CITIGROUP INC
Form 10-Q
November 01, 2013

Use these links to rapidly review the document
FINANCIAL STATEMENTS AND NOTES TABLE OF CONTENTS

# 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 September 30, 2013**

**Commission file number 1-9924**

# Citigroup Inc.

(Exact name of registrant as specified in its charter)

| **Delaware** | **52-1568099** |
|---|---|
| (State or other jurisdiction of incorporation or organization) | (I.R.S. Employer Identification No.) |
| **399 Park Avenue, New York, NY** | **10022** |
| (Address of principal executive offices) | (Zip code) |

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

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

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

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

| Large accelerated filer ý | Accelerated filer o | Non-accelerated filer o<br>(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 September 30, 2013: 3,033,000,777

**Available on the web at www.citigroup.com**

**CITIGROUP INC**
**THIRD QUARTER 2013 FORM 10-Q**


| | |
|---|---|
| **OVERVIEW** | 5 |
| **MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS** | 7 |
| **Executive Summary** | 7 |
| **Summary of Selected Financial Data** | 11 |
| **SEGMENT AND BUSINESS INCOME (LOSS) AND REVENUES** | 13 |
| **CITICORP** | 15 |
| **Global Consumer Banking** | 16 |
| North America Regional Consumer Banking | 17 |
| EMEA Regional Consumer Banking | 19 |
| Latin America Regional Consumer Banking | 21 |
| Asia Regional Consumer Banking | 23 |
| **Institutional Clients Group** | 25 |
| Securities and Banking | 26 |
| Transaction Services | 29 |
| **Corporate/Other** | 31 |
| **CITI HOLDINGS** | 32 |
| **BALANCE SHEET REVIEW** | 34 |
| **CAPITAL RESOURCES AND LIQUIDITY** | 38 |
| Capital Resources | 38 |
| Funding and Liquidity | 47 |
| **OFF-BALANCE-SHEET ARRANGEMENTS** | 55 |
| **MANAGING GLOBAL RISK** | 55 |
| **CREDIT RISK** | 56 |
| Loans Outstanding | 56 |
| Details of Credit Loss Experience | 57 |
| Non-Accrual Loans and Assets and Renegotiated Loans | 59 |
| North America Consumer Mortgage Lending | 63 |
| North America Cards | 75 |
| Consumer Loan Details | 76 |
| Corporate Credit Details | 78 |

**MARKET RISK** 80
**COUNTRYAND CROSS-BORDER RISK** 92
Country Risk 92
Cross-Border Risk 100
**FAIR VALUE ADJUSTMENTS FOR DERIVATIVES AND STRUCTURED DEBT** 101
**CREDIT DERIVATIVES** 102
**INCOME TAXES** 104
**DISCLOSURE CONTROLS AND PROCEDURES** 105
**DISCLOSURE PURSUANT TO SECTION 219 OF THE IRAN THREAT REDUCTION AND SYRIA HUMAN RIGHTS ACT** 105
**FORWARD-LOOKING STATEMENTS** 106
**FINANCIAL STATEMENTS AND NOTES TABLE OF CONTENTS** 108
**CONSOLIDATED FINANCIAL STATEMENTS** 109
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS** 115
**LEGAL PROCEEDINGS** 244
**UNREGISTERED SALES OF EQUITY, PURCHASES OF EQUITY SECURITIES, DIVIDENDS** 245

**CITIGROUP INC.**
**RISK, CAPITAL AND FUNDING AND LIQUIDITY DISCLOSURES**


| | Third Quarter 2013 Form 10-Q | 2012 Form 10-K |
|---|---|---|
| | Page Reference(s) | |
| **CAPITAL RESOURCES** | | |
| Overview | 38 | 41 |
| Current Regulatory Capital Guidelines | 38 - 44 | 41 - 42, 45 - 46 |
| Basel III | 41 - 44 | 43 - 44 |
| Regulatory Capital Standards and Developments | 44 - 45 | 47 - 49 |
| Tangible Common Equity and Tangible Book Value Per Share | 46 | 45 |
| **FUNDING AND LIQUIDITY** | | |
| Overview | 47 | 50 |
| High Quality Liquid Assets | 48 | 50 - 51 |
| Deposits | 49 | 51 |
| Long-Term Debt | 49 - 50 | 52 - 54 |
| Secured Financing Transactions and Short-Term Borrowings | 51 | 54 - 55 |
| Liquidity Management, Measures and Stress Testing | 51 | 55 - 56 |
| Credit Ratings | 53 - 54 | 56 - 57 |
| **RISK FACTORS** | | |
| Regulatory Risks | | 60 - 63 |
| Market and Economic Risks | | 63 - 65 |
| Liquidity Risks | | 65 - 66 |
| Legal Risks | | 66 - 67 |
| Business and Operational Risks | | 67 - 71 |
| **MANAGING GLOBAL RISK** | | |
| Risk Management Overview | 55 | 72 |
| Risk Aggregation and Stress testing | | 73 |
| Risk Capital | | 73 |
| **CREDIT RISK** | | |
| Credit Risk Management and Stress Testing | | 74 |
| Loans Outstanding | 56 | 75 |
| Details of Credit Loss Experience and Allowance for Loan Losses | 57 - 58 | 76 - 77 |
| Non-Accrual Loans and Assets and Renegotiated Loans | 59 - 62 | 78 - 81 |
| North America Consumer Mortgage Lending and Cards | 63 - 75 | 83 - 97 |
| Consumer Loan Details | 76 - 77 | 98 - 99 |
| Corporate Credit Details | 78 - 79 | 100 - 101 |
| **MARKET RISK(1)** | | |
| Market Risk Management and Stress Testing | | 102 |
| Price Risk Non-Trading Portfolios | 80 - 81 | 102 - 103 |
| Price Risk Trading Portfolios | 82 - 83 | 104 - 106 |
| **OPERATIONAL RISK** | | |
| Operational Risk Management and Stress Testing | | 112 |
| **COUNTRY AND CROSS-BORDER RISK** | | |
| Country Risk | 92 - 99 | 113 - 119 |
| Cross-Border Risk | 100 | 120 - 122 |


(1) For further information regarding market risk and related metrics, refer to Citi's Basel II.5 market risk disclosures on its Investor Relations website (www.citigroup.com/citi/investor/reg.htm).

**THIS PAGE INTENTIONALLY LEFT BLANK**

**OVERVIEW**

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

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

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

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

This Quarterly Report on Form 10-Q should be read in conjunction with Citigroup's Annual Report on Form 10-K for the year ended December 31, 2012 filed with the U.S. Securities and Exchange Commission (SEC) on March 1, 2013 (2012 Annual Report on Form 10-K) and Citigroup's Quarterly Reports on Form 10-Q for the quarters ended March 31, 2013 and June 30, 2013 filed with the SEC on May 3, 2013 (First Quarter of 2013 Form 10-Q) and August 2, 2013 (Second Quarter of 2013 Form 10-Q), respectively. Additional information about Citigroup is available on Citi's website at *www.citigroup.com*. Citigroup's recent annual reports on Form 10-K, quarterly reports on Form 10-Q, proxy statements, as well as other filings with the SEC, are available free of charge through Citi's website by clicking on the "Investors" page and selecting "All SEC Filings." The SEC's website also contains current reports, information statements, and other information regarding Citi at *www.sec.gov*.

Within this Form 10-Q, please refer to the tables of contents on pages 2, 3 and 108 for page references to Management's Discussion and Analysis of Financial Condition and Results of Operations and Notes to Consolidated Financial Statements, respectively.

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

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

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

6

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

## EXECUTIVE SUMMARY

### Third Quarter of 2013 Summary Results

Citi's results for the third quarter of 2013 reflected a challenging operating environment, including a slow-down in market activity within *Securities and Banking* due to macroeconomic uncertainties, including potential changes in U.S. government monetary policy, slowing economic growth, particularly in the emerging markets, and, as expected, significantly lower mortgage origination volumes in *North America*. Citi's results also continued to be negatively impacted by ongoing spread compression(1) globally, impacting its *Global Consumer Banking (GCB)* and *Transaction Services* businesses, as well as continued regulatory changes in certain of its *GCB* markets. Citi expects these factors will continue to negatively affect the operating environment during the remainder of 2013, and thus its results of operations.

Legal and related expenses remained elevated as Citi continues to work through its "legacy" legal issues within Citi Holdings. Legal and related expenses are likely to remain elevated and somewhat volatile as Citi works through these challenges, although Citi was able to resolve an additional portion of its legacy representation and warranty issues during the third quarter of 2013, with its announced agreement with Freddie Mac (see "Managing Global Risk Credit Risk Citigroup Residential Mortgages Representations and Warranties" below).

### Citigroup

Citigroup reported third quarter of 2013 net income of $3.2 billion, or $1.00 per diluted share, compared to $468 million, or $0.15 per diluted share, in the third quarter of 2012. Results for the third quarter of 2013 included a negative 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 $336 million ($208 million after-tax), compared to negative $776 million ($485 million after-tax) in the third quarter of 2012, reflecting the tightening of Citi's credit spreads. Results in the third quarter of 2013 also included a $176 million tax benefit, compared to a $582 million tax benefit in the prior-year period, each of which related to the resolution of certain tax audit items and were recorded in *Corporate/Other*. Third quarter of 2012 results also included a pre-tax loss of $4.7 billion ($2.9 billion after-tax) related to the Morgan Stanley Smith Barney joint venture (MSSB).(2)

Excluding CVA/DVA and the tax benefit in both periods as well as the third quarter of 2012 MSSB loss,(3) Citigroup net income remained unchanged as compared to the prior-year period at $3.3 billion, as lower operating expenses and lower credit costs were offset by lower revenues and a higher tax rate (30% in the third quarter of 2013 as compared to a 26% tax rate on a comparable basis in the prior-year period). Earnings per share of $1.02 decreased 4% compared to $1.06 in the prior-year period, including the impact of higher preferred dividends in the third quarter of 2013 ($110 million in the third quarter of 2013, compared to $4 million in the third quarter of 2012).

Citi's revenues, net of interest expense, were $17.9 billion in the third quarter of 2013, up 30% versus the prior-year period. Excluding CVA/DVA and the third quarter of 2012 MSSB loss, revenues were $18.2 billion, down 5% compared to the prior-year period, as revenues in Citicorp declined by 7% but Citi Holdings revenues increased by 28%. Net interest revenues of $11.5 billion were 2% lower than the prior-year period, as declines in Citicorp, driven by the ongoing impact of spread compression and the impact of foreign exchange translation into U.S. dollars for reporting purposes (as used throughout this report, FX translation),(4) were partially offset by an increase in Citi Holdings. Non-interest revenues were $6.4 billion, up $4.4 billion from the prior-year period, driven by the absence of the third quarter of 2012 MSSB loss. Excluding CVA/DVA in both periods and the third quarter of 2012 MSSB loss, non-interest revenues of $6.7 billion were 10% lower than the prior-year period, mostly reflecting lower revenues in *GCB* and *Securities and Banking*.

#### *Operating Expenses*

Citigroup operating expenses decreased 4% versus the prior-year period to $11.7 billion. Citi incurred legal and related expenses of $677 million (compared to $529 million in the prior-year period), primarily in Citi Holdings, and repositioning charges of $133 million in the third quarter of 2013 (compared to $95 million in the prior-year period), primarily in Citicorp. Excluding legal and related expenses, repositioning charges and the impact of FX translation, Citi's operating expenses were $10.8 billion, a 4% reduction versus the prior-year period. This expense decline reflected repositioning savings as well as lower performance-based compensation and lower transaction costs reflecting the challenging revenue environment in the quarter.

Citicorp's expenses were $10.3 billion, down 6% from the prior-year period, primarily reflecting ongoing expense control initiatives, lower performance-based compensation, lower legal and related expenses and the impact of FX translation. Citicorp legal and related expenses were $84 million in the third quarter of 2013, compared to $279 million in the prior-year period.

Citi Holdings operating expenses increased 16% from the prior-year period to $1.4 billion, principally due to the higher

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

(2) The MSSB loss consisted of (i) a pre-tax loss on Citigroup's sale of a 14% interest in MSSB to Morgan Stanley of $1.4 billion pre-tax ($800 million after-tax) and (ii) an other-than-temporary impairment of the carrying value of Citigroup's then-remaining 35% interest in MSSB of $3.3 billion pre-tax ($2.1 billion after-tax).

(3) Citigroup's results of operations, excluding the impact of CVA/DVA, the tax benefits and the MSSB loss, are non-GAAP financial measures. Citi believes the presentation of its results of operations excluding these items provides a more meaningful depiction of the underlying fundamentals of its businesses.

(4) FX translation decreased both reported revenues and operating expenses by approximately $200 million in the third quarter of 2013 as compared to the prior-year period. For the impact of FX translation on third quarter of 2013 results of operations for each of *EMEA Regional Consumer Banking (RCB)*, *Latin America RCB*, *Asia RCB* and *Transaction Services*, see the table accompanying the discussion of each respective business' results of operations below.

legacy legal and related expenses. Citi Holdings legal and related expenses were $593 million in the third quarter of 2013, compared to $250 million in the prior-year period. Excluding legal and related costs, Citi Holdings operating expenses declined 16% versus the prior-year period.

***Credit Costs and Loan Loss Reserve Positions***

Citi's credit performance remained favorable in the third quarter of 2013. Total provisions for credit losses and for benefits and claims of $2.0 billion declined 25% from the prior-year period. Net credit losses of $2.4 billion were down 38% from the third quarter of 2012. Consumer net credit losses declined 38% to $2.3 billion. Citigroup's Consumer net credit losses in the third quarter 2012 included approximately $635 million of incremental mortgage charge-offs required by OCC guidance regarding the treatment of mortgage loans where the borrower has gone through Chapter 7 bankruptcy, recorded in Citi Holdings. These incremental charge-offs were substantially offset by a related reserve release of approximately $600 million. Excluding these incremental charge-offs, Citi's Consumer net credit losses declined 26%, principally reflecting improvements in *North America* mortgages in Citi Holdings. Corporate net credit losses were $96 million in the third quarter of 2013, compared to $117 million in the prior-year period.

The net release of allowance for loan losses and unfunded lending commitments was $675 million in the third quarter of 2013, 55% lower than the prior-year period which included the loan loss reserve release in Citi Holdings relating to the previously mentioned impact of OCC guidance. Excluding this incremental reserve release in the third quarter of 2012, Citi's net loan loss reserve release in the third quarter of 2013 decreased by 25% from the prior-year period.

The $675 million net release in the third quarter of 2013 reflected a $737 million net reserve release in Consumer, partially offset by a $62 million net reserve build in Corporate. Of the $675 million net reserve release, $679 million was attributable to Citi Holdings. Within Citi Holdings, $725 million of the reserve release related to *North America* mortgages, including an approximate $300 million release driven by continued improvement in delinquencies and home prices, partially offset by losses on asset sales. Citicorp recorded a reserve build of $4 million, compared to a reserve release of $689 million in the prior-year period, primarily reflecting a lower reserve release in *North America RCB*, due to a continued reduction in *North America* cards releases, as well as reserve builds in *Latin America RCB* and in *Securities and Banking* (for additional information, see the discussion of each business' results of operations below).

Citigroup's total allowance for loan losses was $20.6 billion at quarter end, or 3.2% of total loans, compared to $25.9 billion, or 4.0%, at the end of the prior-year period. The decline in the total allowance for loan losses reflected asset sales, lower non-accrual loans, and overall continued improvement in the credit quality of Citi's loan portfolios.

The Consumer allowance for loan losses was $17.9 billion, or 4.6% of total Consumer loans, at quarter end, compared to $23.1 billion, or 5.7% of total loans, at September 30, 2012. Total non-accrual assets decreased 23% to $9.8 billion as compared to September 30, 2012. Corporate non-accrual loans declined 10% to $2.2 billion, and Consumer non-accrual loans declined 26%, to $7.2 billion, each versus the prior-year period.

***Capital***

Citi continued to grow its regulatory capital during the third quarter of 2013, primarily through net income and continued utilization of its deferred tax assets (DTAs) (for additional information on Citi's DTAs, see "Income Taxes" below). Citigroup's Basel I Tier 1 Capital and Tier 1 Common ratios were 13.6% and 12.7% as of September 30, 2013, compared to 13.2% and 12.2%, respectively, at June 30, 2013. Citi's estimated Tier 1 Common ratio under Basel III was 10.5% at the end of the third quarter of 2013, up from an estimated 10.0% at June 30, 2013, calculated based on the "advanced approaches" for determining total risk-weighted assets under the final U.S. Basel III rules and proposed U.S. Basel III rules, respectively. Citi's estimated Basel III Supplementary Leverage Ratio for the third quarter of 2013 was 5.1%, compared to 4.9% at June 30, 2013.(5)

***Citicorp(6)***

Citicorp net income decreased 17% from the prior-year period to $3.3 billion. CVA/DVA in *Securities and Banking* was a negative $332 million (negative $206 million after-tax), compared to a negative $799 million (negative $499 million after-tax) in the prior-year period. Excluding CVA/DVA and the tax benefits described above in both periods, Citicorp net income decreased 15% from the prior-year period to $3.4 billion, driven by lower revenues and a lower loan loss reserve release, partially offset by the lower operating expenses and lower net credit losses.

Citicorp revenues, net of interest expense, were $16.6 billion in the third quarter of 2013, down 4% versus the prior-year period. Excluding CVA/DVA, Citicorp revenues were $17.0 billion in the quarter, down 7% from the prior-year period, driven by declines in *Global Consumer Banking* and *Securities and Banking* revenues, while *Transaction Services* revenues were unchanged.

*Global Consumer Banking* revenues were $9.2 billion in the third quarter of 2013, a decline of 7% versus the prior-year period. *North America RCB* revenues of $4.7 billion declined 12% from the prior-year period, driven by a 35% decline in retail banking revenues with total cards revenues (Citi-branded cards and Citi retail services) remaining unchanged. The decline in retail banking revenues primarily reflected the lower mortgage origination revenues as well as the impact of ongoing spread compression, partially offset by 8% growth in average deposits and 4% growth in average loans versus the prior-year period. With respect to cards, improved net interest spreads were offset by continued lower average balances. Citi-branded cards revenues were unchanged at $2.1 billion, as a 4% decline in average cards loans was offset by continued improvement in net interest spreads. Citi retail services revenues declined 1% to $1.5 billion, reflecting the continued negative impact of higher

---

(5) Citi's estimated Basel III Tier 1 Common ratio and estimated Basel III Supplementary Leverage ratio as of September 30, 2013 are calculated under the final U.S. Basel III rules whereas these ratios as of June 30, 2013 are based on the proposed U.S. Basel III Rules (Basel III NPR). Citi's estimated Basel III Tier 1 Common ratio, Supplementary Leverage ratio and certain related components are non-GAAP financial measures. For additional information on these measures, see "Capital Resources and Liquidity Capital Resources" below.

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

contractual partner share payments due to the impact of improving credit trends. Total card purchase sales increased 3% versus the prior-year period.

International *GCB* revenues (consisting of *Asia RCB*, *Latin America RCB* and *EMEA RCB*) declined 1% versus the prior-year period. Excluding the impact of FX translation, international *GCB* revenues grew 2%, driven by 6% revenue growth in *Latin America RCB* as volume growth offset the impact of spread compression. Growth in *Latin America RCB was* partially offset by a 3% decline in *EMEA RCB*, reflecting the previously-announced market exits over the past year, and a 2% decline in *Asia RCB*. In *Asia RCB*, the decline in revenues was driven by spread compression as well as the continued impact of regulatory changes in certain countries, most significantly Korea. Citi expects these factors to negatively impact revenues in *Asia RCB* throughout 2014. Despite these headwinds, most underlying business metrics showed continued momentum in the third quarter of 2013. International *GCB* average retail loans increased 6% versus the prior-year period, investment sales grew 1%, average card loans(7) grew 1%, and card purchase sales(7) grew 8%, all excluding the impact of FX translation.

*Securities and Banking* revenues were $4.7 billion in the third quarter of 2013, down 2% from the prior-year period. Excluding CVA/DVA,(8)*Securities and Banking* revenues of $5.1 billion decreased 10% from the prior-year period, driven principally by declines in fixed income markets and investment banking revenues. Citi expects *Securities and Banking* results of operations will likely continue to reflect the overall market environment.

