment loans and Brazil cards. Net interest revenue was largely unchanged year-over-year. Excluding the impact of FX translation, net interest revenue increased 12% due to growth in loans and deposits, partially offset by continued spread compression from higher credit quality customers. Average loans increased in both retail banking and cards, by 27% and 11%, respectively, and deposits grew by 2%, each excluding the impact of FX translation. Non-interest decreased 11% year-over-year. Excluding the impact of FX translation, non-interest revenue increased 2%, primarily due to higher fees in cards resulting from a 15% increase in purchase sales and a 3% increase in card accounts.

Expenses declined 9% due to the impact of FX translation. Excluding the impact of FX translation, expenses increased 3% as a result of higher volume of transactions, marketing, sales incentives and restructuring costs.

Provisions increased by 29% year-over-year, mainly as loan loss reserves releases in the prior-year period are now builds due to the volume growth in Mexico and Brazil. Net credit losses decreased 6% year-over-year. Citi expects credit costs in *Latin America RCB* will likely continue to increase in line with portfolio growth.

2Q12 YTD vs. 2Q11 YTD

Year-to-date, *LATAM RCB* has experienced similar trends to those previously described. *Net income* declined 19% driven primarily by an increase in provisions and the impact of FX translation. Excluding the impact of FX translation, net income declined 11% as increased credit provisions mainly due to higher loan loss reserve builds were partially offset by higher revenues.

Revenues were generally flat period-over-period. Excluding the impact of FX translation, revenues increased 10%, mainly due to higher volumes, primarily in Mexico personal loans and cards. Net interest revenue increased 3% period-over-period. Excluding the impact of FX translation, net interest revenue increased 11%, driven by the continued growth in lending and deposits, partly offset by spread compression. Non-interest revenue decreased 3%. Excluding the impact of FX translation, non-interest revenue was up 6% mostly due to higher cards fees resulting from a 16% growth in purchase sales.

Expenses decreased 5% period-over-period. Excluding the impact of FX translation, expenses increased 4%, mostly due to higher volumes, account acquisition and sales incentives, partially offset by reengineering actions.

Provisions increased 57% period-over-period mainly as a result of the loan loss reserves builds driven by the higher volumes in Mexico and Brazil.

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 South Korea, Australia, Singapore, Japan, Taiwan, Hong Kong, India and Indonesia. Citi's Japan Consumer Finance business, which Citi has been exiting since 2008, is included in Citi Holdings. At June 30, 2012, *Asia RCB* had 627 retail branches, 16.8 million customer accounts, $67.6 billion in retail banking loans and $112.5 billion in deposits. In addition, the business had 15.7 million Citi-branded card accounts with $19.6 billion in outstanding loan balances.

In millions of dollars, except as otherwise noted	Second Quarter 2012	Second Quarter 2011	% Change	Six Months 2012	Six Months 2011	% Change
Net interest revenue	**$ 1,282**	$ 1,349	(5)%	**$ 2,609**	$ 2,673	(2)%
Non-interest revenue	**666**	677	(2)%	**1,336**	1,249	7
Total revenues, net of interest expense	**$ 1,948**	$ 2,026	(4)%	**$ 3,945**	$ 3,922	1%
Total operating expenses	**$ 1,161**	$ 1,176	(1)%	**$ 2,307**	$ 2,305	
Net credit losses	**$ 199**	$ 225	(12)%	**$ 389**	$ 437	(11)%
Credit reserve build (release)	**(21)**	(19)	(11)	**(22)**	(54)	59
Provisions for loan losses	**$ 178**	$ 206	(14)%	**$ 367**	$ 383	(4)%
Income from continuing operations before taxes	**$ 609**	$ 644	(5)%	**$ 1,271**	$ 1,234	3%
Income taxes	**161**	165	(2)	**320**	302	6
Income from continuing operations	**$ 448**	$ 479	(6)%	**$ 951**	$ 932	2%
Net income attributable to noncontrolling interests						
Net income	**$ 448**	$ 479	(6)%	**$ 951**	$ 932	2%
Average assets *(in billions of dollars)*	**$ 123**	$ 123		**$ 124**	$ 121	2%
Return on assets	**1.46%**	1.56%		**1.54%**	1.55%	
Average deposits *(in billions of dollars)*	**$ 110**	$ 112	(2)	**$ 110**	$ 110	
Net credit losses as a percentage of average loans	**0.92%**	1.05%				
Revenue by business						
Retail banking	**$ 1,155**	$ 1,260	(8)%	**$ 2,375**	$ 2,431	(2)%
Citi-branded cards	**793**	766	4	**1,570**	1,491	5
Total	**$ 1,948**	$ 2,026	(4)%	**$ 3,945**	$ 3,922	1%
Income from continuing operations by business						
Retail banking	**$ 237**	$ 310	(24)%	**$ 537**	$ 596	(10)%
Citi-branded cards	**211**	169	25	**414**	336	23
Total	**$ 448**	$ 479	(6)%	**$ 951**	$ 932	2%

2Q12 vs. 2Q11

Net income decreased 6% year-over-year. Excluding the impact of FX translation, net income decreased 2% driven by higher expenses, partially offset by lower provisions.

Revenues decreased 4% year-over-year, but were flat excluding the impact of FX translation. Higher average loans in Citi-branded cards were offset by lower investment sales due to the uncertain market environment and corresponding weak investor sentiment. Lending and deposit revenues were flat, as growth in most markets was offset by pressure in Korea and Japan. Net interest revenue decreased 5% year-over-year.

Excluding the impact of FX translation, net interest revenue decreased 1%. Continued increases in lending and deposit volumes were offset by spread compression (mainly in retail lending). Spread compression continued to be driven by improvements in the risk profile for personal and other loans, stricter underwriting criteria as well as by certain regulatory changes in Korea, where policy actions have lowered the availability of consumer credit. This will likely continue to have a negative impact on net interest revenue into the third and fourth quarters of 2012.
Non-interest revenue decreased 2% year-over-year. Excluding the impact of FX translation, non-interest revenue increased 1%. The slight increase in non-interest revenue reflected growth in Citi-branded cards purchase sales, partially offset by the decrease in revenue from investment sales/foreign exchange products for the reasons described above. Citi also expects this trend to continue for the remainder of 2012.

Expenses were relatively unchanged year-over-year. Excluding the impact of FX translation, expenses increased 2%, largely due to investments in China cards and branches and Korea and Japan-related expenses, partially offset by ongoing productivity savings.

Provisions decreased 14% year-over-year, reflecting lower net credit losses and higher loan loss reserve releases. The decrease in provisions reflected continued credit quality improvement, partially offset by the increasing volumes in the region and higher provisions in Korea due to credit performance and the impact of regulatory changes. Assuming the underlying core portfolio continues to grow and season during the remainder of 2012, Citi expects credit costs to increase marginally in line with portfolio growth.

2Q12 YTD vs. 2Q11 YTD

Net income increased 2% period-over-period. Excluding the impact of FX translation, net income increased 5%, driven by higher revenues and lower provisions, partially offset by marginally higher expenses.

Revenues increased 1% period-over-period. Excluding the impact of FX translation, revenues increased 3%, primarily driven by higher business volumes in cards, deposits and retail lending as well as the prior period charges relating to the repurchase of certain Lehman structured notes (approximately $70 million). This increase was partially offset by lower investment sales and spread compression. Net interest revenue decreased 2% compared to the prior year-to-date period. Excluding the impact of FX translation, net interest revenue was generally flat, primarily driven by the increases in lending and deposit volumes, offset by spread compression. Non-interest revenue increased 7% period-over-period, reflecting the growth in Citi-branded cards purchase sales and higher revenues from foreign exchange products as well as the prior period Lehman-related charges mentioned above, partially offset by the decrease in revenue from investment sales.

Expenses were flat period-over-period. Excluding the impact of FX translation, expenses increased 2% period-over-period, due primarily to growth in business volumes, investments and Korea and Japan-related expenses.

Provisions decreased 4% as continued lower net credit losses were partially offset by lower loan loss reserve releases. The decrease in credit provisions reflected continued credit quality improvement, partially offset by the increasing volumes in the region and higher provisions in Korea due to credit performance and the impact of the regulatory changes.

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, 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, 2012, *ICG* had approximately $1.0 trillion of assets and $521 billion of deposits.

	Second Quarter		**%**	**Six Months**		**%**
In millions of dollars, except as otherwise noted	**2012**	**2011**	**Change**	**2012**	**2011**	**Change**
Commissions and fees	**$ 1,081**	$ 1,133	(5)%	**$ 2,222**	$ 2,266	(2)%
Administration and other fiduciary fees	**742**	732	1	**1,438**	1,478	(3)
Investment banking	**793**	1,001	(21)	**1,604**	1,794	(11)
Principal transactions	**1,434**	1,288	11	**3,350**	3,548	(6)
Other	**326**	253	29	**(80)**	178	NM
Total non-interest revenue	**$ 4,376**	$ 4,407	(1)%	**$ 8,534**	$ 9,264	(8)%
Net interest revenue (including dividends)	**3,836**	3,752	2	**7,696**	7,479	3
Total revenues, net of interest expense	**$ 8,212**	$ 8,159	1%	**$ 16,230**	$ 16,743	(3)%
Total operating expenses	**$ 4,987**	$ 5,312	(6)%	**$ 10,082**	$ 10,457	(4)%
Net credit losses	**$ 122**	150	(19)	**$ 64**	$ 360	(82)
Provision (release) for unfunded lending commitments	**26**	(8)	NM	**15**	(4)	NM
Credit reserve build (release)	**(13)**	(56)	77	**145**	(450)	NM
Provisions for loan losses and benefits and claims	**$ 135**	$ 86	57	**$ 224**	$ (94)	NM
Income from continuing operations before taxes	**$ 3,090**	$ 2,761	12%	**$ 5,924**	$ 6,380	(7)%
Income taxes	**747**	703	6	**1,371**	1,775	(23)
Income from continuing operations	**$ 2,343**	$ 2,058	14%	**$ 4,553**	$ 4,605	(1)%
Net income attributable to noncontrolling interests	**31**	9	NM	**91**	22	NM
Net income	**$ 2,312**	$ 2,049	13%	**$ 4,462**	$ 4,583	(3)%
Average assets (*in billions of dollars*)	**$ 1,048**	$ 1,045	%	**$ 1,032**	$ 1,022	1%
Return on assets	**0.89%**	0.79%		**0.87%**	0.90%	
Revenues by region						
North America	**$ 2,591**	$ 2,734	(5)%	**$ 4,580**	$ 5,672	(19)%
EMEA	**2,539**	2,540		**5,387**	5,438	(1)
Latin America	**1,212**	1,121	8	**2,418**	2,126	14
Asia	**1,870**	1,764	6	**3,845**	3,507	10
Total revenues	**$ 8,212**	$ 8,159	1%	**$ 16,230**	$ 16,743	(3)%
Income from continuing operations by region						
North America	**$ 612**	$ 476	29%	**$ 866**	$ 1,046	(17)%
EMEA	**697**	627	11	**1,524**	1,666	(9)
Latin America	**510**	456	12	**1,030**	901	14
Asia	**524**	499	5	**1,133**	992	14

Total income from continuing operations	**$**	**2,343**	$	2,058	14%	**$**	**4,553**	$	4,605	(1)%
Average loans by region (*in billions of dollars*)										
North America	**$**	**82**	$	68	21%	**$**	**78**	$	67	16%
EMEA		**52**		48	8		**52**		45	16
Latin America		**34**		29	17		**34**		27	26
Asia		**63**		49	29		**62**		47	32
Total average loans	**$**	**231**	$	194	19%	**$**	**226**	$	186	22%

NM
Not meaningful

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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 retail investors, 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*.

	Second Quarter		%	Six Months		%
In millions of dollars, except as otherwise noted	**2012**	**2011**	**Change**	**2012**	**2011**	**Change**
Net interest revenue	**$ 2,302**	$ 2,272	1%	**$ 4,576**	$ 4,561	%
Non-interest revenue	**3,103**	3,210	(3)%	**6,104**	6,943	(12)
Revenues, net of interest expense	**$ 5,405**	$ 5,482	(1)%	**$ 10,680**	$ 11,504	(7)%
Total operating expenses	**3,575**	3,897	(8)	**7,282**	7,699	(5)
Net credit losses	**97**	151	(36)	**37**	354	(90)
Provision (release) for unfunded lending commitments	**26**	(8)	NM	**9**	(4)	NM
Credit reserve build (release)	**(64)**	(83)	23	**71**	(477)	NM
Provisions for loan losses and benefits and claims	**$ 59**	$ 60	(2)%	**$ 117**	$ (127)	NM
Income before taxes and noncontrolling interests	**$ 1,771**	$ 1,525	16%	**$ 3,281**	$ 3,932	(17)%
Income taxes	**343**	331	4	**564**	1,027	(45)
Income from continuing operations	**$ 1,428**	$ 1,194	20%	**$ 2,717**	$ 2,905	(6)%
Net income attributable to noncontrolling interests	**26**	4	NM	**82**	13	NM
Net income	**$ 1,402**	$ 1,190	18%	**$ 2,635**	$ 2,892	(9)%
Average assets *(in billions of dollars)*	**$ 912**	$ 914	%	**$ 898**	$ 894	%
Return on assets	**0.62%**	0.52%		**0.59%**	0.65%	
Revenues by region						
North America	**$ 1,926**	$ 2,125	(9)%	**$ 3,274**	$ 4,453	(26)%
EMEA	**1,609**	1,642	(2)	**3,563**	3,703	(4)
Latin America	**757**	682	11	**1,512**	1,270	19
Asia	**1,113**	1,033	8	**2,331**	2,078	12
Total revenues	**$ 5,405**	$ 5,482	(1)%	**$ 10,680**	$ 11,504	(7)%
Income from continuing operations by region						
North America	**$ 488**	$ 347	41%	**$ 616**	$ 811	(24)%
EMEA	**365**	341	7	**877**	1,105	(21)
Latin America	**325**	296	10	**667**	569	17
Asia	**250**	210	19	**557**	420	33
Total income from continuing operations	**$ 1,428**	$ 1,194	20%	**$ 2,717**	$ 2,905	(6)%

Securities and Banking revenue details						
Total investment banking	**$ 854**	$ 1,085	(21)%	**$ 1,719**	$ 1,936	(11)%
Lending	**608**	357	70	**664**	612	8
Equity markets	**599**	812	(26)	**1,218**	1,882	(35)
Fixed income markets	**2,964**	3,033	(2)	**6,614**	6,827	(3)
Private bank	**572**	555	3	**1,142**	1,070	7
Other *Securities and Banking*	**(192)**	(360)	47	**(677)**	(823)	18
Total *Securities and Banking* revenues	**$ 5,405**	$ 5,482	(1)%	**$ 10,680**	$ 11,504	(7)%

NM
Not meaningful

2Q12 vs. 2Q11

Net income increased 18% from the prior-year period. Excluding CVA/DVA, net income increased 16%, primarily driven by a decrease in expenses, partially offset by lower revenues (see the table below for the CVA/DVA by business and total for the second quarter of 2012 and comparable periods).

Revenues decreased 1% from the prior-year period. Excluding CVA/DVA, revenues decreased 2%, reflecting the impact of a challenging market environment on investment banking, equity markets and fixed income markets revenues, partially offset by higher revenues in lending and the Private Bank.

Fixed income markets revenues decreased 4% excluding CVA/DVA. The results reflected year-over-year growth in rates and currencies, particularly in foreign exchange and local markets, which was more than offset by declines in credit and securitized products, resulting from a weaker market environment.

Equity markets revenues decreased 29% excluding CVA/DVA, mainly due to lower levels of industry volumes, particularly in cash equities.

Investment banking revenues decreased 21% from the prior-year period, as declines in debt and equity underwriting were partially offset by a small increase in advisory revenues. Debt and equity underwriting declines reflected decreased industry-wide activity levels, although Citi gained market share in both products year-to-date.

Lending revenues increased 70% from the prior-year period. Approximately half of the revenue growth was from gains on hedges as credit spreads widened during the second quarter of 2012, compared to a loss in the prior-year period (see table below). Excluding the impact of these hedging gains, lending revenues increased 28%, primarily driven by higher volumes and improved spreads.

Private Bank revenues increased 3% excluding CVA/DVA, driven primarily by growth in *North America* lending and deposits.

Expenses decreased 8%, driven by efficiency savings from ongoing reengineering programs and lower compensation, partially offset by approximately $100 million of repositioning charges in the current quarter.

Provisions decreased 2%, primarily due to lower net credit losses, partially offset by a smaller reserve release in the current quarter.

In total, *S&B*'s results for the second quarter of 2012 continued to reflect the ongoing market and macroeconomic uncertainty. This uncertainty was reflected in continued low levels of overall client activity. Citi believes that without meaningful signs of accelerating economic growth, or a credible resolution as perceived by the market to the ongoing European issues, this reduced activity is likely to persist into the third quarter of 2012.

In millions of dollars	**Three months Ended June 30, 2012**	**Three months Ended June 30, 2011**	**Six months Ended June 30, 2012**	**Six months Ended June 30, 2011**
***S&B* CVA/DVA**				
Fixed Income Markets	**$ 147**	$ 111	$ (940)	$ (81)
Equity Markets	**49**	36	(234)	4
Private Bank	**2**	0	(4)	(5)
Total *S&B* CVA/DVA	**$ 198**	$ 147	$ (1,178)	$ (82)
Total *S&B* Lending Hedge gain (loss)	**$ 42**	$ (85)	$ (462)	$ (282)

2Q12 YTD vs. 2Q11 YTD

Net income decreased 9% from the prior year-to-date period, primarily due to negative $1.2 billion of CVA/DVA in the first half of 2012. Excluding CVA/DVA, net income increased 14%, primarily driven by a decrease in expenses, as the increase in revenues period-over-period was mainly offset by higher provisions.

Revenues decreased 7%, primarily due to a negative $1.2 billion of CVA/DVA in the first half of 2012. Excluding CVA/DVA, revenues increased 2%, reflecting higher revenues in fixed income markets, lending and the Private Bank, partially offset by lower revenues in equity markets and investment banking.

Fixed income markets revenues increased 9% excluding CVA/DVA, reflecting strong client flows in rates and currencies, particularly in the first quarter of 2012, partially offset by lower results in credit and securitized products driven by a weaker market environment.

Equity markets revenues decreased 23% excluding CVA/DVA, driven by lower industry volumes, particularly in cash equities in the first half of 2012.

Investment banking revenues decreased 11% from the prior year-to-date period, reflecting reduced industry-wide deal volume due to market uncertainty.

Lending revenues increased 8% due to an increase in revenues excluding hedging gains, partially offset by higher losses on credit default swap hedges (see table above). Excluding the impact of these hedging losses, lending revenues increased 26%, primarily driven by increased volumes in the Corporate loan portfolio.

Private Bank revenues increased 7% excluding CVA/DVA, driven primarily by the growth in *North America* lending and deposits.

Expenses decreased 5%, driven by efficiency savings from ongoing reengineering programs and lower compensation costs.

Provisions increased by $244 million to a positive $117 million, primarily due to reserve builds in the first quarter of 2012 as a result of portfolio growth compared to releases in the prior-year period, partially offset by a specific recovery in the first quarter of 2012, which resulted in lower net credit losses for the first half of 2012.

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 and 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 deposits and trade loans 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	**2012**	**2011**	**Change**	**2012**	**2011**	**Change**
Net interest revenue	**$ 1,534**	$ 1,480	4%	**$ 3,120**	$ 2,918	7%
Non-interest revenue	**1,273**	1,197	6	**2,430**	2,321	5
Total revenues, net of interest expense	**$ 2,807**	$ 2,677	5%	**$ 5,550**	$ 5,239	6%
Total operating expenses	**1,412**	1,415		**2,800**	2,758	2
Provisions (releases) for credit losses and for benefits and claims	**76**	26	NM	**107**	33	NM
Income before taxes and noncontrolling interests	**$ 1,319**	$ 1,236	7%	**$ 2,643**	$ 2,448	8%
Income taxes	**404**	372	9	**807**	748	8
Income from continuing operations	**915**	864	6	**1,836**	1,700	8
Net income attributable to noncontrolling interests	**5**	5		**9**	9	
Net income	**$ 910**	$ 859	6%	**$ 1,827**	$ 1,691	8%
Average assets *(in billions of dollars)*	**$ 136**	$ 131	4%	**$ 134**	$ 128	5%
Return on assets	**2.69%**	2.63%		**2.73%**	2.66%	
Revenues by region						
North America	**$ 665**	$ 609	9%	**$ 1,306**	$ 1,219	7%
EMEA	**930**	898	4	**1,824**	1,735	5
Latin America	**455**	439	4	**906**	856	6
Asia	**757**	731	4	**1,514**	1,429	6
Total revenues	**$ 2,807**	$ 2,677	5%	**$ 5,550**	$ 5,239	6%
Income from continuing operations by region						
North America	**$ 124**	$ 129	(4)%	**$ 250**	$ 235	6%
EMEA	**332**	286	16	**647**	561	15
Latin America	**185**	160	16	**363**	332	9
Asia	**274**	289	(5)	**576**	572	1
Total income from continuing operations	**$ 915**	$ 864	6	**$ 1,836**	$ 1,700	8
Key indicators *(in billions of dollars)*						
Average deposits and other customer liability balances	**$ 396**	$ 366	8%	**$ 387**	$ 361	7%
EOP assets under custody(1) *(in trillions of dollars)*	**12.2**	13.0	(6)			

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

NM Not meaningful

2Q12 vs. 2Q11

Net income increased 6% year-over-year, reflecting growth in revenues as expenses were unchanged.

Revenues grew 5% year-over-year as increased balances and higher fees more than offset lower market volumes. *Treasury and Trade Solutions* revenues increased 9%, driven by growth in trade as end of period trade loans grew over 50% and spreads widened. Cash management revenues also grew year-over-year, reflecting strong growth in deposit balances and fees offsetting spread compression given the continued low rate environment. *Securities and Fund Services* revenues decreased 6% year-over-year primarily driven by the impact of FX translation.

Expenses were flat year-over-year, as incremental investment spending, was offset by efficiency savings.

Average deposits and other customer liabilities grew 8% year-over-year driven by focused deposit building activities mostly in *North America* and persisting market demand for U.S. dollar deposits.

2Q12 YTD vs. 2Q11 YTD

Year-to-date, *Transaction Services* has experienced similar trends to those described above. *Net income* increased 8% year-over-year primarily due to the growth in revenues period-over-period.

Revenues grew 6% as the improvement in fees and increased loan and deposit balances more than offset continued spread compression. *Treasury and Trade Solutions* revenues increased 10%, driven primarily by the growth in trade and deposit balances. *Securities and Fund Services* revenues decreased 5%, driven by the lower market activity.

Expenses increased 2% due primarily to continued investment spending and higher volumes, partially offset by efficiency savings.

CITI HOLDINGS

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

Consistent with its strategy, Citi intends to continue to exit these businesses and portfolios as quickly as practicable in an economically rational manner. To date, the decrease in Citi Holdings assets has been primarily driven by asset sales and business dispositions, as well as portfolio run-off and pay-downs. Asset levels have also been impacted, and will continue to be impacted, by charge-offs and revenue marks as and when appropriate.

As of June 30, 2012, Citi Holdings' GAAP assets were approximately $191 billion, a decrease of approximately 28% year-over-year and a decrease of 9% from March 31, 2012. The decline in assets from the first quarter of 2012 was composed of approximately $11 billion of asset sales and business dispositions, $6 billion of run-off and pay-downs, and $1 billion of charge-offs and revenue marks. Citi Holdings represented approximately 10% of Citi's GAAP assets as of June 30, 2012, while Citi Holdings' risk-weighted assets (as defined under current regulatory guidelines) of approximately $172 billion at June 30, 2012 represented approximately 18% of Citi's risk-weighted assets as of such date.

	Second Quarter		%	Six Months		%
In millions of dollars, except as otherwise noted	**2012**	**2011**	**Change**	**2012**	**2011**	**Change**
Net interest revenue	**$ 581**	$ 1,035	(44)%	**$ 1,282**	$ 2,067	(38)%
Non-interest revenue	**343**	1,372	(75)%	**516**	1,989	(74)%
Total revenues, net of interest expense	**$ 924**	$ 2,407	(62)%	**$ 1,798**	$ 4,056	(56)%
Provisions for credit losses and for benefits and claims						
Net credit losses	**$ 1,329**	$ 2,165	(39)%	**$ 3,063**	$ 5,183	(41)%
Credit reserve build (release)	**(250)**	(575)	57%	**(800)**	(2,133)	62%
Provision for loan losses	**$ 1,079**	$ 1,590	(32)%	**$ 2,263**	$ 3,050	(26)%
Provision for benefits and claims	**165**	183	(10)%	**336**	387	(13)%
Provision (release) for unfunded lending commitments	**(19)**	(8)	NM	**(45)**	13	NM
Total provisions for credit losses and for benefits and claims	**$ 1,225**	$ 1,765	(31)%	**$ 2,554**	$ 3,450	(26)%
Total operating expenses	**$ 1,237**	$ 1,654	(25)%	**$ 2,456**	3,097	(21)%
Loss from continuing operations before taxes	**$ (1,538)**	$ (1,012)	(52)%	**$ (3,212)**	$ (2,491)	(29)%
Benefits for income taxes	**(619)**	(401)	(54)%	**(1,269)**	(923)	(37)%
(Loss) from continuing operations	**$ (919)**	$ (611)	(50)%	**$ (1,943)**	$ (1,568)	(24)%
Net income attributable to noncontrolling interests	**1**	50	(98)%	**3**	111	(97)%
Citi Holdings net loss	**$ (920)**	$ (661)	(39)%	**$ (1,946)**	$ (1,679)	(16)%
Balance sheet data *(in billions of dollars)*						
Total EOP assets	**$ 191**	$ 265	(28)%			
Total EOP deposits	**$ 63**	$ 70	(11)%			

NM
Not meaningful

BROKERAGE AND ASSET MANAGEMENT

Brokerage and Asset Management (BAM) primarily consists of Citi's investment in, and assets related to, the Morgan Stanley Smith Barney joint venture (MSSB JV). At June 30, 2012, *BAM* had approximately $21 billion of assets, or approximately 11% of Citi Holdings' assets, of which approximately $20 billion related to the MSSB JV. At June 30, 2012, the MSSB JV assets were composed of an approximately $11 billion equity investment, $6 billion of margin loans and $3 billion of other MSSB JV financing (consisting of approximately $2 billion of preferred stock and $1 billion of loans). The remaining assets in *BAM* consist primarily of other retail alternative investments.

In millions of dollars, except as otherwise noted	Second Quarter 2012	Second Quarter 2011	% Change	Six Months 2012	Six Months 2011	% Change
Net interest revenue	**$ (122)**	$ (44)	NM	**$ (251)**	$ (90)	NM
Non-interest revenue	**209**	91	NM	**292**	274	7%
Total revenues, net of interest expense	**$ 87**	$ 47	85%	**$ 41**	$ 184	(78)%
Total operating expenses	**$ 126**	$ 230	(45)%	**283**	$ 404	(30)%
Net credit losses	**$**	$		**$**	$ 1	(100)%
Credit reserve build (release)		(2)	100%	**(1)**	(3)	67
Provision for unfunded lending commitments		1	(100)		1	(100)
Provision (release) for benefits and claims		9	(100)		17	(100)
Provisions for credit losses and for benefits and claims	**$**	$ 8	(100)%	**$ (1)**	$ 16	NM
Income (loss) from continuing operations before taxes	**$ (39)**	$ (191)	80%	**$ (241)**	$ (236)	(2)%
Income taxes (benefits)	**(15)**	(91)	84	**(81)**	(126)	36
Loss from continuing operations	**$ (24)**	$ (100)	76%	**$ (160)**	$ (110)	(45)%
Net income attributable to noncontrolling interests	**1**	1		**2**	3	(33)
Net (loss)	**$ (25)**	$ (101)	75%	**$ (162)**	$ (113)	(43)%
EOP assets *(in billions of dollars)*	**$ 21**	$ 27	(22)%			
EOP deposits *(in billions of dollars)*	**55**	55				

NM
Not meaningful

2Q12 vs. 2Q11

The *net loss* decreased by $76 million from the prior-year period to $25 million in the current quarter, driven by higher revenues from the MSSB JV and lower legal and related costs, offset by the absence of tax credits from the prior-year period.

Revenues increased by $40 million year-over-year driven by higher revenues from the MSSB JV, partially offset by higher funding costs related to MSSB JV assets.

Expenses decreased 45% year-over-year driven by lower legal and related costs.

Provisions decreased by $8 million due to the absence of benefits and claims from the prior-year period.

2Q12 YTD vs. 2Q11 YTD

The *net loss* increased by $49 million from the prior year-to-date period to $162 million, driven by the absence of foreign tax credits in Retail Alternative Investments and other tax benefits from the prior year-to-date period.

Revenues decreased by $143 million driven by higher funding costs which were partially offset by higher revenue from the MSSB JV.

Expenses decreased by 30% period-over-period, driven by lower legal and related costs and divestures.

Provisions decreased by $17 million due to the absence of benefits and claims from the prior year-to-date period.

MSSB JV

Pursuant to the Amended and Restated Limited Liability Company Agreement, dated May 31, 2009 (JV Agreement), of the MSSB JV, Morgan Stanley has the right to exercise options over time to purchase Citi's 49% interest in the MSSB JV. Generally, Morgan Stanley may exercise its options to purchase the remaining 49% interest of the MSSB JV from Citi in the following amounts and at the following times: (i) following the third anniversary of the closing of the MSSB JV (May 31, 2012), 14% of the total outstanding interest; (ii) following the fourth anniversary of the closing of the MSSB JV (May 31, 2013), an additional 15% of the remaining outstanding interest; and (iii) following the fifth anniversary of the closing of the MSSB JV (May 31, 2014), the remaining outstanding interest in the MSSB JV.

On June 1, 2012, Morgan Stanley exercised its initial option for the purchase from Citi of an additional 14% interest in the MSSB JV (14% Interest). As previously disclosed and as provided pursuant to the terms of the JV Agreement, the purchase price for the 14% Interest is to be determined pursuant to an appraisal process which included the exchange between Morgan Stanley and Citi of each respective firm's fair market valuation (as defined under the provisions of the JV Agreement) of the full MSSB JV, and if the two firms' valuations differ by more than 10%, a third party appraisal process.

As announced on July 19, 2012, Citi and Morgan Stanley exchanged their respective fair market valuations for the full MSSB JV on July 16, 2012, as required pursuant to the JV Agreement. (For additional information, see Citi's Form 8-K filed with the U.S. Securities and Exchange Commission on July 19, 2012.) Citi's fair market valuation of the full MSSB JV reflected a value for Citi's 49% interest in the MSSB JV that slightly exceeded Citi's carrying value of approximately $11 billion for that 49% interest as of June 30, 2012 (for additional information on Citi's carrying value of its equity investment in the MSSB JV as of June 30, 2012, see Note 11 to the Consolidated Financial Statements). Morgan Stanley's valuation for the full MSSB JV reflected a value that was approximately 40% of Citi's fair market valuation for the full MSSB JV.

Because the two firms were more than 10% apart, the fair market value of the full MSSB JV, and thus the purchase price for the 14% Interest, will be determined by a third party appraiser. Pursuant to the terms of the JV Agreement, the fair market value of the full MSSB JV will be determined as follows: (i) if the fair market value as determined by the third party appraiser is in the middle third of the range established by Citi and Morgan Stanley's valuations, the fair market valuation determined by the third party appraiser will be the valuation of the full MSSB JV; (ii) if the fair market value as determined by the third party appraiser is in the top third of the range, the fair market value of the full MSSB JV will be the average of the third party appraiser's value and Citi's valuation; and (iii) if the fair market value as determined by the third party appraiser is in the bottom third of the range, the fair market value of the full MSSB JV will be the average of the third party appraiser's value and Morgan Stanley's valuation. The third party appraisal process is to be concluded by August 30, 2012, with the closing of the sale of the 14% Interest to occur by September 7, 2012.

Given the wide disparity between the two firms' valuations, as previously disclosed, depending on the ultimate fair market value determined by the third party appraisal, Citi could have a significant non-cash charge to its net income in the third quarter of 2012, representing other-than-temporary impairment of the carrying value of its 49% interest in the MSSB JV.

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, 2012, *LCL* consisted of approximately $138 billion of assets (with approximately $128 billion in *North America*), or approximately 72% of Citi Holdings assets, and thus represents the largest segment within Citi Holdings. The *North America* assets primarily consist of residential mortgages (residential first mortgages and home equity loans), which stood at $100 billion as of June 30, 2012.

