CITIGROUP INC
Form 10-Q
August 01, 2014

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, 2014
Commission file number 1-9924
Citigroup Inc.
(Exact name of registrant as specified in its charter)

Delaware (State or other jurisdiction of incorporation or organization)	52-1568099 (I.R.S. Employer Identification No.)
399 Park Avenue, New York, NY (Address of principal executive offices)	10022 (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 x	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, 2014: 3,031,772,710
Available on the web at www.citigroup.com

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CITIGROUP INC SECOND QUARTER 2014 — 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, including consumer banking and credit, corporate and investment banking, securities brokerage, trade and securities services and wealth management. Citi has approximately 200 million customer accounts and does business in more than 160 countries and jurisdictions.

Citigroup currently operates, for management reporting purposes, via two primary business segments: Citicorp, consisting of Citi's Global Consumer Banking businesses and Institutional Clients Group; and Citi Holdings, consisting of businesses and portfolios of assets that Citigroup has determined are not central to its core Citicorp businesses. 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, 2013 filed with the U.S. Securities and Exchange Commission (SEC) on March 3, 2014 (2013 Annual Report on Form 10-K) and Citigroup's Quarterly Report on Form 10-Q for the quarter ended March 31, 2014 filed with the SEC on May 2, 2014 (First Quarter of 2014 Form 10-Q).

Additional information about Citigroup is available on Citi's website at www.citigroup.com. Citigroup's recent annual reports on Form 10-K, quarterly reports on Form 10-Q, proxy statements, as well as other filings with the SEC, are available free of charge through Citi's website by clicking on the "Investors" page and selecting "All SEC Filings." The SEC's website also contains current reports, information statements, and other information regarding Citi at www.sec.gov.

Certain reclassifications, including a realignment of certain businesses, have been made to the prior periods' financial statements to conform to the current period's presentation. For information on certain recent such reclassifications, see Note 3 to the Consolidated Financial Statements.

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.

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

EXECUTIVE SUMMARY

Second Quarter of 2014—Continued Progress on Execution Priorities and Strategy Despite Ongoing Challenging Operating Environment

Citi's results of operations for the second quarter of 2014 were significantly impacted by a $3.8 billion charge ($3.7 billion after-tax) related to the settlement announced on July 14, 2014 with the U.S. Department of Justice, several state attorneys general and the Federal Deposit Insurance Corporation regarding certain of Citi's legacy RMBS and CDO activities (for additional information, see Note 25 to the Consolidated Financial Statements). While significantly impacting second quarter results, the settlement represented a significant milestone in Citi's ability to put its legacy legal and regulatory issues behind it and get Citi Holdings to break-even (see discussion below).

Excluding the impact of the mortgage settlement, Citi's second quarter of 2014 results continued to reflect a challenging operating environment, particularly in the fixed income and equities markets businesses within the Institutional Clients Group (ICG), where macro-uncertainty and historically low volatility reduced client activity. Despite these challenges, corporate lending and investment banking revenues within ICG each increased from the prior-year period, and treasury and trade solutions revenues continued to grow as volumes continued to increase. Within Global Consumer Banking (GCB), year-over-year comparisons continued to be impacted by the lower mortgage refinancing activity in North America GCB as well as the repositioning of Citi's consumer franchise in Korea within Asia GCB, although Citi continues to believe that each such business has stabilized as of the end of the current quarter.

Citi also continued to make progress on its execution priorities during the second quarter, including:

- Efficient resource allocation and disciplined expense management: during the second quarter of 2014, Citi benefitted from savings resulting from its previously-announced repositioning actions, continuing efforts to simplify and streamline the organization as well as improved productivity.
- Winding down of Citi Holdings: Citi Holdings' assets declined by $20 billion, or 15%, from the prior-year period. During the current quarter, Citi also announced it had entered into agreements to sell its consumer businesses in Greece and Spain (for additional information, see "Citi Holdings" below). In addition, as noted above, excluding the impact of the mortgage settlement, Citi Holdings generated its first net profit during the current quarter.
- Utilization of deferred tax assets (DTAs): Citi reduced its DTAs by approximately $1.1 billion during the second quarter of 2014 (for additional information, see "Income Taxes" below).

During the remainder of 2014, Citi intends to remain focused on these and its other execution priorities, particularly as macroeconomic uncertainties and challenges, including in certain emerging markets, persist.

Second Quarter of 2014 Summary Results

Citigroup

Citigroup reported second quarter net income of $181 million or $0.03 per diluted share, compared to $4.2 billion or $1.34 per share in the second quarter of 2013. As noted above, reported net income included the $3.8 billion pretax charge related to the mortgage settlement, which consisted of $3.7 billion of legal expenses and a $55 million loan loss reserve build, each recorded in Citi Holdings. Results in the second quarter of 2014 also included a credit valuation adjustment (CVA) on derivatives (counterparty and own-credit), net of hedges, and debt valuation adjustment (DVA) on Citi's fair value option debt of negative $33 million (negative $20 million after-tax), compared to positive $477 million (positive $293 million after-tax) in the second quarter of 2013.

Excluding the impact of the mortgage settlement in the second quarter of 2014 and CVA/DVA in both periods, Citi reported net income of $3.9 billion in the second quarter of 2014, or $1.24 per diluted share, compared to $3.9 billion, or $1.25 per share, in the prior-year period. The year-over-year increase of 1% in net income was driven by increased net interest revenues, lower operating expenses and a decline in credit costs, partially offset by lower non-interest revenues.

Citi’s revenues, net of interest expense, were $19.3 billion in the second quarter of 2014, down 6% versus the prior-year period. Excluding CVA/DVA, revenues were $19.4 billion, down 3% from the second quarter of 2013, as revenues in Citicorp declined 5% while Citi Holdings revenues increased 35% compared to the prior-year period. Net interest revenues of $11.9 billion were 2% higher than in the prior-year period, mostly driven by lower funding costs in Citi Holdings. Excluding CVA/DVA, non-interest revenues were $7.4 billion, down 11% from the prior-year period, principally driven by lower revenues in ICG and North America GCB in Citicorp, partially offset by higher non-interest revenues in Citi Holdings.

Operating Expenses

Citigroup expenses increased 28% versus the prior-year period to $15.5 billion. Excluding the impact of the mortgage settlement, operating expenses declined 3% to $11.8 billion, driven by efficiency savings, the overall decline in Citi Holdings assets and lower legal and related expenses, partially offset by higher regulatory and compliance costs, which Citi expects to continue, and higher repositioning charges in the current quarter, primarily due to repositioning in Korea in Asia GCB. Excluding the impact of the mortgage settlement, Citi incurred legal and related costs of $402 million (compared to $832 million in the prior-year period) and repositioning charges of $397 million (compared to $75 million in the prior-year period). Excluding the impact of the mortgage settlement, other legal and related costs, repositioning charges and the impact of foreign exchange translation into U.S. dollars for reporting purposes (FX translation), which increased reported expenses by approximately $17 million in the second quarter of 2014 as compared to the prior-year period, operating expenses were $11.0 billion compared to $11.2 billion in the prior-year period. Consistent with its execution priorities, Citi currently expects its repositioning charges in the second half of 2014 to be roughly in line with the $608 million of repositioning charges recorded in the first half of 2014.

Citicorp's expenses were $11.0 billion, up 4% from the prior-year period, primarily reflecting higher legal and related expenses ($387 million in the current quarter, compared to $128 million in the prior-year period) and higher repositioning costs ($376 million in the current quarter, compared to $72 million in the prior-year period), partially offset by efficiency savings. Citi expects legal and related expenses in Citicorp will likely remain somewhat elevated and episodic in nature going forward. Citi Holdings' expenses were $4.5 billion compared to $1.6 billion in the second quarter of 2013. Excluding the impact of the mortgage settlement, Citi Holdings' expenses decreased 51% versus the prior-year period to $765 million, driven by lower legal and related expenses and the 15% reduction in assets.

Credit Costs and Allowance for Loan Losses

Citi's total provisions for credit losses and for benefits and claims of $1.7 billion declined 15% from the second quarter of 2013. Excluding the impact of the mortgage settlement, Citi's total provisions for credit losses and for benefits and claims declined 17% to $1.7 billion versus the prior-year period. Net credit losses of $2.2 billion were down 16% versus the prior-year period. Consumer net credit losses declined 15% to $2.2 billion, reflecting continued improvements in the North America mortgage portfolio within Citi Holdings, as well as North America Citi-branded cards in Citicorp. Corporate net credit losses decreased 76% to $11 million from the prior-year period reflecting improvements in ICG.

The net release of allowance for loan losses and unfunded lending commitments was $641 million in the second quarter of 2014. Excluding the impact of the mortgage settlement, the net release of allowance for loan losses and unfunded lending commitments was $696 million compared to a $784 million release in the prior-year period.

Citicorp's net reserve release increased 42% to $442 million, primarily due to a higher reserve release in North America GCB and ICG, partially offset by a net reserve build in international GCB, primarily reflecting portfolio growth and seasoning in Latin America GCB. Citi Holdings' net reserve release, excluding the impact of the mortgage settlement, decreased 46% to $254 million, substantially all of which related to the North America mortgage portfolio.

Citigroup's total allowance for loan losses was $17.9 billion at quarter end, or 2.70% of total loans, compared to $21.6 billion, or 3.38%, at the end of the prior-year period. The decline in the total allowance for loan losses reflected the

continued wind down of Citi Holdings and overall continued improvement in the credit quality of Citi's loan portfolios.

The Consumer allowance for loan losses was $15.5 billion, or 4.04% of total consumer loans, at quarter end, compared to $18.9 billion, or 4.95% of total loans, at June 30, 2013. Total non-accrual assets fell to $8.3 billion, an 18% reduction compared to June 30, 2013. Corporate non-accrual loans declined 43% to $1.2 billion, while Consumer non-accrual loans declined 12% to $6.7 billion, both reflecting the continued improvement in credit trends.

Capital

Despite the impact of the mortgage settlement, Citi continued to grow its regulatory capital versus the prior-year period, primarily through net income and a further reduction of its DTAs. Citigroup's estimated Tier 1 Capital and Tier 1 Common ratios under Basel III, on a fully implemented basis, were 11.4% and 10.6% as of June 30, 2014, respectively, compared to 10.4% and 10.0% as of June 30, 2013. Citigroup's estimated Basel III Supplementary Leverage ratio as of June 30, 2014 was 5.7% compared to 4.9% as of June 30, 2013. For additional information on Citi's estimated Basel III Tier 1 Common ratio, Supplementary Leverage ratio and related components, see "Capital Resources" below.

Citicorp

Citicorp net income decreased 23% from the prior-year period to $3.7 billion. CVA/DVA, recorded in the ICG, was negative $32 million (negative $20 million after-tax) in the second quarter of 2014, compared to positive $462 million (positive $284 million after-tax) in the prior-year period (for a summary of CVA/DVA by business within ICG for the second quarters of 2014 and 2013, see “Institutional Clients Group” below).

Excluding CVA/DVA, Citicorp’s net income was $3.7 billion, down 18% from the prior-year period, as lower revenues and higher expenses, primarily due to higher legal and repositioning costs, were partially offset by an improvement in credit.

Citicorp revenues, net of interest expense, decreased 8% from the prior-year period to $17.9 billion. Excluding CVA/DVA, Citicorp revenues were $17.9 billion in the second quarter of 2014, down 5% from the prior-year period. GCB revenues of $9.4 billion declined 3% versus the prior-year period. North America GCB revenues declined 5% to $4.8 billion, driven by lower retail banking revenues, partially offset by higher revenues in Citi-branded cards and Citi retail services. Retail banking revenues declined 26% to $1.2 billion versus the prior-year period, primarily reflecting the lower U.S. mortgage refinancing activity. Citi-branded cards revenues of $2.0 billion were up 3% versus the prior-year period as purchase sales grew and lower average loans were partially offset by an improvement in spreads driven by a continued reduction in promotional rate balances. Citi retail services revenues increased 7% to $1.6 billion, mainly reflecting the impact of the Best Buy portfolio acquisition. North America GCB average deposits of $171 billion grew 4% year-over-year and average retail loans of $46 billion grew 11%. Average card loans of $109 billion increased 4%, and purchase sales of $64 billion increased 7% versus the prior-

year period. For additional information on the results of operations of North America GCB for the second quarter of 2014, see “Global Consumer Banking—North America GCB” below.
International GCB revenues (consisting of Asia GCB, Latin America GCB and EMEA GCB) decreased 1% versus the prior-year period to $4.6 billion. Excluding the impact of FX translation, international GCB revenues rose 1% from the prior-year period, driven by 3% revenue growth in Latin America GCB, partially offset by a 2% decline in Asia RCB and a 1% decline in EMEA GCB (for the impact of FX translation on the second quarter of 2014 results of operations for each of EMEA GCB, Latin America GCB, and Asia GCB, see the table accompanying the discussion of each respective business’ results of operations below). This growth in international GCB revenues, excluding the impact of FX translation, mainly reflected volume growth in Latin America GCB, partially offset by ongoing regulatory changes, the franchise repositioning in Korea and lower investment sales revenues in Asia GCB, as well as the previously-disclosed market exits in EMEA GCB. For additional information on the results of operations of EMEA GCB, Latin America GCB and Asia GCB for the second quarter of 2014, see “Global Consumer Banking” below.
Year-over-year, international GCB average deposits increased 3%, average retail loans increased 8%, average card loans increased 3%, and card purchase sales increased 2%, while investment sales decreased 2%, all excluding the impact of FX translation.
ICG revenues were $8.5 billion in the second quarter of 2014, down 11% from the prior-year period. Excluding CVA/DVA, ICG revenues were $8.5 billion, or 7% lower than the prior-year period. Banking revenues of $4.4 billion increased 4% from the prior-year period, primarily reflecting growth in investment banking revenues. Investment banking revenues increased 16% versus the prior-year period, driven by a 17% increase in debt underwriting revenues to $748 million and a 31% increase in equity underwriting to $397 million, partially offset by a 10% decline in advisory revenues to $193 million. Private bank revenues, excluding CVA/DVA, increased 2% to $656 million from the prior-year period, as growth in client volumes was partially offset by the impact of spread compression. Corporate lending revenues decreased 4% to $410 million, including $44 million of mark-to-market losses on hedges related to accrual loans compared to a $23 million gain in the prior-year period. Excluding the mark-to-market impact on hedges related to accrual loans, corporate lending revenues rose 12% versus the prior-year period to $454 million, primarily reflecting growth in average loans. Treasury and trade solutions revenues were unchanged compared to the prior-year period. Excluding a gain of $50 million in the prior-year period, treasury and trade solutions revenues were up 3% versus the prior-year period as volume and fee growth more than offset the impact of spread compression globally. Markets and securities services revenues of $4.1 billion, excluding CVA/DVA, declined 16% from the prior-year period. Fixed income markets revenues of $3.0 billion, excluding CVA/DVA, declined 12% from the prior-year period, reflecting historically low volatility and continued macro-uncertainty in the current quarter, which led to lower market volumes, as well as the impact of gains in the prior-year period. Equity markets revenues of $659 million, excluding CVA/DVA, were down 26% versus the prior-year period, reflecting lower client activity and weak trading performance in EMEA. Securities services revenues were largely unchanged at $598 million versus the prior-year period as higher client activity was offset by a reduction in high margin deposits. For additional information on the results of operations of ICG for the second quarter of 2014, see “Institutional Clients Group” below.
Corporate/Other revenues decreased to $35 million from $114 million in the prior-year period, driven mainly by hedging activities. For additional information on the results of operations of Corporate/Other for the second quarter of 2014, see “Corporate/Other” below.
Citicorp end-of-period loans increased 8% versus the prior-year period to $585 billion, with 7% growth in consumer loans and 9% growth in corporate loans.

Citi Holdings
Citi Holdings’ net loss was $3.5 billion in the second quarter of 2014 compared to a net loss of $582 million in the second quarter of 2013. Excluding the impact of the mortgage settlement, Citi Holdings net income was $244 million, reflecting higher revenues, lower operating expenses and lower credit costs.

Citi Holdings' revenues increased 33% to $1.5 billion from the prior-year period. Excluding CVA/DVA (negative $1 million in the current quarter, compared to a positive $15 million in the prior-year period), Citi Holdings revenues increased 35% to $1.5 billion from the prior-year period. Net interest revenues increased 24% year-over-year to $1.0 billion, largely driven by lower funding costs. Non-interest revenues, excluding CVA/DVA, increased to $492 million from $297 million in the prior-year period, driven by the absence of repurchase reserve builds for representation and warranty claims in the second quarter of 2014, as well as higher gains on asset sales. For additional information on the results of operations of Citi Holdings for the second quarter of 2014, see "Citi Holdings" below.

Citi Holdings' assets were $111 billion, 15% below the prior-year period, and represented approximately 6% of Citi's total GAAP assets and 16% of its estimated risk-weighted assets under Basel III (based on the "Advanced Approaches" for determining risk-weighted assets) as of quarter-end.

RESULTS OF OPERATIONS
SUMMARY OF SELECTED FINANCIAL DATA—PAGE 1
Citigroup Inc. and Consolidated Subsidiaries

	Second Quarter			Six Months		
In millions of dollars, except per-share amounts and ratios	2014	2013	% Change	2014	2013	% Change
Net interest revenue	$11,946	$11,682	2 %	$23,705	$23,312	2 %
Non-interest revenue	7,396	8,806	(16)	15,761	17,424	(10)
Revenues, net of interest expense	$19,342	$20,488	(6)%	$39,466	$40,736	(3)%
Operating expenses	15,521	12,149	28	27,670	24,437	13
Provisions for credit losses and for benefits and claims	1,730	2,024	(15)	3,704	4,483	(17)
Income from continuing operations before income taxes	$2,091	$6,315	(67)%	$8,092	$11,816	(32)%
Income taxes	1,838	2,127	(14)	3,888	3,697	5
Income from continuing operations	$253	$4,188	(94)%	$4,204	$8,119	(48)%
Income (loss) from discontinued operations, net of taxes [1]	(22)	30	NM	15	(3)	NM
Net income before attribution of noncontrolling interests	$231	$4,218	(95)%	$4,219	$8,116	(48)%
Net income attributable to noncontrolling interests	50	36	39	95	126	(25)
Citigroup's net income	$181	$4,182	(96)%	$4,124	$7,990	(48)%
Less:						
Preferred dividends-Basic	$100	$9	NM	$224	$13	NM
Dividends and undistributed earnings allocated to employee restricted and deferred shares that contain nonforfeitable rights to dividends, applicable to Basic EPS	1	83	(99)%	64	155	(59)%
Income allocated to unrestricted common shareholders for Basic EPS	$80	$4,090	(98)%	$3,836	$7,822	(51)%
Add: Interest expense, net of tax, and dividends on convertible securities and adjustment of undistributed earnings allocated to employee restricted and deferred shares with nonforfeitable rights to dividends, applicable to diluted EPS	—	1	(100)	$—	$1	(100)
Income allocated to unrestricted common shareholders for diluted EPS	$80	$4,091	(98)	$3,836	$7,823	(51)%
Earnings per share						
Basic						
Income from continuing operations	$0.03	$1.34	(98)%	$1.26	$2.57	(51)%
Net income	0.03	1.35	(98)	1.26	2.57	(51)
Diluted						
Income from continuing operations	$0.03	$1.33	(98)%	$1.26	$2.57	(51)%
Net income	0.03	1.34	(98)	1.26	2.57	(51)
Dividends declared per common share	0.01	0.01	—	0.02	0.02	—

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

SUMMARY OF SELECTED FINANCIAL DATA—PAGE 2
Citigroup Inc. and Consolidated Subsidiaries

In millions of dollars, except per-share amounts, ratios and direct staff	Second Quarter 2014	Second Quarter 2013	% Change	Six Months 2014	Six Months 2013	% Change
At June 30:						
Total assets	$1,909,715	$1,883,988	1 %			
Total deposits	965,725	938,427	3			
Long-term debt	226,984	220,959	3			
Citigroup common stockholders' equity	202,394	191,633	6			
Total Citigroup stockholders' equity	211,362	195,926	8			
Direct staff (in thousands)	244	253	(4)			
Ratios						
Return on average assets	0.04 %	0.88 %		0.44 %	0.85 %	
Return on average common stockholders' equity (2)	0.2	8.7		3.9	8.5	
Return on average total stockholders' equity(2)	0.3	8.6		4.0	8.3	
Efficiency ratio	80	59		70	60	
Tier 1 Common (3)	13.00 %	N/A				
Tier 1 Capital (3)	13.00	N/A				
Total Capital (3)	14.44	N/A				
Tier 1 Leverage (4)	8.88	N/A				
Estimated Basel III Tier 1 Common (5)	10.58 %	10.03 %				
Estimated Basel III Tier 1 Capital (5)	11.36	10.38				
Estimated Basel III Total Capital (5)	12.71	12.80				
Estimated Basel III Supplementary Leverage Ratio (5)	5.74	4.89				
Citigroup common stockholders' equity to assets	10.60 %	10.17 %				
Total Citigroup stockholders' equity to assets	11.07	10.40				
Dividend payout ratio (6)	33	0.7				
Book value per common share	$66.76	$63.02	6 %			
Ratio of earnings to fixed charges and preferred stock dividends	1.55x	2.47x		2.06x	2.35x	

(1) Discontinued operations include Credicard, Citi Capital Advisors and Egg Banking credit card business. See Note 2 to the Consolidated Financial Statements for additional information on Citi's discontinued operations.

(2) 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.

(3) The capital ratios reflect the capital (numerator) as derived under the transition provisions of the final U.S. Basel III rules, which became effective January 1, 2014, and risk-weighted assets (denominator) as Basel III risk-weighted assets based on the "Advanced Approaches" for determining total risk-weighted assets.

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

(5) Citi's estimated Basel III ratios and related components as of June 30, 2014 are based on the final U.S. Basel III rules, and with full implementation assumed for capital components; and the estimated Basel III risk-weighted assets are based on the "Advanced Approaches" for determining total risk-weighted assets.

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

N/A Not available.

SEGMENT AND BUSINESS—INCOME (LOSS) AND REVENUES

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

CITIGROUP INCOME

	Second Quarter		% Change	Six Months		% Change
In millions of dollars	2014	2013		2014	2013	
Income (loss) from continuing operations						
CITICORP						
Global Consumer Banking						
North America	$1,077	$1,084	(1)%	$2,097	$2,158	(3)%
EMEA	15	22	(32)	30	23	30
Latin America	299	346	(14)	610	702	(13)
Asia	214	410	(48)	595	804	(26)
Total	$1,605	$1,862	(14)%	$3,332	$3,687	(10)%
Institutional Clients Group						
North America	$1,068	$984	9%	$2,357	$2,240	5%
EMEA	557	1,003	(44)	1,336	1,657	(19)
Latin America	430	527	(18)	771	999	(23)
Asia	507	622	(18)	1,063	1,310	(19)
Total	$2,562	$3,136	(18)%	$5,527	$6,206	(11)%
Corporate/Other	$(432)	$(229)	(89)%	$(890)	$(394)	NM
Total Citicorp	$3,735	$4,769	(22)%	$7,969	$9,499	(16)%
Citi Holdings	$(3,482)	$(581)	NM	$(3,765)	$(1,380)	NM
Income from continuing operations	$253	$4,188	(94)%	$4,204	$8,119	(48)%
Discontinued operations	$(22)	$30	NM	$15	$(3)	NM
Net income attributable to noncontrolling interests	50	36	39%	95	126	(25)%
Citigroup's net income	$181	$4,182	(96)%	$4,124	$7,990	(48)%

NM Not meaningful

CITIGROUP REVENUES

In millions of dollars	Second Quarter 2014	2013	% Change	Six Months 2014	2013	% Change
CITICORP						
Global Consumer Banking						
North America	$4,782	$5,053	(5)%	$9,565	$10,163	(6)%
EMEA	359	364	(1)	706	732	(4)
Latin America	2,324	2,333	—	4,592	4,641	(1)
Asia	1,916	1,968	(3)	3,811	3,928	(3)
Total	$9,381	$9,718	(3)%	$18,674	$19,464	(4)%
Institutional Clients Group						
North America	$3,146	$3,245	(3)%	$6,704	$6,822	(2)%
EMEA	2,441	3,088	(21)	5,223	5,841	(11)
Latin America	1,150	1,223	(6)	2,252	2,446	(8)
Asia	1,726	2,004	(14)	3,518	4,042	(13)
Total	$8,463	$9,560	(11)%	$17,697	$19,151	(8)%
Corporate/Other	$35	$114	(69)%	$176	$120	47%
Total Citicorp	$17,879	$19,392	(8)%	$36,547	$38,735	(6)%
Citi Holdings	$1,463	$1,096	33%	$2,919	$2,001	46%
Total Citigroup net revenues	$19,342	$20,488	(6)%	$39,466	$40,736	(3)%

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.

Citicorp consists of the following operating businesses: Global Consumer Banking (which consists of consumer banking in North America, EMEA, Latin America and Asia) and Institutional Clients Group (which includes Banking and Markets and securities services). Citicorp also includes Corporate/Other. At June 30, 2014, Citicorp had $1.8 trillion of assets and $946 billion of deposits, representing 94% of Citi's total assets and 98% of Citi's total deposits, respectively.

	Second Quarter			Six Months		
In millions of dollars except as otherwise noted	2014	2013	% Change	2014	2013	% Change
Net interest revenue	$10,974	$10,898	1 %	$21,830	$21,775	— %
Non-interest revenue	6,905	8,494	(19)	14,717	16,960	(13)
Total revenues, net of interest expense	$17,879	$19,392	(8)%	$36,547	$38,735	(6)%
Provisions for credit losses and for benefits and claims						
Net credit losses	$1,790	$1,838	(3)%	$3,710	$3,786	(2)%
Credit reserve build (release)	(414)	(301)	(38)	(719)	(618)	(16)
Provision for loan losses	$1,376	$1,537	(10)%	$2,991	$3,168	(6)%
Provision for benefits and claims	39	46	(15)	92	109	(16)
Provision for unfunded lending commitments	(28)	(10)	NM	(51)	8	NM
Total provisions for credit losses and for benefits and claims	$1,387	$1,573	(12)%	$3,032	$3,285	(8)%
Total operating expenses	$11,007	$10,585	4 %	$21,612	$21,356	1 %
Income from continuing operations before taxes	$5,485	$7,234	(24)%	$11,903	$14,094	(16)%
Income taxes	1,750	2,465	(29)	3,934	4,595	(14)
Income from continuing operations	$3,735	$4,769	(22)%	$7,969	$9,499	(16)%
Income (loss) from discontinued operations, net of taxes	(22)	30	NM	15	(3)	NM
Noncontrolling interests	50	35	43	94	120	(22)
Net income	$3,663	$4,764	(23)%	$7,890	$9,376	(16)%
Balance sheet data (in billions of dollars)						
Total end-of-period (EOP) assets	$1,799	$1,753	3 %			
Average assets	1,791	1,756	2	$1,782	$1,745	2 %
Return on average assets	0.82 %	1.09 %		0.89 %	1.08 %	
Efficiency ratio (Operating expenses/Total revenues)	62 %	55 %		59 %	55 %	
Total EOP loans	$585	$544	8			
Total EOP deposits	$946	$874	8			

NM Not meaningful

GLOBAL CONSUMER BANKING

Global Consumer Banking (GCB) consists of Citigroup's four geographical consumer banking businesses that provide traditional banking services to retail customers through retail banking, commercial banking, Citi-branded cards and Citi retail services. GCB is a globally diversified business with 3,463 branches in 35 countries around the world as of June 30, 2014. For the three months ended June 30, 2014, GCB had $400 billion of average assets and $335 billion of average deposits.

GCB's overall strategy is to leverage Citi's global footprint and seek to be the preeminent bank for the emerging affluent and affluent consumers in large urban centers. As of June 30, 2014, Citi had consumer banking operations in 120, or 80%, of the world's top 150 cities. In credit cards and in certain retail markets, Citi serves customers in a somewhat broader set of segments and geographies. Consistent with its overall strategy, Citi intends to continue to optimize its branch footprint and further concentrate its presence in major metropolitan areas.

In millions of dollars except as otherwise noted	Second Quarter 2014	Second Quarter 2013	% Change	Six Months 2014	Six Months 2013	% Change
Net interest revenue	$7,182	$7,067	2 %	$14,238	$14,233	— %
Non-interest revenue	2,199	2,651	(17)	4,436	5,231	(15)
Total revenues, net of interest expense	$9,381	$9,718	(3)%	$18,674	$19,464	(4)%
Total operating expenses	$5,461	$5,285	3 %	$10,651	$10,637	— %
Net credit losses	$1,781	$1,785	— %	$3,567	$3,694	(3)%
Credit reserve build (release)	(318)	(237)	(34)	(536)	(577)	7
Provision (release) for unfunded lending commitments	(3)	9	NM	(6)	24	NM
Provision for benefits and claims	39	46	(15)	92	109	(16)
Provisions for credit losses and for benefits and claims	$1,499	$1,603	(6)%	$3,117	$3,250	(4)%
Income from continuing operations before taxes	$2,421	$2,830	(14)%	$4,906	$5,577	(12)%
Income taxes	816	968	(16)	1,574	1,890	(17)
Income from continuing operations	$1,605	$1,862	(14)%	$3,332	$3,687	(10)%
Noncontrolling interests	6	6	—	14	11	27
Net income	$1,599	$1,856	(14)%	$3,318	$3,676	(10)%
Balance Sheet data (in billions of dollars)						
Average assets	$400	$391	2 %	$399	$396	1 %
Return on average assets	1.60 %	1.90 %		1.68 %	1.88 %	
Efficiency ratio	58 %	54 %		57 %	55 %	
Total EOP assets	$406	$391	4			
Average deposits	335	326	3	333	328	2
Net credit losses as a percentage of average loans	2.39 %	2.54 %		2.42 %	2.62 %	
Revenue by business						
Retail banking	$4,069	$4,542	(10)%	$8,086	$9,074	(11)%
Cards [(1)]	5,312	5,176	3	10,588	10,390	2
Total	$9,381	$9,718	(3)%	$18,674	$19,464	(4)%
Income from continuing operations by business						
Retail banking	$362	$665	(46)%	$798	$1,332	(40)%
Cards [(1)]	1,243	1,197	4	2,534	2,355	8
Total	$1,605	$1,862	(14)%	$3,332	$3,687	(10)%

(Table continues on next page.)

Foreign Currency (FX) Translation Impact						
Total revenue-as reported	$9,381	$9,718	(3)%	$18,674	$19,464	(4)%
Impact of FX translation (2)	—	(99)		—	(346)	
Total revenues-ex-FX	$9,381	$9,619	(2)%	$18,674	$19,118	(2)%
Total operating expenses-as reported	$5,461	$5,285	3%	$10,651	$10,637	—%
Impact of FX translation (2)	—	(45)		—	(186)	
Total operating expenses-ex-FX	$5,461	$5,240	4%	$10,651	$10,451	2%
Total provisions for LLR & PBC-as reported	$1,499	$1,603	(6)%	$3,117	$3,250	(4)%
Impact of FX translation (2)	—	(13)		—	(65)	
Total provisions for LLR & PBC-ex-FX	$1,499	$1,590	(6)%	$3,117	$3,185	(2)%
Net income-as reported	$1,599	$1,856	(14)%	$3,318	$3,676	(10)%
Impact of FX translation (2)	—	(28)		—	(58)	
Net income-ex-FX	$1,599	$1,828	(13)%	$3,318	$3,618	(8)%

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

(2) Reflects the impact of foreign exchange (FX) translation into U.S. dollars at the second quarter of 2014 average exchange rates for all periods presented.

NM Not meaningful

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NORTH AMERICA GCB

North America GCB provides traditional banking and Citi-branded cards and Citi retail services to retail customers and small- to mid-size businesses in the U.S. North America GCB's 912 retail bank branches as of June 30, 2014 are largely concentrated in the greater metropolitan areas of New York, Chicago, Miami, Washington, D.C., Boston, Los Angeles, San Francisco, Sacramento, San Diego, Dallas, Houston and Las Vegas.

At June 30, 2014, North America GCB had approximately 12.0 million retail banking customer accounts, $46.2 billion of retail banking loans and $170.6 billion of deposits. In addition, North America GCB had approximately 112.9 million Citi-branded and Citi retail services credit card accounts, with $110.4 billion in outstanding card loan balances.

In millions of dollars, except as otherwise noted	Second Quarter 2014	Second Quarter 2013	% Change	Six Months 2014	Six Months 2013	% Change
Net interest revenue	$4,210	$4,065	4 %	$8,396	$8,216	2 %
Non-interest revenue	572	988	(42)	1,169	1,947	(40)
Total revenues, net of interest expense	$4,782	$5,053	(5)%	$9,565	$10,163	(6)%
Total operating expenses	$2,342	$2,450	(4)%	$4,773	$4,945	(3)%
Net credit losses	$1,070	$1,190	(10)%	$2,173	$2,445	(11)%
Credit reserve build (release)	(397)	(351)	(13)	(668)	(721)	7
Provisions for benefits and claims	1	—	100	3	—	NM
Provision for unfunded lending commitments	12	13	(8)%	18	27	(33)%
Provisions for credit losses and for benefits and claims	$686	$852	(19)%	$1,526	$1,751	(13)%
Income from continuing operations before taxes	$1,754	$1,751	— %	$3,266	$3,467	(6)%
Income taxes	677	667	1	1,169	1,309	(11)
Income from continuing operations	$1,077	$1,084	(1)%	$2,097	$2,158	(3)%
Noncontrolling interests	(1)	1	NM	—	1	(100)
Net income	$1,078	$1,083	— %	$2,097	$2,157	(3)%
Balance Sheet data (in billions of dollars)						
Average assets	$176	$172	2 %	$177	$174	2 %
Return on average assets	2.46 %	2.53 %		2.39 %	2.50 %	
Efficiency ratio	49 %	48 %		50 %	49 %	
Average deposits	$171	$165	4	$171	$165	4
Net credit losses as a percentage of average loans	2.78 %	3.29 %		2.82 %	3.34 %	
Revenue by business						
Retail banking	$1,173	$1,592	(26)%	$2,312	$3,165	(27)%
Citi-branded cards	2,028	1,978	3	4,047	4,004	1
Citi retail services	1,581	1,483	7	3,206	2,994	7
Total	$4,782	$5,053	(5)%	$9,565	$10,163	(6)%
Income from continuing operations by business						
Retail banking	$89	$257	(65)%	$106	$469	(77)%
Citi-branded cards	558	440	27	1,124	872	29
Citi retail services	430	387	11	867	817	6
Total	$1,077	$1,084	(1)%	$2,097	$2,158	(3)%

NM Not meaningful

2Q14 vs. 2Q13

Net income was unchanged at $1.1 billion as lower revenues were offset by lower operating expenses, a decline in net credit losses and higher loan loss reserve releases.

Revenues decreased 5% primarily due to lower retail banking revenues, partially offset by higher Citi-branded cards and Citi retail services revenues. Net interest revenue increased 4% primarily due to an increase in average loans driven by the Best Buy portfolio acquisition in September 2013, partially offset by continued spread compression in retail banking and lower average loans in Citi-branded cards. Non-interest revenue decreased 42% primarily due to the lower mortgage origination revenues, partially offset by a 7% increase in purchase sales.

Retail banking revenues of $1.2 billion declined 26% due to lower mortgage origination revenues driven by lower U.S. mortgage refinancing activity and the absence of a gain on the sale of a mortgage portfolio in the prior-year period (approximately $180 million). While retail banking continued to experience spread compression in the deposit portfolios within the consumer and commercial banking businesses, this impact was partially offset by growth in average deposits (4%), average commercial loans (7%) and average retail loans (11%). Although retail banking revenues will likely continue to be negatively impacted during the remainder of 2014 by lower mortgage origination revenues and spread compression in the deposit portfolios, deposit spreads improved sequentially and Citi believes mortgage revenues have broadly stabilized.

Cards revenues increased 4%. In Citi-branded cards, revenues increased 3% as purchase sales increased 5% from the prior-year period and lower average loans (3% decline from the prior-year period) were partially offset by higher net interest spreads driven by the continued reduction of promotional balances in the portfolio. The decline in average loans, primarily reflecting the continued emphasis on reducing promotional balances as well as increased customer payment rates, were partially offset by the higher net interest spreads.

Citi retail services revenues increased 7% primarily due to an 18% increase in average loans driven by the Best Buy acquisition, partially offset by continued declines in revenues due to improving credit and the resulting impact on contractual partner payments. Citi retail services revenues also benefited from lower funding costs, partially offset by a decline in net interest spreads due to a higher percentage of promotional balances within the portfolio. Purchase sales in Citi retail services increased 11% from the prior-year period, driven by the acquisition of the Best Buy portfolio.

Expenses decreased 4%, reflecting ongoing cost reduction initiatives, partially offset by an increase in retail services expenses due to the impact of the Best Buy portfolio acquisition. Cost reduction initiatives included the ongoing repositioning of the mortgage business due to the decline in mortgage refinancing activity, as well as continued rationalization of the branch footprint, including reducing the number of overall branches.

Provisions decreased 19% due to lower net credit losses in Citi-branded cards (down 14% to $570 million) and Citi retail services (down 3% to $465 million) and higher loan loss

reserve releases ($396 million compared to $351 million in the prior-year period), primarily related to cards. Despite the increase in the cards loan loss reserve release in the current quarter, Citi expects releases relating to its cards businesses to be lower during the remainder of 2014 as net credit losses have generally stabilized in these portfolios.

2014 YTD vs. 2013 YTD

Year-to-date, North America GCB has experienced similar trends to those described above. Net income decreased 3%, mainly due to lower revenues, partially offset by lower expenses and lower net credit losses.

Revenues decreased 6% primarily due to a 40% decline in non-interest revenues, partially offset by a 2% increase in net interest revenue. Retail banking revenues declined 27% due to the significantly lower mortgage origination revenues and the continued spread compression in the deposit portfolios. Cards revenues increased 4% due to a 1% increase in Citi-branded cards revenues and 7% increase in Citi retail services revenues, driven by the factors described above.

Expenses declined 3%, driven by the factors described above.

Provisions decreased 13% due to an 11% decline in net credit losses, partially offset by lower loan loss reserve releases ($665 million in the first half of 2014 compared to $721 million in the prior-year period) primarily related to cards, as well as reserve builds for new loans originated in the Best Buy portfolio.

EMEA GCB

EMEA GCB provides traditional banking and Citi-branded card services to retail customers and small- to mid-size businesses, primarily in Central and Eastern Europe and the Middle East. The countries in which EMEA GCB has the largest presence are Poland, Russia and the United Arab Emirates.

At June 30, 2014, EMEA GCB had 159 retail bank branches with approximately 3.3 million retail banking customer accounts, $6.0 billion in retail banking loans, $13.8 billion in deposits, and 2.1 million Citi-branded card accounts with $2.5 billion in outstanding card loan balances.