Fixed income markets revenues of $2.8 billion, excluding CVA/DVA, decreased 26% from the prior-year period reflecting lower volumes and the impact of the uncertain macroeconomic environment. Sequentially, fixed income markets revenues declined 17%, reflecting the slowdown in market activity given the uncertain macroeconomic environment as well as Citi's actions to reduce risk given increased volatility in the emerging markets. Equity markets revenues of $710 million, excluding CVA/DVA, increased 36% from the prior-year period, reflecting market share gains as well as improved derivatives trading performance. Sequentially, equity market revenues declined 25% as cash equity revenues generally declined in line with overall market volumes and trading performance was weaker in derivatives.

Investment banking revenues declined 10% from the prior-year period to $839 million, reflecting challenging overall market conditions in the current quarter, driven primarily by declines in debt underwriting and advisory revenues, partially offset by growth in equity underwriting. Private Bank revenues of $614 million, excluding CVA/DVA, increased 1% from the prior-year period, driven by investment products, but were down 5% sequentially primarily due to lower capital markets activity. Lending revenues increased to $230 million from $167 million in the prior-year period, reflecting $147 million of mark-to-market losses on hedges related to accrual loans as credit spreads tightened less significantly during the third quarter of 2013 (compared to a $252 million loss in the prior-year period). Excluding the mark-to-market impact of hedges related to accrual loans, core lending revenues declined 10% to $377 million versus the prior-year period, primarily driven by lower volumes.

*Transaction Services* revenues were $2.6 billion, unchanged compared to the prior-year period. Excluding the impact of FX translation, *Transaction Services* revenues increased 2% versus the prior-year period, as fee income growth was partially offset by a decline in net interest revenues driven by continued spread compression. Treasury and Trade Solutions and Securities and Fund Services revenues were each unchanged on a reported basis as compared to the prior-year period. Excluding the impact of FX translation, Treasury and Trade Solutions revenues increased 1%, as volume and fee growth was partially offset by the ongoing impact of spread compression globally. Securities and Fund Services revenues increased 3% excluding the impact of FX translation, as higher settlement volumes and fees were partially offset by lower net interest spreads. Despite the continued negative impact of spread compression on revenues in *Transaction Services*, underlying volumes continued to grow, with average deposits and other customer liability balances up 4% and assets under custody up 9%, each versus the prior-year period.

Citicorp end of period loans increased 5% from the prior-year period to $561 billion,(7) with 3% growth in Consumer loans, including the impact of adding approximately $7 billion of loans related to the previously-announced acquisition of Best Buy's U.S. credit card portfolio in the third quarter of 2013, and 8% growth in Corporate loans, including the impact of adding approximately $7 billion of previously unconsolidated assets in the second quarter of 2013, as previously disclosed.

***Citi Holdings***

During the third quarter of 2013, Citi continued to make progress on its goal of reducing the negative impact of Citi Holdings on Citi's overall results of operations. Citi Holdings net loss was $104 million in the third quarter of 2013, compared to a net loss of $3.6 billion in the third quarter of 2012. Excluding CVA/DVA(9) as well as the third quarter of 2012 MSSB loss, Citi Holdings net loss decreased to $102 million compared to a net loss of $670 million in the prior-year period, as higher revenues and lower net credit losses were partially offset by higher operating expenses and lower loan loss reserve release. While the net loss in Citi Holdings continued to improve during the current quarter, Citi expects the results of operations for Citi Holdings could fluctuate going forward, based on episodic gains or losses resulting from the continued wind down of the assets, the volatility of legal and related expenses and the likely absence of the third quarter of 2013 loan loss reserve release related to improved delinquencies and home prices.

Citi Holdings revenues increased by $4.9 billion to $1.3 billion from the prior-year period. Excluding CVA/DVA and the third quarter of 2012 MSSB loss, Citi Holdings revenues increased 28% to $1.3 billion versus the prior-year period, mostly driven by the absence of residential mortgage repurchase reserve builds for representation and warranty claims in the third quarter of 2013. Net interest revenues increased 14% to $776

---

(7) Adjusted to exclude Credicard loans of $3.2 billion in third quarter of 2012; Credicard was moved to discontinued operations in *Corporate/Other* as of the second quarter of 2013. For additional information, see Note 2 to the Consolidated Financial Statements.

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

(9) CVA/DVA in Citi Holdings was negative $4 million in the third quarter of 2013, compared to $23 million in the prior-year period.

million versus the prior-year period due to lower funding costs. Non-interest revenues, excluding CVA/DVA as well as the third quarter of 2012 MSSB loss, increased 59% from the prior-year period to $480 million due to the absence of the residential mortgage repurchase reserve build.

Citi Holdings end of period assets declined 29% from the prior-year period to $122 billion at the end of the third quarter of 2013 (for additional information on the components of the asset decline during the current quarter, see "Citi Holdings" below). At the end of the quarter, Citi Holdings assets comprised approximately 6% of total Citigroup GAAP assets, 11% of risk-weighted assets (as defined under current regulatory guidelines), and 19% of estimated risk-weighted assets under Basel III (calculated based on the advanced approaches for determining total risk-weighted assets under the final U.S. Basel III rules).

**RESULTS OF OPERATIONS**

**SUMMARY OF SELECTED FINANCIAL DATA Page 1**

***Citigroup Inc. and Consolidated Subsidiaries***

| *In millions of dollars, except per-share amounts and ratios* | **Third Quarter 2013** | **Third Quarter 2012** | **% Change** | **Nine Months 2013** | **Nine Months 2012** | **% Change** |
|---|---|---|---|---|---|---|
| Net interest revenue | **$ 11,511** | $ 11,711 | (2)% | **$ 34,823** | $ 34,770 | % |
| Non-interest revenue | **6,369** | 1,992 | NM | **23,763** | 16,441 | 45 |
| **Total revenues, net of interest expense** | **$ 17,880** | $ 13,703 | 30% | **$ 58,586** | $ 51,211 | 14% |
| Operating expenses | **11,655** | 12,092 | (4) | **36,062** | 36,265 | (1) |
| Provisions for credit losses and for benefits and claims | **1,959** | 2,620 | (25) | **6,442** | 8,216 | (22) |
| **Income from continuing operations before income taxes** | **$ 4,266** | $ (1,009) | NM | **$ 16,082** | $ 6,730 | NM |
| Income taxes | **1,080** | (1,494) | NM | **4,777** | 221 | NM |
| **Income from continuing operations** | **$ 3,186** | $ 485 | NM | **$ 11,305** | $ 6,509 | 74% |
| **Income (loss) from discontinued operations, net of taxes(1)** | **92** | 8 | NM | **89** | 27 | NM |
| **Net income before attribution of noncontrolling interests** | **$ 3,278** | $ 493 | NM | **$ 11,394** | $ 6,536 | 74% |
| Net income attributable to noncontrolling interests | **51** | 25 | NM | **177** | 191 | (7) |
| **Citigroup's net income** | **$ 3,227** | $ 468 | NM | **$ 11,217** | $ 6,345 | 77% |
| Less: | | | | | | |
| Preferred dividends Basic | **$ 110** | $ 4 | NM | **$ 123** | $ 17 | NM |
| Dividends and undistributed earnings allocated to employee restricted and deferred shares that contain nonforfeitable rights to dividends, applicable to Basic EPS | **61** | 11 | NM | **217** | 138 | 57% |
| **Income allocated to unrestricted common shareholders for Basic EPS** | **$ 3,056** | $ 453 | NM | **$ 10,877** | $ 6,190 | 76% |
| Add: Interest expense, net of tax, and dividends on convertible securities and adjustment of undistributed earnings allocated to employee restricted and deferred shares that contain nonforfeitable rights to dividends, applicable to diluted EPS | | 2 | NM | **2** | 10 | NM |
| **Income allocated to unrestricted common shareholders for diluted EPS** | **$ 3,056** | $ 455 | NM | **$ 10,879** | $ 6,200 | 75% |
| **Earnings per share** | | | | | | |
| **Basic** | | | | | | |
| Income from continuing operations | **0.98** | 0.15 | NM | **3.55** | 2.11 | 68 |
| Net income | **1.01** | 0.15 | NM | **3.58** | 2.12 | 69 |
| **Diluted** | | | | | | |
| Income from continuing operations | **$ 0.98** | $ 0.15 | NM | **$ 3.55** | $ 2.05 | 73% |
| Net income | **1.00** | 0.15 | NM | **3.57** | 2.06 | 73 |
| **Dividends declared per common share** | **0.01** | 0.01 | % | **0.03** | 0.03 | |

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* | Third Quarter 2013 | Third Quarter 2012 | % Change | Nine Months 2013 | Nine Months 2012 | % Change |
|---|---|---|---|---|---|---|
| **At September 30:** | | | | | | |
| Total assets | **$ 1,899,511** | $ 1,931,346 | (2)% | | | |
| Total deposits | **955,460** | 944,644 | 1 | | | |
| Long-term debt | **221,593** | 271,862 | (18) | | | |
| Citigroup common stockholders' equity | **195,603** | 186,465 | 5 | | | |
| Total Citigroup stockholders' equity | **200,846** | 186,777 | 8 | | | |
| Direct staff *(in thousands)* | **252** | 262 | (4) | | | |
| **Ratios** | | | | | | |
| Return on average assets | **0.69%** | 0.10% | | **0.80%** | .044% | |
| Return on average common stockholders' equity(3) | **6.42%** | 0.99% | | **7.83%** | 4.62% | |
| Return on average total stockholders' equity(3) | **6.48%** | 1.00% | | **7.70%** | 4.63% | |
| Efficiency ratio | **65%** | 88% | | **62%** | 71% | |
| Tier 1 Common(4)(5) | **12.68%** | 12.73% | | | | |
| Tier 1 Capital(5) | **13.64%** | 13.92% | | | | |
| Total Capital(5) | **16.68%** | 17.12% | | | | |
| Leverage(6) | **8.13%** | 7.39% | | | | |
| Citigroup common stockholders' equity to assets | **10.30%** | 9.65% | | | | |
| Total Citigroup stockholders' equity to assets | **10.57** | 9.67 | | | | |
| Dividend payout ratio(2) | **1.0** | 6.7 | | | | |
| Book value per common share | **$ 64.49** | $ 63.59 | 1 | | | |
| Ratio of earnings to fixed charges and preferred stock dividends | **2.02x** | 0.80x | | **2.25x** | 1.41x | |

(1) Discontinued operations for 2013 and 2012 includes the announced sale of Citi's Brazil Credicard business and the sale of the Egg Banking PLC credit card business. Discontinued operations in 2013 also includes the carve-out of Citi's liquid strategies business within Citi Capital Advisors. Discontinued operations in 2013 and 2012 also reflect the sale of the Egg Banking PLC credit card business. Discontinued operations in the third quarter of 2013 also includes the tax benefit related to the conclusion of the audit of Citi's Consumer German tax group. For additional information, see "Income Taxes" and Note 2 to the Consolidated Financial Statements.

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

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

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

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

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

12

**SEGMENT AND BUSINESS INCOME (LOSS) AND REVENUES**

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

**CITIGROUP INCOME**

| *In millions of dollars* | Third Quarter 2013 | Third Quarter 2012 | % Change | Nine Months 2013 | Nine Months 2012 | % Change |
|---|---|---|---|---|---|---|
| **Income (loss) from continuing operations** | | | | | | |
| **CITICORP** | | | | | | |
| ***Global Consumer Banking*** | | | | | | |
| *North America* | **$ 932** | $ 1,277 | (27)% | **$ 3,169** | $ 3,748 | (15)% |
| *EMEA* | **19** | 6 | NM | **54** | 6 | NM |
| *Latin America* | **289** | 374 | (23) | **1,040** | 1,084 | (4) |
| *Asia* | **386** | 450 | (14) | **1,235** | 1,400 | (12) |
| **Total** | **$ 1,626** | $ 2,107 | (23)% | **$ 5,498** | $ 6,238 | (12)% |
| ***Securities and Banking*** | | | | | | |
| *North America* | **$ 420** | $ 292 | 44% | **$ 2,421** | $ 1,028 | NM |
| *EMEA* | **133** | 348 | (62) | **1,365** | 1,227 | 11 |
| *Latin America* | **257** | 352 | (27) | **919** | 985 | (7) |
| *Asia* | **193** | 193 | | **1,035** | 756 | 37 |
| **Total** | **$ 1,003** | $ 1,185 | (15)% | **$ 5,740** | $ 3,996 | 44% |
| ***Transaction Services*** | | | | | | |
| *North America* | **$ 113** | $ 120 | (6)% | **$ 403** | $ 368 | 10% |
| *EMEA* | **255** | 268 | (5) | **707** | 885 | (20) |
| *Latin America* | **173** | 154 | 12 | **516** | 509 | 1 |
| *Asia* | **251** | 280 | (10) | **744** | 846 | (12) |
| **Total** | **$ 792** | $ 822 | (4)% | **$ 2,370** | $ 2,608 | (9)% |
| *Institutional Clients Group* | **$ 1,795** | $ 2,007 | (11)% | **$ 8,110** | $ 6,604 | 23% |
| ***Corporate/Other*** | **$ (137)** | $ (76) | (80)% | **$ (847)** | $ (854) | 1% |
| **Total Citicorp** | **$ 3,284** | $ 4,038 | (19)% | **$ 12,761** | $ 11,988 | 6% |
| **Citi Holdings** | **$ (98)** | $ (3,553) | 97% | **$ (1,456)** | $ (5,479) | 73% |
| **Income from continuing operations** | **$ 3,186** | $ 485 | NM | **$ 11,305** | $ 6,509 | 74% |
| **Discontinued operations** | **$ 92** | $ 8 | NM | **$ 89** | $ 27 | NM |
| **Net income attributable to noncontrolling interests** | **51** | 25 | NM | **177** | 191 | (7) |
| **Citigroup's net income** | **$ 3,227** | $ 468 | NM | **$ 11,217** | $ 6,345 | 77% |

NM Not meaningful

**CITIGROUP REVENUES**

| *In millions of dollars* | Third Quarter 2013 | 2012 | % Change | Nine Months 2013 | 2012 | % Change |
|---|---|---|---|---|---|---|
| **CITICORP** | | | | | | |
| ***Global Consumer Banking*** | | | | | | |
| *North America* | **$ 4,738** | $ 5,368 | (12)% | **$ 14,900** | $ 15,636 | (5)% |
| *EMEA* | **359** | 374 | (4) | **1,091** | 1,101 | (1) |
| *Latin America* | **2,276** | 2,190 | 4 | **6,914** | 6,473 | 7 |
| *Asia* | **1,862** | 1,983 | (6) | **5,790** | 5,933 | (2) |
| **Total** | **$ 9,235** | $ 9,915 | (7)% | **$ 28,695** | $ 29,143 | (2)% |
| ***Securities and Banking*** | | | | | | |
| *North America* | **$ 1,835** | $ 1,533 | 20% | **$ 7,404** | $ 4,992 | 48% |
| *EMEA* | **1,268** | 1,517 | (16) | **5,307** | 5,088 | 4 |
| *Latin America* | **640** | 780 | (18) | **2,157** | 2,233 | (3) |
| *Asia* | **1,006** | 1,017 | (1) | **3,700** | 3,347 | 11 |
| **Total** | **$ 4,749** | $ 4,847 | (2)% | **$ 18,568** | $ 15,660 | 19% |
| ***Transaction Services*** | | | | | | |
| *North America* | **$ 614** | $ 619 | (1)% | **$ 1,907** | $ 1,921 | (1)% |
| *EMEA* | **873** | 844 | 3 | **2,655** | 2,625 | 1 |
| *Latin America* | **447** | 442 | 1 | **1,361** | 1,330 | 2 |
| *Asia* | **679** | 714 | (5) | **2,028** | 2,215 | (8) |
| **Total** | **$ 2,613** | $ 2,619 | % | **$ 7,951** | $ 8,091 | (2)% |
| *Institutional Clients Group* | **$ 7,362** | $ 7,466 | (1)% | **$ 26,519** | $ 23,751 | 12% |
| ***Corporate/Other*** | **$ 31** | $ 1 | NM | **$ 127** | $ 176 | (28)% |
| **Total Citicorp** | **$ 16,628** | $ 17,382 | (4)% | **$ 55,341** | $ 53,070 | 4% |
| **Citi Holdings** | **$ 1,252** | $ (3,679) | NM | **$ 3,245** | $ (1,859) | NM |
| **Total Citigroup net revenues** | **$ 17,880** | $ 13,703 | 30% | **$ 58,586** | $ 51,211 | 14% |

NM Not meaningful

**CITICORP**

Citicorp is Citigroup's global bank for consumers and businesses and represents Citi's core franchises. Citicorp is focused on providing best-in-class products and services to customers and leveraging Citigroup's unparalleled global network, including many of the world's emerging economies. Citicorp is physically present in approximately 100 countries, many for over 100 years, and offers services in over 160 countries and jurisdictions. Citi believes this global network provides a strong foundation for servicing the broad financial services needs of its large multinational clients and for meeting the needs of retail, private banking, commercial, public sector and institutional clients around the world. At September 30, 2013, Citicorp had approximately $1.8 trillion of assets and $914 billion of deposits, representing 94% of Citi's total assets and 96% of Citi's total deposits, respectively.

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

| *In millions of dollars except as otherwise noted* | Third Quarter 2013 | Third Quarter 2012 | % Change | Nine Months 2013 | Nine Months 2012 | % Change |
|---|---|---|---|---|---|---|
| Net interest revenue | **$ 10,735** | $ 11,031 | (3)% | **$ 32,510** | $ 32,786 | (1)% |
| Non-interest revenue | **5,893** | 6,351 | (7) | **22,831** | 20,284 | 13 |
| **Total revenues, net of interest expense** | **$ 16,628** | $ 17,382 | (4)% | **$ 55,341** | $ 53,070 | 4% |
| **Provisions for credit losses and for benefits and claims** | | | | | | |
| Net credit losses | **$ 1,795** | $ 2,090 | (14)% | **$ 5,581** | $ 6,376 | (12)% |
| Credit reserve build (release) | **(104)** | (664) | 84 | **(722)** | (2,029) | 64 |
| Provision for loan losses | **$ 1,691** | $ 1,426 | 19% | **$ 4,859** | $ 4,347 | 12% |
| Provision for benefits and claims | **51** | 65 | (22) | **160** | 172 | (7) |
| Provision (release) for unfunded lending commitments | **108** | (25) | NM | **116** | (11) | NM |
| Total provisions for credit losses and for benefits and claims | **$ 1,850** | $ 1,466 | 26% | **$ 5,135** | $ 4,508 | 14% |
| **Total operating expenses** | **$ 10,275** | $ 10,905 | (6)% | **$ 31,633** | $ 32,626 | (3)% |
| **Income from continuing operations before taxes** | **$ 4,503** | $ 5,011 | (10)% | **$ 18,573** | $ 15,936 | 17% |
| Provisions for income taxes | **1,219** | 973 | 25 | **5,812** | 3,948 | 47 |
| **Income from continuing operations** | **$ 3,284** | $ 4,038 | (19)% | **$ 12,761** | $ 11,988 | 6% |
| Income (loss) from discontinued operations, net of taxes | **92** | 8 | NM | **89** | 27 | NM |
| Noncontrolling interests | **45** | 25 | 80 | **165** | 188 | (12) |
| **Net income** | **$ 3,331** | $ 4,021 | (17)% | **$ 12,685** | $ 11,827 | 7 |
| **Balance sheet data** *(in billions of dollars)* | | | | | | |
| **Total end-of-period (EOP) assets** | **$ 1,778** | $ 1,760 | 1% | | | |
| Average assets | **1,729** | 1,725 | | **$ 1,738** | $ 1,709 | 2% |
| Return on average assets | **0.76%** | 0.93% | | **0.98%** | 0.93% | |
| **Efficiency ratio (Operating expenses/Total revenues)** | **62%** | 63% | | **57%** | 61% | |
| **Total EOP loans** | **561** | 537 | 5 | | | |
| **Total EOP deposits** | **914** | 878 | 4 | | | |

NM Not meaningful

## GLOBAL CONSUMER BANKING

*Global Consumer Banking (GCB)* consists of Citigroup's four geographical *Regional Consumer Banking (RCB)* businesses that provide traditional banking services to retail customers through retail banking, commercial banking, Citi-branded cards and Citi retail services. *GCB* is a globally diversified business with approximately 3,777 branches in 36 countries around the world as of September 30, 2013.