	Second Quarter		%	Six Months		%
In millions of dollars, except as otherwise noted	**2012**	2011	Change	**2012**	2011	Change
Net interest revenue	$ **780**	$ 1,214	(36)%	$ **1,712**	$ 2,233	(23)%
Non-interest revenue	**151**	131	15	**545**	631	(14)%
Total revenues, net of interest expense	$ **931**	$ 1,345	(31)%	$ **2,257**	$ 2,864	(21)%
Total operating expenses	$ **1,045**	$ 1,329	(21)%	$ **2,044**	$ 2,516	(19)%
Net credit losses	$ **1,289**	$ 1,946	(34)%	$ **3,041**	$ 4,293	(29)%
Credit reserve build (release)	**(186)**	(182)	(2)	**(706)**	(738)	4
Provision for benefits and claims	**165**	174	(5)	**336**	370	(9)
Provisions for loan losses and for benefits and claims	$ **1,268**	$ 1,938	(35)%	$ **2,671**	$ 3,925	(32)%
(Loss) from continuing operations before taxes	$ **(1,382)**	$ (1,922)	28%	$ **(2,458)**	$ (3,577)	31%
Benefits for income taxes	**(561)**	(733)	23	**(1,004)**	(1,379)	27
(Loss) from continuing operations	$ **(821)**	$ (1,189)	31%	$ **(1,454)**	$ (2,198)	34%
Net income attributable to noncontrolling interests				**1**		
Net (loss)	$ **(821)**	$ (1,189)	31%	$ **(1,455)**	$ (2,198)	34%
Average assets *(in billions of dollars)*	$ **143**	$ 191	(25)%	$ **150**	$ 197	(24)%
Net credit losses as a percentage of average loans	**4.09%**	4.72%				

2Q12 vs. 2Q11

The *net loss* in *LCL* improved by 31% year-over-year, driven primarily by the improved credit environment in *North America* mortgages, lower volumes and divestitures.

Revenues decreased 31%, driven primarily by a 36% net interest revenue decline due to lower loan balances. These reductions were driven by the continued asset sales, divestitures and run-off consistent with the overall Citi Holdings strategy. Non-interest revenue increased 15% from the prior-year period. This was primarily due to a lower repurchase reserve build ($148 million in the current quarter compared to $224 million in the second quarter of 2011) (see "Managing Global Risk Credit Risk Citigroup Residential Mortgages Representations and Warranties" below) and the absence of asset sale losses in the prior-year period, partly offset by a write-down of the mortgage servicing rights asset (MSRs) in the current quarter due primarily to higher servicing costs (see "Managing Global Risk Mortgage Servicing Rights" below).

Expenses decreased 21% year-over-year, driven by lower volumes and divestitures as well as lower overall legal and related expenses. While expenses in *LCL* declined year-over-year, legal and related expenses remained elevated in the current quarter due to the independent review and borrower outreach process required by the Consent Orders entered into by Citi (and other large financial institutions) with the Federal Reserve and OCC in April 2011 (for additional information, see "Citi Holdings *Local Consumer Lending*" in Citi's First Quarter 2012 Quarterly Report on Form 10-Q filed with the U.S. Securities and Exchange Commission on May 4, 2012), additional reserving actions related to payment protection insurance (see "Payment Protection Insurance" below) and other legal and related matters impacting the business. The borrower outreach process has been further extended by the OCC from July 2012 to September 2012. Accordingly, Citi continues to believe its expenses relating to the independent review and borrower outreach process required under the Consent Orders will remain elevated during the remainder of 2012 and will also continue to be dependent on future changes, if any, in the size and scope of the process (e.g., borrower response rates).

Provisions decreased 35% year-over-year, driven by lower net credit losses. Net credit losses decreased 34%, with net credit losses in *North America* mortgages decreasing by $214 million year-over-year, other portfolios in *North America* by $311 million and international by $132 million. The decrease in net credit losses was primarily driven by the lower overall asset levels as well as credit improvements. While Citi expects some continued improvement in credit going forward, declines in net credit losses in *LCL* will largely be driven by declines in asset levels, including continued sales of delinquent residential first mortgages (see "Managing Global Risk Credit Risk *North America* Consumer Mortgage Lending *North America* Consumer Mortgage Quarterly Credit Trends" below). Net credit losses will also continue to be impacted by Citi's fulfillment of the terms of the National Mortgage Settlement (see "Managing Global Risk Credit Risk National Mortgage Settlement" below); however, Citi continues to believe that its loan loss reserves as of June 30, 2012 will be sufficient to cover these losses. Net credit losses and loan loss reserve releases relating to the National Mortgage Settlement during the second quarter of 2012 were not material.

Average *assets* declined 25% from the prior-year period, driven by the impact of asset sales and portfolio run-off, including declines in *North America* mortgages ($16 billion) and international ($13 billion).

2Q12 YTD vs. 2Q11 YTD

Year-to-date, LCL has experienced similar trends to those described above. The *net loss* improved by 34% driven by decreased credit costs due to lower asset levels and the improved credit environment.

Revenues decreased 21%, driven by a net interest revenue decrease of 23% due to portfolio run-off and asset sales. Non-interest revenue decreased 14% due to the impact of divestitures and lower net servicing revenues in real estate lending, including the write-down of the MSRs in the second quarter of 2012.

Expenses decreased 19%, driven by lower volumes and divestitures as well as lower legal and related expenses.

Provisions decreased 32%, driven by lower net credit losses. Net credit losses decreased by 29%, with net credit losses in *North America* mortgages decreasing by $175 million year-over-year, other portfolios in *North America* by $775 million and international by $302 million. The decrease in net credit losses was primarily driven by the lower overall asset levels as well as credit improvements. *North America* mortgage net credit losses in the first quarter of 2012 included approximately $370 million of incremental charge-offs related to previously deferred principal balances on modified mortgages, substantially all of which were offset by a specific reserve release. These charge-offs were related to anticipated forgiveness of principal in connection with the national mortgage settlement (see "Managing Global Risk Credit Risk National Mortgage Settlement" below).

Payment Protection Insurance

As previously disclosed, 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 alleged mis-selling of payment protection insurance products (PPI) (for additional information, see "Citi Holdings *Local Consumer Lending* Payment Protection Insurance" in Citi's 2011 Annual Report on Form 10-K). PPI is designed to cover a customer's loan repayments in the event of certain events, such as long-term illness or unemployment.

The UK regulators, particularly the Financial Services Authority (FSA), have found certain problems across the industry with how these products were sold, including customers not realizing that the cost of PPI premiums was being added to their loan or PPI being unsuitable for the customer. Among other things, the FSA is requiring all firms engaged in the sale of PPI in the UK, including Citi, to proactively contact any customers who may have been mis-sold PPI after January 2005 and invite them to have their individual sale reviewed. While Citi remains subject to customer complaints for the alleged mis-selling of PPI prior to January 2005, it is not required to proactively contact such customers.

Redress, whether as a result of customer complaints outside of the required FSA customer contact exercise or as a result of such exercise, generally involves the repayment of premiums and the refund of all applicable contractual interest together with compensatory interest of 8%. Citi estimates that the number of PPI policies sold after January 2005 (across all applicable Citi businesses in the UK) was approximately 417,000, for which premiums totaling approximately $490 million were collected.

During the second quarter of 2012, Citi increased its reserves relating to potential PPI refunds by $76 million (all of which was recorded in *LCL*). The increase in the reserves during the quarter was due to the continued elevated level of customer complaints. Citi has not yet commenced the required FSA customer contact exercise; it currently expects to begin this process in August 2012. Citi believes the trend in the number of PPI claims, the potential amount of refunds and the impact on Citi remains volatile and is subject to significant uncertainty and lack of predictability, particularly with respect to the potential customer response to any direct customer contact exercise.

SPECIAL ASSET POOL

Special Asset Pool (SAP) had approximately $32 billion of assets as of June 30, 2012, which constituted approximately 17% of Citi Holdings assets as of such date. *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.

In millions of dollars, except as otherwise noted	Second Quarter 2012	Second Quarter 2011	% Change	Six Months 2012	Six Months 2011	% Change
Net interest revenue	**$ (77)**	$ (135)	43%	**$ (179)**	$ (76)	NM
Non-interest revenue	**(17)**	1,150	NM	**(321)**	1,084	NM
Revenues, net of interest expense	**$ (94)**	$ 1,015	NM	**$ (500)**	$ 1,008	NM
Total operating expenses	**$ 66**	$ 95	(31)%	**$ 129**	$ 177	(27)%
Net credit losses	**$ 40**	$ 219	(82)%	**$ 22**	$ 889	(98)%
Provision (releases) for unfunded lending commitments	**(19)**	(9)	NM	**(45)**	12	NM
Credit reserve builds (releases)	**(64)**	(391)	84%	**(93)**	(1,392)	93%
Provisions for credit losses and for benefits and claims	**$ (43)**	$ (181)	76%	**$ (116)**	$ (491)	76%
Income (loss) from continuing operations before taxes	**$ (117)**	$ 1,101	NM	**$ (513)**	$ 1,322	NM
Income taxes (benefits)	**(43)**	423	NM	**(184)**	582	NM
Net income (loss) from continuing operations	**$ (74)**	$ 678	NM	**$ (329)**	$ 740	NM
Net income (loss) attributable to noncontrolling interests		49	(100)%		108	(100)%
Net income (loss)	**$ (74)**	$ 629	NM	**$ (329)**	$ 632	NM
EOP assets *(in billions of dollars)*	**$ 32**	$ 53	(40)%			

NM Not meaningful

2Q12 vs. 2Q11

Net income decreased $703 million year-over-year, mainly driven by a decline in revenues and lower loan loss reserve releases, partially offset by lower net credit losses and lower expenses.

Revenues decreased by $1.1 billion from the prior-year period, driven by a decline in non-interest revenue of $1.2 billion. The decrease in non-interest revenue was primarily driven by the absence of the significant gains from the sale of reclassified held-to-maturity securities and other assets as well as lower positive private equity marks, each in the prior-year period. Citi also recorded a repurchase reserve build of $85 million in the current quarter relating to private-label mortgage securitizations (see "Managing Global Risk Credit Risk Citigroup Residential Mortgages Representations and Warranties" below). The loss in net interest revenue improved from the prior-year period but remained negative, as interest earning assets continued to represent a smaller portion of the overall asset pool.

Expenses decreased 31%, driven by lower volume and asset levels, as well as lower legal and related costs.

Provisions increased 76% year-over-year as a decrease in loan loss reserve releases ($64 million in the current quarter compared to a release of $391 million in the prior-year period) was partially offset by a $179 million decrease in net credit losses.

Assets declined 40% year-over-year, primarily driven by sales, amortization and prepayments.

2Q12 YTD vs. 2Q11 YTD

The trends in *SAP* year-to-date have been similar to those described above. *Net income* decreased $961 million year-over-year, driven by the decline in revenues and lower loan loss reserve releases, offset by the lower net credit losses and expenses.

Revenues decreased $1.5 billion from the prior-year period driven by a non-interest revenue decline of $1.4 billion. The decrease in non-interest revenue was driven by the lower gains on asset sales and the lower positive private equity marks, as well as an aggregate repurchase reserve build in the first half of 2012 of $235 million related to private-label mortgage securitizations. The decrease in net interest revenue was driven by the continued decline in interest-earning assets.

Expenses decreased 27%, driven by lower volume and asset levels, as well as lower legal and related costs.

Provisions increased 76% year-over-year as a decrease in loan loss reserve releases ($93 million in the current year-to-date period compared to a release of $1.4 billion in the prior year-to-date period) was partially offset by an $867 million decrease in net credit losses.

CORPORATE/OTHER

Corporate/Other includes unallocated global staff functions (including finance, risk, human resources, legal and compliance), other corporate expense and unallocated global operations and technology expenses, Corporate Treasury and Corporate items and discontinued operations. At June 30, 2012, this segment had approximately $289 billion of assets, or 15% of Citigroup's total assets, consisting primarily of Citi's liquidity portfolio (approximately $101 billion of cash and cash equivalents and $135 billion of liquid available-for-sale securities, each as of June 30, 2012).

	Second Quarter		Six Months	
In millions of dollars	**2012**	**2011**	**2012**	**2011**
Net interest revenue	**$ (21)**	$ (50)	**$ (8)**	$ (39)
Non-interest revenue	**(244)**	313	**243**	241
Revenues, net of interest expense	**$ (265)**	$ 263	**$ 235**	$ 202
Total operating expenses	**$ 597**	$ 613	**$ 1,392**	$ 1,260
Provisions for loan losses and for benefits and claims				1
Loss from continuing operations before taxes	**$ (862)**	$ (350)	**$ (1,157)**	$ (1,059)
Provision (benefits) for income taxes	**(435)**	(216)	**(418)**	(446)
Loss from continuing operations	**$ (427)**	$ (134)	**$ (739)**	$ (613)
Income (loss) from discontinued operations, net of taxes	**(1)**	71	**(6)**	111
Net loss before attribution of noncontrolling interests	**$ (428)**	$ 63	**$ (745)**	$ (502)
Net (loss) attributable to noncontrolling interests	**9**		**72**	
Net (loss)	**$ (437)**	$ (63)	**$ (817)**	$ (502)

2Q12 vs. 2Q11

The *net loss* of $437 million declined by $374 million year-over-year, primarily due to a decrease in revenues that was partially offset by a decrease in expenses as well as the absence of a net gain of $71 million on the sale of the Egg Banking PLC (Egg) credit card business recorded in discontinued operations in the prior-year period.

Revenues decreased $527 million year-over-year, primarily driven by the net pretax loss of $424 million from the partial sale of Akbank in the second quarter of 2012 and the absence of the gain of $199 million from the partial sale of Housing Development Finance Corporation Ltd. (HDFC) in the second quarter of 2011.

Expenses decreased by $16 million, largely driven by lower legal and related costs.

2Q12 YTD vs. 2Q11 YTD

The *net loss* of $817 million declined by $316 million period-over-period, primarily due to an increase in expenses as well as the absence of a net gain of $111 million on the sale of the Egg credit card business recorded in discontinued operations in the prior year-to-date period that was partially offset by an increase in revenues.

Revenues increased $33 million period-over-period. Higher gains from the sale of available-for-sale securities more than offset the net decrease of $146 million from lower gains from the sale of minority interests (in addition to the loss on the partial sale of Akbank ($1.5 billion) in the first six months of 2012 and the gain on the sale of the partial sale of HDFC in the second quarter of 2011, Citi recorded a pretax gain on the sale of its remaining interest in HDFC of $1.1 billion and a pretax gain of $542 million on its sale of Shanghai Pudong Development Bank, each in the first quarter of 2012).

Expenses increased by $132 million, largely driven by investment spending and higher repositioning charges.

BALANCE SHEET REVIEW

The following sets forth a general discussion of the sequential changes (unless otherwise noted) in certain of the more significant line items of Citi's Consolidated Balance Sheet. For additional information on Citigroup's aggregate 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, 2012	March 31, 2012	December 31, 2011	2Q12 vs. 1Q12 Increase (decrease)	% Change	2Q12 vs. 4Q11 Increase (decrease)	% Change
Assets							
Cash and deposits with banks	**$ 189**	$ 210	$ 184	**$ (21)**	**(10)%**	$ 5	3%
Federal funds sold and securities borrowed or purchased under agreements to resell	**273**	289	276	**(16)**	**(6)**	(3)	(1)
Trading account assets	**310**	307	292	**3**	**1**	18	6
Investments	**306**	297	293	**9**	**3**	13	4
Loans, net of unearned income and allowance for loan losses	**627**	619	617	**8**	**1**	10	2
Other assets	**211**	222	212	**(11)**	**(5)**	(1)	
Total assets	**$ 1,916**	$ 1,944	$ 1,874	**$ (28)**	**(1)%**	$ 42	2%
Liabilities							
Deposits	**$ 914**	$ 906	$ 866	**$ 8**	**1%**	$ 48	6%
Federal funds purchased and securities loaned or sold under agreements to repurchase	**215**	226	198	**(11)**	**(5)**	17	9
Trading account liabilities	**129**	136	126	**(7)**	**(5)**	3	2
Short-term borrowings and long-term debt	**347**	367	378	**(20)**	**(5)**	(31)	(8)
Other liabilities	**125**	125	126			(1)	(1)
Total liabilities	**$ 1,730**	$ 1,760	$ 1,694	**$ (30)**	**(2)%**	$ 36	2%
Total equity	**$ 186**	$ 184	$ 180	**$ 2**	**1%**	$ 6	3%
Total liabilities and equity	**$ 1,916**	$ 1,944	$ 1,874	**$ (28)**	**(1)%**	$ 42	2%

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 2012, Citi's cash and deposits with banks decreased 10% as compared to the prior quarter, driven by a $23 billion reduction of outstanding long-term debt, offset by an increase in cash resulting from Citi's normal operations as well as the purchase of investment securities.

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

Federal funds sold consist of unsecured advances of excess balances in reserve accounts held at the Federal Reserve Banks to third parties. During the second quarter of 2012, changes to Citi's federal funds sold were not significant.

Reverse repurchase agreements and securities borrowing balances decreased by 6% as compared to the first quarter of 2012. The majority of this decrease was driven by a reduction in trading positions in certain overseas businesses as well as the impact of FX translation.

Trading Account Assets

Trading account assets include 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 increased 1% quarter-over-quarter, primarily due to an increase in U.S. government and agency and foreign government securities ($7 billion, or 7%), in addition to an increase in derivative assets ($4 billion, or 7%), partially offset by decreases in corporate bonds (down $5 billion, or 12%) and equity securities (down $4 billion, or 8%). Excluding net revaluation gains, trading account assets were $249 billion at the end of the second quarter of 2012, compared to $250 billion at the end of the first quarter of 2012. The increase in trading account assets quarter-over-quarter reflected continued growth in customer activity, partially offset by the impact of FX translation.

Average trading account assets were $251 billion in the second quarter of 2012, compared to $247 billion in the first quarter of 2012.

For further information on Citi's trading account assets, see Note 10 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. Non-marketable equity securities carried at cost primarily include equity shares issued by the Federal Reserve Bank and the Federal Home Loan Banks that Citigroup is required to hold.

During the second quarter of 2012, Citi's investments increased by 3%, primarily due to a $7 billion, or 3%, increase in available-for-sale securities (predominantly foreign government securities and state and municipal securities).

Additionally, held-to-maturity securities increased $1 billion, or 12%, during the second quarter of 2012. The increase in held-to-maturity securities included the purchase of approximately $3 billion of Mexican government bonds (via Citi's Banamex entity), which management has the positive intent and ability to hold until maturity.

For further information regarding investments, see Note 11 to the Consolidated Financial Statements.

Loans

Loans represent the largest asset category of Citi's balance sheet. Citi's total loans (as discussed throughout this section, net of unearned income) were $655 billion at June 30, 2012, compared to $648 billion at March 31, 2012 and $648 billion at June 30, 2011. Excluding the impact of FX translation in all periods, loans increased 2% versus the prior quarter, as growth in Citicorp outpaced the continued loan declines in Citi Holdings. At June 30, 2012, Consumer and Corporate loans represented 62% and 38%, respectively, of Citi's total loans.

In Citicorp, loans have increased for eight consecutive quarters. On a sequential basis, Corporate loans increased by 6%, while Citicorp Consumer loans decreased 1%. The Corporate loan growth quarter-over-quarter was driven by *Transaction Services* (11% growth), particularly from increased trade finance lending in all regions combined with higher client overdraft activity. Consumer loans decreased quarter-over-quarter due to the impact of FX translation. Excluding the impact of FX translation, Citicorp Consumer loans grew by $2 billion, or 1%, sequentially, due to retail loan growth in *Latin America*.

Year-over-year, Citicorp loans were up 10% to $527 billion as of June 30, 2012, including 2% growth in Consumer loans (5%, excluding the impact of FX translation) and 22% growth in Corporate loans (24%, excluding the impact of FX translation). The year-over-year growth in Consumer loans was primarily driven by international *Global Consumer Banking*, which increased 2% (10%, excluding the impact of FX translation), led by *Latin America* and *Asia*. Citi believes this growth reflected the continued economic growth in these regions, as well as its investment spending in these areas, which drove growth in both cards and retail banking loans, excluding the impact of FX translation. *North America* Consumer loans increased 2% year-over-year, driven by retail banking loans as the cards market continued to reflect both consumer deleveraging as well as CARD Act and other regulatory changes.

The increase in Corporate loan growth year-over-year was due to growth in both *Transaction Services* (up 44% year-over-year), primarily from increased trade finance lending in *Asia*, *Latin America* and *EMEA*, as well as growth in the Corporate loan portfolio within *Securities and Banking* (up 14% year-over-year), with increased borrowing across all client segments in most regions.

In contrast, Citi Holdings loans declined 4% quarter-over-quarter and 24% as compared to the prior-year period, due to the continued run-off and asset sales in the portfolios.

During the second quarter of 2012, average loans of $646 billion yielded an average rate of 7.5%, compared to $647 billion and 7.8% in the first quarter of 2012 and $646 billion and 7.9% in the second quarter of 2011.

For further information on Citi's loan portfolios, see generally "Managing Global Risk Credit Risk" below and Note 12 to the Consolidated Financial Statements.

Other Assets

Other assets consist 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 2012, other assets decreased $11 billion, or 5%, compared to the first quarter of 2012, primarily due to the sale of the Citi Holdings Belgium business in the current quarter (approximately $3 billion) and lower brokerage receivables due to the partial transfer of approximately $5 billion of customer margin loans to the MSSB JV in the quarter.

For further information regarding goodwill and intangible assets, see Note 14 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 2012, changes to Citi's federal funds purchased were not significant.

For further information on Citi's secured financing transactions, including repos and securities lending transactions, see "Capital Resources and Liquidity Funding and Liquidity" below.

Trading Account Liabilities

Trading account liabilities include 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 2012, trading account liabilities decreased 5%, driven by lower securities sold, not yet purchased, which was partially offset by higher derivative liabilities. In the second quarter of 2012, average trading account liabilities were $82 billion, compared to $77 billion in the first quarter of 2012.

For further information on Citi's trading account liabilities, see Note 10 to the Consolidated Financial Statements.

Debt

Debt is composed of both short-term and long-term borrowings. Long-term borrowings include senior notes, subordinated notes, trust preferred securities and securitizations. Short-term borrowings include commercial paper and borrowings from unaffiliated banks and other market participants.

For further information on Citi's long-term and short-term debt, see "Capital Resources and Liquidity Funding and Liquidity" below and Note 15 to the Consolidated Financial Statements.

Other Liabilities

Other liabilities consist 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, restructuring, unfunded lending commitments, and other matters). During the second quarter of 2012, other liabilities remained flat in comparison to the prior quarter.

SEGMENT BALANCE SHEET AT JUNE 30, 2012(1)

In millions of dollars	Global Consumer Banking	Institutional Clients Group	Subtotal Citicorp	Citi Holdings	Corporate/Other, Discontinued Operations and Consolidating Eliminations	Total Citigroup Consolidated
Assets						
Cash and due from banks	$ 9,406	$ 16,104	$ 25,510	$ 551	$ 7,866	$ 33,927
Deposits with banks	11,220	48,565	59,785	1,485	93,784	155,054
Federal funds sold and securities borrowed or purchased under agreements to resell	2,625	267,668	270,293	2,371		272,664
Brokerage receivables		28,519	28,519	5,990	831	35,340
Trading account assets	13,851	285,015	298,866	10,404	976	310,246
Investments	28,651	112,493	141,144	23,295	141,487	305,926
Loans, net of unearned income						
Consumer	284,449		284,449	124,678		409,127
Corporate		242,697	242,697	3,144		245,841
Loans, net of unearned income	284,449	242,697	527,146	127,822		654,968
Allowance for loan losses	(12,615)	(2,772)	(15,387)	(12,224)		(27,611)
Total loans, net	$ 271,834	$ 239,925	$ 511,759	$ 115,598	$	$ 627,357
Goodwill	14,596	10,739	25,335	148		25,483
Intangible assets (other than MSRs)	4,992	837	5,829	327		6,156
Mortgage servicing rights (MSRs)	1,340	88	1,428	689		2,117
Other assets	28,569	38,956	67,525	30,388	44,268	142,181
Total assets	$ 387,084	$ 1,048,909	$ 1,435,993	$ 191,246	$ 289,212	$ 1,916,451
Liabilities and equity						
Total deposits	$ 324,085	$ 520,784	$ 844,869	$ 62,667	$ 6,772	$ 914,308
Federal funds purchased and securities loaned or sold under agreements to repurchase	5,943	208,907	214,850	1		214,851
Brokerage payables		53,925	53,925	2	5,206	59,133
Trading account liabilities	56	126,492	126,548	1,577	693	128,818
Short-term borrowings	157	45,076	45,233	361	13,104	58,698
Long-term debt	2,824	56,621	59,445	8,781	220,108	288,334
Other liabilities	17,404	24,993	42,397	8,858	15,215	66,470
Net inter-segment funding (lending)	36,615	12,111	48,726	108,999	(157,725)	
Total Citigroup stockholders' equity					183,911	183,911
Noncontrolling interest					1,928	1,928
Total equity	$	$	$	$	$ 185,839	$ 185,839
Total liabilities and equity	$ 387,084	$ 1,048,909	$ 1,435,993	$ 191,246	$ 289,212	$ 1,916,451

(1) The supplemental information presented in the table above reflects Citigroup's consolidated GAAP balance sheet by reporting segment as of June 30, 2012. 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.

CAPITAL RESOURCES AND LIQUIDITY

CAPITAL RESOURCES

Overview

Capital is used primarily to support assets in Citi's businesses and to absorb market, credit or 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. Citi has also augmented its regulatory capital through the issuance of debt underlying trust preferred securities, although the treatment of such instruments as regulatory capital will be phased out under Basel III and The Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (see "Regulatory Capital Standards" 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. As announced on July 19, 2012, any potential non-cash charge relating to the recognition of other-than-temporary impairment of Citi's 49% interest in the MSSB JV during the third quarter of 2012 (for additional information, see "Citi Holdings *Brokerage and Asset* Management" above) would impact Citi's reported tangible book value and equity (each based on the after-tax amount of any impairment) as well as its current regulatory capital ratios (based on the pretax amount of any impairment). For Basel III purposes, Citi's interest in the MSSB JV is not included in capital, and thus any impairment would not impact Citi's estimated Basel III Tier 1 Common ratio. The minimum payment to Citi by Morgan Stanley for the additional 14% interest in the MSSB JV Morgan Stanley elected to purchase on June 1, 2012 (as would be established by Morgan Stanley's valuation) would add more than 10 basis points to Citi's estimated Basel III Tier 1 Common ratio.

For additional information on Citi's capital resources, including an overview of Citigroup's capital management framework and regulatory capital standards and developments, see "Capital Resources and Liquidity Capital Resources" and "Risk Factors Regulatory Risks" in Citigroup's 2011 Annual Report on Form 10-K. See also "Regulatory Capital Standards" below.

Capital Ratios

Citigroup is subject to the risk-based capital guidelines (currently Basel I) issued by the Federal Reserve Board. 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 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 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. For more detail on all of these capital metrics, see "Components of Capital Under Current Regulatory Guidelines" below.

Citigroup's risk-weighted assets, as currently computed under Basel I, 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 all 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. See "Components of Capital Under Current Regulatory Guidelines" below.

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 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, 2012 and December 31, 2011:

Citigroup Regulatory Capital Ratios

	Jun. 30, 2012	Dec. 31, 2011
Tier 1 Common	**12.71%**	11.80%
Tier 1 Capital	**14.46**	13.55
Total Capital (Tier 1 Capital + Tier 2 Capital)	**17.70**	16.99
Leverage	**7.66**	7.19

As indicated in the table above, Citigroup was "well capitalized" under the current federal bank regulatory agency definitions as of June 30, 2012 and December 31, 2011.

In June 2012 the U.S. banking agencies released proposed Basel III rules and final market risk capital rules (Basel II.5). As described in more detail under "Regulatory Capital Standards" below, these proposed and final rules are broadly consistent with those reflected in the Basel Committee's final rules, with the exceptions discussed below.

As of June 30, 2012, Citi's estimated Basel III Tier 1 Common ratio was 7.9%, compared with an estimated 7.2% as of March 31, 2012 (each based on total risk-weighted assets calculated under the proposed U.S. "advanced approaches," including the final U.S. market risk capital rules). These Basel III Tier 1 Common ratio estimates are based on Citi's interpretation, expectations and understanding of the respective Basel III requirements, and are necessarily subject to final regulatory clarity and rulemaking, model calibration and other implementation guidance in the U.S.

Components of Capital Under Current Regulatory Guidelines

In millions of dollars	**June 30, 2012**	December 31, 2011
Tier 1 Common Capital		
Citigroup common stockholders' equity	**$ 183,599**	$ 177,494
Less: Net unrealized losses on securities available-for-sale, net of tax(1)(2)	**(245)**	(35)
Less: Accumulated net losses on cash flow hedges, net of tax	**(2,689)**	(2,820)
Less: Pension liability adjustment, net of tax(3)	**(4,265)**	(4,282)
Less: Cumulative effect included in fair value of financial liabilities attributable to the change in own creditworthiness, net of tax(4)	**646**	1,265
Less: Disallowed deferred tax assets(5)	**35,339**	37,980
Less: Intangible assets:		
Goodwill	**25,483**	25,413
Other disallowed intangible assets	**4,264**	4,550
Net unrealized loss on available-for-sale equity securities, net of tax(1)	**(186)**	
Other	**(473)**	(569)
Total Tier 1 Common Capital	**$ 124,407**	$ 114,854
Tier 1 Capital		
Qualifying perpetual preferred stock	**$ 312**	$ 312
Qualifying mandatorily redeemable securities of subsidiary trusts	**15,908**	15,929
Qualifying noncontrolling interests	**821**	779
Total Tier 1 Capital	**$ 141,448**	$ 131,874
Tier 2 Capital		
Allowance for credit losses(6)	**$ 12,454**	$ 12,423
Qualifying subordinated debt(7)	**19,291**	20,429
Net unrealized pretax gains on available-for-sale equity securities(1)		658
Total Tier 2 Capital	**$ 31,745**	$ 33,510
Total Capital (Tier 1 Capital + Tier 2 Capital)	**$ 173,193**	$ 165,384
Risk-weighted assets (RWA)(8)	**$ 978,431**	$ 973,369

(1) Tier 1 Capital excludes net unrealized gains (losses) on available-for-sale (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.

(2) 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.

(3)

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

(4) 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.

(5) Of Citi's approximately $51 billion of net deferred tax assets at June 30, 2012, approximately $11 billion of such assets were includable without limitation in regulatory capital pursuant to risk-based capital guidelines, while approximately $35 billion of such assets exceeded the limitation imposed by these guidelines and, as "disallowed deferred tax assets," were deducted in arriving at Tier 1 Capital. Citigroup's approximately $5 billion of other net deferred tax assets primarily represented effects of the pension liability and cash flow hedges adjustments, which are permitted to be excluded prior to deriving the amount of net deferred tax assets subject to limitation under the guidelines.

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

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

(8) Includes risk-weighted credit equivalent amounts, net of applicable bilateral netting agreements, of $66 billion for interest rate, commodity and equity derivative contracts, foreign exchange contracts, and credit derivatives as of June 30, 2012, compared with $67 billion as of December 31, 2011. Market risk equivalent assets included in risk-weighted assets amounted to $42.3 billion at June 30, 2012 and $46.8 billion at December 31, 2011. Risk-weighted assets also include the effect of certain other off-balance-sheet exposures, such as unused lending commitments and letters of credit, and reflect deductions such as certain intangible assets and any excess allowance for credit losses.

Common Stockholders' Equity

Citigroup's common stockholders' equity increased during the six months ended June 30, 2012 by $6.1 billion to $183.6 billion, and represented 10% of total assets as of June 30, 2012. The table below summarizes the change in Citigroup's common stockholders' equity during the first six months of 2012:

In billions of dollars		
Common stockholders' equity, December 31, 2011	**$**	**177.5**
Citigroup's net income		**5.9**
Employee benefit plans and other activities(1)		**0.2**
Net change in accumulated other comprehensive income (loss), net of tax		
Common stockholders' equity, June 30, 2012	**$**	**183.6**

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(1) As of June 30, 2012, $6.7 billion of common stock repurchases remained under Citi's authorized repurchase programs. No material repurchases were made in the first six months of 2012.

Tangible Common Equity and Tangible Book Value Per Share

Tangible common equity (TCE), as defined by Citigroup, represents common equity less goodwill, intangible assets (other than mortgage servicing rights (MSRs)), and related net deferred tax assets. Other companies may calculate TCE in a manner different from that of Citigroup. Citi's TCE was $151.9 billion at June 30, 2012 and $145.4 billion at December 31, 2011. The TCE ratio (TCE divided by risk-weighted assets) was 15.5% at June 30, 2012 and 14.9% at December 31, 2011.