In millions of dollars, except as otherwise noted	Second Quarter 2014	Second Quarter 2013	% Change	Six Months 2014	Six Months 2013	% Change
Net interest revenue	$233	$237	(2)%	$464	$483	(4)%
Non-interest revenue	126	127	(1)	242	249	(3)
Total revenues, net of interest expense	$359	$364	(1)%	$706	$732	(4)%
Total operating expenses	$313	$342	(8)%	$628	$695	(10)%
Net credit losses	$20	$(1)	NM	$31	$28	11%
Credit reserve build (release)	3	(9)	NM	3	(20)	NM
Provision for unfunded lending commitments	1	(1)	NM	1	—	100
Provisions for credit losses	$24	$(11)	NM	$35	$8	NM
Income (loss) from continuing operations before taxes	$22	$33	(33)%	$43	$29	48%
Income taxes (benefits)	7	11	(36)%	13	6	NM
Income (loss) from continuing operations	$15	$22	(32)%	$30	$23	30%
Noncontrolling interests	5	5	—%	10	8	25%
Net income (loss)	$10	$17	(41)%	$20	$15	33%
Balance Sheet data (in billions of dollars)						
Average assets	$10	$10	—%	$10	$10	—%
Return on average assets	0.40%	0.68%		0.40%	0.30%	
Efficiency ratio	87%	94%		89%	95%	
Average deposits	$14	$13	8	$13	$13	—
Net credit losses as a percentage of average loans	0.97%	(0.05)%		0.77%	0.70%	
Revenue by business						
Retail banking	$224	$214	5%	$438	$429	2%
Citi-branded cards	135	150	(10)	268	303	(12)
Total	$359	$364	(1)%	$706	$732	(4)%
Income (loss) from continuing operations by business						
Retail banking	$7	$(5)	NM	$—	$(18)	100%
Citi-branded cards	8	27	(70)%	30	41	(27)
Total	$15	$22	(32)%	$30	$23	30%
Foreign Currency (FX) Translation Impact						
Total revenues-as reported	$359	$364	(1)%	$706	$732	(4)%
Impact of FX translation [1]	—	(2)		—	(15)	
Total revenues-ex-FX	$359	$362	(1)%	$706	$717	(2)%
Total operating expenses-as reported	$313	$342	(8)%	$628	$695	(10)%
Impact of FX translation [1]	—	—		—	(11)	
Total operating expenses-ex-FX	$313	$342	(8)%	$628	$684	(8)%
Provisions for credit losses-as reported	$24	$(11)	NM	$35	$8	NM

Impact of FX translation [1]	—	—		—	(3)	
Provisions for credit losses-ex-FX	$24	$(11)	NM	$35	$5	NM
Net income (loss)-as reported	$10	$17	(41)%	$20	$15	33%
Impact of FX translation [1]	—	—		—	3	
Net income (loss)-ex-FX	$10	$17	(41)%	$20	$18	11%

(1) Reflects the impact of foreign exchange (FX) translation into U.S. dollars at the second quarter of 2014 average exchange rates for all periods presented.
NM Not meaningful

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

2Q14 vs. 2Q13
Net income declined $7 million to $10 million as higher credit costs and lower revenues were partially offset by lower expenses.
Revenues decreased 1%, mainly driven by lower revenues resulting from the sales of Citi's consumer operations in Turkey and Romania during 2013, partially offset by higher volumes in core markets, particularly in Russia, Poland and the United Arab Emirates. Net interest revenue decreased 1%, due to continued spread compression in cards and an 11% decrease in average cards loans, primarily due to the sales of the consumer operations in Turkey and Romania, partially offset by growth in average retail loans of 11%. Interest rate caps on credit cards, particularly in Poland, and the continued low interest rate environment were the main contributors to the lower net interest spreads. Non-interest revenue decreased 1%, mainly reflecting lower revenues due to the sales of the consumer operations in Turkey and Romania, partially offset by higher investment fees due to an increase in the sale of higher spread products. Investment sales increased 7% and average deposits increased 2%, while cards purchase sales decreased 11% due to the sales of the consumer operations in Turkey and Romania. Continued regulatory changes, including caps on interchange rates in Poland, and spread compression will likely continue to negatively impact revenues in EMEA GCB during the remainder of 2014.
Expenses declined 8%, primarily due to repositioning savings and the impact of the sales of the consumer operations in Turkey and Romania, partially offset by continued investment spending on new internal operating platforms.
Provisions increased $35 million due to higher net credit losses and the absence of a loan loss reserve release in the current quarter. The higher net credit losses reflected the absence of a $28 million benefit in the prior-year period primarily due to the sales of written-off accounts.

Russia/Ukraine
To date, the ongoing instability in Russia and Ukraine has not had a material impact on the results of operations of EMEA GCB. However, future developments, including actions by Citi to mitigate its exposures and risks or the imposition of additional sanctions, such as asset freezes, involving Russia or against Russian entities, business sectors, individuals or otherwise, could negatively impact the business. For additional information on Citi's exposures in these countries, see "Managing Global Risk-Country and Cross-Border Risk" below.

2014 YTD vs. 2013 YTD
Year-to-date, EMEA GCB has experienced similar trends to those described above. Net income increased 11%, mainly due to lower expenses, partially offset by lower revenues and higher credit costs.
Revenues decreased 2% primarily driven by the lower revenues resulting from the sales of Citi's consumer operations in Turkey and Romania, partially offset by higher volumes in core markets.
Expenses declined 8%, driven by the factors described above.
Provisions increased by $30 million primarily due to the absence of loan loss reserve releases in the current period. Net credit losses increased 11% due to a benefit in the prior-year period due to the sales of written-off accounts.

LATIN AMERICA GCB

Latin America GCB provides traditional banking and Citi-branded card services to retail customers and small- to mid-size businesses, with the largest presence in Mexico and Brazil. Latin America GCB includes branch networks throughout Latin America as well as Banco Nacional de Mexico, or Banamex, Mexico’s second-largest bank, with nearly 1,600 branches.

At June 30, 2014, Latin America GCB had 1,921 retail branches, with approximately 32.2 million retail banking customer accounts, $30.8 billion in retail banking loans and $48.3 billion in deposits. In addition, the business had approximately 9.0 million Citi-branded card accounts with $11.7 billion in outstanding loan balances.

In millions of dollars, except as otherwise noted	Second Quarter 2014	2013	% Change	Six Months 2014	2013	% Change
Net interest revenue	$1,571	$1,575	— %	$3,076	$3,117	(1)%
Non-interest revenue	753	758	(1)	1,516	1,524	(1)
Total revenues, net of interest expense	$2,324	$2,333	— %	$4,592	$4,641	(1)%
Total operating expenses	$1,360	$1,351	1 %	$2,674	$2,692	(1)%
Net credit losses	$493	$416	19 %	$962	$835	15 %
Credit reserve build (release)	111	104	7	167	142	18
Provision (release) for unfunded lending commitments	1	—	100	—	—	—
Provision for benefits and claims	27	33	(18)	74	82	(10)
Provisions for loan losses and for benefits and claims (LLR & PBC)	$632	$553	14 %	$1,203	$1,059	14 %
Income from continuing operations before taxes	$332	$429	(23)%	$715	$890	(20)%
Income taxes	33	83	(60)	105	188	(44)
Income from continuing operations	$299	$346	(14)%	$610	$702	(13)%
Noncontrolling interests	2	—	NM	4	2	100
Net income	$297	$346	(14)%	$606	$700	(13)%
Balance Sheet data (in billions of dollars)						
Average assets	$81	$80	1 %	$81	$83	(2)%
Return on average assets	1.47 %	1.73 %		1.51 %	1.72 %	
Efficiency ratio	59 %	58 %		58 %	58 %	
Average deposits	$47	$45	4	$47	$45	4 %
Net credit losses as a percentage of average loans	4.65 %	4.06 %		4.62 %	4.14 %	
Revenue by business						
Retail banking	$1,511	$1,544	(2)%	$3,009	$3,088	(3)%
Citi-branded cards	813	789	3	1,583	1,553	2
Total	$2,324	$2,333	— %	$4,592	$4,641	(1)%
Income from continuing operations by business						
Retail banking	$208	$190	9 %	$413	$418	(1)%
Citi-branded cards	91	156	(42)	197	284	(31)
Total	$299	$346	(14)%	$610	$702	(13)%
Foreign Currency (FX) Translation Impact						
Total revenues-as reported	$2,324	$2,333	— %	$4,592	$4,641	(1)%
Impact of FX translation (1)	—	(80)		—	(225)	
Total revenues-ex-FX	$2,324	$2,253	3 %	$4,592	$4,416	4 %
Total operating expenses-as reported	$1,360	$1,351	1 %	$2,674	$2,692	(1)%
Impact of FX translation (1)	—	(43)		—	(128)	
Total operating expenses-ex-FX	$1,360	$1,308	4 %	$2,674	$2,564	4 %
Provisions for LLR & PBC-as reported	$632	$553	14 %	$1,203	$1,059	14 %

Impact of FX translation [1]	—	(14	)	—	(49	)
Provisions for LLR & PBC-ex-FX	$632	$539	17 %	$1,203	$1,010	19 %
Net income-as reported	$297	$346	(14)%	$606	$700	(13)%
Impact of FX translation [1]	—	(18	)	—	(35	)
Net income-ex-FX	$297	$328	(9)%	$606	$665	(9)%

(1) Reflects the impact of foreign exchange (FX) translation into U.S. dollars at the second quarter of 2014 average exchange rates for all periods presented.

NM Not Meaningful

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

2Q14 vs. 2Q13

Net income decreased 9% as higher credit costs and higher expenses were partially offset by higher revenues.

Revenues increased 3%, primarily due to continued volume growth in retail banking and cards, partially offset by continued spread compression and slower overall economic growth across the region, including in Mexico and Brazil. Net interest revenue increased 2% due to increased volumes, partially offset by spread compression. Non-interest revenue increased 5%, primarily due to higher fees from increased business volumes in retail banking and cards as well as a gain on sale (approximately $10 million) related to the sale of Citi's consumer business in Honduras. Retail banking revenues increased 1% as average loans increased 8%, investment sales increased 13% and average deposits increased 8%, partially offset by lower spreads in Brazil and Mexico. Cards revenues increased 7% as average loans increased 8% and purchase sales increased 1%. This increase in overall cards revenues was partially offset by the lower economic growth and slowing cards purchase sales in Mexico due to the previously-disclosed fiscal reforms enacted in 2013, which included higher income and other taxes and continued to negatively impact consumer behavior. Citi expects these trends as well as spread compression could continue to negatively impact revenues in Latin America GCB during the remainder of 2014.

Expenses increased 4%, primarily in Mexico due to higher legal and related costs, increased compliance costs and higher technology spending, partially offset by productivity and efficiency savings.

Provisions increased 17%, primarily due to higher net credit losses as well as a higher loan loss reserve build. Net credit losses increased 22%, driven primarily by Mexico cards and, to a lesser extent, the personal loan portfolio, as the portfolios continued to grow and season. In addition, Mexico fiscal reforms (as discussed above) negatively impacted card delinquencies in Mexico across the industry. The continued impact of the fiscal reforms and economic slowdown in Mexico could cause net credit losses in Latin America GCB to remain elevated. Any further deterioration in Citi's Mexican homebuilders clients could also result in higher net credit losses, although any losses related to those homebuilder clients should be charged against existing loan loss reserves as of June 30, 2014, and thus should be neutral to overall cost of credit. The loan loss reserve build increased 8%, primarily due to portfolio growth and seasoning.

Argentina/Venezuela

For additional information on Citi's exposures in Argentina and Venezuela and the impact, or potential future impact, to Latin America GCB results of operations as a result of certain developments in these countries, see "Managing Global Risk-Country and Cross-Border Risk" below.

2014 YTD vs. 2013 YTD

Year-to-date, Latin America GCB has experienced similar trends to those described above. Net income decreased 9% as higher credit costs and higher expenses were partially offset by higher revenues.

Revenues increased 4%, primarily due to volume growth in retail banking and cards, partially offset by continued spread compression and slower overall economic growth across the region, including in Mexico. Net interest revenue increased 4% due to increased volumes, partially offset by spread compression. Non-interest revenue increased 4%, primarily due to higher fees from increased business volumes in retail and cards as well as gains on sale (approximately $50 million) related to the sale of Citi's consumer business in Honduras in the current period and Citi's partial sale of its indirect investment in Banco de Chile during the first quarter of 2014. Retail banking revenues increased 2% as average loans increased 8%, investment sales increased 13% and average deposits increased 7%. Cards revenues increased 7% as average loans increased 9% and purchase sales increased 3%, partially offset by

lower economic growth and slowing cards purchase sales in Mexico due to the 2013 fiscal reforms.
Expenses increased 4%, driven by the factors described above.
Provisions increased 19%, primarily due to higher net credit losses as well as a higher loan loss reserve build. Net credit losses increased 21%, driven primarily by Mexico cards and, to a lesser extent, the personal loan portfolio, as the portfolios continued to grow and season. The loan loss reserve build increased 24%, primarily due to portfolio growth and seasoning.

ASIA GCB

Asia GCB provides traditional banking and Citi-branded card services to retail customers and small- to mid-size businesses, with the largest Citi presence in Korea, Singapore, Australia, Hong Kong, Taiwan, India, Japan, Malaysia, Thailand, Indonesia and the Philippines.

At June 30, 2014, Asia GCB had 471 retail branches, approximately 16.9 million retail banking customer accounts, $75.6 billion in retail banking loans and $105.0 billion in deposits. In addition, the business had approximately 16.3 million Citi-branded card accounts with $19.3 billion in outstanding loan balances.

	Second Quarter		% Change	Six Months		% Change
In millions of dollars, except as otherwise noted	2014	2013		2014	2013	
Net interest revenue	$1,168	$1,190	(2)%	$2,302	$2,417	(5)%
Non-interest revenue	748	778	(4)	1,509	1,511	—
Total revenues, net of interest expense	$1,916	$1,968	(3)%	$3,811	$3,928	(3)%
Total operating expenses	$1,446	$1,142	27%	$2,576	$2,305	12%
Net credit losses	$198	$180	10%	$401	$386	4%
Credit reserve build (release)	(35)	19	NM	(38)	22	NM
Provision for unfunded lending commitments	(6)	10	NM	(10)	24	NM
Provisions for loan losses	$157	$209	(25)%	$353	$432	(18)%
Income from continuing operations before taxes	$313	$617	(49)%	$882	$1,191	(26)%
Income taxes	99	207	(52)	287	387	(26)
Income from continuing operations	$214	$410	(48)%	$595	$804	(26)%
Noncontrolling interests	—	—	—	—	—	—
Net income	$214	$410	(48)%	$595	$804	(26)%
Balance Sheet data (in billions of dollars)						
Average assets	$133	$129	3%	$132	$129	2%
Return on average assets	0.65%	1.27%		0.91%	1.26%	
Efficiency ratio	75%	58%		68%	59%	
Average deposits	$103	$102	1	$102	$105	(3)
Net credit losses as a percentage of average loans	0.85%	0.82%		0.88%	0.88%	
Revenue by business						
Retail banking	$1,161	$1,192	(3)%	$2,327	$2,392	(3)%
Citi-branded cards	755	776	(3)	1,484	1,536	(3)
Total	$1,916	$1,968	(3)%	$3,811	$3,928	(3)%
Income from continuing operations by business						
Retail banking	$58	$223	(74)%	$279	$463	(40)%
Citi-branded cards	156	187	(17)	316	341	(7)
Total	$214	$410	(48)%	$595	$804	(26)%
Foreign Currency (FX) Translation Impact						
Total revenues-as reported	$1,916	$1,968	(3)%	$3,811	$3,928	(3)%
Impact of FX translation [1]	—	(17)		—	(106)	
Total revenues-ex-FX	$1,916	$1,951	(2)%	$3,811	$3,822	—%
Total operating expenses-as reported	$1,446	$1,142	27%	$2,576	$2,305	12%
Impact of FX translation [1]	—	(2)		—	(47)	
Total operating expenses-ex-FX	$1,446	$1,140	27%	$2,576	$2,258	14%
Provisions for loan losses-as reported	$157	$209	(25)%	$353	$432	(18)%
Impact of FX translation [1]	—	1		—	(13)	
Provisions for loan losses-ex-FX	$157	$210	(25)%	$353	$419	(16)%
Net income-as reported	$214	$410	(48)%	$595	$804	(26)%

Impact of FX translation [1]	—	(10)		—	(26)	
Net income-ex-FX	$214	$400	(47)%	$595	$778	(24)%

(1) Reflects the impact of foreign exchange (FX) translation into U.S. dollars at the second quarter of 2014 average exchange rates for all periods presented.

NM Not meaningful

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

2Q14 vs. 2Q13

Net income decreased 47%, primarily due to higher expenses and lower revenues, partially offset by lower credit costs.

Revenues decreased 2%, with declines in both net interest revenue and non-interest revenue. Net interest revenue declined 1% driven by the ongoing impact of regulatory changes, continued spread compression and the repositioning of the franchise in Korea. Non-interest revenue decreased 3%, primarily driven by a decline in investment sales, partially offset by increased insurance fee revenues.

Retail banking revenues decreased 3% due to the continued negative impact of Korea as well as lower investment sales revenues, partially offset by the increased insurance fee revenues. Investment sales revenues declined 11% due to weaker investor sentiment reflecting overall market uncertainty as well as strong performance in the prior-year period. Citi expects investment sales revenues will continue to reflect the overall capital markets environment in the region. Average retail deposits increased 2% (3% excluding Korea) and average retail loans increased 8% (11% excluding Korea).

Cards revenues decreased 1% due to the continued impact of regulatory changes and spread compression, offset by a 5% increase (8% excluding Korea) in purchase sales driven by growth in China, India, Singapore and Hong Kong.

While Korea continued to have a negative impact on year-over-year revenue comparisons in Asia GCB, revenues in Korea were broadly stable quarter-over-quarter and Citi believes it could begin to see sequential revenue growth in Korea in the second half of 2014. Citi expects spread compression and the impact of regulatory changes in several markets across the region to continue to have a negative impact on Asia GCB revenues during the remainder of 2014.

Expenses increased 27% primarily due to higher repositioning charges in Korea of approximately $270 million in the current quarter.

Provisions decreased 25%, as loan loss reserve releases were partially offset by higher net credit losses due to lower recoveries.

2014 YTD vs. 2013 YTD

Year-to-date, Asia GCB has experienced similar trends to those described above. Net income decreased 24%, primarily due to higher expenses, partially offset by lower credit costs.

Revenues were unchanged, as higher non-interest revenue was offset by lower net interest revenue. Net interest revenue declined 2% driven by the ongoing impact of regulatory changes, continued spread compression and the repositioning of the franchise in Korea. Non-interest revenue increased 2%, primarily due to increased insurance fee revenues, partially offset by the decline in investment sales revenues.

Retail banking revenues decreased 1% primarily due to the continued negative impact of Korea as well as a 8% decline in investment sales revenues, partially offset by the increased insurance fee revenues. Average retail deposits were unchanged (a 2% increase excluding Korea) and average retail loans increased 8% (11% excluding Korea).

Cards revenues increased 1%, as cards purchase sales increased 5% (9% excluding Korea), with growth in China, India, Hong Kong and Singapore. This increase was partially offset by the continued impact of regulatory changes and repositioning in Korea as well as ongoing spread compression.

Expenses increased 14% primarily due to the higher repositioning charges in Korea in the current quarter.

Provisions decreased 16%, as loan loss reserve releases were partially offset by an 8% increase in net credit losses due to lower recoveries.

INSTITUTIONAL CLIENTS GROUP

Institutional Clients Group (ICG) provides corporate, institutional, public sector and high-net-worth clients around the world with a full range of wholesale banking products and services, including fixed income and equity sales and trading, foreign exchange, prime brokerage, derivative services, equity and fixed income research, corporate lending, investment banking and advisory services, private banking, cash management, trade finance and securities services. ICG transacts with clients in both cash instruments and derivatives, including fixed income, foreign currency, equity and commodity products.

ICG revenue is generated primarily from fees and spreads associated with these activities. ICG 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 and Investment banking. In addition, as a market maker, ICG 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. Interest income earned on inventory and loans held less interest paid to customers on deposits is recorded as Net interest revenue. Revenue is also generated from transaction processing and assets under custody and administration.

ICG’s international presence is supported by trading floors in 75 countries and a proprietary network in over 95 countries and jurisdictions. At June 30, 2014, ICG had approximately $1.1 trillion of assets and $577 billion of deposits, while two of its businesses, securities services and issuer services, managed $15.4 trillion of assets under custody.

In millions of dollars, except as otherwise noted	Second Quarter 2014	2013	% Change	Six Months 2014	2013	% Change
Commissions and fees	$1,089	$1,105	(1)%	$2,199	$2,241	(2)%
Administration and other fiduciary fees	666	683	(2)	1,304	1,364	(4)
Investment banking	1,257	983	28	2,214	2,068	7
Principal transactions	1,577	2,450	(36)	4,183	4,922	(15)
Other	37	370	(90)	124	731	(83)
Total non-interest revenue	$4,626	$5,591	(17)%	$10,024	$11,326	(11)%
Net interest revenue (including dividends)	3,837	3,969	(3)	7,673	7,825	(2)
Total revenues, net of interest expense	$8,463	$9,560	(11)%	$17,697	$19,151	(8)%
Total operating expenses	$4,891	$5,006	(2)%	$9,885	$10,085	(2)%
Net credit losses	$9	$53	(83)%	$143	$92	55%
Provision (release) for unfunded lending commitments	(96)	(64)	(50)	(183)	(41)	NM
Credit reserve (release)	(25)	(19)	(32)	(45)	(16)	NM
Provisions for credit losses	$(112)	$(30)	NM	$(85)	$35	NM
Income from continuing operations before taxes	$3,684	$4,584	(20)%	$7,897	$9,031	(13)%
Income taxes	1,122	1,448	(23)	2,370	2,825	(16)
Income from continuing operations	$2,562	$3,136	(18)%	$5,527	$6,206	(11)%
Noncontrolling interests	19	23	(17)	45	73	(38)
Net income	$2,543	$3,113	(18)%	$5,482	$6,133	(11)%
Average assets (in billions of dollars)	$1,065	$1,090	(2)%	$1,062	$1,080	(2)%
Return on average assets	0.96%	1.15%		1.04%	1.15%	
Efficiency ratio	58%	52%		56%	53%	
Revenues by region						
North America	$3,146	$3,245	(3)%	$6,704	$6,822	(2)%
EMEA	$2,441	3,088	(21)	5,223	5,841	(11)
Latin America	1,150	1,223	(6)	2,252	2,446	(8)
Asia	1,726	2,004	(14)	3,518	4,042	(13)
Total	$8,463	$9,560	(11)%	$17,697	$19,151	(8)%
Income from continuing operations by region						
North America	$1,068	$984	9%	$2,357	$2,240	5%
EMEA	557	1,003	(44)	1,336	1,657	(19)
Latin America	430	527	(18)	771	999	(23)
Asia	507	622	(18)	1,063	1,310	(19)
Total	$2,562	$3,136	(18)%	$5,527	$6,206	(11)%
Average loans by region (in billions of dollars)						
North America	$109	$96	14%	$108	$93	16%
EMEA	59	56	5	58	55	5
Latin America	41	37	11	41	38	8
Asia	70	64	9	69	62	11
Total	$279	$253	10%	$276	$248	11%
EOP deposits by business (in billions of dollars)						
Treasury and trade solutions	$384	$343	12%			
All other ICG businesses	193	190	2			
Total	$577	$533	8%			

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ICG Revenue Details—Excluding CVA/DVA

In millions of dollars	Second Quarter 2014	Second Quarter 2013	% Change	Six Months 2014	Six Months 2013	% Change
Investment banking revenue details						
Advisory	$193	$215	(10)%	$368	$419	(12)%
Equity underwriting	397	302	31	696	552	26
Debt underwriting	748	639	17	1,326	1,352	(2)
Total investment banking	$1,338	$1,156	16 %	$2,390	$2,323	3 %
Treasury and trade solutions	2,009	2,005	—	3,957	3,931	1
Corporate lending - excluding gain/(loss) on loan hedges (see below)	454	404	12	869	739	18
Private bank	656	645	2	1,324	1,274	4
Total Banking revenues (ex-CVA/DVA and gain/(loss) on loan hedges)	$4,457	$4,210	6 %	$8,540	$8,267	3 %
Corporate lending - gain/(loss) on loan hedges (1)	$(44)	$23	NM	$(61)	$(1)	NM
Total Banking revenues (ex-CVA/DVA and including gain/(loss) on loan hedges)	$4,413	$4,233	4 %	$8,479	$8,266	3 %
Fixed income markets	$2,996	$3,422	(12)%	$6,846	$8,109	(16)%
Equity markets	659	885	(26)	1,542	1,664	(7)
Securities services	598	599	—	1,159	1,165	(1)
Other	(171)	(41)	NM	(290)	(205)	(41)
Total Markets and securities services (ex-CVA/DVA)	$4,082	$4,865	(16)%	$9,257	$10,733	(14)%
Total ICG (ex-CVA/DVA)	$8,495	$9,098	(7)%	$17,736	$18,999	(7)%
CVA/DVA (excluded as applicable in lines above)	(32)	462	NM	(39)	152	NM
Fixed income markets	(36)	434	NM	(62)	141	NM
Equity markets	4	28	(86)	20	12	67
Private bank	—	—	—	3	(1)	NM
Total Revenues, net of interest expense	$8,463	$9,560	(11)%	$17,697	$19,151	(8)%

NM Not meaningful

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

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The discussion of the results of operations for ICG below excludes the impact of CVA/DVA for all periods presented. Presentation of the results of operations, excluding the impact of CVA/DVA and the impact of gains/(losses) on hedges on accrual loans, are non-GAAP financial measures. Citi believes the presentation of ICG's results excluding the impact of these items is a more meaningful depiction of the underlying fundamentals of the business. For a reconciliation of these metrics to the reported results, see the table above.

2Q14 vs. 2Q13

Net income decreased 9%, primarily driven by lower revenues, partially offset by lower expenses and lower credit costs.

- Revenues decreased 7%, reflecting lower revenues in fixed income markets and equity markets, partially offset by higher revenues in investment banking, corporate lending and the private bank. Citi expects revenues in ICG, particularly its Markets and securities services businesses, will likely continue to reflect the overall market environment.
- Investment banking revenues increased 16%, primarily reflecting an increase in debt and equity underwriting revenues. Advisory revenues decreased 10%, reflecting a decline in wallet share, although announced volume share and number of deals announced each improved in the current quarter. Equity underwriting revenues increased 31%, driven by higher levels of market activity. Debt underwriting revenues increased 17% across bond and loan originations as a result of higher wallet share in a relatively flat market environment.
- Treasury and trade solutions revenues were largely unchanged on a reported basis. Excluding a gain of approximately $50 million in the prior-year period, revenues increased 3%, as continued higher balances and fee growth were partially offset by the impact of spread compression globally. End-of-period deposit balances increased 12% and average trade loans increased 3%.
- Corporate lending revenues decreased 4% on a reported basis. Excluding the impact of gains/(losses) on hedges on accrual loans, revenues increased 12%, primarily due to higher average loan balances and lower funding costs, partially offset by lower loan yields and losses from loan sale activity.
- Private bank revenues increased 2% due to growth in client lending and deposit volumes, partially offset by continued spread compression. Higher fees from managed investments were largely offset by lower capital markets revenues due to low trading activity.
- Fixed income markets revenues decreased 12%, as historically low volatility and continued macroeconomic uncertainty dampened investor client flows, particularly in rates and currencies. Also, the prior-year period benefited from gains realized from reducing risk positions in the emerging markets. Securitized and credit products revenues increased, particularly in North America, due to the continued positive spread environment and investor appetite for spread products.
- Equity markets revenues decreased 26% reflecting lower client activity and weak trading performance in EMEA in part due to macroeconomic and geopolitical uncertainties in the region, as well as a strong prior-year performance in North America. The weak trading performance was driven in part by the business taking an overall conservative position in anticipation of a potentially more

significant market reaction to the uncertainties in EMEA during the current quarter, as well as other trading losses. Derivatives revenues declined due to strong performance in flow derivatives and corporate client activity in the prior-year period, particularly in North America. Cash trading client activity was lower, particularly in North America and Asia.

- Securities services revenues were unchanged as an increase in volumes, assets under custody and overall client activity was offset by lower net interest revenue due to a reduction in deposits and ongoing spread compression.

Expenses decreased 2%, primarily reflecting lower performance-based compensation, higher efficiency savings and lower repositioning charges, partially offset by increased regulatory and compliance costs and higher legal and related costs.

Provisions decreased $82 million, primarily reflecting lower net credit losses and a higher loan loss reserve release.

For information regarding Citi's estimate for implementing the funding valuation adjustment (FVA) for over-the-counter (OTC) derivatives during the second half of 2014, see "Fair Value Adjustments for Derivatives and Fair Value Option Liabilities" below.

China and Russia/Ukraine

There has been recent speculation regarding potential fraud related to the financing of physical metal stored at certain ports in China, specifically Qingdao and Penglai. As of June 30, 2014, Citi had provided roughly $400 million of financing collateralized by physical metal stored in China (less than 1% of Citi's corporate loan portfolio), of which approximately $285 million related to the two ports potentially at issue. This financing has been provided to clients that are non-Chinese subsidiaries of large multi-national corporations, and the contracts are guaranteed by the parent companies; Citi had no direct exposure to local Chinese counterparties. Under a typical transaction, Citi's client receives cash to finance a physical commodity inventory with the agreement to repurchase the inventory at a specified date in the future (typically for periods of three to six months). By contract, the client is responsible for providing clean title to the inventory, insuring it and attesting that there are no third party encumbrances. Citi did not record any losses in the second quarter of 2014 related to this financing in China. For additional information on legal proceedings related to this financing, see Note 25 to the Consolidated Financial Statements.

In addition, Citi continues to monitor and manage its exposures in ICG resulting from the ongoing instability in Russia and Ukraine. Future developments, including actions by Citi to mitigate its exposures and risks or the imposition of additional sanctions, such as asset freezes, involving Russia or against Russian entities, business sectors, individuals or otherwise, could negatively impact the business. For additional information on Citi's exposures in these countries, see "Managing Global Risk-Country and Cross-Border Risk" below.

2014 YTD vs. 2013 YTD
Year-to-date, ICG has experienced similar trends to those described above. Net income decreased 9%, primarily driven
by lower revenues, partially offset by lower expenses and lower credit costs.

- Revenues decreased 7%, reflecting lower revenues in fixed income markets and equity markets, partially offset by higher revenues in corporate lending, investment banking and the private bank.
- Investment banking revenues increased 3%, primarily reflecting higher levels of market activity, partially offset by a slight decline in overall investment banking wallet share. Advisory revenues decreased 12% as a result of lower wallet share, although announced volume share and number of deals announced each improved in the first half of 2014. Equity underwriting revenues increased 26%, driven by increased market and client activity. Debt underwriting revenues decreased 2% as slight wallet share improvement was more than offset by market declines in loan syndication fees.
- Treasury and trade solutions revenues increased 1%, as higher balances and fee growth was partially offset by the impact of spread compression globally. End-of-period deposit balances increased 12% and average trade loans increased 10%, including the impact of the previously-disclosed consolidation of approximately $7 billion of trade loans during the second quarter of 2013.
- Corporate lending revenues increased 9% on a reported basis. Excluding the impact of losses on hedges on accrual loans, revenues increased 18%, as higher loan balances and lower funding costs were partially offset by lower loan yields.
- Private bank revenues increased 4% due to growth in managed investments, including the impact of higher client assets under management, and a revenue gain on legacy assets. Revenue growth in lending and deposits, primarily driven by growth in client volumes, was partly offset by continued spread compression, especially in lending.
- Fixed income markets revenues decreased 16%, primarily reflecting the uncertain emerging market and macroeconomic environment as well as historically low levels of volatility and client activity across the business. Local markets performance decreased as a result of the uncertain market environment and purposefully lower risk levels. Rates decreased as a result of lower client volumes particularly in the first quarter of 2014. Securitized products results declined, particularly in North America, due to comparatively lower investor appetite for yield products in the first quarter of 2014. Improved credit products reflected increased high grade and distressed flow trading.
- Equity markets revenues decreased 7%, primarily due to lower client activity and weak trading performance in EMEA in the current quarter, as described above. Cash trading performance decreased driven by a decline in commissions in all regions, except EMEA, and an increase

in trading losses in EMEA. Derivatives declined due to lower market volatility levels and strong prior-year performance in flow derivatives.
- Securities services revenues decreased 1%, reflecting lower net interest revenue due to a reduction in deposits and ongoing spread compression, partially offset by an increase in volumes, assets under custody and overall client activity.

Expenses decreased 2%, primarily reflecting the impact of lower performance-based compensation and efficiency savings, partially offset by increased regulatory and compliance costs, higher legal and related costs and higher repositioning charges.
Provisions decreased $120 million, primarily reflecting a higher loan loss reserve release and an improvement in the provision for unfunded lending commitments in the corporate loan portfolio, partially offset by higher net credit losses. Included in ICG credit costs in the first half of 2014 was approximately $154 million of incremental credit costs related to the Petróleos Mexicanos supplier program (for additional information, see "Institutional Clients Group"

in Citi's First Quarter of 2014 Form 10-Q, Form 8-K filed with the SEC on February 28, 2014 and "Institutional Clients Group- Transaction Services" in Citi's 2013 Annual Report on Form 10-K).

CORPORATE/OTHER

Corporate/Other includes unallocated global staff functions (including finance, risk, human resources, legal and compliance), other corporate expenses and unallocated global operations and technology expenses, Corporate Treasury and discontinued operations. At June 30, 2014, Corporate/Other had $326 billion of assets, or 17% of Citigroup's total assets, consisting primarily of Citi's liquidity portfolio (approximately $104 billion of cash and cash equivalents and $167 billion of liquid available-for-sale securities). For additional information, see "Balance Sheet Review" and "Managing Global Risk-Market Risk-Funding and Liquidity" below.

	Second Quarter		%	Six Months		%
In millions of dollars	2014	2013	Change	2014	2013	Change
Net interest revenue	$(45)	$(138)	67 %	$(81)	$(283)	71 %
Non-interest revenue	80	252	(68)	257	403	(36)
Total revenues, net of interest expense	$35	$114	(69)%	$176	$120	47 %
Total operating expenses	$655	$294	NM	$1,076	$634	70 %
Provisions for loan losses and for benefits and claims	—	—	— %	—	—	— %
Loss from continuing operations before taxes	$(620)	$(180)	NM	$(900)	$(514)	(75)%
Benefits for income taxes	(188)	49	NM	(10)	(120)	92 %
Loss from continuing operations	$(432)	$(229)	(89)%	$(890)	$(394)	NM
Income (loss) from discontinued operations, net of taxes	(22)	30	NM	15	(3)	NM
Net loss before attribution of noncontrolling interests	$(454)	$(199)	NM	$(875)	$(397)	NM
Noncontrolling interests	25	6	NM	35	36	(3)%
Net loss	$(479)	$(205)	NM	$(910)	$(433)	NM

2Q14 vs. 2Q13

The net loss increased $274 million to $479 million, primarily due to higher expenses and lower revenues.

Revenues decreased 69%, driven by hedging activities, partially offset by higher investment revenues.

Expenses increased $361 million, largely driven by higher legal and related costs, increased regulatory and compliance costs and higher repositioning charges.

2014 YTD vs. 2013 YTD

The net loss increased $477 million to $910 million, primarily due to higher expenses and a $210 million tax charge in the first quarter of 2014 (see "Executive Summary" in Citi's First Quarter of 2014 Form 10-Q), partially offset by higher revenues.

Revenues increased 47%, driven by higher investment revenues, partially offset by lower revenues from hedging activities.

Expenses increased 70%, largely driven by higher legal and related costs, increased regulatory and compliance costs and higher repositioning charges.

CITI HOLDINGS

Citi Holdings contains businesses and portfolios of assets that Citigroup has determined are not central to its core Citicorp businesses. As of June 30, 2014, Citi Holdings assets were approximately $111 billion, a decrease of 15% year-over-year and 3% from March 31, 2014. The decline in assets of $3 billion from March 31, 2014 primarily consisted of net pay-downs.

Also as of June 30, 2014, consumer assets in Citi Holdings were approximately $98 billion, or approximately 88% of Citi Holdings assets. Of the consumer assets, approximately $67 billion, or 68%, consisted of North America residential mortgages (residential first mortgages and home equity loans), including consumer mortgages originated by Citi's legacy CitiFinancial North America business (approximately $11 billion, or 16%, of the $67 billion as of June 30, 2014). As part of Citi's continued focus on winding down Citi Holdings, during the second quarter of 2014, Citi signed agreements to sell its consumer banking businesses in Greece and Spain consisting of approximately $2.7 billion of assets. The sales, which are subject to regulatory and other customary closing conditions, are expected to close in the third quarter of 2014.

As of June 30, 2014, Citi Holdings represented approximately 6% of Citi's GAAP assets and 16% of its estimated risk-weighted assets under Basel III (based on the "Advanced Approaches" for determining risk-weighted assets).

	Second Quarter			Six Months		
In millions of dollars, except as otherwise noted	2014	2013	% Change	2014	2013	% Change
Net interest revenue	$972	$784	24 %	$1,875	$1,537	22 %
Non-interest revenue	491	312	57	1,044	464	NM
Total revenues, net of interest expense	$1,463	$1,096	33 %	$2,919	$2,001	46 %
Provisions for credit losses and for benefits and claims						
Net credit losses	$399	$770	(48)%	$918	$1,700	(46)%
Credit reserve build (release)	(196)	(480)	59	(537)	(827)	35
Provision for loan losses	$203	$290	(30)%	$381	$873	(56)%
Provision for benefits and claims	143	154	(7)	298	322	(7)
Provision (release) for unfunded lending commitments	(3)	7	NM	(7)	3	NM
Total provisions for credit losses and for benefits and claims	$343	$451	(24)%	$672	$1,198	(44)%
Total operating expenses	$4,514	$1,564	NM	$6,058	$3,081	97 %
Loss from continuing operations before taxes	$(3,394)	$(919)	NM	$(3,811)	$(2,278)	(67)%
Income taxes (benefits)	88	(338)	NM	(46)	(898)	95
Loss from continuing operations	$(3,482)	$(581)	NM	$(3,765)	$(1,380)	NM
Noncontrolling interests	—	1	(100)%	1	6	(83)%
Citi Holdings net loss	$(3,482)	$(582)	NM	$(3,766)	$(1,386)	NM
Total revenues, net of interest expense (excluding CVA/DVA)						
Total revenues-as reported	$1,463	$1,096	33 %	$2,919	$2,001	46 %
CVA/DVA	(1)	15	NM	13	6	NM
Total revenues-excluding CVA/DVA	$1,464	$1,081	35 %	$2,906	$1,995	46 %
Balance sheet data (in billions of dollars)						
Average assets	$112	$143	(22)%	$114	$148	(23)%
Return on average assets	(12.47)%	(1.63)%		(6.66)%	(1.89)%	
Efficiency ratio	309 %	143 %		208 %	154 %	
Total EOP assets	$111	$131	(15)%			
Total EOP loans	82	100	(18)			

Total EOP deposits	20	65	(70)

NM Not meaningful

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

2Q14 vs. 2Q13

The net loss increased by $2.9 billion to $3.5 billion due to the impact of the mortgage settlement (see "Executive Summary" above and Note 25 to the Consolidated Financial Statements). Excluding the impact of the mortgage settlement, net income increased by $835 million to $244 million, primarily due to higher revenues, lower expenses and lower credit costs.

Revenues increased 35%, primarily driven by the absence of residential mortgage repurchase reserve builds for representation and warranty claims in the current quarter, a higher level of gains on asset sales compared to the prior period and lower funding costs. Net interest revenues increased 24%, primarily due to the lower funding costs. Non-interest revenues increased 66%, primarily driven by the absence of the repurchase reserve builds as well as the higher levels of gains on asset sales compared to the prior-year period.

Expenses increased $3.0 billion due to the impact of the mortgage settlement. Excluding the impact of the mortgage settlement, expenses declined 51%, principally reflecting lower legal and related costs ($15 million compared to $705 million in the prior-year period) as well as the ongoing decline in Citi Holdings assets and mortgage-servicing rights (MSRs) portfolio sales.

Provisions decreased 24% on a reported basis. Excluding the impact of the mortgage settlement, provisions decreased 36%, driven by a 48% decline in net credit losses primarily due to improvements in North America mortgages and overall lower asset levels. Net credit losses in the current quarter included a recovery of approximately $58 million in residential first mortgages in CitiMortgage. The net reserve release decreased 58% to $199 million. Excluding the impact of the mortgage settlement, the net reserve release decreased 46% to $254 million, substantially all of which related to the North America mortgage portfolio.

2014 YTD vs. 2013 YTD

Year-to-date, Citi Holdings has experienced similar trends to those described above. The net loss increased by $2.4 billion to $3.8 billion, largely due to the mortgage settlement. Excluding the impact of the mortgage settlement, the net loss decreased $1.3 billion to $48 million, primarily due to higher revenues, lower expenses and lower cost of credit.

Revenues increased 46% primarily driven by the absence of residential mortgage repurchase reserve builds for representation and warranty claims in the first half of 2014 and lower funding costs.

Expenses increased $3.0 billion, primarily due to the impact of the mortgage settlement. Excluding the impact of the mortgage settlement, expenses declined 25%, primarily driven by lower legal and related costs ($799 million compared to $1.4 billion in the prior-year period) as well as the ongoing decline in Citi Holdings assets and the resulting decline in operating expenses.

Provisions decreased 44% on a reported basis. Excluding the impact of the mortgage settlement, provisions decreased 48%, driven by a 46% decline in net credit losses primarily due to improvements in North America mortgages and overall lower asset levels. The net reserve release decreased 34% to $544 million. Excluding the impact of the mortgage settlement, the net reserve release decreased 27% to $599 million, substantially all of which related to the North America mortgage portfolio.