For the quarter ended September 30, 2013, *GCB* had $391 billion of average assets and $324 billion of average deposits. Citi's strategy is to focus on the top 150 cities globally that it believes have the highest growth potential in consumer banking. Consistent with this strategy, as announced in the fourth quarter of 2012 as part of its repositioning efforts, Citi intends to optimize its branch footprint and further concentrate its presence in major metropolitan areas. As of September 30, 2013, Citi had consumer banking operations in approximately 120, or 80%, of these cities.

| | Third Quarter | | % | Nine Months | | % |
|---|---|---|---|---|---|---|
| ***In millions of dollars except as otherwise noted*** | **2013** | **2012** | **Change** | **2013** | **2012** | **Change** |
| Net interest revenue | **$ 7,106** | $ 7,204 | (1)% | **$ 21,349** | $ 21,378 | 0% |
| Non-interest revenue | **2,129** | 2,711 | (21) | **7,346** | 7,765 | (5) |
| **Total revenues, net of interest expense** | **$ 9,235** | $ 9,915 | (7)% | **$ 28,695** | $ 29,143 | (2)% |
| Total operating expenses | **$ 5,048** | $ 5,271 | (4)% | **$ 15,388** | $ 15,534 | (1)% |
| Net credit losses | **$ 1,730** | $ 1,948 | (11)% | **$ 5,424** | $ 6,168 | (12)% |
| Credit reserve build (release) | **(85)** | (515) | 83 | **(662)** | (2,024) | 67 |
| Provisions (release) for unfunded lending commitments | **15** | 1 | NM | **39** | | |
| Provision for benefits and claims | **51** | 65 | (22) | **160** | 173 | (8) |
| Provisions for credit losses and for benefits and claims | **$ 1,711** | $ 1,499 | 14% | **$ 4,961** | $ 4,317 | 15% |
| Income from continuing operations before taxes | **$ 2,476** | $ 3,145 | (21)% | **$ 8,346** | $ 9,292 | (10)% |
| Income taxes | **850** | 1,038 | (18) | **2,848** | 3,054 | (7) |
| **Income from continuing operations** | **$ 1,626** | $ 2,107 | (23)% | **$ 5,498** | $ 6,238 | (12)% |
| Noncontrolling interests | **4** | 3 | 33 | **15** | 3 | NM |
| **Net income** | **$ 1,622** | $ 2,104 | (23)% | **$ 5,483** | $ 6,235 | (12)% |
| **Balance Sheet data** *(in billions of dollars)* | | | | | | |
| Average assets | **$ 391** | $ 389 | 1% | **$ 394** | $ 386 | 2% |
| Return on assets | **1.65%** | 2.17% | | **1.87%** | 2.18% | |
| Efficiency ratio | **55%** | 53% | | **54%** | 53% | |
| Total EOP assets | **401** | 395 | 2 | | | |
| Average deposits | **324** | 324 | | **327** | 320 | 2 |
| Net credit losses as a percentage of average loans | **2.40%** | 2.74% | | **2.55%** | 2.92% | |
| **Revenue by business** | | | | | | |
| Retail banking | **$ 3,931** | $ 4,625 | (15)% | **$ 13,001** | $ 13,604 | (4)% |
| Cards(1) | **5,304** | 5,290 | | **15,694** | 15,539 | 1 |
| **Total** | **$ 9,235** | $ 9,915 | (7)% | **$ 28,695** | $ 29,143 | (2)% |
| **Income from continuing operations by business** | | | | | | |
| Retail banking | **$ 313** | $ 802 | (61)% | **$ 1,762** | $ 2,438 | (28)% |
| Cards(1) | **1,313** | 1,305 | 1 | **3,736** | 3,800 | (2) |

| | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| **Total** | **$** | **1,626** | $ | 2,107 | 23% | **$** | **5,498** | $ | 6,238 | (12)% |

**Foreign Currency (FX) Translation Impact**

| | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| Total revenue as reported | **$** | **9,235** | $ | 9,915 | (7)% | **$** | **28,695** | $ | 29,143 | (2)% |
| Impact of FX translation(2) | | | | (130) | | | | | (135) | |
| Total revenues ex-FX | **$** | **9,235** | $ | 9,785 | (6)% | **$** | **28,695** | $ | 29,008 | (1)% |
| Total operating expenses as reported | **$** | **5,048** | $ | 5,271 | (4)% | **$** | **15,388** | $ | 15,534 | (1)% |
| Impact of FX translation(2) | | | | (89) | | | | | (147) | |
| Total operating expenses ex-FX | **$** | **5,048** | $ | 5,182 | (3)% | **$** | **15,388** | $ | 15,387 | % |
| Total provisions for LLR & PBC as reported | **$** | **1,711** | $ | 1,499 | 14% | **$** | **4,961** | $ | 4,317 | 15% |
| Impact of FX translation(2) | | | | (22) | | | | | (13) | |
| Total provisions for LLR & PBC ex-FX | **$** | **1,711** | $ | 1,477 | 16% | **$** | **4,961** | $ | 4,304 | 15% |
| Net income as reported | **$** | **1,622** | $ | 2,104 | (23)% | **$** | **5,483** | $ | 6,235 | (12)% |
| Impact of FX translation(2) | | | | (15) | | | | | 12 | |
| Net income ex-FX | **$** | **1,622** | $ | 2,089 | (22)% | **$** | **5,483** | $ | 6,247 | (12)% |

(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 third quarter of 2013 exchange rates for all periods presented.

NM Not meaningful

## NORTH AMERICA REGIONAL CONSUMER BANKING

*North America Regional Consumer Banking (NA RCB)* provides traditional banking and Citi-branded cards and Citi retail services to retail customers and small to mid-size businesses in the U.S. *NA RCB*'s approximately 983 retail bank branches as of September 30, 2013 are largely concentrated in the greater metropolitan areas of New York, Los Angeles, San Francisco, Chicago, Miami, Washington, D.C., Boston, Philadelphia, Dallas, Houston, San Antonio and Austin.

At September 30, 2013, *NA RCB* had approximately 12.1 million customer accounts, $43.2 billion of retail banking loans and $168.6 billion of deposits. In addition, *NA RCB* had approximately 113.5 million Citi-branded and Citi retail services credit card accounts, with $111.8 billion in outstanding card loan balances, including approximately 13 million credit card accounts and $7 billion of loans added in September 2013 as a result of the previously-announced acquisition of Best Buy's U.S. credit card portfolio.

| | Third Quarter | | % | Nine Months | | % |
|---|---|---|---|---|---|---|
| ***In millions of dollars, except as otherwise noted*** | **2013** | **2012** | **Change** | **2013** | **2012** | **Change** |
| Net interest revenue | **$ 4,137** | $ 4,149 | % | **$ 12,354** | $ 12,245 | 1% |
| Non-interest revenue | **601** | 1,219 | (51) | **2,546** | 3,391 | (25) |
| **Total revenues, net of interest expense** | **$ 4,738** | $ 5,368 | (12)% | **$ 14,900** | $ 15,636 | (5)% |
| Total operating expenses | **$ 2,358** | $ 2,464 | (4)% | **$ 7,171** | $ 7,256 | (1)% |
| Net credit losses | **$ 1,083** | $ 1,351 | (20)% | **$ 3,528** | $ 4,491 | (21)% |
| Credit reserve build (release) | **(228)** | (519) | 56 | **(949)** | (2,174) | 56 |
| Provisions for benefits and claims | **3** | 1 | NM | **3** | 1 | NM |
| Provision (release) for unfunded lending commitments | **17** | 19 | (11) | **44** | 52 | (15) |
| Provisions for credit losses and for benefits and claims | **$ 875** | $ 852 | 3% | **$ 2,626** | $ 2,370 | 11% |
| Income from continuing operations before taxes | **$ 1,505** | $ 2,052 | (27)% | **$ 5,103** | $ 6,010 | (15)% |
| Income taxes | **573** | 775 | (26) | **1,934** | 2,262 | (15) |
| **Income from continuing operations** | **$ 932** | $ 1,277 | (27)% | **$ 3,169** | $ 3,748 | (15)% |
| Noncontrolling interests | | 1 | (100) | **1** | 1 | |
| **Net income** | **$ 932** | $ 1,276 | (27)% | **$ 3,168** | $ 3,747 | (15)% |
| **Balance Sheet data** *(in billions of dollars)* | | | | | | |
| Average assets | **$ 173** | $ 174 | (1)% | **$ 174** | $ 171 | 2% |
| Return on average assets | **2.14%** | 2.92% | | **2.43%** | 2.93% | |
| Efficiency ratio | **50%** | 46% | | **48%** | 46% | |
| Average deposits | **$ 167** | $ 154 | 8 | **$ 165** | $ 152 | 9 |
| Net credit losses as a percentage of average loans | **2.88%** | 3.60% | | **3.19%** | 4.00% | |
| **Revenue by business** | | | | | | |
| Retail banking | **$ 1,123** | $ 1,740 | (35)% | **$ 4,287** | $ 5,019 | (15)% |
| Citi-branded cards | **2,087** | 2,087 | | **6,091** | 6,121 | |
| Citi retail services | **1,528** | 1,541 | (1) | **4,522** | 4,496 | 1 |
| **Total** | **$ 4,738** | $ 5,368 | (12)% | **$ 14,900** | $ 15,636 | (5)% |
| **Income from continuing operations by business** | | | | | | |
| Retail banking | **$ (22)** | $ 342 | NM | **$ 481** | $ 1,013 | (53)% |
| Citi-branded cards | **565** | 555 | 2 | **1,470** | 1,560 | (6) |

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| Citi retail services | | **389** | | 380 | 2 | | **1,218** | | 1,175 | 4 |
| **Total** | **$** | **932** | $ | 1,277 | (27)% | **$** | **3,169** | $ | 3,748 | (15)% |

17

**3Q13 vs. 3Q12**

*Net income* decreased 27%, mainly driven by lower revenues and a $291 million reduction in loan loss reserve releases, partially offset by a $268 million reduction in net credit losses and lower expenses.

*Revenues* decreased 12% due to lower retail banking revenues primarily reflecting significantly lower mortgage origination revenues as well as the ongoing impact of spread compression.

Retail banking revenues of $1.1 billion declined 35% due to lower mortgage origination revenues driven by significantly lower refinancing volumes as a result of higher interest rates during the quarter. In addition, retail banking continued to experience ongoing spread compression in the deposit portfolio. Partially offsetting the spread compression was growth in average deposits (8%), commercial loans (15%) and average retail loans (4%). Citi expects retail banking revenues will continue to be negatively impacted by the lower mortgage origination revenues and spread compression in the deposit portfolio.

Cards revenues were unchanged, as improved net interest spreads, benefitting from both higher yields and lower funding costs, were offset by continued lower average loan balances. In Citi-branded cards, revenues were unchanged at $2.1 billion, reflecting a 4% decline in average loans, offset by continued improvement in net interest spreads. Citi-branded cards net interest revenue increased 2%, reflecting higher yields and lower cost of funds, partially offset by the decline in average loans and a continued increased payment rate from consumer deleveraging. Citi-branded cards non-interest revenue declined 6% due to higher affinity rebates. Citi retail services revenues decreased 1% due to declining non-interest revenues, driven by improving credit and the resulting impact on contractual partner payments. Citi retail services net interest revenues increased 3% driven by a 4% increase in average loans, primarily due to the Best Buy U.S. portfolio acquisition. Total card purchase sales of $60 billion increased 3% versus the prior-year period. Citi expects cards revenues could continue to be negatively impacted by higher payment rates for consumers, reflecting ongoing economic uncertainty and deleveraging as well as Citi's shift to higher credit quality borrowers.

As previously disclosed, as part of its U.S. Citi-branded cards business, Citibank, N.A. issues a co-branded credit card product with American Airlines, the Citi/AAdvantage card. AMR Corporation and certain of its subsidiaries, including American Airlines, Inc. (collectively, AMR), filed voluntary petitions for reorganization under Chapter 11 of the U.S. Bankruptcy Code in November 2011, and on February 14, 2013, AMR and US Airways Group, Inc. announced a merger agreement under which the companies would be combined.

On August 13, 2013, the U.S. Department of Justice, along with the attorneys general of several states and the District of Columbia, filed an antitrust lawsuit seeking to permanently enjoin the merger, which has resulted in uncertainty regarding when the bankruptcy or merger processes will be resolved. On October 21, 2013, the U.S. Bankruptcy Court approved AMR's plan of reorganization, and the Citi/AAdvantage card program agreements were assumed by AMR, regardless of whether the merger is consummated.

*Expenses* decreased 4%, primarily due to lower legal and related costs and marketing costs and repositioning savings, partially offset by higher mortgage origination costs and expenses in cards as a result of the Best Buy portfolio acquisition and a repositioning charge in the current quarter.

*Provisions* increased 3%, as lower net credit losses in the cards portfolio and in retail banking were offset by continued lower loan loss reserve releases primarily related to cards ($228 million in the current quarter compared to $519 million in the prior-year period). Citi expects loan loss reserve releases in *NA RCB* to moderate during the remainder of 2013 and into 2014 as a result of loan loss reserve builds expected for new loans originated in the Best Buy portfolio.

**3Q13 YTD vs. 3Q12 YTD**

Year-to-date, *NA RCB* has experienced similar trends to those described above. *Net income* decreased 15%, mainly due to lower loan loss reserve releases and lower revenues, partially offset by lower net credit losses.

*Revenues* decreased 5%, primarily driven by a 15% decline in retail banking revenues resulting from lower mortgage origination revenues due to lower refinancing volumes and continued spread compression on deposits. These trends were partially offset by higher average deposits and an improved mix from checking account growth. Cards revenues were unchanged as improved net interest spreads were offset by lower volumes, driven by the factors described above.

*Expenses* decreased 1% as lower legal and related costs and efficiency savings were offset by higher volume-related mortgage origination costs.

*Provisions* increased 11% due to a $1.2 billion reduction in loan loss reserve releases, partially offset by a $963 million reduction in net credit losses in the cards portfolio and retail banking.

**EMEA REGIONAL CONSUMER BANKING**

*EMEA Regional Consumer Banking (EMEA RCB)* provides traditional banking and Citi-branded card services to retail customers and small to mid-size businesses, primarily in Central and Eastern Europe and the Middle East. The countries in which *EMEA RCB* has the largest presence are Poland, Russia and the United Arab Emirates. As part of Citi's previously announced repositioning efforts, during the fourth quarter of 2013, Citi intends to reposition its Polish consumer business, including optimizing its branch footprint and concentrating its presence in major metropolitan areas.

At September 30, 2013, *EMEA RCB* had 201 retail bank branches with approximately 3.6 million customer accounts, $5.5 billion in retail banking loans, $12.5 billion in deposits, and 2.2 million Citi-branded card accounts with $2.4 billion in outstanding card loan balances.

| *In millions of dollars, except as otherwise noted* | Third Quarter 2013 | Third Quarter 2012 | % Change | Nine Months 2013 | Nine Months 2012 | % Change |
|---|---|---|---|---|---|---|
| Net interest revenue | **$ 226** | $ 251 | (10)% | **$ 709** | $ 752 | (6)% |
| Non-interest revenue | **133** | 123 | 8 | **382** | 349 | 9 |
| **Total revenues, net of interest expense** | **$ 359** | $ 374 | (4)% | **$ 1,091** | $ 1,101 | (1)% |
| Total operating expenses | **$ 306** | $ 335 | (9)% | **$ 983** | $ 1,031 | (5)% |
| Net credit losses | **$ 21** | $ 29 | (28)% | **$ 49** | $ 72 | (32)% |
| Credit reserve build (release) | **3** | 2 | 50 | **(17)** | (16) | (6) |
| Provision (release) for unfunded lending commitments | | | | | (1) | 100 |
| Provisions for credit losses | **$ 24** | $ 31 | (23)% | **$ 32** | $ 55 | (42)% |
| Income from continuing operations before taxes | **$ 29** | $ 8 | NM | **$ 76** | $ 15 | NM |
| Income taxes | **10** | 2 | NM | **22** | 9 | NM |
| **Income from continuing operations** | **$ 19** | $ 6 | NM | **$ 54** | $ 6 | NM |
| Noncontrolling interests | **3** | 2 | 50% | **11** | 4 | NM |
| **Net income (loss)** | **$ 16** | $ 4 | NM | **$ 43** | $ 2 | NM |
| **Balance Sheet data** *(in billions of dollars)* | | | | | | |
| Average assets | **$ 9** | $ 9 | % | **$ 10** | $ 9 | 11% |
| Return on average assets | **0.71%** | 0.18% | | **0.57%** | 0.03% | |
| Efficiency ratio | **85%** | 90% | | **90%** | 94% | |
| Average deposits | **$ 12** | $ 13 | (6)% | **$ 13** | $ 12 | 2% |
| Net credit losses as a percentage of average loans | **1.08%** | 1.54% | | **0.83%** | 1.30% | |
| **Revenue by business** | | | | | | |
| Retail banking | **$ 219** | $ 220 | % | **$ 648** | $ 646 | % |
| Citi-branded cards | **140** | 154 | (9) | **443** | 455 | (3) |
| **Total** | **$ 359** | $ 374 | (4) | **$ 1,091** | $ 1,101 | (1) |
| **Income (loss) from continuing operations by business** | | | | | | |
| Retail banking | **$ (2)** | $ (14) | 86% | **$ (10)** | $ (49) | 80% |
| Citi-branded cards | **21** | 20 | 5 | **64** | 55 | 16 |
| **Total** | **$ 19** | $ 6 | NM | **$ 54** | $ 6 | NM |
| **Foreign Currency (FX) Translation Impact** | | | | | | |
| Total revenue as reported | **$ 359** | $ 374 | (4)% | **$ 1,091** | $ 1,101 | (1)% |

| | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| Impact of FX translation(1) | | | | (2) | | | | (11) | |
| Total revenues ex-FX | **$** | **359** | $ | 372 | (3)% | **$** | **1,091** | $ 1,090 | % |
| Total operating expenses as reported | **$** | **306** | $ | 335 | (9)% | **$** | **983** | $ 1,031 | (5)% |
| Impact of FX translation(1) | | | | (4) | | | | (14) | |
| Total operating expenses ex-FX | **$** | **306** | $ | 331 | (8)% | **$** | **983** | $ 1,017 | (3)% |
| Provisions for credit losses as reported | **$** | **24** | $ | 31 | (23)% | **$** | **32** | $ 55 | (42)% |
| Impact of FX translation(1) | | | | | | | | 1 | |
| Provisions for credit losses ex-FX | **$** | **24** | $ | 31 | (23)% | **$** | **32** | $ 56 | (43)% |
| Net income (loss) as reported | **$** | **16** | $ | 4 | NM | **$** | **43** | $ 2 | NM |
| Impact of FX translation(1) | | | | 2 | | | | 2 | |
| Net income (loss) ex-FX | **$** | **16** | $ | 6 | NM | **$** | **43** | $ 4 | NM |

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

NM Not meaningful

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

**3Q13 vs. 3Q12**

*Net income* of $16 million compared to net income of $6 million in the prior-year period as lower net credit losses and lower expenses were partially offset by lower revenues, primarily due to the previously-announced sales of Citi's consumer operations in Turkey and Romania.

*Revenues* decreased 3%, mainly driven by the lower revenues resulting from the sales of the consumer operations referenced above, partially offset by higher volumes in core markets and a gain on sale related to the Turkey sale. Net interest revenue decreased 9%, due to continued spread compression in cards, a 25% decrease in average cards loans and a 6% decrease in average deposits primarily due to the sales in Turkey and Romania, partially offset by growth in average retail loans of 18%. Interest rate caps on credit cards, particularly in Poland, the continued liquidation of a higher yielding non-strategic retail banking portfolio and the continued low interest rate environment were the main contributors to the lower spreads. Citi expects continued regulatory changes, including potential caps on interchange rates, and spread compression to continue to negatively impact revenues in this business during the remainder of 2013. Non-interest revenue increased 8%, mainly reflecting the gain on sale related to Turkey, partially offset by lower revenues due to the sales in Turkey and Romania. Cards purchase sales decreased 13% and investment sales decreased 32%.