TCE and tangible book value per share, as well as related ratios, are capital adequacy metrics used and relied upon by investors and industry analysts; however, they are non-GAAP financial measures for SEC purposes. A reconciliation of Citigroup's total stockholders' equity to TCE, and book value per share to tangible book value per share, as of June 30, 2012 and December 31, 2011, follows:

In millions of dollars or shares, except ratios and per-share data		**Jun. 30, 2012**		**Dec. 31, 2011**
Total Citigroup stockholders' equity	**$**	**183,911**	$	177,806
Less:				
Preferred stock		**312**		312
Common equity	**$**	**183,599**	$	177,494
Less:				
Goodwill		**25,483**		25,413
Intangible assets (other than MSRs)		**6,156**		6,600
Related net deferred tax assets		**38**		44
Tangible common equity (TCE)	**$**	**151,922**	$	145,437
Tangible assets				
GAAP assets	**$**	**1,916,451**	$	1,873,878
Less:				
Goodwill		**25,483**		25,413
Intangible assets (other than MSRs)		**6,156**		6,600
Related deferred tax assets		**317**		322
Tangible assets (TA)	**$**	**1,884,495**	$	1,841,543
Risk-weighted assets (RWA)	**$**	**978,431**	$	973,369
TCE/TA ratio		**8.06%**		7.90%

TCE/RWA ratio		**15.53%**		14.94%
Common shares outstanding (CSO)		**2,932.5**		2,923.9
Book value per share (common equity/CSO)	**$**	**62.61**	$	60.70
Tangible book value per share (TCE/CSO)	**$**	**51.81**	$	49.74

Capital Resources of Citigroup's U.S. Depository

Institutions

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 of Citibank, N.A., Citi's primary subsidiary U.S. depository institution, as of June 30, 2012 and December 31, 2011:

Citibank, N.A. Capital Tiers and Capital Ratios Under Current Regulatory Guidelines

In billions of dollars, except ratios	**Jun. 30, 2012**	**Dec. 31, 2011**
Tier 1 Common Capital	**$ 125.4**	$ 121.3
Tier 1 Capital	**126.0**	121.9
Total Capital (Tier 1 Capital + Tier 2 Capital)	**136.5**	134.3
Tier 1 Common ratio	**15.16%**	14.63%
Tier 1 Capital ratio	**15.23**	14.70
Total Capital ratio	**16.50**	16.20
Leverage ratio	**9.94**	9.66

Impact of Changes on Capital Ratios

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, 2012. 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	1.0 bps	1.3 bps	1.0 bps	1.5 bps	1.0 bps	1.8 bps	0.5 bps	0.4 bps
Citibank, N.A.	1.2 bps	1.8 bps	1.2 bps	1.8 bps	1.2 bps	2.0 bps	0.8 bps	0.8 bps

Broker-Dealer Subsidiaries

At June 30, 2012, 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 $7.1 billion, which exceeded the minimum requirement by $6.4 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, 2012.

Regulatory Capital Standards

In June 2012, the U.S. banking agencies released proposed Basel III rules and final market risk capital rules (Basel II.5), which would collectively establish an integrated framework of standards applicable to virtually all U.S. banking organizations, including Citi and Citibank, N.A., and which upon implementation would comprehensively revise existing regulatory capital requirements.

Basel II.5 The final market risk capital rules adopted by the U.S. banking agencies substantially reflect revisions to the market risk capital framework previously approved by the Basel Committee on Banking Supervision (Basel Committee). Further, the Basel II.5 rules comply with the provisions of the Dodd-Frank Act, which require that all federal agencies remove references to, and reliance on, credit ratings in their regulations, and replace these references with alternative standards for evaluating creditworthiness. In this regard, the U.S. banking agencies provided for alternative methodologies to external credit ratings that are to be employed in assessing capital requirements on certain debt and securitization positions subject to the market risk capital rules.

While Citi continues to review these final rules, which become effective January 1, 2013, it is clear that Citi's risk-weighted assets under the final market risk capital rules will significantly increase from those arising from application of the current Basel I rules. Citi estimates that its reported Tier 1 Common ratio as of June 30, 2012, assuming application of the final Basel II.5 rules, would have been approximately 11.32%, constituting a decline of 139 bps.

Basel III The U.S. version of the Basel III rules is set forth in three notices of proposed rulemaking (NPRs): the "Basel III NPR," the "Standardized Approach NPR" and the "Advanced Approaches NPR." With the exception of the new "Standardized Approach" to be employed by substantially all U.S. banking organizations in deriving credit risk-weighted assets and the required alternatives to the use of external credit ratings in arriving at applicable risk weights for certain exposures as referenced above, the NPRs are largely consistent with the Basel Committee's Basel III rules. Timing as to the finalization and effective date(s) for the U.S. Basel III rules are subject to substantial uncertainty.

Basel III NPR

The Basel III NPR, as with the Basel Committee Basel III rules, is principally intended to raise the quantity and quality of regulatory capital by formally introducing not only Tier 1 Common Capital and mandating that it be the predominant form of regulatory capital, but by also narrowing the definition of qualifying capital elements at all three regulatory capital tiers, as well as including the imposition of broader and more constraining regulatory adjustments and deductions. Moreover, the Basel III NPR would implement the "capital floor" provision of the so-called "Collins Amendment" of the Dodd-Frank Act. This provision would require "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., to calculate each of the three risk-based capital ratios (Tier 1 Common, Tier 1 Capital and Total Capital) under both the "Standardized Approach" and the "Advanced Approaches" and report the lower of each of the resulting capital ratios. The principal differences between the two approaches are in the composition and derivation of total risk-weighted assets, as well as in the definition of Total Capital. Compliance with the proposed Basel III stated minimum Tier 1 Common, Tier 1 Capital, and Total Capital ratio requirements of 4.5%, 6%, and 8%, respectively, would be assessed based upon each of the reported ratios.

Additionally, the Basel III NPR establishes a 2.5% Capital Conservation Buffer applicable to substantially all U.S. banking organizations and, for Advanced Approaches banking organizations, a potential Countercyclical Capital Buffer of up to 2.5%. The Countercyclical Capital Buffer would be invoked upon a determination by the U.S. banking agencies that the market is experiencing excessive aggregate credit growth, and would be an extension of the Capital Conservation Buffer (i.e., an aggregate combined buffer of potentially between 2.5% and 5%). Citi would be subject to both the Capital Conservation Buffer and, if invoked, the Countercyclical Capital Buffer. Consistent with the Basel Committee Basel III rules, both of these buffers would be required to be comprised entirely of Tier 1 Common Capital. The calculation of the Capital Conservation Buffer for Advanced Approaches banking organizations, including Citi, would be based on a comparison of each of the three risk-based capital ratios as calculated under the Advanced Approaches and the stated minimum required ratios for each (i.e., 4.5% Tier 1 Common, 6% Tier 1 Capital, and 8% Total Capital), with the reportable Capital Conservation Buffer being the smallest of the three differences. If a banking organization failed to comply with the proposed buffers, it would subject the organization to increasingly onerous restrictions (depending upon the extent of the shortfall) regarding capital distributions and discretionary executive bonus payments. The buffers are proposed to be phased in from January 1, 2016 through January 1, 2019.

Unlike the Basel Committee's final rules for global systemically important banks (G-SIBs), the Basel III NPR does not include measures for G-SIBs, such as those addressing the methodology for assessing global systemic importance, the imposition of additional Tier 1 Common capital surcharges, and the phase-in period regarding these requirements. The Federal Reserve Board is required by the Dodd-Frank Act to issue rules regarding the establishment of a quantitative risk-based capital surcharge for those financial institutions deemed to be systemically important and posing risk to market-wide financial stability, such as Citi, the provisions of which are intended to be consistent with the Basel Committee's final G-SIB rules. Accordingly, the extent of an initial additional capital surcharge expected to ultimately be imposed on Citi is currently uncertain.

The Basel III NPR, consistent with the Basel Committee's Basel III rules, provides that certain capital instruments, such as trust preferred securities, would no longer qualify as non-common components of Tier 1 Capital. Furthermore, the Collins Amendment of the Dodd-Frank Act generally requires a phase-out of these securities over a three-year period commencing on January 1, 2013 for bank holding companies that had $15 billion or more in total consolidated assets as of December 31, 2009, which includes Citi. Accordingly, the U.S. banking agencies have proposed that trust preferred securities and other non-qualifying Tier 1 Capital instruments be phased out by these bank holding companies, including Citi, at a 25% per year incremental phase-out beginning on January 1, 2013 (i.e., 75% of these capital instruments would be includable in Tier 1 Capital on January 1, 2013, 50% on January 1, 2014, and 25% on January 1, 2015), with a full phase-out of these capital instruments by January 1, 2016. For additional information on Citi's outstanding trust preferred securities, see Note 15 to the Consolidated Financial Statements.

Under the Basel III NPR, Advanced Approaches banking organizations would also be required to calculate two leverage ratios. The first, a "Tier 1" Leverage ratio, would be a modified version of the current U.S. leverage ratio and would reflect the more restrictive proposed Basel III definition of Tier 1 Capital in the numerator, but with the same current denominator consisting of average total on-balance sheet assets less amounts deducted from Tier 1 Capital. Citi, as with substantially all U.S. banking organizations, would be required to maintain a minimum Tier 1 Leverage ratio of 4%. The second, a "Supplementary" Leverage ratio, would significantly differ from the Tier 1 Leverage ratio with regard to the inclusion of certain off-balance sheet exposures within the denominator of the ratio. Advanced Approaches banking organizations, such as Citi, would be required to maintain a minimum Supplementary Leverage ratio of 3%, for which reporting would commence on January 1, 2015.

The Prompt Corrective Action (PCA) requirements contained in the Federal Deposit Insurance Act direct the U.S. banking agencies to enforce increasingly strict limitations on the activities of insured depository institutions that fail to meet certain regulatory capital thresholds. The PCA framework contains five categories of capital adequacy as measured by risk-based capital and leverage ratios: "well capitalized," "adequately capitalized," "undercapitalized," "significantly undercapitalized," and "critically undercapitalized." Amongst other matters, the U.S. banking agencies are proposing to revise the PCA regulations to accommodate a new minimum Tier 1 Common ratio requirement for substantially all categories (other than critically undercapitalized), increase the minimum Tier 1 Capital ratio requirement at each category, and introduce for Advanced Approaches insured depository institutions the Supplementary Leverage ratio as a metric, but only for the "adequately capitalized" and "undercapitalized" categories. These revisions would be effective on January 1, 2015, with the exception of the Supplementary Leverage ratio for Advanced Approaches insured depository institutions for which January 1, 2018 would be the effective date. Commencing January 1, 2015, an insured depository institution, such as Citibank, N.A., would therefore need minimum Tier 1 Common, Tier 1 Capital, Total Capital, and Tier 1 Leverage ratios of 6.5% (a new requirement), 8% (a 2% increase over the current requirement), 10%, and 5%, respectively, to be considered "well capitalized."

Standardized Approach NPR

The Standardized Approach NPR would be applicable to substantially all U.S. banking organizations, including Citi and Citibank, N.A., and when effective would replace the existing Basel I rules governing the derivation of risk-weighted assets for credit risk. As proposed, this approach would modify the existing Basel II standardized approach by incorporating heightened risk sensitivity through revisions to the calculation of risk-weighted assets for certain on-balance sheet assets and off-balance sheet exposures, including corporate and securitization exposures, residential mortgages and counterparty credit risk on derivative contracts, as compared to Basel I. Total risk-weighted assets under the Standardized Approach would exclude risk-weighted assets arising from operational risk, require more limited approaches in measuring risk-weighted assets for securitization exposures under the final market risk capital rules, and apply the standardized risk-weights to arrive at credit risk-weighted assets. Similar to the final market risk capital rules and the Advanced Approaches, the Standardized Approach proposes to rely on alternatives to external credit ratings in the treatment of certain exposures, as required by the Dodd-Frank Act. The proposed effective date for implementation of the Standardized Approach is January 1, 2015, with an option for U.S. banking organizations to early adopt.

Advanced Approaches NPR

The Advanced Approaches NPR incorporates published revisions to the Basel Committee's Advanced Approaches calculation of risk-weighted assets as proposed amendments to the U.S. Basel II capital guidelines. Total risk-weighted assets under the Advanced Approaches would include not only market risk equivalent risk-weighted assets as determined under the final market risk capital rules (Basel II.5), but also the results of applying the Advanced Approaches in calculating credit and operational risk-weighted assets. Similar to the final market risk capital rules and the Standardized Approach, the Advanced Approaches NPR also proposes to remove references to, and reliance on, external credit ratings for various types of exposures. Primary amongst these proposed Basel II modifications are those related to certain aspects regarding the treatment of counterparty credit risk, as well as substantial revisions to the securitization exposure framework.

FUNDING AND LIQUIDITY

Overview

Citi's funding and liquidity objectives generally 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 non-bank, which is largely composed of the parent holding company (Citigroup) and Citi's broker-dealer subsidiaries (collectively referred to in this section as "non-bank");

Citi's significant Citibank entities, which are comprised 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 aggregate liquidity resources are available for 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, and have excess cash capital.

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

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 to fund 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 aggregate liquidity resources, as described below.

Aggregate Liquidity Resources

	Non-bank(1)			Significant Citibank Entities			Other Citibank and Banamex Entities			Total		
In billions of dollars	**Jun. 30, 2012**	**Mar. 31, 2012**	**Jun. 30, 2011**	**Jun. 30, 2012**	**Mar. 31, 2012**	**Jun. 30, 2011**	**Jun. 30, 2012**	**Mar. 31, 2012**	**Jun. 30, 2011**	**Jun. 30, 2012**	**Mar. 31, 2012**	**Jun. 30, 2011**
Available Cash at central banks	**$ 55.6**	$ 24.9	$ 17.5	**$ 53.0**	$ 99.6	$ 71.0	**$ 14.0**	$ 9.4	$ 41.5	**$ 122.6**	$ 133.9	$ 130.0
Unencumbered liquid securities	**37.6**	67.6	78.7	**168.4**	135.8	162.4	**83.5**	83.3	69.7	**289.6**	286.7	310.8
Total	**$ 93.2**	$ 92.5	$ 96.2	**$ 221.4**	$ 235.4	$ 233.4	**$ 97.6**	$ 92.7	$ 111.2	**$ 412.2**	$ 420.5	$ 440.8

(1) Non-bank includes the parent holding company (Citigroup), Citigroup Funding Inc. (CFI) and broker-dealer entities.

As set forth in the table above, Citigroup's aggregate liquidity resources totaled $412.2 billion at June 30, 2012. All amounts in the table above are as of period-end and may increase or decrease intra-period in the ordinary course of business. During the quarter ended June 30, 2012, the intra-quarter amounts did not fluctuate materially from the quarter-end amounts noted above.

At June 30, 2012, Citigroup's non-bank aggregate liquidity resources totaled $93.2 billion, compared with $96.2 billion at June 30, 2011. This amount included unencumbered liquid securities and cash held in Citi's U.S. and non-U.S. broker-dealer entities. Citi seeks to optimize its excess liquidity resources across legal entities. As part of this strategy, during the second quarter of 2012 certain securities were sold by the non-bank to the significant Citibank entities (at fair market value), the impact of which was to increase cash and decrease securities in the non-bank, and decrease cash and increase securities in the significant Citibank entities.

Citigroup's significant Citibank entities had approximately $221.4 billion of aggregate liquidity resources as of June 30, 2012, compared to $233.4 billion at June 30, 2011. This amount included $53.0 billion of cash on deposit with major central banks (including 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), compared with $71.0 billion at June 30, 2011. The significant Citibank entities' liquidity resources also included unencumbered liquid securities. These securities are available-for-sale or secured financing through private markets or by pledging to the major central banks. The liquidity value of these securities was $168.4 billion at June 30, 2012 (which included the intra-company sale of securities referenced above), compared with $162.4 billion at June 30, 2011. The decrease in aggregate liquidity resources of Citi's significant Citibank entities year-over-year and quarter-over-quarter was primarily due to the paying down of long-term debt, including Temporary Liquidity Guarantee Program (TLGP) debt and credit card securitizations.

Citi estimates that its other Citibank and Banamex entities and subsidiaries held approximately $97.6 billion in aggregate liquidity resources as of June 30, 2012, including $14.0 billion of cash on deposit with central banks and $83.5 billion of unencumbered liquid securities.

Citi's $412.2 billion of aggregate liquidity resources as of June 30, 2012 shown in the table above does not include additional potential liquidity in the form of Citigroup's borrowing capacity from the various Federal Home Loan Banks (FHLB), which was approximately $22 billion as of June 30, 2012 and is maintained by pledged collateral to all such banks. The aggregate 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, 2012, the amount available for lending to these non-bank entities under Section 23A was approximately $19 billion, provided the funds are collateralized appropriately.

Overall, subject to market conditions, Citi expects to continue to manage down its aggregate liquidity resources modestly, as it continues to pay down its outstanding long-term debt (see "Long-Term Debt" below).

Aggregate Liquidity Resources By Type

The following table shows the composition of Citi's aggregate liquidity resources by type of asset for each of the periods indicated. For securities, the amounts represent the liquidity value that could potentially be realized, and thus exclude any securities that are encumbered, as well as the haircuts that would be required for secured financing transactions. The aggregate liquidity resources are composed entirely of cash and securities positions. While Citi does utilize derivatives to manage the interest rate and currency risks related to the aggregate liquidity resources, credit derivatives are not used.

In billions of dollars	**Jun. 30, 2012**	**Mar. 31, 2012**
Available cash at central banks	**$ 122.6**	$ 133.9
U.S. Treasuries	**77.4**	67.2
U.S. Agencies/Agency MBS	**71.4**	79.3
Foreign Government**(1)**	**132.9**	131.9
Other Investment Grade	**7.9**	8.2
Total	**$ 412.2**	$ 420.5

(1) Foreign government 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, 2012, principally included government bonds from Japan, Mexico, Korea, Brazil, U.K. and Singapore.

Deposits

Deposits are the primary and lowest cost funding source for Citi's bank subsidiaries. As of June 30, 2012, approximately 81% of Citi's bank subsidiaries are funded by deposits, compared to 78% as of June 30, 2011 and 72% as of June 30, 2010.

Citi continued to focus on maintaining a geographically diverse retail and corporate deposit base that stood at $914 billion at June 30, 2012, up 1% from March 31, 2012 and 6% from June 30, 2011. The increase in deposits year-over-year was largely due to higher deposit volumes in each of Citicorp's deposit-taking businesses (*Transaction Services*, *Securities and Banking* primarily the Private Bank and *Global Consumer Banking*). Year-over-year deposit growth occurred in *North America*, *EMEA* and *Asia*, as customers continued a "flight-to-quality" given the uncertain macroeconomic environment. Adjusted for the impact of FX translation, total deposits were up 2% quarter-over-quarter, and 9% year-over-year, with deposit growth in all four regions, including 15% growth in *North America* and 13% growth in *EMEA*. These increases in deposits in Citicorp were partially offset by a continued decrease in deposits in Citi Holdings, both year-over-year and quarter-over-quarter. As of June 30, 2012, approximately 61% of Citi's deposits were located outside of the U.S., compared to 61% at March 31, 2012 and 65% at June 30, 2011.

In addition, during the second quarter, the composition of Citi's deposits continued to shift towards a greater proportion of operating balances. (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.) At June 30, 2012, operating balances represented 76% and 73% of total deposits in each of *Global Consumer Banking* and Citi's institutional businesses, respectively. In addition, operating balances represented 74% of Citicorp's deposit base as of June 30, 2012, compared to 74% as of March 31, 2012, and 73% as of June 30, 2011.

Deposits can be interest-bearing or non-interest-bearing. Of Citi's $914 billion of deposits as of June 30, 2012, $180 billion were non-interest-bearing, compared to $183 billion at March 31, 2012 and $149 billion at June 30, 2011. The remainder, or $734 billion, was interest-bearing, compared to $723 billion at March 31, 2012 and $718 billion at June 30, 2011.

Citi's overall cost of funds on deposits continued to decrease during the second quarter of 2012, despite continued deposit growth. Citi's average rate on total deposits was 0.85% at June 30, 2012, compared with 0.94% at March 31, 2012 and 1.03% at June 30, 2011. Excluding the impact of the higher FDIC assessment (effective beginning in the second quarter of 2011) and deposit insurance, the average rate on Citi's total deposits was 0.72% at June 30, 2012, compared with 0.76% at March 31, 2012 and 0.86% at June 30, 2011. Consistent with prevailing interest rates, Citi continued to see declining deposit rates, notwithstanding pressure on deposit rates due to competitive pricing in certain regions.

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 its non-bank entities or 35% of the funding in the non-bank entities as of June 30, 2012, compared to 36% as of June 30, 2011 and 38% as of June 30, 2010. The vast majority of this funding is comprised of senior term debt, along with subordinated instruments and trust preferred securities.

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 principally a 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 maturities greater than one year. As such, when considering the measurement of Citi's long-term "structural" liquidity, structured notes with these contractual features are not included (see note 1 to the "Long-Term Debt Issuances and Maturities" table below).

In addition, due to the phase-out of Tier 1 Capital treatment for trust preferred securities, Citi has no plans to issue new trust preferreds. During the second quarter of 2012, Citi announced the redemption of two series of its trust preferred securities, with an aggregate amount of approximately $4.6 billion, which closed on July 18, 2012. Citi has also announced the redemption of additional series of its trust preferred securities, with an aggregate principal amount of approximately $0.6 billion, which is to be redeemed on August 15, 2012. For details on Citi's remaining outstanding trust preferred securities, see Note 15 to the Consolidated Financial Statements.

Long-term debt is an important funding source for Citi's non-bank 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 as of June 30, 2012 (excluding trust preferred securities), was approximately 7.0 years as of June 30, 2012, compared to 6.9 years at March 31, 2012 and 6.5 years at June 30, 2011.

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, 2012	March 31, 2012	June 30, 2011
Non-bank	**$ 224.3**	$ 240.4	$ 256.7
Senior/subordinated debt(1)	**194.4**	209.5	223.9
Trust preferred securities	**16.0**	16.0	16.1
Securitized debt and securitizations(1)(2)	**3.2**	3.7	4.8
Local country	**10.7**	11.2	11.9
Bank	**$ 64.0**	$ 70.7	$ 95.8
Senior/subordinated debt	**4.6**	10.5	18.6
Securitized debt and securitizations(1)(2)	**34.5**	41.2	50.4
Local country and FHLB borrowings(3)	**24.9**	19.0	26.8
Total long-term debt	**$ 288.3(4)**	$ 311.1	$ 352.5

(1) Includes structured notes in the amount of $25.1 billion, $26.3 billion and $26.9 billion, for the second and first quarters of 2012 and second quarter of 2011, respectively.

(2) Of the approximately $37.7 billion of total bank and non-bank securitized debt and securitizations as of June 30, 2012, approximately $31.4 billion related to credit card securitizations, the vast majority of which was at the bank level.

(3) Of this amount, approximately $17.8 billion related to collateralized advances from the FHLB as of June 30, 2012.

(4) Of this amount, approximately $17 billion consists of TLGP debt that will mature in full by the end of 2012.

As set forth in the table above, Citi's overall long-term debt decreased by approximately $64 billion year-over-year. In the non-bank, the year-over-year decrease was primarily due to TLGP run-off that was not refinanced. In the bank entities, the decrease was driven by TLGP run-off and the maturing of credit card securitization debt as Citi has grown its overall deposit base. Citi continues to expect declines in its overall long-term debt during the remainder of 2012, particularly within its bank entities.

Given its liquidity resources as of June 30, 2012, 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 2012, Citi repurchased an aggregate of approximately $1.7 billion of its outstanding long-term and short-term debt, primarily pursuant to selective public tender offers and open market purchases, compared to $2.8 billion and $2.1 billion during the first quarter of 2012 and second quarter of 2011, respectively.

Long-Term Debt Issuances and Maturities

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

	2Q 2012		1Q 2012		2Q 2011	
In billions of dollars	**Maturities**	**Issuances**	**Maturities**	**Issuances**	**Maturities**	**Issuances**
Structural long-term debt(1)	**$ 23.7**	**$ 3.0**	$ 15.1	$ 7.0	$ 18.1	$ 3.8
Local country level, FHLB and other(2)	**2.9**	**8.1**	1.9	0.7	10.4	8.4
Secured debt and securitizations	**6.7**	**0.0**	6.2	0.0	11.6	0.7
Total	**$ 33.3**	**$ 11.1**	$ 23.2	$ 7.7	$ 40.1	$ 12.9

(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. Issuances and maturities of these notes are included in this table in "Local country level, FHLB and other." See note 2 below. 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 in fact be redeemed by the holders thereof within one year.

(2)

"Other" includes long-term debt not considered structural long-term debt relating to certain structured notes, such as equity-linked and credit-linked notes, with early redemption features effective within one year. The amounts of issuances included in this line, and thus excluded from "structural long-term debt," were $0.3 billion, $0.3 billion, and $1.5 billion in the second quarter of 2012, first quarter of 2012, and second quarter of 2011, respectively. The amounts of maturities included in this line, and thus excluded from "structural long-term debt," were $0.7 billion, $0.6 billion, and $0.9 billion, in the second quarter of 2012, first quarter of 2012, and second quarter of 2011, respectively.

The table below shows Citi's aggregate expected annual long-term debt maturities as of June 30, 2012:

	Expected Long-Term Debt Maturities as of June 30, 2012							
In billions of dollars	**2012(1)**	**2013**	**2014**	**2015**	**2016**	**2017**	**Thereafter**	**Total**
Senior/subordinated debt(2)	**$ 68.0**	$ 25.1	$ 26.6	$ 18.7	$ 12.4	$ 19.9	$ 68.4	$ 239.1
Trust preferred securities	**0.0**	0.0	0.0	0.0	0.0	0.0	16.0	16.0
Securitized debt and securitizations	**13.9**	7.9	10.0	2.1	5.3	2.8	8.3	50.3
Local country and FHLB borrowings	**7.4**	15.6	4.6	2.6	5.3	0.7	3.2	39.4
Total long-term debt	**$ 89.3**	$ 48.6	$ 41.2	$ 23.4	$ 23.0	$ 23.4	$ 95.9	$ 344.8

(1)

Includes $56.4 billion of first half of 2012 maturities (including $21.0 billion related to TLGP).

(2)

"Senior/subordinated debt" includes certain structured notes, such as equity-linked and credit-linked notes, with early redemption features effective within one year. The amount of such notes included, and the period of contractual maturity, is as follows: $0.2 billion maturing in 2012; $0.8 billion in 2013; $0.6 billion in 2014; $0.5 billion in 2015; $0.4 billion in 2016; $0.3 billion in 2017; and $1.2 billion thereafter.

As set forth in the table above, Citi's senior and subordinated long-term debt maturities peak during 2012 at $68.0 billion. $38.1 billion of this amount is TLGP debt, of which $21.0 billion has matured as of June 30, 2012. Citi has not and does not expect to refinance its maturing TLGP debt.

Short-Term Debt

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. As of June 30, 2012, approximately 30% of the funding for Citi's non-bank entities, primarily the broker-dealer, was from secured financings.

Secured financing was $215 billion as of June 30, 2012 and averaged approximately $225 billion during the quarter. This represented a decrease quarter-over-quarter by $11 billion and an increase year-over-year by $11 billion.

Commercial Paper

The following table sets forth Citi's commercial paper outstanding for each of its non-bank entities and significant Citibank entities, respectively, for each of the periods indicated:

In billions of dollars	June 30, 2012	March 31, 2012	June 30, 2011
Commercial paper			
Non-bank	**$ 5.1**	$ 6.2	$ 9.3
Bank	**15.6**	14.8	14.3
Total	**$ 20.7**	$ 21.0	$ 23.6

Other Short-Term Borrowings

At June 30, 2012, Citi's other short-term borrowings were $38 billion, compared with $35 billion at March 31, 2012 and $49 billion at June 30, 2011. This amount includes borrowings from the FHLBs and other market participants.

See Note 15 to the Consolidated Financial Statements for further information on Citigroup's and its affiliates' outstanding long-term debt and short-term borrowings.

Liquidity Management and Measures

Liquidity Management

Citi's aggregate liquidity resources are managed by the Citi Treasurer. Liquidity is managed via a centralized treasury model by Corporate Treasury and by in-country treasurers. Pursuant to this structure, Citi's liquidity resources are managed with a goal of ensuring the asset/liability match and liquidity positions are appropriate in every country and throughout the company.

Citi's Chief Risk Officer is responsible for the overall risk profile of Citi's aggregate liquidity resources. The Chief Risk Officer and Chief Financial Officer co-chair Citi's Asset Liability Management Committee (ALCO), which includes Citi's President, Treasurer and other senior executives. The ALCO sets the strategy of the liquidity portfolio and monitors its performance. Significant changes to portfolio asset allocations need to be approved by the ALCO.

Excess cash available in Citi's aggregate liquidity resources is available to be invested in a liquid portfolio such that cash can be made available to meet demand in a stress situation. At June 30, 2012, as in recent prior quarters, Citi's liquidity pool was primarily invested in cash, government securities, including U.S. agency debt and U.S. agency mortgage-backed securities, and a certain amount of highly rated investment-grade credit. While the vast majority of Citi's liquidity pool at June 30, 2012 consisted of long positions, Citi utilizes derivatives to manage its interest rate and currency risks; credit derivatives are not used.

Liquidity Measures

Citi uses multiple measures in monitoring its liquidity, including without limitation, those described below.

In broad terms, 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 has remained stable over the past year: 72% at June 30, 2012, 72% at March 31, 2012, and 71% at June 30, 2011.

In addition, Citi also believes it is currently in compliance with the proposed Basel III Liquidity Coverage Ratio (LCR), even though such ratio is not proposed to take effect until 2015. 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. The proposed minimum requirement for LCR is 100%. Although still awaiting final guidance from its regulators, based on its current interpretation, understanding and expectations of the proposed rules, Citi believes that it is in compliance with the proposed Basel III LCR with an estimated LCR of approximately 117% as of June 30, 2012, compared with approximately 126% at March 31, 2012. In keeping with its estimates regarding its overall excess liquidity levels, Citi expects that the LCR will decrease modestly but remain comfortably above the proposed 100% required minimum.

For a more detailed discussion of Citi's overall liquidity management and additional liquidity measures and stress testing, see "Capital Resources and Liquidity Funding and Liquidity" in Citigroup's 2011 Annual Report on Form 10-K.

Credit Ratings

Citigroup's funding and liquidity, including without limitation its funding capacity, its 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 Inc.) as of June 30, 2012.

Citigroup's Debt Ratings as of June 30, 2012

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

(1) As a result of the Citigroup guarantee, the ratings of, and changes in ratings for Citigroup Funding Inc. (CFI), are the same as those of Citigroup.

NR Not rated.

Recent Credit Rating Developments

On July 18, 2012, following a ratings review, Fitch affirmed Citi's ratings. Specifically, Citigroup Inc. and Citibank, N.A. long- and short-term ratings of 'A/F1' and the unsupported rating of 'a-' were affirmed. The rating outlook by Fitch is stable.

On June 21, 2012, Moody's announced the outcomes of its review of 15 banks and securities firms with global capital markets operations, including Citi. Moody's downgraded Citi's long-term ratings by 2 notches. Specifically, Citigroup Inc. was downgraded from 'A3/P-2' to 'Baa2/P-2' with negative outlook, and Citibank, N.A. was downgraded from 'A1/P-1' to 'A3/P-2' with stable outlook. Moody's action was based on their industry-wide re-evaluation of risks surrounding the investment banking operating model, and was part of a reset of ratings for more than 100 banks, globally.

On November 29, 2011, following its global review of the banking industry under its revised bank criteria, S&P downgraded the issuer credit rating for Citigroup to 'A-/A-2' from 'A/A-1', and Citibank, N.A. to 'A/A-1' from 'A+/A-1'. At the same time, S&P maintained a negative outlook on the ratings. These ratings continue to receive two notches of government support uplift, reflecting S&P's view that the U.S. government is supportive to Citi.

To date, the above mentioned rating changes have not had a material impact on Citi's funding, liquidity, client revenues or overall results of operations.

Potential Impacts of Ratings Downgrades

Further 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 Market and Economic Risks" in Citi's 2011 Annual Report on Form 10-K.

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

As of June 30, 2012, 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 $2.2 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, 2012, Citi estimates that a hypothetical one-notch downgrade across all three major rating agencies of Citibank, N.A.'s senior debt/long-term rating could impact Citibank, N.A.'s funding and liquidity due to derivative triggers by approximately $4.0 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 $6.2 billion (see Note 18 to the Consolidated Financial Statements). As set forth under "Aggregate Liquidity Resources" above, the aggregate liquidity resources of Citi's non-bank entities were approximately $93 billion, and the aggregate liquidity resources of Citi's significant Citibank entities and other Citibank and Banamex entities were approximately $319 billion, for a total of approximately $412 billion as of June 30, 2012. 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 detailed contingency funding plans (for additional information, see "Capital Resources and Liquidity Funding and Liquidity" in Citi's 2011 Annual Report on Form 10-K). 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 FHLBs 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, 2012, Citibank, N.A. had liquidity commitments of $24.2 billion to asset-backed commercial paper conduits. This included $15.6 billion of commitments to consolidated conduits and $8.6 billion of commitments to unconsolidated conduits (each as referenced in Note 17 to the Consolidated Financial Statements).