BALANCE SHEET REVIEW

The following sets forth a general discussion of the changes in certain of the more significant line items of Citi's Consolidated Balance Sheet. For a description of the categories of assets and liabilities discussed below, see "Balance Sheet Review" in Citi's 2013 Annual Report on Form 10-K. For additional information on Citigroup's liquidity resources, including its deposits, short-term and long-term debt and secured financing transactions, see "Managing Global Risk—Market Risk—Funding and Liquidity" below.

In billions of dollars	June 30, 2014	March 31, 2014	Dec. 31, 2013	June 30, 2013	EOP 2Q14 vs. 1Q14 Increase (decrease)	% Change	EOP 2Q14 vs. 4Q13 Increase (decrease)	% Change	EOP 2Q14 vs. 2Q13 Increase (decrease)	% Change
Assets										
Cash and deposits with banks	$189	$204	$199	$189	$(15)	(7)%	$(10)	(5)%	$—	—%
Federal funds sold and securities borrowed or purchased under agreements to resell	250	263	257	263	(13)	(5)	(7)	(3)	(13)	(5)
Trading account assets	291	278	286	307	13	5	5	2	(16)	(5)
Investments	326	313	309	300	13	4	17	6	26	9
Loans, net of unearned income and allowance for loan losses	650	645	646	622	5	1	4	1	28	5
Other assets	204	192	183	203	12	6	21	11	1	—
Total assets	$1,910	$1,895	$1,880	$1,884	$15	1%	$30	2%	$26	1%
Liabilities										
Deposits	$966	$966	$968	$938	$—	—%	$(2)	—%	$28	3%
Federal funds purchased and securities loaned or sold under agreements to repurchase	184	191	204	218	(7)	(4)	(20)	(10)	(34)	(16)
Trading account liabilities	123	124	109	123	(1)	(1)	14	13	—	—
Short-term borrowings	60	59	59	59	1	2	1	2	1	2
Long-term debt	227	223	221	221	4	2	6	3	6	3
Other liabilities	137	122	113	127	15	12	24	21	10	8
Total liabilities	$1,697	$1,685	$1,674	$1,686	$12	1%	$23	1%	$11	1%
Total equity	213	210	206	198	3	1	7	3	15	8
Total liabilities and equity	$1,910	$1,895	$1,880	$1,884	$15	1%	$30	2%	$26	1%

ASSETS

Cash and Deposits with Banks

Cash and deposits with banks decreased 7% sequentially as Citi funded its loan growth and grew its investment portfolio to manage its interest rate position and deploy its excess liquidity (discussed further below). Average cash balances were $192 billion in the second quarter of 2014, compared to $205 billion in the first quarter of 2014.

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

Citi's federal funds sold were not significant for the periods presented. Reverse repos and securities borrowed decreased 5% sequentially driven by a reduction in trading activity in the Markets and securities services businesses within ICG.

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

Trading Account Assets

Trading account assets increased 5% during the second quarter of 2014 due to higher inventory held in the Markets and securities services businesses within ICG. Average trading account assets were $234 billion in the second quarter of 2014, unchanged from the first quarter of 2014.

For further information on Citi's trading account assets, see Note 12 to the Consolidated Financial Statements.

Investments

Investments increased in the second quarter of 2014 as Citi deployed some of its cash by investing in available-for-sale securities, particularly in U.S. treasuries and foreign government securities. In addition, during the second quarter of 2014, securities with a fair value of $12 billion were transferred from available-for-sale to held-to-maturity. For further information on Citi's investments as well as the transfer during the current quarter, see Note 13 to the Consolidated Financial Statements.

Loans
Citi's total loans, net of unearned income, were $668 billion at June 30, 2014, compared to $664 billion at March 31, 2014 and $644 billion at June 30, 2013. The discussion of loans throughout this section excludes a positive $4 billion impact of foreign exchange translation versus the prior-year period.
Excluding this item, Citi's loans increased 3% from the prior-year period and remained relatively stable quarter-over-quarter, as loan growth within both consumer and corporate loans within Citicorp continued. At the end of the second quarter of 2014, consumer and corporate loans represented 58% and 42%, respectively, of Citi's total loans.
Consumer loans in Citicorp grew 6% from the prior-year period, with broad-based growth across regions and products. The Best Buy portfolio acquisition and growth in the mortgage portfolio led to 6% growth in North America consumer. International consumer loan volumes increased 5%, led by growth in Asia. Corporate loans in Citicorp grew 8%, with contribution from all four regions. Traditional corporate lending balances increased 9% as Citi funded previously extended commitments and generated new loans for target clients. Trade loans were largely unchanged as a larger portion of originations was sold to optimize returns, and private bank loans grew 19%, with growth internationally and in North America.
Citi Holdings loans decreased 18% year-over-year due to expected runoff and asset sales.
During the second quarter of 2014, average loans of $665 billion yielded an average rate of 6.9%, compared to $659 billion and 6.9% in the first quarter of 2014 and $642 billion and 7.1% in the second quarter of 2013.
For further information on Citi's loan portfolios, see generally "Managing Global Risk-Credit Risk" and "- Country Risk" below as well as Note 14 to the Consolidated Financial Statements.

Other Assets
Other assets increased 6% sequentially primarily due to increased held-for-sale (HFS) assets related to the announcement of the sales of the Greece and Spain consumer franchises (see Note 2 to the Consolidated Financial Statements), and increased brokerage receivables driven by normal business fluctuations.

LIABILITIES

Deposits
For a discussion of Citi's deposits, see "Managing Global Risk —Market Risk—Funding and Liquidity" below.

Federal Funds Purchased and Securities Loaned or Sold Under Agreements to Repurchase (Repos)
Citi's federal funds purchased were not significant for the periods presented. Repos decreased 4% sequentially, primarily due to the reduction in client and market-driven trading activity in reverse repos and securities borrowing transactions, as discussed above.
For further information on Citi's secured financing transactions, see "Managing Global Risk-Market Risk-Funding and Liquidity" below. See also Note 10 to the Consolidated Financial Statements for additional information on these balance sheet categories.

Trading Account Liabilities
Trading account liabilities remained largely unchanged sequentially. Average trading account liabilities were $82 billion during the second quarter of 2014, compared to $72 billion in the first quarter of 2014.
For further information on Citi's trading account liabilities, see Note 12 to the Consolidated Financial Statements.

Debt
For information on Citi's long-term and short-term debt borrowings, see "Managing Global Risk—Market Risk—Funding and Liquidity" below and Note 17 to the Consolidated Financial Statements.

Other Liabilities

Other liabilities increased 12% sequentially due to the HFS reclassification of liabilities related to the announcement of the sales of the Greece and Spain consumer franchises (see Note 2 to the Consolidated Financial Statements), and changes in the levels of brokerage payables driven by normal business fluctuations.

Segment Balance Sheet[1]

In millions of dollars	Global Consumer Banking	Institutional Clients Group	Corporate/Other and Consolidating Eliminations[2]	Subtotal Citicorp	Citi Holdings	Citigroup Parent Company-Issued Long-Term Debt and Stockholders' Equity[3]	Total Citigroup Consolidated
Assets							
Cash and deposits with banks	$17,542	$66,400	$ 104,166	$188,108	$977	$—	$189,085
Federal funds sold and securities borrowed or purchased under agreements to resell	5,513	243,806	—	249,319	1,034	—	250,353
Trading account assets	5,171	281,751	149	287,071	3,705	—	290,776
Investments	31,628	102,081	179,593	313,302	12,321	—	325,623
Loans, net of unearned income and allowance for loan losses	292,268	280,307	—	572,575	77,039	—	649,614
Other assets	53,568	93,004	42,186	188,758	15,506	—	204,264
Total assets	$405,690	$1,067,349	$ 326,094	$1,799,133	$110,582	$—	$1,909,715
Liabilities and equity							
Total deposits	$337,731	$577,243	$ 31,300	$946,274	$19,451	$—	$965,725
Federal funds purchased and securities loaned or sold under agreements to repurchase	7,060	176,733	—	183,793	119	—	183,912
Trading account liabilities	19	122,374	196	122,589	781	—	123,370
Short-term borrowings	351	47,791	11,155	59,297	237	—	59,534
Long-term debt	1,497	37,881	27,785	67,163	4,876	154,945	226,984
Other liabilities	19,857	88,807	11,552	120,216	16,875	—	137,091
Net inter-segment funding (lending)	39,175	16,520	242,369	298,064	68,243	(366,307)	—
Total liabilities	$405,690	$1,067,349	$ 324,357	$1,797,396	$110,582	$(211,362)	$1,696,616
Total equity	—	—	1,737	1,737	—	211,362	213,099
Total liabilities and equity	$405,690	$1,067,349	$ 326,094	$1,799,133	$110,582	$—	$1,909,715

(1) The supplemental information presented in the table above reflects Citigroup's consolidated GAAP balance sheet by reporting segment as of June 30, 2014. 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-relationships of the asset and liability dynamics of the balance sheet components among Citi's business segments.

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

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

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OFF-BALANCE-SHEET ARRANGEMENTS

For information on the types of off-balance-sheet arrangements entered into by Citi, see “Off-Balance-Sheet Arrangements” in Citi’s 2013 Annual Report on Form 10-K. The table below shows 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” and Notes 1, 22 and 27 to the Consolidated Financial Statements in Citi’s 2013 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 20 to the Consolidated Financial Statements.
Letters of credit, and lending and other commitments	See Note 24 to the Consolidated Financial Statements.
Guarantees	See Note 24 to the Consolidated Financial Statements.

CAPITAL RESOURCES

For additional information on Citi's capital resources, including an overview of Citigroup's capital management framework and regulatory capital standards developments, as well as further information regarding the adoption and implementation of the final U.S. Basel III rules (Final Basel III Rules), see "Capital Resources" and "Risk Factors—Regulatory Risks" in Citigroup's 2013 Annual Report on Form 10-K and "Capital Resources" in Citi's First Quarter of 2014 Form 10-Q.

Current Regulatory Capital Standards

Overview

Citi is subject to regulatory capital standards issued by the Federal Reserve Board which, commencing with 2014, constitute the substantial adoption of the Final Basel III Rules, such as those governing the composition of regulatory capital (including the application of regulatory capital adjustments and deductions) and, for the second quarter of 2014, in conjunction with the granting of permission by the Federal Reserve Board to exit parallel reporting, approval to apply the Basel III "Advanced Approaches" framework in deriving risk-based capital ratios.

Further, the Final Basel III Rules implement the "capital floor provision" of the so-called "Collins Amendment" of the Dodd-Frank Act, which requires Advanced Approaches banking organizations, such as Citi and Citibank, N.A., upon exiting parallel reporting, to calculate each of the three risk-based capital ratios (Tier 1 Common, Tier 1 Capital and Total Capital) under both the "Standardized Approach" starting on January 1, 2015 (or, for 2014, prior to the effective date of the Standardized Approach, the Basel I credit risk and Basel II.5 market risk capital rules, subsequently referred to herein as the Basel III 2014 Standardized Approach) and the Advanced Approaches and publicly report (as well as measure compliance against) the lower of each of the resulting capital ratios. For additional information regarding Citi and Citibank, N.A.'s permission to exit Basel III parallel reporting, see "Capital Resources—Basel III—Risk-Based Capital Ratios" in Citigroup's 2013 Annual Report on Form 10-K.

Under the Final Basel III Rules, Citi, as with principally all U.S. banking organizations, is also required to maintain a minimum Tier 1 Leverage ratio of 4% commencing in 2014. The Tier 1 Leverage ratio, a non-risk-based measure of capital adequacy, is defined as Tier 1 Capital as a percentage of quarterly adjusted average total assets less amounts deducted from Tier 1 Capital.

Basel III Transition Arrangements

The Final Basel III Rules contain several differing, largely multi-year transition provisions (i.e., "phase-ins" and "phase-outs") with respect to the stated minimum Tier 1 Common and Tier 1 Capital ratio requirements, substantially all regulatory capital adjustments and deductions, non-qualifying Tier 1 and Tier 2 Capital instruments (such as non-grandfathered trust preferred securities and certain subordinated debt issuances), and the capital buffers. All of these transition provisions, with the exception of the phase-out of non-qualifying trust preferred securities from Tier 2 Capital, will be fully implemented by January 1, 2019 (full implementation).

Under the Final Basel III Rules, commencing January 1, 2015, Citi will be required to maintain stated minimum Tier 1 Common, Tier 1 Capital and Total Capital ratios of 4.5%, 6% and 8%, respectively. Further, when fully implemented by January 1, 2019, Citi will be subject to substantially higher effective minimum ratio requirements due to the imposition of an additional 2.5% Capital Conservation Buffer and at least a 2% global systemically important bank (G-SIB) surcharge. Accordingly, Citi currently anticipates that its effective minimum Tier 1 Common, Tier 1 Capital and Total Capital ratio requirements as of January 1, 2019 will be at least 9%, 10.5% and 12.5%, respectively.

The following chart sets forth the transitional progression to full implementation under the Final Basel III Rules of the regulatory capital components (exclusive of the potential imposition of an additional Countercyclical Capital Buffer) comprising the effective minimum risk-based capital ratios.
Basel III Transition Arrangements: Minimum Risk-Based Capital Ratios

(1) The Final Basel III Rules do not address G-SIBs. However, the Federal Reserve Board has indicated it intends to issue rules which would be consistent with the Basel Committee on Banking Supervision's (Basel Committee) G-SIB rules. As such, the transitional progression reflected in the chart is consistent with the phase-in arrangement under the Basel Committee's G-SIB rules. Citi anticipates that it will likely be subject to at least a 2% G-SIB surcharge.

The following chart presents the transition arrangements (phase-in and phase-out) under the Final Basel III Rules for significant regulatory capital adjustments and deductions relative to Citi.

Basel III Transition Arrangements: Significant Regulatory Capital Adjustments and Deductions

	January 1									
	2014		2015		2016		2017		2018	
Phase-in of Significant Regulatory Capital Adjustments and Deductions										
Tier 1 Common Capital(1)	20	%	40	%	60	%	80	%	100	%
Tier 1 Common Capital(2)	20	%	40	%	60	%	80	%	100	%
Additional Tier 1 Capital(2)(3)	80	%	60	%	40	%	20	%	0	%
	100	%	100	%	100	%	100	%	100	%
Phase-out of Significant AOCI Regulatory Capital Adjustments										
Tier 1 Common Capital(4)	80	%	60	%	40	%	20	%	0	%

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(1) Includes the phase-in of Tier 1 Common Capital deductions for all intangible assets other than goodwill and mortgage servicing rights (MSRs); and excess over 10%/15% limitations for deferred tax assets (DTAs) arising from temporary differences, significant common stock investments in unconsolidated financial institutions and MSRs. Goodwill (including goodwill "embedded" in the valuation of significant common stock investments in unconsolidated financial institutions) is fully deducted in arriving at Tier 1 Common Capital commencing January 1, 2014. The amount of other intangible assets, aside from MSRs, not deducted in arriving at Tier 1 Common Capital are risk-weighted at 100%, as are the excess over the 10%/15% limitations for DTAs arising from temporary differences, significant common stock investments in unconsolidated financial institutions and MSRs prior to full implementation of the Final Basel III Rules. Upon full implementation, the amount of temporary difference DTAs, significant common stock investments in unconsolidated financial institutions and MSRs not deducted in arriving at Tier 1 Common Capital are risk-weighted at 250%.

(2) Includes the phase-in of Tier 1 Common Capital deductions related to DTAs arising from net operating loss, foreign tax credit and general business credit carry-forwards and defined benefit pension plan net assets; and the phase-in of the Tier 1 Common Capital adjustment for cumulative unrealized net gains (losses) related to changes in fair value of financial liabilities attributable to Citi's own creditworthiness.

(3) To the extent Additional Tier 1 Capital is not sufficient to absorb regulatory capital adjustments and deductions, such excess is to be applied against Tier 1 Common Capital.

(4) Includes the phase-out from Tier 1 Common Capital of adjustments related to unrealized gains (losses) on AFS debt securities; unrealized gains on AFS equity securities; unrealized gains (losses) on HTM securities included in AOCI; and defined benefit plans liability adjustment.

Citigroup's Capital Resources Under Current Regulatory Standards

During 2014, Citi is required to maintain stated minimum Tier 1 Common, Tier 1 Capital and Total Capital ratios of 4%, 5.5% and 8%, respectively. Furthermore, 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.

The following table sets forth the capital tiers, risk-weighted assets, quarterly adjusted average total assets and capital ratios under current regulatory standards for Citi as of June 30, 2014 and December 31, 2013.

In millions of dollars, except ratios	June 30, 2014	Dec. 31, 2013[1]
Tier 1 Common Capital	$164,289	$157,473
Tier 1 Capital	164,289	157,473
Total Capital (Tier 1 Capital + Tier 2 Capital)	182,483	176,748
Risk-Weighted Assets [2]	1,264,136	1,177,736
Quarterly Adjusted Average Total Assets [3]	1,849,154	1,830,896
Tier 1 Common ratio [4]	13.00%	13.37%
Tier 1 Capital ratio [4]	13.00	13.37
Total Capital ratio [4]	14.44	15.01
Tier 1 Leverage ratio	8.88	8.60

(1) Pro forma presentation based on application of the Final Basel III Rules consistent with current period presentation.

(2) Risk-weighted assets for purposes of the Tier 1 Common, Tier 1 Capital and Total Capital ratios are calculated based on the Basel III Advanced Approaches rules. As of June 30, 2014, risk-weighted assets include approximately $56 billion of additional operational risk-weighted assets related to Citi's approved exit from parallel reporting, effective with the second quarter of 2014.

(3) Tier 1 Leverage ratio denominator.

(4) Tier 1 Common, Tier 1 Capital and Total Capital ratios as calculated under the Basel III Advanced Approaches framework, each of which were lower than these ratios as calculated under the Basel III 2014 Standardized Approach (Basel I credit risk and Basel II.5 market risk capital rules). As of June 30, 2014, Citi's Tier 1 Common, Tier 1 Capital and Total Capital ratios were 14.62%, 14.62% and 17.20%, respectively, in accordance with the Basel III 2014 Standardized Approach.

As indicated in the table above, Citigroup's capital ratios at June 30, 2014 were in excess of the stated minimum requirements under the Final Basel III Rules. In addition, Citi was also "well capitalized" under current federal bank regulatory agency definitions as of June 30, 2014 and December 31, 2013.

Components of Citigroup Capital Under Current Regulatory Standards (Basel III Transition Arrangements)

In millions of dollars	June 30, 2014	December 31, 2013[1]
Tier 1 Common Capital		
Citigroup common stockholders' equity[2]	$202,511	$197,694
Add: Qualifying noncontrolling interests	645	597
Regulatory Capital Adjustments and Deductions:		
Less: Net unrealized losses on securities AFS, net of tax[3][4]	(165)	(1,312)
Less: Defined benefit plans liability adjustment, net of tax[4]	(3,333)	(3,191)
Less: Accumulated net unrealized losses on cash flow hedges, net of tax[5]	(1,007)	(1,245)
Less: Cumulative unrealized net gain related to changes in fair value of financial liabilities attributable to own creditworthiness, net of tax [4][6]	23	35
Less: Intangible assets:		
Goodwill, net of related deferred tax liabilities (DTLs) [7]	24,465	24,518
Identifiable intangible assets other than mortgage servicing rights (MSRs), net of related DTLs[4]	901	990
Less: Defined benefit pension plan net assets[4]	213	225
Less: Deferred tax assets (DTAs) arising from net operating loss, foreign tax credit and general business credit carry-forwards [4][8]	5,028	5,288
Less: Excess over 10%/15% limitations for other DTAs, certain common stock investments, and MSRs [4][8][9]	2,047	2,343
Less: Deductions applied to Tier 1 Common Capital due to insufficient amount of Additional Tier 1 Capital to cover deductions[4]	10,695	13,167
Total Tier 1 Common Capital	$164,289	$157,473
Additional Tier 1 Capital		
Qualifying perpetual preferred stock [2]	$8,851	$6,645
Qualifying trust preferred securities [10]	1,753	2,616
Qualifying noncontrolling interests	8	8
Regulatory Capital Adjustment and Deductions:		
Less: Cumulative unrealized net gain related to changes in fair value of financial liabilities attributable to own creditworthiness, net of tax [4][6]	93	142
Less: Minimum regulatory capital requirements of insurance underwriting subsidiaries[11]	249	243
Less: Defined benefit pension plan net assets[4]	853	900
Less: DTAs arising from net operating loss, foreign tax credit and general business credit carry-forwards [4][8]	20,112	21,151
Less: Deductions applied to Tier 1 Common Capital due to insufficient amount of Additional Tier 1 Capital to cover deductions[4]	(10,695)	(13,167)
Total Additional Tier 1 Capital	$—	$—
Total Tier 1 Capital (Tier 1 Common Capital + Additional Tier 1 Capital)	$164,289	$157,473
Tier 2 Capital		
Qualifying subordinated debt[12]	$16,609	$16,594

Qualifying trust preferred securities	—	1,242
Qualifying noncontrolling interests	13	13
Excess of eligible credit reserves over expected credit losses[13]	1,821	1,669
Regulatory Capital Deduction:		
Less: Minimum regulatory capital requirements of insurance underwriting subsidiaries[11]	249	243
Total Tier 2 Capital	$18,194	$19,275
Total Capital (Tier 1 Capital + Tier 2 Capital)	$182,483	$176,748

Citigroup Risk-Weighted Assets (Basel III Advanced Approaches)

In millions of dollars	June 30, 2014	December 31, 2013[15]
Credit Risk [14]	$865,522	$834,082
Market Risk	111,114	112,154
Operational Risk	287,500	231,500
Total Risk-Weighted Assets	$1,264,136	$1,177,736

(1) Pro forma presentation of regulatory capital components and tiers based on application of the Final Basel III Rules consistent with current period presentation.

(2) Issuance costs of $117 million and $93 million related to preferred stock outstanding at June 30, 2014 and December 31, 2013, respectively, are excluded from common stockholders' equity and netted against preferred stock in accordance with Federal Reserve Board regulatory reporting requirements, which differ from those under U.S. GAAP.

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

(4) The transition arrangements for significant regulatory capital adjustments and deductions impacting Tier 1 Common Capital and/or Additional Tier 1 Capital are set forth above in the table entitled "Basel III Transition Arrangements: Significant Regulatory Capital Adjustments and Deductions."

(5) Tier 1 Common Capital is adjusted for accumulated net unrealized gains (losses) on cash flow hedges included in AOCI that relate to the hedging of items not recognized at fair value on the balance sheet.

(6) The cumulative impact of changes in Citigroup's own creditworthiness in valuing liabilities for which the fair value option has been elected and own-credit valuation adjustments on derivatives are excluded from Tier 1 Common Capital, in accordance with the Final Basel III Rules.

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

(8) Of Citi's approximately $50.6 billion of net DTAs at June 30, 2014, approximately $24.8 billion of such assets were includable in regulatory capital pursuant to the Final Basel III Rules, while approximately $25.8 billion of such assets were excluded in arriving at regulatory capital. Comprising the excluded net DTAs was an aggregate of approximately $27.2 billion of net DTAs arising from net operating loss, foreign tax credit and general business credit carry-forwards as well as temporary differences, of which $17.3 billion were deducted from Tier 1 Common Capital and $9.9 billion were deducted from Additional Tier 1 Capital. In addition, approximately $1.4 billion of net DTLs, primarily consisting of DTLs associated with goodwill and certain other intangible assets, partially offset by DTAs related to cash flow hedges, are permitted to be excluded prior to deriving the amount of net DTAs subject to deduction under these rules. Separately, under the Final Basel III Rules, goodwill and these other intangible assets are deducted net of associated DTLs in arriving at Tier 1 Common Capital, while Citi's current cash flow hedges and the related deferred tax effects are not required to be reflected in regulatory capital.

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

(10) Represents Citigroup Capital XIII trust preferred securities, which are permanently grandfathered as Tier 1 Capital under the Final Basel III Rules, as well as non-grandfathered trust preferred securities. Under the Final Basel III Rules, the amount of non-grandfathered trust preferred securities eligible for inclusion in Tier 1 Capital during 2014 is limited to 50% of the amount of non-grandfathered trust preferred securities outstanding at January 1, 2014, with the remaining 50% eligible for inclusion in Tier 2 Capital. As a result of approximately $2.1 billion of redemptions of non-grandfathered trust preferred securities during the second quarter of 2014, the remaining amount of non-grandfathered trust preferred securities outstanding at June 30, 2014 were eligible for inclusion in Tier 1 Capital.

(11) 50% of the minimum regulatory capital requirements of insurance underwriting subsidiaries must be deducted from each of Tier 1 Capital and Tier 2 Capital.

(12) Non-qualifying subordinated debt issuances which consist of those with a fixed-to-floating rate step-up feature where the call/step-up date has not passed, are eligible for 50% inclusion in Tier 2 Capital during 2014 in accordance with the transition arrangements for non-qualifying capital instruments under the Final Basel III Rules.

(13) Advanced Approaches banking organizations are permitted to include in Tier 2 Capital eligible credit reserves that exceed expected credit losses to the extent that the excess reserves do not exceed 0.6% of credit risk-weighted assets.

(14) Under the Final Basel III Rules, credit risk-weighted assets during the transition period reflect the effects of transitional arrangements related to regulatory capital adjustments and deductions and, as a result, will differ from credit risk-weighted assets derived under full implementation of the rules.

(15) Risk-weighted assets at December 31, 2013 are presented on a pro forma basis, assuming the application of the Final Basel III Rules consistent with current period presentation, including the resultant impact on credit risk-weighted assets. During the first quarter of 2014, Citi increased operational risk-weighted assets by approximately $56 billion in conjunction with the granting of permission by the Federal Reserve Board to exit the parallel run period and commence applying the Basel III Advanced Approaches framework, effective with the second quarter of 2014.

Citigroup Capital Rollforward Under Current Regulatory Standards (Basel III Transition Arrangements)

In millions of dollars	Three Months Ended June 30, 2014	Six Months Ended June 30, 2014
Tier 1 Common Capital		
Balance, beginning of period[1]	$161,615	$157,473
Net income	181	4,124
Dividends declared	(130)	(284)
Net increase in treasury stock	(283)	(862)
Net increase in additional paid-in capital[2][3]	175	500
Net change in foreign currency translation adjustment net of hedges, net of tax	17	(509)
Net decrease in unrealized losses on securities AFS, net of tax[4]	201	287
Net increase in defined benefit plans liability adjustment, net of tax[4]	(29)	(35)
Net decrease in cumulative unrealized net gain related to changes in fair value of financial liabilities attributable to own creditworthiness, net of tax	11	12
Net change in goodwill, net of related deferred tax liabilities (DTLs)	(151)	53
Net decrease in other intangible assets other than mortgage servicing rights (MSRs), net of related DTLs	37	89
Net decrease in defined benefit pension plan net assets	23	12
Net decrease in deferred tax assets (DTAs) arising from net operating loss, foreign tax credit and general business credit carry-forwards	270	260
Net decrease in excess over 10%/15% limitations for other DTAs, certain common stock investments and MSRs	33	296
Net decrease in regulatory capital deduction applied to Tier 1 Common Capital due to insufficient Additional Tier 1 Capital to cover deductions	2,084	2,472
Other	235	401
Net increase in Tier 1 Common Capital	$2,674	$6,816
Tier 1 Common Capital Balance, end of period	$164,289	$164,289
Additional Tier 1 Capital		
Balance, beginning of period[1]	$—	$—
Net increase in qualifying perpetual preferred stock[3]	1,739	2,206
Net decrease in qualifying trust preferred securities	(862)	(863)
Net decrease in cumulative unrealized net gain related to changes in fair value of financial liabilities attributable to own creditworthiness, net of tax	43	49
Net decrease in defined benefit pension plan net assets	89	47
Net decrease in DTAs arising from net operating loss, foreign tax credit and general business credit carry-forwards	1,080	1,039
Net decrease in regulatory capital deduction applied to Tier 1 Common Capital due to insufficient Additional Tier 1 Capital to cover deductions	(2,084)	(2,472)
Other	(5)	(6)
Net change in Additional Tier 1 Capital	$—	$—

Tier 1 Capital Balance, end of period	$164,289	$164,289
Tier 2 Capital		
Balance, beginning of period[1]	$19,533	$19,275
Net increase in qualifying subordinated debt	23	15
Net decrease in qualifying trust preferred securities	(1,243)	(1,242)
Net change in excess of eligible credit reserves over expected credit losses	(114)	152
Other	(5)	(6)
Net decrease in Tier 2 Capital	$(1,339)	$(1,081)
Tier 2 Capital Balance, end of period	$18,194	$18,194
Total Capital (Tier 1 Capital + Tier 2 Capital)	$182,483	$182,483

(1) Pro forma presentation based on application of the Final Basel III Rules consistent with current period presentation.

(2) Primarily represents an increase in additional paid-in capital related to employee benefit plans.

(3) Citi issued approximately $1.75 billion and $2.23 billion of qualifying perpetual preferred stock during the three months and six months ended June 30, 2014, respectively. These issuances were partially offset by the netting of issuance costs of $11 million and $24 million for the three months and six months ended June 30, 2014, respectively. For U.S. GAAP purposes, issuance costs are netted against additional paid-in capital.

(4) Presented net of impact of transition arrangements for regulatory capital adjustments and deductions under the Final Basel III Rules.

Citigroup Risk-Weighted Assets Rollforward (Basel III Advanced Approaches)

In millions of dollars	Three Months Ended June 30, 2014	Six Months Ended June 30, 2014 [1]
Total Risk-Weighted Assets, beginning of period	$1,108,011	$1,103,045
Impact of adoption of Basel III Advanced Approaches [2]	137,521	74,691
Changes in Credit Risk-Weighted Assets		
Net decrease in retail exposures	(12,626)	(26,954)
Net increase in wholesale exposures	7,526	11,137
Net increase in repo-style transactions	687	6,886
Net increase in securitization exposures	166	1,558
Net increase in equity exposures	1,140	709
Net increase in over-the-counter (OTC) derivatives	12,364	15,117
Net increase in derivatives CVA	693	5,048
Net increase in other [3]	6,639	16,446
Net increase in supervisory 6% multiplier [4]	954	1,493
Net increase in Credit Risk-Weighted Assets	$17,543	$31,440
Changes in Market Risk-Weighted Assets		
Net decrease in risk levels	$(2,119)	$(9,189)
Net increase due to model and methodology updates	3,180	8,149
Net increase (decrease) in Market Risk-Weighted Assets	$1,061	$(1,040)
Change in Operational Risk-Weighted Assets [5]	$—	$56,000
Total Risk-Weighted Assets, end of period	$1,264,136	$1,264,136

(1) Total Risk-Weighted Assets as of December 31, 2013 presented on a pro forma basis to reflect application of the Final Basel III Rules related to the effect of transition arrangements on regulatory capital components, consistent with current period presentation.
(2) Reflects the effect of adjusting credit risk-weighted assets at the beginning of the period from a Basel I basis to a Basel III Advanced Approaches basis; adjusting market risk-weighted assets from a Basel II.5 basis to a Basel III Advanced Approach basis; and including operational risk-weighted assets as required under the Basel III Advanced Approaches rules.
(3) Other includes cleared transactions, unsettled transactions, assets other than those reportable in specific exposure categories and non-material portfolios of exposures.
(4) Supervisory 6% multiplier does not apply to derivatives CVA.
(5) During the first quarter of 2014, Citi increased operational risk-weighted assets by approximately $56 billion in conjunction with the granting of permission by the Federal Reserve Board to exit the parallel run period and commence applying the Basel III Advanced Approaches framework, effective with the second quarter of 2014.

Capital Resources of Citigroup's Subsidiary U.S. Depository Institutions Under Current Regulatory Standards
Citigroup's subsidiary U.S. depository institutions are also subject to regulatory capital standards issued by their respective primary federal bank regulatory agencies, which are similar to the standards of the Federal Reserve Board.

The following table sets forth the capital tiers, risk-weighted assets, quarterly adjusted average total assets and capital ratios under current regulatory standards for Citibank, N.A., Citi's primary subsidiary U.S. depository institution, as of June 30, 2014 and December 31, 2013.

In millions of dollars, except ratios	June 30, 2014 Advanced Approaches	June 30, 2014 Standardized Approach	Dec. 31, 2013[1] Advanced Approaches	Dec. 31, 2013[1] Standardized Approach
Tier 1 Common Capital	$129,980	$129,980	$128,317	$128,317
Tier 1 Capital	129,980	129,980	128,317	128,317
Total Capital [2] (Tier 1 Capital + Tier 2 Capital)	138,541	148,213	137,277	146,267
Risk-Weighted Assets	930,226	938,831	893,390	910,553
Quarterly Adjusted Average Total Assets [3]	1,334,263	1,334,263	1,321,440	1,321,440
Tier 1 Common ratio [4]	13.97 %	13.84 %	14.36 %	14.09 %
Tier 1 Capital ratio [4]	13.97	13.84	14.36	14.09
Total Capital ratio [4]	14.89	15.79	15.37	16.06
Tier 1 Leverage ratio	9.74	9.74	9.71	9.71

(1) Pro forma presentation based on application of the Final Basel III Rules consistent with current period presentation.

(2) Under the Advanced Approaches framework eligible credit reserves that exceed expected credit losses are eligible for inclusion in Tier 2 Capital to the extent the excess reserves do not exceed 0.6% of credit risk-weighted assets, which differs from the Standardized Approach in which the allowance for credit losses is includable in Tier 2 Capital up to 1.25% of credit risk-weighted assets, with any excess allowance for credit losses being deducted in arriving at credit risk-weighted assets.

(3) Tier 1 Leverage ratio denominator.

(4) As of June 30, 2014 and December 31, 2013, Citibank, N.A.'s reportable Tier 1 Common and Tier 1 Capital ratios were the lower derived under the Basel III 2014 Standardized Approach (Basel I credit risk and Basel II.5 market risk capital rules), whereas the reportable Total Capital ratio was the lower derived under the Advanced Approaches framework.

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

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 and Total Capital (numerator), and changes of $1 billion in Advanced Approaches risk-weighted assets or quarterly adjusted average total assets (denominator) as of

June 30, 2014. 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 quarterly 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		Tier 1 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 quarterly adjusted average total assets

Citigroup	0.8 bps	1.0 bps	0.8 bps	1.0 bps	0.8 bps	1.1 bps	0.5 bps	0.5 bps
Citibank, N.A.	1.1 bps	1.5 bps	1.1 bps	1.5 bps	1.1 bps	1.6 bps	0.7 bps	0.7 bps

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Citigroup Broker-Dealer Subsidiaries

At June 30, 2014, 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 $4.8 billion, which exceeded the minimum requirement by $3.8 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, 2014.

Basel III (Full Implementation)

Citigroup's Capital Resources Under Basel III

As previously noted, Citi currently anticipates that its effective minimum Tier 1 Common, Tier 1 Capital and Total Capital ratio requirements, under the Final Basel III Rules, on a fully implemented basis and including a 2% G-SIB surcharge, will be at least 9%, 10.5% and 12.5%, respectively. Further, under the Final Basel III Rules, Citi must also comply with a 4% minimum Tier 1 Leverage ratio requirement and an effective 5% minimum Supplementary Leverage ratio requirement.

The following table sets forth the capital tiers, risk-weighted assets, quarterly adjusted average total assets and capital ratios under the Final Basel III Rules for Citi, assuming full implementation, as of June 30, 2014 and December 31, 2013.

In millions of dollars, except ratios	June 30, 2014	Dec. 31, 2013
Tier 1 Common Capital	$135,567	$125,597
Tier 1 Capital	145,579	133,412
Total Capital (Tier 1 Capital + Tier 2 Capital)	162,901	150,049
Risk-Weighted Assets(1)	1,281,000	1,186,000
Quarterly Adjusted Average Total Assets (2)	1,834,801	1,814,368
Tier 1 Common ratio (3)	10.58 %	10.59 %
Tier 1 Capital ratio	11.36	11.25
Total Capital ratio	12.71	12.65
Tier 1 Leverage ratio	7.93	7.35

(1) Risk-weighted assets for purposes of the Tier 1 Common, Tier 1 Capital and Total Capital ratios are calculated based on the Basel III Advanced Approaches rules. As of June 30, 2014, risk-weighted assets include approximately $56 billion of additional operational risk-weighted assets related to Citi's approved exit from parallel reporting, effective with the second quarter of 2014.

(2) Tier 1 Leverage ratio denominator.

(3) Citi's estimated Basel III Tier 1 Common ratio and certain related components are non-GAAP financial measures. Citi believes this ratio and its components provide useful information to investors and others by measuring Citi's progress against future regulatory capital standards.

Tier 1 Common Ratio

Citi's estimated Basel III Tier 1 Common ratio was 10.6% at June 30, 2014, compared to 10.5% at March 31, 2014 and, on a pro forma basis, 10.1% at December 31, 2013, as adjusted from 10.6% (all based on application of the Advanced Approaches for determining total risk-weighted assets). The pro forma adjustment to Citi's year-end 2013 estimated Basel III Tier 1 Common ratio reflecting the inclusion of approximately $56 billion of additional operational risk-weighted assets related to Citi's approved exit from parallel reporting, effective in the second quarter of 2014 (for additional information, see "Capital Resources—Basel III" in Citigroup's 2013 Annual Report on Form 10-K). The growth in Citi's estimated Basel III Tier 1 Common ratio from March 31, 2014 was largely due to the overall Tier 1 Common Capital benefits associated with approximately $1.1 billion of DTA utilization, partially offset by an increase primarily in credit risk-weighted assets. Similarly, the increase in Citi’s estimated Basel III Tier 1 Common ratio from year-end 2013 reflected continued growth in Tier 1 Common Capital resulting from net income as well as the favorable effects attributable to DTA utilization of approximately $2.2 billion, offset in part by higher credit risk-weighted assets.

Components of Citigroup Capital Under Basel III (Full Implementation)

In millions of dollars	June 30, 2014	December 31, 2013
Tier 1 Common Capital		
Citigroup common stockholders' equity[1]	$202,511	$197,694
Add: Qualifying noncontrolling interests	183	182
Regulatory Capital Adjustments and Deductions:		
Less: Accumulated net unrealized losses on cash flow hedges, net of tax [2]	(1,007)	(1,245)
Less: Cumulative unrealized net gain related to changes in fair value of financial liabilities attributable to own creditworthiness, net of tax [3]	116	177
Less: Intangible assets:		
Goodwill, net of related deferred tax liabilities (DTLs) [4]	24,465	24,518
Identifiable intangible assets other than mortgage servicing rights (MSRs), net of related DTLs	4,506	4,950
Less: Defined benefit pension plan net assets	1,066	1,125
Less: Deferred tax assets (DTAs) arising from net operating loss, foreign tax credit and general business credit carry-forwards [5]	25,140	26,439
Less: Excess over 10%/15% limitations for other DTAs, certain common stock investments, and MSRs [5][6]	12,841	16,315
Total Tier 1 Common Capital	$135,567	$125,597
Additional Tier 1 Capital		
Qualifying perpetual preferred stock [1]	8,851	6,645
Qualifying trust preferred securities [7]	1,371	1,374
Qualifying noncontrolling interests	39	39
Regulatory Capital Deduction:		
Less: Minimum regulatory capital requirements of insurance underwriting subsidiaries[8]	249	243
Total Additional Tier 1 Capital	$10,012	$7,815
Total Tier 1 Capital (Tier 1 Common Capital + Additional Tier 1 Capital)	$145,579	$133,412
Tier 2 Capital		
Qualifying subordinated debt [9]	15,317	14,414
Qualifying trust preferred securities [10]	382	745
Qualifying noncontrolling interests	51	52
Excess of eligible credit reserves over expected credit losses[11]	1,821	1,669
Regulatory Capital Deduction:		
Less: Minimum regulatory capital requirements of insurance underwriting subsidiaries[8]	249	243
Total Tier 2 Capital	$17,322	$16,637
Total Capital (Tier 1 Capital + Tier 2 Capital) [12]	$162,901	$150,049

(1) Issuance costs of $117 million and $93 million related to preferred stock outstanding at June 30, 2014 and December 31, 2013, respectively, are excluded from common stockholders' equity and netted against preferred stock in accordance with Federal Reserve Board regulatory reporting requirements, which differ from those under U.S. GAAP.