*Expenses* declined 8%, primarily due to the market exits and efficiency savings, partially offset by continued investment spending on new internal operating platforms and higher repositioning charges related to the sales in Turkey and Romania.

*Provisions* declined 23% due to a 30% decrease in net credit losses primarily due to the sales in Turkey and Romania. Net credit losses also continued to reflect stabilizing credit quality and Citi's strategic move toward lower-risk customers.

**3Q13 YTD vs. 3Q12 YTD**

Year-to-date, *EMEA RCB* has experienced similar trends to those described above. *Net income* of $43 million compared to net income of $4 million in the prior-year period was primarily due to lower expenses and lower net credit losses.

*Revenues* were unchanged, as lower revenues due to the sales of the consumer operations in Turkey and Romania were offset by higher volumes in core markets and a gain on sale related to Turkey. Net interest revenue declined 5% primarily due to the sales in Turkey and Romania and continued spread compression, driven by the same factors described above. Non-interest revenue increased 10%, mainly reflecting higher investment fees and card fees due to increased sales volume and a gain on the sale related to Turkey. Cards purchase sales increased 1% and investment sales increased 4%.

*Expenses* decreased 3%, primarily due to the sales in Turkey and Romania and efficiency savings, partially offset by the continued investment spending.

*Provisions* decreased 43% to $32 million, primarily due to lower net credit losses, driven by the factors described above, and a net credit recovery in the second quarter of 2013 as a result of sales of written off accounts.

**LATIN AMERICA REGIONAL CONSUMER BANKING**

*Latin America Regional Consumer Banking (Latin America RCB)* provides traditional banking and Citi-branded card services to retail customers and small to mid-size businesses, with the largest presence in Mexico and Brazil. *Latin America RCB* includes branch networks throughout *Latin America* as well as Banco Nacional de Mexico, or Banamex, Mexico's second-largest bank, with nearly 1,700 branches. At September 30, 2013, *Latin America RCB* had 2,031 retail branches, with approximately 32.0 million customer accounts, $29.4 billion in retail banking loans and $47.5 billion in deposits. In addition, the business had approximately 9.5 million Citi-branded card accounts with $11.8 billion in outstanding loan balances.

| | Third Quarter | | % | Nine Months | | % |
|---|---|---|---|---|---|---|
| ***In millions of dollars, except as otherwise noted*** | **2013** | **2012** | **Change** | **2013** | **2012** | **Change** |
| Net interest revenue | **$ 1,580** | $ 1,532 | 3% | **$ 4,706** | $ 4,495 | 5% |
| Non-interest revenue | **696** | 658 | 6 | **2,208** | 1,978 | 12 |
| **Total revenues, net of interest expense** | **$ 2,276** | $ 2,190 | 4% | **$ 6,914** | $ 6,473 | 7% |
| Total operating expenses | **$ 1,285** | $ 1,266 | 2% | **$ 3,900** | $ 3,727 | 5% |
| Net credit losses | **$ 434** | $ 351 | 24% | **$ 1,269** | $ 999 | 27% |
| Credit reserve build | **168** | 36 | NM | **310** | 222 | 40 |
| Provision for benefits and claims | **34** | 46 | (26) | **116** | 121 | (4) |
| Provisions for loan losses and for benefits and claims (LLR & PBC) | **$ 636** | $ 433 | 47% | **$ 1,695** | $ 1,342 | 26% |
| Income from continuing operations before taxes | **$ 355** | $ 491 | (28)% | **$ 1,319** | $ 1,404 | (6)% |
| Income taxes | **66** | 117 | (44) | **279** | 320 | (13) |
| **Income from continuing operations** | **$ 289** | $ 374 | (23)% | **$ 1,040** | $ 1,084 | (4)% |
| Noncontrolling interests | **1** | | | **3** | (2) | NM |
| **Net income** | **$ 288** | $ 374 | (23)% | **$ 1,037** | $ 1,086 | (5)% |
| **Balance Sheet data** *(in billions of dollars)* | | | | | | |
| Average assets | **$ 80** | $ 79 | 1% | **$ 82** | $ 80 | 3% |
| Return on average assets | **1.43%** | 1.98% | | **1.72%** | 1.90% | |
| Efficiency ratio | **56%** | 58% | | **56%** | 58% | |
| Average deposits | **$ 46** | $ 45 | 2 | **$ 46** | $ 45 | 2 |
| Net credit losses as a percentage of average loans | **4.18%** | 3.74% | | **4.18%** | 3.68% | |
| **Revenue by business** | | | | | | |
| Retail banking | **$ 1,487** | $ 1,469 | 1% | **$ 4,572** | $ 4,348 | 5% |
| Citi-branded cards | **789** | 721 | 9 | **2,342** | 2,125 | 10 |
| **Total** | **$ 2,276** | $ 2,190 | 4% | **$ 6,914** | $ 6,473 | 7% |
| **Income from continuing operations by business** | | | | | | |
| Retail banking | **$ 144** | $ 222 | (35)% | **$ 603** | $ 676 | (11)% |
| Citi-branded cards | **145** | 152 | (5) | **437** | 408 | 7 |
| **Total** | **$ 289** | $ 374 | (23)% | **$ 1,040** | $ 1,084 | (4)% |
| **Foreign Currency (FX) Translation Impact** | | | | | | |
| Total revenue as reported | **$ 2,276** | $ 2,190 | 4% | **$ 6,914** | $ 6,473 | 7% |
| Impact of FX translation(1) | | (41) | | | 19 | |

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| Total revenues ex-FX | **$** | **2,276** | $ | 2,149 | 6% | **$** | **6,914** | $ | 6,492 | 7% |
| Total operating expenses as reported | **$** | **1,285** | $ | 1,266 | 2% | **$** | **3,900** | $ | 3,727 | 5% |
| Impact of FX translation(1) | | | | (28) | | | | | (20) | |
| Total operating expenses ex-FX | **$** | **1,285** | $ | 1,238 | 4% | **$** | **3,900** | $ | 3,707 | 5% |
| Provisions for LLR & PBC as reported | **$** | **636** | $ | 433 | 47% | **$** | **1,695** | $ | 1,342 | 26% |
| Impact of FX translation(1) | | | | (10) | | | | | (6) | |
| Provisions for LLR & PBC ex-FX | **$** | **636** | $ | 423 | 50% | **$** | **1,695** | $ | 1,336 | 27% |
| Net income as reported | **$** | **288** | $ | 374 | (23)% | **$** | **1,037** | $ | 1,086 | (5)% |
| Impact of FX translation(1) | | | | (5) | | | | | 17 | |
| Net income ex-FX | **$** | **288** | $ | 369 | (22)% | **$** | **1,037** | $ | 1,103 | (6)% |

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

NM Not Meaningful

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

**3Q13 vs. 3Q12**

*Net income* decreased 22% as higher credit costs and higher expenses were partially offset by higher revenues.

*Revenues* increased 6%, primarily due to volume growth in retail banking and cards, partially offset by continued spread compression. Net interest revenue increased 5% due to increased volumes, partially offset by spread compression. Citi expects slower volume growth and continued spread compression to negatively impact net interest revenues during the remainder of 2013. Non-interest revenue increased 8%, primarily due to higher fees from increased business volumes in retail and cards. Retail banking revenues increased 3% as average loans increased 11% and investment sales increased 8% while average deposits increased 3%. Cards revenues increased 12% as average loans(10) increased 11% and purchase sales(10) increased 13%.

Despite the year-over-year growth, Citi expects overall volume and revenue growth to slow, particularly in Mexico and Brazil, due to slowing economic growth in the region and spread compression. In addition, as previously disclosed, Mexican governmental authorities are considering various financial reforms as well as tax reforms that could increase taxes on consumers and businesses. These reforms have not yet been adopted, and thus the impact on Citi's businesses remains uncertain. For information on the potential impact to *Latin America RCB* from foreign exchange controls, see "Managing Global Risk  Cross-Border Risk" below.

*Expenses* increased 4% due to increased volume-related costs, mandatory salary increases in certain countries and higher regulatory costs, partially offset by efficiency savings and lower marketing costs.

*Provisions* increased 50%, primarily due to higher net credit losses as well as a higher loan loss reserve build. Net credit losses increased 27%, primarily in the Mexico cards and personal loan portfolios, reflecting both portfolio seasoning and volume growth. The higher loan loss reserve build in the current quarter was largely due to an increase in reserves in Mexico related to the top three Mexican homebuilders, with the remainder due to portfolio growth and seasoning and the impact of potential losses related to hurricanes in the region during September 2013. The loan loss reserve build related to the Mexican homebuilders was driven by further deterioration in the financial and operating conditions of these companies and decreases in the value of Citi's collateral securing its loans. Citi's outstanding loans to the top three homebuilders totaled less than $300 million at the end of the current quarter. Citi continues to monitor the performance of its Mexico homebuilder clients, as well as the value of its collateral, to determine whether additional reserves or charge-offs may be required in future periods.

Citi currently expects the net credit loss rate in *Latin America* to remain relatively unchanged for the remainder of 2013, although the rate could be higher if any material losses are incurred in the Mexico homebuilder portfolio or as a result of the impact from the recent hurricanes in Mexico.

**3Q13 YTD vs. 3Q12 YTD**

Year-to-date, *Latin America RCB* has experienced similar trends to those described above. *Net income* decreased 6% as higher revenues were partially offset by higher expenses and credit costs.

*Revenues* increased 7%, primarily due to volume growth in retail banking and cards, partially offset by spread compression, driven by the factors described above. Net interest revenue increased 4% due to increased volumes, partially offset by continued spread compression. Non-interest revenue increased 11%, primarily due to higher fees from increased business volumes in retail and cards. Retail banking revenues increased 5% as average loans increased 14%, investment sales increased 11%, and deposits grew 2%. Cards revenues increased 10% as average loans(10) increased 10% and purchase sales(10) increased 9%.

*Expenses* increased 5% due to increased volume-related costs, higher repositioning charges, mandatory salary increases in certain countries and higher transactional costs, partially offset by efficiency savings and lower marketing costs.

*Provisions* increased 27%, primarily due to higher net credit losses and higher loan loss reserve builds, driven by the same factors described above.

(10) Adjusted to exclude Credicard loans of $3.2 billion in third quarter of 2012; Credicard was moved to discontinued operations in *Corporate/Other* as of the second quarter of 2013. For additional information, see Note 2 to the Consolidated Financial Statements.

## ASIA REGIONAL CONSUMER BANKING

*Asia Regional Consumer Banking (Asia RCB)* provides traditional banking and Citi-branded card services to retail customers and small to mid-size businesses, with the largest Citi presence in Korea, Australia, Singapore, Hong Kong, India, Taiwan, Malaysia, Japan, Thailand and the Philippines.

At September 30, 2013, *Asia RCB* had 562 retail branches, approximately 17.0 million customer accounts, $70.3 billion in retail banking loans and $101.6 billion in deposits. In addition, the business had approximately 16.6 million Citi-branded card accounts with $18.7 billion in outstanding loan balances.

| *In millions of dollars, except as otherwise noted* | Third Quarter 2013 | Third Quarter 2012 | % Change | Nine Months 2013 | Nine Months 2012 | % Change |
|---|---|---|---|---|---|---|
| Net interest revenue | **$ 1,163** | $ 1,272 | (9)% | **$ 3,580** | $ 3,886 | (8)% |
| Non-interest revenue | **699** | 711 | (2) | **2,210** | 2,047 | 8 |
| **Total revenues, net of interest expense** | **$ 1,862** | $ 1,983 | (6)% | **$ 5,790** | $ 5,933 | (2)% |
| Total operating expenses | **$ 1,099** | $ 1,206 | (9)% | **$ 3,334** | $ 3,520 | (5)% |
| Net credit losses | **$ 192** | $ 217 | (12)% | **$ 578** | $ 606 | (5)% |
| Credit reserve build (release) | **(28)** | (34) | 18 | **(6)** | (56) | 89 |
| Provision (release) for unfunded lending commitments | **12** | | | **36** | | |
| Provisions for credit losses | **$ 176** | $ 183 | (4)% | **$ 608** | $ 550 | 11% |
| Income from continuing operations before taxes | **$ 587** | $ 594 | (1)% | **$ 1,848** | $ 1,863 | (1)% |
| Income taxes | **201** | 144 | 40 | **613** | 463 | 32 |
| **Income from continuing operations** | **$ 386** | $ 450 | (14)% | **$ 1,235** | $ 1,400 | (12)% |
| Noncontrolling interests | | | | | | |
| **Net income** | **$ 386** | $ 450 | (14)% | **$ 1,235** | $ 1,400 | (12)% |
| **Balance Sheet data** *(in billions of dollars)* | | | | | | |
| Average assets | **$ 129** | $ 127 | 2% | **$ 129** | $ 126 | 2% |
| Return on average assets | **1.19%** | 1.41% | | **1.28%** | 1.48% | |
| Efficiency ratio | **59%** | 61% | | **58%** | 59% | |
| Average deposits | **$ 100** | $ 113 | (11) | **$ 103** | $ 111 | (7) |
| Net credit losses as a percentage of average loans | **0.87%** | 0.98% | | **0.88%** | 0.92% | |
| **Revenue by business** | | | | | | |
| Retail banking | **$ 1,102** | $ 1,196 | (8)% | **$ 3,494** | $ 3,591 | (3)% |
| Citi-branded cards | **760** | 787 | (3) | **2,296** | 2,342 | (2) |
| **Total** | **$ 1,862** | $ 1,983 | (6)% | **$ 5,790** | $ 5,933 | (2)% |
| **Income from continuing operations by business** | | | | | | |
| Retail banking | **$ 193** | $ 252 | (23)% | **$ 688** | $ 798 | (14)% |
| Citi-branded cards | **193** | 198 | (3) | **547** | 602 | (9) |
| **Total** | **$ 386** | $ 450 | (14)% | **$ 1,235** | $ 1,400 | (12)% |
| **Foreign Currency (FX) Translation Impact** | | | | | | |
| Total revenue as reported | **$ 1,862** | $ 1,983 | (6)% | **$ 5,790** | $ 5,933 | (2)% |
| Impact of FX translation(1) | | (87) | | | (143) | |

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| Total revenues ex-FX | $ | **1,862** | $ | 1,896 | (2)% | $ | **5,790** | $ | 5,790 | % |
| Total operating expenses as reported | $ | **1,099** | $ | 1,206 | (9)% | $ | **3,334** | $ | 3,520 | (5)% |
| Impact of FX translation(1) | | | | (57) | | | | | (113) | |
| Total operating expenses ex-FX | $ | **1,099** | $ | 1,149 | (4)% | $ | **3,334** | $ | 3,407 | (2)% |
| Provisions for credit losses as reported | $ | **176** | $ | 183 | (4)% | $ | **608** | $ | 550 | 11% |
| Impact of FX translation(1) | | | | (12) | | | | | (8) | |
| Provisions for credit losses ex-FX | $ | **176** | $ | 171 | 3% | $ | **608** | $ | 542 | 12% |
| Net income as reported | $ | **386** | $ | 450 | (14)% | $ | **1,235** | $ | 1,400 | (12)% |
| Impact of FX translation(1) | | | | (12) | | | | | (7) | |
| Net income ex-FX | $ | **386** | $ | 438 | (12)% | $ | **1,235** | $ | 1,393 | (11)% |

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

NM Not meaningful

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

**3Q13 vs. 3Q12**

*Net income* decreased 12%, primarily due to a higher effective tax rate (see "Income Taxes" below) and lower revenues, partially offset by lower expenses.

*Revenues* decreased 2%, as lower net interest revenue was partially offset by higher non-interest revenue. Net interest revenue declined 4%, primarily driven by spread compression in retail banking as well as the continued negative impact of regulatory changes in certain markets, most significantly Korea. Average retail deposits declined 7% resulting from continued efforts to rebalance the deposit portfolio mix. Average retail loans increased 4% (12% excluding Korea). Non-interest revenue increased 3%, mainly driven by continued growth in cards purchase sales across the region. Sequentially, investment sales declined 23%, primarily reflecting fluctuations in retail investor sentiment and the broader capital markets environment. Despite lower overall revenues in the current quarter, several key markets within the region experienced strong revenue growth, including Hong Kong, India, Thailand and China. Spread compression is expected to continue to have an adverse impact on *Asia RCB* revenues during the remainder of 2013 and into 2014. In addition, consistent with its strategy to concentrate its consumer banking operations in major metropolitan areas and focus on high quality consumer segments, Citi is in an ongoing process to reposition its consumer franchise in Korea to improve its operating efficiency and returns. While revenues in Korea could begin to stabilize in early 2014, this market could continue to have a negative impact on year-over-year revenue comparisons for *Asia RCB* through 2014.

*Expenses* declined 4%, as efficiency savings were partially offset by increased investment spending, particularly investments in China cards.

*Provisions* increased 3%, reflecting lower loan loss reserve releases and volume growth in China, India, Hong Kong and Singapore, partially offset by lower net credit losses. Despite this increase year-over-year, overall credit quality in the region continued to remain stable.

**3Q13 YTD vs. 3Q12 YTD**

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

*Revenues* were unchanged, as higher non-interest revenue was offset by lower net interest revenue. Net interest revenue declined 6%, primarily driven by ongoing spread compression. Average retail deposits declined 4%, due to the efforts to rebalance the deposit portfolio mix. Non-interest revenue increased 11%, reflecting a 31% increase in investment sales and a 7% increase in Citi-branded cards purchase sales.

*Expenses* declined 2%, as efficiency savings were partially offset by increased investment spending and higher volume-related growth.

*Provisions* increased 12%, primarily reflecting a higher loan loss reserve build due to regulatory requirements in Korea as well as volume growth in China, India and Singapore, partly offset by lower net credit losses.