In addition to the above-referenced aggregate 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" in Citigroup's 2011 Annual Report on Form 10-K, as well as Notes 1, 22 and 28 to the Consolidated Financial Statements in the 2011 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 17 to the Consolidated Financial Statements.
Leases, letters of credit, and lending and other commitments	See Note 21 to the Consolidated Financial Statements.
Guarantees	See Note 21 to the Consolidated Financial Statements.

MANAGING GLOBAL RISK

Citigroup's risk management framework balances strong corporate oversight with well-defined independent risk management functions for each business and region, as well as cross-business product expertise. For more information on Citi's risk management, see "Managing Global Risk" in Citigroup's 2011 Annual Report on Form 10-K.

CREDIT RISK

Loans Outstanding

In millions of dollars	2nd Qtr. 2012	1st Qtr. 2012	4th Qtr. 2011	3rd Qtr. 2011	2nd Qtr. 2011
Consumer loans					
In U.S. offices					
Mortgage and real estate(1)	**$ 132,931**	$ 136,325	$ 139,177	$ 140,819	$ 143,002
Installment, revolving credit, and other	**14,757**	14,942	15,616	20,044	23,693
Cards	**109,755**	110,049	117,908	113,777	114,149
Commercial and industrial	**4,668**	4,796	4,766	4,785	5,737
Lease financing			1	1	2
	$ 262,111	$ 266,112	$ 277,468	$ 279,426	$ 286,583
In offices outside the U.S.					
Mortgage and real estate(1)	**$ 53,058**	$ 53,652	$ 52,052	$ 51,304	$ 54,283
Installment, revolving credit, and other	**35,108**	35,813	34,613	35,377	38,954
Cards	**38,721**	39,319	38,926	38,063	40,354
Commercial and industrial	**19,768**	20,830	19,975	19,764	19,245
Lease financing	**719**	757	711	606	643
	$ 147,374	$ 150,371	$ 146,277	$ 145,114	$ 153,479
Total Consumer loans	**$ 409,485**	$ 416,483	$ 423,745	$ 424,540	$ 440,062
Unearned income	**(358)**	(380)	(405)	(328)	(123)
Consumer loans, net of unearned income	**$ 409,127**	$ 416,103	$ 423,340	$ 424,212	$ 439,939
Corporate loans					
In U.S. offices					
Commercial and industrial	**$ 24,889**	$ 22,793	$ 20,830	$ 17,386	$ 15,882
Loans to financial institutions	**19,134**	15,635	15,113	14,254	13,146
Mortgage and real estate(1)	**23,239**	21,859	21,516	21,346	20,756
Installment, revolving credit, and other	**33,838**	30,533	33,182	31,401	30,165
Lease financing	**1,295**	1,278	1,270	1,396	1,498
	$ 102,395	$ 92,098	$ 91,911	$ 85,783	$ 81,447
In offices outside the U.S.					
Commercial and industrial	**$ 87,347**	$ 83,951	$ 79,764	$ 76,075	$ 76,699
Installment, revolving credit, and other	**17,001**	15,341	14,114	14,733	12,964
Mortgage and real estate(1)	**6,517**	6,974	6,885	6,015	6,529
Loans to financial institutions	**31,302**	32,280	29,794	27,069	27,361
Lease financing	**538**	566	568	469	491
Governments and official institutions	**1,527**	1,497	1,576	3,545	2,727
	$ 144,232	$ 140,609	$ 132,701	$ 127,906	$ 126,771
Total Corporate loans	**$ 246,627**	$ 232,707	$ 224,612	$ 213,689	$ 208,218
Unearned income	**(786)**	(788)	(710)	(662)	(657)
Corporate loans, net of unearned income	**$ 245,841**	$ 231,919	$ 223,902	$ 213,027	$ 207,561
Total loans net of unearned income	**$ 654,968**	$ 648,022	$ 647,242	$ 637,239	$ 647,500
Allowance for loan losses on drawn exposures	**(27,611)**	(29,020)	(30,115)	(32,052)	(34,362)
	$ 627,357	$ 619,002	$ 617,127	$ 605,187	$ 613,138

Total loans net of unearned income and allowance for credit losses					
Allowance for loan losses as a percentage of total loans net of unearned income(2)	**4.25%**	4.51%	4.69%	5.07%	5.35%
Allowance for Consumer loan losses as a percentage of total Consumer loans net of unearned income(2)	**6.04%**	6.26%	6.45%	6.83%	7.05%
Allowance for Corporate loan losses as a percentage of total Corporate loans net of unearned income(2)	**1.23%**	1.34%	1.31%	1.52%	1.69%

(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. 2012	1st Qtr. 2012	4th Qtr. 2011	3rd Qtr. 2011	2nd Qtr. 2011
Allowance for loan losses at beginning of period	**$ 29,020**	$ 30,115	$ 32,052	$ 34,362	$ 36,568
Provision for loan losses					
Consumer	**$ 2,499**	$ 2,761	$ 2,798	$ 3,004	$ 3,269
Corporate	**86**	67	(154)	45	(88)
	$ 2,585	$ 2,828	$ 2,644	$ 3,049	$ 3,181
Gross credit losses					
Consumer					
In U.S. offices(1)	**$ 2,971**	$ 3,516	$ 3,361	$ 3,607	$ 4,095
In offices outside the U.S.	**1,119**	1,170	1,248	1,312	1,408
Corporate					
In U.S. offices	**104**	37	129	161	208
In offices outside the U.S.	**123**	48	172	137	195
	$ 4,317	$ 4,771	$ 4,910	$ 5,217	$ 5,906
Credit recoveries					
Consumer					
In U.S. offices	**$ 369**	$ 354	$ 341	$ 358	$ 372
In offices outside the U.S.	**299**	294	303	319	334
Corporate					
In U.S. offices	**54**	105	108	6	37
In offices outside the U.S.	**19**	63	50	20	16
	$ 741	$ 816	$ 802	$ 703	$ 759
Net credit losses					
In U.S. offices	**$ 2,652**	$ 3,094	$ 3,041	$ 3,404	$ 3,894
In offices outside the U.S.	**924**	861	1,067	1,110	1,253
Total	**$ 3,576**	$ 3,955	$ 4,108	$ 4,514	$ 5,147
Other net(2)(3)(4)(5)(6)	**$ (418)**	$ 32	$ (473)	$ (845)	$ (240)
Allowance for loan losses at end of period	**$ 27,611**	$ 29,020	$ 30,115	$ 32,052	$ 34,362
Allowance for loan losses as a % of total loans	**4.25%**	4.51%	4.69%	5.07%	5.35%
Allowance for unfunded lending commitments(7)	**$ 1,104**	$ 1,097	$ 1,136	$ 1,139	$ 1,097
Total allowance for loan losses and unfunded lending commitments	**$ 28,715**	$ 30,117	$ 31,251	$ 33,191	$ 35,459
Net consumer credit losses(7)	**$ 3,422**	$ 4,038	$ 3,965	$ 4,242	$ 4,797
As a percentage of average consumer loans	**3.35%**	3.85%	3.70%	3.87%	4.31%
Net corporate credit losses	**$ 154**	$ (83)	$ 143	$ 272	$ 350
As a percentage of average corporate loans	**0.07%**	(0.04)%	0.07%	0.13%	0.17%
Allowance for loan losses at end of period(8)					
Citicorp	**$ 15,387**	$ 16,306	$ 16,699	$ 17,613	$ 19,225
Citi Holdings	**12,224**	12,714	13,416	14,439	15,137

Total Citigroup	**$**	**27,611**	$	29,020	$	30,115	$	32,052	$	34,362
Allowance by type										
Consumer	**$**	**24,639**	$	25,963	$	27,236	$	28,866	$	30,915
Corporate		**2,972**		3,057		2,879		3,186		3,447
Total Citigroup	**$**	**27,611**	$	29,020	$	30,115	$	32,052	$	34,362

(1) The first quarter of 2012 included approximately $370 million of incremental charge-offs related to previously deferred principal balances on modified mortgages. These charge-offs were related to anticipated forgiveness of principal, largely in connection with the national mortgage settlement. There was a corresponding approximate $350 million reserve release in the first quarter of 2012 specific to these charge-offs. See also "Credit Risk National Mortgage Settlement" below.

(2) 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.

(3) The first quarter of 2012 included a reduction of approximately $145 million related to the sale or transfers to held-for-sale of various U.S. loan portfolios.

(4) The fourth quarter of 2011 included a reduction of approximately $325 million related to the sale or transfer to held-for-sale of various U.S. loan portfolios and a reduction of approximately $72 million related to the transfer of Citi Belgium to held-for-sale.

(5) The third quarter of 2011 included a reduction of approximately $300 million related to the sale or transfers to held-for-sale of various U.S. loan portfolios and a reduction of approximately $530 million related to the impact of FX translation.

(6) The second quarter of 2011 included a reduction of approximately $370 million related to the sale or transfer to held-for-sale of various U.S. loan portfolios.

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

(8) 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 TDRs. 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, 2012:

In billions of dollars	June 30, 2012 Allowance for loan losses	Loans, net of unearned income	Allowance as a percentage of loans(1)
North America cards(2)	$ 8.3	$ 110.3	7.5%
North America residential mortgages	9.6	132.4	7.0
North America other	1.4	22.4	6.6
International cards	2.8	38.8	7.2
International other(3)	2.5	105.2	2.4
Total Consumer	**$ 24.6**	**$ 409.1**	**6.0%**
Total Corporate	**$ 3.0**	**$ 245.9**	**1.2%**
Total Citigroup	**$ 27.6**	**$ 655.0**	**4.3%**

(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.

(3) 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 general summary provides a basic description of each category:

Non-Accrual Loans and Assets:

(1) Corporate and Consumer (commercial market) non-accrual status is based on the determination that payment of interest or principal is doubtful.

(2) Consumer non-accrual status is based on aging, i.e., the borrower has fallen behind in payments.

(3) *North America* Citi-branded cards and Citi retail services are not included as, under industry standards, they accrue interest until charge-off.

Renegotiated Loans:

(1) Both Corporate and Consumer loans whose terms have been modified in a TDR.

(2) 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 are loans in which the borrower has fallen behind in interest payments or, for Corporate and Consumer (commercial market) loans, where Citi has determined that the payment of interest or principal is doubtful and which are therefore considered impaired. 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. There is no industry-wide definition of non-accrual assets, however, and as such, analysis across the industry is not always comparable.

Corporate and Consumer (commercial market) non-accrual loans may still be current on interest payments but are considered non-accrual as Citi has determined that the future payment of interest and/or principal is doubtful. Consistent with industry convention, Citi generally accrues interest on credit card loans until such loans are charged-off, which typically occurs at 180 days contractual delinquency. As such, the non-accrual loan disclosures in this section do not include *North America* credit card loans.

Non-Accrual Loans

In millions of dollars	Jun. 30, 2012	Mar. 31, 2012	Dec. 31, 2011	Sept. 30, 2011	Jun. 30, 2011
Citicorp	**$ 4,000**	$ 4,175	$ 4,018	$ 4,564	$ 4,846
Citi Holdings	**6,917**	7,366	7,050	7,421	8,277
Total non-accrual loans (NAL)	**$ 10,917**	$ 11,541	$ 11,068	$ 11,985	$ 13,123
Corporate non-accrual loans(1)					
North America	**$ 724**	$ 1,017	$ 1,246	$ 1,639	$ 1,899
EMEA	**1,169**	1,194	1,293	1,748	1,954
Latin America	**209**	263	362	442	528
Asia	**469**	499	335	342	451
Total corporate non-accrual loans	**$ 2,571**	$ 2,973	$ 3,236	$ 4,171	$ 4,832
Citicorp	**$ 2,014**	$ 2,213	$ 2,217	$ 2,861	$ 2,986
Citi Holdings	**557**	760	1,019	1,310	1,846
Total corporate non-accrual loans	**$ 2,571**	$ 2,973	$ 3,236	$ 4,171	$ 4,832
Consumer non-accrual loans(1)					
North America(2)	**$ 6,403**	$ 6,519	$ 5,888	$ 5,822	$ 6,015
EMEA	**371**	397	387	514	644
Latin America	**1,158**	1,178	1,107	998	1,083
Asia	**414**	474	450	480	549
Total consumer non-accrual loans(2)	**$ 8,346**	$ 8,568	$ 7,832	$ 7,814	$ 8,291
Citicorp	**$ 1,986**	$ 1,962	$ 1,801	$ 1,703	$ 1,860
Citi Holdings**(2)**	**6,360**	6,606	6,031	6,111	6,431
Total consumer non-accrual loans(2)	**$ 8,346**	$ 8,568	$ 7,832	$ 7,814	$ 8,291

(1) Excludes purchased distressed loans as they are generally accreting interest. The carrying value of these loans was $532 million at June 30, 2012, $531 million at March 31, 2012, $511 million at December 31, 2011, $405 million at September 30, 2011, and $461 million at June 30, 2011.

(2) The first quarter of 2012 increase in non-accrual Consumer loans in *North America* was attributable to a $0.8 billion reclassification from accrual to non-accrual status of home equity loans where the related residential first mortgage was 90 days or more past due as of March 31, 2012. Of the $0.8 billion of home equity loans, $0.7 billion were current and $0.1 billion were 30 to 89 days past due as of March 31, 2012. The reclassification reflected regulatory guidance issued on January 31, 2012. The reclassification had no impact on Citi's delinquency statistics or its loan loss reserves.

Non-Accural 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, 2012**	**Mar. 31, 2012**	**Dec. 31, 2011**	**Sept. 30, 2011**	**Jun. 30, 2011**
OREO					
Citicorp	**$ 47**	$ 48	$ 71	$ 810	$ 810
Citi Holdings	**484**	518	480	534	608
Corporate/Other	**10**	14	15	13	16
Total OREO	**$ 541**	$ 580	$ 566	$ 1,357	$ 1,434
North America	**$ 366**	$ 392	$ 441	$ 1,222	$ 1,245
EMEA	**127**	139	73	79	133
Latin America	**48**	48	51	56	55
Asia		1	1		1
Total OREO	**$ 541**	$ 580	$ 566	$ 1,357	$ 1,434
Other repossessed assets	**$ 2**	$ 1	$ 1	$ 24	$ 18
Non-accrual assets Total Citigroup					
Corporate non-accrual loans	**$ 2,571**	$ 2,973	$ 3,236	$ 4,171	$ 4,832
Consumer non-accrual loans(1)	**8,346**	8,568	7,832	7,814	8,291
Non-accrual loans (NAL)	**$ 10,917**	$ 11,541	$ 11,068	$ 11,985	$ 13,123
OREO	**541**	580	566	1,357	1,434
Other repossessed assets	**2**	1	1	24	18
Non-accrual assets (NAA)	**$ 11,460**	$ 12,122	$ 11,635	$ 13,366	$ 14,575
NAL as a percentage of total loans	**1.67%**	1.78%	1.71%	1.88%	2.03%
NAA as a percentage of total assets	**0.60**	0.62	0.62	0.69	0.74
Allowance for loan losses as a percentage of NAL(2)	**253%**	251%	272%	267%	262%

Non-accrual assets Total Citicorp	**Jun. 30, 2012**	**Mar. 31, 2012**	**Dec. 31, 2011**	**Sept. 30, 2011**	**Jun. 30, 2011**
Non-accrual loans (NAL)	**$ 4,000**	$ 4,175	$ 4,018	$ 4,564	$ 4,846
OREO	**47**	48	71	810	810
Other repossessed assets	**N/A**	N/A	N/A	N/A	N/A
Non-accrual assets (NAA)	**$ 4,047**	$ 4,223	$ 4,089	$ 5,374	$ 5,656
NAA as a percentage of total assets	**0.28%**	0.30%	0.30%	0.38%	0.40%
Allowance for loan losses as a percentage of NAL(2)	**385**	391	416	386	397
Non-accrual assets Total Citi Holdings					
Non-accrual loans (NAL)(1)	**$ 6,917**	$ 7,366	$ 7,050	$ 7,421	$ 8,277
OREO	**484**	518	480	534	608
Other repossessed assets	**N/A**	N/A	N/A	N/A	N/A
Non-accrual assets (NAA)	**$ 7,401**	$ 7,884	$ 7,530	$ 7,955	$ 8,885

NAA as a percentage of total assets	**3.87%**	3.77%	3.35%	3.22%	3.35%
Allowance for loan losses as a percentage of NAL(2)	**177**	173	190	195	183

(1) The first quarter of 2012 increase in non-accrual consumer loans in *North America* was attributable to a $0.8 billion reclassification from accrual to non-accrual status of home equity loans where the related residential first mortgage was 90 days or more past due. Of the $0.8 billion of home equity loans, $0.7 billion were current and $0.1 billion were 30 to 89 days past due as of March 31, 2012. The reclassification reflected regulatory guidance issued on January 31, 2012. The reclassification had no impact on Citi's delinquency statistics or its loan loss reserves.

(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, 2012	Dec. 31, 2011
Corporate renegotiated loans(1)		
In U.S. offices		
Commercial and industrial(2)	**$ 199**	$ 206
Mortgage and real estate(3)	**56**	241
Loans to financial institutions	**19**	85
Other	**568**	546
	$ 842	$ 1,078
In offices outside the U.S.		
Commercial and industrial(2)	**$ 189**	$ 223
Mortgage and real estate(3)	**97**	17
Loans to financial institutions	**11**	12
Other	**4**	6
	$ 301	$ 258
Total Corporate renegotiated loans	**$ 1,143**	$ 1,336
Consumer renegotiated loans(4)(5)(6)(7)		
In U.S. offices		
Mortgage and real estate	**$ 20,394**	$ 21,429
Cards	**4,679**	5,766
Installment and other	**1,285**	1,357
	$ 26,358	$ 28,552
In offices outside the U.S.		
Mortgage and real estate	**$ 883**	$ 936
Cards	**840**	929
Installment and other	**1,109**	1,342
	$ 2,832	$ 3,207
Total Consumer renegotiated loans	**$ 29,190**	$ 31,759

(1) Includes $498 million and $455 million of non-accrual loans included in the non-accrual assets table above, at June 30, 2012 and December 31, 2011, respectively. The remaining loans are accruing interest.

(2) In addition to modifications reflected as TDRs at June 30, 2012, Citi also modified $38 million and $328 million of commercial loans risk rated "Substandard Non-Performing" or worse (asset category defined by banking regulators) in U.S. offices and offices outside the U.S., respectively. 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, 2012, Citi also modified $96 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 $2,499 million and $2,269 million of non-accrual loans included in the non-accrual assets table above at June 30, 2012 and December 31, 2011, respectively. The remaining loans are accruing interest.

(5) Includes $15 million and $19 million of commercial real estate loans at June 30, 2012 and December 31, 2011, respectively.

(6) Includes $250 million and $257 million of commercial loans at June 30, 2012 and December 31, 2011, respectively.

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

In certain circumstances, Citigroup modifies certain of its Corporate loans involving a non-troubled borrower. These modifications are subject to Citi's normal underwriting standards for new loans and are made in the normal course of business to match customers' needs with available Citi products or programs (these modifications are not included in the table above). In other cases, loan modifications involve a troubled borrower to whom Citi may grant a concession (modification). Modifications involving troubled borrowers may include extension of maturity date, reduction in the stated interest rate, rescheduling of future cash flows, principal reductions or reduction or waiver of accrued interest or fees. See Note 12 to the Consolidated Financial Statements for a discussion of such modifications.

***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, 2012, Citi's *North America* Consumer residential first mortgage portfolio totaled $92.0 billion, while the home equity loan portfolio was $40.4 billion. Of the first mortgages, $62.6 billion are recorded in *LCL* within Citi Holdings, with the remaining $29.4 billion recorded in Citicorp. With respect to the home equity loan portfolio, $37.2 billion are recorded in *LCL*, and $3.2 billion are reported in Citicorp.

Citi's residential first mortgage portfolio included $8.7 billion of loans with FHA insurance or VA guarantees as of June 30, 2012. This portfolio consists of loans originated to low-to-moderate-income borrowers with lower FICO (Fair Isaac Corporation) scores and generally has higher loan-to-value ratios (LTVs). 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 to date.

Also as of June 30, 2012, the residential first mortgage portfolio included $1.4 billion of loans with LTVs above 80%, which have insurance through mortgage insurance companies, and $1.1 billion of loans subject to long-term standby commitments (LTSC) with U.S. government-sponsored entities (GSEs), for which Citi has limited exposure to credit losses. Citi's home equity loan portfolio also included $0.4 billion of loans subject to LTSCs with GSEs, for which Citi also has limited exposure to credit losses. These guarantees and commitments may be rescinded in the event of origination defects.

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

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, 2012, Citi's *North America* residential first mortgage portfolio contained approximately $13.6 billion of adjustable rate mortgages that are required to make a payment only of accrued interest for the payment period, or an interest-only payment. Borrowers that 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 that have on average significantly higher origination and refreshed FICO scores than other loans in the residential first mortgage 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 Citi's residential first mortgage portfolio in *North America*. As referenced in the "Overview" section above, the majority of Citi's residential first mortgage exposure arises from its portfolio within Citi Holdings *LCL*.

(1) The first quarter of 2012 included approximately $315 million of incremental charge-offs related to previously deferred principal balances on modified mortgages. See note 1 to the "Details of Credit Loss Experience" table above. Excluding the impact of these charge-offs, net credit losses would have increased to $0.45 and $0.43 for the Citigroup and Citi Holdings portfolios, respectively.

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

Management actions, including asset sales and modification programs, continued to be the primary drivers of the overall improved asset performance within Citi's residential first mortgage portfolio in Citi Holdings during the periods presented above (excluding the deferred principal net credit losses described in note 1 to the tables above). With respect to asset sales, Citi sold approximately $0.5 billion of delinquent residential first mortgages during the second quarter of 2012, up from $0.3 billion in the first quarter of 2012. Regarding modifications, Citi modified approximately $0.2 billion of residential first mortgage loans under its HAMP and CSM programs, two of its more significant residential first mortgage modification programs, in the second quarter of 2012, which also represented a slight increase from modification volumes in the first quarter of 2012. (For additional information on Citi's significant residential first mortgage loan modification programs, see Note 12 to the Consolidated Financial Statements.)

While re-defaults of previously modified mortgages under the HAMP and CSM programs continued to track favorably versus expectations as of June 30, 2012, Citi's residential first mortgage portfolio continued to show some signs of the impact of re-defaults of previously modified mortgages, which continued to increase in the current quarter. This is reflected in the stabilizing to increasing delinquency and net credit loss trends in the tables above (excluding the deferred principal net credit losses described in note 1 to the tables above), particularly in the 30-89+ days past due delinquencies quarter-over-quarter.

Accordingly, Citi continues to believe that its ability to offset increasing delinquencies or net credit losses in its residential first mortgage portfolio, due to any deterioration of the underlying credit performance of these loans, re-defaults, the lengthening of the foreclosure process (see "Foreclosures" below) or otherwise, pursuant to asset sales or modifications could be limited going forward given the lack of remaining inventory of loans to sell or modify (or due to lack of market demand for asset sales). 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. Citi also continues to believe that any increase in net credit losses relating to additional principal forgiveness or deferred principal charge-offs pursuant to the national mortgage settlement will be covered by its existing loan loss reserves. See also "Credit Risk National Mortgage Settlement" 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, 2012 and March 31, 2012.

In billions of dollars	**June 30, 2012**					**March 31, 2012**				
State(1)	**ENR(2)**	**ENR Distribution**	**90+DPD %**	**% LTV > 100%**	**Refreshed FICO**	**ENR(2)**	**ENR Distribution**	**90+DPD %**	**% LTV > 100%**	**Refreshed FICO**
CA	**$ 21.8**	**28%**	**2.7%**	**31%**	**729**	$ 22.4	28%	2.9%	39%	727
NY/NJ/CT	**11.5**	**15**	**4.8**	**12**	**718**	11.4	14	4.6	12	715
IN/OH/MI	**4.3**	**5**	**6.0**	**45**	**654**	4.5	5	5.9	47	652
FL	**4.0**	**5**	**9.5**	**49**	**674**	4.1	5	9.1	55	671
IL	**3.3**	**4**	**6.6**	**47**	**692**	3.4	4	6.5	49	688
AZ/NV	**2.1**	**3**	**5.0**	**62**	**702**	2.2	3	5.6	70	699
Other	**31.9**	**40**	**5.8**	**20**	**666**	32.8	41	5.6	23	664
Total	**$ 78.9**	**100%**	**5.0%**	**27%**	**690**	$ 80.8	100%	4.9%	31%	690

(1) Certain of the states are included as part of a region based on Citi's view of similar home prices (HPI) within the region.

(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 is 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). As previously disclosed, as asset sales have slowed, Citi has observed deterioration in the 90+ days past due delinquency rates, and this is reflected in the increase in the delinquency rate in certain of the states and/or regions included above, including New York/New Jersey/ Connecticut and Florida, in the second quarter of 2012. Combined with the continued lengthening of the foreclosure process (see discussion under "Foreclosures" below) in all of these states and regions, Citi expects it could experience further deterioration, or less improvement, in the 90+ days past due delinquency rate in one or more of these areas in the future.

Foreclosures

The substantial majority of Citi's foreclosure inventory consists of residential first mortgages. As of June 30, 2012, approximately 2.2% of Citi's residential first mortgage portfolio (excluding loans in foreclosure that are guaranteed by the U.S. government agencies and loans subject to LTSCs) was in Citi's foreclosure inventory (based on the dollar amount of loans in foreclosure inventory as of such date), which represented a 7% decrease quarter-over-quarter.

Similar to prior quarters, Citi continued to experience fewer loans moving into its foreclosure inventory during the second quarter of 2012, primarily as a result of Citi's continued asset sales of delinquent first mortgages, increased state requirements for foreclosure filings and Citi's continued efforts to work with borrowers pursuant to its loan modification programs, including under the national mortgage settlement, as previously disclosed.

The number of loans exiting foreclosure inventory remained essentially flat quarter-over-quarter, thus resulting in the overall decrease in Citi's foreclosure inventory. The foreclosure process remains stagnant across most states, driven primarily by the additional state requirements to complete foreclosures as well as the continued lengthening of the foreclosure process. In Citi's experience, the average timeframe to foreclosure is two to three times longer than historical norms, and aged foreclosure inventory (active foreclosures in process for two years or more) continues to represent an increasing proportion of Citi's total foreclosure inventory (approximately 19% as of June 30, 2012). These trends are more pronounced in the judicial states (i.e., those states that require foreclosures to be processed via court approval), where Citi has a higher concentration of residential first mortgages of loans in foreclosure (see "*North America* Residential First Mortgages State Delinquency Trends" above).

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 and then, at the end of the draw period, the then-outstanding amount is converted to an amortizing loan. After conversion, the loan typically has a 20-year amortization repayment period.

Historically, Citi's home equity lines of credit typically had a 10-year draw period. Citi's new originations of home equity lines of credit typically have a five-year draw period as Citi changed these terms in June 2010 to mitigate risk due to the economic environment and declining home prices. As of June 30, 2012, Citi's home equity loan portfolio of $40.4 billion included approximately $23.5 billion of home equity lines of credit that are still within their revolving period and have not commenced amortization (the interest-only payment feature during the revolving period is standard for this product across the industry). The vast majority of Citi's home equity loans extended under lines of credit as of June 30, 2012 will contractually begin to amortize after 2014.

As of June 30, 2012, the percentage of U.S. home equity loans in a junior lien position where Citi also owned or serviced the first lien was approximately 31%. 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 LTV 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, which Citi believes is generally attributable to origination channels and better credit characteristics of the portfolio, including FICO and LTV, 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*.

(1) The first quarter of 2012 included approximately $55 million of incremental charge-offs related to previously deferred principal balances on modified mortgages. See note 1 to the "Details of Credit Loss Experience" table above. Excluding the impact of these charge-offs, net credit losses would have decreased to $0.51 and $0.50 for the Citigroup and Citi Holdings portfolios, respectively.

Note:

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

As evidenced by the tables above, there continued to be improvement in home equity loan delinquencies and net credit losses in the second quarter of 2012, although the rate of improvement has slowed, particularly in each of the delinquency buckets. Given the lack of market in which to sell delinquent home equity loans, as well as the relatively smaller number of home equity loan modifications and modification programs, Citi's ability to offset increased delinquencies and 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, continues to be more limited as compared to residential first mortgages as discussed above. Accordingly, Citi could begin to experience increased delinquencies and thus increased net credit losses in this portfolio going forward. 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, 2012 and March 31, 2012.

In billions of dollars	June 30, 2012					March 31, 2012				
State(1)	ENR(2)	ENR Distribution	90+DPD %	% LTV > 100%	Refreshed FICO	ENR(2)	ENR Distribution	90+DPD %	% LTV > 100%	Refreshed FICO
CA	**$ 10.4**	**27%**	**2.1%**	**46%**	**723**	$ 10.8	27%	2.1%	51%	721
NY/NJ/CT	**8.7**	**23**	**2.2**	**24**	**715**	8.9	22	2.0	22	714
IN/OH/MI	**1.4**	**4**	**2.1**	**65**	**678**	1.4	4	2.2	66	676
FL	**2.6**	**7**	**3.2**	**62**	**698**	2.7	7	3.5	67	696
IL	**1.5**	**4**	**2.3**	**64**	**707**	1.6	4	2.1	65	704
AZ/NV	**0.9**	**2**	**3.3**	**77**	**709**	1.0	2	3.5	81	707
Other	**12.8**	**33**	**2.1**	**45**	**695**	13.2	34	2.1	48	693
Total	**$ 38.3**	**100%**	**2.2%**	**44%**	**704**	$ 39.6	100%	2.2%	46%	706

(1) Certain of the states are included as part of a region based on Citi's view of similar home prices (HPI) within the region.

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

For the reasons described under "*North America* Consumer Mortgage Quarterly Credit Trends Delinquencies and Net Credit Losses Home Equity Loans" above, Citi has experienced, and could continue to experience, increased delinquencies and thus increased net credit losses in certain of these states and/or regions going forward.

North America Consumer Mortgages Loan Loss Reserve Coverage

At June 30, 2012, approximately $9.4 billion of Citi's total loan loss reserves of $27.6 billion was allocated to *North America* real estate lending in Citi Holdings. With respect to Citi's aggregate *North America* Consumer mortgage portfolio, including Citi Holdings as well as the residential first mortgages and home equity loans in Citicorp, Citi's loan loss reserves of $9.6 billion at June 30, 2012 represented over 31 months of coincident net credit loss coverage.

National Mortgage Settlement

As previously disclosed, under the national mortgage settlement, Citi is required 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. Citi commenced loan modifications under the settlement, including principal reductions, in March 2012, and commenced the refinancing process in the latter part of June 2012.

If Citi does not provide the required amount of financial relief in the form of loan modifications and other loss mitigation activities for delinquent borrowers or refinancing concessions under the national mortgage settlement, additional cash payments would be required. Citi is required to complete 75% of its required relief by March 1, 2014. Failure to meet 100% of the commitment by March 1, 2015 will result in Citi paying an amount equal to 125% of the shortfall. Failure to meet the two-year commitment noted above and then failure to meet the three-year commitment will result in an amount equal to 140% of the three-year shortfall. Citi continues to believe that its obligations will be fully met in the form of financial relief to homeowners; therefore, no additional cash payments are currently expected.

Loan Modifications/Loss Mitigation for Delinquent Borrowers

All of the loan modifications for delinquent borrowers receiving relief towards the $1.4 billion in settlement value are either currently accounted for as TDRs or will become TDRs at the time of modification. The loan modifications have been, and will continue to be, primarily performed under the HAMP and Citi's CSM loan modification programs (see Note 12 to the Consolidated Financial Statements for a discussion of TDRs). The loss mitigation activities include short sales for residential first mortgages and home equity loans, extinguishments and other loss mitigation activities. Based on the nature of the loss mitigation activities (e.g., short sales and extinguishments), these activities are not anticipated to have an impact on Citi's TDRs. Citi continues to believe that its loan loss reserves as of June 30, 2012 will be sufficient to cover the required customer relief to delinquent borrowers under the national mortgage settlement.

Through June 30, 2012, Citi has assisted over 12,000 customers under the national mortgage settlement, resulting in an aggregate principal reduction of approximately $850 million. 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, and as a result, Citi anticipates that the relief provided will be higher than the settlement value. Net credit losses of approximately $43 million have been incurred to date (in the second quarter of 2012) relating to these loan modifications, which were entirely offset by a loan loss reserve release. As previously disclosed, during the first quarter of 2012, Citi's *North America* mortgages net credit losses included approximately $370 million of incremental charge-offs related to previously deferred principal balances on modified mortgages, substantially all of which were offset by a specific reserve release. These charge-offs were related to anticipated forgiveness of principal in connection with the national mortgage settlement. Loan modifications pursuant to the settlement have improved Citi's 30+ days past due delinquencies by approximately $135 million.

