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	2011(1)	% Change	Six Months 2012	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	

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(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	2011	% Change	Six Months 2012	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.

	Second Quarter		**%**	**Six Months**		**%**
In millions of dollars except as otherwise noted	**2012**	**2011**	**Change**	**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%

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(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.

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	**$ 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.

	Second Quarter		%	Six Months		%
In millions of dollars, except as otherwise noted	**2012**	**2011**	**Change**	**2012**	**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.

In millions of dollars, except as otherwise noted	Second Quarter 2012	Second Quarter 2011	% Change	Six Months 2012	Six Months 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*.

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	**$ 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.

	Second Quarter		**%**	**Six Months**		**%**
In millions of dollars, except as otherwise noted	**2012**	**2011**	**Change**	**2012**	**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.

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	**$ 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**

(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:

	June 30, 2012		
In billions of dollars	Allowance for loan losses	Loans, net of unearned income	Allowance as a percentage of loans(1)
North America cards(2)	$ 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*.

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(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**	$				