## INSTITUTIONAL CLIENTS GROUP

*Institutional Clients Group (ICG)* includes *Securities and Banking* and *Transaction Services*. *ICG* provides corporate, institutional, public sector and high-net-worth clients around the world with a full range of products and services, including cash management, foreign exchange, trade finance and services, securities services, sales and trading of loans and securities, institutional brokerage, underwriting, lending and advisory services. *ICG*'s international presence is supported by trading floors in approximately 75 countries and jurisdictions and a proprietary network within *Transaction Services* in over 95 countries and jurisdictions. At September 30, 2013, *ICG* had approximately $1.1 trillion of assets and $565 billion of deposits.

| | Third Quarter | | % | Nine Months | | % |
|---|---|---|---|---|---|---|
| ***In millions of dollars, except as otherwise noted*** | **2013** | **2012** | **Change** | **2013** | **2012** | **Change** |
| Commissions and fees | **$ 1,115** | $ 1,011 | 10% | **$ 3,450** | $ 3,233 | 7% |
| Administration and other fiduciary fees | **637** | 663 | (4) | **2,027** | 2,101 | (4) |
| Investment banking | **842** | 1,000 | (16) | **2,910** | 2,604 | 12 |
| Principal transactions | **814** | 731 | 11 | **5,636** | 4,081 | 38 |
| Other | **131** | 37 | NM | **858** | (42) | NM |
| Total non-interest revenue | **$ 3,539** | $ 3,442 | 3% | **$ 14,881** | $ 11,977 | 24% |
| Net interest revenue (including dividends) | **3,823** | 4,024 | (5) | **11,638** | 11,774 | (1) |
| **Total revenues, net of interest expense** | **$ 7,362** | $ 7,466 | (1)% | **$ 26,519** | $ 23,751 | 12% |
| Total operating expenses | **$ 4,795** | $ 4,869 | (2)% | **$ 14,720** | $ 14,935 | (1)% |
| Net credit losses | **$ 65** | $ 143 | (55)% | **$ 157** | $ 207 | (24)% |
| Provision (release) for unfunded lending commitments | **93** | (26) | NM | **77** | (11) | NM |
| Credit reserve build | **(19)** | (149) | 87 | **(60)** | (4) | NM |
| Provisions for credit losses | **$ 139** | $ (32) | NM | **$ 174** | $ 192 | (9)% |
| Income from continuing operations before taxes | **$ 2,428** | $ 2,629 | (8)% | **$ 11,625** | $ 8,624 | 35% |
| Income taxes | **633** | 622 | 2 | **3,515** | 2,020 | 74 |
| **Income from continuing operations** | **$ 1,795** | $ 2,007 | (11)% | **$ 8,110** | $ 6,604 | 23% |
| Noncontrolling interests | **19** | 14 | 36 | **92** | 105 | (12) |
| **Net income** | **$ 1,776** | $ 1,993 | (11)% | **$ 8,018** | $ 6,499 | 23% |
| Average assets *(in billions of dollars)* | **$ 1,052** | $ 1,047 | % | **$ 1,071** | $ 1,039 | 3% |
| Return on average assets | **0.67%** | 0.76% | | **1.00%** | 0.84% | |
| Efficiency ratio | **65%** | 65% | | **56%** | 63% | |
| **Revenues by region** | | | | | | |
| *North America* | **$ 2,449** | $ 2,152 | 14% | **$ 9,311** | $ 6,913 | 35% |
| *EMEA* | **2,141** | 2,361 | (9) | **7,962** | 7,713 | 3 |
| *Latin America* | **1,087** | 1,222 | (11) | **3,518** | 3,563 | (1) |
| *Asia* | **1,685** | 1,731 | (3) | **5,728** | 5,562 | 3 |
| **Total revenues** | **$ 7,362** | $ 7,466 | (1)% | **$ 26,519** | $ 23,751 | 12% |
| **Income from continuing operations by region** | | | | | | |
| *North America* | **$ 533** | $ 412 | 29% | **$ 2,824** | $ 1,396 | NM |
| *EMEA* | **388** | 616 | (37) | **2,072** | 2,112 | (2)% |
| *Latin America* | **430** | 506 | (15) | **1,435** | 1,494 | (4) |
| *Asia* | **444** | 473 | (6) | **1,779** | 1,602 | 11 |

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| **Total income from continuing operations** | **$** | **1,795** | $ 2,007 | (11)% | **$ 8,110** | $ 6,604 | 23% |
| Average loans by region (*in billions of dollars*) | | | | | | | |
| *North America* | **$** | **100** | $ 90 | 11% | **$ 95** | $ 83 | 14% |
| *EMEA* | | **54** | 54 | | **54** | 52 | 4 |
| *Latin America* | | **38** | 34 | 12 | **38** | 34 | 12 |
| *Asia* | | **67** | 65 | 3 | **64** | 63 | 2 |
| **Total average loans** | **$** | **259** | $ 243 | 7% | **$ 251** | $ 232 | 8% |

NM Not meaningful

**SECURITIES AND BANKING**

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

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

| *In millions of dollars, except as otherwise noted* | Third Quarter 2013 | Third Quarter 2012 | % Change | Nine Months 2013 | Nine Months 2012 | % Change |
|---|---|---|---|---|---|---|
| Net interest revenue | **$ 2,414** | $ 2,539 | (5)% | **$ 7,424** | $ 7,247 | 2% |
| Non-interest revenue | **2,335** | 2,308 | 1 | **11,144** | 8,413 | 32 |
| **Total revenues, net of interest expense** | **$ 4,749** | $ 4,847 | (2)% | **$ 18,568** | $ 15,660 | 19% |
| Total operating expenses | **$ 3,367** | $ 3,479 | (3)% | **$ 10,426** | $ 10,748 | (3)% |
| Net credit losses | **$ 49** | $ 56 | (13)% | **$ 121** | $ 93 | 30% |
| Provision (release) for unfunded lending commitments | **111** | (26) | NM | **95** | (17) | NM |
| Credit reserve build | **(40)** | (103) | 61 | **(103)** | (32) | NM |
| Provisions for credit losses | **$ 120** | $ (73) | NM | **$ 113** | $ 44 | NM |
| **Income before taxes and noncontrolling interests** | **$ 1,262** | $ 1,441 | (12)% | **$ 8,029** | $ 4,868 | 65% |
| Income taxes | **259** | 256 | 1 | **2,289** | 872 | NM |
| **Income from continuing operations** | **$ 1,003** | $ 1,185 | (15)% | **$ 5,740** | $ 3,996 | 44% |
| Noncontrolling interests | **14** | 11 | 27 | **76** | 93 | (18) |
| **Net income** | **$ 989** | $ 1,174 | (16)% | **$ 5,664** | $ 3,903 | 45% |
| Average assets *(in billions of dollars)* | **$ 885** | $ 905 | (2)% | **$ 915** | $ 901 | 2% |
| Return on average assets | **0.44%** | 0.52% | | **0.83%** | 0.58% | |
| Efficiency ratio | **71%** | 72% | | **56%** | 69% | |
| **Revenues by region (ex-CVA/DVA)** | | | | | | |
| *North America* | **$ 1,975** | $ 1,879 | 5% | **$ 7,554** | $ 5,868 | 29% |
| *EMEA* | **1,449** | 1,859 | (22) | **5,331** | 6,029 | (12) |
| *Latin America* | **647** | 783 | (17) | **2,150** | 2,239 | (4) |
| *Asia* | **1,010** | 1,125 | (10) | **3,713** | 3,501 | 6 |
| **Total revenues (ex-CVA/DVA)** | **$ 5,081** | $ 5,646 | (10)% | **$ 18,748** | $ 17,637 | 6% |
| **Income from continuing operations by region** | | | | | | |
| *North* America | **$ 420** | $ 292 | 44% | **$ 2,421** | $ 1,028 | NM |
| *EMEA* | **133** | 348 | (62) | **1,365** | 1,227 | 11% |
| *Latin America* | **257** | 352 | (27) | **919** | 985 | (7) |
| *Asia* | **193** | 193 | | **1,035** | 756 | 37 |

| | | | | | | |
|---|---|---|---|---|---|---|
| **Total income from continuing operations** | **$ 1,003** | $ 1,185 | (15)% | **$ 5,740** | $ 3,996 | 44% |
| *Securities and Banking* revenue details (ex-CVA/DVA) | | | | | | |
| Total investment banking | **$ 839** | $ 933 | (10)% | **$ 2,941** | $ 2,665 | 10% |
| Fixed income markets | **2,783** | 3,739 | (26) | **10,778** | 11,381 | (5) |
| Equity markets | **710** | 522 | 36 | **2,478** | 1,999 | 24 |
| Lending | **230** | 167 | 38 | **963** | 750 | 28 |
| Private bank | **614** | 609 | 1 | **1,888** | 1,798 | 5 |
| Other *Securities and Banking* | **(95)** | (324) | 71 | **(300)** | (956) | 69 |
| **Total *Securities and Banking* revenues (ex-CVA/DVA)** | **$ 5,081** | $ 5,646 | (10)% | **$ 18,748** | $ 17,637 | 6% |
| **CVA/DVA** | **$ (332)** | $ (799) | 58% | **$ (180)** | $ (1,977) | 91% |
| **Total revenues, net of interest expense** | **$ 4,749** | $ 4,847 | (2)% | **$ 18,568** | $ 15,660 | 19% |

NM Not meaningful

**3Q13 vs. 3Q12**

*Net income* decreased 16%. Excluding negative $332 million of CVA/DVA (see table below), net income decreased 29%, primarily driven by a decrease in revenues, partially offset by a decline in expenses.

*Revenues* decreased 2%. Excluding CVA/DVA:

Revenues decreased 10%, reflecting lower revenues in fixed income markets and investment banking, partially offset by higher revenues in equity markets. Overall, Citi's wallet share continued to improve during the current quarter in most major products, while maintaining what Citi believes to be a disciplined risk appetite for the market environment.

Fixed income markets revenues decreased 26% from a particularly strong prior-year period that benefited from an environment with strong liquidity, more robust client activity, and spread tightening. The recent quarter reflected a general slowdown in client activity exacerbated by uncertainty around the timing of quantitative easing as well as geopolitical issues influencing the overall slowdown in activity in G10 rates and securitized markets. Sequentially, fixed income market revenues declined 17%, particularly in Citi's local markets, as trading revenues decreased due to Citi's actions to reduce risk given increased volatility in the emerging markets, as well as the uncertain macroeconomic environment.

Equity markets revenues increased 36%, primarily due to market share gains, as well as continued improvement in derivative trading performance. Sequentially, equity market revenues declined 25% as cash equity revenues generally declined in line with overall market volumes and trading performance was weaker in derivatives.

Investment banking revenues decreased 10%, reflecting challenging overall market conditions in the quarter. Advisory revenues decreased 15% reflecting a contraction in the overall M&A market wallet despite an improvement in wallet share. Equity underwriting revenues increased 22%, primarily driven by improved wallet share and increased market activity. Debt underwriting revenues decreased 16%, primarily due to lower bond underwriting fees.

Lending revenues increased 38%, driven by lower mark-to-market losses on hedges related to accrual loans (see table below) due to less significant credit spread tightening versus the prior-year period. Excluding lending hedges related to accrual loans, core lending revenues decreased 10%, primarily due to lower volumes. Citi expects demand for Corporate loans to remain muted in the current market environment.

Private Bank revenues increased 1%, driven mainly by growth in capital markets and managed investments, particularly in EMEA and Latin America. Sequentially, Private Bank revenues declined 5%, primarily due to lower capital markets activity.

*Expenses* decreased 3%, primarily reflecting the impact of lower performance-based compensation and repositioning savings, partially offset by higher legal and related costs.

*Provisions* increased $193 million, primarily reflecting a loan loss reserve build driven by an increase in unfunded lending commitments in the Corporate loan portfolio, as well as certain largely episodic credits migrating to lower risk ratings in the quarter.

**3Q13 YTD vs. 3Q12 YTD**

*Net income* increased 45%. Excluding negative $180 million of CVA/DVA (see table below), net income increased 13%, primarily driven by an increase in revenues and decline in expenses, partially offset by the higher effective tax rate (see "Income Taxes" below).

*Revenues* increased 19%. Excluding CVA/DVA:

Revenues increased 6%, reflecting higher revenues in equity markets and investment banking, partially offset by lower revenues in fixed income markets. Overall, Citi's wallet share continued to improve during the period in most major products.

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

Equity markets revenues increased 24% due to the strong derivatives performance and higher cash equity volumes.

Investment banking revenues increased 10%, reflecting growth in most products and improved overall investment banking wallet share. Advisory revenues increased 15%, reflecting improved wallet share resulting from announced volumes during the second half of 2012, despite a contraction in the overall M&A market wallet. Equity underwriting revenues increased 43%, primarily due to increased market activity and improved wallet share, particularly in IPOs. Debt underwriting revenues were unchanged, as overall increased market activity, particularly in leveraged finance, was offset by lower wallet shares.

Lending revenues increased 28%, driven by lower mark-to-market losses on hedges related to accrual loans (see table below) due to less significant credit spread tightening versus the prior-year period. Excluding lending hedges related to accrual loans, core lending revenues decreased 7%, primarily related to lower volumes and asset sale activity, partially offset by higher spreads.

Private Bank revenues increased 5%, with growth across all regions. Most products showed improved performance, in particular capital markets and managed investments drove year on year growth.

*Expenses* decreased 3%, primarily reflecting the impact of repositioning savings and lower performance-based compensation, partially offset by higher legal and related costs.

*Provisions* increased $69 million, primarily reflecting the loan loss reserve build due to the increase in unfunded lending commitments and higher net credit losses.

| *In millions of dollars* | Three Months Ended September 30, 2013 | Three Months Ended September 30, 2012 | Nine Months Ended September 30, 2013 | Nine Months Ended September 30, 2012 |
|---|---|---|---|---|
| ***S&B* CVA/DVA** | | | | |
| Fixed Income Markets | **$ (287)** | $ (672) | **$ (147)** | $ (1,614) |
| Equity Markets | **(39)** | (117) | **(27)** | (350) |
| Private Bank | **(6)** | (10) | **(6)** | (13) |
| **Total *S&B* CVA/DVA** | **$ (332)** | $ (799) | **$ (180)** | $ (1,977) |
| ***S&B* Hedges on Accrual Loans gain (loss)(1)** | **$ (147)** | $ (252) | **$ (148)** | $ (440) |

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

**TRANSACTION SERVICES**

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

| | Third Quarter | | % | Nine Months | | % |
|---|---|---|---|---|---|---|
| *In millions of dollars, except as otherwise noted* | **2013** | **2012** | **Change** | **2013** | **2012** | **Change** |
| Net interest revenue | **$ 1,409** | $ 1,485 | (5)% | **$ 4,214** | $ 4,527 | (7)% |
| Non-interest revenue | **1,204** | 1,134 | 6 | **3,737** | 3,564 | 5 |
| **Total revenues, net of interest expense** | **$ 2,613** | $ 2,619 | % | **$ 7,951** | $ 8,091 | (2)% |
| Total operating expenses | **1,428** | 1,390 | 3 | **4,294** | 4,187 | 3 |
| Provisions (releases) for credit losses | **19** | 41 | (54) | **61** | 148 | (59) |
| **Income before taxes and noncontrolling interests** | **$ 1,166** | $ 1,188 | (2)% | **$ 3,596** | $ 3,756 | (4)% |
| Income taxes | **374** | 366 | 2 | **1,226** | 1,148 | 7 |
| Income from continuing operations | **792** | 822 | (4)% | **$ 2,370** | $ 2,608 | (9)% |
| Noncontrolling interests | **5** | 3 | 67 | **16** | 12 | 33 |
| **Net income** | **$ 787** | $ 819 | (4)% | **$ 2,354** | $ 2,596 | (9)% |
| Average assets *(in billions of dollars)* | **$ 167** | $ 142 | 18% | **$ 156** | $ 138 | 13% |
| Return on average assets | **1.87%** | 2.29% | | **2.02%** | 2.51% | |
| Efficiency ratio | **55%** | 53% | | **54%** | 52% | |
| **Revenues by region** | | | | | | |
| *North America* | **$ 614** | $ 619 | (1)% | **$ 1,907** | $ 1,921 | (1)% |
| *EMEA* | **873** | 844 | 3 | **2,655** | 2,625 | 1 |
| *Latin America* | **447** | 442 | 1 | **1,361** | 1,330 | 2 |
| *Asia* | **679** | 714 | (5) | **2,028** | 2,215 | (8) |
| **Total revenues** | **$ 2,613** | $ 2,619 | % | **$ 7,951** | $ 8,091 | (2)% |
| **Income from continuing operations by region** | | | | | | |
| *North America* | **$ 113** | $ 120 | (6)% | **$ 403** | $ 368 | 10% |
| *EMEA* | **255** | 268 | (5) | **707** | 885 | (20) |
| *Latin America* | **173** | 154 | 12 | **516** | 509 | 1 |
| *Asia* | **251** | 280 | (10) | **744** | 846 | (12) |
| **Total income from continuing operations** | **$ 792** | $ 822 | (4)% | **$ 2,370** | $ 2,608 | (9)% |
| **Foreign Currency (FX) Translation Impact** | | | | | | |
| Total revenue as reported | **$ 2,613** | $ 2,619 | % | **$ 7,951** | $ 8,091 | (2)% |
| Impact of FX translation(1) | | (49) | | | (112) | |
| Total revenues ex-FX | **$ 2,613** | $ 2,570 | 2% | **$ 7,951** | $ 7,979 | % |
| Total operating expenses as reported | **$ 1,428** | $ 1,390 | 3% | **$ 4,294** | $ 4,187 | 3% |
| Impact of FX translation(1) | | (14) | | | (37) | |
| Total operating expenses ex-FX | **$ 1,428** | $ 1,376 | 4% | **$ 4,294** | $ 4,150 | 3% |

| | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| Net income as reported | **$** | **787** | $ | 819 | (4)% | **$** | **2,354** | $ | 2,596 | (9)% |
| Impact of FX translation(1) | | | | (30) | | | | | (66) | |
| Net income ex-FX | **$** | **787** | $ | 789 | | **$** | **2,354** | $ | 2,530 | (7)% |
| **Key indicators** *(in billions of dollars)* | | | | | | | | | | |
| Average deposits and other customer liability balances as reported | **$** | **432** | $ | 415 | 4% | **$** | **424** | $ | 396 | 7% |
| Impact of FX translation(1) | | | | | | | | | (1) | |
| Average deposits and other customer liability balances ex-FX | **$** | **432** | $ | 415 | 4% | **$** | **424** | $ | 395 | 7% |
| EOP assets under custody(2) *(in trillions of dollars)* | **$** | **13.9** | $ | 12.8 | 9% | | | | | |

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

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

NM Not meaningful

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

**3Q13 vs. 3Q12**

*Net income* was unchanged, primarily due to higher revenues offset by higher expenses.

*Revenues* increased 2% as fee income growth from higher deposit balances, trade loans, and higher market volumes was partially offset by a decline in net interest revenues driven by continued spread compression. Treasury and Trade Solutions revenues increased 1%, as volume and fee growth more than offset the ongoing impact of spread compression globally. Treasury and Trade Solutions average deposits increased 4% and average trade loans increased 13%.(11) Securities and Fund Services revenues increased 3%, as settlement volumes increased 11% and assets under custody increased 9%, partially offset by spread compression related to deposits. Despite the overall underlying volume growth, Citi expects spread compression will continue to negatively impact *Transaction Services* net interest revenues in the near term.

*Expenses* increased 4%, primarily driven by the volume-related growth and increased financial transaction taxes in *EMEA*, which are expected to continue in future periods, partially offset by efficiency savings.

*Average deposits and other customer liabilities* increased 4%, primarily as a result of client activity in *Latin America*, *EMEA,* and *North America* (for additional information on Citi's deposits, see "Capital Resources and Liquidity Funding and Liquidity" below).

**3Q13 YTD vs. 3Q12 YTD**

Year-to-date, *Transaction Services* has experienced similar trends to those described above. *Net income* decreased 7%, primarily reflecting continued spread compression and higher expenses, partially offset by higher balances and volumes.

*Revenues* were unchanged as higher deposit balances, trade loans and market volumes were offset by continued spread compression. Treasury and Trade Solutions revenues declined 2%, driven by spread compression globally, partially offset by continued growth in balances as average deposits increased 6% and average trade loans increased over 15%.(11) Securities and Fund Services revenues increased 4% as settlement volumes increased 10% and assets under custody increased 9%, partially offset by spread compression related to deposits.

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

*Average deposits and other customer liabilities* increased 7%, primarily as a result of the client activity in *Latin America* and *EMEA.*

---

(11) As previously disclosed, average trade loans excludes the impact of adding approximately $7 billion of previously unconsolidated assets during the second quarter of 2013.

## 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 September 30, 2013, *Corporate/Other* had approximately $317 billion of assets, or 17% of Citigroup's total assets, consisting primarily of Citi's liquidity portfolio (approximately $119 billion of cash and cash equivalents and $139 billion of liquid available-for-sale securities). For additional information, see "Balance Sheet Review" and "Capital Resources and Liquidity Funding and Liquidity" below.

| *In millions of dollars* | Third Quarter 2013 | Third Quarter 2012 | % Change | Nine Months 2013 | Nine Months 2012 | % Change |
|---|---|---|---|---|---|---|
| Net interest revenue | **$ (194)** | $ (197) | 2% | **$ (477)** | $ (366) | (30)% |
| Non-interest revenue | **225** | 198 | 14 | **604** | 542 | 11 |
| **Total revenues, net of interest expense** | **$ 31** | $ 1 | NM | **$ 127** | $ 176 | (28)% |
| Total operating expenses | **$ 432** | $ 765 | (44)% | **$ 1,525** | $ 2,157 | (29)% |
| Provisions for loan losses and for benefits and claims | | (1) | 100 | | (1) | 100 |
| Loss from continuing operations before taxes | **$ (401)** | $ (763) | 47% | **$ (1,398)** | $ (1,980) | 29% |
| Income taxes (benefits) | **(264)** | (687) | 62 | **(551)** | (1,126) | 51 |
| **Loss from continuing operations** | **$ (137)** | $ (76) | (80)% | **$ (847)** | $ (854) | 1% |
| Gain from discontinued operations, net of taxes | **92** | 8 | NM | **89** | 27 | NM |
| **Net loss before attribution of noncontrolling interests** | **$ (45)** | $ (68) | 34% | **$ (758)** | $ (827) | 8% |
| Noncontrolling interests | **22** | 8 | NM | **58** | 80 | (28) |
| **Net loss** | **$ (67)** | $ (76) | 12% | **$ (816)** | $ (907) | 10% |
| **EOP assets** *(in billions of dollars)* | **$ 317** | $ 298 | 6% | | | |

NM Not meaningful

### 3Q13 vs. 3Q12

The *net loss* decreased 12%, primarily due to lower expenses and gains in discontinued operations (see "Income Taxes" and Note 2 to the Consolidated Financial Statements), partially offset by a lower tax benefit ($176 million in the current quarter, compared to a $582 million tax benefit in the prior-year period, each of which related to the resolution of certain tax audit items).