Refinancing Concessions for Current Borrowers

The refinancing concessions are to be offered to residential first mortgage borrowers whose properties are worth less than the value of their loans, who have been current in the prior twelve months, who have not had a modification, bankruptcy or foreclosure proceedings during the prior 24 months, and whose loans have a current interest rate greater than 5.25%. Citi currently expects to refinance approximately $2.0 billion in loans to meet the terms of the national mortgage settlement by reducing the borrower's rate from its current rate to 5.25% for the remaining life of the loan. As a result of the settlement, Citi is forgoing future interest payments that it may not otherwise have agreed to forgo. Citi continues to estimate the total amount of expected forgone future interest income will be approximately $40 million annually. However, this estimate could change based on the response rate of borrowers that qualify and the subsequent borrower payment behavior. As noted above, Citi commenced the refinancing process under the national mortgage settlement in the latter part of June 2012.

Citi will account for the refinancing concessions based on whether each borrower is determined to be experiencing financial difficulty based on sufficient underwriting. When a refinancing concession is granted to a borrower that is experiencing financial difficulty, the loan will be accounted for as a TDR. Otherwise, the impact of the refinancing concessions will be recognized over a period of years in the form of lower interest income. As of June 30, 2012, it is not possible to estimate the number of refinance concessions that will be accounted for as TDRs. Citi does not currently expect these refinancing concessions to have a material impact on the fair value of the modified mortgage loans.

Consumer Mortgage FICO and LTV

As a consequence of the financial crisis, economic environment and the decrease in housing prices, LTV and FICO scores for Citi's residential first mortgage and home equity loan portfolios have generally deteriorated since origination, particularly in the case of originations between 2006 and 2007, although, as set forth in the tables below, the negative migration has generally stabilized.

Generally, on a refreshed basis, approximately 27% of residential first mortgages had an LTV ratio above 100%, compared to approximately 0% at origination. Similarly, approximately 34% of residential first mortgages had FICO scores less than 660 on a refreshed basis, compared to 26% at origination. With respect to home equity loans, approximately 44% of home equity loans had refreshed LTVs above 100%, compared to approximately 0% at origination. Approximately 25% of home equity loans had FICO scores less than 660 on a refreshed basis, compared to 9% at origination.

FICO and LTV Trend Information North America Consumer Mortgages

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 includes \$0.4 billion in each of the periods presented. For home equity loans, balances for which such data is unavailable includes \$0.2 billion in each of the periods presented.

Citi's residential first mortgage delinquencies continue to show the impact of re-defaults of previously modified mortgages. The level of 90+ days past due for residential first mortgages with refreshed FICO scores of less than 660 can be attributed to the decline in Citi's asset sales of delinquent first mortgages, the lengthening of the foreclosure process and the continued economic uncertainty, as discussed in the sections above.

Although home equity loans are typically in junior lien positions and residential first mortgages are typically in a first lien position, residential first mortgages historically have experienced higher delinquency rates as compared to home equity loans. Citi believes this difference is primarily due to the fact that 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, whereas 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 mortgages 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, the fair value of MSRs declines with increased prepayments, and lower interest rates are generally one factor that tends to lead to increased prepayments. 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 commitments of mortgage-backed securities and purchased securities classified as trading account assets.

Citi's MSRs totaled $2.1 billion, $2.6 billion and $4.3 billion at June 30, 2012, December 31, 2011 and June 30, 2011, respectively. As of June 30, 2012, approximately $1.3 billion of MSRs were specific to Citicorp, with the remainder to Citi Holdings. The decrease in the value of Citi's MSRs from the prior-year period primarily reflected the impact from lower interest rates in addition to amortization. The decrease in the value sequentially was due to amortization as well as an increase in servicing costs relating to the servicing of the loans remaining in Citi Holdings. As the mix of loans remaining in Citi Holdings has gradually shifted to more delinquent, non-performing loans, the cost for servicing those loans has increased.

For additional information on Citi's MSRs, see Note 17 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). For details on the specific types of representations and warranties made by Citi in transactions with the GSEs and through private-label securitizations, see "Managing Global Risk Credit Risk Consumer Mortgage Representations and Warranties" and " *Securities and Banking*-Sponsored Legacy Private-Label Residential Mortgage Securitizations Representations and Warranties" in Citi's 2011 Annual Report on Form 10-K.

These activities expose Citi to potential claims for 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. 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.

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 (CitiMortgage). To date, the majority of Citi's repurchases has been due to GSE repurchase claims and relate 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. Citi attributes this to better credit performance of these vintages and to the enhanced underwriting standards implemented in the second half of 2008 and forward.

During the period 2006 through 2008, Citi sold a total of approximately $336 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 a third-party seller that is 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.

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

CitiMortgage (principally reflected in Citi Holdings Local Consumer Lending)

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, 2012, approximately $9.6 billion of the $24.6 billion remained outstanding as a result of repayments of approximately $13.8 billion and cumulative losses (incurred by the issuing trusts) of approximately $1.2 billion. The remaining outstanding amount is composed of approximately $4.9 billion in prime trusts and approximately $4.7 billion in Alt-A trusts, as classified at issuance. As of June 30, 2012, the remaining outstanding had a 90 days or more delinquency rate in the aggregate of approximately 14.2%. Similar to the whole loan sales discussed above, the vast majority of these loans were either originated by Citi or purchased from a third-party seller that is no longer financially viable. Citi's repurchase reserve takes into account estimated reimbursements to be received, if any, from third-party sellers.

Legacy S&B Securitizations (principally reflected in Citi Holdings Special Asset Pool)

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, 2012, approximately $21.6 billion of this amount remained outstanding as a result of repayments of approximately $35.1 billion and cumulative losses (incurred by the issuing trusts) of approximately $9.6 billion (of which approximately $7.3 billion related to loans in subprime trusts). The remaining outstanding amount is composed of approximately $5.6 billion in prime trusts, $4.6 billion in Alt-A trusts and $11.4 billion in subprime trusts, as classified at issuance. As of June 30, 2012, the remaining outstanding had a 90 days or more delinquency rate of approximately 27.0%.

The mortgages included in the *S&B* legacy securitizations were primarily purchased from third-party sellers. In connection with these securitization transactions, representations and warranties relating to the mortgages were made either by Citi, by third-party sellers, or both. As of June 30, 2012, where Citi made representations and warranties and received similar representations and warranties from third-party sellers, Citi believes that for the majority of the securitizations backed by prime and Alt-A loan collateral, if Citi received a repurchase claim for those loans, it would have a back-to-back claim against financially viable sellers. However, for the significant majority of the subprime collateral, Citi believes that such sellers would be unlikely to honor back-to-back claims because they are in bankruptcy, liquidation, or financial distress and are thus no longer financially viable. Citi's repurchase reserve takes into account estimated reimbursements to be received, if any, from third-party sellers.

Repurchase Reserve

Citi has recorded a mortgage repurchase reserve (referred to as the repurchase reserve) for its potential repurchase or make-whole liability regarding representation and warranty claims. As mentioned above, Citi's repurchase reserve primarily relates to whole loan sales to the GSEs and is thus calculated primarily based on Citi's historical repurchase activity with the GSEs. The repurchase reserve relating to Citi's whole loan sales, and changes in estimate with respect thereto, are generally recorded in Citi Holdings *Local Consumer Lending*. The repurchase reserve relating to private-label securitizations, and changes in estimate with respect thereto, are recorded in Citi Holdings *Special Asset Pool*.

Repurchase Reserve Whole Loan Sales

To date, issues related to (i) misrepresentation of facts by either the borrower or a third party (e.g., income, employment, debts, FICO, 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. However, the type of defect that results in a repurchase or make-whole payment 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.

As previously disclosed, the repurchase reserve is based on various assumptions which, as referenced above, are primarily based on Citi's historical repurchase activity with the GSEs. As part of its ongoing review of the assumptions used to estimate its repurchase reserve for whole loan sales, during the second quarter of 2012, Citi refined certain of its assumptions utilized in its estimation process. Specifically, in prior quarters, Citi used loan documentation requests and repurchase claims as a percentage of loan documentation requests in order to estimate future claims. Beginning in the second quarter, Citi now utilizes the historical correlation between underlying loan characteristics (e.g., delinquencies, LTV, loan channel, etc.) and the likelihood of receiving a claim based on those characteristics in developing its claims estimate, which Citi believes is a more granular approach and enhances its claims estimation process. This refinement did not have a material impact on the repurchase reserve balance as of June 30, 2012.

Accordingly, as of June 30, 2012, the most significant assumptions used to calculate the reserve levels are the: (i) correlation between loan characteristics and repurchase claims; (ii) claims appeal success rates; and (iii) estimated loss per repurchase or make-whole payment. In addition, as previously disclosed, Citi considers reimbursements estimated to be received from third-party sellers, 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, in estimating its repurchase reserve.

During the second quarter of 2012, Citi recorded an additional reserve of $157 million relating to its whole loan sales repurchase exposure. The change in estimate for the second quarter of 2012 primarily resulted from a deterioration in loan performance and increased repurchase activity associated with servicing sold to a third party in the fourth quarter of 2010, where Citi retained the repurchase liability. Citi continues to believe the activity in, and change in estimate relating to its repurchase reserve will remain volatile in the near term.

As referenced above, the repurchase reserve estimation process for potential whole loan representation and warranty claims is subject to various assumptions. The assumptions used to calculate the repurchase reserve include numerous estimates and judgments and thus contain a level of uncertainty and risk that, if different from actual results, could have a material impact on the reserve amounts. For example, Citi estimates that if there were a simultaneous 10% adverse change in each of the significant assumptions noted above, the repurchase reserve in respect of whole loan sales repurchase would increase by approximately $500 million as of June 30, 2012. This potential change is hypothetical and intended to indicate the sensitivity of the repurchase reserve to changes in the key assumptions. Actual changes in the key assumptions may not occur at the same time or to the same degree (e.g., an adverse change in one assumption may be offset by an improvement in another). Citi does not believe it has sufficient information to estimate a range of reasonably possible loss (as defined under ASC 450) relating to its representations and warranties with respect to its whole loan sales.

Repurchase Reserve Private-Label Securitizations

Investors in private-label securitizations may seek recovery for losses caused by non-performing loans through repurchase claims or through litigation premised on a variety of legal theories. Citi does not consider litigation in estimating its repurchase reserve, but rather in establishing its litigation accruals. For information on litigation, claims and regulatory proceedings regarding mortgage-related activities, see Note 22 to the Consolidated Financial Statements.

The pace at which Citi has received repurchase claims for breaches of representations and warranties on its securitizations remains volatile, and has continued to increase. During the second quarter of 2012, Citi recorded an additional repurchase reserve of $85 million relating to private-label securitizations, which was recorded in Citi Holdings *Special Asset Pool* (see "Citi Holdings *Special Asset Pool*" above). To date, Citi has received repurchase claims at a sporadic and unpredictable rate, and most of the claims received are not yet resolved. Thus, Citi cannot estimate probable future repurchases from such private-label securitizations. Rather, at the present time, Citi views repurchase demands on private-label securitizations as episodic in nature, such that the potential recording of repurchase reserves is currently expected to be analyzed principally on the basis of actual claims received, rather than predictions regarding claims estimated to be received or paid in the future.

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

	Three Months Ended				
In millions of dollars	**June 30, 2012**	**March 31, 2012**	**December 31, 2011**	**September 30, 2011**	**June 30, 2011**
Balance, beginning of period	**$ 1,376**	$ 1,188	$ 1,076	$ 1,001	$ 944
Additions for new sales(1)	**4**	6	7	5	4
Change in estimate(2)	**242**	335	306	296	224
Utilizations	**(146)**	(153)	(201)	(226)	(171)
Balance, end of period	**$ 1,476**	$ 1,376	$ 1,188	$ 1,076	$ 1,001

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

(2) Change in estimate for the second quarter of 2012 includes $157 million related to whole loan sales to the GSEs and private investors and $85 million related to loans sold through private-label securitizations.

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

	Three Months Ended				
In millions of dollars	**June 30, 2012**	**March 31, 2012**	**December 31, 2011**	**September 30, 2011**	**June 30, 2011**
GSEs and others(1)	**$ 202**	$ 101	$ 110	$ 162	$ 167

(1) Predominantly all of the repurchases related to claims from the GSEs. Also includes repurchases pursuant to private investor and private-label securitization claims.

In addition to the amounts set forth in the table above, Citi recorded make-whole payments of $91 million, $107 million, $148 million, $171 million and $121 million for the quarterly periods ended June 30, 2012, March 31, 2012, December 31, 2011, September 30, 2011 and June 30, 2011, respectively. Predominately all of these make-whole payments were to the GSEs.

Representation and Warranty Claims By Claimant

For the GSEs, Citi's response (i.e., agree or disagree to repurchase or make-whole) to any repurchase claim is required within 90 days of receipt of the claim. If Citi does not respond within 90 days, the claim is subject to discussions between Citi and the particular GSE. For other investors, the time period for responding to a repurchase claim is generally governed by the relevant agreement.

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 below:

	Claims during the three months ended				
In millions of dollars	**June 30, 2012**	**March 31, 2012**	**December 31, 2011**	**September 30, 2011**	**June 30, 2011**
GSEs and others(1)	**$ 1,330**	$ 1,291	$ 712	$ 806	$ 952
Mortgage insurers(2)	**90**	23	35	54	39
Total	**$ 1,420**	$ 1,314	$ 747	$ 860	$ 991

	Unresolved claims at				
In millions of dollars	**June 30, 2012**	**March 31, 2012**	**December 31, 2011**	**September 30, 2011**	**June 30, 2011**
GSEs and others(1)	**$ 2,529**	$ 2,019	$ 1,536	$ 1,593	$ 2,015
Mortgage insurers(2)	**15**	8	15	24	29
Total	**$ 2,544**	$ 2,027	$ 1,551	$ 1,617	$ 2,044

(1) Primarily includes claims from the GSEs. Also includes private investor and private-label securitization claims.

(2) 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 inability to collect reimbursement from mortgage insurers would have a material impact on its repurchase reserve.

For additional information regarding Citi's potential mortgage repurchase liability, see Note 21 to the Consolidated Financial Statements below.

***North America* Cards**

Overview

As of June 30, 2012, Citi's *North America* cards portfolio primarily consists of its Citi-branded cards and Citi retail services portfolios in Citicorp. As of June 30, 2012, the Citicorp Citi-branded cards portfolio totaled approximately $73 billion while the Citi retail services portfolio was approximately $37 billion. See Note 12 to the Consolidated Financial Statements below for a discussion of Citi's significant cards modification programs.

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. The 90+ days past due delinquency and net credit loss rates in Citi-branded and Citi retail services cards decreased on a sequential basis. Citi expects some continued improvement in these metrics, although at a slower pace as the portfolios have largely stabilized.

North America Cards Loan Loss Reserve Coverage

At June 30, 2012, approximately $8.3 billion of Citi's total loan loss reserves of $27.6 billion was allocated to Citi's *North America* cards portfolios, representing approximately 17 months of coincident net credit loss coverage as of such date.

CONSUMER LOAN DETAILS

Consumer Loan Delinquency Amounts and Ratios

In millions of dollars, except EOP loan amounts in billions	**Total loans(1) June 2012**	**90+ days past due(2) June 2012**	**March 2012**	**June 2011**	**30-89 days past due(2) June 2012**	**March 2012**	**June 2011**
Citicorp(3)(4)							
Total	**$ 284.4**	**$ 3,058**	$ 3,310	$ 3,705	**$ 3,449**	$ 3,726	$ 4,293
Ratio		**1.08%**	1.16%	1.33%	**1.22%**	1.31%	1.54%
Retail banking							
Total	**$ 139.0**	**$ 837**	$ 811	$ 812	**$ 1,049**	$ 1,032	$ 1,088
Ratio		**0.61%**	0.58%	0.63%	**0.76%**	0.74%	0.85%
North America	**40.9**	**294**	260	211	**215**	183	209
Ratio		**0.74%**	0.66%	0.63%	**0.54%**	0.47%	0.62%
EMEA	**4.6**	**49**	62	76	**78**	92	132
Ratio		**1.07%**	1.38%	1.62%	**1.70%**	2.04%	2.81%
Latin America	**25.9**	**253**	244	259	**316**	323	301
Ratio		**0.98%**	0.93%	1.12%	**1.22%**	1.24%	1.30%
Asia	**67.6**	**241**	245	266	**440**	434	446
Ratio		**0.36%**	0.36%	0.40%	**0.65%**	0.63%	0.66%
Cards							
Total	**$ 145.4**	**$ 2,221**	$ 2,499	$ 2,893	**$ 2,400**	$ 2,694	$ 3,205
Ratio		**1.53%**	1.71%	1.92%	**1.65%**	1.84%	2.13%
North America Citi-branded	**72.7**	**830**	982	1,214	**744**	887	1,142
Ratio		**1.14%**	1.35%	1.62%	**1.02%**	1.22%	1.52%
North America Citi retail services	**36.6**	**721**	845	913	**852**	995	1,171
Ratio		**1.97%**	2.30%	2.38%	**2.33%**	2.71%	3.06%
EMEA	**2.8**	**43**	43	54	**61**	65	72
Ratio		**1.54%**	1.48%	1.80%	**2.18%**	2.24%	2.40%
Latin America	**13.7**	**405**	405	462	**428**	426	469
Ratio		**2.96%**	2.83%	3.25%	**3.12%**	2.98%	3.30%
Asia	**19.6**	**222**	224	250	**315**	321	351
Ratio		**1.13%**	1.14%	1.25%	**1.61%**	1.64%	1.76%
Citi Holdings *Local Consumer Lending*(5)(6)							
Total	**$ 123.9**	**$ 5,354**	$ 5,648	$ 6,048	**$ 4,614**	$ 4,598	$ 6,061
Ratio		**4.66%**	4.70%	4.07%	**4.02%**	3.83%	4.08%
International	**9.3**	**363**	428	530	**453**	519	726
Ratio		**3.90%**	4.20%	3.21%	**4.87%**	5.09%	4.40%
North America	**114.6**	**4,991**	5,220	5,518	**4,161**	4,079	5,335
Ratio		**4.71%**	4.75%	4.18%	**3.93%**	3.71%	4.04%
Total Citigroup (excluding *Special Asset Pool*)	**$ 408.3**	**$ 8,412**	$ 8,958	$ 9,753	**$ 8,063**	$ 8,324	$ 10,354
Ratio		**2.11%**	2.21%	2.28%	**2.03%**	2.06%	2.42%

(1) Total loans include interest and fees on credit cards.

(2) The ratios of 90+ days past due and 30-89 days past due are calculated based on end-of-period (EOP) loans.

(3)

The 90+ days past due balances for *North America Citi-branded* cards and *North America Citi retail services* cards are generally still accruing interest. Citigroup's policy is generally to accrue interest on credit card loans until 180 days past due, unless notification of bankruptcy filing has been received earlier.

(4)

The 90+ days and 30-89 days past due and related ratios for *North America Regional Consumer Banking* exclude U.S. mortgage loans that are guaranteed by U.S. government entities since the potential loss predominantly resides within the U.S. government entities. The amounts excluded for loans 90+ days past due and (EOP loans) were $748 million ($1.2 billion), $718 million ($1.3 billion) and $400 million ($0.9 billion) at June 30, 2012, March 31, 2012 and June 30, 2011, respectively. The amounts excluded for loans 30-89 days past due (end-of-period loans have the same adjustment as above) were $124 million, $121 million and $77 million, at June 30, 2012, March 31, 2012 and June 30, 2011, respectively.

(5)

The 90+ days and 30-89 days past due and related ratios for *North America LCL* exclude U.S. mortgage loans that are guaranteed by U.S. government entities since the potential loss predominantly resides within the U.S. entities. The amounts excluded for loans 90+ days past due and (EOP loans) for each period were $4.3 billion ($7.4 billion), $4.4 billion ($7.7 billion) and $4.6 billion ($8.3 billion) at June 30, 2012, March 31, 2012 and June 30, 2011, respectively. The amounts excluded for loans 30-89 days past due (end-of-period loans have the same adjustment as above) for each period were $1.3 billion, $1.3 billion, and $1.6 billion, at June 30, 2012, March 31, 2012 and June 30, 2011, respectively.

(6)

The June 30, 2012, March 31, 2012 and June 30, 2011 loans 90+ days past due and 30-89 days past due and related ratios for *North America* exclude $1.2 billion, $1.3 billion and $1.4 billion, respectively, of loans that are carried at fair value.

Consumer Loan Net Credit Losses and Ratios

In millions of dollars, except average loan amounts in billions	Average loans(1) 2Q12	Net credit losses(2) 2Q12	1Q12	2Q11
Citicorp				
Total	**$ 282.6**	**$ 2,124**	$ 2,278	$ 2,832
Ratio		**3.02%**	3.19%	4.12%
Retail banking				
Total	**$ 138.5**	**$ 276**	$ 282	$ 302
Ratio		**0.80%**	0.81%	0.95%
North America	**41.1**	**62**	62	79
Ratio		**0.61%**	0.62%	0.94%
EMEA	**4.7**	**7**	12	23
Ratio		**0.60%**	1.10%	2.05%
Latin America	**25.2**	**135**	143	117
Ratio		**2.15%**	2.24%	2.07%
Asia	**67.5**	**72**	65	83
Ratio		**0.43%**	0.38%	0.50%
Cards				
Total	**$ 144.1**	**$ 1,848**	$ 1,996	$ 2,530
Ratio		**5.16%**	5.41%	6.84%
North America Citi-branded	**71.7**	**840**	902	1,231
Ratio		**4.71%**	4.94%	6.71%
North America retail services	**36.5**	**609**	665	826
Ratio		**6.71%**	7.11%	8.70%
EMEA	**2.8**	**7**	17	23
Ratio		**1.01%**	2.44%	3.08%
Latin America	**13.6**	**265**	287	308
Ratio		**7.84%**	8.02%	8.82%
Asia	**19.5**	**127**	125	142
Ratio		**2.62%**	2.51%	2.89%
Citi Holdings *Local Consumer Lending*				
Total	**$ 126.7**	**$ 1,289**	$ 1,752	$ 1,946
Ratio		**4.09%**	5.31%	4.72%
International	**9.6**	**154**	171	286
Ratio		**6.45%**	6.43%	6.41%
North America	**117.1**	**1,135**	1,581	1,660
Ratio		**3.90%**	5.21%	4.51%
Total Citigroup (excluding *Special Asset Pool*)	**$ 409.3**	**$ 3,413**	$ 4,030	$ 4,778
Ratio		**3.35%**	3.86%	4.35%

(1) Average loans include interest and fees on credit cards.

(2) The ratios of net credit losses are calculated based on average loans, net of unearned income.

CORPORATE LOAN DETAILS

For corporate clients and investment banking activities across Citigroup, the credit process is grounded in a series of fundamental policies, in addition to those described under "Managing Global Risk Risk Management Overview" in Citi's 2011 Annual Report on Form 10-K. These include:

joint business and independent risk management responsibility for managing credit risks;

a single center of control for each credit relationship that coordinates credit activities with that client;

portfolio limits to ensure diversification and maintain risk/capital alignment;

a minimum of two authorized credit officer signatures required on extensions of credit, one of which must be from a credit officer in credit risk management;

risk rating standards, applicable to every obligor and facility; and

consistent standards for credit origination documentation and remedial management.

Corporate Credit Portfolio

The following table represents the Corporate credit portfolio (excluding Private Bank in *Securities and Banking*), before consideration of collateral, by maturity at June 30, 2012 and December 31, 2011. The Corporate credit portfolio is broken out by direct outstandings, which include drawn loans, overdrafts, interbank placements, bankers' acceptances and leases, and unfunded commitments, which include unused commitments to lend, letters of credit and financial guarantees.

	At June 30, 2012				**At December 31, 2011**			
In billions of dollars	**Due within 1 year**	**Greater than 1 year but within 5 years**	**Greater than 5 years**	**Total exposure**	**Due within 1 year**	**Greater than 1 year but within 5 years**	**Greater than 5 years**	**Total exposure**
Direct outstandings	**$ 190**	**$ 68**	**$ 16**	**$ 274**	$ 177	$ 62	$ 13	$ 252
Unfunded lending commitments	**140**	**166**	**20**	**326**	144	151	21	316
Total	**$ 330**	**$ 234**	**$ 36**	**$ 600**	$ 321	$ 213	$ 34	$ 568

Portfolio Mix

Citi's Corporate credit portfolio is diverse across geography and counterparty. The following table shows the percentage of direct outstandings and unfunded commitments by region:

	June 30, 2012	December 31, 2011
North America	**46%**	47%
EMEA	**28**	27
Asia	**18**	18
Latin America	**8**	8
Total	**100%**	100%

The maintenance of accurate and consistent risk ratings across the Corporate credit portfolio facilitates the comparison of credit exposure across all lines of business, geographic regions and products.

Obligor risk ratings reflect an estimated probability of default for an obligor and are derived primarily through the use of validated statistical models, scorecard models and external agency ratings (under defined circumstances), in combination with consideration of factors specific to the obligor or market, such as management experience, competitive position, and regulatory environment. Facility risk ratings are assigned that reflect the probability of default of the obligor and factors that affect the loss-given default of the facility, such as support or collateral. Internal obligor ratings that generally correspond to BBB and above are considered investment grade, while those below are considered non-investment grade.

Citigroup also has incorporated climate risk assessment criteria for certain obligors, as necessary. Factors evaluated include consideration of climate risk to an obligor's business and physical assets.

The following table presents the Corporate credit portfolio by facility risk rating at June 30, 2012 and December 31, 2011, as a percentage of the total portfolio:

	Direct outstandings and unfunded commitments	
	June 30, 2012	December 31, 2011
AAA/AA/A	**55%**	55%
BBB	**29**	29
BB/B	**13**	13
CCC or below	**2**	2
Unrated	**1**	1
Total	**100%**	100%

Citi's Corporate credit portfolio is also diversified by industry, with a concentration in the financial sector, broadly defined, including banks, other financial institutions, insurance companies, investment banks and government and central banks. The following table shows the allocation of direct outstandings and unfunded commitments to industries as a percentage of the total Corporate portfolio:

	Direct outstandings and unfunded commitments	
	June 30, 2012	December 31, 2011
Transportation and industrial	**18%**	16%
Petroleum, energy, chemical and metal	**17**	17
Public Sector	**17**	19
Banks/broker-dealers	**13**	13
Consumer retail and health	**13**	13
Technology, media and telecom	**8**	8
Insurance and special purpose vehicles	**5**	5
Hedge funds	**4**	4
Real estate	**3**	3
Other industries(1)	**2**	2

Total	**100%**	100%

(1) Includes all other industries, none of which exceeds 2% of total outstandings.

Credit Risk Mitigation

As part of its overall risk management activities, Citigroup uses credit derivatives and other risk mitigants to hedge portions of the credit risk in its Corporate credit portfolio, in addition to outright asset sales. The purpose of these transactions is to transfer credit risk to third parties. The results of the mark to market and any realized gains or losses on credit derivatives are reflected in the *Principal transactions* line on the Consolidated Statement of Income.

At June 30, 2012 and December 31, 2011, $41.3 billion and $41.5 billion, respectively, of credit risk exposures were economically hedged. Citigroup's expected loss model used in the calculation of its loan loss reserve does not include the favorable impact of credit derivatives and other mitigants that are marked to market. In addition, the reported amounts of direct outstandings and unfunded commitments above do not reflect the impact of these hedging transactions. At June 30, 2012 and December 31, 2011, the credit protection was economically hedging underlying credit exposure with the following risk rating distribution:

Rating of Hedged Exposure

	June 30, 2012	**December 31, 2011**
AAA/AA/A	**36%**	41%
BBB	**46**	45
BB/B	**16**	13
CCC or below	**2**	1
Total	**100%**	100%

At June 30, 2012 and December 31, 2011, the credit protection was economically hedging underlying credit exposures with the following industry distribution:

Industry of Hedged Exposure

	June 30, 2012	December 31, 2011
Transportation and industrial	**22%**	22%
Petroleum, energy, chemical and metal	**20**	22
Consumer retail and health	**17**	15
Public sector	**13**	12
Technology, media and telecom	**11**	12
Banks/broker-dealers	**10**	10
Insurance and special purpose vehicles	**4**	5
Other industries(1)	**3**	2
Total	**100%**	100%

(1) Includes all other industries, none of which is greater than 2% of the total hedged amount.

EXPOSURE TO COMMERCIAL REAL ESTATE

Through their business activities and as capital markets participants, *ICG* and, to a lesser extent, *SAP* and *BAM*, incur exposures that are directly or indirectly tied to the commercial real estate (CRE) market. In addition, each of *LCL* and *GCB* hold loans that are collateralized by CRE. These exposures are represented primarily by the following three categories:

(1) *Assets held at fair value* included approximately $4.9 billion at June 30, 2012, of which approximately $3.5 billion are securities, loans and other items linked to CRE that are carried at fair value as *Trading account assets*, approximately $1.4 billion are securities backed by CRE carried at fair value as available-for-sale (AFS) investments, and approximately $0.1 billion are other exposures classified as *Other assets*. Changes in fair value for these trading account assets are reported in current earnings, while for AFS investments change in fair value are reported in *Accumulated other comprehensive income* with credit-related other-than-temporary impairments reported in current earnings.

These exposures are generally classified as Level 2 or Level 3 in the fair value hierarchy. Generally, the portfolio classified as Level 2 relates to exposures in markets with observable liquidity, while the Level 3 portfolio represents exposures with reduced liquidity. See Note 19 to the Consolidated Financial Statements.

(2) *Assets held at amortized cost* include approximately $1.2 billion of securities classified as held-to-maturity (HTM) and approximately $26.6 billion of loans and commitments each as of June 30, 2012. HTM securities are accounted for at amortized cost, subject to an other-than-temporary impairment evaluation. Loans and commitments are recorded at amortized cost. The impact of changes in credit is reflected in the calculation of the allowance for loan losses and in net credit losses.

(3) *Equity and other investments* include approximately $3.6 billion of equity and other investments (such as limited partner fund investments) at June 30, 2012 that are accounted for under the equity method, which recognizes gains or losses based on the investor's share of the net income (loss) of the investee.

The following table provides a summary of Citigroup's global CRE funded and unfunded exposures at June 30, 2012 and December 31, 2011:

In billions of dollars	June 30, 2012	December 31, 2011
Institutional Clients Group		
CRE exposures carried at fair value (including AFS securities)	**$ 4.3**	$ 4.6
Loans and unfunded commitments	**21.2**	19.9
HTM securities	**1.2**	1.2
Equity method investments	**3.4**	3.4
Total *ICG*	**$ 30.1**	$ 29.1
Special Asset Pool		
CRE exposures carried at fair value (including AFS securities)	**$ 0.3**	$ 0.4
Loans and unfunded commitments	**1.7**	2.4
Equity method investments	**0.2**	0.2
Total *SAP*	**$ 2.2**	$ 3.0
Global Consumer Banking		
Loans and unfunded commitments	**$ 3.2**	$ 2.9
Local Consumer Lending		
Loans and unfunded commitments	**$ 0.5**	$ 1.0
Brokerage and Asset Management		
CRE exposures carried at fair value	**$ 0.3**	$ 0.5
Total Citigroup	**$ 36.3**	$ 36.5

The above table represents the vast majority of Citi's direct exposure to CRE. There may be other transactions that have indirect exposures to CRE that are not reflected in this table.

MARKET RISK

Market risk encompasses liquidity risk and price risk, both of which arise in the normal course of business of a global financial intermediary. Liquidity risk is the risk that an entity may be unable to meet a financial commitment to a customer, creditor, or investor when due. Liquidity risk is discussed in "Capital Resources and Liquidity Funding and Liquidity" above and in Citi's 2011 Annual Report on Form 10-K. Price risk is the earnings risk from changes in interest rates, foreign exchange rates, equity and commodity prices, and in their implied volatilities. Price risk arises in Citi's non-trading portfolios, as well as its trading portfolios.

Non-Trading Portfolios Interest Rate Exposure (IRE)

The exposures in the following table represent the approximate annualized risk to Citi's net interest revenue assuming an unanticipated parallel instantaneous 100 bps change, as well as a more gradual 100 bps (25 bps per quarter) parallel change in interest rates compared with the market forward interest rates in selected currencies. When approximating the impact of a gradual change in interest rates, it is assumed that any new business flows are hedged at the time of commitment.