(2) Tier 1 Common Capital is adjusted for accumulated net unrealized gains (losses) on cash flow hedges included in AOCI that relate to the hedging of items not recognized at fair value on the balance sheet.

(3) The cumulative impact of changes in Citigroup's own creditworthiness in valuing liabilities for which the fair value option has been elected and own-credit valuation adjustments on derivatives are excluded from Tier 1 Common Capital, in accordance with the Final Basel III Rules.

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

(5) Of Citi's approximately $50.6 billion of net DTAs at June 30, 2014, approximately $14.3 billion of such assets were includable in regulatory capital pursuant to the Final Basel III Rules, while approximately $36.3 billion of such assets were excluded in arriving at Tier 1 Common Capital. Comprising the excluded net DTAs was an aggregate of approximately $37.7 billion of net DTAs arising from net operating loss, foreign tax credit and general business credit carry-forwards as well as temporary differences that were deducted from Tier 1 Common Capital. In addition, approximately $1.4 billion of net DTLs, primarily consisting of DTLs associated with goodwill and certain other intangible assets, partially offset by DTAs related to cash flow hedges, are permitted to be excluded prior to deriving the amount of net DTAs subject to deduction under these rules. Separately, under the Final Basel III Rules, goodwill and these other intangible assets are deducted net of associated DTLs in arriving at Tier 1 Common Capital, while Citi's current cash flow hedges and the related deferred tax effects are not required to be reflected in regulatory capital.

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

(7) Represents Citigroup Capital XIII trust preferred securities, which are permanently grandfathered as Tier 1 Capital under the Final Basel III Rules.

(8) 50% of the minimum regulatory capital requirements of insurance underwriting subsidiaries must be deducted from each of Tier 1 Capital and Tier 2 Capital.

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(9) Non-qualifying subordinated debt issuances which consist of those with a fixed-to-floating rate step-up feature where the call/step-up date has not passed are excluded from Tier 2 Capital.

(10) Represents the amount of non-grandfathered trust preferred securities eligible for inclusion in Tier 2 Capital under the Final Basel III Rules at June 30, 2014, which will be fully phased-out of Tier 2 Capital by January 1, 2022.

(11) Advanced Approaches banking organizations are permitted to include in Tier 2 Capital eligible credit reserves that exceed expected credit losses to the extent that the excess reserves do not exceed 0.6% of credit risk-weighted assets.

(12) Total Capital as calculated under Advanced Approaches, which differs from the Standardized Approach in the treatment of the amount of eligible credit reserves includable in Tier 2 Capital. In accordance with the Standardized Approach, Total Capital was $175.4 billion and $161.8 billion at June 30, 2014 and December 31, 2013, respectively.

Citigroup Capital Rollforward Under Basel III (Full Implementation)

In millions of dollars	Three Months Ended June 30, 2014	Six Months Ended June 30, 2014
Tier 1 Common Capital		
Balance, beginning of period	$131,925	$125,597
Net income	181	4,124
Dividends declared	(130)	(284)
Net increase in treasury stock	(283)	(862)
Net increase in additional paid-in capital(1)(2)	175	500
Net change in foreign currency translation adjustment net of hedges, net of tax	17	(509)
Net decrease in unrealized losses on securities AFS, net of tax	1,006	1,434
Net increase in defined benefit plans liability adjustment, net of tax	(144)	(177)
Net decrease in cumulative unrealized net gain related to changes in fair value of financial liabilities attributable to own creditworthiness, net of tax	54	61
Net change in goodwill, net of related deferred tax liabilities (DTLs)	(151)	53
Net decrease in other intangible assets other than mortgage servicing rights (MSRs), net of related DTLs	186	444
Net decrease in defined benefit pension plan net assets	112	59
Net decrease in deferred tax assets (DTAs) arising from net operating loss, foreign tax credit and general business credit carry-forwards	1,350	1,299
Net decrease in excess over 10%/15% limitations for other DTAs, certain common stock investments and MSRs	1,044	3,474
Other	225	354
Net increase in Tier 1 Common Capital	$3,642	$9,970
Tier 1 Common Capital Balance, end of period	$135,567	$135,567
Additional Tier 1 Capital		
Balance, beginning of period	$8,279	$7,815
Net increase in qualifying perpetual preferred stock(2)	1,739	2,206
Net decrease in qualifying trust preferred securities	(2)	(3)
Other	(4)	(6)
Net increase in Additional Tier 1 Capital	$1,733	$2,197
Tier 1 Capital Balance, end of period	$145,579	$145,579

Tier 2 Capital		
Balance, beginning of period	$17,779	$16,637
Net increase in qualifying subordinated debt	23	903
Net change in excess of eligible credit reserves over expected credit losses	(114)	152
Other	(366)	(370)
Net increase (decrease) in Tier 2 Capital	$(457)	$685
Tier 2 Capital Balance, end of period	$17,322	$17,322
Total Capital (Tier 1 Capital + Tier 2 Capital)	$162,901	$162,901

(1) Primarily represents an increase in additional paid-in capital related to employee benefit plans.

(2) Citi issued approximately $1.75 billion and $2.23 billion of qualifying perpetual preferred stock during the three months and six months ended June 30, 2014, respectively. These issuances were partially offset by the netting of issuance costs of $11 million and $24 million for the three months and six months ended June 30, 2014, respectively. For U.S. GAAP purposes, issuance costs are netted against additional paid-in capital.

Citigroup Risk-Weighted Assets Under Basel III at June 30, 2014 (1)

	Advanced Approaches			Standardized Approach		
In millions of dollars	Citicorp	Citi Holdings	Total	Citicorp	Citi Holdings	Total
Credit Risk	$741,000	$141,000	$882,000	$1,028,000	$111,000	$1,139,000
Market Risk	106,000	5,000	111,000	106,000	5,000	111,000
Operational Risk (2)	230,000	58,000	288,000	—	—	—
Total Risk-Weighted Assets	$1,077,000	$204,000	$1,281,000	$1,134,000	$116,000	$1,250,000

Citigroup Risk-Weighted Assets Under Basel III at December 31, 2013 (1)

	Advanced Approaches			Standardized Approach		
In millions of dollars	Citicorp	Citi Holdings	Total	Citicorp	Citi Holdings	Total
Credit Risk	$693,000	$149,000	$842,000	$963,000	$102,000	$1,065,000
Market Risk	107,000	5,000	112,000	107,000	5,000	112,000
Operational Risk	160,000	72,000	232,000	—	—	—
Total Risk-Weighted Assets	$960,000	$226,000	$1,186,000	$1,070,000	$107,000	$1,177,000

(1) Calculated based on the Final Basel III Rules, and with full implementation assumed.
(2) During the first quarter of 2014, Citi increased operational risk-weighted assets by approximately $56 billion in conjunction with the granting of permission by the Federal Reserve Board to exit the parallel run period and commence applying the Basel III Advanced Approaches framework, effective with the second quarter of 2014.

Total estimated risk-weighted assets under the Basel III Advanced Approaches increased from year-end 2013 largely due to the previously noted inclusion of approximately $56 billion of additional operational risk-weighted assets during the first quarter of 2014, as well as growth in credit risk-weighted assets within Citicorp's ICG businesses attributable to increased corporate lending and commitments.
Total estimated risk-weighted assets under the Basel III Standardized Approach increased during the first six months of 2014 substantially due to higher credit risk-weighted assets primarily within Citicorp's ICG businesses, including those attributable to the growth in corporate lending and commitments discussed above, as well as due to ongoing methodology refinements.

Supplementary Leverage Ratio

Under the Final Basel III Rules, Advanced Approaches banking organizations, such as Citi and Citibank, N.A., are also required to calculate a Supplementary Leverage ratio which significantly differs from the Tier 1 Leverage ratio by also including certain off-balance sheet exposures within the denominator of the ratio.
The Supplementary Leverage ratio represents the average for the quarter of the three monthly ratios of Tier 1 Capital to Total Leverage Exposure (i.e., the sum of the ratios calculated for April, May and June, divided by three). Total Leverage Exposure is the sum of: (i) the carrying value of all on-balance sheet assets less applicable Tier 1 Capital deductions; (ii) the potential future exposure (PFE) on derivative contracts; (iii) 10% of the notional amount of unconditionally cancellable commitments; and (iv) the full notional amount of certain other off-balance sheet exposures (e.g., other commitments and contingencies).

The following table sets forth the components of Total Leverage Exposure with regard to Citi's Supplementary Leverage ratio under the Final Basel III Rules as of June 30, 2014 and December 31, 2013.

In millions of dollars	June 30, 2014	December 31, 2013
On-balance sheet assets, as adjusted	$1,841,448	$1,806,792
PFE on derivative contracts	252,938	190,827

Unconditionally cancellable commitments	64,457	64,835
Other off-balance sheet exposures	400,424	378,738
Total Leverage Exposure	$2,559,267	$2,441,192

Citigroup's estimated Supplementary Leverage ratio under the Final Basel III Rules was 5.7% for the second quarter of 2014, compared to 5.6% for the first quarter of 2014 and 5.4% for the fourth quarter of 2013. The quarter-over-quarter ratio improvement was primarily due to the increase in Tier 1 Capital resulting substantially from DTA utilization of approximately $1.1 billion and the
issuance during the current quarter of approximately $1.75 billion of qualifying perpetual preferred stock, partially offset by an increase in Total Leverage Exposure. The growth in the ratio from the fourth quarter of 2013 was also principally driven by enhanced Tier 1 Capital attributable largely to year-to-date net income, approximately $2.2 billion of DTA utilization and approximately $2.2 billion of perpetual preferred stock issuances, offset in part by higher Total Leverage Exposure.
Citibank, N.A.'s estimated Supplementary Leverage ratio under the Final Basel III Rules was 6.1% for the second quarter of 2014, compared to 6.2% for the fourth quarter of 2013. The decline in the ratio from the fourth

quarter of 2013 was principally due to the impact of an increase in Total Leverage Exposure (both on and off-balance sheet components) more than offsetting the growth in Tier 1 Capital attributable to 2014 earnings (net of dividend remittances to Citigroup) and approximately $1.9 billion of DTA utilization.
Citi's estimated Basel III Supplementary Leverage ratio and certain related components are non-GAAP financial measures. Citigroup believes this ratio and its components provide useful information to investors and others by measuring Citigroup's progress against future regulatory capital standards.

Tangible Common Equity, Tangible Book Value Per Share and Book Value Per Share

Tangible common equity (TCE), as currently defined by Citi, represents common equity less goodwill and other intangible assets (other than MSRs). Other companies may calculate TCE in a different manner. TCE and tangible book value per share are non-GAAP financial measures. Citi believes these capital metrics provide useful information, as they are used by investors and industry analysts.

In millions of dollars or shares, except per share amounts	June 30, 2014	December 31, 2013
Total Citigroup stockholders' equity	$211,362	$204,339
Less: Preferred stock	8,968	6,738
Common equity	$202,394	$197,601
Less: Intangible assets:		
Goodwill	25,087	25,009
Other intangible assets (other than MSRs)	4,702	5,056
Goodwill and Other intangible assets (other than MSRs) related to assets held-for-sale	116	—
Tangible common equity (TCE)	$172,489	$167,536
Common shares outstanding (CSO)	3,031.8	3,029.2
Book value per share (common equity/CSO)	$66.76	$65.23
Tangible book value per share (TCE/CSO)	$56.89	$55.31

MANAGING GLOBAL RISK

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

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

For more information on Citi's risk management, as well as a discussion of operational risk, see "Managing Global Risk" and "Risk Factors" in Citi's 2013 Annual Report on Form 10-K.

Managing Global Risk Table of Contents

(1) For additional information regarding market risk and related metrics, refer to Citi’s Basel II.5/III market risk disclosures, as required by the Federal Reserve Board, on Citi’s Investor Relations website.

CREDIT RISK

For additional information on Credit Risk, including Citi's credit risk management, measurement and stress testing, see "Managing Global Risk—Credit Risk" in Citi's 2013 Annual Report on Form 10-K.

Loans Outstanding

In millions of dollars	2nd Qtr. 2014	1st Qtr. 2014	4th Qtr. 2013	3rd Qtr. 2013	2nd Qtr. 2013
Consumer loans					
In U.S. offices					
Mortgage and real estate[1]	$103,905	$106,904	$108,453	$110,813	$112,890
Installment, revolving credit, and other	13,192	12,951	13,398	13,265	13,061
Cards	109,138	107,947	115,651	110,734	104,925
Commercial and industrial	6,972	6,884	6,592	6,349	5,620
Lease financing	—	—	—	—	—
	$233,207	$234,686	$244,094	$241,161	$236,496
In offices outside the U.S.					
Mortgage and real estate[1]	$57,291	$56,118	$55,511	$54,428	$53,507
Installment, revolving credit, and other	34,560	33,409	33,182	32,306	32,296
Cards	34,252	35,683	36,740	35,966	35,748
Commercial and industrial	24,916	24,575	24,107	23,741	23,849
Lease financing	735	736	769	743	712
	$151,754	$150,521	$150,309	$147,184	$146,112
Total Consumer loans	$384,961	$385,207	$394,403	$388,345	$382,608
Unearned income	(616)	(546)	(572)	(523)	(456)
Consumer loans, net of unearned income	$384,345	$384,661	$393,831	$387,822	$382,152
Corporate loans					
In U.S. offices					
Commercial and industrial	$36,293	$36,120	$32,704	$33,936	$30,798
Loans to financial institutions	29,195	27,888	25,102	22,813	23,982
Mortgage and real estate[1]	31,417	29,888	29,425	29,168	26,215
Installment, revolving credit, and other	32,646	34,219	34,434	31,084	31,919
Lease financing	1,668	1,662	1,647	1,493	1,535
	$131,219	$129,777	$123,312	$118,494	$114,449
In offices outside the U.S.					
Commercial and industrial	$82,945	$83,134	$82,663	$86,012	$84,317
Loans to financial institutions	40,541	39,543	38,372	40,403	40,303
Mortgage and real estate[1]	6,309	6,301	6,274	6,392	6,276
Installment, revolving credit, and other	20,095	18,655	18,714	16,783	14,581
Lease financing	430	454	527	538	556
Governments and official institutions	2,176	2,256	2,341	1,655	1,579
	$152,496	$150,343	$148,891	$151,783	$147,612
Total Corporate loans	$283,715	$280,120	$272,203	$270,277	$262,061
Unearned income	(556)	(560)	(562)	(548)	(472)
Corporate loans, net of unearned income	$283,159	$279,560	$271,641	$269,729	$261,589
Total loans—net of unearned income	$667,504	$664,221	$665,472	$657,551	$643,741
Allowance for loan losses—on drawn exposures	(17,890)	(18,923)	(19,648)	(20,605)	(21,580)
Total loans—net of unearned income and allowance for credit losses	$649,614	$645,298	$645,824	$636,946	$622,161
	2.70%	2.87%	2.97%	3.16%	3.38%

Allowance for loan losses as a percentage of total loans—net of unearned income[2]					
Allowance for Consumer loan losses as a percentage of total Consumer loans—net of unearned income[2]	4.04 %	4.29 %	4.34 %	4.63 %	4.95 %
Allowance for Corporate loan losses as a percentage of total Corporate loans—net of unearned income[2]	0.85 %	0.90 %	0.97 %	1.01 %	1.05 %

(1) Loans secured primarily by real estate.
(2) All periods exclude loans that are carried at fair value.

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Details of Credit Loss Experience

In millions of dollars	2nd Qtr. 2014	1st Qtr. 2014	4th Qtr. 2013	3rd Qtr. 2013	2nd Qtr. 2013
Allowance for loan losses at beginning of period	$18,923	$19,648	$20,605	$21,580	$23,727
Provision for loan losses					
Consumer	$1,669	$1,759	$2,012	$1,583	$1,850
Corporate	(90)	34	(101)	69	(23)
	$1,579	$1,793	$1,911	$1,652	$1,827
Gross credit losses					
Consumer					
In U.S. offices	$1,756	$1,841	$2,019	$1,859	$2,157
In offices outside the U.S.	1,009	968	1,011	967	1,003
Corporate					
In U.S. offices	14	8	27	95	47
In offices outside the U.S.	33	166	37	53	50
	$2,812	$2,983	$3,094	$2,974	$3,257
Credit recoveries [1]					
Consumer					
In U.S. offices	$356	$292	$236	$253	$275
In offices outside the U.S.	231	223	262	239	322
Corporate					
In U.S offices	22	18	22	39	28
In offices outside the U.S.	14	11	27	13	24
	$623	$544	$547	$544	$649
Net credit losses					
In U.S. offices	$1,392	$1,539	$1,788	$1,662	$1,901
In offices outside the U.S.	797	900	759	768	707
Total	$2,189	$2,439	$2,547	$2,430	$2,608
Other - net [2][3][4][5][6][7]	$(423)	$(79)	$(321)	(197)	$(1,366)
Allowance for loan losses at end of period	$17,890	$18,923	$19,648	$20,605	$21,580
Allowance for loan losses as a % of total loans[8]	2.70%	2.87%	2.97%	3.16%	3.38%
Allowance for unfunded lending commitments[9]	$1,176	$1,202	$1,229	$1,262	$1,133
Total allowance for loan losses and unfunded lending commitments	$19,066	$20,125	$20,877	$21,867	$22,713
Net Consumer credit losses	$2,178	$2,294	$2,532	$2,334	$2,563
As a percentage of average Consumer loans	2.27%	2.41%	2.58%	2.41%	2.65%
Net Corporate credit losses	$11	$145	$15	$96	$45
As a percentage of average Corporate loans	0.02%	0.22%	0.02%	0.15%	0.07%
Allowance for loan losses at end of period[10]					
Citicorp	$12,473	$12,870	$13,174	$13,299	$13,425
Citi Holdings	5,417	6,053	6,474	7,306	8,155
Total Citigroup	$17,890	$18,923	$19,648	$20,605	$21,580
Allowance by type					
Consumer	$15,520	$16,451	$17,064	$17,912	$18,872
Corporate	2,370	2,472	2,584	2,693	2,708
Total Citigroup	$17,890	$18,923	$19,648	$20,605	$21,580

(1) Recoveries have been reduced by certain collection costs that are incurred only if collection efforts are successful.

(2) Includes all adjustments to the allowance for credit losses, such as changes in the allowance from acquisitions, dispositions, securitizations, foreign currency translation, purchase accounting adjustments, etc.

(3) The second quarter of 2014 includes a reduction of approximately $480 million related to the sale or transfers to HFS of various loan portfolios, including a reduction of approximately $204 million and $177 million related to the transfers to HFS of businesses in Greece and Spain, $29 million related to the sale of the

Honduras business and $66 million related to a transfer of a real estate loan portfolio to HFS. These amounts are partially offset by foreign currency translation on the entire allowance balance.

(4) The first quarter of 2014 includes a reduction of approximately $79 million related to the sale or transfer to HFS of various loan portfolios.

(5) The fourth quarter of 2013 includes a reduction of approximately $113 million related to the sale or transfer to HFS of various loan portfolios. Additionally, there was a reduction of $230 million related to a non-provision transfer of reserves associated with deferred interest to other assets which include deferred interest.

(6) The third quarter of 2013 includes a reduction of approximately $214 million related to the sale or transfer to HFS of various loan portfolios.

(7) The second quarter of 2013 includes a reduction of approximately $650 million related to the sale or transfer to HFS of various U.S. loan portfolios and a reduction of approximately $360 million related to the transfer of Credicard to discontinued operations held for sale. Additionally, a reduction of approximately $90 million related to a transfer to HFS of a loan portfolio in Greece and a reduction of approximately $220 million related to foreign currency translation.

(8) June 30, 2014, March 31, 2014, December 31, 2013, September 30, 2013 and June 30, 2013 exclude $4.8 billion, $5.7 billion, $5.0 billion, $5.2 billion and $4.9 billion, respectively, of loans which are carried at fair value.

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

(10) Allowance for loan losses represents management's best estimate of probable losses inherent in the portfolio, as well as probable losses related to large individually evaluated impaired loans and troubled debt restructurings. See "Significant Accounting Policies and Significant Estimates" and Note 1 to the Consolidated Financial Statements in Citi's 2013 Annual Report on Form 10-K. 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

The following tables detail information on Citi's allowance for loan losses, loans and coverage ratios as of June 30, 2014 and December 31, 2013:

	June 30, 2014			
In billions of dollars	Allowance for loan losses	Loans, net of unearned income	Allowance as a percentage of loans[1]	
North America cards[2]	$5.5	$110.5	5.0	%
North America mortgages[3][4]	4.5	103.2	4.4	
North America other	1.1	21.3	5.2	
International cards	2.1	33.6	6.3	
International other[5]	2.3	115.7	1.9	
Total Consumer	$15.5	$384.3	4.0	%
Total Corporate	2.4	283.2	0.9	
Total Citigroup	$17.9	$667.5	2.7	%

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

(2) Includes both Citi-branded cards and Citi retail services. The $5.5 billion of loan loss reserves for North America cards as of June 30, 2014 represented approximately 16 months of coincident net credit loss coverage.

(3) Of the $4.5 billion, approximately $4.4 billion was allocated to North America mortgages in Citi Holdings. The $4.5 billion of loan loss reserves for North America mortgages as of June 30, 2014 represented approximately 50 months of coincident net credit loss coverage (excluding the $58 million recovery in residential first mortgages in CitiMortgage). This coverage ratio includes both total North America mortgages and Citi Holdings North America mortgages.

(4) Of the $4.5 billion in loan loss reserves, approximately $1.8 billion and $2.7 billion are determined in accordance with ASC 450-20 and ASC 310-10-35 (troubled debt restructurings), respectively. Of the $103.2 billion in loans,

approximately $85.3 billion and $17.6 billion of the loans are evaluated in accordance with ASC 450-20 and ASC 310-10-35 (troubled debt restructurings), respectively. For additional information, see Note 15 to the Consolidated Financial Statements.

(5) Includes mortgages and other retail loans.

Allowance for Loan Losses

In billions of dollars	December 31, 2013 Allowance for loan losses	Loans, net of unearned income	Allowance as a percentage of loans[1]	
North America cards[2]	$6.2	$116.8	5.3	%
North America mortgages[3][4]	5.1	107.5	4.8	
North America other	1.2	21.9	5.4	
International cards	2.3	36.2	6.5	
International other[5]	2.2	111.4	2.0	
Total Consumer	$17.0	$393.8	4.3	%
Total Corporate	2.6	271.7	1.0	
Total Citigroup	$19.6	$665.5	3.0	%

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

(2) Includes both Citi-branded cards and Citi retail services. The $6.2 billion of loan loss reserves for North America cards as of December 31, 2013 represented approximately 18 months of coincident net credit loss coverage.

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(3) Of the $5.1 billion, approximately $4.9 billion was allocated to North America mortgages in Citi Holdings. The $5.1 billion of loan loss reserves for North America mortgages as of December 31, 2013 represented approximately 26 months of coincident net credit loss coverage (for both total North America mortgages and Citi Holdings North America mortgages).

(4) Of the $5.1 billion in loan loss reserves, approximately $2.4 billion and $2.7 billion are determined in accordance with ASC 450-20 and ASC 310-10-35 (troubled debt restructurings), respectively. Of the $107.5 billion in loans, approximately $88.6 billion and $18.5 billion of the loans are evaluated in accordance with ASC 450-20 and ASC 310-10-35 (troubled debt restructurings), respectively. For additional information, see Note 15 to the Consolidated Financial Statements.

(5) Includes mortgages and other retail loans.

Non-Accrual Loans and Assets and Renegotiated Loans

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

Non-Accrual Loans and Assets:

- Corporate and consumer (commercial market) non-accrual status is based on the determination that payment of interest or principal is doubtful.
- Consumer non-accrual status is generally based on aging, i.e., the borrower has fallen behind in payments.
- Mortgage loans discharged through Chapter 7 bankruptcy, other than FHA-insured loans, are classified as non-accrual. In addition, home equity loans in regulated bank entities are classified as non-accrual if the related residential first mortgage loan is 90 days or more past due.
- North America Citi-branded cards and Citi retail services are not included because under industry standards, credit card loans accrue interest until such loans are charged off, which typically occurs at 180 days contractual delinquency.

Renegotiated Loans:

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

Non-Accrual Loans and Assets

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

Non-Accrual Loans

In millions of dollars	Jun. 30, 2014	Mar. 31, 2014	Dec. 31, 2013	Sept. 30, 2013	Jun. 30, 2013
Citicorp	$3,280	$3,752	$3,791	$4,053	$4,030
Citi Holdings	4,654	4,896	5,212	5,365	5,703
Total non-accrual loans	$7,934	$8,648	$9,003	$9,418	$9,733
Corporate non-accrual loans(1)					
North America	$367	$689	$736	$807	$811
EMEA	363	461	766	975	972
Latin America	288	186	127	124	91
Asia	200	284	279	272	270
Total Corporate non-accrual loans	$1,218	$1,620	$1,908	$2,178	$2,144
Citicorp	$1,150	$1,528	$1,580	$1,807	$1,747
Citi Holdings	68	92	328	371	397
Total Corporate non-accrual loans	$1,218	$1,620	$1,908	$2,178	$2,144
Consumer non-accrual loans(1)					
North America	$4,915	$5,139	$5,238	$5,345	$5,595
EMEA	101	131	138	147	234
Latin America	1,386	1,466	1,426	1,400	1,430
Asia	314	292	293	348	330
Total Consumer non-accrual loans	$6,716	$7,028	$7,095	$7,240	$7,589
Citicorp	$2,130	$2,224	$2,211	$2,246	$2,283
Citi Holdings	4,586	4,804	4,884	4,994	5,306
Total Consumer non-accrual loans	$6,716	$7,028	$7,095	$7,240	$7,589

(1) Excludes purchased distressed loans, as they are generally accreting interest. The carrying value of these loans was $575 million at June 30, 2014, $632 million at March 31, 2014, $703 million at December 31, 2013, $756 million at September 30, 2013, and $579 million at June 30, 2013.

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, 2014	Mar. 31, 2014	Dec. 31, 2013	Sept. 30, 2013	Jun. 30, 2013
OREO					
Citicorp	$100	$98	$79	$69	$52
Citi Holdings	302	311	338	334	339
Total OREO	$402	$409	$417	$403	$391
North America	$294	$304	$305	$293	$267
EMEA	44	50	59	62	76
Latin America	49	50	47	40	46
Asia	15	5	6	8	2
Total OREO	$402	$409	$417	$403	$391
Other repossessed assets	$—	$—	$—	$—	$—
Non-accrual assets—Total Citigroup					
Corporate non-accrual loans	$1,218	$1,620	$1,908	$2,178	$2,144
Consumer non-accrual loans	6,716	7,028	7,095	7,240	7,589
Non-accrual loans (NAL)	$7,934	$8,648	$9,003	$9,418	$9,733
OREO	402	409	417	403	391
Other repossessed assets	—	—	—	—	—
Non-accrual assets (NAA)	$8,336	$9,057	$9,420	$9,821	$10,124
NAL as a percentage of total loans	1.19%	1.30%	1.35%	1.43%	1.51%
NAA as a percentage of total assets	0.44	0.48	0.50	0.52	0.54
Allowance for loan losses as a percentage of NAL(1)	225%	219%	218%	219%	222%

Non-accrual assets—Total Citicorp	Jun. 30, 2014	Mar. 31, 2014	Dec. 31, 2013	Sept. 30, 2013	Jun. 30, 2013
Non-accrual loans (NAL)	$3,280	$3,752	$3,791	$4,053	$4,030
OREO	100	98	79	69	52
Other repossessed assets	—	—	—	—	—
Non-accrual assets (NAA)	$3,380	$3,850	$3,870	$4,122	$4,082
NAA as a percentage of total assets	0.19%	0.22%	0.22%	0.23%	0.23%
Allowance for loan losses as a percentage of NAL(1)	380	343	348	328	333
Non-accrual assets—Total Citi Holdings					
Non-accrual loans (NAL)	$4,654	$4,896	$5,212	$5,365	$5,703
OREO	302	311	338	334	339
Other repossessed assets	—	—	—	—	—
Non-accrual assets (NAA)	$4,956	$5,207	$5,550	$5,699	$6,042
NAA as a percentage of total assets	4.46%	4.57%	4.74%	4.67%	4.61%
Allowance for loan losses as a percentage of NAL(1)	116	124	124	136	143

(1) 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.

Renegotiated Loans

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

In millions of dollars	Jun. 30, 2014	Dec. 31, 2013
Corporate renegotiated loans(1)		
In U.S. offices		
Commercial and industrial(2)	$22	$36
Mortgage and real estate(3)	130	143
Loans to financial institutions	—	14
Other	340	364
	$492	$557
In offices outside the U.S.		
Commercial and industrial(2)	$181	$161
Mortgage and real estate(3)	—	18
Other	—	58
	$181	$237
Total Corporate renegotiated loans	$673	$794
Consumer renegotiated loans(4)(5)(6)(7)		
In U.S. offices		
Mortgage and real estate (8)	$17,974	$18,922
Cards	2,043	2,510
Installment and other	562	626
	$20,579	$22,058
In offices outside the U.S.		
Mortgage and real estate	$670	$641
Cards	783	830
Installment and other	764	834
	$2,217	$2,305
Total Consumer renegotiated loans	$22,796	$24,363

(1) Includes $249 million and $312 million of non-accrual loans included in the non-accrual assets table above at June 30, 2014 and December 31, 2013, respectively. The remaining loans are accruing interest.

(2) In addition to modifications reflected as TDRs at June 30, 2014, Citi also modified $15 million and $67 million of commercial loans risk rated "Substandard Non-Performing" or worse (asset category defined by banking regulators) in offices inside and 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, 2014, Citi also modified $20 million of commercial real estate loans risk rated "Substandard Non-Performing" or worse (asset category defined by banking regulators) in offices inside the U.S. These modifications were not considered TDRs because the modifications did not involve a concession (a required element of a TDR for accounting purposes).

(4) Includes $3,403 million and $3,637 million of non-accrual loans included in the non-accrual assets table above at June 30, 2014 and December 31, 2013, respectively. The remaining loans are accruing interest.

(5) Includes $44 million and $29 million of commercial real estate loans at June 30, 2014 and December 31, 2013, respectively.

(6) Includes $298 million and $295 million of other commercial loans at June 30, 2014 and December 31, 2013, respectively.

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

(8) Reduction in June 30, 2014 includes $702 million related to TDRs sold or transferred to held-for-sale.

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North America Consumer Mortgage Lending

Overview
Citi's North America Consumer mortgage portfolio consists of both residential first mortgages and home equity loans. At June 30, 2014, Citi's North America Consumer mortgage portfolio was $103.3 billion (compared to $106 billion at March 31, 2014), of which residential first mortgage portfolio was $73.4 billion (compared to $75.3 billion at March 31, 2014), and the home equity loan portfolio was $29.9 billion (compared to $30.7 billion at March 31, 2014). At June 30, 2014, $40.0 billion of first mortgages was recorded in Citi Holdings, with the remaining $33.3 billion recorded in Citicorp. At June 30, 2014, $26.9 billion of home equity loans was recorded in Citi Holdings, with the remaining $3.0 billion recorded in Citicorp.
Citi's residential first mortgage portfolio included $6.4 billion of loans with FHA insurance or VA guarantees at June 30, 2014, compared to $7.4 billion at March 31, 2014. The decline during the current quarter was primarily attributed to an agreement entered into during the quarter to sell approximately $0.7 billion of mortgage loans with FHA insurance, which is expected to close in the third quarter of 2014. These loans were moved to held-for-sale in anticipation of the sale. This portfolio consists of loans to low-to-moderate-income borrowers with lower FICO (Fair Isaac Corporation) scores and generally higher loan-to-value ratios (LTVs). Credit losses on FHA loans are borne by the sponsoring governmental agency, provided that the insurance terms have not been rescinded as a result of an origination defect. With respect to VA loans, the VA establishes a loan-level loss cap, beyond which Citi is liable for loss. While FHA and VA loans have high delinquency rates, given the insurance and guarantees, respectively, Citi has experienced negligible credit losses on these loans.
In addition, Citi's residential first mortgage portfolio included $1.0 billion of loans with origination LTVs above 80% that have insurance through mortgage insurance companies at June 30, 2014, unchanged from March 31, 2014. At June 30, 2014, the residential first mortgage portfolio also had $0.7 billion of loans subject to long-term standby commitments (LTSCs) with U.S. government-sponsored entities (GSEs) for which Citi has limited exposure to credit losses, compared to $0.8 billion at March 31, 2014. At June 30, 2014, Citi's home equity loan portfolio also included $0.3 billion of loans subject to LTSCs with GSEs (unchanged from March 31, 2014) for which Citi also has limited exposure to credit losses. These guarantees and commitments may be rescinded in the event of loan origination defects. Citi's allowance for loan loss calculations takes into consideration the impact of the guarantees and commitments described 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, 2014, Citi's North America residential first mortgage portfolio contained approximately $4.5 billion of adjustable rate mortgages that are currently required to make a payment consisting of only accrued interest for the payment period, or an interest-only payment, compared to $4.8 billion at March 31, 2014. This decline resulted primarily from repayments of $174 million and conversions to amortizing loans of $135 million. Borrowers who are currently required to make an interest-only payment cannot select a lower payment that would negatively amortize the loan. Residential first mortgages with this payment feature are primarily to high-credit-quality borrowers who have on average significantly higher origination and refreshed FICO scores than other loans in the residential first mortgage portfolio, and have exhibited significantly lower 30+ delinquency rates as compared with residential first mortgages without this payment feature. As such, Citi does not believe the residential mortgage loans with this payment feature represent substantially higher risk in the portfolio.

North America Consumer Mortgage Quarterly Credit Trends—Net Credit Losses and Delinquencies—Residential First Mortgages
The following charts detail the quarterly credit trends for Citigroup's residential first mortgage portfolio in North America. As set forth in the tables below, approximately 55% of Citi's residential first mortgage exposure arises from its portfolio in Citi Holdings, which includes residential first mortgages originated by both CitiMortgage as well as

Citi's legacy CitiFinancial North America business.
North America Residential First Mortgage - EOP Loans
In billions of dollars

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North America Residential First Mortgage - Net Credit
Losses[(1)]
In millions of dollars
Note: CMI refers to loans originated by CitiMortgage. CFNA refers to loans originated by CitiFinancial. Totals may not sum due to rounding.

(1) Includes the following charge-offs related to Citi's fulfillment of its obligations under the national mortgage and independent foreclosure review settlements: 2Q'13, $18 million; 3Q'13, $8 million; and 4Q'13, $6 million. For further information, see "Managed Global Risk-Credit Risk-National Mortgage Settlement and Independent Foreclosure Review Settlement" in Citi's 2013 Annual Report on Form 10-K and Citi's First Quarter of 2014 Form 10-Q.
(2) 4Q'13 excludes approximately $84 million of net credit losses consisting of (i) approximately $69 million of charge-offs related to a change in the charge-off policy for mortgages originated in CitiFinancial to more closely align to policies used in the CitiMortgage business, and (ii) approximately $15 million of charge-offs related to a change in the estimate of net credit losses related to collateral dependent loans to borrowers that have gone through Chapter 7 bankruptcy.
(3) 2Q'14 excludes a recovery of approximately $58 million in CitiMortgage.
(4) Year-over-year change in the S&P/Case-Shiller U.S. National Home Price Index.
(5) Year-over-year change as of April 2014.

North America Residential First Mortgage
Delinquencies-Citi Holdings
In billions of dollars
Note: Days past due excludes (i) U.S. mortgage loans that are guaranteed by U.S. government-sponsored agencies because the potential loss predominantly resides with the U.S. agencies, and (ii) loans recorded at fair value. Totals may not sum due to rounding.

As set forth in the table above, residential first mortgages originated by CitiFinancial have higher net credit loss rates, at approximately 4.2%, compared to a net credit loss rate of 0.7% for CitiMortgage, each as of quarter end. This is because CitiFinancial borrowers tend to have higher LTVs and lower FICOs than CitiMortgage residential first mortgages in Citi Holdings. In addition, CitiFinancial's residential first mortgages have a significantly different geographic distribution, with different mortgage market conditions that tend to lag the overall improvements in the home price index (HPI).
During the second quarter of 2014, credit performance generally continued to improve across the portfolio. Net credit losses continued to decline across the CitiMortgage and CitiFinancial portfolios, driven by the continued improvement in credit, HPI and the economic environment, although HPI improved at a more moderate pace during the current quarter as compared to 2013. Delinquencies increased moderately from the first quarter of 2014, driven primarily by an increase in 30+ days past due delinquencies. As previously disclosed, to date, improvement in delinquencies has largely been driven by asset (i.e., loan) sales and loan modifications. Citi did not execute any significant loan sales during the current quarter. The lack of asset sales, coupled with the significant improvement in 30+ days past due delinquencies during the first quarter of 2014 and seasonality typically seen in the second quarter, drove the moderate increase in early stage delinquencies during the current quarter. Despite this increase, Citi continues to believe the underlying credit performance of its residential first mortgage portfolio remains favorable, although credit performance from quarter-to-quarter could continue to be impacted by the volume of loan modifications, loans sales (or lack of significant sales) as well as increases in interest rates.

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, 2014 and March 31, 2014.

In billions of dollars	June 30, 2014					March 31, 2014				
State [(1)]	ENR [(2)]	ENR Distribution	90+DPD %	% LTV > 100%	Refreshed FICO	ENR [(2)]	ENR Distribution	90+DPD %	% LTV > 100%	Refreshed FICO
CA	$19.3	30 %	1.0 %	2 %	741	$19.1	30 %	1.0 %	3 %	737
NY/NJ/CT[(3)]	12.2	19	2.6	2	737	11.9	18	2.6	2	733
FL[(3)]	3.0	5	4.3	13	692	3.1	5	4.5	17	688
IN/OH/MI[(3)]	2.9	5	4.2	11	663	3.0	5	4.2	13	658
IL[(3)]	2.7	4	3.4	11	709	2.6	4	3.6	15	704
AZ/NV	1.4	2	2.7	19	711	1.5	2	2.7	22	708
Other	22.4	35	4.1	3	675	22.8	36	4.2	4	670
Total	$63.9	100 %	2.8 %	4 %	709	$64.0	100 %	2.9 %	5 %	704

Note: Totals may not sum due to rounding.
(1) Certain of the states are included as part of a region based on Citi's view of similar HPI within the region.
(2) Ending net receivables. Excludes loans in Canada and Puerto Rico, loans guaranteed by U.S. government agencies, loans recorded at fair value and loans subject to LTSCs. Excludes balances for which FICO or LTV data are unavailable.
(3) New York, New Jersey, Connecticut, Indiana, Ohio, Florida and Illinois are judicial states.

Foreclosures
A substantial majority of Citi's foreclosure inventory consists of residential first mortgages. At June 30, 2014, Citi's foreclosure inventory included approximately $0.7 billion, or 1.1%, of residential first mortgages (based on the dollar amount of ending net receivables of loans in foreclosure inventory, excluding loans that are guaranteed by U.S. government agencies and loans subject to LTSCs). Citi's foreclosure inventory was largely unchanged from March 31, 2014 due to the ongoing extensive state and regulatory requirements related to the foreclosure process, which continue to result in longer foreclosure timelines. Citi's average timeframes to move a loan out of foreclosure are two to three times longer than historical norms, and continue to be even more pronounced in judicial states (i.e., states that require foreclosures to be processed via court approval), where Citi has a higher concentration of residential first mortgages in foreclosure. Active foreclosure units in process for over two years as a percentage of Citi's total foreclosure inventory was approximately 28% as of June 30, 2014, compared to 32% as of March 31, 2014. The reduction reflected modest improvements in some jurisdictions and the addition of new foreclosures to the inventory.
For additional information, see "Managing Global Risk—Credit Risk—North America Consumer Mortgage Lending—Foreclosures" in Citi's 2013 Annual Report on Form 10-K.

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

At June 30, 2014, Citi's home equity loan portfolio of $29.9 billion included approximately $18.1 billion of home equity lines of credit (Revolving HELOCs) that are still within their revolving period and have not commenced amortization, or "reset," compared to $18.4 billion at March 31, 2014. The following chart sets forth these Revolving HELOCs (based on certain FICO and combined loan-to-value (CLTV) characteristics of the portfolio) and the year in which they reset:

North America Home Equity Lines of Credit
Amortization – Citigroup
Total ENR by Reset Year
In billions of dollars as of June 30, 2014
Note: Totals may not sum due to rounding.