*Revenues* increased $30 million, driven by the impact of hedging activities, partially offset by lower revenue from sales of available-for-sale (AFS) securities in the current quarter.

*Expenses* decreased 44%, largely driven by lower legal and related costs and lower firmwide marketing expenses.

### 3Q13 YTD vs. 3Q12 YTD

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

*Revenues* decreased 28%, driven by the impact of lower revenue from sales of AFS securities, and the absence of the impact of minority investments in the prior-year period (12) partially offset by the impact of hedging activities in the current period.

*Expenses* decreased 29%, largely driven by lower legal and related costs and lower firmwide marketing expenses.

---

(12) In the first nine months of 2012, Citi recorded a net pretax gain on minority investments of $53 million ($29 million after-tax), which included pretax gains of $1.1 billion and $542 million on the sales of Citi's remaining stake in Housing Development Finance Corporation Ltd. (HDFC) and its stake in Shanghai Pudong Development Bank (SPDB), respectively, offset by a pretax impairment charge relating to Akbank T.A.S. of $1.2 billion and the net pretax loss of $424 million ($274 million after-tax) related to the sale of the 10.1% stake in Akbank T.A.S.

**CITI HOLDINGS**

Citi Holdings contains businesses and portfolios of assets that Citigroup has determined are not central to its core Citicorp businesses. As of September 30, 2013, Citi Holdings assets were approximately $122 billion, a decrease of approximately 29% year-over-year and 7% from June 30, 2013. The decline in assets of $9 billion from June 30, 2013 was composed of approximately $4 billion of loan and other asset sales and $5 billion of run-off, pay-downs and charge-offs. As of September 30, 2013, Citi Holdings represented approximately 6% of Citi's GAAP assets, 11% of Citi's risk-weighted assets (as defined under current regulatory guidelines), and 19% of its estimated risk-weighted assets under Basel III.

As of September 30, 2013, Consumer assets in Citi Holdings were approximately $107 billion, or approximately 88% of Citi Holdings assets. Of the Consumer assets, approximately $76 billion, or 71%, 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 $12 billion, or 16%, of the $76 billion as of September 30, 2013).

| *In millions of dollars, except as otherwise noted* | *Third Quarter 2013* | *2012* | *% Change* | *Nine Months 2013* | *2012* | *% Change* |
|---|---|---|---|---|---|---|
| Net interest revenue | **$ 776** | $ 680 | 14% | **$ 2,313** | $ 1,984 | 17% |
| Non-interest revenue | **476** | (4,359) | NM | **932** | (3,843) | NM |
| **Total revenues, net of interest expense** | **$ 1,252** | $ (3,679) | NM | **$ 3,245** | $ (1,859) | NM |
| **Provisions for credit losses and for benefits and claims** | | | | | | |
| Net credit losses | **$ 635** | $ 1,807 | (65)% | **$ 2,335** | $ 4,870 | (52)% |
| Credit reserve build (release) | **(674)** | (797) | 15 | **(1,501)** | (1,597) | 6 |
| Provision for loan losses | **$ (39)** | $ 1,010 | NM | **$ 834** | $ 3,273 | (75)% |
| Provision for benefits and claims | **153** | 160 | (4)% | **475** | 496 | (4) |
| Provision (release) for unfunded lending commitments | **(5)** | (16) | 69 | **(2)** | (61) | 97 |
| Total provisions for credit losses and for benefits and claims | **$ 109** | $ 1,154 | (91)% | **$ 1,307** | $ 3,708 | (65)% |
| **Total operating expenses** | **$ 1,380** | $ 1,187 | 16% | **$ 4,429** | $ 3,639 | 22% |
| **Loss from continuing operations before taxes** | **$ (237)** | $ (6,020) | 96% | **$ (2,491)** | $ (9,206) | 73% |
| Benefits for income taxes | **(139)** | (2,467) | 94 | **(1,035)** | (3,727) | 72 |
| **Loss from continuing operations** | **$ (98)** | $ (3,553) | 97% | **$ (1,456)** | $ (5,479) | 73% |
| Noncontrolling interests | **6** | | | **12** | 3 | NM |
| **Net loss** | **$ (104)** | $ (3,553) | 97% | **$ (1,468)** | $ (5,482) | 73% |
| **Balance sheet data** *(in billions of dollars)* | | | | | | |
| **Average assets** | **$ 127** | $ 184 | (31)% | **$ 141** | $ 203 | (31)% |
| Total EOP assets | **122** | 171 | (29) | | | |
| Total EOP loans | **96** | 122 | (21) | | | |
| Total EOP deposits | **42** | 67 | (37) | | | |
| Consumer net credit losses as a percentage of average loans | **2.47%** | 5.96% | | **3.01%** | 5.12% | |

NM Not meaningful

**3Q13 vs. 3Q12**

The *net loss* decreased by 97% to $104 million, including CVA/DVA of a negative $4 million (compared to $23 million in the prior-year period), due to the pre-tax-loss of $4.7 billion ($2.9 billion after-tax) related to MSSB in the prior-year period. Excluding CVA/DVA in both periods and the third quarter of 2012 MSSB loss, the net loss decreased to $102 million compared to a net loss of $670 million in the prior-year period, as higher revenues and lower net credit losses were partially offset by higher expenses and lower loan loss reserve releases.

*Revenues* increased to $1.3 billion, primarily due to the absence of the third quarter of 2012 MSSB loss. Excluding CVA/DVA in both periods and the third quarter of 2012 MSSB loss, revenues increased 28% to $1.3 billion primarily driven by the absence of residential mortgage repurchase reserve builds for representation and warranty claims in the current quarter (compared to $200 million in the prior-year period) and lower funding costs (for additional information on Citi's repurchase reserve, see "Managing Global Risk Credit Risk Citigroup Residential Mortgages Representations and Warranties" below). Net interest revenues increased 14% due to lower funding costs. Non-interest revenue increased to $476 million primarily driven by the absence of the third quarter of 2012 MSSB loss, the absence of the repurchase reserve build recorded in the prior-year period and lower asset marks, partially offset by lower consumer revenues and lower gains on asset sales.

*Expenses* increased 16%, driven by higher legal and related costs ($593 million in the current quarter compared to $250 million in the prior-year period), partially offset by lower volumes and divestitures. Excluding legal and related costs, expenses declined 16% versus the prior-year period.

*Provisions* decreased 91%, driven primarily by improved credit in *North America* mortgages, lower volumes and divestitures. Net credit losses in the current quarter decreased by 65% to $635 million. Net credit losses in the third quarter of 2012 included approximately $635 million of incremental mortgage charge-offs required by OCC guidance regarding the treatment of mortgage loans where the borrower has gone through Chapter 7 bankruptcy. These incremental charge-offs were substantially offset by a related reserve release of approximately $600 million. Excluding these incremental

charge-offs, net credit losses declined 46%, principally reflecting improvements in *North America* mortgages. Net credit losses in the current quarter included $22 million related to Citi's continued fulfillment of its obligations under the independent foreclosure review settlements. Net credit losses will likely continue to be impacted as Citi completes its mortgage assistance obligations under the independent foreclosure review settlement, which is currently estimated to result in approximately $30 million of quarterly net credit losses through the first half of 2014 (see "Managing Global Risk Credit Risk Independent Foreclosure Review Settlement" below for additional information).

Excluding the incremental charge-offs arising from the OCC guidance, net credit losses in *North America* mortgages would have declined 50% to $423 million, other Consumer portfolios in *North America* by 64% and international Consumer by 62%. These declines were driven by lower overall asset levels, the sale of current and delinquent loans as well as underlying credit improvements.

Loan loss reserve releases decreased 16% to $679 million, which included a loan loss reserve release of approximately $725 million related to the *North America* mortgage portfolio, partially offset by losses on asset sales. Of the approximately $725 million related to the *North America* mortgage portfolio, approximately $425 million of loan loss reserve releases in the current quarter were utilized to offset net credit losses and the incremental reserve release of approximately $300 million was driven by continued improvement in delinquencies and home prices. Excluding the incremental reserve release of approximately $600 million relating to the OCC guidance, the loan loss reserve release in the current quarter would have increased $466 million to $679 million.

*Average assets* declined 31%, driven by asset sales and portfolio run-off, including declines of $20 billion in *North America* mortgage loans.

**3Q13 YTD vs. 3Q12 YTD**

Year-to-date, Citi Holdings has experienced similar trends to those described above. The *net loss* decreased by 73%, driven mainly by the absence of the third quarter of 2012 MSSB loss and improved credit performance, primarily in *North America* mortgages, partially offset by higher expenses.

*Revenues* increased $5.1 billion to $3.2 billion, primarily due to the absence of the third quarter of 2012 MSSB loss. Excluding CVA/DVA in both periods and the third quarter of 2012 MSSB loss, revenues increased 20% to $3.2 billion primarily driven by lower funding costs and repurchase reserve builds for representation and warranty claims. The repurchase reserve build in the current period was $470 million, compared to $533 million in the prior-year period (see "Managing Global Risk Credit Risk Citigroup Residential Mortgages Representations and Warranties" below).

*Expenses* increased 22%, driven by higher legal and related costs, which increased by $1.3 billion to $1.9 billion, partially offset by lower volumes and divestitures.

*Provisions* decreased 65%, driven primarily by the improved credit in *North America* mortgages, lower volumes and divestitures. Net credit losses decreased by 52%, driven by improved credit performance as well as the absence in the current period of $454 million of incremental charge-offs related to the national mortgage settlement and $635 million related to the OCC guidance, both incurred in the prior-year period. Excluding the incremental charge-offs of both the $454 million related to the national mortgage settlement and $635 million related to the OCC guidance in the prior-year period, net credit losses would have declined 38% in the current period. Net credit losses in the current period also included $128 million related to the national mortgage and independent foreclosure review settlements. Loan loss reserve releases decreased 6%, due to the absence of the $600 million in reserve releases related to the OCC guidance and $350 million of reserve releases related to the national mortgage settlement, each in the prior-year period. Excluding these incremental reserve releases, loan loss reserve releases would have more than doubled in the current period.

*Average assets* decreased 31%, driven by asset sales and portfolio run-off, including declines in *North America* mortgage loans.

**Payment Protection Insurance**

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

During the third quarter of 2013, Citi continued its customer contact exercise to contact proactively any customers who may have been mis-sold PPI after January 2005 and invite them to have their individual sale reviewed (Customer Contact Exercise). Citi currently expects to complete the Customer Contact Exercise during the first half of 2014.

During the third quarter of 2013, Citi increased its PPI reserves by approximately $61 million, primarily due to an increase in the rate of response to the Customer Contact Exercise as well as a continued elevated level of customer complaints outside of the Customer Contact Exercise, and paid PPI claims totaling $74 million. At September 30, 2013, Citi's PPI reserve was $257 million.

**BALANCE SHEET REVIEW**

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

| *In billions of dollars* | September 30, 2013 | June 30, 2013 | December 31, 2012 | 3Q13 vs. 2Q13 Increase (decrease) | % Change | 3Q13 vs. 4Q12 Increase (decrease) | % Change |
|---|---|---|---|---|---|---|---|
| **Assets** | | | | | | | |
| Cash and deposits with banks | **$ 205** | $ 189 | $ 139 | **$ 16** | **8%** | $ 66 | 47% |
| Federal funds sold and securities borrowed or purchased under agreements to resell | **274** | 263 | 261 | **11** | **4** | 13 | 5 |
| Trading account assets | **292** | 307 | 321 | **(15)** | **(5)** | (29) | (9) |
| Investments | **304** | 300 | 312 | **4** | **1** | (8) | (3) |
| Loans, net of unearned income and allowance for loan losses | **637** | 622 | 630 | **15** | **2** | 7 | 1 |
| Other assets | **188** | 203 | 202 | **(15)** | **(7)** | (14) | (7) |
| **Total assets** | **$ 1,900** | $ 1,884 | $ 1,865 | **$ 16** | **1%** | $ 35 | 2% |
| **Liabilities** | | | | | | | |
| Deposits | **$ 955** | $ 938 | $ 931 | **$ 17** | **2%** | $ 24 | 3% |
| Federal funds purchased and securities loaned or sold under agreements to repurchase | **216** | 218 | 211 | **(2)** | **(1)** | 5 | 2 |
| Trading account liabilities | **122** | 123 | 116 | **(1)** | **(1)** | 6 | 5 |
| Short-term borrowings | **59** | 59 | 52 | | | 7 | 13 |
| Long-term debt | **222** | 221 | 239 | **1** | | (17) | (7) |
| Other liabilities | **123** | 127 | 125 | **(4)** | **(3)** | (2) | (2) |
| **Total liabilities** | **$ 1,697** | $ 1,686 | $ 1,674 | **$ 11** | **1%** | $ 23 | 1% |
| **Total equity** | **203** | 198 | 191 | **5** | **3** | 12 | 6 |
| **Total liabilities and equity** | **$ 1,900** | $ 1,884 | $ 1,865 | **$ 16** | **1%** | $ 35 | 2% |

**ASSETS**

**Cash and Deposits with Banks**

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

During the third quarter of 2013, cash and deposits with banks increased 8%, driven by a $15 billion, or 9%, increase in deposits with banks and a $2 billion, or 5%, increase in due from banks. The growth in cash balances was driven by higher deposits in *Transactions Services* and continued reduction of Citi Holdings assets, partially offset by *Securities and Banking* Corporate lending growth. For additional information on Citi's deposits, see "Capital Resources and Liquidity  Funding and Liquidity" below.

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

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

Reverse repos and securities borrowed increased 4%, in the third quarter, primarily due to a change in the asset mix as well as the impact of FX translation. For further information regarding these balance sheet categories, see Note 10 to the Consolidated Financial Statements.

**Trading Account Assets**

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

During the third quarter, trading account assets were down 5% due to declines in the markets businesses within *Securities and Banking* reflecting the lower levels of market activity during the quarter, including decreases in mortgage-backed securities ($6 billion or 15%), derivative assets ($5 billion or 9%) and foreign government securities ($3 billion, or 3%). Average trading account assets were $246 billion in the third quarter of 2013, compared to $263 billion in the second quarter of 2013.

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

**Investments**

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

During the third quarter of 2013, investments increased 1%, primarily due to a $2 billion, or 1%, growth in AFS securities, predominantly due to increases in foreign government securities, partially offset by declines in mortgage-backed securities to reduce the portfolio risk profile and U.S. treasury and agency securities.

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

**Loans**

*Loans* represent the largest asset category of Citi's balance sheet. Citi's total loans, net of unearned income, were $658 billion at September 30, 2013, compared to $644 billion at June 30, 2013 and $658 billion at September 30, 2012. The impact of FX translation was a negative $8 billion year-over-year and a positive $2 billion quarter-over-quarter. In addition, approximately $3 billion of loans were moved to *Discontinued operations* during the second quarter of 2013 as a result of the agreement to sell Citi's Brazil Credicard business (see Note 2 to the Consolidated Financial Statements).

Excluding the impact of FX translation and the Credicard loans,(13) loans increased 1% from the prior-year period and quarter-over-quarter. At the end of the third quarter of 2013, Consumer and Corporate loans represented 59% and 41%, respectively, of Citi's total loans.

Loans were relatively unchanged from the prior-year period as growth in Citicorp was, partially offset by the continued decline in Citi Holdings. Within Citicorp, Consumer loans grew 4% from the prior-year period with growth in all regions. In *North America*, Consumer loans grew 3% from the prior year period, primarily reflecting the addition of approximately $7 billion of credit card loans as a result of the previously announced acquisition of Best Buy's U.S. credit card portfolio in the third quarter of 2013. Internationally, Consumer loans grew 5% from the prior-year period, driven by growth in Mexico, Hong Kong, Singapore and China, offset by headwinds in Korea. Corporate loans grew 9% from the prior-year period, with 9% growth in *Asia* and 7% growth in *Latin America*. *Transaction Services* loans grew 20% compared to the prior-year period including the previously-disclosed consolidation of $7 billion of trade loans in *North America* during the second quarter of 2013 as well as origination growth. Corporate loans, excluding trade loans, grew 2% from the prior-year period, as loan demand remained muted in the current market environment. Loans in Citi Holdings continued to decline in the third quarter with a 21% decrease compared to the prior-year period.

Quarter-over-quarter, Citi Holdings loans declined 4% while Citicorp loans increased 3%. Citicorp Corporate and Consumer loans each increased 3%. The Consumer loan growth was primarily driven by the Best Buy acquisition. During the third quarter of 2013, average loans of $645 billion yielded an average rate of 7.0%, compared to $642 billion and 7.1% respectively, in the second quarter of 2013.

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

**Other Assets**

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

During the third quarter of 2013, other assets decreased 7% primarily due to declines in loans held for sale.

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

**LIABILITIES**

**Deposits**

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

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

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

For further information on Citi's secured financing transactions, including repos and securities lending transactions, see "Capital Resources and Liquidity Funding and Liquidity" below. See also Note 10 to the Consolidated Financial Statements for additional information on these balance sheet categories.

**Trading Account Liabilities**

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

During the third quarter of 2013, trading account liabilities decreased by 1%, substantially all of which was due to a decrease in short equity positions, which was aligned with the corresponding increase in securities borrowing transactions discussed above. Average trading account liabilities were $71 billion, compared to $82 billion in the second quarter of 2013, primarily due to lower average *Securities and Banking* volumes.

---

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

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

**Debt**

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

**Other Liabilities**

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

**SEGMENT BALANCE SHEET AT SEPTEMBER 30, 2013(1)**

| *In millions of dollars* | Global Consumer Banking | Institutional Clients Group | Corporate/Other, Discontinued Operations and Consolidating Eliminations(2) | Subtotal Citicorp | Citi Holdings | Citigroup Parent Company-Issued Long-Term Debt and Stockholders' Equity(3) | Total Citigroup Consolidated |
|---|---|---|---|---|---|---|---|
| **Assets** | | | | | | | |
| Cash and deposits with banks | $ 17,701 | $ 67,473 | $ 119,148 | $ 204,322 | $ 1,147 | $ | $ 205,469 |
| Federal funds sold and securities borrowed or purchased under agreements to resell | 5,577 | 267,172 | | 272,749 | 930 | | 273,679 |
| Trading account assets | 7,579 | 279,553 | 207 | 287,339 | 4,383 | | 291,722 |
| Investments | 34,515 | 106,888 | 149,115 | 290,518 | 13,007 | | 303,525 |
| Loans, net of unearned income and allowance for loan losses | 282,337 | 265,769 | | 548,106 | 88,840 | | 636,946 |
| Other assets | 52,829 | 72,785 | 48,949 | 174,563 | 13,607 | | 188,170 |
| **Total assets** | $ 400,538 | $ 1,059,640 | $ 317,419 | $ 1,777,597 | $ 121,914 | $ | $ 1,899,511 |
| **Liabilities and equity** | | | | | | | |
| Total deposits | $ 330,148 | $ 565,408 | $ 18,087 | $ 913,643 | $ 41,817 | $ | $ 955,460 |
| Federal funds purchased and securities loaned or sold under agreements to repurchase | 7,537 | 208,849 | | 216,386 | 1 | | 216,387 |
| Trading account liabilities | 35 | 120,671 | 272 | 120,978 | 1,070 | | 122,048 |
| Short-term borrowings | 277 | 46,367 | 11,938 | 58,582 | 322 | | 58,904 |
| Long-term debt | 2,052 | 38,680 | 14,778 | 55,510 | 6,385 | 159,698 | 221,593 |
| Other liabilities | 17,562 | 79,238 | 18,567 | 115,367 | 7,013 | | 122,380 |
| Net inter-segment funding (lending) | 42,927 | 427 | 251,884 | 295,238 | 65,306 | (360,544) | |
| **Total liabilities** | $ 400,538 | $ 1,059,640 | $ 315,526 | $ 1,775,704 | $ 121,914 | $ (200,846) | $ 1,696,772 |
| **Total equity** | | | 1,893 | 1,893 | | 200,846 | 202,739 |
| **Total liabilities and equity** | $ 400,538 | $ 1,059,640 | $ 317,419 | $ 1,777,597 | $ 121,914 | $ | $ 1,899,511 |

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

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

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

**CAPITAL RESOURCES AND LIQUIDITY**

**CAPITAL RESOURCES**

**Overview**

Capital is used principally to support assets in Citi's businesses and to absorb credit, market and operational losses. Citi primarily generates capital through earnings from its operating businesses. Citi may augment its capital through issuances of common stock, perpetual preferred stock and equity issued through awards under employee benefit plans, among other issuances. During the first nine months of 2013, Citi issued $2.8 billion of noncumulative perpetual preferred stock, resulting in a total of approximately $5.2 billion outstanding as of September 30, 2013.