	June 30, 2012		March 31, 2012		June 30, 2011	
In millions of dollars	Increase	Decrease	Increase	Decrease	Increase	Decrease
U.S. dollar(1)						
Instantaneous change	$ 691	NM	$ 302	NM	$ 166	NM
Gradual change	342	NM	192	NM	110	NM
Mexican peso						
Instantaneous change	$ 42	$ (42)	$ 59	$ (59)	$ 123	$ (123)
Gradual change	34	(34)	44	(44)	79	(79)
Euro						
Instantaneous change	$ 32	NM	$ 39	NM	$ 50	$ (48)
Gradual change	20	NM	23	NM	30	(30)
Japanese yen						
Instantaneous change	$ 79	NM	$ 89	NM	$ 87	NM
Gradual change	46	NM	52	NM	51	NM
Pound sterling						
Instantaneous change	$ 46	NM	$ 38	NM	$ 45	NM
Gradual change	29	NM	24	NM	25	NM

(1) Certain trading-oriented businesses within Citi have accrual-accounted positions that are excluded from the table. The U.S. dollar IRE associated with these businesses was $(137) million for a 100 basis point instantaneous increase in interest rates as of June 30, 2012.

NM Not meaningful. A 100 basis point decrease in interest rates would imply negative rates for the yield curve.

The changes in the U.S. dollar IRE from the prior quarter reflected the impact of continued lower rates, changes in balance sheet composition, and regular updates of behavioral assumptions for customer-related assets and liabilities. The changes from the prior-year period also reflected the impact of lower rates, debt issuance and swapping activities, repositioning of the liquidity portfolio and regular updates of behavioral assumptions for mortgages.

The following table shows the risk to net interest revenue from six different changes in the implied-forward rates for the U.S. dollar. Each scenario assumes that the rate change will occur on a gradual basis every three months over the course of one year.

	Scenario 1	Scenario 2	Scenario 3	Scenario 4	Scenario 5	Scenario 6
Overnight rate change (bps)		100	200	(200)	(100)	
10-year rate change (bps)	(100)		100	(100)		100

Impact to net interest revenue *(in millions of dollars)*	$	(599)	$	356	$	710	NM	NM	$	(149)

Value at Risk for Trading Portfolios

Value at risk (VAR) estimates, at a 99% confidence level, the potential decline in the value of a position or a portfolio under normal market conditions. VAR statistics can be materially different across firms due to differences in portfolio composition, differences in VAR methodologies, and differences in model parameters. Due to these inconsistencies, Citi believes VAR statistics can be used more effectively as indicators of trends in risk taking within a firm, rather than as a basis for inferring differences in risk taking across firms.

Citi uses Monte Carlo simulation, which it believes is conservatively calibrated to incorporate the greater of short-term (most recent month) and long-term (three years) market volatility. The Monte Carlo simulation involves approximately 300,000 market factors, making use of 180,000 time series, with risk sensitivities updated daily and model parameters updated weekly.

The conservative features of the VAR calibration contribute approximately 15% add-on to what would be a VAR estimated under the assumption of stable and perfectly normally distributed markets. Under normal and stable market conditions, Citi would thus expect the number of days where trading losses exceed its VAR to be less than two or three exceptions per year. Periods of unstable market conditions could increase the number of these exceptions. During the last four quarters, there was one back-testing exception where trading losses exceeded the VAR estimate at the Citigroup level (back-testing is the process in which the daily VAR of a portfolio is compared to the actual daily change in the market value of transactions).

As set forth in the table below, Citi's total trading and credit portfolios VAR was $143 million, $160 million and $203 million at June 30, 2012, March 31, 2012 and June 30, 2011, respectively. Daily total trading and credit portfolio VAR averaged $149 million in the second quarter of 2012 and ranged between $135 million to $172 million. The decrease in Citi's average total trading and credit portfolio VAR from the prior-year period as well as quarter-over-quarter was primarily driven by regular changes in VAR model parameters. Specifically, as Citi disclosed in its First Quarter 2012 Form 10-Q filed with the U.S. Securities and Exchange Commission on May 4, 2012, the relatively higher volatilities from 2008 and 2009 are no longer included in the three-year volatility time series used in the VAR calculation.

In millions of dollars	**June 30, 2012**	**Second Quarter 2012 Average**	**March 31, 2012**	**First Quarter 2012 Average**	**June 30, 2011**	**Second Quarter 2011 Average**
Interest rate	**$ 122**	**$ 119**	$ 126	$ 135	$ 232	$ 202
Foreign exchange	**42**	**40**	45	40	38	46
Equity	**21**	**31**	36	35	42	45
Commodity	**17**	**18**	18	14	19	24
Diversification benefit(1)	**(86)**	**(86)**	(91)	(93)	(129)	(138)
Total Trading VAR all market risk factors, including general and specific risk (excluding credit portfolios)(2)	**$ 116**	**$ 122**	$ 134	$ 131	$ 202	$ 179
Specific risk-only component(3)	**$ 23**	**$ 17**	$ 14	$ 23	$ 14	$ 19
Total general market factors only	**$ 93**	**$ 105**	$ 120	$ 108	$ 188	$ 160
Incremental Impact of Credit Portfolios(4)	**$ 27**	**$ 27**	$ 26	$ 47	$ 1	$ 7
Total Trading and Credit Portfolios VAR	**$ 143**	**$ 149**	$ 160	$ 178	$ 203	$ 186

(1) Covariance adjustment (also known as diversification benefit) equals the difference between the total VAR and the sum of the VARs tied to each individual risk type. The benefit reflects the fact that the risks within each and across risk types are not perfectly correlated and, consequently, the total VAR on a given day will be lower than the sum of the VARs relating to each individual risk type. The determination of the primary drivers of changes to the covariance adjustment is made by an examination of the impact of both model parameter and position changes.

(2) The total trading VAR includes trading positions from *S&B*, Citi Holdings and Corporate Treasury.

(3)

The specific risk-only component represents the level of equity and fixed income issuer-specific risk embedded in VAR.

(4)

The credit portfolio is composed of the asset side of the CVA derivative exposures and all associated CVA hedges. DVA is not included. It additionally includes hedges to the loan portfolio, fair value option loans, and tail hedges that are not explicitly hedging the trading book.

The table below provides the range of market factor VARs for total trading VAR, inclusive of specific risk, across the following quarters:

	Second quarter 2012		First quarter 2012		Second quarter 2011	
In millions of dollars	**Low**	**High**	**Low**	**High**	**Low**	**High**
Interest rate	**$ 109**	**$ 149**	$ 117	$ 147	$ 148	$ 238
Foreign exchange	**32**	**53**	32	53	29	66
Equity	**21**	**43**	24	59	19	81
Commodity	**13**	**21**	10	19	18	32

The following table provides the VAR for *S&B* for the periods indicated:

In millions of dollars	June 30, 2012	March 31, 2012
Total All market risk factors, including general and specific risk(1)	**$ 109**	$ 129
Average during quarter	**$ 115**	$ 120
High during quarter	**145**	142
Low during quarter	**100**	108

(1) *S&B* VAR excludes all risk associated with CVA (derivative counterparty CVA and hedges of CVA) and hedges to the loan portfolio.

INTEREST REVENUE/EXPENSE AND YIELDS

In millions of dollars, except as otherwise noted	**2nd Qtr. 2012**	**1st Qtr. 2012**	**2nd Qtr. 2011**	**Change 2Q12 vs. 2Q11**
Interest revenue	**$ 17,173**	$ 17,671	$ 18,706	**(8)%**
Interest expense	**5,436**	5,553	6,436	**(16)**
Net interest revenue(1)(2)	**$ 11,737**	$ 12,118	$ 12,270	**(4)%**
Interest revenue average rate	**4.11%**	4.23%	4.29%	**(18) bps**
Interest expense average rate	**1.55**	1.57	1.69	**(14) bps**
Net interest margin	**2.81**	2.90	2.82	**(1) bps**
Interest-rate benchmarks				
Federal Funds rate end of period	**0.00-0.25%**	0.00-0.25%	0.00-0.25%	
Federal Funds rate average rate	**0.00-0.25**	0.00-0.25	0.00-0.25	
Two-year U.S. Treasury note average rate	**0.29%**	0.29%	0.56%	**(27) bps**
10-year U.S. Treasury note average rate	**1.83**	2.04	3.20	**(137) bps**
10-year vs. two-year spread	**154 bps**	175 bps	264 bps	

(1) *Net interest revenue* includes the taxable equivalent adjustments (based on the U.S. federal statutory tax rate of 35%) of $144 million, $171 million, and $122 million for the three months ended June 30, 2012, March 31, 2012 and June 30, 2011, respectively.

(2) Excludes expenses associated with certain hybrid financial instruments. These obligations are classified as *Long-term debt* and accounted for at fair value with changes recorded in *Principal transactions*.

A significant portion of Citi's business activities are based upon gathering deposits and borrowing money and then lending or investing those funds, or participating in market-making activities in tradable securities. Citi's net interest margin (NIM) is calculated by dividing gross interest revenue less gross interest expense by average interest earning assets.

During the second quarter of 2012, Citi's NIM decreased by approximately 9 basis points from the first quarter of 2012. The sequential decrease in NIM was primarily due to increased trading assets with lower yields, which supported increased client activity, the absence of a reserve release in the Japan Consumer Finance business in the prior quarter and higher than anticipated pre-payments in *North America* cards during the current quarter (primarily in higher rate accounts, as consumers continued to deleverage), which had largely stabilized by quarter-end. These decreases were partly offset by a continued decline in Citi's overall funding costs. Absent any significant items, Citi believes its NIM will continue to reflect the pressure of a low interest rate environment and subsequent changes in its portfolios. Accordingly, Citi expects NIM to remain fairly stable to end-of-second-quarter levels.

AVERAGE BALANCES AND INTEREST RATES ASSETS(1)(2)(3)(4)

Taxable Equivalent Basis

In millions of dollars, except rates	Average volume			Interest revenue			% Average rate		
	2nd Qtr. 2012	**1st Qtr. 2012**	**2nd Qtr. 2011**	**2nd Qtr. 2012**	**1st Qtr. 2012**	**2nd Qtr. 2011**	**2nd Qtr. 2012**	**1st Qtr. 2012**	**2nd Qtr. 2011**
Assets									
Deposits with banks(5)	**$ 160,820**	$ 160,751	$ 173,728	**$ 331**	$ 367	$ 460	**0.83%**	0.92%	1.06%
Federal funds sold and securities borrowed or purchased under agreements to resell(6)									
In U.S. offices	**$ 158,267**	$ 153,655	$ 166,793	**$ 380**	$ 376	$ 360	**0.97%**	0.98%	0.87%
In offices outside the U.S.(5)	**127,781**	128,233	113,356	**667**	567	543	**2.10**	1.78	1.92
Total	**$ 286,048**	$ 281,888	$ 280,149	**$ 1,047**	$ 943	$ 903	**1.47%**	1.35%	1.29%
Trading account assets(7)(8)									
In U.S. offices	**$ 124,160**	$ 118,932	$ 124,366	**$ 988**	$ 959	$ 1,107	**3.20%**	3.24%	3.57%
In offices outside the U.S.(5)	**127,239**	128,065	154,170	**753**	779	1,128	**2.38**	2.45	2.93
Total	**$ 251,399**	$ 246,997	$ 278,536	**$ 1,741**	$ 1,738	$ 2,235	**2.79%**	2.83%	3.22%
Investments									
In U.S. offices									
Taxable	**$ 164,847**	$ 171,912	$ 175,106	**$ 706**	$ 762	$ 818	**1.72%**	1.78%	1.87%
Exempt from U.S. income tax	**15,039**	14,604	13,319	**194**	211	219	**5.19**	5.81	6.60
In offices outside the U.S.(5)	**113,924**	113,241	129,960	**1,034**	1,027	1,181	**3.65**	3.65	3.64
Total	**$ 293,810**	$ 299,757	$ 318,385	**$ 1,934**	$ 2,000	$ 2,218	**2.65%**	2.68%	2.79%
Loans (net of unearned income)(9)									
In U.S. offices	**$ 359,902**	$ 360,147	$ 370,513	**$ 6,714**	$ 6,905	$ 7,302	**7.50%**	7.71%	7.90%
In offices outside the U.S.(5)	**286,334**	286,864	275,681	**5,274**	5,580	5,472	**7.41**	7.82	7.96
Total	**$ 646,236**	$ 647,011	$ 646,194	**$ 11,988**	$ 12,485	$ 12,774	**7.46%**	7.76%	7.93%
Other interest-earning assets	**$ 43,420**	$ 43,229	$ 50,432	**$ 132**	$ 138	$ 116	**1.22%**	1.28%	0.92%
Total interest-earning assets	**$ 1,681,733**	$ 1,679,633	$ 1,747,424	**$ 17,173**	$ 17,671	$ 18,706	**4.11%**	4.23%	4.29%
Non-interest-earning assets(7)	**234,352**	232,186	234,882						
Total assets from discontinued operations									
Total assets	**$ 1,916,085**	$ 1,911,819	$ 1,982,306						

(1)

Net interest revenue includes the taxable equivalent adjustments (based on the U.S. federal statutory tax rate of 35%) of $144 million, $171 million, and $122 million for the three months ended June 30, 2012, March 31, 2012 and June 30, 2011, respectively.

(2)

Interest rates and amounts include the effects of risk management activities associated with the respective asset and liability categories.

(3) Monthly or quarterly averages have been used by certain subsidiaries where daily averages are unavailable.

(4) Detailed average volume, *Interest revenue* and *Interest expense* exclude *Discontinued operations*. See Note 2 to the Consolidated Financial Statements.

(5) Average rates reflect prevailing local interest rates, including inflationary effects and monetary corrections in certain countries.

(6) Average volumes of securities borrowed or purchased under agreements to resell are reported net pursuant to FIN 41 (ASC 210-20-45). However, *Interest revenue* excludes the impact of FIN 41 (ASC 210-20-45).

(7) The fair value carrying amounts of derivative contracts are reported in *Non-interest-earning assets* and *Other non-interest-bearing liabilities*.

(8) Interest expense on *Trading account liabilities* of *ICG* is reported as a reduction of *Interest revenue*. Interest revenue and interest expense on cash collateral positions are reported in interest on *Trading account assets* and *Trading account liabilities*, respectively.

(9) Includes cash-basis loans.

AVERAGE BALANCES AND INTEREST RATES LIABILITIES AND EQUITY, AND NET INTEREST REVENUE(1)(2)(3)(4)

Taxable Equivalent Basis

	Average volume			Interest expense			% Average rate		
In millions of dollars, except rates	**2nd Qtr. 2012**	**1st Qtr. 2012**	**2nd Qtr. 2011**	**2nd Qtr. 2012**	**1st Qtr. 2012**	**2nd Qtr. 2011**	**2nd Qtr. 2012**	**1st Qtr. 2012**	**2nd Qtr. 2011**
Liabilities									
Deposits									
In U.S. offices(5)	**$ 228,957**	$ 225,781	$ 223,961	**$ 443**	$ 550	$ 595	**0.78%**	0.98%	1.07%
In offices outside the U.S.(6)	**487,546**	469,884	499,800	**1,443**	1,472	1,635	**1.19**	1.26	1.31
Total	**$ 716,503**	$ 695,665	$ 723,761	**$ 1,886**	$ 2,022	$ 2,230	**1.06%**	1.17%	1.24%
Federal funds purchased and securities loaned or sold under agreements to repurchase(7)									
In U.S. offices	**$ 121,713**	$ 118,082	$ 118,376	**$ 270**	$ 186	$ 241	**0.89%**	0.63%	0.82%
In offices outside the U.S.(6)	**103,074**	101,250	103,323	**628**	509	692	**2.45**	2.02	2.69
Total	**$ 224,787**	$ 219,332	$ 221,699	**$ 898**	$ 695	$ 933	**1.61%**	1.27%	1.69%
Trading account liabilities(8)(9)									
In U.S. offices	**$ 30,896**	$ 31,624	$ 37,731	**$ 37**	$ 32	$ 114	**0.48%**	0.41%	1.21%
In offices outside the U.S.(6)	**51,517**	44,902	54,114	**15**	21	54	**0.12**	0.19	0.40
Total	**$ 82,413**	$ 76,526	$ 91,845	**$ 52**	$ 53	$ 168	**0.25%**	0.28%	0.73%
Short-term borrowings									
In U.S. offices	**$ 81,760**	$ 84,569	$ 91,339	**$ 69**	$ 38	$ 27	**0.34%**	0.18%	0.12%
In offices outside the U.S.(6)	**30,253**	31,196	38,055	**114**	170	141	**1.52**	2.19	1.49
Total	**$ 112,013**	$ 115,765	$ 129,394	**$ 183**	$ 208	$ 168	**0.66%**	0.72%	0.52%
Long-term debt(10)									
In U.S. offices	**$ 260,276**	$ 295,540	$ 339,033	**$ 2,353**	$ 2,455	$ 2,735	**3.64%**	3.34%	3.24%
In offices outside the U.S.(6)	**15,025**	15,599	19,348	**64**	120	202	**1.71**	3.09	4.19
Total	**$ 275,301**	$ 311,139	$ 358,381	**$ 2,417**	$ 2,575	$ 2,937	**3.53%**	3.33%	3.29%
Total interest-bearing liabilities	**$ 1,411,017**	$ 1,418,427	$ 1,525,080	**$ 5,436**	$ 5,553	$ 6,436	**1.55%**	1.57%	1.69%
Demand deposits in U.S. offices	**$ 11,166**	$ 13,031	$ 19,644						
Other non-interest-bearing liabilities(8)	**309,169**	297,936	260,873						
Total liabilities from discontinued operations									
Total liabilities	**$ 1,731,352**	$ 1,729,394	$ 1,805,597						
Citigroup stockholders' equity(11)	**$ 182,807**	$ 180,702	$ 174,628						
Noncontrolling interest	**1,926**	1,723	2,081						
Total equity(11)	**$ 184,733**	$ 182,425	$ 176,709						
Total liabilities and stockholders' equity	**$ 1,916,085**	$ 1,911,819	$ 1,982,306						

Net interest revenue as a percentage of average interest-earning assets(12)									
In U.S. offices	**$ 938,962**	$ 954,428	$ 992,942	**$ 5,959**	$ 6,134	$ 6,265	**2.55%**	2.58%	2.53%
In offices outside the U.S.(6)	**742,771**	725,205	754,482	**5,778**	5,984	6,005	**3.13**	3.32	3.19
Total	**$ 1,681,733**	$ 1,679,633	$ 1,747,424	**$ 11,737**	$ 12,118	$ 12,270	**2.81%**	2.90%	2.82%

(1) *Net interest revenue* includes the taxable equivalent adjustments (based on the U.S. federal statutory tax rate of 35%) of $144 million, $171 million, and $122 million for the three months ended June 30, 2012, March 31, 2012 and June 30, 2011, respectively.

(2) Interest rates and amounts include the effects of risk management activities associated with the respective asset and liability categories.

(3) Monthly or quarterly averages have been used by certain subsidiaries where daily averages are unavailable.

(4) Detailed average volume, *Interest revenue* and *Interest expense* exclude *Discontinued operations*. See Note 2 to the Consolidated Financial Statements.

(5) Consists of Other time deposits and Savings deposits. Saving deposits are made up of insured money market accounts, NOW accounts, and other savings deposits. The interest expense on Savings deposits includes FDIC deposit insurance fees and charges.

(6) Average rates reflect prevailing local interest rates, including inflationary effects and monetary corrections in certain countries.

(7) Average volumes of securities loaned or sold under agreements to repurchase are reported net pursuant to FIN 41 (ASC 210-20-45). However, *Interest expense* excludes the impact of FIN 41 (ASC 210-20-45).

(8) The fair value carrying amounts of derivative contracts are reported in *Non-interest-earning assets* and *Other non-interest-bearing liabilities.*

(9) Interest expense on *Trading account liabilities* of *ICG* is reported as a reduction of *Interest revenue*. Interest revenue and interest expense on cash collateral positions are reported in interest on *Trading account assets* and *Trading account liabilities*, respectively.

(10) Excludes hybrid financial instruments and beneficial interests in consolidated VIEs that are classified as *Long-term debt*, as these obligations are accounted for at fair value with changes recorded in *Principal transactions*.

(11) Includes stockholders' equity from discontinued operations.

(12) Includes allocations for capital and funding costs based on the location of the asset.

AVERAGE BALANCES AND INTEREST RATES ASSETS(1)(2)(3)(4)

Taxable Equivalent Basis

In millions of dollars, except rates	Average volume Six Months 2012	Average volume Six Months 2011	Interest revenue Six Months 2012	Interest revenue Six Months 2011	% Average rate Six Months 2012	% Average rate Six Months 2011
Assets						
Deposits with banks(5)	**$ 160,786**	$ 176,619	**$ 698**	$ 919	**0.87%**	1.05%
Federal funds sold and securities borrowed or purchased under agreements to resell(6)						
In U.S. offices	**$ 155,961**	$ 158,917	**$ 756**	$ 752	**0.97%**	0.95%
In offices outside the U.S.(5)	**128,007**	108,763	**1,234**	989	**1.94**	1.83
Total	**$ 283,968**	$ 267,680	**$ 1,990**	$ 1,741	**1.41%**	1.31%
Trading account assets(7)(8)						
In U.S. offices	**$ 121,546**	$ 128,191	**$ 1,947**	$ 2,240	**3.22%**	3.52%
In offices outside the U.S.(5)	**127,652**	149,289	**1,532**	2,028	**2.41**	2.74
Total	**$ 249,198**	$ 277,480	**$ 3,479**	$ 4,268	**2.81%**	3.10%
Investments						
In U.S. offices						
Taxable	**$ 168,380**	$ 175,488	**$ 1,468**	$ 1,768	**1.75%**	2.03%
Exempt from U.S. income tax	**14,822**	13,158	**405**	492	**5.49**	7.54
In offices outside the U.S.(5)	**113,582**	130,750	**2,061**	2,466	**3.65**	3.80
Total	**$ 296,784**	$ 319,396	**$ 3,934**	$ 4,726	**2.67%**	2.98%
Loans (net of unearned income)(9)						
In U.S. offices	**$ 360,025**	$ 373,612	**$ 13,619**	$ 14,747	**7.61%**	7.96%
In offices outside the U.S.(5)	**286,599**	269,000	**10,854**	10,315	**7.62**	7.73
Total	**$ 646,624**	$ 642,612	**$ 24,473**	$ 25,062	**7.61%**	7.86%
Other interest-earning assets	**$ 43,323**	$ 49,963	**$ 270**	$ 267	**1.25%**	1.08%
Total interest-earning assets	**$ 1,680,683**	$ 1,733,750	**$ 34,844**	$ 36,983	**4.17%**	4.30%
Non-interest-earning assets(7)	**233,269**	232,982				
Total assets from discontinued operations		1,336				
Total assets	**$ 1,913,952**	$ 1,968,068				

(1) *Net interest revenue* includes the taxable equivalent adjustments (based on the U.S. federal statutory tax rate of 35%) of $315 million and $246 million for the six months ended June 30, 2012 and 2011, respectively.

(2) Interest rates and amounts include the effects of risk management activities associated with the respective asset and liability categories.

(3)

Monthly or quarterly averages have been used by certain subsidiaries where daily averages are unavailable.

(4) Detailed average volume, *Interest revenue* and *Interest expense* exclude *Discontinued operations*. See Note 2 to the Consolidated Financial Statements.

(5) Average rates reflect prevailing local interest rates, including inflationary effects and monetary corrections in certain countries.

(6) Average volumes of securities borrowed or purchased under agreements to resell are reported net pursuant to FIN 41 (ASC 210-20-45). However, *Interest revenue* excludes the impact of FIN 41 (ASC 210-20-45).

(7) The fair value carrying amounts of derivative contracts are reported in *Non-interest-earning assets* and *Other non-interest-bearing liabilities*.

(8) Interest expense on *Trading account liabilities* of *ICG* is reported as a reduction of *Interest revenue*. Interest revenue and interest expense on cash collateral positions are reported in interest on *Trading account assets* and *Trading account liabilities*, respectively.

(9) Includes cash-basis loans.

AVERAGE BALANCES AND INTEREST RATES LIABILITIES AND EQUITY, AND NET INTEREST REVENUE(1)(2)(3)(4)

Taxable Equivalent Basis

In millions of dollars, except rates	Average volume Six Months 2012	Average volume Six Months 2011	Interest expense Six Months 2012	Interest expense Six Months 2011	% Average rate Six Months 2012	% Average rate Six Months 2011
Liabilities						
Deposits						
In U.S. offices(5)	**$ 227,369**	$ 224,560	**$ 993**	$ 1,095	**0.88%**	0.98%
In offices outside the U.S.(6)	**478,715**	495,162	**2,915**	3,149	**1.22**	1.28
Total	**$ 706,084**	$ 719,722	**$ 3,908**	$ 4,244	**1.11%**	1.19%
Federal funds purchased and securities loaned or sold under agreements to repurchase(7)						
In U.S. offices	**$ 119,897**	$ 118,345	**$ 456**	$ 416	**0.76%**	0.71%
In offices outside the U.S.(6)	**102,162**	100,313	**1,137**	1,254	**2.24**	2.52
Total	**$ 222,059**	$ 218,658	**$ 1,593**	$ 1,670	**1.44%**	1.54%
Trading account liabilities(8)(9)						
In U.S. offices	**$ 31,260**	$ 36,296	**$ 69**	$ 165	**0.44%**	0.92%
In offices outside the U.S.(6)	**48,210**	50,014	**36**	87	**0.15**	0.35
Total	**$ 79,470**	$ 86,310	**$ 105**	$ 252	**0.27%**	0.59%
Short-term borrowings						
In U.S. offices	**$ 83,164**	$ 92,684	**$ 107**	$ 96	**0.26%**	0.21%
In offices outside the U.S.(6)	**30,725**	39,142	**284**	242	**1.86**	1.25
Total	**$ 113,889**	$ 131,826	**$ 391**	$ 338	**0.69%**	0.52%
Long-term debt(10)						
In U.S. offices	**$ 277,908**	$ 343,296	**$ 4,808**	$ 5,584	**3.48%**	3.28%
In offices outside the U.S.(6)	**15,312**	19,819	**184**	399	**2.42**	4.06
Total	**$ 293,220**	$ 363,115	**$ 4,992**	$ 5,983	**3.42%**	3.32%
Total interest-bearing liabilities	**$ 1,414,722**	$ 1,519,631	**$ 10,989**	$ 12,487	**1.56%**	1.66%
Demand deposits in U.S. offices	**$ 12,099**	$ 19,230				
Other non-interest-bearing liabilities(8)	**303,552**	256,266				
Total liabilities from discontinued operations		20				
Total liabilities	**$ 1,730,373**	$ 1,795,147				
Citigroup stockholders' equity(11)	**$ 181,755**	$ 170,702				
Noncontrolling interest	**1,824**	2,219				
Total equity(11)	**$ 183,579**	$ 172,921				
Total liabilities and stockholders' equity	**$ 1,913,952**	$ 1,968,068				
Net interest revenue as a percentage of average interest-earning assets(12)						
In U.S. offices	**$ 946,695**	$ 989,464	**$ 12,093**	$ 12,974	**2.57%**	2.64%

In offices outside the U.S.(6)	**733,988**	744,286	**11,762**	11,522	**3.22**	3.12
Total	**$ 1,680,683**	$ 1,733,750	**$ 23,855**	$ 24,496	**2.85%**	2.85%

(1) *Net interest revenue* includes the taxable equivalent adjustments (based on the U.S. federal statutory tax rate of 35%) of $315 million and $246 million for the six months ended June 30, 2012 and 2011, respectively.

(2) Interest rates and amounts include the effects of risk management activities associated with the respective asset and liability categories.

(3) Monthly or quarterly averages have been used by certain subsidiaries where daily averages are unavailable.

(4) Detailed average volume, *Interest revenue* and *Interest expense* exclude *Discontinued operations*. See Note 2 to the Consolidated Financial Statements.

(5) Consists of Other time deposits and Savings deposits. Saving deposits are made up of insured money market accounts, NOW accounts, and other savings deposits. The interest expense on Savings deposits includes FDIC deposit insurance fees and charges.

(6) Average rates reflect prevailing local interest rates, including inflationary effects and monetary corrections in certain countries.

(7) Average volumes of securities loaned or sold under agreements to repurchase are reported net pursuant to FIN 41 (ASC 210-20-45). However, *Interest expense* excludes the impact of FIN 41 (ASC 210-20-45).

(8) The fair value carrying amounts of derivative contracts are reported in *Non-interest-earning assets* and *Other non-interest-bearing liabilities.*

(9) Interest expense on *Trading account liabilities* of *ICG* is reported as a reduction of *Interest revenue*. Interest revenue and interest expense on cash collateral positions are reported in interest on *Trading account assets* and *Trading account liabilities*, respectively.

(10) Excludes hybrid financial instruments and beneficial interests in consolidated VIEs that are classified as *Long-term debt*, as these obligations are accounted for at fair value with changes recorded in *Principal transactions*.

(11) Includes stockholders' equity from discontinued operations.

(12) Includes allocations for capital and funding costs based on the location of the asset.

ANALYSIS OF CHANGES IN INTEREST REVENUE(1)(2)(3)

	2nd Qtr. 2012 vs. 1st Qtr. 2012 Increase (decrease) due to change in:			2nd Qtr. 2012 vs. 2nd Qtr. 2011 Increase (decrease) due to change in:		
In millions of dollars	Average volume	Average rate	Net change	Average volume	Average rate	Net change
Deposits with banks(4)	**$**	**$ (36)**	**$ (36)**	$ (32)	$ (97)	$ (129)
Federal funds sold and securities borrowed or purchased under agreements to resell						
In U.S. offices	**$ 11**	**$ (7)**	**$ 4**	$ (19)	$ 39	$ 20
In offices outside the U.S.(4)	**(2)**	**102**	**100**	73	51	124
Total	**$ 9**	**$ 95**	**$ 104**	$ 54	$ 90	$ 144
Trading account assets(5)						
In U.S. offices	**$ 42**	**$ (13)**	**$ 29**	$ (2)	$ (117)	$ (119)
In offices outside the U.S.(4)	**(5)**	**(21)**	**(26)**	(179)	(196)	(375)
Total	**$ 37**	**$ (34)**	**$ 3**	$ (181)	$ (313)	$ (494)
Investments(1)						
In U.S. offices	**$ (34)**	**$ (39)**	**$ (73)**	$ (46)	$ (91)	$ (137)
In offices outside the U.S.(4)	**6**	**1**	**7**	(146)	(1)	(147)
Total	**$ (28)**	**$ (38)**	**$ (66)**	$ (192)	$ (92)	$ (284)
Loans (net of unearned income)(6)						
In U.S. offices	**$ (5)**	**$ (186)**	**$ (191)**	$ (205)	$ (383)	$ (588)
In offices outside the U.S.(4)	**(10)**	**(296)**	**(306)**	206	(404)	(198)
Total	**$ (15)**	**$ (482)**	**$ (497)**	$ 1	$ (787)	$ (786)
Other interest-earning assets	**1**	**(7)**	**(6)**	(18)	34	16
Total interest revenue	**$ 4**	**$ (502)**	**$ (498)**	$ (368)	$ (1,165)	$ (1,533)

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(1) The taxable equivalent adjustment is based on the U.S. federal statutory tax rate of 35% and is included in this presentation.

(2) Rate/volume variance is allocated based on the percentage relationship of changes in volume and changes in rate to the total net change.

(3) Detailed average volume, interest revenue and interest expense exclude discontinued operations. See Note 2 to the Consolidated Financial Statements.

(4) Changes in average rates reflect changes in prevailing local interest rates, including inflationary effects and monetary corrections in certain countries.

(5) Interest expense on *Trading account liabilities* of *ICG* is reported as a reduction of interest revenue. Interest revenue and interest

expense on cash collateral positions are reported in interest on *Trading account assets* and *Trading account liabilities*, respectively.

(6) Includes cash-basis loans.