As set forth in the chart above, approximately 7% of Citi's total Revolving HELOCs portfolio had commenced amortization as of June 30, 2014, compared to an additional approximately 4% and 71% that will commence amortization during the remainder of 2014 and 2015-2017, respectively. Before commencing amortization, Revolving HELOC borrowers are required to pay only interest on their loans. Upon amortization, these borrowers will be required to pay both interest, typically at a variable rate, and principal that amortizes over 20 years, rather than the typical 30-year amortization. As a result, Citi's customers with Revolving HELOCs that reset could experience "payment shock" due to the higher required payments on the loans.

While it is not certain what, if any, impact this payment shock could have on Citi's delinquency rates and net credit losses, Citi currently estimates the monthly loan payment for its Revolving HELOCs that reset during 2015-2017 could increase on average by approximately $360 or 165%. Increases in interest rates could further increase these payments given the variable nature of the interest rates on these loans post-reset. In addition, of the Revolving HELOCs that will commence amortization during 2015-2017, approximately $2 billion, or 14%, of the loans have a CLTV greater than 100 as of June 30, 2014. The borrowers' high loan-to-value positions could also limit Citi's ability to reduce or mitigate this risk as these loans begin to reset.

Based on the limited number of Revolving HELOCs that have begun amortization as of June 30, 2014, approximately 5.7% of the amortizing home equity loans were 30+ days past due compared to 2.5% of the total outstanding home equity loan portfolio (amortizing and non-amortizing), compared to 5.7% and 2.6%, respectively, as of March 31, 2014. However, these resets have generally occurred during a period of

declining interest rates, which Citi believes has likely reduced the overall "payment shock" to the borrower.

Citi continues to monitor this reset risk closely, particularly as it approaches 2015, and Citi will continue to consider any potential impact in determining its allowance for loan loss reserves. In addition, management continues to review additional actions to offset potential reset risk, including establishment of a borrower outreach program to provide reset risk education, establishment of a reset risk mitigation unit and proactively contacting high risk borrowers. For further information on reset risk, see "Risk Factors-Business and Operational Risks" in Citi's 2013 Annual Report on Form 10-K.

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

North America Home Equity - EOP Loans
In billions of dollars
North America Home Equity - Net Credit Losses[(1)]
In millions of dollars
Note: Totals may not sum due to rounding.

(1) Includes the following amounts of charge-offs related to Citi's fulfillment of its obligations under the national mortgage and independent foreclosure review settlements: 2Q'13, $12 million; 3Q'13, $14 million; and 4Q'13, $15

million. For further information, see “Managed Global Risk-Credit Risk-National Mortgage Settlement and Independent Foreclosure Review Settlement” in Citi’s 2013 Annual Report on Form 10-K and Citi’s First Quarter of 2014 Form 10-Q.

(2) 4Q’13 excludes approximately $100 million of net credit losses consisting of (i) approximately $64 million for the acceleration of accounting losses associated with modified home equity loans determined to be collateral dependent, (ii) approximately $22 million of charge-offs related to a change in the charge-off policy for mortgages originated in CitiFinancial to more closely align to policies used in the CitiMortgage business, and (iii) approximately $14 million of charge-

offs related to a change in the estimate of net credit losses related to collateral dependent loans to borrowers that have gone through Chapter 7 bankruptcy.

North America Home Equity Loan Delinquencies - Citi Holdings
In billions of dollars
Note: Days past due excludes (i) U.S. mortgage loans that are guaranteed by U.S. government-sponsored agencies, because the potential loss predominantly resides with the U.S. agencies, and (ii) loans recorded at fair value. Totals may not sum due to rounding.

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, 2014 and March 31, 2014.

In billions of dollars	June 30, 2014					March 31, 2014				
State (1)	ENR (2)	ENR Distribution	90+DPD %	% CLTV > 100% (3)	Refreshed FICO	ENR (2)	ENR Distribution	90+DPD %	% CLTV > 100% (3)	Refreshed FICO
CA	$7.8	28 %	1.4 %	11 %	727	$8.0	28 %	1.5 %	15 %	726
NY/NJ/CT(4)	7.0	25	2.3	13	719	7.1	24	2.4	14	718
FL(4)	1.9	7	2.2	35	706	2.1	7	2.3	40	705
IL(4)	1.2	4	1.3	40	715	1.2	4	1.4	44	713
IN/OH/MI(4)	0.9	3	1.5	41	688	0.9	3	1.6	44	685
AZ/NV	0.7	2	2.1	47	714	0.7	2	2.1	49	713
Other	8.7	31	1.7	21	701	9.1	32	1.7	25	699
Total	$28.2	100 %	1.8 %	20 %	714	$29.0	100 %	1.9 %	22 %	712

Note: Totals may not sum due to rounding.
(1) Certain of the states are included as part of a region based on Citi's view of similar HPI within the region.
(2) Ending net receivables. Excludes loans in Canada and Puerto Rico and loans subject to LTSCs. Excludes balances for which FICO or LTV data are unavailable.
(3) Represents combined loan-to-value (CLTV) for both residential first mortgages and home equity loans.
(4) New York, New Jersey, Connecticut, Indiana, Ohio, Florida and Illinois are judicial states.

Citigroup Residential Mortgages—Representations and Warranties Repurchase Reserve
In connection with Citi's sales of residential mortgage loans to the GSEs and private investors, as well as through private-label residential mortgage securitizations, Citi typically makes representations and warranties that the loans sold meet certain requirements, such as the loan's compliance with any applicable loan criteria established by the buyer and the validity of the lien securing the loan. The specific representations and warranties made by Citi in any particular transaction depend on, among other things, the nature of the transaction and the requirements of the investor (e.g., whole loan sale to the GSEs versus loans sold through securitization transactions), as well as the credit quality of the loan (e.g., prime, Alt-A or subprime).

These sales expose Citi to potential claims for alleged breaches of its representations and warranties. In the event of a breach of its representations and warranties, Citi could be required either to repurchase the mortgage loans with the identified defects (generally at unpaid principal balance plus accrued interest) or to indemnify ("make whole") the investors for their losses on these loans.

Citi has recorded a repurchase reserve for purposes of its potential representation and warranty repurchase liability resulting from its whole loan sales to the GSEs and, to a lesser extent private investors, which are made through Citi's consumer business in CitiMortgage. The repurchase reserve was approximately $281 million and $333 million as of June 30, 2014 and March 31, 2014, respectively.

For additional information, see "Managing Global Risk—Citigroup Residential Mortgages—Representations and Warranties Repurchase Reserve" in Citi's 2013 Annual Report on Form 10-K. See also Note 25 to the Consolidated Financial Statements.

Consumer Loan Details

Consumer Loan Delinquency Amounts and Ratios

	Total loans[1]	90+ days past due[2]			30-89 days past due[2]		
In millions of dollars, except EOP loan amounts in billions	June 30, 2014	June 30, 2014	March 31, 2014	June 30, 2013	June 30, 2014	March 31, 2014	June 30, 2013
Citicorp[3][4]							
Total	$302.5	$2,805	$2,908	$2,644	$2,972	$3,015	$2,967
Ratio		0.93%	0.99%	0.94%	0.99%	1.02%	1.05%
Retail banking							
Total	$158.6	$1,015	$992	$849	$1,032	$991	$1,085
Ratio		0.64%	0.65%	0.59%	0.66%	0.65%	0.76%
North America	46.2	227	243	285	203	177	217
Ratio		0.50%	0.55%	0.71%	0.45%	0.40%	0.54%
EMEA	6.0	26	27	41	50	52	68
Ratio		0.43%	0.47%	0.77%	0.83%	0.90%	1.28%
Latin America	30.8	552	528	318	373	370	368
Ratio		1.79%	1.75%	1.08%	1.21%	1.23%	1.25%
Asia	75.6	210	194	205	406	392	432
Ratio		0.28%	0.26%	0.30%	0.54%	0.53%	0.63%
Cards							
Total	$143.9	$1,790	$1,916	$1,795	$1,940	$2,024	$1,882
Ratio		1.24%	1.35%	1.30%	1.35%	1.43%	1.36%
North America—Citi-branded	67.3	583	648	663	540	599	588
Ratio		0.87%	0.97%	0.96%	0.80%	0.90%	0.85%
North America—Citi retail services	43.1	606	689	556	683	725	615
Ratio		1.41%	1.63%	1.54%	1.58%	1.71%	1.71%
EMEA	2.5	31	31	44	40	39	57
Ratio		1.24%	1.29%	1.57%	1.60%	1.63%	2.04%
Latin America	11.7	364	349	323	396	390	335
Ratio		3.11%	2.98%	2.81%	3.38%	3.33%	2.91%
Asia	19.3	206	199	209	281	271	287
Ratio		1.07%	1.07%	1.11%	1.46%	1.46%	1.52%
Citi Holdings[5][6]							
Total	$81.6	$2,536	$2,715	$3,234	$2,260	$2,297	$3,151
Ratio		3.32%	3.35%	3.59%	2.96%	2.84%	3.50%
International	3.1	66	170	242	86	194	255
Ratio		2.13%	2.98%	3.90%	2.77%	3.40%	4.11%
North America	78.5	2,470	2,545	2,992	2,174	2,103	2,896
Ratio		3.37%	3.38%	3.57%	2.97%	2.79%	3.45%
Other [7]	0.2						
Total Citigroup	$384.3	$5,341	$5,623	$5,878	$5,232	$5,312	$6,118
Ratio		1.41%	1.50%	1.58%	1.39%	1.41%	1.64%

(1) Total loans include interest and fees on credit cards.
(2)

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

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

(4) The 90+ days and 30-89 days past due and related ratios for Citicorp North America exclude U.S. mortgage loans that are guaranteed by U.S. government-sponsored entities since the potential loss predominantly resides within the U.S. government agencies. The amounts excluded for loans 90+ days past due and (EOP loans) were $668 million ($1.2 billion), $679 million ($1.2 billion), and $728 million ($1.3 billion) at June 30, 2014, March 31, 2014 and June 30, 2013, respectively. The amounts excluded for loans 30-89 days past due (EOP loans have the same adjustment as above) were $125 million, $122 million, and $144 million, at June 30, 2014, March 31, 2014 and June 30, 2013, respectively.

(5) The 90+ days and 30-89 days past due and related ratios for Citi Holdings North America exclude U.S. mortgage loans that are guaranteed by U.S. government-sponsored entities since the potential loss predominantly resides within the U.S. agencies. The amounts excluded for loans 90+ days past due (and EOP loans) for each period were $2.8 billion ($5.2 billion), $3.0 billion ($6.1 billion), and $3.5 billion ($6.8 billion) at June 30, 2014, March 31, 2014 and June 30, 2013,

respectively. The amounts excluded for loans 30-89 days past due (EOP loans have the same adjustment as above) for each period were $0.7 billion, $0.9 billion, and $1.2 billion, at June 30, 2014, March 31, 2014 and June 30, 2013, respectively.

(6) The June 30, 2014, March 31, 2014 and June 30, 2013 loans 90+ days past due and 30-89 days past due and related ratios for North America exclude $17 million, $0.9 billion and $1.0 billion, respectively, of loans that are carried at fair value.

(7) Represents loans classified as Consumer loans on the Consolidated Balance Sheet that are not included in the Citi Holdings consumer credit metrics.

Consumer Loan Net Credit Losses and Ratios

	Average loans(1)	Net credit losses(2)		
In millions of dollars, except average loan amounts in billions	2Q14	2Q14	1Q14	2Q13
Citicorp				
Total	$298.9	$1,781	$1,786	$1,785
Ratio		2.39 %	2.45 %	2.54 %
Retail banking				
Total	$156.9	$340	$343	$299
Ratio		0.87 %	0.91 %	0.83 %
North America	45.6	35	35	44
Ratio		0.31 %	0.32 %	0.43 %
EMEA	5.9	8	2	(2)
Ratio		0.54 %	0.15 %	(0.15)%
Latin America	30.6	222	215	204
Ratio		2.91 %	2.93 %	2.76 %
Asia	74.8	75	91	53
Ratio		0.40 %	0.51 %	0.31 %
Cards				
Total	$142.0	$1,441	$1,443	$1,486
Ratio		4.07 %	4.07 %	4.33 %
North America—Citi-branded	66.4	570	587	665
Ratio		3.44 %	3.53 %	3.90 %
North America—Retail services	42.4	465	481	481
Ratio		4.40 %	4.47 %	5.39 %
EMEA	2.4	12	9	1
Ratio		2.01 %	1.59 %	0.14 %
Latin America	11.9	271	254	212
Ratio		9.13 %	8.80 %	7.39 %
Asia	18.9	123	112	127
Ratio		2.61 %	2.44 %	2.68 %
Citi Holdings				
Total	$86.4	$395	$506	$775
Ratio		1.83 %	2.29 %	3.01 %
International	5.6	39	32	51
Ratio		2.79 %	2.28 %	3.20 %
North America	80.8	356	474	724
Ratio		1.77 %	2.29 %	2.99 %
Other (3)	—	2	2	3
Total Citigroup	$385.3	$2,178	$2,294	$2,563

Ratio	2.27%	2.41%	2.67%

(1) Average loans include interest and fees on credit cards.
(2) The ratios of net credit losses are calculated based on average loans, net of unearned income.
(3) Represents NCLs on loans classified as Consumer loans on the Consolidated Balance Sheet that are not included in the Citi Holdings consumer credit metrics.

Corporate Credit Details

Consistent with its overall strategy, Citi's corporate clients are typically large, multi-national corporations who value Citi's global network. Citi aims to establish relationships with these clients that encompass multiple products, consistent with client needs, including cash management and trade services, foreign exchange, lending, capital markets and M&A advisory. For additional information on corporate credit risk management, see "Managing Global Risk—Credit Risk—Corporate Credit Details" in Citi's 2013 Annual Report on Form 10-K and "Country Risk—Emerging Markets Exposures" below.

Corporate Credit Portfolio

The following table represents the corporate credit portfolio (excluding private bank in ICG), before consideration of collateral or hedges, by remaining tenor at June 30, 2014 and December 31, 2013. The corporate credit portfolio includes loans and unfunded lending commitments in ICG and, to a much lesser extent, Citi Holdings, by Citi's internal management hierarchy and is broken out by (i) direct outstandings, which include drawn loans, overdrafts, bankers' acceptances and leases, and (ii) unfunded lending commitments, which include unused commitments to lend, letters of credit and financial guarantees.

	At June 30, 2014				At December 31, 2013			
In billions of dollars	Due within 1 year	Greater than 1 year but within 5 years	Greater than 5 years	Total Exposure	Due within 1 year	Greater than 1 year but within 5 years	Greater than 5 years	Total exposure
Direct outstandings	$110	$85	$28	$223	$108	$80	$29	$217
Unfunded lending commitments	99	205	27	331	87	204	21	312
Total	$209	$290	$55	$554	$195	$284	$50	$529

Portfolio Mix—Geography, Counterparty and Industry

Citi's corporate credit portfolio is diverse across geography and counterparty. The following table shows the percentage of direct outstandings and unfunded lending commitments by region based on Citi's internal management geography:

	June 30, 2014		December 31, 2013	
North America	53	%	51	%
EMEA	26		27	
Asia	14		14	
Latin America	7		8	
Total	100	%	100	%

The maintenance of accurate and consistent risk ratings across the corporate credit portfolio facilitates the comparison of credit exposure across all lines of business, geographic regions and products. Counterparty risk ratings reflect an estimated probability of default for a counterparty and are derived primarily through the use of validated statistical models, scorecard models and external agency ratings (under defined circumstances), in combination with consideration of factors specific to the obligor or market, such as management experience, competitive position and regulatory environment. Facility risk ratings are assigned that reflect the probability of default of the obligor and factors that affect the loss-given-default of the facility, such as support or collateral. Internal obligor ratings that generally correspond to BBB and above are considered investment grade, while those below are considered non-investment grade.

Citigroup also has incorporated climate risk assessment and reporting criteria for certain obligors, as necessary. Factors evaluated include consideration of climate risk to an obligor's business and physical assets and, when relevant, consideration of cost-effective options to reduce greenhouse gas emissions.

The following table presents the corporate credit portfolio by facility risk rating at June 30, 2014 and December 31, 2013, as a percentage of the total corporate credit portfolio:

	Direct outstandings and unfunded lending commitments			
	June 30, 2014		December 31, 2013	
AAA/AA/A	50	%	52	%
BBB	31		30	
BB/B	16		16	
CCC or below	2		2	
Unrated	1		—	
Total	100	%	100	%

65

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

	Direct outstandings and unfunded lending commitments			
	June 30, 2014		December 31, 2013	
Transportation and industrial	20	%	22	%
Petroleum, energy, chemical and metal	20		20	
Consumer retail and health	16		15	
Banks/broker-dealers	10		10	
Technology, media and telecom	10		10	
Public sector	6		6	
Insurance and special purpose entities	6		5	
Real estate	5		5	
Hedge funds	4		4	
Other industries	3		3	
Total	100	%	100	%

Credit Risk Mitigation

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

At June 30, 2014 and December 31, 2013, $27.3 billion and $27.2 billion, respectively, of the corporate credit portfolio was economically hedged. Citigroup's expected loss model used in the calculation of its loan loss reserve does not include the favorable impact of credit derivatives and other mitigants that are marked to market. In addition, the reported amounts of direct outstandings and unfunded lending commitments in the tables above do not reflect the impact of these hedging transactions. At June 30, 2014 and December 31, 2013, the credit protection was economically hedging underlying corporate credit portfolio with the following risk rating distribution:

Rating of Hedged Exposure

	June 30, 2014		December 31, 2013	
AAA/AA/A	26	%	26	%
BBB	37		36	
BB/B	28		29	
CCC or below	9		9	
Total	100	%	100	%

At June 30, 2014 and December 31, 2013, the credit protection was economically hedging underlying corporate credit portfolio exposures with the following industry distribution:

Industry of Hedged Exposure

	June 30, 2014		December 31, 2013	
Transportation and industrial	31	%	31	%

Petroleum, energy, chemical and metal	24	23
Technology, media and telecom	14	14
Consumer retail and health	9	9
Banks/broker-dealers	8	8
Insurance and special purpose entities	7	7
Public Sector	5	6
Other industries	2	2
Total	100 %	100 %

For additional information on Citi's corporate credit portfolio, including allowance for loan losses, coverage ratios and corporate non-accrual loans, see "Credit Risk—Loans Outstanding, Details of Credit Loss Experience, Allowance for Loan Losses and Non-Accrual Loans and Assets" above.

MARKET RISK
Market risk encompasses funding and liquidity risk and price risk, each of which arise in the normal course of business of a global financial intermediary such as Citi. For additional information, see “Managing Global Risk—Market Risk” in Citi’s 2013 Annual Report on Form 10-K.

Funding and Liquidity Risk
Adequate liquidity and sources of funding are essential to Citi’s businesses. Funding and liquidity risks arise from several factors, many of which Citi cannot control, such as disruptions in the financial markets, changes in key funding sources, credit spreads, changes in Citi’s credit ratings and political and economic conditions in certain countries.

Overview
Citi’s funding and liquidity objectives are to maintain adequate liquidity to (i) fund its existing asset base; (ii) grow its core businesses in Citicorp; (iii) maintain sufficient 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; and (iv) satisfy regulatory requirements. Citigroup’s primary liquidity objectives are established by entity, and in aggregate, across three major categories:

- the parent entity, which includes the parent holding company (Citigroup) and Citi’s broker-dealer subsidiaries that are consolidated into Citigroup (collectively referred to in this section as “parent”);
- Citi’s significant Citibank entities, which consist of Citibank, N.A. units domiciled in the U.S., Western

Europe, Hong Kong, Japan and Singapore (collectively referred to in this section as “significant Citibank entities”); and
- other Citibank and Banamex entities.

At an aggregate level, Citigroup’s goal is to maintain sufficient funding in amount and tenor to fully fund customer assets and to provide an appropriate amount of cash and high quality liquid assets (as discussed further below), even in times of stress. The liquidity framework provides that entities be self-sufficient or net providers of liquidity, including in conditions established under their designated stress tests.
Citi’s primary sources of funding include (i) deposits via Citi’s bank subsidiaries, which are Citi’s most stable and lowest cost source of long-term funding, (ii) long-term debt (primarily senior and subordinated debt) primarily issued at the parent and certain bank subsidiaries, and (iii) stockholders’ equity. These sources may be supplemented by short-term borrowings, primarily in the form of secured funding transactions.
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 goal of Citi’s asset/liability management is to ensure that there is excess tenor in the liability structure so as to provide excess liquidity after funding the assets. The excess liquidity resulting from a longer-term tenor profile can effectively offset potential decreases in liquidity that may occur under stress. This excess funding is held in the form of high quality liquid assets, which Citi generally refers to as its “liquidity resources,” and is described further below.

High Quality Liquid Assets

	Parent			Significant Citibank Entities			Other Citibank and Banamex Entities			Total		
In billions of dollars	Jun. 30, 2014	Mar. 31, 2014	Jun. 30, 2013	Jun. 30, 2014	Mar. 31, 2014	Jun. 30, 2013	Jun. 30, 2014	Mar. 31, 2014	Jun. 30, 2013	Jun. 30, 2014	Mar. 31, 2014	Jun. 30, 2013
Available cash	$32.0	$38.8	$34.1	$80.4	$77.1	$67.5	$12.1	$13.3	$13.8	$124.6	$129.2	$115.3
	35.0	28.7	23.8	199.1	188.5	170.5	76.1	78.4	78.0	310.3	295.7	272.3

Unencumbered liquid securities												
Total	$67.1	$67.5	$57.9	$279.6	$265.6	$238.0	$88.2	$91.8	$91.8	$434.9	$424.8	$387.6

Note: Amounts above are estimated based on Citi's current interpretation of the definition of "high quality liquid assets" under the Basel Committee on Banking Supervision's final Basel III Liquidity Coverage Ratio rules (see "Risk Factors—Liquidity Risks" in Citi's 2013 Annual Report on Form 10-K and "Liquidity Management, Measurement and Stress Testing" below). All amounts in the table above are as of period-end and may increase or decrease intra-period in the ordinary course of business.

As set forth in the table above, Citigroup's liquidity resources at June 30, 2014 increased $10 billion from March 31, 2014, and $47 billion from June 30, 2013. The increase both quarter-over-quarter and year-over-year was driven by an increase in credit card securitizations and Federal Home Loan Banks (FHLB) advances in Citibank, N.A. (see "Long-Term Debt" below). The year-over-year increase was also driven by an increase in deposits.

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

In billions of dollars	Jun. 30, 2014	Mar. 31, 2014	Jun. 30, 2013
Available cash	$124.6	$129.2	$115.3
U.S. Treasuries	111.3	103.6	80.2
U.S. Agencies/Agency MBS	56.8	54.7	64.0
Foreign Government(1)	125.8	120.2	111.6
Other Investment Grade(2)	16.3	17.2	16.5
Total	$434.9	$424.8	$387.6

(1) Foreign government also includes foreign government agencies, multinationals and foreign government guaranteed securities. Foreign government securities are held largely to support local liquidity requirements and Citi’s local franchises and, as of June 30, 2014, principally included government bonds from Hong Kong, Japan, Korea, Mexico, Poland, Singapore and Taiwan.

(2) Includes contractual committed facilities from central banks in the amount of $0.6 billion, $1 billion and $1.2 billion at the end of the second and first quarter of 2014 and the second quarter of 2013, respectively.

As evident from the table above, as of June 30, 2014, more than 80% of Citi’s liquidity resources consisted of available cash, U.S. government securities and high quality foreign sovereign debt securities, with the remaining amounts consisting of U.S. agency securities, agency MBS and investment grade debt.

Citi’s liquidity resources as set forth above do not include additional potential liquidity in the form of Citigroup’s borrowing capacity from the various FHLBs, which was approximately $27 billion as of June 30, 2014 and is maintained by pledged collateral to all such banks. The liquidity resources shown above also do not include Citi’s borrowing capacity at the U.S. Federal Reserve Bank discount window or international central banks, which capacity would be in addition to the resources noted above.

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, 2014, the amount available for lending to these entities under Section 23A was approximately $17 billion (unchanged from March 31, 2014), provided the funds are collateralized appropriately.

Deposits

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

In billions of dollars	Jun. 30, 2014	Mar. 31, 2014	Jun. 30, 2013
Global Consumer Banking			
North America	$170.6	$172.6	$165.9
EMEA	13.8	13.3	12.9
Latin America	48.3	48.0	45.8
Asia	105.0	103.0	101.2
Total	$337.7	$336.9	$325.8
ICG			
North America	$182.5	$186.0	$157.0
EMEA	185.1	183.7	173.0
Latin America	64.6	65.2	57.3
Asia	145.0	139.0	145.4
Total	$577.2	$573.9	$532.7
Corporate/Other	31.3	26.3	15.2
Total Citicorp	$946.2	$937.1	$873.7

Total Citi Holdings[1]	19.5	29.2	64.7
Total Citigroup Deposits (EOP)	$965.7	$966.3	$938.4
Total Citigroup Deposits (AVG)	$959.5	$957.4	$924.5

(1) Included within Citi's end-of-period deposit balance as of June 30, 2014 were approximately $18 billion of deposits related to Morgan Stanley Smith Barney (MSSB) customers that, as previously disclosed, will be transferred to Morgan Stanley by MSSB, with remaining balances transferred in the amount of approximately $5 billion per quarter through the end of the second quarter of 2015.

On a reported basis, end-of-period deposits increased 3% year-over-year and were largely unchanged quarter-over-quarter. Both year-over-year and sequential growth in Citicorp's businesses were offset by ongoing reductions in Citi Holdings.

Excluding the impact of FX translation, deposits increased 2% year-over-year. Global Consumer Banking deposits increased 3% year-over-year, driven by growth in each region. ICG deposits increased 7% year-over-year, as continued strong deposit flows led to 10% growth in treasury and trade solutions and 11% growth in the private bank. On a regional basis, year-over-year ICG deposits grew 14% in Latin America and 16% in North America. Corporate/Other deposits also increased year-over-year as Citi issued tenored time deposits to further diversify its funding sources.

Excluding the impact of FX translation, average deposits increased 4% year-over-year and were unchanged quarter-over-quarter, despite the ongoing transfer by MSSB of MSSB deposits to Morgan Stanley.

Citi monitors its deposit base across multiple dimensions, including interest rate structure, what Citi refers to as "LCR value," (or the liquidity value of the deposit base under the Basel III LCR rules), and geography. With respect to interest rate structure, Citi monitors the balance between its fixed-rate higher-cost time deposits as compared to its interest-bearing and non-interest-bearing operating accounts. Regarding the LCR value of Citi's deposits, under both the final Basel Committee Basel III LCR rules as well as the proposed U.S. Basel III LCR rules, deposits are assigned liquidity values, based on expected behavior under stress, the type of deposit and the type of client. Generally, the Basel III LCR liquidity rules prioritize operating accounts of consumers and corporations, while assigning lower liquidity values to non-operating balances of financial institutions. Finally, with respect to geography, as set forth in the table above, as of June 30, 2014, approximately 40% of Citi's deposits were inside of the U.S., while approximately 60% are outside the U.S. Citi believes this diversification of deposits limits the degree to which changes in monetary policy or economic conditions may affect Citi's deposits.

Long-Term Debt

Long-term debt (generally defined as debt with original maturities of one year or more) continued to represent the most significant component of Citi's funding for the parent entities and was a supplementary source of funding for the bank entities.

Long-term debt is an important funding source due in part to its multi-year maturity structure. The weighted-average maturities of unsecured long-term debt issued by Citigroup and its affiliates (including Citibank, N.A.) with a remaining life greater than one year (excluding remaining trust preferred securities outstanding) was approximately 6.9 years as of June 30, 2014, which was a slight increase from the prior quarter. This term structure enables Citi to meet its business needs and maintain adequate liquidity.

Citi's long-term debt outstanding at the parent includes benchmark debt and what Citi refers to as customer-related debt, consisting of structured notes, such as equity- and credit-linked notes, as well as non-structured notes. Citi's issuance of customer-related debt is generally driven by customer demand and supplements benchmark debt issuance as a source of funding for Citi's parent entities. Citi's long-term debt at the bank includes FHLB advances and securitizations.

Long-Term Debt Outstanding

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

In billions of dollars	Jun. 30, 2014	Mar. 31, 2014	Jun. 30, 2013
Parent	$163.0	$162.7	$172.6
Benchmark Debt:			
Senior debt	97.8	96.4	102.5
Subordinated debt	28.1	28.0	26.5
Trust preferred	1.8	3.9	6.6
Customer-Related Debt:			
Structured debt	22.5	22.2	19.4
Non-structured debt	8.0	7.8	12.2
Local Country and Other(1)(2)	4.8	4.4	5.4
Bank	$64.0	$60.0	$48.4
FHLB Borrowings	19.1	14.0	14.5
Securitizations(3)	38.1	37.1	25.4
Local Country and Other(2)	6.8	8.9	8.5
Total long-term debt	$227.0	$222.7	$221.0

Note: Amounts represent the current value of long-term debt on Citi's Consolidated Balance Sheet which, for certain debt instruments, includes consideration of fair value, hedging impacts and unamortized discounts and premiums.

(1) Includes securitizations of $0.9 billion for the second quarter of 2014, and $0.2 billion for each of the first quarter of 2014 and second quarter of 2013.

(2) Local country debt includes debt issued by Citi's affiliates in support of their local operations.

(3) Of the approximately $38.1 billion of total bank securitizations at June 30, 2014, approximately $37.8 billion related to credit card securitizations (compared to $36.7 billion as of March 31, 2014).

Year-over-year and sequential increases in Citi's total long-term debt outstanding occurred mainly in the bank, partially offset by year-over-year reductions at the parent company. In the bank, the increases resulted from increased credit card securitizations and FHLB advances, given the lower-cost nature of these funding sources.

Year-over-year parent company debt reductions were driven by maturities and active liability management, as Citi continued to refinance high cost debt with new issuance at lower levels. Specifically, as part of its liquidity and funding strategy, Citi has considered, and may continue to consider, opportunities to repurchase its long-term and short-term debt pursuant to open market purchases, tender offers or other means. Such repurchases help reduce Citi's overall funding costs. During the second quarter of 2014, Citi repurchased an aggregate of approximately $4.4 billion of its outstanding long-term and short-term debt, pursuant to selective public tender offers, open market purchases, and $2.1 billion of trust preferred redemptions (for information on Citi's remaining outstanding trust preferred securities, see Note 17 to the Consolidated Financial Statements).

Citi expects the trends described above—increases in long-term debt at the bank and decreases at the parent—will likely continue during the remainder of 2014. Overall, however, changes in Citi's long-term debt outstanding will continue to reflect the funding needs of its businesses as well as the market and economic environment and any regulatory changes, such as prescribed levels of debt required to be maintained by Citi pursuant to the U.S. banking regulators orderly liquidation authority (for additional information, see "Risk Factors—Regulatory Risks" in Citi's 2013 Annual Report on Form 10-K).

Long-Term Debt Issuances and Maturities

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

	2Q14		1Q14		2Q13	
In billions of dollars	Maturities	Issuances	Maturities	Issuances	Maturities	Issuances
Parent	$11.1	$10.0	$7.7	$4.9	$13.6	$5.4
Benchmark Debt:						
Senior debt	4.7	5.6	4.9	2.0	6.5	1.5
Subordinated debt	1.0	1.0	—	—	1.0	1.3
Trust preferred	2.1	—	—	—	3.0	—
Customer-Related Debt:						
Structured debt	2.2	2.2	1.4	1.9	2.2	2.3
Non-structured debt	0.3	0.4	0.8	0.8	0.6	0.3
Local Country and Other	0.8	0.8	0.6	0.2	0.3	—
Bank	$4.2	$8.7	$2.0	$5.7	$4.6	$4.3
FHLB borrowings	1.0	6.1	0.5	0.5	2.8	1.0
Securitizations	1.4	2.4	0.9	4.3	0.8	2.5
Local Country and Other	1.8	0.2	0.6	0.9	1.0	0.8
Total	$15.3	$18.7	$9.7	$10.6	$18.2	$9.7

The table below shows Citi's aggregate long-term debt maturities (including repurchases and redemptions) year-to-date in 2014, as well as its aggregate expected annual long-term debt maturities, as of June 30, 2014:

	Maturities	Expected Long-Term Debt Maturities as of June 30, 2014							
In billions of dollars	1H'14	2014	2015	2016	2017	2018	2019	Thereafter	Total
Parent	$18.8	$12.9	$19.2	$22.9	$24.1	$13.9	$16.3	$53.7	$163.0
Benchmark Debt:									
Senior debt	9.6	5.7	11.6	16.0	17.3	10.1	12.2	24.9	97.8
Subordinated debt	1.0	4.0	0.8	1.5	3.6	1.3	1.6	15.3	28.1
Trust preferred	2.1	—	—	—	—	—	—	1.8	1.8
Customer-Related Debt:									
Structured debt	3.6	2.2	4.3	4.3	2.5	1.7	1.1	6.4	22.5
Non-structured debt	1.1	0.3	2.2	0.6	0.7	0.4	0.4	3.4	8.0
Local Country and Other	1.4	0.7	0.3	0.5	—	0.4	1.0	1.9	4.8
Bank	$6.2	$13.9	$11.7	$16.8	$9.7	$7.9	$0.2	$3.8	$64.0
FHLB borrowings	1.5	6.5	2.5	6.6	3.0	0.5	—	—	19.1
Securitizations	2.3	6.7	7.5	8.4	5.1	7.1	—	3.3	38.1
Local Country and Other	2.4	0.7	1.7	1.8	1.6	0.3	0.2	0.5	6.8
Total long-term debt	$25.0	$26.8	$30.9	$39.7	$33.8	$21.8	$16.5	$57.5	$227.0

Secured Funding Transactions and Short-Term Borrowings

As referenced above, Citi supplements its primary sources of funding with short-term borrowings. Short-term borrowings generally include (i) secured funding transactions (securities loaned or sold under agreements to repurchase, or repos) and (ii) to a lesser extent, short-term borrowings consisting of commercial paper and borrowings from the FHLB and other market participants (see Note 17 to the Consolidated Financial Statements for further information on Citigroup's and its affiliates' outstanding short-term borrowings).

Secured Funding

Secured funding is primarily conducted through Citi's broker-dealer subsidiaries to fund efficiently both secured lending activity and a portion of trading inventory. Citi also conducts a smaller portion of its secured funding transactions through its bank entities, which is typically collateralized by foreign government securities. Generally, daily changes in the level of Citi's secured funding are primarily due to fluctuations in secured lending activity in the matched book (as described below) and trading inventory.

Secured funding declined to $184 billion as of June 30, 2014, compared to $191 billion as of March 31, 2014 and $218 billion as of June 30, 2013, in each case driven by a reduction in client and market-driven trading activity, and as Citi continued to reduce its reliance on secured funding at its broker-dealer subsidiaries. Average balances for secured funding were approximately $193 billion for the quarter ended June 30, 2014, compared to $197 billion for the quarter ended March 31, 2014 and $243 billion for the quarter ended June 30, 2013.

The portion of secured funding in the broker-dealer subsidiaries that funds secured lending is commonly referred to as "matched book" activity. The majority of this activity is secured by high quality, liquid securities such as U.S. Treasury securities, U.S. agency securities and foreign sovereign debt. Other secured funding is secured by less liquid securities, including equity securities, corporate bonds and asset-backed securities. The tenor of Citi's matched book liabilities is equal to, or longer than, the tenor of the corresponding matched book assets.

The remainder of the secured funding activity in the broker-dealer subsidiaries serves to fund trading inventory. To maintain reliable funding under a wide range of market conditions, including under periods of stress, Citi manages these activities by taking into consideration the quality of the underlying collateral, and stipulating financing tenor. The weighted average maturity of Citi's secured funding of less liquid trading inventory was greater than 110 days as of June 30, 2014.

Citi manages the risks in its secured funding by conducting daily stress tests to account for changes in capacity, tenors, haircut, collateral profile and client actions. Additionally, Citi maintains counterparty diversification by establishing concentration triggers and assessing counterparty reliability and stability under stress. Citi generally sources secured funding from more than 150 counterparties.

Commercial Paper

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

In billions of dollars	Jun. 30, 2014	Mar. 31, 2014	Jun. 30, 2013
Commercial paper			
Parent	$0.2	$0.2	$0.2
Significant Citibank entities	14.7	14.7	18.1
Total	$14.9	$14.9	$18.3

Other Short-Term Borrowings

At June 30, 2014, Citi's other short-term borrowings, which included borrowings from the FHLB and other market participants, were approximately $45 billion, compared to $44 billion at March 31, 2014, and $40 billion at June 30, 2013.

Liquidity Management, Measurement and Stress Testing

For a discussion of Citi's liquidity management, stress testing and certain of its other liquidity measures, see "Market Risk—Funding and Liquidity—Liquidity Management, Measurement and Stress Testing" in Citi's 2013 Annual Report on Form 10-K.

Liquidity Measurement—Liquidity Coverage Ratio

In addition to internal measures Citi has developed for a 30-day stress scenario, Citi also monitors its liquidity by reference to the Liquidity Coverage Ratio (LCR), as calculated pursuant to the final Basel III LCR rules issued by the Basel Committee on Banking Supervision in January 2013. Generally, the LCR is designed to ensure banks maintain an adequate level of unencumbered high-quality liquid assets to meet liquidity needs under an acute 30-day stress scenario. Under the Basel Committee's final Basel III LCR rules, the LCR is calculated by dividing the amount of unencumbered cash and highly liquid, unencumbered government, government-backed and corporate securities by estimated net outflows over a stressed 30-day period. The net outflows are calculated by applying assumed outflow factors, prescribed in the rules, to various categories of liabilities, such as deposits, unsecured and secured wholesale borrowings, unused commitments and derivatives-related exposures, partially offset by inflows from assets maturing within 30 days.

The table below sets forth the components of Citi's LCR calculation and liquidity in excess of estimated net outflows based on the Basel Committee's final Basel III LCR rules.

in billions of dollars	Jun. 30, 2014	Mar. 31, 2014	Jun. 30, 2013
High quality liquid assets	$434.9	$424.8	$387.6
Estimated net outflows	$352.9	$355.2	$351.3
Liquidity coverage ratio	123%	120%	110%
HQLA in excess of estimated net outflows	$81.9	$69.6	$36.3

The increase in the LCR during the second quarter of 2014 was primarily due to the increased bank debt issuances during the current quarter as well as a reduction in estimated net outflows associated with deposits.
Citi's estimated LCR, as calculated under the Basel Committee's final Basel III LCR rules, is a non-GAAP financial measure. Citi believes this measure provides useful information to investors and others by measuring Citi's progress toward potential future expected regulatory liquidity standards. Citi's estimated LCR for all periods presented is based on its current interpretation, expectations and understanding of the Basel Committee's final rules. It is subject to, among other things, any changes to those rules,

Citi's continued review of the proposed U.S. Basel III LCR requirements, implementation of any final U.S. Basel III rules and further regulatory implementation guidance.

Credit Ratings
Citigroup's funding and liquidity, its funding capacity, ability to access capital markets and other sources of funds, the cost of these funds, and its ability to maintain certain deposits are partially dependent on its credit ratings. The table below indicates the ratings for Citigroup and Citibank, N.A. as of June 30, 2014. While not included in the table below, Citigroup Global Markets Inc. (CGMI) is rated A/A-1 by Standard & Poor's as of June 30, 2014.

Debt Ratings as of June 30, 2014

	Citigroup Inc.			Citibank, N.A.		
	Senior debt	Commercial paper	Outlook	Long-term	Short-term	Outlook
Fitch Ratings (Fitch)	A	F1	Stable	A	F1	Stable
Moody's Investors Service (Moody's)	Baa2	P-2	Stable	A2	P-1	Stable
Standard & Poor's (S&P)	A-	A-2	Negative	A	A-1	Stable

Recent Credit Rating Developments
As the regulatory landscape continues to evolve, Fitch is contemplating an industry-wide introduction of a ratings differential between U.S. bank holding companies and operating companies. Currently, Fitch equalizes holding company and operating company ratings, thereby reflecting what it views as the close correlation between default probabilities. Fitch believes that the potential implementation of the Orderly Liquidation Authority, as part of the Dodd-Frank Act, may create greater-than-historical differentials in holding company and operating company credit risk profiles, and could warrant rating changes. Fitch indicated three potential outcomes: downgrades to holding company ratings; upgrades to operating company ratings; or, no rating changes.