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

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

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

**Current Regulatory Capital Guidelines**

***Citigroup Capital Resources Under Current Regulatory Guidelines***

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

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

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

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

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

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

| | Sept. 30, 2013(1) | Dec. 31, 2012(2) |
|---|---|---|
| Tier 1 Common | **12.68%** | 12.67% |
| Tier 1 Capital | **13.64** | 14.06 |
| Total Capital (Tier 1 Capital + Tier 2 Capital) | **16.68** | 17.26 |
| Leverage | **8.13** | 7.48 |

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

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

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

***Components of Citigroup Capital Under Current Regulatory Guidelines***

| *In millions of dollars* | September 30, 2013 | December 31, 2012 |
|---|---|---|
| **Tier 1 Common Capital** | | |
| Citigroup common stockholders' equity(1) | **$ 195,662** | $ 186,487 |
| **Regulatory Capital Adjustments and Deductions:** | | |
| Less: Net unrealized gains (losses) on securities AFS, net of tax(2)(3) | **(1,356)** | 597 |
| Less: Accumulated net unrealized losses on cash flow hedges, net of tax | **(1,341)** | (2,293) |
| Less: Defined benefit plans liability adjustment, net of tax(4) | **(4,317)** | (5,270) |
| Less: Cumulative effect included in fair value of financial liabilities attributable to the change in own creditworthiness, net of tax(5) | **(138)** | 18 |
| Less: Disallowed deferred tax assets(6) | **39,810** | 41,800 |
| Less: Intangible assets: | | |
| Goodwill, net of related deferred tax liability (DTL) | **23,527** | 24,170 |
| Other disallowed intangible assets, net of related DTL | **3,525** | 3,868 |
| Other | **(412)** | (502) |
| **Total Tier 1 Common Capital** | **$ 135,540** | $ 123,095 |
| **Tier 1 Capital** | | |
| Qualifying perpetual preferred stock(1) | **$ 5,184** | $ 2,562 |
| Qualifying trust preferred securities | **4,221** | 9,983 |
| Qualifying noncontrolling interests | **846** | 892 |
| **Total Tier 1 Capital** | **$ 145,791** | $ 136,532 |
| **Tier 2 Capital** | | |
| Allowance for credit losses(7) | **$ 13,479** | $ 12,330 |
| Qualifying subordinated debt(8) | **19,070** | 18,689 |
| Net unrealized pretax gains on AFS equity securities(2) | **1** | 135 |
| **Total Tier 2 Capital** | **$ 32,550** | $ 31,154 |
| **Total Capital (Tier 1 Capital + Tier 2 Capital)** | **$ 178,341** | $ 167,686 |

***Citigroup Risk-Weighted Assets***

| *In millions of dollars* | September 30, 2013 | December 31, 2012(10) |
|---|---|---|
| Credit Risk-Weighted Assets(9) | **$ 943,462** | $ 929,722 |
| Market Risk-Weighted Assets | **125,529** | 41,531 |
| **Total Risk-Weighted Assets** | **$ 1,068,991** | $ 971,253 |

---

(1) Issuance costs of $59 million related to preferred stock outstanding at September 30, 2013 are excluded from common stockholders' equity and netted against preferred stock in accordance with Federal Reserve Board regulatory reporting requirements, which differ from those under U.S. GAAP.

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

(3)

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

(4)

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

(5)

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

(6)

Of Citi's approximately $53 billion of net deferred tax assets at September 30, 2013, approximately $11 billion of such assets were not deducted in calculating regulatory capital pursuant to current risk-based capital guidelines, while approximately $40 billion of such assets exceeded the limitation imposed by these guidelines and were deducted in arriving at Tier 1 Capital. Citi's approximately $2 billion of other net deferred tax assets primarily represented deferred tax assets related to the regulatory capital adjustments for defined benefit plans liability, unrealized gains (losses) on AFS securities and cash flow hedges, offset by deferred tax liabilities related to the adjustments for goodwill and certain other intangible assets, which are permitted to be excluded prior to deriving the amount of net deferred tax assets subject to limitation under the guidelines.

(7)

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

(8)

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

(9)

Includes risk-weighted credit equivalent amounts, net of applicable bilateral netting agreements, of approximately $63 billion for interest rate, commodity, equity, foreign exchange, and credit derivative contracts as of September 30, 2013, compared with approximately $62 billion as of December 31, 2012. Credit risk-weighted assets also include those deriving from certain other off-balance-sheet exposures, such as financial guarantees, unfunded lending commitments and letters of credit, and reflect deductions such as for certain intangible assets and any excess allowance for credit losses.

(10)

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

***Citigroup Capital Rollforward Under Current Regulatory Guidelines***

| *In millions of dollars* | Three Months Ended September 30, 2013 | Nine Months Ended September 30, 2013 |
|---|---|---|
| **Tier 1 Common Capital** | | |
| **Balance, beginning of period** | **$ 131,824** | **$ 123,095** |
| Net income | **3,227** | **11,217** |
| Dividends declared | **(140)** | **(214)** |
| Net increase in treasury stock | **(397)** | **(625)** |
| Net change in additional paid-in capital(1) | **174** | **698** |
| Net change in foreign currency translation adjustment included in accumulated other comprehensive income, net of tax | **564** | **(1,854)** |
| Net change in cumulative effect included in fair value of financial liabilities attributable to the change in own creditworthiness, net of tax | **149** | **156** |
| Net decrease in disallowed deferred tax assets | **244** | **1,990** |
| Net change in goodwill and other intangible assets, net of related DTL | **(133)** | **986** |
| Other | **28** | **91** |
| **Net increase in Tier 1 Common Capital** | **$ 3,716** | **$ 12,445** |
| **Balance, end of period** | **$ 135,540** | **$ 135,540** |
| **Tier 1 Capital** | | |
| **Balance, beginning of period** | **$ 143,502** | **$ 136,532** |
| Net increase in Tier 1 Common Capital | **3,716** | **12,445** |
| Net decrease in qualifying trust preferred securities | **(2,341)** | **(5,762)** |
| Net increase in qualifying perpetual preferred stock(2) | **930** | **2,622** |
| Net decrease in qualifying noncontrolling interests | **(16)** | **(46)** |
| **Net increase in Tier 1 Capital** | **$ 2,289** | **$ 9,259** |
| **Balance, end of period** | **$ 145,791** | **$ 145,791** |
| **Tier 2 Capital** | | |
| **Balance, beginning of period** | **$ 31,877** | **$ 31,154** |
| Net change in allowance for credit losses eligible for inclusion in Tier 2 Capital(3) | **(197)** | **1,149** |
| Net increase in qualifying subordinated debt | **903** | **381** |
| Net change in net unrealized pretax gains on AFS equity securities eligible for inclusion in Tier 2 Capital | **(33)** | **(134)** |
| **Net increase in Tier 2 Capital** | **$ 673** | **$ 1,396** |
| **Balance, end of period** | **$ 32,550** | **$ 32,550** |
| **Total Capital (Tier 1 Capital + Tier 2 Capital)** | **$ 178,341** | **$ 178,341** |

---

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

(2) Citi issued $950 million and $2.8 billion of qualifying perpetual preferred stock during the three and nine months ended September 30, 2013, respectively. These issuances were partially offset by both redemptions and the netting of issuance costs, which in the aggregate were $20 million and $153 million for the three and nine months ended September 30, 2013, respectively.

(3) The net change for the nine months ended September 30, 2013 reflects, in part, an increase in the portion of the allowance for credit losses eligible for inclusion in Tier 2 Capital resulting from an increase in gross risk-weighted assets due to the adoption of Basel II.5.

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

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

| *In billions of dollars, except ratios* | Sept. 30, 2013(1) | Dec. 31, 2012(2) |
|---|---|---|
| Tier 1 Common Capital | **$ 121.2** | $ 116.6 |
| Tier 1 Capital | **121.9** | 117.4 |
| Total Capital (Tier 1 Capital + Tier 2 Capital) | **140.6** | 135.5 |
| | | |
| Tier 1 Common ratio | **13.62%** | 14.12% |
| Tier 1 Capital ratio | **13.70** | 14.21 |
| Total Capital ratio | **15.80** | 16.41 |
| Leverage ratio | **9.54** | 8.97 |

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

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

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

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

| | Tier 1 Common ratio | | Tier 1 Capital ratio | | Total Capital ratio | | Leverage ratio | |
|---|---|---|---|---|---|---|---|---|
| | Impact of $100 million change in Tier 1 Common Capital | Impact of $1 billion change in risk-weighted assets | Impact of $100 million change in Tier 1 Capital | Impact of $1 billion change in risk-weighted assets | Impact of $100 million change in Total Capital | Impact of $1 billion change in risk-weighted assets | Impact of $100 million change in Tier 1 Capital | Impact of $1 billion change in adjusted average total assets |
| Citigroup | **0.9 bps** | **1.2 bps** | **0.9 bps** | **1.3 bps** | **0.9 bps** | **1.6 bps** | **0.6 bps** | **0.5 bps** |
| Citibank, N.A. | **1.1 bps** | **1.5 bps** | **1.1 bps** | **1.5 bps** | **1.1 bps** | **1.8 bps** | **0.8 bps** | **0.7 bps** |

***Citigroup Broker-Dealer Subsidiaries***

At September 30, 2013, Citigroup Global Markets Inc., a U.S. broker-dealer registered with the SEC that is an indirect wholly owned subsidiary of Citigroup, had net capital, computed in accordance with the SEC's net capital rule, of $6.3 billion, which exceeded the minimum requirement by $5.6 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 September 30, 2013.

**Basel III**

***Tier 1 Common Ratio***

At September 30, 2013, Citi's estimated Basel III Tier 1 Common ratio was 10.5%, compared to an estimated 10.0% at June 30, 2013 (each based on the "Advanced Approaches" for determining total risk-weighted assets).(14) The increase in the ratio quarter-over-quarter was primarily due to quarterly net income and other improvements to Tier 1 Common Capital, including further utilization of DTAs (see "Income Taxes" below) as well as continued lower overall risk-weighted assets, partially offset by share repurchases and dividends.

The tables below set forth the components of Citi's Basel III capital, as well as estimated risk-weighted assets as of September 30, 2013 and December 31, 2012.

***Components of Citigroup Capital Under Basel III***

| *In millions of dollars* | September 30, 2013(1) | December 31, 2012(2) |
|---|---|---|
| **Tier 1 Common Capital** | | |
| Citigroup common stockholders' equity(3) | **$ 195,662** | $ 186,487 |
| Add: Qualifying noncontrolling interests | **172** | 171 |
| **Regulatory Capital Adjustments and Deductions:** | | |
| Less: Accumulated net unrealized losses on cash flow hedges, net of tax(4) | **(1,341)** | (2,293) |
| Less: Cumulative change in fair value of financial liabilities attributable to the change in own creditworthiness, net of tax | **339** | 587 |
| Less: Intangible assets: | | |
| Goodwill, net of related DTL(5) | **24,721** | 25,488 |
| Identifiable intangible assets other than mortgage servicing rights (MSRs), net of related DTL | **4,966** | 5,632 |
| Less: Defined benefit pension plan net assets | **954** | 732 |
| Less: Deferred tax assets (DTAs) arising from net operating losses and foreign tax credit carryforwards | **27,974** | 28,800 |
| Less: Excess over 10%/15% limitations for other DTAs, certain common stock investments, and MSRs(6) | **16,530** | 22,316 |
| **Total Tier 1 Common Capital** | **$ 121,691** | $ 105,396 |
| **Additional Tier 1 Capital** | | |
| Qualifying perpetual preferred stock(3) | **$ 5,184** | $ 2,562 |
| Qualifying noncontrolling interests | **37** | 37 |
| **Regulatory Capital Deduction:** | | |
| Less: Minimum regulatory capital requirements of insurance underwriting subsidiaries(7) | **234** | 247 |
| **Total Tier 1 Capital** | **$ 126,678** | $ 107,748 |
| **Tier 2 Capital** | | |
| Qualifying subordinated debt | **$ 19,070** | $ 18,689 |
| Qualifying trust preferred securities | **4,221** | 9,983 |
| Qualifying noncontrolling interests | **49** | 49 |
| **Regulatory Capital Adjustment and Deduction:** | | |
| Add: Excess of eligible credit reserves over expected credit losses(8) | **2,667** | 5,115 |
| Less: Minimum regulatory capital requirements of insurance underwriting subsidiaries(7) | **234** | 247 |
| **Total Tier 2 Capital** | **$ 25,773** | $ 33,589 |
| **Total Capital (Tier 1 Capital + Tier 2 Capital)**(9) | **$ 152,451** | $ 141,337 |

***Citigroup Risk-Weighted Assets Under Basel III***

| *In millions of dollars* | September 30, 2013(1) | December 31, 2012(2) |
|---|---|---|
| Advanced Approaches total risk-weighted assets | **$ 1,159,000** | $ 1,206,000 |
| Standardized Approach total risk-weighted assets | **$ 1,157,000** | $ 1,200,000 |

---

(1) Calculated based on the Final Basel III Rules, and with full implementation assumed for capital components.

(2) Calculated based on the proposed U.S. Basel III rules (Basel III NPR), and with full implementation assumed for capital components.

(3) Issuance costs of $59 million related to preferred stock outstanding at September 30, 2013 are excluded from common stockholders' equity and netted against preferred stock in accordance with Federal Reserve Board regulatory reporting requirements, which differ from those under U.S. GAAP.

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

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

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

(7) 50% of the minimum regulatory capital requirements of insurance underwriting subsidiaries must be deducted from each of Tier 1 Capital and Tier 2 Capital.

(8) 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.

(9) 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 $163 billion and $149.3 billion at September 30, 2013 and December 31, 2012, respectively.

***Citigroup Capital Rollforward Under Basel III***

| *In millions of dollars* | Three Months Ended September 30, 2013 | Nine Months Ended September 30, 2013 |
|---|---|---|
| **Tier 1 Common Capital** | | |
| **Balance, beginning of period** | **$ 117,147** | **$ 105,396** |
| Net income | **3,227** | **11,217** |
| Dividends declared | **(140)** | **(214)** |
| Net increase in treasury stock | **(397)** | **(625)** |
| Net change in additional paid-in capital(1) | **174** | **699** |
| Net change in accumulated other comprehensive income, net of tax | **1,126** | **(1,902)** |
| Net change in accumulated net unrealized losses on cash flow hedges, net of tax(2) | **(330)** | **(952)** |
| Net change in cumulative change in fair value of financial liabilities attributable to the change in own creditworthiness, net of tax | **185** | **248** |
| Net change in goodwill, net of related DTL(3) | **(169)** | **767** |
| Net change in other intangible assets other than mortgage servicing rights (MSRs), net of related DTL | **91** | **666** |
| Net increase in defined benefit pension plan net assets | **(78)** | **(222)** |
| Net change in deferred tax assets (DTAs) arising from net operating losses and foreign tax credit carryforwards | **(74)** | **826** |
| Net change in excess over 10%/15% limitations for other DTAs, certain common stock investments, and MSRs(4) | **918** | **5,786** |
| Other | **11** | **1** |
| **Net increase in Tier 1 Common Capital** | **$ 4,544** | **$ 16,295** |
| **Balance, end of period** | **$ 121,691** | **$ 121,691** |
| **Tier 1 Capital** | | |
| **Balance, beginning of period** | **$ 121,204** | **$ 107,748** |
| Net increase in Tier 1 Common Capital | **4,544** | **16,295** |
| Net increase in qualifying perpetual preferred stock | **930** | **2,622** |
| Other | | **13** |
| **Net increase in Tier 1 Capital** | **$ 5,474** | **$ 18,930** |
| **Balance, end of period** | **$ 126,678** | **$ 126,678** |
| **Tier 2 Capital** | | |
| **Balance, beginning of period** | **$ 28,246** | **$ 33,589** |
| Net increase in qualifying subordinated debt | **903** | **381** |
| Net decrease in qualifying trust preferred securities | **(2,341)** | **(5,762)** |
| Net change in excess of eligible credit reserves over expected credit losses | **(1,036)** | **(2,448)** |
| Other | **1** | **13** |
| **Net decrease in Tier 2 Capital** | **$ (2,473)** | **$ (7,816)** |
| **Balance, end of period** | **$ 25,773** | **$ 25,773** |
| **Total Capital (Tier 1 Capital + Tier 2 Capital)** | **$ 152,451** | **$ 152,451** |

---

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

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

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

***Supplementary Leverage Ratio***

Citigroup's estimated Basel III Supplementary Leverage ratio was 5.1% for the third quarter of 2013, compared to an estimated 4.9% for the second quarter.(14) The quarter over quarter ratio improvement was primarily due to an increase in Tier 1 Capital arising largely from quarterly net income, partially offset by an increase in Total Leverage Exposure substantially resulting from higher on-balance sheet assets. 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 July, August and September, divided by three). Total Leverage Exposure is the sum of: (i) the carrying value of all on-balance sheet assets less applicable Tier 1 Capital deductions; (ii) the potential future exposure on derivative contracts; (iii) 10% of the notional amount of unconditionally cancellable commitments; and (iv) the full notional amount of certain other off-balance sheet exposures (e.g., other commitments and contingencies).

**Regulatory Capital Standards Developments**

***Basel II.5***

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

***Basel III***

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

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

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

Under the Final Basel III Rules, any nonconforming Tier 2 Capital instruments (such as subordinated debt) issued prior to May 19, 2010 will be required to be phased out by January 1, 2016, but issuances after May 19, 2010 will be required to be excluded from capital as of January 1, 2014. Furthermore, in connection with the Final Basel III Rules, the U.S. banking agencies had indicated their views regarding the appropriate subordination standard for Tier 2 qualifying subordinated debt, which would have represented a departure from the current guidance upon which bank holding companies have, in part,

---

(14) Citigroup's estimated Basel III Tier 1 Common ratio and estimated Basel III Supplementary Leverage ratio as of September 30, 2013 are based on the Final Basel III Rules, whereas these ratios as of June 30, 2013 are based on the Basel III NPR. Citi's Basel III estimates as of September 30, 2013, are based on its current understanding, expectations and interpretation of the Final Basel III Rules and are necessarily subject to, among other matters, Citi's review and implementation of the Final Basel III Rules, anticipated compliance with all required enhancements to model calibration and other refinements with respect to the Basel III Tier 1 Common ratio, and further regulatory implementation guidance in the U.S. Citi's estimated Basel III Tier 1 Common ratio and estimated Basel III Supplementary Leverage ratio and certain related components are non-GAAP financial measures. Citigroup believes these ratios

and their components provide useful information to investors and others by measuring Citigroup's progress against future regulatory capital standards.

historically relied. The U.S. banking agencies have, however, subsequently clarified these views, indicating the intent to retain unchanged the current guidance regarding subordination standards. As such, Citi's outstanding Tier 2 subordinated debt continues to be qualifying, and is therefore not subject to future exclusion or phase out under the Final Basel III Rules.