ANALYSIS OF CHANGES IN INTEREST EXPENSE AND NET INTEREST REVENUE(1)(2)(3)

In millions of dollars	2nd Qtr. 2012 vs. 1st Qtr. 2012 Increase (decrease) due to change in: Average volume	Average rate	Net change	2nd Qtr. 2012 vs. 2nd Qtr. 2011 Increase (decrease) due to change in: Average volume	Average rate	Net change
Deposits						
In U.S. offices	**$ 8**	**$ (115)**	**$ (107)**	$ 13	$ (165)	$ (152)
In offices outside the U.S.(4)	**54**	**(83)**	**(29)**	(39)	(153)	(192)
Total	**$ 62**	**$ (198)**	**$ (136)**	$ (26)	$ (318)	$ (344)
Federal funds purchased and securities loaned or sold under agreements to repurchase						
In U.S. offices	**$ 6**	**$ 78**	**$ 84**	$ 7	$ 22	$ 29
In offices outside the U.S.(4)	**9**	**110**	**119**	(2)	(62)	(64)
Total	**$ 15**	**$ 188**	**$ 203**	$ 5	$ (40)	$ (35)
Trading account liabilities(5)						
In U.S. offices	**$ (1)**	**$ 6**	**$ 5**	$ (18)	$ (59)	$ (77)
In offices outside the U.S.(4)	**3**	**(9)**	**(6)**	(2)	(37)	(39)
Total	**$ 2**	**$ (3)**	**$ (1)**	$ (20)	$ (96)	$ (116)
Short-term borrowings						
In U.S. offices	**$ (1)**	**$ 32**	**$ 31**	$ (3)	$ 45	$ 42
In offices outside the U.S.(4)	**(5)**	**(51)**	**(56)**	(29)	2	(27)
Total	**$ (6)**	**$ (19)**	**$ (25)**	$ (32)	$ 47	$ 15
Long-term debt						
In U.S. offices	**$ (308)**	**$ 206**	**$ (102)**	$ (686)	$ 304	$ (382)
In offices outside the U.S.(4)	**(4)**	**(52)**	**(56)**	(38)	(100)	(138)
Total	**$ (312)**	**$ 154**	**$ (158)**	$ (724)	$ 204	$ (520)
Total interest expense	**$ (239)**	**$ 122**	**$ (117)**	$ (797)	$ (203)	$ (1,000)
Net interest revenue	**$ 243**	**$ (624)**	**$ (381)**	$ 429	$ (962)	$ (533)

(1) The taxable equivalent adjustment is based on the U.S. federal statutory tax rate of 35% and is included in this presentation.

(2) Rate/volume variance is allocated based on the percentage relationship of changes in volume and changes in rate to the total net change.

(3) Detailed average volume, interest revenue and interest expense exclude discontinued operations. See Note 2 to the Consolidated Financial Statements.

(4) Changes in average rates reflect changes in prevailing local interest rates, including inflationary effects and monetary corrections in certain countries.

(5) Interest expense on *Trading account liabilities* of *ICG* is reported as a reduction of *Interest revenue*. Interest revenue and interest expense on cash collateral positions are reported in interest on *Trading account assets* and *Trading account liabilities*, respectively.

ANALYSIS OF CHANGES IN INTEREST REVENUE, INTEREST EXPENSE, AND NET INTEREST REVENUE(1)(2)(3)

	Six Months 2012 vs. Six Months 2011 Increase (Decrease) Due to Change in:		
In millions of dollars	Average Volume	Average Rate	Net Change(2)
Deposits at interest with banks(4)	$ (78)	$ (143)	$ (221)
Federal funds sold and securities borrowed or purchased under agreements to resell			
In U.S. offices	$ (14)	$ 18	$ 4
In offices outside the U.S.**(4)**	183	62	245
Total	$ 169	$ 80	$ 249
Trading account assets(5)			
In U.S. offices	$ (112)	$ (181)	$ (293)
In offices outside the U.S.**(4)**	(275)	(221)	(496)
Total	$ (387)	$ (402)	$ (789)
Investments(1)			
In U.S. offices	$ (64)	$ (323)	$ (387)
In offices outside the U.S.**(4)**	(314)	(91)	(405)
Total	$ (378)	$ (414)	$ (792)
Loans (net of unearned income)(6)			
In U.S. offices	$ (526)	$ (602)	$ (1,128)
In offices outside the U.S.**(4)**	668	(129)	539
Total	$ 142	$ (731)	$ (589)
Other interest-earning assets	$ (38)	$ 41	$ 3
Total interest revenue	$ (570)	$ (1,569)	$ (2,139)
Deposits(7)			
In U.S. offices	$ 14	$ (116)	$ (102)
In offices outside the U.S.**(4)**	(103)	(131)	(234)
Total	$ (89)	$ (247)	$ (336)
Federal funds purchased and securities loaned or sold under agreements to repurchase			
In U.S. offices	$ 6	$ 34	$ 40
In offices outside the U.S.**(4)**	23	(140)	(117)
Total	$ 29	$ (106)	$ (77)
Trading account liabilities(5)			
In U.S. offices	$ (20)	$ (76)	$ (96)
In offices outside the U.S.**(4)**	(3)	(48)	(51)
Total	$ (23)	$ (124)	$ (147)
Short-term borrowings			
In U.S. offices	$ (11)	$ 22	$ 11

In offices outside the U.S.**(4)**		**(60)**		**102**		**42**
Total	**$**	**(71)**	**$**	**124**	**$**	**53**
Long-term debt						
In U.S. offices	**$**	**(1,114)**	**$**	**338**	**$**	**(776)**
In offices outside the U.S.**(4)**		**(78)**		**(137)**		**(215)**
Total	**$**	**(1,192)**	**$**	**201**	**$**	**(991)**
Total interest expense	**$**	**(1,346)**	**$**	**(152)**	**$**	**(1,498)**
Net interest revenue	**$**	**776**	**$**	**(1,417)**	**$**	**(641)**

(1) The taxable equivalent adjustment is based on the U.S. Federal statutory tax rate of 35% and is included in this presentation.

(2) Rate/volume variance is allocated based on the percentage relationship of changes in volume and changes in rate to the total net change.

(3) Detailed average volume, interest revenue and interest expense exclude discontinued operations.

(4) Changes in average rates reflect changes in prevailing local interest rates, including inflationary effects and monetary corrections in certain countries.

(5) Interest expense on *Trading account liabilities* of *ICG* is reported as a reduction of *Interest revenue*. Interest revenue and Interest expense on cash collateral positions are reported in *Trading account assets* and *Trading account liabilities*, respectively.

(6) Includes cash-basis loans.

(7) The interest expense on deposits includes the FDIC assessment and deposit insurance fees and charges of $669 million and $587 million for the six months ended June 30, 2012 and 2011, respectively.

COUNTRY RISK

Overview

Country risk is the risk that an event in a country (precipitated by developments within or external to a country) will impair the value of Citi's franchise or will adversely affect the ability of obligors within that country to honor their obligations to Citi, any of which could negatively impact Citi's results of operations or financial condition. Country risk events may include sovereign defaults, banking defaults or crises, redenomination events (which could be accompanied by a revaluation (either devaluation or appreciation) of the affected currency), currency crises, foreign exchange controls and/or political events. See also "Risk Factors Market and Economic Risks" in Citigroup's 2011 Annual Report on Form 10-K.

Citi assesses the risk of loss associated with its various country exposures on a regular basis. These analyses take into consideration alternative scenarios that may unfold, as well as specific characteristics of Citi's portfolio, such as transaction structure and collateral. For additional information relating to Citi's risk management practices, see "Managing Global Risk" in Citigroup's 2011 Annual Report on Form 10-K. While Citi continues to work to mitigate its exposures to any potential country or credit or other risk event, the impact of any such event is highly uncertain and will be based on the specific facts and circumstances. As a result, there can be no assurance that the various steps Citi has taken to protect its businesses, results of operations and financial condition against these events will be sufficient. In addition, there could be negative impacts to Citi's businesses, results of operations or financial condition that are currently unknown to Citi and thus cannot be mitigated as part of its ongoing contingency planning.

Several European countries, including Greece, Ireland, Italy, Portugal, Spain (GIIPS) and France, have been the subject of credit deterioration due to weaknesses in their economic and fiscal situations. Moreover, the ongoing Eurozone debt crisis and other developments in the European Monetary Union (EMU) could lead to the withdrawal of one or more countries from the EMU or a partial, or ultimately a complete, break-up of the EMU. Given investor interest in this area, the narrative and tables below set forth certain information regarding Citi's country risk exposures on these topics as well as certain other country risk matters as of June 30, 2012.

Credit Risk

Citi's credit risk reporting is based on Citi's internal risk management measures. Generally, credit risk, as based on Citi's internal risk management standards, measures Citi's net exposure to a credit or market risk event. The country designation in Citi's risk management systems is based on the country to which the client relationship, taken as a whole, is most directly exposed to economic, financial, sociopolitical or legal risks. As a result, Citi's reported credit risk exposures in a particular country may include exposures to subsidiaries within the client relationship that are actually domiciled outside of the country (e.g., Citi's Greece credit risk exposures may include loans, derivatives and other exposures to a U.K. subsidiary of a Greece-based corporation).

Citi believes that the risk of loss associated with the exposures set forth below, which are based on Citi's internal risk management measures, is likely materially lower than the exposure amounts disclosed below and is sized appropriately relative to its franchise in these countries. In addition, the sovereign entities of the countries disclosed below, as well as the financial institutions and corporations domiciled in these countries, are important clients in the global Citi franchise. Citi fully expects to maintain its presence in these markets to service all of its global customers. As such, Citi's credit risk exposure in these countries may vary over time based on its franchise, client needs and transaction structures.

Sovereign, Financial Institution and Corporate Exposures

In billions of U.S. dollars	GIIPS(1)	Greece	Ireland	Italy	Portugal	Spain	France
Funded loans, before reserves(2)	$ 7.7	$ 1.0	$ 0.3	$ 2.0	$ 0.4	$ 4.0	$ 5.5
Derivative counterparty mark-to- market, inclusive of CVA(3)	12.4	0.6	0.5	8.5	0.3	2.3	7.5
Gross funded credit exposure	**$ 20.1**	**$ 1.7**	**$ 0.9**	**$ 10.6**	**$ 0.7**	**$ 6.3**	**$ 13.0**
Less: margin and collateral(4)	(3.8)	(0.3)	(0.3)	(1.3)	(0.1)	(1.7)	$ (5.9)
Less: purchased credit protection(5)	(10.3)	(0.1)	(0.0)	(7.5)	(0.2)	(2.5)	(5.4)
Net current funded credit exposure	**$ 6.0**	**$ 1.3**	**$ 0.5**	**$ 1.9**	**$ 0.3**	**$ 2.1**	**$ 1.7**
Net trading exposure	$ 2.1	$ 0.0	$ 0.1	$ 0.9	$ 0.1	$ 1.0	$ 1.8
AFS exposure	0.2	0.0	0.0	0.2	0.0	0.0	0.3
Net trading and AFS exposure	**$ 2.4**	**$ 0.0**	**$ 0.1**	**$ 1.1**	**$ 0.1**	**$ 1.0**	**$ 2.1**
Net current funded exposure	**$ 8.4**	**$ 1.3**	**$ 0.6**	**$ 3.0**	**$ 0.5**	**$ 3.1**	**$ 3.7**
Additional collateral received, not reducing amounts above	**$ (4.2)**	**$ (1.0)**	**$ (0.2)**	**$ (0.6)**	**$ 0.0**	**$ (2.4)**	**$ (4.5)**
Net current funded credit exposure detail:							
Sovereigns	$ 0.9	$ 0.1	$ 0.0	$ 0.8	$ 0.1	$ (0.2)	$ 0.1
Financial institutions	1.3	0.0	0.0	0.1	(0.0)	1.1	2.0
Corporations	3.9	1.1	0.4	0.9	0.3	1.1	(0.4)
Net current funded credit exposure	**$ 6.0**	**$ 1.3**	**$ 0.5**	**$ 1.9**	**$ 0.3**	**$ 2.1**	**$ 1.7**
Unfunded commitments(2):							
Sovereigns	$ 0.3	$ 0.0	$ 0.0	$ 0.0	$ 0.0	$ 0.3	$ 0.7
Financial institutions	1.1	0.0	0.0	0.1	0.0	0.9	3.3
Corporations	7.7	0.4	$ 0.6	4.0	0.1	2.6	13.8
Total unfunded commitments	**$ 9.1**	**$ 0.4**	**$ 0.7**	**$ 4.1**	**$ 0.1**	**$ 3.8**	**$ 17.9**

Note: As discussed above, information based on Citi's internal risk management measures. Totals may not sum due to rounding.

(1) Greece, Ireland, Italy, Portugal and Spain.

(2) As of June 30, 2012, Citi held $0.2 billion and $0.1 billion in reserves against these loans and unfunded commitments in the GIIPS and France, respectively.

(3) Includes the net credit exposure arising from secured financing transactions, such as repurchase agreements and reverse repurchase agreements. See "Secured Financing Transactions" below.

(4) Margin posted under legally enforceable margin agreements. Does not include collateral received on secured financing transactions.

(5) Credit protection purchased primarily from investment grade, global financial institutions predominately outside of the GIIPS and France. See "Credit Default Swaps" below.

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GIIPS

Sovereign, Financial Institution and Corporate Exposures

As noted in the table above, Citi's gross funded credit exposure to sovereign entities, financial institutions and multinational and local corporations designated in the GIIPS under Citi's risk management systems was $20.1 billion at June 30, 2012, compared to $20.5 billion at March 31, 2012. This $20.1 billion of gross funded credit exposure at June 30, 2012 was made up of $7.7 billion in funded loans, before reserves, and $12.4 billion in derivative counterparty mark-to-market exposure, inclusive of credit valuation adjustments (CVA). The derivative counterparty mark-to-market exposure includes the net credit exposure arising from secured financing transactions, such as repurchase and reverse repurchase agreements (see "Secured Financing Transactions" below).

As of June 30, 2012, Citi's net current funded exposure to sovereigns, financial institutions and corporations designated in the GIIPS under Citi's risk management systems was $8.4 billion, compared to $9.1 billion at March 31, 2012. The components of Citi's GIIPS net current funded exposure as of June 30, 2012 are described below.

Net Trading and AFS Exposure $2.4 billion

Included in the net current funded exposure at June 30, 2012 was a net position of $2.4 billion in securities and derivatives with GIIPS sovereigns, financial institutions and corporations as the issuer or reference entity. This compared to $3.1 billion of net trading and AFS exposures as of March 31, 2012. These securities and derivatives are marked to market daily. As previously disclosed, Citi's trading exposure levels vary as it maintains inventory consistent with customer needs.

Net Current Funded Credit Exposure $6.0 billion

As of June 30, 2012, Citi's net current funded credit exposure to GIIPS sovereigns, financial institutions and corporations was $6.0 billion, unchanged from March 31, 2012, with the majority of such exposure to corporations designated in the GIIPS. Consistent with its internal risk management measures and as set forth in the table above, Citi's gross funded credit exposure has been reduced by $3.8 billion of margin posted under legally enforceable margin agreements (compared to $4.0 billion at March 31, 2012). Similar to prior periods, the majority of this margin and collateral as of June 30, 2012 was in the form of cash, with the remainder in predominantly non-GIIPS securities, which are included at fair value.

Gross funded credit exposure as of June 30, 2012 has also been reduced by $10.3 billion in purchased credit protection, compared to $10.5 billion at March 31, 2012, predominantly from financial institutions outside the GIIPS (see "Credit Default Swaps" below). Such protection generally pays out only upon the occurrence of certain credit events with respect to the country or borrower covered by the protection, as determined by a committee composed of dealers and other market participants. In addition to counterparty credit risks (see "Credit Default Swaps" below), the credit protection may not fully cover all situations that may adversely affect the value of Citi's exposure and, accordingly, Citi could still experience losses despite the existence of the credit protection.

As of June 30, 2012, Citi also held $4.2 billion of collateral which has not been netted against its gross funded credit exposure to the GIIPS, an increase from $3.6 billion at March 31, 2012. This collateral may take a variety of forms, including securities, receivables and physical assets, and is held under a variety of collateral arrangements.

Unfunded Commitments $9.1 billion

As of June 30, 2012, Citi also had $9.1 billion of unfunded commitments to GIIPS sovereigns, financial institutions and corporations, with $7.7 billion of this amount to corporations. This compared to $8.1 billion of unfunded commitments as of March 31, 2012, with $7.5 billion of such amount to corporations. Unfunded commitments included $6.8 billion of unfunded loan commitments that generally have standard conditions that must be met before they can be drawn, and $2.2 billion of letters of credit.

Other Activities

In addition to the exposures described above, like other banks, Citi also provides settlement and clearing facilities for a variety of clients in these countries and actively monitors and manages these intra-day exposures.

Retail, Small Business and Citi Private Bank

As of June 30, 2012, Citi had approximately $6.9 billion of mostly locally-funded accrual loans to retail, small business and Citi Private Bank customers in the GIIPS, the vast majority of which is in Citi Holdings. This compared to $7.3 billion at the end of the first quarter of 2012. Of the $6.9 billion, approximately $4.3 billion consisted of retail and small business exposures in Spain ($3.0 billion) and Greece ($1.2 billion), approximately $1.7 billion related to held-to-maturity securitized retail assets (primarily mortgage-backed securities in Spain), and approximately $1.0 billion related to Private Bank customers, substantially all in Spain. In addition, Citi had approximately $5.0 billion of unfunded commitments to GIIPS retail, small business and Private Bank customers as of June 30, 2012. Citi's unfunded commitments to GIIPS retail customers, in the form of unused credit card lines, are generally cancellable upon the occurrence of significant credit events, including redenomination events.

France

Sovereign, Financial Institution and Corporate Exposures

Citi's gross funded credit exposure to the sovereign entity of France, as well as financial institutions and multinational and local corporations designated in France under Citi's risk management systems, was $13.0 billion at June 30, 2012, compared to $12.4 billion at March 31, 2012. This $13.0 billion of gross funded credit exposure at June 30, 2012 was made up of $5.5 billion in funded loans, before reserves, and $7.5 billion in derivative counterparty mark-to-market exposure, inclusive of CVA. The derivative counterparty mark-to-market exposure includes the net credit exposure arising from secured financing transactions, such as repurchase and reverse repurchase agreements (see "Secured Financing Transactions" below).

As of June 30, 2012, Citi's net current funded exposure to the French sovereign and financial institutions and corporations designated in France under Citi's risk management systems was $3.7 billion, compared to $2.7 billion at March 31, 2012. The components of Citi's French net current funded credit exposure as of June 30, 2012 are described below.

Net Trading and AFS Exposure $2.1 billion

Included in the net current funded exposure at June 30, 2012 was a net position of $2.1 billion in securities and derivatives with the French sovereign, financial institutions and corporations as the issuer or reference entity. This compared to $1.1 billion of net trading and AFS exposures as of March 31, 2012. These securities and derivatives are marked to market daily. As previously disclosed, Citi's trading exposure levels vary as it maintains inventory consistent with customer needs.

Net Current Funded Credit Exposure $1.7 billion

As of June 30, 2012, the net current funded credit exposure to the French sovereign, financial institutions and corporations was $1.7 billion, with $0.1 billion to the sovereign entity, $2.0 billion to financial institutions and $(0.4) billion to corporations.

Consistent with its internal risk management measures and as set forth in the table above, Citi's gross funded credit exposure has been reduced by $5.9 billion of margin posted under legally enforceable margin agreements (compared to $5.1 billion at March 31, 2012). Similar to prior periods, the majority of this margin and collateral as of June 30, 2012 was in the form of cash, with the remainder in predominantly non-French securities, which are included at fair value.

Gross funded credit exposure as of June 30, 2012 has also been reduced by $5.4 billion in purchased credit protection, compared to $5.8 billion at March 31, 2012, predominantly from financial institutions outside France (see "Credit Default Swaps" below). Such protection generally pays out only upon the occurrence of certain credit events with respect to the country or borrower covered by the protection, as determined by a committee composed of dealers and other market participants. In addition to counterparty credit risks (see "Credit Default Swaps" below), the credit protection may not fully cover all situations that may adversely affect the value of Citi's exposure and, accordingly, Citi could still experience losses despite the existence of the credit protection.

As of June 30, 2012, Citi also held $4.5 billion of collateral which has not been netted against its gross funded credit exposure to France. As described above, this collateral can take a variety of forms and is held under a variety of collateral arrangements.

Unfunded Commitments $17.9 billion

As of June 30, 2012, Citi also had $17.9 billion of unfunded commitments to the French sovereign, financial institutions and corporations, with $13.8 billion of this amount to corporations. This compared to $16.4 billion of unfunded commitments as of March 31, 2012, with $12.4 billion of such amount to corporations. Unfunded commitments included $14.8 billion of unfunded loan commitments that generally have standard conditions that must be met before they can be drawn, and $3.1 billion of letters of credit.

Other Activities

In addition to the exposures described above, like other banks, Citi also provides settlement and clearing facilities for a variety of clients in France and actively monitors and manages these intra-day exposures.

Credit Default Swaps GIIPS and France

Citi buys and sells credit protection, through credit default swaps (CDS), on underlying GIIPS and French entities as part of its market-making activities for clients in its trading portfolios. Citi also purchases credit protection, through CDS, to hedge its own credit exposure to these underlying entities that arises from loans to these entities or derivative transactions with these entities.

Citi buys and sells CDS as part of its market-making activity, and purchases CDS for credit protection, primarily with investment grade, global financial institutions predominantly outside the GIIPS and France. The counterparty credit exposure that can arise from the purchase or sale of CDS, including any GIIPS or French counterparties, is managed and mitigated through legally enforceable netting and margining agreements with a given counterparty. Thus, the credit exposure to that counterparty is measured and managed in aggregate across all products covered by a given netting or margining agreement.

The notional amount of credit protection purchased or sold on GIIPS and French underlying single reference entities as of June 30, 2012 is set forth in the table below. The net notional contract amounts, less mark-to-market adjustments, are included in "net current funded exposure" in the table under "Sovereign, Financial Institution and Corporate Exposures" above, and appear in either "net trading exposure" when part of a trading strategy or in "purchased credit protection" when purchased as a hedge against a credit exposure (see note 1 to the table below).

	CDS purchased or sold on underlying single reference entities in these countries(1)						
In billions of U.S. dollars	**GIIPS**	**Greece**	**Ireland**	**Italy**	**Portugal**	**Spain**	**France**
Notional CDS contracts on underlying reference entities(1)							
Net purchased(2)	**$ (17.4)**	**$ (0.5)**	**$ (1.1)**	**$ (9.8)**	**$ (2.4)**	**$ (7.0)**	**$ (10.3)**
Net sold(2)	**7.2**	**0.3**	**0.8**	**2.8**	**2.3**	**4.4**	**6.4**
Sovereign underlying reference entity							
Net purchased(2)	(12.1)		(0.7)	(7.7)	(1.8)	(4.3)	(4.5)
Net sold(2)	5.6		0.7	1.9	1.8	3.6	4.8
Financial institution underlying reference entity							
Net purchased(2)	(2.9)		(0.3)	(1.5)	(0.3)	(1.3)	(1.9)
Net sold(2)	2.1		0.0	1.3	0.3	0.8	1.7
Corporate underlying reference entity							
Net purchased(2)	(5.1)	(0.5)	(0.2)	(2.2)	(0.7)	(2.5)	(6.2)
Net sold(2)	2.2	0.3	0.2	1.1	0.6	1.0	2.2

(1) The net notional contract amounts, less mark-to-market adjustments, are included in Citi's "net current funded exposure" in the table under "Sovereign, Financial Institution and Corporate Exposures" above. These amounts are reflected in two places in the table: $10.3 billion and $5.4 billion for GIIPS and France, respectively, are included in "purchased credit protection" hedging "gross funded credit exposure." The remaining activity is reflected in "net trading exposure" since these positions are part of a trading strategy.

(2) The summation of notional amounts for each GIIPS country does not equal the notional amount presented in the GIIPS total column in the table above as additional netting is achieved at the agreement level with a specific counterparty across various GIIPS countries.

When Citi purchases CDS as a hedge against a credit exposure, it generally seeks to purchase products from counterparties that would not be correlated with the underlying credit exposure it is hedging. In addition, Citi generally seeks to purchase products with a maturity date similar to the exposure against which the protection is purchased. While certain exposures may have longer maturities that extend beyond the CDS tenors readily available in the market, Citi generally will purchase credit protection with a maximum tenor that is readily available in the market.

The above table contains all net CDS purchased or sold on GIIPS and French underlying entities, whether part of a trading strategy or as purchased credit protection. With respect to the $17.4 billion net purchased CDS contracts on underlying GIIPS reference entities, approximately 91% was purchased from non-GIIPS counterparties and 85% was purchased from investment grade counterparties as of June 30, 2012. With respect to the $10.3 billion net purchased CDS contracts on underlying French reference entities, approximately 77% was purchased from non-French counterparties and 91% was purchased from investment grade counterparties as of June 30, 2012.

Secured Financing Transactions GIIPS and France

As part of its banking activities with its clients, Citi enters into secured financing transactions, such as repurchase agreements and reverse repurchase agreements. These transactions typically involve the lending of cash, against which securities are taken as collateral. The amount of cash loaned against the securities collateral is a function of the liquidity and quality of the collateral as well as the credit quality of the counterparty. The collateral is typically marked to market daily, and Citi has the ability to call for additional collateral (usually in the form of cash) if the value of the securities falls below a pre-defined threshold.

As shown in the table below, at June 30, 2012, Citi had loaned $12.0 billion in cash through secured financing transactions with GIIPS and French counterparties, usually through reverse repurchase agreements. Against those loans, it held approximately $14.3 billion fair value of securities collateral. In addition, Citi held $1.5 billion in variation margin, most of which was in cash, against all secured financing transactions.

Consistent with Citi's risk management systems, secured financing transactions are included in the counterparty derivative mark-to-market exposure at their net credit exposure value, which is typically small or zero given the over-collateralized structure of these transactions.

In billions of dollars	Cash financing out	Securities collateral in(1)
Lending to GIIPS and French counterparties through secured financing transactions	$ 12.0	$ 14.3

(1) Citi has also received approximately $1.5 billion in variation margin, predominantly cash, associated with secured financing transactions with these counterparties.

Collateral taken in against secured financing transactions is generally high quality, marketable securities, consisting of government debt, corporate debt, or asset-backed securities. The table below sets forth the fair value of the securities collateral taken in by Citi against secured financing transactions as of June 30, 2012.

In billions of dollars	Total	Government bonds	Municipal or Corporate bonds	Asset-backed bonds
Securities pledged by GIIPS and French counterparties in secured financing transaction lending(1)	$ 14.3	$ 3.1	$ 1.0	$ 10.1
Investment grade	$ 13.5	$ 2.8	$ 0.8	$ 9.9
Non-investment grade	0.3	0.2	0.0	
Not rated	0.5	0.1	0.2	0.2

(1) Total includes approximately 1.8 billion in correlated risk collateral, predominantly French and Spanish sovereign debt pledged by French counterparties.

Secured financing transactions can be short term or can extend beyond one year. In most cases, Citi has the right to call for additional margin daily, and can terminate the transaction and liquidate the collateral if the counterparty fails to post the additional margin. The table below sets forth the remaining transaction tenor for these transactions as of June 30, 2012.

		Remaining transaction tenor	
In billions of dollars	Total	<1 year	1-3 years
Cash extended to GIIPS and French counterparties in secured financing transactions lending(1)	$ 12.0	$ 5.0	$ 6.9

(1) The longest remaining tenor trades mature January 2015.

Redenomination and Devaluation Risk

As previously disclosed and as referenced above, the ongoing Eurozone debt crisis and other developments in the European Monetary Union (EMU) could lead to the withdrawal of one or more countries from the EMU or a partial, or ultimately a complete, break-up of the EMU. See "Risk Factors Market and Economic Risks" in Citi's 2011 Annual Report on Form 10-K. If one or more countries were to leave the EMU, certain obligations relating to the exiting country could be redenominated from the Euro to a new country currency. While alternative scenarios could develop, redenomination could be accompanied by immediate devaluation of the new currency as compared to the Euro and the U.S. dollar.

Citi, like other financial institutions with substantial operations in the EMU, is exposed to potential redenomination and devaluation risks arising from (i) Euro-denominated assets and/or liabilities located or held within the exiting country that are governed by local country law ("local exposures"), as well as (ii) other Euro-denominated assets and liabilities, such as loans, securitized products or derivatives, between entities outside of the exiting country and a client within the country that are governed by local country law ("offshore exposures"). However, the actual assets and liabilities that could be subject to redenomination and devaluation risk are subject to substantial legal and other uncertainty.

Citi has been, and will continue to be, engaged in contingency planning for such events, particularly with respect to Greece, Ireland, Italy, Portugal and Spain. Generally, to the extent that Citi's local and offshore assets are relatively equal to its liabilities within the exiting country, and assuming both assets and liabilities are symmetrically redenominated and devalued, Citi believes that its risk of loss as a result of a redenomination and devaluation event would not be material. However, to the extent its local and offshore assets and liabilities are not equal, or there is asymmetrical redenomination of assets versus liabilities, Citi could be exposed to losses in the event of a redenomination and devaluation. Moreover, a number of events that could accompany a redenomination and devaluation, including a drawdown of unfunded commitments or "deposit flight," could exacerbate any mismatch of assets and liabilities within the exiting country.

Citi's redenomination and devaluation exposures to the GIIPS as of June 30, 2012 are not additive to its credit risk exposures to such countries as described under "Credit Risk" above. Rather, Citi's credit risk exposures in the affected country would generally be reduced to the extent of any redenomination and devaluation of assets. As of June 30, 2012, Citi estimates that it had net asset exposure subject to redenomination and devaluation in Italy, principally relating to derivatives contracts. Citi also estimates that it had net asset exposure subject to redenomination and devaluation in Spain as of June 30, 2012, principally related to local exposures, trading exposures (net of CVA and margin) and offshore exposures related to held-to-maturity securitized retail assets (primarily mortgage-backed securities) and exposures to Private Bank customers (see "GIIPS Retail, Small Business and Citi Private Bank" above). However, as of June 30, 2012, Citi's estimated redenomination and devaluation exposure to Italy was less than Citi's net current funded credit exposure to Italy (before purchased credit protection) as reflected under "Credit Risk" above. Further, as of June 30, 2012, Citi's estimated redenomination and devaluation exposure to Spain was less than Citi's net current funded credit exposure to Spain (before purchased credit protection) plus its retail, small business and Private Bank credit risk exposure to Spain, as reflected under "Credit Risk" above. In Greece, Ireland and Portugal, as of June 30, 2012, Citi either had a net liability position or net asset exposure subject to redenomination and devaluation that was insignificant.

As referenced above, Citi's estimated redenomination and devaluation exposure does not include purchased credit protection. As described under "Credit Risk" above, Citi has purchased credit protection primarily from investment grade, global financial institutions predominantly outside of the GIIPS. To the extent the purchased credit protection is available in a redenomination/devaluation event, any redenomination/devaluation exposure could be reduced.

Any estimates of redenomination/devaluation exposure are subject to ongoing review and necessarily involve numerous assumptions, including which assets and liabilities would be subject to redenomination in any given case, the availability of purchased credit protection and the extent of any utilization of unfunded commitments, each as referenced above. In addition, other events outside of Citi's control such as the extent of any deposit flight and devaluation, the imposition of exchange and/or capital controls, the requirement by U.S. regulators of mandatory loan reserve requirements or any required timing of functional currency changes and the accounting impact thereof could further negatively impact Citi in such an event. Accordingly, in an actual redenomination and devaluation scenario, Citi's exposures could vary considerably based on the specific facts and circumstances.

Argentina and Venezuela Developments

Citi operates in several countries with strict foreign exchange controls that limit its ability to convert local currency into U.S. dollars and/or transfer funds outside the country. In such cases, Citi could be exposed to a risk of loss in the event that the local currency devalues as compared to the U.S. dollar.

Argentine Operations

Since 2011, the Argentine government has been tightening foreign exchange controls. Citi's access to U.S. dollars and other foreign currencies, which apply to capital repatriation efforts and discretionary investments offshore, has become limited. In addition, the Central Bank of Argentina has increased minimum capital requirements, which affect Citi's ability to remit profits. Citi's net investment in its Argentine operations at June 30, 2012 was approximately $800 million, most of which was hedged for currency risk. Citi hedges currency risk in its net investment to the extent possible and prudent, although hedging alternatives are becoming cost prohibitive and less effective. Citi uses the Argentine peso as the functional currency for its operations in Argentina and translates its operations into U.S. dollars using the official exchange rate as published by the Central Bank of Argentina. The impact of any devaluation of the Argentine peso on Citi's net investment in Argentina would be reported as a translation loss in stockholders' equity, offset by gains, if any, on its hedges.

Venezuelan Operations

In 2003, the Venezuelan government enacted currency restrictions that have limited Citi's ability to obtain U.S. dollars in Venezuela at the official foreign currency rate. Citi uses the official exchange rate, as fixed by the Central Bank of Venezuela, to re-measure the foreign currency transactions in the financial statements of its Venezuelan operations, which use the U.S. dollar as the functional currency, into U.S. dollars. Citi uses the official exchange rate, which was 4.3 bolivars to one U.S. dollar at June 30, 2012, because it is the only exchange rate legally available. At June 30, 2012, Citi's net investment in Venezuela was approximately $290 million, which was unhedged, and Citi had net monetary assets in its Venezuelan operations denominated in Venezuelan bolivars of approximately $270 million. Citi is exposed to foreign exchange losses in earnings if the official exchange rate is devalued or in the event that it must settle bolivars at a rate that is less favorable than the official rate.

FAIR VALUE ADJUSTMENTS FOR DERIVATIVES AND STRUCTURED DEBT

The following discussion relates to the derivative obligor information and the fair valuation for derivatives and structured debt. See Note 18 to the Consolidated Financial Statements for additional information on Citi's derivative activities.