Potential Impacts of Ratings Downgrades
Ratings downgrades by Moody's, Fitch or S&P could negatively impact Citigroup's and/or Citibank, N.A.'s funding and liquidity due to reduced funding capacity, including derivatives triggers, which could take the form of cash obligations and collateral requirements.
The following information is provided for the purpose of analyzing the potential funding and liquidity impact to Citigroup and Citibank, N.A. of a hypothetical, simultaneous
ratings downgrade across all three major rating agencies. This analysis is subject to certain estimates, estimation methodologies, and judgments and uncertainties. Uncertainties include potential ratings limitations certain entities may have with respect to permissible counterparties, as well as general subjective counterparty behavior. For example, 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. Changes in counterparty behavior could impact Citi's funding and liquidity, as well as the results of operations of certain of

its businesses. The actual impact to Citigroup or Citibank, N.A. is unpredictable and may differ materially from the potential funding and liquidity impacts described below.

For additional information on the impact of credit rating changes on Citi and its applicable subsidiaries, see "Risk Factors—Liquidity Risks" in Citi's 2013 Annual Report on Form 10-K.

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

As of June 30, 2014, Citi estimates that a hypothetical one-notch downgrade of the senior debt/long-term rating of Citigroup across all three major rating agencies could impact Citigroup's funding and liquidity due to derivative triggers by approximately $0.9 billion. Other funding sources, such as secured financing transactions and other margin requirements, for which there are no explicit triggers, could also be adversely affected.

As of June 30, 2014, Citi estimates that a hypothetical one-notch downgrade of the senior debt/long-term rating of Citibank, N.A. across all three major rating agencies could impact Citibank, N.A.'s funding and liquidity by approximately $1.5 billion, due to derivative triggers.

In total, Citi estimates that a one-notch downgrade of Citigroup and Citibank, N.A., across all three major rating agencies, could result in aggregate cash obligations and collateral requirements of approximately $2.4 billion (see also Note 21 to the Consolidated Financial Statements). As set forth under "High Quality Liquid Assets" above, the liquidity resources of Citi's parent entities were approximately $67 billion, and the liquidity resources of Citi's significant Citibank entities and other Citibank and Banamex entities were approximately $368 billion, for a total of approximately $435 billion as of June 30, 2014. These liquidity resources are

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

Citibank, N.A.—Additional Potential Impacts

In addition to the above derivative triggers, Citi believes that a potential one-notch downgrade of Citibank, N.A.'s senior debt/long-term rating by S&P and Fitch could also have an adverse impact on the commercial paper/short-term rating of Citibank, N.A. As of June 30, 2014, Citibank, N.A. had liquidity commitments of approximately $14.7 billion to consolidated asset-backed commercial paper conduits (as referenced in Note 20 to the Consolidated Financial Statements).
In addition to the above-referenced liquidity resources of Citi's significant Citibank entities and other Citibank and Banamex entities, Citibank, N.A. could reduce the funding and liquidity risk, if any, of the potential downgrades described above through mitigating actions, including repricing or reducing certain commitments to commercial paper conduits. 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. This re-evaluation could result in clients adjusting their discretionary deposit levels or changing their depository institution, which could potentially reduce certain deposit levels at Citibank, N.A. However, Citi could choose to adjust pricing, offer alternative deposit products to its existing customers or seek to attract deposits from new customers, in addition to the mitigating actions referenced above.

Price Risk
Price risk losses arise from fluctuations in the market value of non-trading and trading positions resulting from changes in interest rates, credit spreads, foreign exchange rates, equity and commodity prices, and in their implied volatilities. For additional information on Citi's price risk measurement and stress testing, see "Managing Global Risk—Market Risk—Price Risk" in Citi's 2013 Annual Report on Form 10-K.

Price Risk—Non-Trading Portfolios

Net Interest Revenue and Interest Rate Risk
Net interest revenue (NIR), for interest rate exposure purposes, is the difference between the yield earned on the non-trading portfolio assets (including customer loans) and the rate paid on the liabilities (including customer deposits or company borrowings). NIR is affected by changes in the level of interest rates, as well as the amounts of assets and liabilities, and the timing of repricing of assets and liabilities to reflect market rates.

Interest Rate Risk Measurement
Citi's principal measure of risk to NIR is interest rate exposure (IRE). IRE measures the change in expected NIR in each currency resulting solely from unanticipated changes in forward interest rates. For example, if the current 90-day LIBOR rate is 3% and the one-year-forward rate (i.e., the estimated 90-day LIBOR rate in one year) is 5%, the +100 bps IRE scenario measures the impact on NIR of a 100 bps instantaneous change in the 90-day LIBOR to 6% in one year.
Citi's estimated IRE necessarily incorporates various assumptions including, among others, new business or changes in volumes, prepayment rates on loans, credit spreads, customer behavior, and the impact of pricing decisions. For example, in rising interest rate scenarios, portions of the deposit portfolio may be assumed to experience rate increases that are less than the change in market interest rates. Additionally, in declining interest rate scenarios, it is assumed that mortgage portfolios prepay faster. IRE generally assumes that businesses and/or Citi Treasury make no additional changes in pricing or balances in response to the unanticipated rate changes.

Mitigation and Hedging of Interest Rate Risk
In order to manage changes in interest rates effectively, Citi may modify pricing on new customer loans and deposits, purchase fixed rate securities, issue debt that is either fixed or floating or enter into derivative transactions that have the opposite risk exposures. Citi regularly assesses the viability of these and other strategies to reduce its interest rate risks and implements such strategies when it believes those actions are prudent. Such strategies are not currently included in the estimation of IRE.

Stress Testing
Citigroup employs additional measurements, including stress testing the impact of non-linear interest rate movements on the value of the balance sheet; the analysis of portfolio duration and volatility, particularly as they relate to mortgage loans and mortgage-backed securities; and the potential impact of the change in the spread between different market indices.

Changes in Interest Rates—Impacts on Net Interest Revenue, Other Comprehensive Income and Capital
Citi measures the potential impacts of changes in interest rates on Citi's net interest revenue and value of its Other Comprehensive Income (OCI), which can in turn impact Citi's estimated Basel III Tier 1 Common ratio. Given the current low rate environment, Citi believes it is positioned to benefit from an increase in the market level of interest rates, while limiting the impact of changes in OCI on its regulatory capital position.
Citi manages interest rate risk as a consolidated net position. Citi's client-facing businesses create interest rate sensitive-positions, including loans and deposits, as part of their ongoing activities. Citi Treasury accumulates these risk positions and manages them centrally. Operating within established limits, Citi Treasury makes positioning

decisions and uses tools, such as Citi's investment securities portfolio, firm-issued debt, and interest rate derivatives, to target the desired risk profile. Changes in Citi's interest rate risk position reflect the accumulated changes in all non-trading assets and liabilities, with potentially large and offsetting impacts, as well as Citi Treasury's positioning decisions.

OCI at risk is managed as part of the firm-wide interest rate risk position. OCI at risk considers potential changes in OCI (and the corresponding impact on the estimated Basel III Tier 1 Common ratio) relative to Citi's capital generation capacity.

The following table sets forth the estimated impact to Citi's net interest revenue, OCI and estimated Basel III Tier 1 Common ratio, each assuming an unanticipated parallel instantaneous 100 basis point increase in interest rates.

In millions of dollars (unless otherwise noted)	Jun. 30, 2014	Mar. 31, 2014	Jun. 30, 2013
Estimated annualized impact to net interest revenue			
U.S. dollar[1]	$1,255	$1,187	$1,117
All other currencies	681	640	647
Total	$1,936	$1,827	$1,764
As a % of average interest-earning assets	0.11 %	0.11 %	0.11 %
Estimated initial impact to OCI (after-tax)[2]	$(3,395)	$(3,427)	$(2,200)
Estimated initial impact on Basel III Tier 1 Common Ratio (bps)[3]	(38)	(39)	(38)

(1) Certain trading-oriented businesses within Citi have accrual-accounted positions that are excluded from the estimated impact to net interest revenue in the table since these exposures are economically managed in combination with marked-to-market positions. The U.S. dollar interest rate exposure associated with these businesses was $(203) million for a 100 basis point instantaneous increase in interest rates as of June 30, 2014.

(2) Includes the effect of changes in interest rates on OCI related to investment securities, cash flow hedges and pension liability adjustments.

(3) The estimated initial impact to Basel III Tier 1 Common ratio (on a fully implemented basis) considers the effect of Citi's deferred tax asset position and is based on only the estimated initial OCI impact above.

The increase in the estimated impact to net interest revenue at June 30, 2014 from the prior-year period primarily reflected changes in Citi's balance sheet composition, including the continued growth and seasoning of Citi's deposit balances and increases in Citi's capital base, net of Citi Treasury positioning. The change in the estimated impact to OCI and estimated Basel III Tier 1 Common ratio from the prior-year period primarily reflected changes in the composition of Citi Treasury's investment and derivatives portfolio.

In the event of an unanticipated parallel instantaneous 100 basis point increase in interest rates, Citi expects the negative impact to OCI would be offset in shareholders' equity over time through the combination of expected incremental net interest revenue and the expected recovery of the impact on OCI through accretion of Citi's investment portfolio over a

period of time. As of June 30, 2014, Citi expects that the $(3.4) billion impact to OCI in such a scenario could potentially be offset over approximately 20 months.

Citi routinely evaluates multiple interest rate scenarios, including interest rate increases and decreases and steepening and flattening of the yield curve, to anticipate how net interest revenue and OCI might be impacted in different interest rate environments. The following table sets forth the estimated impact to Citi's net interest revenue, OCI and estimated Basel III Tier 1 Common ratio under four different changes in interest rates for the U.S. dollar and Citi's other currencies. While Citi also monitors the impact of a parallel decrease in interest rates, a 100 basis point decrease in short-term interest rates is not meaningful, as it would imply negative interest rates in many of Citi's markets.

In millions of dollars (unless otherwise noted)	Scenario 1	Scenario 2	Scenario 3	Scenario 4
Overnight rate change (bps)	100	100	—	—
10-year rate change (bps)	100	—	100	(100)
Estimated annualized impact to net interest revenue (in millions of dollars)				
U.S. dollar	$1,255	$1,195	$96	$(121)
All other currencies	681	637	40	(40)
Total	$1,936	$1,832	$136	$(161)
Estimated initial impact to OCI (after-tax)[1]	$(3,395)	$(2,218)	$(1,316)	$1,071
Estimated initial	(38)	(24)	(15)	12

impact to Basel III Tier 1 Common ratio (bps)[2]

Note: Each scenario in the table above assumes that the rate change will occur instantaneously. Changes in interest rates for maturities between the overnight rate and the 10-year are interpolated.

(1) Includes the effect of changes in interest rates on OCI related to investment securities, cash flow hedges and pension liability adjustments.

(2) The estimated initial impact to Basel III Tier 1 Common ratio (on a fully implemented basis) considers the effect of Citi’s deferred tax asset position and is based on only the estimated OCI impact above.

As shown in the table above, the magnitude of the impact to Citi's net interest revenue and OCI is greater under scenario 2 as compared to scenario 3. This is due to the fact that the combination of changes to Citi's investment portfolio, partially offset by changes related to Citi's pension liabilities, results in a net position that is more sensitive to rates at shorter and intermediate term maturities.

Changes in Foreign Exchange Rates—Impacts on OCI and Capital
As of June 30, 2014, Citi estimates that a simultaneous 5% appreciation of the U.S. dollar against all of Citi's other currencies could reduce Citi's tangible common equity (TCE) by approximately $1.4 billion, or 0.8% of TCE, as a result of changes to Citi's foreign currency translation adjustment OCI,
net of hedges. This impact would be primarily due to changes in the value of the Mexican Peso, the Euro, the British pound sterling, the Korean Won and the Australian dollar.

Despite this decrease in TCE, Citi believes its business model and management of foreign currency translation exposure work to minimize the effect of changes in foreign exchange rates on its estimated Basel III Tier 1 Common ratio. Specifically, as currency movements change the value of Citi's net investments in foreign currency denominated capital, these movements also change the value of Citi's risk-weighted assets denominated in those currencies. This, coupled with Citi's foreign currency hedging strategies, such as foreign currency borrowings, foreign currency forwards and other currency hedging instruments, lessens the impact of foreign currency movements on Citi's estimated Basel III Tier 1 Common ratio.
The effect of Citi's business model and management strategies on changes in foreign exchange rates are shown in the table below. For additional information in the changes in OCI, see Note 18 to the Consolidated Financial Statements.

	For the quarter ended		
In millions of dollars	Jun. 30, 2014	Mar. 31, 2014	Jun. 30, 2013
Change in FX spot rate[1]	1.2 %	(0.2)%	(3.5)%
Change in TCE due to foreign currency translation, net of hedges	$(170)	$(551)	$(1,158)
As a % of Tangible Common Equity	(0.1)%	(0.3)%	(0.7)%
Estimated impact to Basel III Tier 1 Common ratio due to changes in foreign currency translation, net of hedges (bps)	(3)	(4)	(4)

(1) FX spot rate change is a weighted average based upon Citi's quarterly average GAAP capital exposure to foreign countries.

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Interest Revenue/Expense and Yields

In millions of dollars, except as otherwise noted	2nd Qtr. 2014	1st Qtr. 2014	2nd Qtr. 2013	Change 2Q14 vs. 2Q13
Interest revenue[1]	$15,682	$15,478	$15,982	(2)%
Interest expense	3,615	3,591	4,158	(13)%
Net interest revenue[1][2][3]	$12,067	$11,887	$11,824	2 %
Interest revenue—average rate	3.73 %	3.77 %	3.85 %	(12) bps
Interest expense—average rate	1.07	1.08	1.21	(14) bps
Net interest margin	2.87 %	2.90 %	2.85 %	2 bps
Interest-rate benchmarks				
Two-year U.S. Treasury note—average rate	0.42 %	0.37 %	0.27 %	15 bps
10-year U.S. Treasury note—average rate	2.62	2.77	1.99	63 bps
10-year vs. two-year spread	220 bps	240 bps	172 bps	

(1) Net interest revenue includes the taxable equivalent adjustments (based on the U.S. federal statutory tax rate of 35%) of $121 million, $128 million and $142 million for the three months ended June 30, 2014, March 31, 2014 and June 30, 2013.

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

(3) Interest revenue, expense, rates and volumes exclude Credicard (Discontinued operations) for all periods presented. See Note 2 to the Consolidated Financial Statements.

As set forth in the table above, Citi’s net interest revenue increased 2% from the prior-year period due to higher interest earning assets, including higher loan volumes, and an improvement in net interest margin (NIM).

NIM is calculated by dividing gross interest revenue less gross interest expense by average interest earning assets. Citi’s NIM declined sequentially by 3 basis points driven by lower loan and investment yields, partially offset by lower cost of funds.

Average Balances and Interest Rates—Assets(1)(2)(3)(4)
Taxable Equivalent Basis

	Average volume			Interest revenue			% Average rate		
	2nd Qtr.	1st Qtr.	2nd Qtr.	2nd Qtr.	1st Qtr.	2nd Qtr.	2nd Qtr.	1st Qtr.	2nd Qtr.
In millions of dollars, except rates	2014	2014	2013	2014	2014	2013	2014	2014	2013
Assets									
Deposits with banks(5)	$160,555	$174,916	$130,920	$250	$252	$252	0.62 %	0.58 %	0.77 %
Federal funds sold and securities borrowed or purchased under agreements to resell(6)									
In U.S. offices	159,178	152,867	159,604	$257	$249	$290	0.65 %	0.66 %	0.73 %
In offices outside the U.S.(5)	106,245	102,327	116,021	335	345	412	1.26 %	1.37 %	1.42 %
Total	$265,423	$255,194	$275,625	$592	$594	$702	0.89 %	0.94 %	1.02 %
Trading account assets(7)(8)									
In U.S. offices	$111,204	$113,527	$131,542	$804	$879	$963	2.90 %	3.14 %	2.94 %
In offices outside the U.S.(5)	123,015	120,887	131,468	683	640	740	2.23 %	2.15 %	2.26 %
Total	$234,219	$234,414	$263,010	$1,487	$1,519	$1,703	2.55 %	2.63 %	2.60 %
Investments									
In U.S. offices									
Taxable	$190,622	$174,824	$179,112	$783	$733	$676	1.65 %	1.70 %	1.51 %
Exempt from U.S. income tax	18,072	18,478	18,486	173	198	217	3.84 %	4.35 %	4.71 %
In offices outside the U.S.(5)	114,575	114,438	109,843	933	916	893	3.27 %	3.25 %	3.26 %
Total	$323,269	$307,740	$307,441	$1,889	$1,847	$1,786	2.34 %	2.43 %	2.33 %
Loans (net of unearned income)(9)									
In U.S. offices	$361,875	$362,458	$350,655	$6,475	$6,488	$6,328	7.18 %	7.26 %	7.24 %
In offices outside the U.S.(5)	303,196	296,248	291,715	4,892	4,698	4,981	6.47 %	6.43 %	6.85 %
Total	$665,071	$658,706	$642,370	$11,367	$11,186	$11,309	6.86 %	6.89 %	7.06 %
Other interest-earning assets(10)	$39,088	$33,891	$46,606	$97	$80	$230	1.00 %	0.96 %	1.98 %
Total interest-earning assets	$1,687,625	$1,664,861	$1,665,972	$15,682	$15,478	$15,982	3.73 %	3.77 %	3.85 %
Non-interest-earning assets(7)	$215,443	$223,480	$229,708						
Total assets from discontinued operations	—	—	3,194						
Total assets	$1,903,068	$1,888,341	$1,898,874						

(1) Net interest revenue includes the taxable equivalent adjustments (based on the U.S. federal statutory tax rate of 35%) of $121 million, $128 million and $142 million for the three months ended June 30, 2014, March 31, 2014 and June 30, 2013, respectively.

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

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

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

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

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

(7) The fair value carrying amounts of derivative contracts are reported net, pursuant to FIN 39 (ASC 815-10-45), in Non-interest-earning assets and Other non-interest-bearing liabilities.

(8)

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

(9) Includes cash-basis loans.

(10) Includes brokerage receivables.

Average Balances and Interest Rates—Liabilities and Equity, and Net Interest Revenue[1][2][3][4]
Taxable Equivalent Basis

	Average volume			Interest expense			% Average rate		
	2nd Qtr.	1st Qtr.	2nd Qtr.	2nd Qtr.	1st Qtr.	2nd Qtr.	2nd Qtr.	1st Qtr.	2nd Qtr.
In millions of dollars, except rates	2014	2014	2013	2014	2014	2013	2014	2014	2013
Liabilities									
Deposits									
In U.S. offices[5]	$293,480	$281,259	$261,403	$356	$402	$454	0.49 %	0.58 %	0.70 %
In offices outside the U.S.[6]	472,654	479,664	477,207	1,113	1,047	1,129	0.94 %	0.89 %	0.95 %
Total	$766,134	$760,923	$738,610	$1,469	$1,449	$1,583	0.77 %	0.77 %	0.86 %
Federal funds purchased and securities loaned or sold under agreements to repurchase[7]									
In U.S. offices	$99,617	$103,577	$136,587	$198	$156	$218	0.80 %	0.61 %	0.64 %
In offices outside the U.S.[6]	93,685	93,569	106,544	339	369	412	1.45 %	1.60 %	1.55 %
Total	$193,302	$197,146	$243,131	$537	$525	$630	1.11 %	1.08 %	1.04 %
Trading account liabilities[8][9]									
In U.S. offices	$31,403	$27,663	$26,548	$23	$21	$21	0.29 %	0.31 %	0.32 %
In offices outside the U.S.[6]	50,927	45,174	55,335	25	20	22	0.20 %	0.18 %	0.16 %
Total	$82,330	$72,837	$81,883	$48	$41	$43	0.23 %	0.23 %	0.21 %
Short-term borrowings[10]									
In U.S. offices	$76,824	$79,370	$76,248	$52	$37	$45	0.27 %	0.19 %	0.24 %
In offices outside the U.S.[6]	38,336	35,433	35,585	110	100	103	1.15 %	1.14 %	1.16 %
Total	$115,160	$114,803	$111,833	$162	$137	$148	0.56 %	0.48 %	0.53 %
Long-term debt[11]									
In U.S. offices	$195,397	$189,542	$195,063	$1,323	$1,360	$1,727	2.72 %	2.91 %	3.55 %
In offices outside the U.S.[6]	8,671	8,934	10,117	76	79	27	3.52 %	3.59 %	1.07 %
Total	$204,068	$198,476	$205,180	$1,399	$1,439	$1,754	2.75 %	2.94 %	3.43 %
Total interest-bearing liabilities	$1,360,994	$1,344,185	$1,380,637	$3,615	$3,591	$4,158	1.07 %	1.08 %	1.21 %
Demand deposits in U.S. offices	$27,796	$27,930	$23,673						
Other non-interest-bearing liabilities[8]	301,148	308,964	296,401						
Total liabilities from discontinued operations	—	—	565						
Total liabilities	$1,689,938	$1,681,079	$1,701,276						
Citigroup stockholders' equity[12]	$211,400	$206,285	$195,594						
Noncontrolling interest	1,730	1,877	2,004						

Total equity[12]	$213,130	$208,162	$197,598						
Total liabilities and stockholders' equity	$1,903,068	$1,889,241	$1,898,874						
Net interest revenue as a percentage of average interest-earning assets[13]									
In U.S. offices	$950,037	$943,611	$924,336	$6,640	$6,676	$6,200	2.80 %	2.87 %	2.69 %
In offices outside the U.S.[6]	737,588	721,250	741,636	5,427	5,211	5,624	2.95	2.93	3.04
Total	$1,687,625	$1,664,861	$1,665,972	$12,067	$11,887	$11,824	2.87 %	2.90 %	2.85 %

(1) Net interest revenue includes the taxable equivalent adjustments (based on the U.S. federal statutory tax rate of 35%) of $121 million, $128 million and $142 million for the three months ended June 30, 2014, March 31, 2014 and June 30, 2013, respectively.

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

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

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

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

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

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

(8) The fair value carrying amounts of derivative contracts are reported net, pursuant to FIN 39 (ASC 815-10-45), in Non-interest-earning assets and Other non-interest-bearing liabilities.
(9) Interest expense on Trading account liabilities of ICG is reported as a reduction of Interest revenue. Interest revenue and Interest expense on cash collateral positions are reported in interest on Trading account assets and Trading account liabilities, respectively.
(10) Includes Brokerage payables.
(11) Excludes hybrid financial instruments and beneficial interests in consolidated VIEs that are classified as Long-term debt, as these obligations are accounted for in changes in fair value recorded in Principal transactions.
(12) Includes stockholders' equity from discontinued operations.
(13) Includes allocations for capital and funding costs based on the location of the asset.

Average Balances and Interest Rates—Assets(1)(2)(3)(4)
Taxable Equivalent Basis

In millions of dollars, except rates	Average volume		Interest revenue		% Average rate	
	Six Months 2014	Six Months 2013	Six Months 2014	Six Months 2013	Six Months 2014	Six Months 2013
Assets						
Deposits with banks(5)	$167,736	$127,352	$502	$508	0.60 %	0.80 %
Federal funds sold and securities borrowed or purchased under agreements to resell(6)						
In U.S. offices	$156,023	$161,255	$506	$606	0.65 %	0.76 %
In offices outside the U.S.(5)	104,286	112,652	680	784	1.31 %	1.40 %
Total	$260,309	$273,907	$1,186	$1,390	0.92 %	1.02 %
Trading account assets(7)(8)						
In U.S. offices	$112,366	$130,886	$1,683	$1,901	3.02 %	2.93 %
In offices outside the U.S.(5)	121,951	133,207	1,323	1,468	2.19 %	2.22 %
Total	$234,317	$264,093	$3,006	$3,369	2.59 %	2.57 %
Investments						
In U.S. offices						
Taxable	$182,723	$177,969	$1,516	$1,362	1.67 %	1.54 %
Exempt from U.S. income tax	18,275	18,477	371	414	4.09 %	4.52 %
In offices outside the U.S.(5)	114,507	111,370	1,849	1,900	3.26 %	3.44 %
Total	$315,505	$307,816	$3,736	$3,676	2.39 %	2.41 %
Loans (net of unearned income)(9)						
In U.S. offices	$362,167	$351,971	$12,963	$12,813	7.22 %	7.34 %
In offices outside the U.S.(5)	299,722	290,746	9,590	9,924	6.45 %	6.88 %
Total	$661,889	$642,717	$22,553	$22,737	6.87 %	7.13 %
Other interest-earning assets(10)	$36,487	$44,418	$177	$389	0.98 %	1.77 %
Total interest-earning assets	$1,676,243	$1,660,303	$31,160	$32,069	3.75 %	3.90 %
Non-interest-earning assets(7)	$219,912	$229,274				
Total assets from discontinued operations	—	3,257				
Total assets	$1,896,155	$1,892,834				

(1) Net interest revenue includes the taxable equivalent adjustments (based on the U.S. federal statutory tax rate of 35%) of $121 million, $128 million and $142 million for the three months ended June 30, 2014, March 31, 2014 and June 30, 2013, respectively.
(2) Interest rates and amounts include the effects of risk management activities associated with the respective asset and liability categories.
(3) Monthly or quarterly averages have been used by certain subsidiaries where daily averages are unavailable.
(4)

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

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

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

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

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

(9) Includes cash-basis loans.

Average Balances and Interest Rates—Liabilities and Equity, and Net Interest Revenue[1][2][3][4]
Taxable Equivalent Basis

In millions of dollars, except rates	Average volume		Interest expense		% Average rate	
	Six Months 2014	Six Months 2013	Six Months 2014	Six Months 2013	Six Months 2014	Six Months 2013
Liabilities						
Deposits						
In U.S. offices[5]	$287,370	$258,059	$758	$944	0.53 %	0.74 %
In offices outside the U.S.[6]	476,159	478,852	2,160	2,315	0.91 %	0.97 %
Total	$763,529	$736,911	$2,918	$3,259	0.77 %	0.89 %
Federal funds purchased and securities loaned or sold under agreements to repurchase[7]						
In U.S. offices	$101,597	$133,066	$354	$385	0.70 %	0.58 %
In offices outside the U.S.[6]	93,627	105,146	708	854	1.52 %	1.64 %
Total	$195,224	$238,212	$1,062	$1,239	1.10 %	1.05 %
Trading account liabilities[8][9]						
In U.S. offices	$29,533	$26,439	$44	$43	0.30 %	0.33 %
In offices outside the U.S.[6]	48,051	50,399	45	42	0.19 %	0.17 %
Total	$77,584	$76,838	$89	$85	0.23 %	0.22 %
Short-term borrowings[10]						
In U.S. offices	$78,097	$73,488	$89	$89	0.23 %	0.24 %
In offices outside the U.S.[6]	36,885	36,781	210	222	1.15 %	1.22 %
Total	$114,982	$110,269	$299	$311	0.52 %	0.57 %
Long-term debt[11]						
In U.S. offices	$192,470	$199,846	$2,683	$3,543	2.81 %	3.58 %
In offices outside the U.S.[6]	8,803	10,614	155	51	3.55 %	0.97 %
Total	$201,273	$210,460	$2,838	$3,594	2.84 %	3.44 %
Total interest-bearing liabilities	$1,352,592	$1,372,690	$7,206	$8,488	1.07 %	1.25 %
Demand deposits in U.S. offices	$27,863	$18,201				
Other non-interest-bearing liabilities[8]	305,053	306,054				
Total liabilities from discontinued operations	—	579				
Total liabilities	$1,685,508	$1,697,524				
Citigroup stockholders' equity[12]	$208,843	$193,311				
Noncontrolling interest	1,804	1,999				
Total equity[12]	$210,647	$195,310				
Total liabilities and stockholders' equity	$1,896,155	$1,892,834				
Net interest revenue as a percentage of average interest-earning assets[13]						
In U.S. offices	$946,824	$920,709	$13,316	$12,423	2.84 %	2.72 %
In offices outside the U.S.[6]	729,419	739,594	10,638	11,158	2.94	3.04 %
Total	$1,676,243	$1,660,303	$23,954	$23,581	2.88 %	2.86 %

(1) Net interest revenue includes the taxable equivalent adjustments (based on the U.S. federal statutory tax rate of 35%) of $121 million, $128 million and $142 million for the three months ended June 30, 2014, March 31, 2014 and June 30, 2013, respectively.

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

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

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

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

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

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

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

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

(10) Excludes hybrid financial instruments and beneficial interests in consolidated VIEs that are classified as Long-term debt, as these obligations are accounted for in changes in fair value recorded in Principal transactions.
(11) Includes stockholders' equity from discontinued operations.
(12) Includes allocations for capital and funding costs based on the location of the asset.

Analysis of Changes in Interest Revenue[1][2][3]

In millions of dollars	2nd Qtr. 2014 vs.1st Qtr. 2014 Increase (decrease) due to change in: Average volume	Average rate	Net change	2nd Qtr. 2014 vs. 2nd Qtr. 2013 Increase (decrease) due to change in: Average volume	Average rate	Net change
Deposits with banks[4]	$(22)	$20	$(2)	$51	$(53)	$(2)
Federal funds sold and securities borrowed or purchased under agreements to resell						
In U.S. offices	$10	$(2)	$8	$(1)	$(32)	$(33)
In offices outside the U.S.[4]	13	(23)	(10)	(33)	(44)	(77)
Total	$23	$(25)	$(2)	$(34)	$(76)	$(110)
Trading account assets[5]						
In U.S. offices	$(18)	$(57)	$(75)	$(147)	$(12)	$(159)
In offices outside the U.S.[4]	11	32	43	(47)	(10)	(57)
Total	$(7)	$(25)	$(32)	$(194)	$(22)	$(216)
Investments[1]						
In U.S. offices	$72	$(47)	$25	$51	$12	$63
In offices outside the U.S.[4]	1	16	17	39	1	40
Total	$73	$(31)	$42	$90	$13	$103
Loans (net of unearned income)[6]						
In U.S. offices	$(10)	$(3)	$(13)	$201	$(54)	$147
In offices outside the U.S.[4]	111	83	194	192	(281)	(89)
Total	$101	$80	$181	$393	$(335)	$58
Other interest-earning assets[7]	$13	$4	$17	$(33)	$(100)	$(133)
Total interest revenue	$181	$23	$204	$273	$(573)	$(300)

(1) The taxable equivalent adjustment is based on the U.S. federal statutory tax rate of 35% and is included in this presentation.
(2) Rate/volume variance is allocated based on the percentage relationship of changes in volume and changes in rate to the total net change.
(3) Detailed average volume, Interest revenue and Interest expense exclude Discontinued operations. See Note 2 to the Consolidated Financial Statements.
(4) Changes in average rates reflect changes in prevailing local interest rates, including inflationary effects and monetary corrections in certain countries.
(5) Interest expense on Trading account liabilities of ICG is reported as a reduction of Interest revenue. Interest revenue and Interest expense on cash collateral positions are reported in interest on Trading account assets and Trading account liabilities, respectively.
(6) Includes cash-basis loans.
(7) Includes brokerage receivables.

Analysis of Changes in Interest Expense and Interest Revenue[1][2][3]

In millions of dollars	2nd Qtr. 2014 vs. 1st Qtr. 2014 Increase (decrease) due to change in: Average volume	Average rate	Net change	2nd Qtr. 2014 vs. 2nd Qtr. 2013 Increase (decrease) due to change in: Average volume	Average rate	Net change
Deposits						
In U.S. offices	$17	$(63)	$(46)	$51	$(149)	$(98)
In offices outside the U.S.[4]	(15)	81	66	(11)	(5)	(16)
Total	$2	$18	$20	$40	$(154)	$(114)
Federal funds purchased and securities loaned or sold under agreements to repurchase						
In U.S. offices	$(6)	$48	$42	$(67)	$47	$(20)
In offices outside the U.S.[4]	—	(30)	(30)	(48)	(25)	(73)
Total	$(6)	$18	$12	$(115)	$22	$(93)
Trading account liabilities[5]						
In U.S. offices	$3	$(1)	$2	$4	$(2)	$2
In offices outside the U.S.[4]	3	2	5	(2)	5	3
Total	$6	$1	$7	$2	$3	$5
Short-term borrowings[6]						
In U.S. offices	$(1)	$16	$15	$—	$7	$7
In offices outside the U.S.[4]	8	2	10	8	(1)	7
Total	$7	$18	$25	$8	$6	$14
Long-term debt						
In U.S. offices	$41	$(78)	$(37)	$3	$(407)	$(404)
In offices outside the U.S.[4]	(2)	(1)	(3)	(4)	53	49
Total	$39	$(79)	$(40)	$(1)	$(354)	$(355)
Total interest expense	$48	$(24)	$24	$(66)	$(477)	$(543)
Net interest revenue	$133	$47	$180	$339	$(96)	$243

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

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

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

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

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

(6) Includes brokerage payables.

Analysis of Changes in Interest Revenue, Interest Expense, and Net Interest Revenue[1][2][3]

In millions of dollars	Six Months 2014 vs. Six Months 2013 Increase (decrease) due to change in: Average volume	Average rate	Net change[2]
Deposits at interest with banks[4]	$139	$(145)	$(6)
Federal funds sold and securities borrowed or purchased under agreements to resell			
In U.S. offices	$(19)	$(81)	$(100)
In offices outside the U.S.[4]	(56)	(48)	(104)
Total	$(75)	$(129)	$(204)
Trading account assets[5]			
In U.S. offices	$(276)	$58	$(218)
In offices outside the U.S.[4]	(122)	(23)	(145)
Total	$(398)	$35	$(363)
Investments[1]			0
In U.S. offices	$42	$69	$111
In offices outside the U.S.[4]	53	(104)	(51)
Total	$95	$(35)	$60
Loans (net of unearned income)[6]			
In U.S. offices	$367	$(217)	$150
In offices outside the U.S.[4]	300	(634)	(334)
Total	$667	$(851)	$(184)
Other interest-earning assets	$(61)	$(151)	$(212)
Total interest revenue	$367	$(1,276)	$(909)
Deposits [7]			
In U.S. offices	$99	$(285)	$(186)
In offices outside the U.S.[4]	(13)	(142)	(155)
Total	$86	$(427)	$(341)
Federal funds purchased and securities loaned or sold under agreements to repurchase			
In U.S. offices	$(101)	$70	$(31)
In offices outside the U.S.[4]	(90)	(56)	(146)
Total	$(191)	$14	$(177)
Trading account liabilities[5]			
In U.S. offices	$5	$(4)	$1
In offices outside the U.S.[4]	(2)	5	3
Total	$3	$1	$4
Short-term borrowings			
In U.S. offices	$5	$(5)	$—
In offices outside the U.S.[4]	1	(13)	(12)
Total	$6	$(18)	$(12)
Long-term debt			
In U.S. offices	$(127)	$(733)	$(860)
In offices outside the U.S.[4]	(10)	114	104
Total	$(137)	$(619)	$(756)
Total interest expense	$(233)	$(1,049)	$(1,282)
Net interest revenue	$600	$(227)	$373

(1) The taxable equivalent adjustment is based on the U.S. Federal statutory tax rate of 35% and is included in this presentation.
(2) Rate/volume variance is allocated based on the percentage relationship of changes in volume and changes in rate to the total net change.
(3) Detailed average volume, Interest revenue and Interest expense exclude Discontinued operations.
(4) Changes in average rates reflect changes in prevailing local interest rates, including inflationary effects and monetary corrections in certain countries.

(5) Interest expense on Trading account liabilities of ICG is reported as a reduction of Interest revenue. Interest revenue and Interest expense on cash collateral positions are reported in Trading account assets and Trading account liabilities, respectively.
(6) Includes cash-basis loans.
(7) The interest expense on deposits includes the FDIC assessment and deposit insurance fees and charges of $532 million and $588 million for the six months ended June 30, 2014 and 2013, respectively.

Price Risk—Trading Portfolios

For additional information on the measures Citi uses to monitor price risk in its trading portfolios, as well as additional information on value at risk, see “Managing Global Risk—Market Risk—Price Risk” in Citi’s 2013 Annual Report on Form 10-K.

Value at Risk

Value at risk (VAR) estimates, at a 99% confidence level, the potential decline in the value of a position or a portfolio under normal market conditions assuming a one-day holding period. VAR statistics, which are based on historical data, can be materially different across firms due to differences in portfolio composition, differences in VAR methodologies, and differences in model parameters. As a result, Citi believes VAR statistics can be used more effectively as indicators of trends in risk taking within a firm, rather than as a basis for inferring differences in risk-taking across firms.

Citi uses a single, independently approved Monte Carlo simulation VAR model, which has been designed to capture material risk sensitivities (such as first- and second-order sensitivities of positions to changes in market prices) of various asset classes/risk types (such as interest rate, credit spread, foreign exchange, equity and commodity risks). Citi’s VAR includes all positions, which are measured at fair value; it does not include investment securities classified as available-for-sale or held-to-maturity. For information on these securities, see Note 13 to the Consolidated Financial Statements.

In the second quarter of 2014, Citi implemented two VAR model enhancements that were reviewed by Citi’s U.S. banking agencies as well as the Citi model validation group. Specifically, Citi enhanced the correlation among mortgage products as well as introduced industry sectors (financial and non-financial) into the credit spread component of the VAR model.

Citi believes its VAR model is conservatively calibrated to incorporate fat-tail scaling and the greater of short-term (approximately the most recent month) and long-term (three years) market volatility. The Monte Carlo simulation involves approximately 300,000 market factors, making use of approximately 180,000 time series, with sensitivities updated daily, volatility parameters updated daily to weekly and correlation parameters updated monthly. The conservative features of the VAR calibration contribute an approximately 22% add-on to what would be a VAR estimated under the assumption of stable and perfectly normally distributed markets.

The sequential decline in the average Total Trading and Credit Portfolios VAR, as set forth in the table below, was primarily driven by increased downside protection within ICG equity markets, a reduction in positions within global securitized markets, standard and management approved VAR model parameter updates, as well as the enhancement to the VAR model related to the correlation among mortgage products, as noted above.

In millions of dollars	June 30, 2014	Second Quarter 2014 Average	March 31, 2014	First Quarter 2014 Average	June 30, 2013	Second Quarter 2013 Average
Interest rate	$81	$85	$88	$81	N/A	N/A
Credit spread	72	73	79	95	N/A	N/A
Covariance adjustment(1)	(41)	(43)	(40)	(44)	N/A	N/A
Fully diversified interest rate and credit spread	112	115	127	132	117	111
Foreign exchange	26	34	33	32	32	41
Equity	24	26	31	28	33	28
Commodity	13	15	13	14	12	12
Covariance adjustment(1)	(72)	(79)	(82)	(74)	(79)	(80)
Total Trading VAR—all market risk factors, including general and specific risk (excluding credit portfolios)(2)	$103	$111	$122	$132	$115	$112
Specific risk-only component(3)	$9	$12	$18	$19	$13	$11
Total Trading VAR—general market risk factors only (excluding credit portfolios)(2)	$94	$99	$104	$113	$102	$101
Incremental Impact of the Credit Portfolio(4)	14	24	$42	$24	$8	$8
Total Trading and Credit Portfolios VAR	$117	$135	$164	$156	$123	$120

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

(2) The total Trading VAR includes mark-to-market and certain fair value option trading positions from ICG and Citi Holdings, with the exception of hedges to the loan portfolio, fair value option loans, and all CVA exposures. Available-for-sale and accrual exposures are not included.

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

(4) The credit portfolio is composed of mark-to-market positions associated with non-trading business units including Citi Treasury, the CVA relating to derivative counterparties and all associated CVA hedges. DVA is not included. It also includes hedges to the loan portfolio, fair value option loans and hedges to the leveraged finance pipeline within capital markets origination within ICG.

The table below provides the range of market factor VARs inclusive of specific risk that was experienced during the following quarters:

	Second Quarter 2014		First Quarter 2014		Second Quarter 2013	
In millions of dollars	Low	High	Low	High	Low	High
Interest rate	$65	$101	$60	$106	N/A	N/A
Credit spread	68	82	77	137	N/A	N/A
Fully diversified interest rate and credit spread	101	129	111	158	96	126
Foreign exchange	23	59	24	43	27	66
Equity	18	44	19	48	20	60
Commodity	11	20	11	16	9	18
Covariance adjustment(1)	N/A	N/A	N/A	N/A	N/A	N/A
Total Trading	96	139	111	163	96	134
Total Trading and Credit Portfolio	111	172	133	188	104	142

(1) No covariance adjustment can be inferred from the above table as the High and Low for each market factor will be from different close of business dates.