Fair Valuation Adjustments for Derivatives

The fair value adjustments applied by Citigroup to its derivative carrying values consist of the following items:

Liquidity adjustments are applied to items in Level 2 or Level 3 of the fair-value hierarchy (see Note 19 to the Consolidated Financial Statements for more details) to ensure that the fair value reflects the price at which the net open risk position could be liquidated. The liquidity reserve is based on the bid/offer spread for an instrument. When Citi has elected to measure certain portfolios of financial instruments, such as derivatives, on the basis of the net open risk position, the liquidity reserve is adjusted to take into account the size of the position.

Credit valuation adjustments (CVA) are applied to over-the-counter derivative instruments, in which the base valuation generally discounts expected cash flows using the relevant base interest rate curves. Because not all counterparties have the same credit risk as that implied by the relevant base curve, a CVA is necessary to incorporate the market view of both counterparty credit risk and Citi's own credit risk in the valuation.

Citi's CVA methodology is composed of two steps. First, the exposure profile for each counterparty is determined using the terms of all individual derivative positions and a Monte Carlo simulation or other quantitative analysis to generate a series of expected cash flows at future points in time. The calculation of this exposure profile considers the effect of credit risk mitigants, including pledged cash or other collateral and any legal right of offset that exists with a counterparty through arrangements such as netting agreements. Individual derivative contracts that are subject to an enforceable master netting agreement with a counterparty are aggregated for this purpose, since it is those aggregate net cash flows that are subject to nonperformance risk. This process identifies specific, point-in-time future cash flows that are subject to nonperformance risk, rather than using the current recognized net asset or liability as a basis to measure the CVA.

Second, market-based views of default probabilities derived from observed credit spreads in the credit default swap (CDS) market are applied to the expected future cash flows determined in step one. Citi's own-credit CVA is determined using Citi-specific CDS spreads for the relevant tenor. Generally, counterparty CVA is determined using CDS spread indices for each credit rating and tenor. For certain identified netting sets where individual analysis is practicable (e.g., exposures to counterparties with liquid CDS), counterparty-specific CDS spreads are used.

The CVA adjustment is designed to incorporate a market view of the credit risk inherent in the derivative portfolio. However, most derivative instruments are negotiated bilateral contracts and are not commonly transferred to third parties. Derivative instruments are normally settled contractually or, if terminated early, are terminated at a value negotiated bilaterally between the counterparties. Therefore, the CVA (both counterparty and own-credit) may not be realized upon a settlement or termination in the normal course of business. In addition, all or a portion of the CVA may be reversed or otherwise adjusted in future periods in the event of changes in the credit risk of Citi or its counterparties, or changes in the credit mitigants (collateral and netting agreements) associated with the derivative instruments.

The table below summarizes the CVA applied to the fair value of derivative instruments for the periods indicated:

	Credit valuation adjustment contra-liability (contra-asset)	
In millions of dollars	**June 30, 2012**	**December 31, 2011**
Non-monoline counterparties	**$ (4,512)**	$ (5,392)
Citigroup (own)	**1,620**	2,176
Total CVA derivative instruments	**$ (2,892)**	$ (3,216)

Own Debt Valuation Adjustments for Structured Debt

Own debt valuation adjustments (DVA) are recognized on Citi's debt liabilities for which the fair value option (FVO) has been elected using Citi's credit spreads observed in the bond market. Accordingly, the fair value of debt liabilities for which the fair value option has been elected (other than non-recourse and similar liabilities) is impacted by the narrowing or widening of Citi's credit spreads. Changes in fair value resulting from changes in Citi's instrument-specific credit risk are estimated by incorporating Citi's current credit spreads observable in the bond market into the relevant valuation technique used to value each liability.

The table below summarizes pretax gains (losses) related to changes in CVA on derivative instruments, net of hedges, and DVA on own FVO debt for the periods indicated:

	Credit/debt valuation adjustment gain (loss)			
	Second Quarter		Six Months Ended June 30,	
In millions of dollars	**2012**	2011	**2012**	2011
CVA on derivatives, excluding monolines, net of hedges	**$ (51)**	$ (77)	**$ (77)**	$ (220)
CVA related to monoline counterparties, net of hedges		1	**1**	180
Total CVA derivative instruments	**$ (51)**	$ (76)	**$ (76)**	$ (40)
DVA related to own FVO debt	**$ 270**	$ 241	**$ (992)**	$ 128
Total CVA and DVA	**$ 219**	$ 165	**$ (1,068)**	$ 88

The CVA and DVA amounts shown in the table above do not include the effect of counterparty credit risk embedded in non-derivative instruments. Losses on non-derivative instruments, such as bonds and loans, related to counterparty credit risk are also not included in the table above.

CREDIT DERIVATIVES

Citigroup makes markets in and trades a range of credit derivatives, both on behalf of clients as well as for its own account. Through these contracts, Citi either purchases or writes protection on either a single-name or portfolio basis. Citi primarily uses credit derivatives to help mitigate credit risk in its corporate loan portfolio and other cash positions, and to facilitate client transactions.

Credit derivatives generally require that the seller of credit protection make payments to the buyer upon the occurrence of predefined events (settlement triggers). These settlement triggers, which are defined by the form of the derivative and the referenced credit, are generally limited to the market standard of failure to pay indebtedness and bankruptcy (or comparable events) of the reference credit and, in a more limited range of transactions, debt restructuring.

Credit derivative transactions referring to emerging market reference credits will also typically include additional settlement triggers to cover the acceleration of indebtedness and the risk of repudiation or a payment moratorium. In certain transactions on a portfolio of referenced credits or asset-backed securities, the seller of protection may not be required to make payment until a specified amount of losses has occurred with respect to the portfolio and/or may only be required to pay for losses up to a specified amount.

The fair values shown below are prior to the application of any netting agreements, cash collateral, and market or credit valuation adjustments.

Citi actively participates in trading a variety of credit derivatives products as both an active two-way market-maker for clients and to manage credit risk. The majority of this activity was transacted with other financial intermediaries, including both banks and broker-dealers. Citi generally has a mismatch between the total notional amounts of protection purchased and sold and it may hold the reference assets directly, rather than entering into offsetting credit derivative contracts as and when desired. The open risk exposures from credit derivative contracts are largely matched after certain cash positions in reference assets are considered and after notional amounts are adjusted, either to a duration-based equivalent basis or to reflect the level of subordination in tranched structures.

Citi actively monitors its counterparty credit risk in credit derivative contracts. As of June 30, 2012 and December 31, 2011, approximately 96% of the gross receivables are from counterparties with which Citi maintains collateral agreements. A majority of Citi's top 15 counterparties (by receivable balance owed to Citi) are banks, financial institutions or other dealers. Contracts with these counterparties do not include ratings-based termination events. However, counterparty ratings downgrades may have an incremental effect by lowering the threshold at which Citi may call for additional collateral.

The following tables summarize the key characteristics of Citi's credit derivatives portfolio by counterparty and derivative form as of June 30, 2012 and December 31, 2011:

June 30, 2012

	Fair values		Notionals	
In millions of dollars	Receivable	Payable	Beneficiary	Guarantor
By industry/counterparty				
Bank	$ 45,838	$ 43,028	$ 938,205	$ 891,196
Broker-dealer	17,499	17,918	341,267	309,420
Monoline	7		138	
Non-financial	302	165	4,351	2,241
Insurance and other financial institutions	9,178	8,216	205,169	180,917
Total by industry/counterparty	$ 72,824	$ 69,327	$ 1,489,130	$ 1,383,774
By instrument				
Credit default swaps and options	$ 72,631	$ 67,897	$ 1,471,576	$ 1,382,666
Total return swaps and other	193	1,430	17,554	1,108
Total by instrument	$ 72,824	$ 69,327	$ 1,489,130	$ 1,383,774
By rating				
Investment grade	$ 24,500	$ 22,630	$ 686,228	$ 617,698
Non-investment grade(1)	48,324	46,697	802,902	766,076
Total by rating	$ 72,824	$ 69,327	$ 1,489,130	$ 1,383,774
By maturity				
Within 1 year	$ 4,428	$ 4,395	$ 350,702	$ 330,250
From 1 to 5 years	46,757	45,577	964,464	893,066
After 5 years	21,639	19,355	173,964	160,458
Total by maturity	$ 72,824	$ 69,327	$ 1,489,130	$ 1,383,774

December 31, 2011

	Fair values		Notionals	
In millions of dollars	Receivable	Payable	Beneficiary	Guarantor
By industry/counterparty				
Bank	$ 57,175	$ 53,638	$ 981,085	$ 929,608
Broker-dealer	21,963	21,952	343,909	321,293
Monoline	10		238	
Non-financial	95	130	1,797	1,048
Insurance and other financial institutions	11,611	9,132	185,861	142,579
Total by industry/counterparty	$ 90,854	$ 84,852	$ 1,512,890	$ 1,394,528
By instrument				
Credit default swaps and options	$ 89,998	$ 83,419	$ 1,491,053	$ 1,393,082
Total return swaps and other	856	1,433	21,837	1,446
Total by instrument	$ 90,854	$ 84,852	$ 1,512,890	$ 1,394,528
By rating				
Investment grade	$ 26,457	$ 23,846	$ 681,406	$ 611,447

Non-investment grade(1)		64,397		61,006		831,484		783,081
Total by rating	$	90,854	$	84,852	$	1,512,890	$	1,394,528
By maturity								
Within 1 year	$	5,707	$	5,244	$	281,373	$	266,723
From 1 to 5 years		56,740		54,553		1,031,575		947,211
After 5 years		28,407		25,055		199,942		180,594
Total by maturity	$	90,854	$	84,852	$	1,512,890	$	1,394,528

(1) Also includes not-rated credit derivative instruments.

INCOME TAXES

Deferred Tax Assets

Deferred tax assets (DTAs) are recorded for the future consequences of events that have been recognized in the financial statements or tax returns, based upon enacted tax laws and rates. DTAs are recognized subject to management's judgment that realization is more likely than not. For additional information, see "Risk Factors" and "Significant Accounting Policies and Significant Estimates Income Taxes" in Citi's 2011 Annual Report on Form 10-K.

At June 30, 2012, Citigroup had recorded net DTAs of approximately $51.0 billion, a decrease of $0.9 billion from March 31, 2012 and $0.5 billion from December 31, 2011. The sequential decrease in DTAs was driven by an approximately $0.2 billion decrease in accumulated other comprehensive income and a $0.5 billion balance sheet adjustment relating to previously acquired foreign net operating losses (as described under "Other" below), with the remainder due to the impact of FX translation.

Although realization is not assured, Citi believes that the realization of its recognized net DTAs at June 30, 2012 is more likely than not based on expectations as to future taxable income in the jurisdictions in which the DTAs arise and available tax planning strategies as defined in ASC 740, *Income Taxes,* that could be implemented if necessary to prevent a carryforward from expiring. Realization of the DTAs will continue to be driven in the near term by Citi's generation of U.S. earnings. Citi does not expect significant utilization of its DTAs as a result of normal business operations during the remainder of 2012.

The following table summarizes Citi's net DTAs balance at June 30, 2012 and December 31, 2011:

Jurisdiction/Component

In billions of dollars	DTAs balance June 30, 2012	DTAs balance December 31, 2011
Total U.S.	**$ 47.0**	$ 46.5
Total Foreign	**4.0**	5.0
Total	**$ 51.0**	$ 51.5

Approximately $11 billion of the net DTAs was included in Citi's Tier 1 Capital and Tier 1 Common Capital as of June 30, 2012.

Other

In the second quarter of 2012, Citi recorded a balance sheet adjustment to remove a deferred tax asset and a non-tax deferred liability, both of which related to acquired net operating losses of a foreign subsidiary. DTAs were reduced by $0.5 billion and other deferred liabilities were reduced by $0.4 billion, with a net charge to tax expense of $83 million.

In addition, Citi effected a reorganization of a foreign subsidiary which, in accordance with local foreign tax law, converted a portion of its DTAs to a receivable from the foreign government. This resulted in a net tax benefit to Citi in the second quarter of 2012 of $112 million.

DISCLOSURE CONTROLS AND PROCEDURES

Citi's disclosure controls and procedures are designed to ensure that information required to be disclosed under the Securities Exchange Act of 1934 is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, including without limitation that information required to be disclosed by Citi in its SEC filings is accumulated and communicated to management, including the Chief Executive Officer (CEO) and Chief Financial Officer (CFO) as appropriate to allow for timely decisions regarding required disclosure.

Citi's Disclosure Committee assists the CEO and CFO in their responsibilities to design, establish, maintain and evaluate the effectiveness of Citi's disclosure controls and procedures. The Disclosure Committee is responsible for, among other things, the oversight, maintenance and implementation of the disclosure controls and procedures, subject to the supervision and oversight of the CEO and CFO.

Citi's management, with the participation of its CEO and CFO, has evaluated the effectiveness of Citigroup's disclosure controls and procedures (as defined in Rule 13a-15(e) under the Exchange Act) as of June 30, 2012 and, based on that evaluation, the CEO and CFO have concluded that at that date Citigroup's disclosure controls and procedures were effective.

FORWARD-LOOKING STATEMENTS

Certain statements in this Form 10-Q, including but not limited to statements included within the Management's Discussion and Analysis of Financial Condition and Results of Operations, are "forward-looking statements" within the meaning of the rules and regulations of the SEC. In addition, Citigroup also may make forward-looking statements in its other documents filed or furnished with the SEC, and its management may make forward-looking statements orally to analysts, investors, representatives of the media and others.

Generally, forward-looking statements are not based on historical facts but instead represent only Citigroup's and its management's beliefs regarding future events. Such statements may be identified by words such as *believe, expect, anticipate, intend, estimate, may increase, may fluctuate*, and similar expressions, or future or conditional verbs such as *will, should, would* and *could*.

Such statements are based on management's current expectations and are subject to uncertainty and changes in circumstances. Actual results and capital and other financial condition may differ materially from those included in these statements due to a variety of factors, including without limitation the precautionary statements included in this Form 10-Q, the factors listed and described under "Risk Factors" in Citi's 2011 Annual Report on Form 10-K and the additional factors described below:

- the ongoing potential impact of significant regulatory changes around the world on Citi's businesses, revenues and earnings, and the possibility of additional regulatory requirements beyond those already proposed, adopted or currently contemplated by U.S. or international regulators;

- the uncertainty around the ongoing implementation of The Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (Dodd-Frank Act), as well as international efforts, on Citi's ability to manage its businesses, the amount and timing of increased costs, and Citi's ability to compete with U.S. and foreign competitors;

- Citi's ability to meet prospective new regulatory capital requirements in the timeframe expected by the market or its regulators, the impact the continued lack of certainty surrounding Citi's capital requirements has on Citi's long-term capital planning, and the extent to which Citi will be disadvantaged by capital requirements compared to U.S. and non-U.S. competitors;

- the impact of the proposed rules relating to the regulation of derivatives under the Dodd-Frank Act, as well as similar proposed international derivatives regulations, on Citi's competitiveness in, and earnings from, these businesses;

- the impact of the proposed restrictions under the "Volcker Rule" provisions of the Dodd-Frank Act on Citi's market-making activities, the significant compliance costs associated with those proposals, and the potential that Citi could be forced to dispose of certain investments at less than fair value;

- the potential impact of the newly formed Consumer Financial Protection Bureau on Citi's practices and operations with respect to a number of its U.S. Consumer businesses and the potential significant costs associated with implementing and complying with any new regulatory requirements;

the potential negative impact to Citi of regulatory requirements in the U.S. and other jurisdictions aimed at facilitating the orderly resolution of large financial institutions;

Citi's ability to hire and retain highly qualified employees as a result of regulatory requirements regarding compensation practices or otherwise;

the impact of existing and potential future regulations on Citi's ability and costs to participate in securitization transactions, as well as the nature and profitability of securitization transactions generally;

potential future changes to key accounting standards utilized by Citi and their impact on how Citi records and reports its financial condition and results of operations, including whether Citi would be able to meet any required transition timelines;

the potential negative impact the ongoing Eurozone debt crisis could have on Citi's businesses, results of operations, financial condition and liquidity, particularly if sovereign debt defaults, significant bank failures or defaults and/or the exit of one or more countries from the European Monetary Union occur;

the continued uncertainty relating to the sustainability and pace of economic recovery and their continued effect on Citi's businesses, including without limitation *S&B* and the U.S. mortgage businesses within *Citi Holdings Local Consumer Lending*;

the potential impact of any further downgrade of the U.S. government credit rating, or concerns regarding a potential downgrade, on Citi's businesses, results of operations, capital and funding and liquidity;

risks arising from Citi's extensive operations outside the U.S., particularly in emerging markets, including, without limitation, exchange controls, limitations on foreign investments, sociopolitical instability, nationalization, closure of branches or subsidiaries, confiscation of assets, and sovereign volatility, as well as increased compliance and regulatory risks and costs;

the impact of external factors, such as market disruptions or negative market perceptions of Citi or the financial services industry generally, on Citi's liquidity and/or costs of funding;

the potential negative impact on Citi's funding and liquidity, as well as the results of operations for certain of its businesses, resulting from a reduction in Citi's or its subsidiaries' credit ratings;

the potential outcome of the extensive litigation, investigations and inquiries pertaining to Citi's U.S. mortgage-related activities and the impact of any such outcomes on Citi's businesses, business practices, reputation, financial condition or results of operations;

the negative impact of the remaining assets in Citi Holdings on Citi's results of operations and Citi's ability to more productively utilize the capital supporting these assets;

the potential negative impact to Citi's common stock price and market perception if Citi is unable to increase its common stock dividend or initiate a share repurchase program;

Citi's ability to achieve its targeted expense reduction levels as well as ensuring the highest level of productivity of Citi's previous or future investment spending;

the potential negative impact on the value of Citi's deferred tax assets (DTAs) if U.S., state or foreign tax rates are reduced, or if other changes are made to the U.S. tax system, such as changes to the tax treatment of foreign business income;

the expiration of the active financing income exception on Citi's tax expense;

the potential impact to Citi from evolving cybersecurity and other technological risks and attacks, which could result in additional costs, reputational damage, regulatory penalties and financial losses;

the accuracy of Citi's assumptions and estimates used to prepare its financial statements and the potential for Citi to experience significant losses if these assumptions or estimates are incorrect;

the inability to predict the potential outcome of the extensive legal and regulatory proceedings that Citi is subject to at any given time, and the impact of any such outcomes on Citi's businesses, business practices, reputation, financial condition or results of operations;

Citi's inability to maintain the value of the Citi brand;

Citi's concentration of risk and the potential ineffectiveness of Citi's risk management processes, including its risk monitoring and risk mitigation techniques;

Citi's ability to maintain its various contractual relationships with its partners, including without limitation agreements within its credit card businesses; and

what impact, if any, the national mortgage settlement entered into by Citi, other major mortgage servicers, the U.S. government and state attorneys general will have on the behavior of residential mortgage borrowers in general, whether or not their loans are within the scope of the settlement.

Any forward-looking statements made by or on behalf of Citigroup speak only as to the date they are made, and Citi does not undertake to update forward-looking statements to reflect the impact of circumstances or events that arise after the date the forward-looking statements were made.

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FINANCIAL STATEMENTS AND NOTES

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CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF INCOME (Unaudited)

Citigroup Inc. and Subsidiaries

	Three Months Ended June 30,		Six Months Ended June 30,	
In millions of dollars, except per-share amounts	2012	2011	2012	2011
Revenues				
Interest revenue	**$ 17,034**	$ 18,586	**$ 34,571**	$ 36,741
Interest expense	**5,441**	6,438	**11,031**	12,491
Net interest revenue	**$ 11,593**	$ 12,148	**$ 23,540**	$ 24,250
Commissions and fees	**$ 3,079**	$ 3,557	**$ 6,217**	$ 6,925
Principal transactions	**1,640**	2,616	**3,571**	5,783
Administration and other fiduciary fees	**1,037**	1,068	**2,018**	2,165
Realized gains (losses) on sales of investments, net	**273**	583	**2,198**	1,163
Other-than-temporary impairment losses on investments				
Gross impairment losses(1)	**(172)**	(190)	**(1,499)**	(1,923)
Less: Impairments recognized in AOCI	**44**	19	**66**	45
Net impairment losses recognized in earnings	**$ (128)**	$ (171)	**$ (1,433)**	$ (1,878)
Insurance premiums	**621**	684	**$ 1,256**	$ 1,356
Other revenue	**527**	137	**681**	584
Total non-interest revenues	**$ 7,049**	$ 8,474	**$ 14,508**	$ 16,098
Total revenues, net of interest expense	**$ 18,642**	$ 20,622	**$ 38,048**	$ 40,348
Provisions for credit losses and for benefits and claims				
Provision for loan losses	**$ 2,585**	$ 3,181	**$ 5,413**	$ 6,080
Policyholder benefits and claims	**214**	219	**443**	479
Provision (release) for unfunded lending commitments	**7**	(13)	**(31)**	12
Total provisions for credit losses and for benefits and claims	**$ 2,806**	$ 3,387	**$ 5,825**	$ 6,571
Operating expenses				
Compensation and benefits	**$ 6,127**	$ 6,669	**$ 12,512**	$ 13,078
Premises and equipment	**806**	832	**1,605**	1,657
Technology/communication	**1,481**	1,275	**2,863**	2,489
Advertising and marketing	**591**	627	**1,094**	1,024
Other operating	**3,129**	3,533	**6,379**	7,014
Total operating expenses	**$ 12,134**	$ 12,936	**$ 24,453**	$ 25,262
Income from continuing operations before income taxes	**$ 3,702**	$ 4,299	**$ 7,770**	$ 8,515
Provision for income taxes	**715**	967	**1,721**	2,152
Income from continuing operations	**$ 2,987**	$ 3,332	**$ 6,049**	$ 6,363
Discontinued operations				
Income (loss) from discontinued operations	**$**	$ (17)	**$ (3)**	$ 43
Gain (loss) on sale		126	**(1)**	130
Provision for income taxes	**1**	38	**2**	62

Income (loss) from discontinued operations, net of taxes	**$ (1)**	$ 71	**$ (6)**	$ 111
Net income before attribution of noncontrolling interests	**$ 2,986**	$ 3,403	**$ 6,043**	$ 6,474
Net income attributable to noncontrolling interests	**40**	62	**166**	134
Citigroup's net income	**$ 2,946**	$ 3,341	**$ 5,877**	$ 6,340
Basic earnings per share(2)(3)				
Income from continuing operations	**$ 0.98**	$ 1.10	**$ 1.96**	$ 2.11
Income from discontinued operations, net of taxes		0.02		0.04
Net income	**$ 0.98**	$ 1.12	**$ 1.96**	$ 2.14
Weighted average common shares outstanding	**2,926.6**	2,908.6	**2,926.4**	2,906.5
Diluted earnings per share(2)(3)				
Income from continuing operations	**$ 0.95**	$ 1.07	**$ 1.91**	$ 2.05
Income from discontinued operations, net of taxes		0.02		0.04
Net income	**$ 0.95**	$ 1.09	**$ 1.91**	$ 2.08
Adjusted weighted average common shares outstanding(2)	**3,015.0**	2,997.0	**3,014.8**	2,996.8

(1) The six months ended June 30, 2012 included the recognition of a $1,181 million impairment charge related to Citi's investment in Akbank. Additionally, *Other revenue* for the second quarter of 2012 included the recognition of a $424 million loss related to the sale of Citi's 10.1% stake in Akbank. See Note 11 to the Consolidated Financial Statements.

(2) Due to rounding, earnings per share on continuing operations and *Discontinued operations* may not sum to earnings per share on net income.

(3) All per share amounts and Citigroup shares outstanding for all periods reflect Citigroup's 1-for-10 reverse stock split, which was effective May 6, 2011.

The Notes to the Consolidated Financial Statements are an integral part of these Consolidated Financial Statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (Unaudited)

Citigroup Inc. and Subsidiaries

In millions of dollars	Three Months Ended June 30, 2012	Three Months Ended June 30, 2011	Six Months Ended June 30, 2012	Six Months Ended June 30, 2011
Net income before attribution of noncontrolling interests	**$ 2,986**	$ 3,403	**$ 6,043**	$ 6,474
Citigroup's other comprehensive income (loss)				
Net change in unrealized gains and losses on investment securities, net of taxes	**$ 564**	$ 1,052	**$ (210)**	$ 1,792
Net change in cash flow hedges, net of taxes	**(89)**	(69)	**131**	83
Net change in foreign currency translation adjustment, net of taxes and hedges	**(1,596)**	776	**101**	2,140
Pension liability adjustment, net of taxes(1)	**107**	3	**17**	40
Citigroup's total other comprehensive income (loss)	**$ (1,014)**	$ 1,762	**$ 39**	$ 4,055
Other comprehensive income (loss) attributable to noncontrolling interests				
Net change in unrealized gains and losses on investment securities, net of taxes	**$**	$ 5	**$ 9**	$ 3
Net change in foreign currency translation adjustment, net of taxes	**(53)**	19	**2**	50
Total other comprehensive income (loss) attributable to noncontrolling interests	**$ (53)**	$ 24	**$ 11**	$ 53
Total comprehensive income before attribution of noncontrolling interests	**$ 1,919**	$ 5,189	**$ 6,093**	$ 10,582
Total comprehensive income (loss) attributable to noncontrolling interests	**$ (13)**	$ 86	**$ 177**	$ 187
Citigroup's comprehensive income	**$ 1,932**	$ 5,103	**$ 5,916**	$ 10,395

(1) Primarily reflects adjustments based on the final year-end actuarial valuations of the Company's pension and postretirement plans and amortization of amounts previously recognized in *Other comprehensive income*.

The Notes to the Consolidated Financial Statements are an integral part of these Consolidated Financial Statements.

CONSOLIDATED BALANCE SHEET

Citigroup Inc. and Subsidiaries

In millions of dollars		June 30, 2012 (Unaudited)		December 31, 2011
Assets				
Cash and due from banks (including segregated cash and other deposits)	**$**	**33,927**	$	28,701
Deposits with banks		**155,054**		155,784
Federal funds sold and securities borrowed or purchased under agreements to resell (including $167,973 and $142,862 as of June 30, 2012 and December 31, 2011, respectively, at fair value)		**272,664**		275,849
Brokerage receivables		**35,340**		27,777
Trading account assets (including $108,422 and $119,054 pledged to creditors at June 30, 2012 and December 31, 2011, respectively)		**310,246**		291,734
Investments (including $22,470 and $14,940 pledged to creditors at June 30, 2012 and December 31, 2011, respectively, and $286,333 and $274,040 as of June 30, 2012 and December 31, 2011, respectively, at fair value)		**305,926**		293,413
Loans, net of unearned income				
Consumer (including $1,260 and $1,326 as of June 30, 2012 and December 31, 2011, respectively, at fair value)		**409,127**		423,340
Corporate (including $3,829 and $3,939 as of June 30, 2012 and December 31, 2011, respectively, at fair value)		**245,841**		223,902
Loans, net of unearned income	**$**	**654,968**	$	647,242
Allowance for loan losses		**(27,611)**		(30,115)
Total loans, net	**$**	**627,357**	$	617,127
Goodwill		**25,483**		25,413
Intangible assets (other than MSRs)		**6,156**		6,600
Mortgage servicing rights (MSRs)		**2,117**		2,569
Other assets (including $11,867 and $13,360 as of June 30, 2012 and December 31, 2011, respectively, at fair value)		**142,181**		148,911
Total assets	**$**	**1,916,451**	$	1,873,878

The following table presents certain assets of consolidated variable interest entities (VIEs), which are included in the Consolidated Balance Sheet above. The assets in the table below include only those assets that can be used to settle obligations of consolidated VIEs on the following page, and are in excess of those obligations. Additionally, the assets in the table below include third-party assets of consolidated VIEs only, and exclude intercompany balances that eliminate in consolidation.

In millions of dollars		June 30, 2012 (Unaudited)		December 31, 2011
Assets of consolidated VIEs that can only be used to settle obligations of consolidated VIEs				
Cash and due from banks	**$**	**832**	$	536
Trading account assets		**485**		567
Investments		**7,687**		10,582
Loans, net of unearned income				
Consumer (including $1,226 and $1,292 as of June 30, 2012 and December 31, 2011, respectively, at fair value)		**93,481**		103,275
Corporate (including $156 and $198 as of June 30, 2012 and December 31, 2011, respectively, at fair value)		**22,563**		23,780
Loans, net of unearned income	**$**	**116,044**	$	127,055
Allowance for loan losses		**(6,492)**		(8,000)
Total loans, net	**$**	**109,552**	$	119,055
Other assets		**887**		859

Total assets of consolidated VIEs that can only be used to settle obligations of consolidated VIEs	**$**	**119,443**	$	131,599

Statement continues on the next page.

CONSOLIDATED BALANCE SHEET
(Continued)

Citigroup Inc. and Subsidiaries

In millions of dollars, except shares and per share amounts	June 30, 2012 (Unaudited)	December 31, 2011
Liabilities		
Non-interest-bearing deposits in U.S. offices	**$ 120,324**	$ 119,437
Interest-bearing deposits in U.S. offices (including $808 and $848 as of June 30, 2012 and December 31, 2011, respectively, at fair value)	**233,696**	223,851
Non-interest-bearing deposits in offices outside the U.S.	**59,745**	57,357
Interest-bearing deposits in offices outside the U.S. (including $607 and $478 as of June 30, 2012 and December 31, 2011, respectively, at fair value)	**500,543**	465,291
Total deposits	**$ 914,308**	$ 865,936
Federal funds purchased and securities loaned or sold under agreements to repurchase (including $132,637 and $112,770 as of June 30, 2012 and December 31, 2011, respectively, at fair value)	**214,851**	198,373
Brokerage payables	**59,133**	56,696
Trading account liabilities	**128,818**	126,082
Short-term borrowings (including $1,043 and $1,354 as of June 30, 2012 and December 31, 2011, respectively, at fair value)	**58,698**	54,441
Long-term debt (including $26,517 and $24,172 as of June 30, 2012 and December 31, 2011, respectively, at fair value)	**288,334**	323,505
Other liabilities (including $3,790 and $3,742 as of June 30, 2012 and December 31, 2011, respectively, at fair value)	**66,470**	69,272
Total liabilities	**$ 1,730,612**	$ 1,694,305
Stockholders' equity		
Preferred stock ($1.00 par value; authorized shares: 30 million), issued shares: **12,038 as of June 30, 2012** and December 31, 2011, at aggregate liquidation value	**$ 312**	$ 312
Common stock ($0.01 par value; authorized shares: 6 billion), issued shares: **2,946,804,926 as of June 30, 2012** and 2,937,755,921 as of December 31, 2011	**29**	29
Additional paid-in capital	**105,962**	105,804
Retained earnings	**96,216**	90,520
Treasury stock, at cost: **June 30, 2012 14,321,688 shares** and December 31, 2011 13,877,688 shares	**(859)**	(1,071)
Accumulated other comprehensive income (loss)	**(17,749)**	(17,788)
Total Citigroup stockholders' equity	**$ 183,911**	$ 177,806
Noncontrolling interest	**1,928**	1,767
Total equity	**$ 185,839**	$ 179,573
Total liabilities and equity	**$ 1,916,451**	$ 1,873,878

The following table presents certain liabilities of consolidated VIEs, which are included in the Consolidated Balance Sheet above. The liabilities in the table below include third-party liabilities of consolidated VIEs only, and exclude intercompany balances that eliminate in consolidation. The liabilities also exclude amounts where creditors or beneficial interest holders have recourse to the general credit of Citigroup.

In millions of dollars	June 30, 2012 (Unaudited)	December 31, 2011
Liabilities of consolidated VIEs for which creditors or beneficial interest holders do not have recourse to the general credit of Citigroup		
Short-term borrowings	**$ 20,934**	$ 21,009
Long-term debt (including $1,371 and $1,558 as of June 30, 2012 and December 31, 2011, respectively, at fair value)	**37,918**	50,451

Other liabilities	**743**	587
Total liabilities of consolidated VIEs for which creditors or beneficial interest holders do not have recourse to the general credit of Citigroup	**$ 59,595**	$ 72,047

The Notes to the Consolidated Financial Statements are an integral part of these Consolidated Financial Statements.

CONSOLIDATED STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY (Unaudited)

Citigroup Inc. and Subsidiaries

In millions of dollars, except shares in thousands	Six Months Ended June 30, 2012	2011
Preferred stock at aggregate liquidation value		
Balance, beginning of year	**$ 312**	$ 312
Balance, end of period	**$ 312**	$ 312
Common stock and additional paid-in capital		
Balance, beginning of year	**$ 105,833**	$ 101,316
Employee benefit plans	**154**	314
ADIA Upper DECs Equity Units Purchase Contract		1,875
Other	**4**	(1)
Balance, end of period	**$ 105,991**	$ 103,504
Retained earnings		
Balance, beginning of year	**$ 90,520**	$ 79,559