The following table provides the VAR for ICG during the second quarter of 2014, excluding the CVA relating to derivative counterparties, hedges of CVA, fair value option loans, and hedges to the loan portfolio.

In millions of dollars	Jun. 30, 2014
Total—all market risk factors, including general and specific risk	$101
Average—during quarter	$107
High—during quarter	133
Low—during quarter	92

Regulatory VAR Back-testing

In accordance with Basel III, Citi is required to perform back-testing to evaluate the effectiveness of its Regulatory VAR model. Regulatory VAR back-testing is the process in which the daily one-day VAR, at a 99% confidence interval, is compared to the buy-and-hold profit and loss (e.g., the profit and loss impact if the portfolio is held constant at the end of the day and re-priced the following day). Buy-and-hold profit and loss represents the daily mark-to-market profit and loss attributable to price movements in covered positions from the close of the previous business day. Buy-and-hold revenue excludes realized trading revenue, net interest, fees and commissions, intra-day trading profit and loss, and changes in reserves. Regulatory VAR back-testing is performed against buy-and-hold profit and loss on a monthly basis for approximately 155 portfolios across the organization (trading desk level, ICG business segment and Citigroup) and the results are shared with the U.S. banking regulators.

As of June 30, 2014, there were no back-testing exceptions observed for Citi's Regulatory VAR for the prior 12 months. Based on a 99% confidence level, Citi would expect two to three days in any one year where buy-and-hold losses exceeded the Regulatory VAR. Given the conservative calibration of Citi's VAR model (as a result of taking the greater of short- and long-term volatilities and fat-tail scaling of volatilities), Citi would expect fewer exceptions under normal and stable market conditions. Periods of unstable market conditions could increase the number of back-testing exceptions.

COUNTRY AND CROSS-BORDER RISK

COUNTRY RISK

Overview

Country risk is the risk that an event in a country (precipitated by developments internal or external to a country) could directly or indirectly impair the value of Citi's franchise or adversely affect the ability of obligors within that country to honor their obligations to Citi, any of which could negatively impact Citi's results of operations or financial condition. Country risk events could include sovereign volatility or defaults, banking failures or defaults, redenomination events (which could be accompanied by a revaluation (either devaluation or appreciation) of the affected currency), currency crises, foreign exchange and/or capital controls and/or political events and instability. Country risk events could result in mandatory loan loss and other reserve requirements imposed by U.S. regulators due to a particular country's economic situation.

While Citi continues to work to mitigate its exposures to potential country risk events, the impact of any such event is highly uncertain and will ultimately be based on the specific facts and circumstances. As a result, there can be no assurance that the various steps Citi has taken to protect its businesses, results of operations and financial condition against these events will be sufficient. In addition, there could be negative impacts to Citi's businesses, results of operations or financial condition that are currently unknown to Citi and thus cannot be mitigated as part of its ongoing contingency planning.

For additional information on country risk at Citi, including its country risk management process as well as Citi's exposures relating to Greece, Ireland, Italy, Portugal and Spain (GIIPS) as of December 31, 2013, see "Managing Global Risk—Country and Cross-Border Risk—Country Risk—GIIPS Sovereign, Financial Institution and Corporate Exposures" in Citi's 2013 Annual Report on Form 10-K.

Emerging Markets Exposures

Citi generally defines emerging markets as countries in Latin America, Asia (other than Japan, Australia and New Zealand), central and eastern Europe, the Middle East and Africa.

The following table presents Citicorp's principal emerging markets assets as of June 30, 2014. For purposes of the table below, loan amounts are generally based on the

domicile of the borrower. For example, a loan to a Chinese subsidiary of a Switzerland-based corporation will generally be categorized as a loan in China. Trading account assets and investment securities are generally categorized below based on the domicile of the issuer of the security or the underlying reference entity.

	As of Mar. 31, 2014	As of June 30, 2014					GCB NCL Rate	
In billions of dollars	Aggregate(1)	Aggregate(1)	Trading Account Assets(2)	Investment Securities(3)	ICG Loans(4)(5)	GCB Loans(4)	2Q'14	1Q'14
Mexico	$72.3	$70.5	$4.8	$24.7	$9.8	$31.2	4.7%	4.6%
Korea	39.2	42.1	(0.5)	13.2	4.3	25.1	0.9	1.4
Singapore	30.1	30.7	0.3	6.9	8.7	14.8	0.3	0.3
Hong Kong	27.5	29.4	1.2	4.5	13.1	10.6	0.4	0.3
Brazil	27.7	27.4	3.6	3.4	16.0	4.4	5.5	5.7
India	26.3	25.7	2.5	6.5	10.7	6.1	1.0	1.0
China	22.2	22.8	1.6	3.7	12.7	4.9	0.8	(0.2)
Taiwan	13.9	14.8	1.3	1.5	4.8	7.2	(0.1)	0.1
Poland	10.4	9.8	0.4	4.4	1.9	3.1	0.2	(0.4)
Malaysia	9.1	9.2	1.6	0.2	1.7	5.8	0.7	0.7
Russia(6)	9.4	8.9	0.8	0.9	5.4	1.8	2.4	2.1
Indonesia	7.1	7.3	0.7	0.8	4.5	1.3	2.3	2.5
Colombia	5.1	5.7	0.3	0.7	2.1	2.6	3.5	4.4
Turkey(7)	5.1	5.0	—	1.6	2.6	0.8	(0.1)	(0.3)
Thailand	4.7	4.9	0.7	1.2	1.0	2.1	2.2	2.1
UAE	4.4	4.3	—	0.1	2.7	1.4	1.9	2.0
Philippines	2.8	3.0	0.3	0.3	1.4	1.0	4.2	3.8
Czech Republic	2.5	2.8	0.4	0.6	1.2	0.6	1.0	0.2
Argentina(6)	2.6	2.7	0.1	0.1	1.6	0.9	0.7	0.7
Hungary	2.1	2.4	0.5	1.1	0.4	0.4	(0.1)	(0.8)

Note: Aggregate may not cross foot due to rounding.

(1) Aggregate of Trading account assets, Investment securities, ICG loans and GCB loans.

(2) Trading account assets are shown on a net basis. Citi's trading account assets will vary as it maintains inventory consistent with customer needs.

(3) Investment securities include securities available-for-sale, recorded at fair market value, and securities held-to-maturity, recorded at historical cost.

(4) Reflects funded loans, net of unearned income. In addition to the funded loans disclosed in the table above, through its ICG businesses, Citi had unfunded commitments to corporate customers in the emerging markets of approximately $33 billion as of June 30, 2014 (compared to $34 billion as of March 31, 2014); no country accounted for more than $4 billion of this amount.

(5) As of June 30, 2014, non-accrual loans represented 0.5% of total ICG loans in the emerging markets. For the countries in the table above, non-accrual loan ratios as of June 30, 2014 ranged from 0.0% to 0.4%, other than in Hong Kong. In Hong Kong, the non-accrual loan ratio was 1.3% as of June 30, 2014 (compared to 2.2% as of

March 31, 2014), primarily reflecting the impact of one counterparty.

(6) For additional information on Citi's cross-border risk relating to Russia and Argentina, see "Cross-Border Risk" below.

(7) Investment securities in Turkey include Citi's remaining $1.5 billion investment in Akbank T.A.S. For additional information, see Note 14 to the Consolidated Financial Statements in Citi's 2013 Annual Report on Form 10-K.

Emerging Markets Trading Account Assets and Investment Securities
In the ordinary course of business, Citi holds securities in its trading accounts and investment accounts, including those above. Trading account assets are marked to market daily, with asset levels varying as Citi maintains inventory consistent with customer needs. Investment securities are recorded at either fair value or historical cost, based on the underlying accounting treatment, and are predominantly held as part of the local entity asset and liability management program, or to comply with local regulatory requirements. In the markets in the table above, 97% of Citi's investment securities were related to sovereign issuers as of June 30, 2014.

Emerging Markets Consumer Lending
GCB's strategy within the emerging markets is consistent with GCB's overall strategy, which is to leverage its global footprint to serve its target clients. The retail bank seeks to be the preeminent bank for the emerging affluent and affluent consumers in large urban centers. In credit cards and in certain retail markets, Citi serves customers in a somewhat broader set of segments and geographies. Commercial banking generally serves small and middle market enterprises operating in GCB's geographic markets, focused on clients that value Citi's global capabilities. Overall, Citi believes that its customers are more resilient than the overall market under a wide range of economic conditions. Citi's consumer business has a well-established risk appetite framework across geographies and products that reflects the business strategy and activities and establishes boundaries around the key risks that arise from the strategy and activities.
As of June 30, 2014, GCB had approximately $130 billion of consumer loans outstanding to borrowers in the emerging markets, or approximately 43% of GCB's total loans, compared to approximately $127 billion or 43% of total GCB loans as of March 31, 2014. Of the approximate $130 billion as of June 30, 2014, the five largest emerging markets—Mexico, Korea, Singapore, Hong Kong and Taiwan—comprised approximately 30% of GCB's total loans. Within the emerging markets, 28% of Citi's GCB loans were mortgages, 27% were commercial markets loans, 24% were personal loans and 21% were credit cards loans, each as of June 30, 2014.
Overall consumer credit quality remained generally stable in the second quarter of 2014, as net credit losses in the emerging markets were 2.0% of average loans in the second quarter of 2014, compared to 2.1% in the first quarter of 2014, consistent with Citi's target market strategy and risk appetite framework.

Emerging Markets Corporate Lending
Consistent with its overall strategy, Citi's corporate clients in the emerging markets are typically large, multi-national corporations who value Citi's global network. Citi aims to establish relationships with these clients that encompass multiple products, consistent with client needs, including cash management and trade services, foreign exchange, lending, capital markets and M&A advisory. Citi believes that its target corporate segment is more resilient under a wide range of economic conditions, and that its relationship-based approach to client service enables it to effectively manage the risks inherent in such relationships. Citi has a well-established risk appetite framework around its corporate lending activities, including risk-based limits and approval authorities and portfolio concentration boundaries.
As of June 30, 2014, ICG had approximately $132 billion of loans outstanding to borrowers in the emerging markets, representing approximately 47% of ICG's total loans outstanding, largely unchanged from March 31, 2014. No single emerging market country accounted for more than 6% of Citi's ICG loans as of the end of the second quarter 2014.
As of June 30, 2014, approximately 74% of Citi's emerging markets corporate credit portfolio (excluding private bank in ICG), including loans and unfunded lending commitments, was rated investment grade, which Citi considers to be ratings of BBB or better according to Citi's internal risk measurement system and methodology (for additional information on Citi's internal risk measurement system for corporate credit, see "Corporate Credit Details" above). The vast majority of the remainder were rated BB or B according to Citi's internal risk measurement system and methodology.
Overall ICG net credit losses in the emerging markets were 0.0% of average loans in second quarter of 2014, compared to 0.46% in first quarter of 2014. The ratio of non-accrual ICG loans to total loans in the emerging markets

remained stable at 0.5% as of June 30, 2014.

CROSS-BORDER RISK

Overview

Cross-border risk is the risk that actions taken by a non-U.S. government may prevent the conversion of local currency into non-local currency and/or the transfer of funds outside the country, among other risks, thereby impacting the ability of Citigroup and its customers to transact business across borders. Examples of cross-border risk include actions taken by foreign governments such as exchange controls and restrictions on the remittance of funds. These actions might restrict the transfer of funds or the ability of Citigroup to obtain payment from customers on their contractual obligations. For additional information on certain of the matters described below as well as Citi's cross-border risk management process, see "Managing Global Risk—Risk Management—Overview" and "Cross-Border Risk," as well as "Risk Factors—Market and Economic Risks" in Citi's 2013 Annual Report on Form 10-K.

Argentina

As of June 30, 2014, Citi's net investment in its Argentine operations was approximately $670 million, compared to $690 million as of March 31, 2014. As previously disclosed, Citi uses the Argentine peso as the functional currency in Argentina and translates its financial statements into U.S. dollars using the official exchange rate as published by the Central Bank of Argentina.

The Argentine peso continued to devalue, albeit at a more moderate pace, during the second quarter of 2014. The Argentine peso devalued to 8.13 pesos to one U.S. dollar at June 30, 2014, compared to 8.0 Argentine pesos to one U.S. dollar at March 31, 2014. At June 30, 2014, Citi had cumulative translation losses recorded in stockholders' equity related to its investment in Argentina, net of qualifying net investment hedges, of approximately $1.43 billion (pretax), compared to $1.42 billion at March 31, 2014.

At June 30, 2014, Citi's total hedges against its net investment in Argentina were approximately $955 million, compared to $830 million at March 31, 2014. Of the amount at June 30, 2014, approximately $405 million were foreign currency forwards designated as net investment hedges under ASC 815, compared to $385 million at March 31, 2014. The remaining hedges of approximately $550 million at June 30, 2014, compared to $445 million as of March 31, 2014, were net U.S. dollar denominated assets and foreign currency futures, neither of which qualifies for hedge accounting under ASC 815.

Although Citi currently uses the Argentine peso as the functional currency for its operations in Argentina, an increase in inflation resulting in a cumulative three-year inflation rate of 100% or more would result in a change in the functional currency to the U.S. dollar. Year-to-date official inflation under the new consumer price index launched in February 2014 was approximately 32% (annualized). A change in the functional currency to the U.S. dollar would result in future devaluations of the Argentine

peso being recorded in earnings for Citi's Argentine peso-denominated assets and liabilities.

As of June 30, 2014, Citi had total third-party assets of $3.6 billion in Citi Argentina, compared to $3.5 billion as of March 31, 2014, primarily consisting of cash, loans and securities. Included in the total assets were U.S.-dollar-denominated third-party assets of approximately $640 million at June 30, 2014, compared to $700 million at March 31, 2014.

While Citi Argentina paid a dividend to Citi of approximately $70 million during the second quarter of 2014, the ongoing economic and political situation in Argentina could lead to further governmental intervention or regulatory restrictions on foreign investments in Argentina, including further devaluation of the Argentine peso, further limits to foreign currency holdings, or the potential redenomination of certain U.S. dollar assets and liabilities into Argentine pesos, which could be accompanied by a devaluation of the Argentine peso.

Moreover, as widely reported, Argentina is currently engaged in litigation with certain "holdout" bond investors who did not accept restructured bonds in the restructuring of Argentine debt after Argentina defaulted on its sovereign obligations in 2001. Based on U.S. court rulings to date, Argentina has been ordered to negotiate a settlement with "holdout" bond investors and, absent a negotiated settlement, not pay interest on certain of its restructured bonds unless it simultaneously pays all amounts owed to the "holdout" investors that are the subject of the litigation, recently estimated to be approximately $1.5 billion. The most recent interest payment date on the restructured bonds was June

30, 2014, with a grace period to July 30, 2014; although Argentina has transferred funds to the trustee to pay its June 30, 2014 obligations on the restructured bonds, pursuant to the court orders, the trustee may not make the interest payments.

As of July 31, 2014, Argentina and the “holdout” investors have failed to reach a negotiated settlement, and the U.S. court rulings described above have not been stayed. If it is determined that Argentina is in default on its obligations and/or restructured bondholders elect to accelerate their debt, this situation could result in further deterioration of the economic and political situation in the country, and could negatively impact Citi’s revenues and funding costs, as well as further limit Citi’s ability to hedge against its net investment in Argentina. In addition, the situation could expose Citi to litigation as it acts as a custodian in Argentina for certain of the restructured bonds that are currently covered by the court orders.

Further, as previously disclosed, U.S. regulators could downgrade Argentina, which could result in mandatory loan loss or other reserve requirements. Citi estimates that if such event were to occur, as of June 30, 2014, this could result in estimated losses of up to approximately $80 million.

For additional information on Citi’s exposures related to Argentina, see “Emerging Market Exposures” above, which sets forth Citi’s trading account assets, investment securities, ICG loans and GCB loans in Argentina, based on the methodology described in such section. As disclosed in such section, these assets totaled approximately $2.7 billion as of June 30, 2014, compared to $2.6 billion as of March 31, 2014. Approximately $270 million of such exposure is held on non-Argentinean Citi subsidiaries and thus is not included in the $3.6 billion amount set forth above, which pertains only to Citi Argentina, as disclosed.

Venezuela

Since 2003, the Venezuelan government has implemented and operated restrictive foreign exchange controls. These exchange controls have limited Citi’s ability to obtain U.S. dollars in Venezuela at the official foreign currency rate; Citi has not been able to acquire U.S. dollars from the Venezuelan government since 2008. For a discussion of the more recent developments in this area, including the resulting impacts on Citi’s results of operations, see “Managing Global Risk—Country and Cross-Border Risk— Cross-Border Risk” in each of Citi’s 2013 Annual Report on Form 10-K and First Quarter of 2014 Quarterly Report on Form 10-Q.

As of June 30, 2014, the preferential foreign exchange rate offered by the National Center for Foreign Trade (CENCOEX) was fixed at 6.3 bolivars to one U.S. dollar, the SICAD I rate was 10.6 bolivars to one U.S. dollar (compared to 10.7 bolivars to one U.S. dollar at March 31, 2014), and the SICAD II rate was 50 bolivars to one U.S. dollar (unchanged from March 31, 2014). As of and for the quarter ended June 30, 2014, Citi uses the SICAD I rate to remeasure its net bolivar-denominated monetary assets as the SICAD I rate is the only rate at which Citi is eligible to acquire U.S. dollars. Further changes in the SICAD I exchange rate, or a change to the SICAD II for purposes of the remeasurement of Citi’s net bolivar-denominated monetary assets, could result in foreign exchange gains or losses in the future.

At June 30, 2014, Citi’s net investment in its Venezuelan operations was approximately $175 million (compared to $170 million at March 31, 2014), which included net monetary assets denominated in Venezuelan bolivars of approximately $150 million (compared to $140 million at March 31, 2014). Total third-party assets of Citi Venezuela were approximately $900 million, unchanged from March 31, 2014, and were composed primarily of cash, loans and debt securities.

Russia

The ongoing instability in Russia and Ukraine has been a cause of concern to investors in Russian assets and parties doing business in Russia or with Russian entities, including as a result of the potential risk of wider repercussions on Russian trade and investment, including the effects from current or additional sanctions.

Citi operates in Russia through a subsidiary of Citibank, N.A., which uses the Russian ruble as its functional currency. Citi's net investment in Russia was approximately $1.8 billion at June 30, 2014, compared to $1.7 billion as of March 31, 2014. Substantially all of Citi’s net investment was hedged (subject to related tax adjustments) as of June 30, 2014, using forward foreign exchange contracts.

Total third-party assets of the Russian Citibank subsidiary were approximately $7.7 billion as of June 30, 2014, compared to $7.2 billion as of March 31, 2014. These assets were primarily composed of corporate and consumer loans, local government debt securities, and cash on deposit with the Central Bank of Russia. A significant majority of these third-party assets were funded with local deposit liabilities.

For additional information on Citi’s exposures related to Russia, see “Emerging Market Exposures” above, which sets forth Citi’s trading account assets, investment securities, ICG loans and GCB loans in Russia, based on the methodology described in such section. As disclosed in such section, these assets totaled approximately $8.9 billion as of June 30, 2014, compared to $9.4 billion as of March 31, 2014. Approximately $2.8 billion of such exposure is held on non-Russian Citi subidiaries and thus is not included in the $7.7 billion amount set forth above, which pertains only to the Russian Citibank subsidiary, as disclosed.

Citi continues to monitor the potential implications of any adverse developments relating to Russian business, trade or investment, including the potential imposition of additional sanctions, such as asset freezes, and will attempt to mitigate its exposures and risks relating to Russia as appropriate. See also “EMEA GCB” and “Institutional Clients Group” above.

Ukraine

There have been political changes, civil unrest and military action in Ukraine, contributing to significant economic uncertainty and volatility. Citi operates in Ukraine through a subsidiary of Citibank, N.A. and uses the U.S. dollar as the functional currency. As of June 30, 2014, Citi’s net investment in Ukraine was approximately $100 million, compared to $130 million as of March 31, 2014. Substantially all of the net investment was hedged with a Ukraine sovereign bond indexed to foreign exchange rates which is subject to sovereign political risk. Total third-party assets of the Ukraine Citibank subsidiary were approximately $500 million as of June 30, 2014, compared to $600 million as of March 31, 2014, and were composed primarily of cash on deposit with the Central Bank of Ukraine, short-term local government debt securities and corporate loans. A significant majority of these third-party assets were funded with local deposit liabilities. Citi continues to closely monitor the political, economic and military situation in Ukraine, and will continue to take actions to attempt to mitigate its exposures to potential risk events.

FAIR VALUE ADJUSTMENTS FOR DERIVATIVES AND FAIR VALUE OPTION LIABILITIES

For additional information on Citi's fair value adjustments for derivatives and fair value option (FVO) liabilities, including credit valuation adjustments (CVA) and Citi's own debt valuation adjustments (DVA), as of June 30, 2014, see "Fair Value Adjustments for Derivatives and Fair Value Option Liabilities" in Citi's 2013 Annual Report on Form 10-K. See also Notes 21, 22 and 23 to the Consolidated Financial Statements for additional information on Citi's derivative activities, fair value measurement and FVO liabilities, respectively.

As of June 30, 2014, Citi had not recognized a funding valuation adjustment (FVA) in its fair value measurements for over-the-counter (OTC) derivative instruments, beyond that implied by the relevant benchmark curve for the currency of the derivative (e.g., the London Interbank Offered Rate for U.S. dollar derivatives). Citi continues to analyze evolving market practices with respect to FVA methodology and inputs, as well as discounting in OTC derivative valuation generally. As of June 30, 2014, Citi's preliminary estimate of the impact of implementing FVA is an approximate pretax loss of $500 million. This estimate will ultimately depend on the methodology used, relevant market-based inputs and the nature of positions outstanding at the time of implementation of FVA. Citi currently expects to incorporate FVA into its fair value measurements, prospectively, as a change in accounting estimate during the second half of 2014 when its analysis is completed and the related financial effects can be validated.

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

	Credit valuation adjustment contra-liability (contra-asset)	
In millions of dollars	June 30, 2014	December 31, 2013
Counterparty CVA	$(1,400)	$(1,733)
Citigroup (own-credit) CVA	552	651
Total CVA—derivative instruments	$(848)	$(1,082)

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

	Credit/debt valuation adjustment gain (loss)			
	Three Months Ended June 30,		Six Months Ended June 30,	
In millions of dollars	2014	2013	2014	2013
Derivative counterparty CVA	$63	$206	$70	$223
Derivative own-credit CVA	(52)	69	(86)	(57)
Total CVA—derivative instruments	$11	$275	$(16)	$166
DVA related to own FVO liabilities	$(44)	$202	$(10)	$(8)
Total CVA and DVA	$(33)	$477	$(26)	$158

CREDIT DERIVATIVES

Citigroup makes markets in and trades a range of credit derivatives on behalf of clients and in connection with its risk management activities. For additional information on Citi's credit derivatives and parameters, see "Credit Derivatives" in Citi's 2013 Annual Report on Form 10-K and Note 21 to the Consolidated Financial Statements.

Citi monitors its counterparty credit risk in credit derivative contracts. As of June 30, 2014 and December 31, 2013, approximately 97% of the gross receivables are from

counterparties with which Citi maintains collateral agreements. A majority of Citi's top 15 counterparties (by receivable balance owed to Citi) are banks, financial institutions or other dealers. Contracts with these counterparties do not include ratings-based termination events. However, counterparty ratings downgrades may have an incremental effect by lowering the threshold at which Citi may call for additional collateral.

The following tables summarize the key characteristics of Citi's credit derivatives portfolio by counterparty and derivative form as of June 30, 2014 and December 31, 2013:

June 30, 2014

	Fair values		Notionals	
In millions of dollars	Receivable(1)	Payable(2)	Protection purchased	Protection sold
By industry/counterparty				
Banks	$23,362	$22,055	$652,674	$651,837
Broker-dealers	7,570	8,373	224,371	212,273
Non-financial	219	228	7,073	5,922
Insurance and other financial institutions	8,180	8,938	285,468	237,133
Total by industry/counterparty	$39,331	$39,594	$1,169,586	$1,107,165
By instrument				
Credit default swaps and options	$39,127	$38,250	$1,153,786	$1,104,211
Total return swaps and other	204	1,344	15,800	2,954
Total by instrument	$39,331	$39,594	$1,169,586	$1,107,165
By rating				
Investment grade	$16,053	$16,045	$894,561	$845,147
Non-investment grade	23,278	23,549	275,025	262,018
Total by rating	$39,331	$39,594	$1,169,586	$1,107,165
By maturity				
Within 1 year	$2,709	$2,979	$269,579	$243,972
From 1 to 5 years	32,026	32,012	815,668	791,921
After 5 years	4,596	4,603	84,339	71,272
Total by maturity	$39,331	$39,594	$1,169,586	$1,107,165

Note to the tables in this section: Fair values included in tables are prior to application of any netting agreements and cash collateral. For notional amounts, Citi generally has a mismatch between the total notional amounts of protection purchased and sold, and it may hold the reference assets directly, rather than entering into offsetting credit derivative contracts as and when desired. The open risk exposures from credit derivative contracts are largely matched after certain cash positions in reference assets are considered and after notional amounts are adjusted, either to a duration-based equivalent basis or to reflect the level of subordination in tranched structures. The ratings of the credit derivatives portfolio presented in the tables are based on the assigned internal or external ratings of the referenced asset or entity. Where external ratings are used, investment-grade ratings are considered to be 'Baa/BBB' and above, while anything below is considered non-investment grade. Citi's internal ratings are in line with the related external rating system.

(1) The fair value amount receivable is comprised of $11,465 million under protection purchased and $27,866 million under protection sold.

(2) The fair value amount payable is comprised of $29,180 million under protection purchased and $10,414 million under protection sold.

December 31, 2013

In millions of dollars	Fair values Receivable[1]	Payable[2]	Notionals Protection purchased	Protection sold
By industry/counterparty				
Banks	$24,992	$23,455	$739,646	$727,748
Broker-dealers	8,840	9,820	254,250	224,073
Non-financial	138	162	4,930	2,820
Insurance and other financial institutions	6,447	7,922	216,236	188,722
Total by industry/counterparty	$40,417	$41,359	$1,215,062	$1,143,363
By instrument				
Credit default swaps and options	$40,233	$39,930	$1,201,716	$1,141,864
Total return swaps and other	184	1,429	13,346	1,499
Total by instrument	$40,417	$41,359	$1,215,062	$1,143,363
By rating				
Investment grade	$17,150	$17,174	$812,918	$752,640
Non-investment grade	23,267	24,185	402,144	390,723
Total by rating	$40,417	$41,359	$1,215,062	$1,143,363
By maturity				
Within 1 year	$2,901	$3,262	$254,305	$221,562
From 1 to 5 years	31,674	32,349	883,879	853,391
After 5 years	5,842	5,748	76,878	68,410
Total by maturity	$40,417	$41,359	$1,215,062	$1,143,363

(1) The fair value amount receivable is comprised of $13,744 million under protection purchased and $26,673 million under protection sold.

(2) The fair value amount payable is comprised of $28,723 million under protection purchased and $12,636 million under protection sold.

INCOME TAXES

Deferred Tax Assets

Deferred tax assets (DTAs) are recorded for the future tax consequences of events that have been recognized in the financial statements or tax returns, based upon enacted tax laws and rates. DTAs are recognized subject to management‘s judgment that realization is more likely than not. For additional information, see “Risk Factors—Business and Operational Risks,” “Significant Accounting Policies and Significant Estimates—Income Taxes” and Note 9 to the Consolidated Financial Statements in Citi’s 2013 Annual Report on Form 10-K.

At June 30, 2014, Citigroup had recorded net DTAs of approximately $50.6 billion, a decrease of $1.1 billion from March 31, 2014 and $2.2 billion from December 31, 2013. The sequential decrease in DTAs was driven primarily by the generation of U.S. taxable earnings in Citicorp, as well as the impact of Other Comprehensive Income in the second quarter due to gains on the value of Citi’s AFS securities.

Although realization is not assured, Citi believes that the realization of its recognized net DTAs at June 30, 2014 is more-likely-than-not based on expectations as to future taxable income in the jurisdictions in which the DTAs arise, and available tax planning strategies (as defined in ASC 740, Income Taxes) that would be implemented, if necessary, to prevent a carry-forward from expiring. Realization of the DTAs will continue to be driven by Citi’s ability to generate U.S. taxable earnings in the carry-forward period, as well as through actions that optimize Citi’s U.S. taxable earnings, and overall changes to Citi’s Accumulated other comprehensive income.

The following table summarizes Citi’s net DTAs balance at June 30, 2014 and December 31, 2013:

Jurisdiction/Component	DTAs balance	
In billions of dollars	June 30, 2014	December 31, 2013
Total U.S.	$47.0	$49.3
Total foreign	3.6	3.5
Total (1)	$50.6	$52.8

(1) Approximately $14.3 billion of the net DTAs was not deducted in calculating regulatory capital pursuant to full Basel III implementation standards as of June 30, 2014.

Effective Tax Rate

Citi’s effective tax rate for the second quarter of 2014 was 88% since substantially all of the costs of the mortgage settlement were non-deductible (see “Executive Summary” above and Note 25 to the Consolidated Financial Statements). Excluding CVA/DVA and the impact of the mortgage settlement, the effective tax rate for the second quarter was 33%.

Unrecognized Tax Benefits Update

In the second quarter, Citi settled the audit of tax years 2009 - 2011 with the IRS. As a result of completing this audit, gross unrecognized tax benefits were reduced by $415 million with a tax benefit recorded to continuing operations of $178 million and a tax benefit recorded to retained earnings of $219 million.

It is reasonably possible that Citi may conclude the audit of certain of its state tax returns within the next six months. The gross uncertain tax positions at June 30, 2014 for the items that may be resolved are as much as $240 million. Because of the number and nature of the issues remaining to be resolved, the potential tax benefit to continuing operations could be anywhere in a range between $0 and $150 million.

DISCLOSURE CONTROLS AND PROCEDURES

Citi's disclosure controls and procedures are designed to ensure that information required to be disclosed under the Securities Exchange Act of 1934, as amended, is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, including without limitation that information required to be disclosed by Citi in its SEC filings is accumulated and communicated to management, including the Chief Executive Officer (CEO) and Chief Financial Officer (CFO) as appropriate to allow for timely decisions regarding required disclosure.
Citi's Disclosure Committee assists the CEO and CFO in their responsibilities to design, establish, maintain and evaluate the effectiveness of Citi's disclosure controls and procedures. The Disclosure Committee is responsible for, among other things, the oversight, maintenance and implementation of the disclosure controls and procedures, subject to the supervision and oversight of the CEO and CFO.
Citi's management, with the participation of its CEO and CFO, has evaluated the effectiveness of Citigroup's disclosure controls and procedures (as defined in Rule 13a-15(e) under the Securities Exchange Act of 1934) as of June 30, 2014 and, based on that evaluation, the CEO and CFO have concluded that at that date Citigroup's disclosure controls and procedures were effective.

DISCLOSURE PURSUANT TO SECTION 219 OF THE IRAN THREAT REDUCTION AND SYRIA HUMAN RIGHTS ACT

Pursuant to Section 219 of the Iran Threat Reduction and Syria Human Rights Act of 2012, which added Section 13(r) to the Securities Exchange Act of 1934, as amended, Citi is required to disclose in its annual or quarterly reports, as applicable, whether it or any of its affiliates knowingly engaged in certain activities, transactions or dealings relating to Iran or with individuals or entities that are subject to sanctions under U.S. law. Disclosure is generally required even where the activities, transactions or dealings were conducted in compliance with applicable law.
Citibank, N.A. has one credit card account for the Iranian Mission to the United Nations located in the United States. This is a commercial account used primarily for the purchase of gasoline. The provision of certain services in the United States to the diplomatic mission of the Government of Iran is authorized by an OFAC General License; however, in October 2012, certain additional requirements were published. With regard to these requirements, Citi has applied to OFAC for a specific license for this account. During the second quarter of 2014, the aggregate value of the transactions for this account was approximately $3,250.00. The transactions did not generate any revenue or net profit for Citi.

FORWARD-LOOKING STATEMENTS

Certain statements in this Form 10-Q, including but not limited to statements included within the Management's Discussion and Analysis of Financial Condition and Results of Operations, are "forward-looking statements" within the meaning of the U.S. Private Securities Litigation Reform Act of 1995. In addition, Citigroup also may make forward-looking statements in its other documents filed or furnished with the SEC, and its management may make forward-looking statements orally to analysts, investors, representatives of the media and others.
Generally, forward-looking statements are not based on historical facts but instead represent Citigroup's and its management's beliefs regarding future events. Such statements may be identified by words such as believe, expect, anticipate, intend, estimate, may increase, may fluctuate, and similar expressions, or future or conditional verbs such as will, should, would and could.
Such statements are based on management's current expectations and are subject to risks, uncertainties and changes in circumstances. Actual results and capital and other financial conditions may differ materially from those included in these statements due to a variety of factors, including without limitation the precautionary statements included throughout this Form 10-Q, the factors listed and described under "Risk Factors" in Citi's 2013 Annual Report on Form 10-K and the risks and uncertainties summarized below:

- ongoing legislative and regulatory changes and uncertainties faced by Citi in the U.S. and non-U.S. jurisdictions in which it operates, including in Mexico, and the potential impact these changes and uncertainties could have on economic conditions as well as Citi's business planning, compliance risks and costs and overall results of operations;
- continued uncertainty arising from numerous aspects of the regulatory capital requirements applicable to Citi, including those resulting from Citi's continued implementation of the final U.S. Basel III rules, any changes to those rules (e.g., changes to the method for determining the U.S. Basel III Supplementary Leverage ratio) and the ongoing regulatory review and approval of Citi's credit, market and operational risk models, and the potential impact these uncertainties could have on Citi's ability to meet its capital requirements as it projects or as required;
- the potential impact of U.S. and international derivatives regulation on Citi's competitiveness, compliance costs and regulatory and reputational risks and results of operations;
- ongoing implementation of proprietary trading restrictions under the "Volcker Rule" and similar international proposals and the potential impact of these reforms and regulatory guidance on Citi's global market-making businesses, results of operations and compliance risks and costs;
- the ongoing uncertainty and potential impact to Citi's businesses and capital and funding structure as a result of

regulatory requirements in the U.S. and in non-U.S. jurisdictions to facilitate the future orderly resolution of large financial institutions;

- additional regulations with respect to securitizations and the potential impact to Citi and its businesses;
- continued uncertainty relating to the sustainability and pace of economic recovery and growth in the U.S. and globally and the potential impact fiscal and monetary actions taken by U.S. and non-U.S. authorities may have on economic recovery and growth, global trading markets and the emerging markets, as well as Citi's businesses and results of operations, including net credit losses and loan loss reserves;
- any significant global economic downturn or disruption, including a significant decline in global trade volumes, on Citi's businesses, results of operations and financial condition, particularly as compared to Citi's competitors;
- uncertainty arising from the level of U.S. government debt or a potential U.S. government default or downgrade of the U.S. government credit rating on Citi's businesses, results of operations, capital, funding and liquidity;
- risks arising from Citi's extensive operations outside of the U.S., including in the emerging markets such as in Mexico, Argentina, Venezuela and the Middle East, including as a result of foreign exchange controls, sovereign debt defaults, limitations on foreign investments, sociopolitical instability, fraud, nationalization, closure of branches or subsidiaries and confiscation of assets, as well as increased compliance and regulatory risks and costs;
- the potential impact on Citi's businesses, financial condition or results of operations arising from ongoing instability in Russia and Ukraine, including actions by Citi to mitigate its exposures or risks or the imposition of additional

sanctions, such as asset freezes, involving Russia or against Russian entities, business sectors, individuals or otherwise;

- ongoing economic and fiscal issues in the Eurozone and the potential outcomes that could occur, including the exit of one or more countries from the European Monetary Union and any resulting redenomination/revaluation, and the potential impact, directly or indirectly, on Citi's businesses, results of operations or financial condition;
- uncertainty regarding the future quantitative liquidity requirements applicable to Citi and the potential impact these requirements could have on Citi's liquidity ratios, planning, management and funding (including as a result of the proposed U.S. Basel III Liquidity Coverage Ratio or any related final U.S. rules);
- potential impacts on Citi's liquidity and/or costs of funding as a result of external factors, such as market disruptions, governmental fiscal and monetary policies and changes in Citi's credit spreads;
- reductions in Citi's or its more significant subsidiaries' credit ratings, including as a result of changes in assumptions relating to government support, and the potential impact on Citi's funding and liquidity, as well as the results of operations for certain of its businesses;

- the potential impact on Citi's businesses, business practices, reputation, financial condition or results of operations, particularly in Citicorp, from the extensive legal and regulatory proceedings, investigations and inquiries to which Citi is or may be subject, including those related to Citi's contribution to, or trading in products linked to, various rates or benchmarks, and its anti-money laundering programs;
- the potential impact to Citi's delinquency rates, loan loss reserves and net credit losses as Citi's revolving home equity lines of credit begin to "reset," and Citi's ability to reduce or mitigate this reset risk going forward, including as a result of increasing interest rates or loans with higher loan-to-value ratios;
- the results of the 2014 Comprehensive Capital Analysis and Review (CCAR) process, including Citi's ability to address the Federal Reserve Board's concerns regarding its capital planning process, and the impacts on Citi's ability to return capital to shareholders and market perceptions of Citi;
- Citi's ability to successfully execute on and achieve its ongoing execution priorities and the potential impact its inability to do so, including as a result of factors it cannot control, could have on the achievement of its 2015 financial targets;
- Citi's ability to continue to utilize its deferred tax assets (DTAs), including the foreign tax credit component of its DTAs, and thus utilize the regulatory capital supporting its DTAs for more productive purposes;
- the impact on the value of Citi's DTAs if corporate tax rates in the U.S. or certain state or foreign jurisdictions decline, or if other changes are made to the U.S. tax system, such as changes to the tax treatment of foreign business income;
- the possibility that Citi's interpretation or application of the extensive tax laws to which it is subject, such as with respect to withholding tax obligations and stamp and other transactional taxes, could differ from that of the relevant governmental taxing authorities;
- Citi's failure to maintain its contractual relationships with various third-party retailers and merchants within its U.S. credit card businesses in North America GCB, and the potential impact any such failure could have on the results of operations or financial condition of those businesses;
- the potential impact to Citi from continually evolving and increasing cybersecurity and other technological risks and attacks, including additional costs, reputational damage, regulatory penalties and financial losses;
- the potential impact on Citi's performance, including its competitive position and ability to execute its strategy, if Citi is unable to hire or retain qualified employees;
- incorrect assumptions or estimates in Citi's financial statements, and the potential impact of regulatory or other changes to financial accounting and reporting standards on how Citi records and reports its financial condition and results of operations;
- changes in the administration of or method for determining LIBOR on the value of any LIBOR-linked

securities and other financial obligations held or issued by Citi;
- the effectiveness of Citi's risk management and mitigation processes and strategies, including the effectiveness of its risk models; and
- Citi's ability to grow its revenues as it expects or achieve its expected expense savings as a result of its repositioning actions as well as its ongoing efficiency initiatives.

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

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CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF INCOME (Unaudited) Citigroup Inc. and Subsidiaries

	Three Months Ended June 30,		Six Months Ended June 30,	
In millions of dollars, except per share amounts	2014	2013	2014	2013
Revenues [1]				
Interest revenue	$15,561	$15,840	$30,911	$31,800
Interest expense	3,615	4,158	7,206	8,488
Net interest revenue	$11,946	$11,682	$23,705	$23,312
Commissions and fees	$3,491	$3,293	$6,625	$6,728
Principal transactions	1,843	2,684	4,731	5,188
Administration and other fiduciary fees	1,029	1,083	2,038	2,151
Realized gains on sales of investments, net	84	251	212	701
Other-than-temporary impairment losses on investments				
Gross impairment losses [2]	(37)	(162)	(238)	(434)
Less: Impairments recognized in AOCI	—	—	—	11
Net impairment losses recognized in earnings	$(37)	$(162)	$(238)	$(423)
Insurance premiums	$488	$582	$1,083	$1,172
Other revenue [2]	498	1,075	1,310	1,907
Total non-interest revenues	$7,396	$8,806	$15,761	$17,424
Total revenues, net of interest expense	$19,342	$20,488	$39,466	$40,736
Provisions for credit losses and for benefits and claims				
Provision for loan losses	$1,579	$1,827	$3,372	$4,041
Policyholder benefits and claims	182	200	390	431
Provision (release) for unfunded lending commitments	(31)	(3)	(58)	11
Total provisions for credit losses and for benefits and claims	$1,730	$2,024	$3,704	$4,483
Operating expenses [1]				
Compensation and benefits	$6,028	$6,075	$12,038	$12,410
Premises and equipment	819	762	1,624	1,606
Technology/communication	1,619	1,486	3,149	3,016
Advertising and marketing	460	480	918	929
Other operating	6,595	3,346	9,941	6,476
Total operating expenses	$15,521	$12,149	$27,670	$24,437
Income from continuing operations before income taxes	$2,091	$6,315	$8,092	$11,816
Provision for income taxes	1,838	2,127	3,888	3,697
Income from continuing operations	$253	$4,188	$4,204	$8,119
Discontinued operations				
Income (loss) from discontinued operations	$(3)	$51	$37	$(52)
Gain on sale	—	—	—	56
Provision for income taxes	19	21	22	7
Income (loss) from discontinued operations, net of taxes	$(22)	$30	$15	$(3)
Net income before attribution of noncontrolling interests	$231	$4,218	$4,219	$8,116
Noncontrolling interests	50	36	95	126
Citigroup's net income	$181	$4,182	$4,124	$7,990
Basic earnings per share [3]				
Income from continuing operations	$0.03	$1.34	$1.26	$2.57
Income (loss) from discontinued operations, net of taxes	(0.01)	0.01	—	—
Net income	$0.03	$1.35	$1.26	$2.57

Weighted average common shares outstanding	3,033.8	3,040.7	3,035.6	3,040.4
Diluted earnings per share(3)				

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Income from continuing operations	$0.03	$1.33	$1.26	$2.57
Income (loss) from discontinued operations, net of taxes	(0.01)	0.01	—	—
Net income	$0.03	$1.34	$1.26	$2.57
Adjusted weighted average common shares outstanding	3,038.3	3,046.3	3,040.8	3,045.5

(1) Certain prior period revenue and expense lines and totals were reclassified to conform to the current period's presentation. See Note 3 to Notes to Consolidated Financial Statements.

(2) The three and six months ended June 30, 2013, respectively, included the recognition of a $87 million and $192 million impairment charge related to the carrying value of Citi's then-remaining 35% interest in the Morgan Stanley Smith Barney joint venture (MSSB). These amounts were offset by the equity pickup from MSSB recorded in Other revenue, for each respective period.

(3) Due to rounding, earnings per share on continuing operations and discontinued operations may not sum to earnings per share on net income.

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
(Unaudited)
Citigroup Inc. and Subsidiaries

	Three Months Ended June 30,		Six Months Ended June 30,	
In millions of dollars	2014	2013	2014	2013
Net income before attribution of noncontrolling interests	$231	$4,218	$4,219	$8,116
Citigroup's other comprehensive income (loss)				
Net change in unrealized gains and losses on investment securities, net of taxes	$1,006	$(2,043)	$1,434	$(1,898)
Net change in cash flow hedges, net of taxes	120	497	238	622
Benefit plans liability adjustment, net of taxes [1]	(144)	401	(177)	655
Net change in foreign currency translation adjustment, net of taxes and hedges	17	(1,720)	(509)	(2,407)
Citigroup's total other comprehensive income (loss)	$999	$(2,865)	$986	$(3,028)
Other comprehensive income (loss) attributable to noncontrolling interests				
Net change in unrealized gains and losses on investment securities, net of taxes	$8	$(10)	$6	$(26)
Net change in foreign currency translation adjustment, net of taxes	(2)	(14)	(8)	(49)
Total other comprehensive income (loss) attributable to noncontrolling interests	$6	$(24)	$(2)	$(75)
Total comprehensive income before attribution of noncontrolling interests	$1,236	$1,329	$5,203	$5,013
Total comprehensive income (loss) attributable to noncontrolling interests	50	12	95	51
Citigroup's comprehensive income	$1,186	$1,317	$5,108	$4,962

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

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

CONSOLIDATED BALANCE SHEET Citigroup Inc. and Subsidiaries

In millions of dollars	June 30, 2014 (Unaudited)	December 31, 2013
Assets		
Cash and due from banks (including segregated cash and other deposits)	$35,268	$29,885
Deposits with banks	153,817	169,005
Federal funds sold and securities borrowed or purchased under agreements to resell (including $153,166 and $144,083 as of June 30, 2014 and December 31, 2013, respectively, at fair value)	250,353	257,037
Brokerage receivables	41,864	25,674
Trading account assets (including $111,918 and $106,695 pledged to creditors at June 30, 2014 and December 31, 2013, respectively)	290,776	285,928
Investments (including $22,637 and $26,989 pledged to creditors at June 30, 2014 and December 31, 2013, respectively, and $296,498 and $291,216 as of June 30, 2014 and December 31, 2013, respectively, at fair value)	325,623	308,980
Loans:		
Consumer (including $46 and $957 as of June 30, 2014 and December 31, 2013, respectively, at fair value)	384,345	393,831
Corporate (including $4,758 and $4,072 as of June 30, 2014 and December 31, 2013, respectively, at fair value)	283,159	271,641
Loans, net of unearned income	$667,504	$665,472
Allowance for loan losses	(17,890)	(19,648)
Total loans, net	$649,614	$645,824
Goodwill	25,087	25,009
Intangible assets (other than MSRs)	4,702	5,056
Mortgage servicing rights (MSRs)	2,282	2,718
Other assets (including $7,619 and $7,123 as of June 30, 2014 and December 31, 2013, respectively, at fair value)	130,329	125,266
Total assets	$1,909,715	$1,880,382

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

In millions of dollars	June 30, 2014 (Unaudited)	December 31, 2013
Assets of consolidated VIEs to be used to settle obligations of consolidated VIEs		
Cash and due from banks	$238	$362
Trading account assets	984	977
Investments	12,525	10,950
Loans, net of unearned income		
Consumer (including $0 and $910 as of June 30, 2014 and December 31, 2013, respectively, at fair value)	65,014	63,493
Corporate (including $5 and $14 as of June 30, 2014 and December 31, 2013, respectively, at fair value)	30,886	31,919
Loans, net of unearned income	$95,900	$95,412

Allowance for loan losses	(3,138)	(3,502)
Total loans, net	$92,762	$91,910
Other assets	1,196	1,234
Total assets of consolidated VIEs to be used to settle obligations of consolidated VIEs	$107,705	$105,433

Statement continues on the next page.

CONSOLIDATED BALANCE SHEET (Continued) Citigroup Inc. and Subsidiaries

In millions of dollars, except shares and per share amounts	June 30, 2014 (Unaudited)	December 31, 2013
Liabilities		
Non-interest-bearing deposits in U.S. offices	$130,653	$128,399
Interest-bearing deposits in U.S. offices (including $1,017 and $988 as of June 30, 2014 and December 31, 2013, respectively, at fair value)	289,035	284,164
Non-interest-bearing deposits in offices outside the U.S.	73,991	69,406
Interest-bearing deposits in offices outside the U.S. (including $870 and $689 as of June 30, 2014 and December 31, 2013, respectively, at fair value)	472,046	486,304
Total deposits	$965,725	$968,273
Federal funds purchased and securities loaned or sold under agreements to repurchase (including $52,544 and $54,147 as of June 30, 2014 and December 31, 2013, respectively, at fair value)	183,912	203,512
Brokerage payables	62,323	53,707
Trading account liabilities	123,370	108,762
Short-term borrowings (including $1,236 and $3,692 as of June 30, 2014 and December 31, 2013, respectively, at fair value)	59,534	58,944
Long-term debt (including $27,414 and $26,877 as of June 30, 2014 and December 31, 2013, respectively, at fair value)	226,984	221,116
Other liabilities (including $2,739 and $2,011 as of June 30, 2014 and December 31, 2013, respectively, at fair value)	74,768	59,935
Total liabilities	$1,696,616	$1,674,249
Stockholders' equity		
Preferred stock ($1.00 par value; authorized shares: 30 million), issued shares: 358,720 as of June 30, 2014 and 269,520 as of December 31, 2013, at aggregate liquidation value	$8,968	$6,738
Common stock ($0.01 par value; authorized shares: 6 billion), issued shares: 3,082,031,578 as of June 30, 2014 and 3,062,098,976 as of December 31, 2013	31	31
Additional paid-in capital	107,669	107,193
Retained earnings	115,361	111,168
Treasury stock, at cost: June 30, 2014—50,258,868 shares and December 31, 2013—32,856,062 shares	(2,520)	(1,658)
Accumulated other comprehensive income (loss)	(18,147)	(19,133)
Total Citigroup stockholders' equity	$211,362	$204,339
Noncontrolling interest	1,737	1,794
Total equity	$213,099	$206,133
Total liabilities and equity	$1,909,715	$1,880,382

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

In millions of dollars	June 30, 2014 (Unaudited)	December 31, 2013

Liabilities of consolidated VIEs for which creditors or beneficial interest holders do not have recourse to the general credit of Citigroup		
Short-term borrowings	$18,981	$21,793
Long-term debt (including $5 and $909 as of June 30, 2014 and December 31, 2013, respectively, at fair value)	39,063	34,743
Other liabilities	902	999
Total liabilities of consolidated VIEs for which creditors or beneficial interest holders do not have recourse to the general credit of Citigroup	$58,946	$57,535

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

CONSOLIDATED STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY
(Unaudited) Citigroup Inc. and Subsidiaries

	Six Months Ended June 30,	
In millions of dollars, except shares in thousands	2014	2013
Preferred stock at aggregate liquidation value		
Balance, beginning of year	$6,738	$2,562
Issuance of new preferred stock	2,230	1,825
Redemption of preferred stock	—	$(94)
Balance, end of period	$8,968	$4,293
Common stock and additional paid-in capital		
Balance, beginning of year	$107,224	$106,421
Employee benefit plans	492	510
Preferred stock issuance expense	(24)	—
Other	8	(24)
Balance, end of period	$107,700	$106,907
Retained earnings		
Adjusted balance, beginning of period	$111,168	$97,809
Citigroup's net income	4,124	7,990
Common dividends [1]	(60)	(61)
Preferred dividends	(224)	(13)
Tax benefit	353	—
Balance, end of period	$115,361	$105,725
Treasury stock, at cost		
Balance, beginning of year	$(1,658)	$(847)
Employee benefit plans [2]	(196)	(46)
Treasury stock acquired [3]	(666)	(182)
Balance, end of period	$(2,520)	$(1,075)
Citigroup's accumulated other comprehensive income (loss)		
Balance, beginning of year	$(19,133)	$(16,896)
Net change in Citigroup's Accumulated other comprehensive income (loss)	986	(3,028)
Balance, end of period	$(18,147)	$(19,924)
Total Citigroup common stockholders' equity	$202,394	$191,633
Total Citigroup stockholders' equity	$211,362	$195,926
Noncontrolling interests		
Balance, beginning of year	$1,794	$1,948
Initial origination of a noncontrolling interest	—	5
Transactions between noncontrolling-interest shareholders and the related consolidated subsidiary	—	(2)
Transactions between Citigroup and the noncontrolling-interest shareholders	(68)	25
Net income attributable to noncontrolling-interest shareholders	95	126
Dividends paid to noncontrolling-interest shareholders	(17)	(4)
Net change in Accumulated other comprehensive income (loss)	(2)	(75)
Other	(65)	(123)
Net change in noncontrolling interests	$(57)	$(48)
Balance, end of period	$1,737	$1,900
Total equity	$213,099	$197,826

(1) Common dividends declared were $0.01 per share in the first and second quarter of 2014 and 2013.

(2) Includes treasury stock related to (i) certain activity on employee stock option program exercises where the employee delivers existing shares to cover the option exercise, or (ii) under Citi's employee restricted or deferred stock programs where shares are withheld to satisfy tax requirements.

(3) For the six months ended June 30, 2014, primarily consists of open market purchases under Citi's Board of Directors-approved common stock repurchase program.

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

CONSOLIDATED STATEMENT OF CASH FLOWS (Unaudited)
Citigroup Inc. and Subsidiaries

	Six Months Ended June 30,	
In millions of dollars	2014	2013
Cash flows from operating activities of continuing operations		
Net income before attribution of noncontrolling interests	$4,219	$8,116
Net income attributable to noncontrolling interests	95	126
Citigroup's net income	$4,124	$7,990
Income (loss) from discontinued operations, net of taxes	15	(41)
Gain on sale, net of taxes	—	38
Income from continuing operations—excluding noncontrolling interests	$4,109	$7,993
Adjustments to reconcile net income to net cash provided by operating activities of continuing operations		
Depreciation and amortization	1,739	1,625
Provision for credit losses	3,314	4,052
Realized gains from sales of investments	(212)	(701)
Net impairment losses recognized in earnings	238	423
Change in trading account assets	(4,848)	14,359
Change in trading account liabilities	14,608	7,473
Change in federal funds sold and securities borrowed or purchased under agreements to resell	6,684	(1,894)
Change in federal funds purchased and securities loaned or sold under agreements to repurchase	(19,600)	7,016
Change in brokerage receivables net of brokerage payables	(7,574)	(6,302)
Change in loans held-for-sale	(1,854)	(3,383)
Change in other assets	(2,829)	15,352
Change in other liabilities	14,833	(4,887)
Other, net	3,248	3,939
Total adjustments	$7,747	$37,072
Net cash provided by operating activities of continuing operations	$11,856	$45,065
Cash flows from investing activities of continuing operations		
Change in deposits with banks	$15,188	$(55,894)
Change in loans	(11,576)	(5,567)
Proceeds from sales and securitizations of loans	2,158	4,912
Purchases of investments	(138,510)	(122,776)
Proceeds from sales of investments	81,041	79,832
Proceeds from maturities of investments	44,670	45,479
Capital expenditures on premises and equipment and capitalized software	(2,207)	(1,475)
Proceeds from sales of premises and equipment, subsidiaries and affiliates, and repossessed assets	231	295
Net cash used in investing activities of continuing operations	$(9,005)	$(55,194)
Cash flows from financing activities of continuing operations		
Dividends paid	$(284)	$(74)
Issuance of preferred stock	2,230	1,825
Redemption of preferred stock	—	(94)
Treasury stock acquired	(666)	(182)
Stock tendered for payment of withholding taxes	(504)	(448)
Issuance of long-term debt	29,246	18,994

Payments and redemptions of long-term debt	(24,966)	(28,646)
Change in deposits	(2,548)	7,867
Change in short-term borrowings	100	6,780
Net cash provided by financing activities of continuing operations	$2,608	$6,022
Effect of exchange rate changes on cash and cash equivalents	$(76)	$(1,186)
Discontinued operations		

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Net cash used in discontinued operations	$—	$(15)
Change in cash and due from banks	$5,383	$(5,308)
Cash and due from banks at beginning of period	29,885	36,453
Cash and due from banks at end of period	$35,268	$31,145
Supplemental disclosure of cash flow information for continuing operations		
Cash paid during the year for income taxes	$3,086	$2,452
Cash paid during the year for interest	5,834	6,568
Non-cash investing activities		
Change in loans due to consolidation/deconsolidation of VIEs	$(374)	$6,718
Transfers to loans held-for-sale from loans	9,000	12,400
Transfers to OREO and other repossessed assets	142	122
Non-cash financing activities		
Increase in short-term borrowings due to consolidation of VIEs	$500	$6,718
Decrease in long-term debt due to deconsolidation of VIEs	(864)	—

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
1. BASIS OF PRESENTATION

The accompanying unaudited Consolidated Financial Statements as of June 30, 2014 and for the three- and six-month periods ended June 30, 2014 and 2013 include the accounts of Citigroup Inc. (Citigroup) and its consolidated subsidiaries (collectively, the Company, Citi or Citigroup). In the opinion of management, all adjustments, consisting of normal recurring adjustments, necessary for a fair presentation have been reflected. The accompanying unaudited Consolidated Financial Statements should be read in conjunction with the Consolidated Financial Statements and related notes included in Citigroup's Annual Report on Form 10-K for the fiscal year ended December 31, 2013 (2013 Annual Report on Form 10-K) and Citigroup's Quarterly Report on Form 10-Q for the quarter ended March 31, 2014 filed with the SEC on May 2, 2014 (First Quarter of 2014 Form 10-Q).
Certain financial information that is normally included in annual financial statements prepared in accordance with U.S. generally accepted accounting principles (GAAP), but is not required for interim reporting purposes, has been condensed or omitted.
Management must make estimates and assumptions that affect the Consolidated Financial Statements and the related footnote disclosures. While management makes its best judgment, actual results could differ from those estimates. Current market conditions increase the risk and complexity of the judgments in these estimates.
Certain reclassifications have been made to the prior-period's financial statements and notes to conform to the current period's presentation.
As noted above, the Notes to Consolidated Financial Statements are unaudited.

Principles of Consolidation
The Consolidated Financial Statements include the accounts of Citigroup and its subsidiaries prepared in accordance with GAAP. The Company consolidates subsidiaries in which it holds, directly or indirectly, more than 50% of the voting rights or where it exercises control. Entities where the Company holds 20% to 50% of the voting rights and/or has the ability to exercise significant influence, other than investments of designated venture capital subsidiaries or investments accounted for at fair value under the fair value option, are accounted for under the equity method, and the pro rata share of their income (loss) is included in Other revenue. Income from investments in less than 20% owned companies is recognized when dividends are received. As discussed in more detail in Note 20 to the Consolidated Financial Statements, Citigroup consolidates entities deemed to be variable interest entities when Citigroup is determined to be the primary beneficiary. Gains and losses on the disposition of branches, subsidiaries, affiliates, buildings, and other investments are included in Other revenue.

Citibank, N.A.
Citibank, N.A. is a commercial bank and wholly owned subsidiary of Citigroup Inc. Citibank's principal offerings include: consumer finance, mortgage lending, and retail banking products and services; investment banking, commercial banking, cash management, trade finance and e-commerce products and services; and private banking products and services.

Significant Accounting Policies
The Company's accounting policies are fundamental to understanding management's discussion and analysis of the results of operations and financial condition. The Company has identified six policies as being significant because they require management to make subjective and/or complex judgments about matters that are inherently uncertain. These policies relate to Valuations of Financial Instruments, Allowance for Credit Losses, Securitizations, Goodwill, Income Taxes and Litigation Accruals. The Company, in consultation with the Audit Committee of the Board of Directors, has reviewed and approved these significant accounting policies, which are further described under "Significant Accounting Policies and Significant Estimates" and Note 1 to the Consolidated Financial Statements in the Company's 2013 Annual Report on Form 10-K.

ACCOUNTING CHANGES

Discontinued Operations and Significant Disposals

The FASB issued Accounting Standards Update No. 2014-08, Presentation of Financial Statements (Topic 810) and Property, Plant, and Equipment (Topic 360), Reporting Discontinued Operations and Disclosures of Disposals of Components of an Entity (ASU 2014-08) in the second quarter of 2014. ASU 2014-08 changes the criteria for reporting discontinued operations while enhancing disclosures. Under the ASU, only disposals representing a strategic shift having a major effect on an entity's operations and financial results, such as a disposal of a major geographic area, a major line of business or a major equity method investment may be presented as discontinued operations. Additionally, the ASU requires expanded disclosures about discontinued operations that will provide more information about the assets, liabilities, income, and expenses of discontinued operations.

The Company elected to early-adopt the ASU in the second quarter of 2014 on a prospective basis for all disposals (or classifications as held-for-sale) of components of an entity that occurred on or after April 1, 2014. As a result of the adoption of the ASU, fewer disposals will now qualify for reporting as discontinued operations; however, disclosure of the pretax income attributable to a disposal of a significant part of an organization that does not qualify for discontinued operations reporting is required. The impact of adopting the ASU was not material.

Investment Companies

In June 2013, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2013-08, Financial Services Investment Companies (Topic 946): Amendments to the Scope, Measurement, and Disclosure Requirements. This ASU introduced a new approach for assessing whether an entity is an investment company. To determine whether an entity is an investment company for accounting purposes, Citi is now required to evaluate the fundamental and typical characteristics of the entity, including its purpose and design.

The ASU became effective for Citi on January 1, 2014. There was no impact from the adoption of this ASU. As of June 30, 2014, Citi has approximately $4.4 billion of assets held by consolidated investment companies which are accounted for in accordance with the Investment Company Audit Guide (codified in Accounting Standards Codification (ASC) 946).

Accounting for the Cumulative Translation Adjustment upon Derecognition of Certain Foreign Subsidiaries

In March 2013, the FASB issued ASU No. 2013-05, Foreign Currency Matters (Topic 830): Parent’s Accounting for the Cumulative Translation Adjustment upon Derecognition of Certain Subsidiaries or Groups of Assets within a Foreign Entity or of an Investment in a Foreign Entity (a consensus of the FASB Emerging Issues Task Force). This ASU resolved diversity that existed in practice and requires that, for transactions within a foreign entity, a parent should not reclassify into earnings an allocated portion of the cumulative translation adjustment (CTA) when its foreign entity sells a controlling financial interest in a subsidiary or group of assets that is a business within the foreign entity, unless the sale represents a complete or substantially complete liquidation of the foreign entity. This guidance requires the CTA to remain in equity until the foreign entity is disposed of or it is completely or substantially liquidated.

Sales or other transactions that result in the parent company’s loss of control over the foreign entity, irrespective of any retained investment, would be accounted for as a sale; thus, the entire CTA would be reclassified into earnings. A partial sale of an equity method investment in a foreign entity would result in a pro rata share of CTA being reclassified into earnings. Consistent with the accounting for step acquisitions, the ASU requires that the CTA be reclassified into earnings when a parent company obtains a controlling financial interest in a foreign entity that was previously an equity method investment.

This ASU was effective for Citi on January 1, 2014 and was applied on a prospective basis. The accounting prescribed in this ASU is consistent with Citi’s prior practice and, as a result, adoption did not result in any impact to Citi.

Presentation of an Unrecognized Tax Benefit When a Net Operating Loss Carry-forward, a Similar Tax Loss, or a Tax Credit Carry-forward Exists

In July 2013, the FASB issued ASU No. 2013-11, Income Taxes (Topic 740): Presentation of an Unrecognized Tax Benefit When a Net Operating Loss Carry-forward, a

Similar Tax Loss, or a Tax Credit Carry-forward Exists (a consensus of the FASB Emerging Issues Task Force). As a result of applying this ASU, an unrecognized tax benefit is presented as a reduction of a deferred tax asset for a net operating loss (NOL) or other tax credit carry-forward when settlement in this manner is available under the tax law. The assessment of whether settlement is available under the tax law is based on facts and circumstances as of the balance sheet reporting date and does not consider future events (e.g., upcoming expiration of related NOL carry-forwards). This classification does not affect an entity’s analysis of the realization of its deferred tax assets. Gross presentation in the rollforward of unrecognized tax positions in the notes to the financial statements is still required.

This ASU was effective for Citi on January 1, 2014 and was applied on a prospective basis to all unrecognized tax benefits that existed at the effective date. The impact of adopting this ASU was not material to Citi.

OIS Benchmark Rate

In July 2013, the FASB issued ASU No. 2013-10, Derivatives and Hedging (Topic 815): Inclusion of the Fed Funds Effective Swap Rate (or Overnight Index Swap Rate) as a Benchmark Interest Rate for Hedge Accounting Purposes.

This ASU permits the Fed funds effective swap rate (OIS) to be used as a U.S. benchmark interest rate, in addition to the U.S. Treasury rate and LIBOR, for hedge accounting purposes. The ASU also permits using different benchmark rates for similar hedges.
This ASU became effective upon issuance and permitted prospective application for qualifying new or redesignated hedging relationships commencing on or after July 17, 2013. Introducing a new benchmark interest rate eligible for hedging under ASC 815 improves the Company's ability to manage interest rate risk by allowing the designation of hedging derivatives that are more closely aligned with the interest rate risk profile of certain assets and liabilities.

Remeasurement of Significant Pension and Postretirement Benefit Plans
In the second quarter of 2013, the Company changed the method of accounting for its most significant pension and postretirement benefit plans (Significant Plans) such that plan obligations, plan assets and periodic plan expense are remeasured and disclosed quarterly, instead of annually. The effect of remeasuring the Significant Plan obligations and assets by updating plan actuarial assumptions on a quarterly basis is reflected in Accumulated other comprehensive income (loss) and periodic plan expense. The Significant Plans captured approximately 80% of the Company's global pension and postretirement plan obligations at December 31, 2012 and 2013. All other plans (All Other Plans) will continue to be remeasured annually. Quarterly measurement for the Significant Plans provides a more timely measurement of the funded status and periodic plan expense for the Company's significant pension and postretirement benefit plans.
The cumulative effect of this change in accounting policy was an approximate $20 million (pretax) decrease in

net periodic plan expense in the second quarter of 2013, as well as a pretax increase of approximately $22 million to Accumulated other comprehensive income as of April 1, 2013. The change in accounting methodology had an immaterial impact on prior periods. For additional information, see Note 8 to the Consolidated Financial Statements.

FUTURE APPLICATION OF ACCOUNTING STANDARDS

Accounting for Investments in Tax Credit Partnerships
In January 2014, the FASB issued ASU 2014-01, Investments-Equity Method and Joint Ventures (Topic 323): Accounting for Investments in Qualified Affordable Housing Projects, which is effective for Citi for interim and annual reporting periods beginning after December 15, 2014. Any transition adjustment would be reflected as an adjustment to retained earnings in the earliest period presented (retrospective application).
The ASU will be applicable to Citi's portfolio of low income housing tax credit (LIHTC) partnership interests. The new standard widens the scope of investments eligible to elect to apply a new alternative method, the proportional amortization method, under which the cost of the investment is amortized to tax expense in proportion to the amount of tax credits and other tax benefits received. Citi anticipates that its entire LIHTC portfolio will qualify to elect the proportional amortization method under the ASU. These investments are currently accounted for under the equity method, which results in losses (due to amortization of the investment) being recognized in Other revenue and tax credits and benefits being recognized in the Income tax expense line. In contrast, the proportional amortization method combines the amortization of the investment and receipt of the tax credits/benefits into one line, Income tax expense.
The adoption of this ASU is estimated to reduce Retained earnings by approximately $350 million, reduce Other assets by approximately $220 million, and reduce deferred tax assets by approximately $130 million. Early adoption of this new standard is permitted.

Revenue Recognition
On May 28, 2014, the FASB issued ASU No. 2014-09, Revenue from Contracts with Customers, which requires an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers. The ASU will replace most existing revenue recognition guidance in GAAP when it becomes effective. The new standard is effective for the Company on January 1, 2017. Early application is not permitted. The standard permits the use of either the retrospective or cumulative effect transition method. The Company is evaluating the effect that ASU 2014-09 will have on its consolidated financial statements and related disclosures. The Company has not yet selected a transition method nor has it determined the effect of the standard on its ongoing financial reporting.

Accounting for Repurchase-to-Maturity Transactions
In June 2014, the FASB issued ASU No. 2014-11, Transfers and Servicing (Topic 860): Repurchase-to-Maturity Transactions, Repurchase Financings, and Disclosures. The ASU changes the accounting for repurchase-to-maturity transactions and linked repurchase financings to secured borrowed accounting, which is consistent with the accounting for other repurchase agreements. The ASU also requires disclosures about transfers accounted for as sales in transactions that are economically similar to repurchase agreements and about the types of collateral pledged in repurchase agreements and similar transactions accounted for as secured borrowings. The ASU's provisions will be effective for the first interim or annual period beginning after December 31, 2014, with the exception of the collateral disclosures which will be effective for interim periods beginning after March 15, 2015. The effect of adopting the ASU is required to be reflected as a cumulative effect adjustment to retained earnings as of the beginning of the period of adoption. Early adoption is not permitted. The Company expects the effect of adopting the ASU to be immaterial.

Accounting for Share-Based Payments with Performance Targets

In June 2014, the FASB issued ASU No. 2014-12, Accounting for Share-Based Payments When the Terms of an Award Provide That a Performance Target Could Be Achieved after the Requisite Service Period (a consensus of the FASB Emerging Issues Task Force). The ASU prescribes the accounting to be applied to share-based awards that contain performance targets, the outcome of which will only be confirmed after the employee's service period associated with the award has ended. The ASU will be effective for the first interim or annual period beginning after December 31, 2015. The ASU may be applied either prospectively or retrospectively and may be early adopted. The Company expects the effect of adopting the ASU to be immaterial.

Accounting for Financial Instruments-Credit Losses

In December 2012, the FASB issued a proposed ASU, Financial Instruments-Credit Losses. This proposed ASU, or exposure draft, was issued for public comment in order to allow stakeholders the opportunity to review the proposal and provide comments to the FASB and does not constitute accounting guidance until a final ASU is issued.

The exposure draft contains proposed guidance developed by the FASB with the goal of improving financial reporting about expected credit losses on loans, securities and other financial assets held by banks, financial institutions, and other public and private organizations. The exposure draft proposes a new accounting model intended to require earlier recognition of credit losses, while also providing additional transparency about credit risk.

The FASB's proposed model would utilize a single "expected credit loss" measurement objective for the recognition of credit losses for loans and other receivables at the time the financial asset is originated or acquired and for securities where fair value is less than cost, replacing the multiple existing impairment models in GAAP, which generally require that a loss be “incurred” before it is recognized. The FASB’s proposed model represents a significant departure from existing GAAP, and may result in material changes to the Company’s accounting for financial instruments. The impact of the FASB’s final ASU on the Company’s financial statements will be assessed when it is issued. The exposure draft does not contain a proposed effective date; this would be included in the final ASU, when issued.

Other Potential Amendments to Current Accounting Standards

The FASB and International Accounting Standards Board, either jointly or separately, are currently working on several major projects, including amendments to existing accounting standards governing financial instruments discussed above. The FASB is working on a joint project with the IASB that would require substantially all leases to be capitalized on the balance sheet. Additionally, the FASB has issued a proposal on principal-agent considerations that would change the way the Company needs to evaluate whether to consolidate VIEs and non-VIE partnerships. The principal-agent consolidation proposal would require all VIEs, including those that are investment companies, to be evaluated for consolidation under the same requirements.

All of these projects may have significant impacts for the Company. Upon completion of the standards, the Company will need to re-evaluate its accounting and disclosures. However, due to ongoing deliberations of the standard setters, the Company is currently unable to determine the effect of future amendments or proposals.

2. DISCONTINUED OPERATIONS AND SIGNIFICANT DISPOSALS

Discontinued Operations
The following Discontinued operations are recorded within the Corporate/Other segment.

Sale of Brazil Credicard Business
On December 20, 2013, Citi sold its non-Citibank branded cards and consumer finance business in Brazil (Credicard) for approximately $1.24 billion. The sale resulted in a pretax gain of $206 million ($325 million after-tax). In the second quarter of 2014, resolution of certain contingencies related to the disposal are reported as Income (loss) from discontinued operations. Credicard is reported as Discontinued operations for all periods presented.

Summarized financial information for Discontinued operations for Credicard follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
In millions of dollars	2014	2013	2014	2013
Total revenues, net of interest expense[(1)]	$—	$251	$69	$515
Income from discontinued operations	$5	$55	$69	$107
Income taxes	2	19	13	37
Income from discontinued operations, net of taxes	$3	$36	$56	$70

(1) Total revenues include gain or loss on sale, if applicable.

Cash Flows from Discontinued Operations

	Six Months Ended June 30,	
In millions of dollars	2014	2013
Cash flows from operating activities	$—	$(296)
Cash flows from investing activities	—	282
Cash flows from financing activities	—	(1)
Net cash provided by discontinued operations	$—	$(15)

Sale of Certain Citi Capital Advisors Business
During the third quarter of 2012, Citi executed definitive agreements to transition a carve-out of its liquid strategies business within Citi Capital Advisors (CCA). The sale occurred pursuant to two separate transactions in 2013, creating two separate management companies. The first transaction closed in February 2013, and Citigroup retained a 24.9% passive equity interest in the management company (which is held in Citi's Institutional Clients Group segment). The second transaction closed in August 2013. CCA is reported as Discontinued operations for all periods presented.

Summarized financial information for Discontinued operations for the operations related to CCA follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
In millions of dollars	2014	2013	2014	2013
Total revenues, net of interest expense[1]	$—	$7	$—	65
Loss from discontinued operations	$(1)	$(3)	$(4)	(131)
Gain on sale	—	—	—	56
Benefit for income taxes	(1)	(1)	(2)	(23)
Loss from discontinued operations, net of taxes	$—	$(2)	$(2)	(52)

(1) Total revenues include gain or loss on sale, if applicable.

Cash Flows from Discontinued Operations

	Six Months Ended June 30,	
In millions of dollars	2014	2013
Cash flows from operating activities	$—	$(42)
Cash flows from investing activities	—	—
Cash flows from financing activities	—	42
Net cash provided by discontinued operations	$—	$—

Sale of Egg Banking plc Credit Card Business

On March 1, 2011, Citi announced that Egg Banking plc (Egg), an indirect subsidiary that was part of Citi Holdings, entered into a definitive agreement to sell its credit card business. The sale closed in April 2011.

Summarized financial information for Discontinued operations for the operations related to Egg follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
In millions of dollars	2014	2013	2014	2013
Total revenues, net of interest expense[1]	$4	$—	$4	$—
Income (loss) from discontinued operations	$(7)	$(1)	$(28)	$(28)
(Benefit) provision for income taxes	(2)	—	(9)	(10)
Loss from discontinued operations, net of taxes	$(5)	$(1)	$(19)	$(18)

(1) Total revenues include gain or loss on sale, if applicable.

Cash flows from Discontinued operations related to Egg were not material for all periods presented.

Audit of Citi German Consumer Tax Group

Citi sold its German retail banking operations in 2007 and reported them as Discontinued operations. During the third quarter of 2013, German tax authorities concluded their audit of Citi's German consumer tax group for the years 2005-2008. This resolution resulted in a pretax benefit of $27 million and a tax benefit of $57 million ($85 million total net income benefit) during the third quarter of 2013, all of which was included in Discontinued operations. During 2014, residual costs associated with German retail banking operations resulted in a tax expense of $20 million.

Combined Results for Discontinued Operations

The following is summarized financial information for Credicard, CCA, Egg and previous Discontinued operations for which Citi continues to have minimal residual costs associated with the sales:

	Three Months Ended June 30,		Six Months Ended June 30,	
In millions of dollars	2014	2013	2014	2013
Total revenues, net of interest expense[1]	$4	$258	$73	$580
Income (loss) from discontinued operations	$(3)	$51	$37	$(52)
Gain (loss) on sale	—	—	—	56
Provision (benefit) for income taxes	19	21	22	7
Income (loss) from discontinued operations, net of taxes	$(22)	$30	$15	$(3)

(1) Total revenues include gain or loss on sale, if applicable.

Cash Flows from Discontinued Operations

	Six Months Ended June 30,	
In millions of dollars	2014	2013
Cash flows used in operating activities	$—	$(338)
Cash flows from investing activities	—	282
Cash flows from financing activities	—	41
Net cash provided by discontinued operations	$—	$(15)

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Significant Disposals

Beginning on April 1, 2014, Citi elected to early-adopt ASU 2014-08 (see Note 1 to the Consolidated Financial Statements). The following sales were identified as disposals of individually significant components under ASU 2014-08, including the assets and liabilities that were reclassified to HFS (within Other assets and Other liabilities) on the Consolidated Balance Sheet and the Income (loss) before taxes (benefits) related to each business.

Sale of Spain Consumer Business

On June 23, 2014, Citi entered into a definitive agreement to sell its consumer business in Spain, which is part of Citi Holdings. The sale, which is subject to regulatory approvals and other customary closing conditions, is expected to result in an after-tax gain upon completion of the sale (expected to occur in the third quarter of 2014).

In millions of dollars	June 30, 2014
Assets	
Cash and deposits with banks	$61
Loans (net of allowance of $177 million)	1,804
Goodwill	116
Other assets	53
Total assets	$2,034
Liabilities	
Deposits	$2,455
Other liabilities	84
Total liabilities	$2,539

	Three Months Ended June 30,		Six Months Ended June 30,	
In millions of dollars	2014	2013	2014	2013
Income before taxes	$12	$15	$33	$26

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Sale of Greece Consumer Business

On June 13, 2014, Citi entered into a definitive agreement to sell its consumer business in Greece, which is part of Citi Holdings. The sale, which is subject to regulatory approvals and other customary closing conditions, is expected to result in an after-tax gain upon closing (expected to occur in the third quarter of 2014) and is subject to regulatory approvals.

In millions of dollars	June 30, 2014
Assets	
Cash and deposits with banks	$24
Loans (net of allowance of $204 million)	298
Other assets	8
Total assets	$330
Liabilities	
Deposits	$1,280
Other liabilities	35
Total liabilities	$1,315

	Three Months Ended June 30,		Six Months Ended June 30,	
In millions of dollars	2014	2013	2014	2013
Income before taxes	$(25)	$(78)	$(40)	$(134)

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3. BUSINESS SEGMENTS

Citigroup is a diversified bank holding company whose businesses provide a broad range of financial services to consumer and corporate customers around the world. The Company's activities are conducted through the Global Consumer Banking (GCB), Institutional Clients Group (ICG), Corporate/Other and Citi Holdings business segments.

The GCB segment includes a global, full-service consumer franchise delivering a wide array of banking, credit card lending and investment services through a network of local branches, offices and electronic delivery systems and is composed of four Global Consumer Banking (GCB) businesses: North America, EMEA, Latin America and Asia.

The Company's ICG segment is composed of Banking and Markets and Securities Services and provides corporate, institutional, public sector and high-net-worth clients in approximately 100 countries with a broad range of banking and financial products and services.

Corporate/Other includes net treasury results, unallocated corporate expenses, offsets to certain line-item reclassifications and eliminations, the results of discontinued operations and unallocated taxes.

The Citi Holdings segment is composed of businesses and portfolios of assets that Citigroup has determined are not central to its core Citicorp businesses.

The accounting policies of these reportable segments are the same as those disclosed in Note 1 to the Consolidated Financial Statements in Citi's 2013 Annual Report on Form 10-K.

The prior-period balances reflect reclassifications to conform the presentation in those periods to the current period's presentation. Effective January 1, 2014, certain business activities within the former Securities and Banking and Transaction Services were realigned and aggregated as Banking and Markets and Securities Services within ICG. This change was due to the realignment of the management structure within the ICG segment and did not have an impact any total segment-level information. In addition, during the first quarter of 2014, reclassifications were made related to Citi's re-allocation of certain administrative, operations and technology costs among Citi's businesses, the allocation of certain costs from the Corporate/Other segment to Citi's businesses as well as certain immaterial reclassifications between revenues and expenses affecting ICG.

The following table presents certain information regarding the Company's continuing operations by segment:

	Revenues, net of interest expense [1]		Provision (benefits) for income taxes		Income (loss) from continuing operations [2]		Identifiable assets	
	Three Months Ended June 30,							
In millions of dollars, except identifiable assets in billions	2014	2013	2014	2013	2014	2013	June 30, 2014	December 31, 2013
Global Consumer Banking	$9,381	$9,718	$816	$968	$ 1,605	$ 1,862	$406	$ 405
Institutional Clients Group	8,463	9,560	1,122	1,448	2,562	3,136	1,067	1,045
Corporate/Other	35	114	(188)	49	(432)	(229)	326	313
Total Citicorp	$17,879	$19,392	$1,750	$2,465	$ 3,735	$ 4,769	$1,799	$ 1,763
Citi Holdings	1,463	1,096	88	(338)	(3,482)	(581)	111	117
Total	$19,342	$20,488	$1,838	$2,127	$ 253	$ 4,188	$1,910	$ 1,880

	Revenues, net of interest expense [1]		Provision (benefits) for income taxes		Income (loss) from continuing operations [2]	
	Six Months Ended June 30,					
In millions of dollars	2014	2013	2014	2013	2014	2013
Global Consumer Banking	$18,674	$19,464	$1,574	$1,890	$3,332	$3,687
Institutional Clients Group	17,697	19,151	2,370	2,825	5,527	6,206
Corporate/Other	176	120				