With regard to minimum required risk-based capital ratios, the Final Basel III Rules modify the regulations implementing the capital floor provision of the Collins Amendment as adopted in June 2011. This provision requires Advanced Approaches banking organizations to calculate each of the three risk-based capital ratios (Tier 1 Common, Tier 1 Capital and Total Capital) under both the Standardized Approach starting on January 1, 2015 (or, for 2014, prior to the effective date of the Standardized Approach, the existing Basel I and Basel II.5 capital rules) and the "Advanced Approaches" and report the lower (most conservative) of each of the resulting capital ratios.

Advanced Approaches banking organizations, such as Citi, are required, however, to participate in a "parallel run" period, wherein their publicly disclosed ratios (and ratios against which compliance with the regulatory capital framework is to be measured) would consist of only those risk-based capital ratios calculated under the Basel I and Basel II.5 Capital rules (or, after January 1, 2015, under the Standardized Approach). During the parallel run period, Advanced Approaches banking organizations are required to report their risk-based capital ratios under the Advanced Approaches only to their primary federal banking regulator, which for Citi is the Federal Reserve Board. Upon exiting parallel run, with the permission of its primary federal banking regulator, an Advanced Approaches banking organization would then be required to disclose (and would be measured for compliance against) the lower of each of the risk-based capital ratios calculated under the Collins Amendment, as set forth above.

In contrast to the Basel III NPR, however, the Final Basel III Rules also require that the Capital Conservation Buffer for Advanced Approaches banking organizations, as well as the Countercyclical Capital Buffer, if invoked, be calculated in accordance with the Collins Amendment, thus requiring use of both the Advanced Approaches and the Standardized Approach (or the existing Basel I and Basel II.5 capital rules in 2014) to determine compliance based on the lower (more conservative) of the two. The buffers are to be phased in incrementally from January 1, 2016 through January 1, 2019.

The Final Basel III Rules are substantially consistent with the Basel III NPR with regard to the Standardized Approach, although the Final Basel III Rules did not adopt modifications to the calculation of risk-weighting for residential mortgages as were proposed. The Final Basel III Rules pertaining to the Standardized Approach are applicable to substantially all U.S. banking organizations and, when effective on January 1, 2015, will become the generally applicable risk-based standard for purposes of the Collins Amendment floor, replacing the existing Basel I and Basel II.5 capital rules governing the calculation of risk-weighted assets.

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

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

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

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

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

The following table sets forth Citi's TCE and related information as of September 30, 2013 and December 31, 2012.(15) The decline in Citi's TCE ratio as of September 30, 2013 was primarily due to a significant increase in market risk-weighted assets resulting from the adoption of Basel II.5 on January 1, 2013, offset in part by net income during the period.

| *In millions of dollars or shares, except ratios and per share data* | **September 30, 2013** | **December 31, 2012** |
|---|---|---|
| **Total Citigroup stockholders' equity** | **$ 200,846** | $ 189,049 |
| Less: | | |
| Preferred stock | **5,243** | 2,562 |
| **Common equity** | **$ 195,603** | $ 186,487 |
| Less: | | |
| Goodwill | **25,098** | 25,673 |
| Other intangible assets (other than MSRs) | **4,888** | 5,697 |
| Goodwill and other intangible assets (other than MSRs) related to assets of discontinued operations held for sale | **267** | 32 |
| Net deferred tax assets related to goodwill and other intangible assets | | 32 |
| **Tangible common equity (TCE)** | **$ 165,350** | $ 155,053 |
| **Tangible assets** | | |
| GAAP assets | **$ 1,899,511** | $ 1,864,660 |
| Less: | | |
| Goodwill | **25,098** | 25,673 |
| Other intangible assets (other than MSRs) | **4,888** | 5,697 |
| Goodwill and other intangible assets (other than MSRs) related to assets for discontinued operations held for sale | **267** | 32 |
| Net deferred tax assets related to goodwill and other intangible assets | | 309 |
| **Tangible assets (TA)** | **$ 1,869,258** | $ 1,832,949 |
| **Risk-weighted assets (RWA)** | **$ 1,068,991(1)** | $ 971,253(2) |
| **TCE/TA ratio** | **8.85%** | 8.46% |
| **TCE/RWA ratio** | **15.47%** | 15.96% |
| **Common shares outstanding (CSO)** | **3,033.0** | 3,028.9 |
| **Book value per share (common equity/CSO)** | **$ 64.49** | $ 61.57 |
| **Tangible book value per share (TCE/CSO)** | **$ 54.52** | $ 51.19 |

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

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

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

**FUNDING AND LIQUIDITY**

**Overview**

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

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

At an aggregate level, Citigroup's goal is to 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.(16) 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 financing transactions (securities loaned or sold under agreements to repurchase, or repos).

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

---

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

**High Quality Liquid Assets**

| *In billions of dollars* | Parent | | | Significant Citibank Entities | | | Other Citibank and Banamex Entities | | | Total | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | **Sept. 30, 2013** | **Jun. 30, 2013** | **Sept. 30, 2012** | **Sept. 30, 2013** | **Jun. 30, 2013** | **Sept. 30, 2012** | **Sept. 30, 2013** | **Jun. 30, 2013** | **Sept. 30, 2012** | **Sept. 30, 2013** | **Jun. 30, 2013** | **Sept. 30, 2012** |
| Available cash | **$ 40.7** | $ 34.1 | $ 50.9 | **$ 84.1** | $ 67.5 | $ 72.7 | **$ 11.5** | $ 13.8 | $ 15.9 | **$ 136.3** | $ 115.3 | $ 139.5 |
| Unencumbered liquid securities | **24.2** | 23.8 | 26.8 | **172.9** | 170.5 | 164.0 | **76.2** | 78.0 | 73.9 | **273.3** | 272.3 | 264.7 |
| **Total** | **$ 65.0** | $ 57.9 | $ 77.7 | **$ 257.0** | $ 238.0 | $ 236.7 | **$ 87.7** | $ 91.8 | $ 89.8 | **$ 409.6** | $ 387.6 | $ 404.2 |

Note: Amounts for the second and third quarter of 2013 are based on Citi's current interpretation of the definition of "high quality liquid assets" under the Basel Committee on Banking Supervision's proposed Basel III Liquidity Coverage Ratio (see "Liquidity Measures" below). Amounts for the third quarter of 2012 are based on Citi's prior internal view of its liquidity resources (available cash at central banks and unencumbered liquid securities); such amounts have not been adjusted due to immateriality. All amounts in the table above are as of period-end and may increase or decrease intra-period in the ordinary course of business. On October 24, 2013, the Federal Reserve Board issued proposed quantitative liquidity requirements for U.S. institutions, including Citi. Citi continues to review these proposals and their impact on its definition of liquidity resources and estimated LCR.

As set forth in the table above, Citigroup's liquidity resources increased from June 30, 2013. The primary driver of the increase in Citi's total liquidity resources quarter-over-quarter was an increase in available cash(17) in the significant Citibank entities, primarily as a result of an increase in deposits in *Transaction Services* (see "Deposits" below), credit card securitization issuances and a continued reduction of Citi Holdings assets, partially offset by *Securities and Banking* Corporate lending growth.

Citi's liquidity resources as of September 30, 2013 set forth in the table above do not include additional potential liquidity in the form of Citigroup's borrowing capacity from the various Federal Home Loan Banks (FHLB), which was approximately $28 billion as of September 30, 2013 and is maintained by pledged collateral to all such banks. The liquidity resources shown above also do not include Citi's borrowing capacity at the U.S. Federal Reserve Bank discount window or international central banks, which capacity would also be in addition to the resources noted above.

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 September 30, 2013, the amount available for lending to these entities under Section 23A was approximately $17 billion (compared to approximately $18 billion at June 30, 2013), provided the funds are collateralized appropriately.

*High Quality Liquid Assets By Type*

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

The increase in foreign government securities from the second quarter of 2013 was primarily due to interest rate management activities and growth in international deposits.

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

| *In billions of dollars* | **Sept. 30, 2013** | **Jun. 30, 2013** | **Sept. 30, 2012** |
|---|---|---|---|
| Available cash | **$ 136.3** | $ 115.3 | $ 139.5 |
| U.S. Treasuries | **77.8** | 80.2 | 73.0 |
| U.S. Agencies/Agency MBS | **58.3** | 64.0 | 67.0 |
| Foreign Government(1) | **121.2** | 111.6 | 119.5 |
| Other Investment Grade(2) | **16.0** | 16.5 | 5.3 |
| **Total** | **$ 409.6** | $ 387.6 | $ 404.2 |

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

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

(2) Includes contractual committed facilities from central banks in the amount of $0.9 billion and $0.7 billion at the end of the third and second quarters of 2013, respectively.

(17) Includes (i) "available cash" liquidity resources include cash on deposit with major central banks, including the U.S. Federal Reserve Bank, European Central Bank, Bank of England, Swiss National Bank, Bank of Japan, the Monetary Authority of Singapore and the Hong Kong Monetary Authority, as well as other cash held in vaults and (ii) unencumbered liquid securities that are available for sale, as collateral for secured financing through private markets or by pledging to the major central banks.

**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* | **Sept. 30, 2013** | **Jun. 30, 2013** | **Sept. 30, 2012** |
|---|---|---|---|
| **Global Consumer Banking** | | | |
| North America | **$ 168.6** | $ 165.9 | $ 156.9 |
| EMEA | **12.5** | 12.9 | 12.9 |
| Latin America | **47.5** | 46.6 | 47.3 |
| Asia | **101.6** | 101.2 | 113.1 |
| **Total** | **$ 330.2** | $ 326.6 | $ 330.2 |
| **ICG** | | | |
| Securities and Banking | **$ 112.6** | $ 105.8 | $ 119.4 |
| Transaction Services | **452.8** | 426.1 | 425.5 |
| **Total** | **$ 565.4** | $ 531.9 | $ 544.9 |
| Corporate/Other | **18.0** | 15.2 | 2.7 |
| **Total Citicorp** | **$ 913.6** | $ 873.7 | $ 877.8 |
| Total Citi Holdings(1) | **41.8** | 64.7 | 66.8 |
| **Total Citigroup Deposits (EOP)** | **$ 955.4** | $ 938.4 | $ 944.6 |
| Total Citigroup Deposits (AVG) | **$ 922.1** | $ 924.5 | $ 921.2 |

(1) Included within Citi's end of period deposit balance as of September 30, 2013 were approximately $35 billion of deposits related to Morgan Stanley Smith Barney (MSSB) customers that, as previously disclosed, will be transferred to Morgan Stanley, with remaining balances transferred in the amount of approximately $5 billion per quarter through the end of the second quarter of 2015.

End of period deposits increased 1% year-over-year and 2% quarter-over-quarter. The increase from the prior-year period was driven by underlying business growth as well as certain episodic inflows of Corporate deposits within *Transaction Services* towards the end of the third quarter, some of which have since run-off as expected. During the third quarter of 2013, approximately $23 billion of deposits relating to MSSB were transferred to Morgan Stanley.

Average deposits were roughly flat year-over-year and quarter-over-quarter on a reported basis. Average *Global Consumer Banking* deposits were flat year-over-year, as 8% *North America* growth was offset by a decline in *Asia*, from efforts to rebalance the deposit portfolio mix. Average *Transaction Services* deposits grew by 4% year-over-year, led by deposit growth in *EMEA* and *Latin America*, partially offset by a reduction of higher cost time deposits in *Asia*. This deposit growth in *Transaction Services* was offset by an 8% decline in *Securities and Banking* deposits year-over-year, driven by reduced deposit balances with counterparties in Citi's Markets businesses, partially offset by continued deposit growth in the Private Bank.

Operating balances(18) represented 79% of Citicorp's total deposit base as of September 30, 2013, flat to June 30, 2013 and compared to 76% at September 30, 2012. This shift to operating balances, combined with overall market conditions and prevailing interest rates, continued to reduce Citi's cost of deposits during the third quarter of 2013. Excluding the impact of FDIC assessments and deposit insurance, the average rate on Citi's total deposits was 0.53% at September 30, 2013, compared with 0.56% at June 30, 2013 and 0.70% at September 30, 2012.

**Long-Term Debt**

Long-term debt (generally defined as original maturities of one year or more) continued to represent the most significant component of Citi's funding for the parent entities. Parent includes the parent holding company (Citigroup Inc.) and Citi's broker-dealer subsidiaries that are consolidated into Citigroup.

Long-term debt is an important funding source for Citi's parent entities due in part to its multi-year maturity structure. The weighted average maturities of long-term debt issued by Citigroup and its affiliates (including Citibank, N.A.) with a remaining life greater than one year (excluding trust preferred securities) was approximately 6.9 years as of September 30, 2013, unchanged from the prior quarter and prior year period.

Citi's long-term debt outstanding includes benchmark notes and structured notes, such as equity- and credit-linked notes. Citi's issuance of structured notes is generally driven by customer demand. Structured notes frequently contain contractual features, such as call options, which can lead to an expectation that the debt will be redeemed earlier than one year, despite contractually scheduled original maturities greater than one year.

*Long-Term Debt Outstanding*

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

| *In billions of dollars* | September 30, 2013 | June 30, 2013 | September 30, 2012 |
|---|---|---|---|
| **Parent** | **$ 168.6** | $ 172.6 | $ 210.0 |
| Senior debt | **114.1** | 118.1 | 144.5 |
| Subordinated debt(1) | **28.0** | 26.5 | 28.0 |
| Trust preferred securities | **4.3** | 6.6 | 10.6 |
| Structured notes and other(2) | **22.2** | 21.4 | 26.9 |
| | | | |
| **Bank** | **$ 53.0** | $ 48.4 | $ 61.9 |
| Senior debt | **7.5** | 7.5 | 10.6 |
| Subordinated debt | **0.4** | 0.4 | 0.8 |
| Securitizations(3) | **30.3** | 25.5 | 30.8 |
| FHLB borrowings | **14.3** | 14.5 | 17.3 |
| Structured notes and other | **0.5** | 0.5 | 2.4 |
| | | | |
| **Total long-term debt** | **$ 221.6** | $ 221.0 | $ 271.9 |

(1) Subordinated debt at the parent level includes approximately $3.3 billion of subordinated debt that was issued upon exchange of approximately $3.0 billion of trust preferred securities during 2013 that were previously held by the U.S. Treasury and FDIC. As a result of this exchange, the trust preferred securities were transferred into the subordinated debt line item.

(2) Includes securitizations of $0.2 billion, $0.3 billion and $3.5 billion during the third and second quarters of 2013, and third quarter of 2012, respectively.

(3) Of the approximately $30.3 billion of total bank securitizations at September 30, 2013, approximately $28.8 billion related to credit card securitizations.

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

As set forth in the table above, Citi's overall long-term debt remained flat quarter-over-quarter, as the continued reduction in parent debt was offset by increases at the bank. In the bank, the increase was due to approximately $4.9 billion of credit card securitizations by the Citibank Credit Card Issuance Trust (CCCIT) during the third quarter. In the parent, the decrease was primarily due to debt maturities, trust preferred redemptions, and debt repurchases through tender offers or buybacks, offset by issuances. Citi expects this trend to continue into the fourth quarter, with a modest further reduction in unsecured parent company debt, offset by growth in securitization activities at the bank.

As previously disclosed and as part of its liquidity and funding strategy, Citi has considered, and may continue to consider, opportunities to repurchase its long-term and short-term debt pursuant to open market purchases, tender offers or other means. Such repurchases decrease Citi's overall funding costs. During the third quarter of 2013, Citi repurchased an aggregate of approximately $3.8 billion of its outstanding long-term and short-term debt primarily pursuant to selective public tender offers and open market purchases. Citi also redeemed $1.0 billion of trust preferred securities during the current quarter, and announced the redemption of $0.4 billion of outstanding trust preferred securities, which closed on October 1, 2013. During the third quarter, Citi also exchanged the remaining $2.2 billion of trust preferred securities held by the FDIC for two series of subordinated notes, which were then remarketed to third party investors (for details on Citi's remaining outstanding trust preferred securities, see Note 16 to the Consolidated Financial Statements).

Year-to-date, Citi has reduced its long-term debt outstanding at the parent by approximately $20 billion, including a $12 billion net reduction from maturities, redemptions, and issuances; $6 billion of mark-to-market decrease due to increasing interest rates; and $2 billion as a result of FX translation, primarily due to the weakening of certain currencies. During the remainder of 2013, Citi expects any further trust preferred redemptions and/or debt buybacks to likely be offset by increased issuances. Generally, changes in Citi's long-term debt reflect the funding needs of its businesses, and also depends on the economic environment as well as any potential new regulatory changes, such as prescribed levels of debt required to be maintained by Citi pursuant to the U.S. banking regulators orderly liquidation authority (for additional information, see "Risk Factors Regulatory Risks" in Citi's 2012 Annual Report on Form 10-K).

*Long-Term Debt Issuances and Maturities*

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

| | **For the nine months ended September 30, 2013** | |
|---|---|---|
| ***In billions of dollars*** | **Maturities(1)** | **Issuances(1)** |
| **Parent** | **$ 36.5** | **$ 24.5** |
| Senior debt | 20.7 | 13.7 |
| Subordinated debt | 2.0 | 4.6 |
| Trust preferred securities | 7.0 | 0.0 |
| Structured notes(2) | 6.8 | 6.2 |
| **Bank** | **$ 14.5** | **$ 17.2** |
| Senior debt | 2.7 | 2.1 |
| Subordinated debt | 0.2 | 0.0 |
| FHLB borrowings | 9.8 | 7.8 |
| Securitizations(2) | 1.8 | 7.3 |
| **Total** | **$ 51.0** | **$ 41.7** |

(1) Maturities include the redemption of approximately $3.0 billion of trust preferred securities previously held by the U.S. Treasury and FDIC. Issuance includes the exchange of these trust preferred securities for approximately $3.3 billion of subordinated debt.

(2) Includes $2.1 billion of equity-linked and credit-linked notes with early redemption features effective within one year.

The table below shows Citi's aggregate long-term debt maturities year to date in 2013, as well as its aggregate expected annual long term debt maturities, in each case including repurchases and redemptions, as of September 30, 2013:

| | **Maturities** | **Expected Long-Term Debt Maturities as of September 30, 2013** | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| ***In billions of dollars*** | **2013YTD** | **2013** | **2014** | **2015** | **2016** | **2017** | **2018** | **Thereafter** | **Total** |

| | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| **Parent** | **$ 36.5** | **$ 6.7** | **$ 24.7** | **$ 20.2** | **$ 20.2** | **$ 21.5** | **$ 12.7** | **$ 62.6** | **$ 168.6** |
| Senior debt | 20.7 | 5.6 | 16.6 | 15.3 | 15.5 | 15.8 | 9.9 | 35.4 | 114.1 |
| Subordinated debt | 2.0 | 0.0 | 4.0 | 0.7 | 1.5 | 3.8 | 1.2 | 16.8 | 28.0 |
| Trust preferred securities | 7.0 | 0.4 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 3.9 | 4.3 |
| Structured notes | 6.8 | 0.7 | 4.1 | 4.2 | 3.2 | 1.9 | 1.6 | 6.3 | 22.0 |
| Other | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.2 | 0.2 |
| | | | | | | | | | |
| **Bank** | **$ 14.5** | **$ 3.1** | **$ 17.5** | **$ 10.7** | **$ 9.6** | **$ 3.1** | **$ 5.7** | **$ 3.3** | **$ 53.0** |
| Senior debt | 2.5 | 0.4 | 1.8 | 2.0 | 1.2 | 0.8 | 0.2 | 1.1 | 7.5 |
| Subordinated debt | 0.2 | 0.0 | 0.1 | 0.0 | 0.0 | 0.0 | 0.0 | 0.3 | 0.4 |
| Securitizations | 1.8 | 0.7 | 8.0 | 7.6 | 4.4 | 2.3 | 5.5 | 1.8 | 30.3 |
| FHLB borrowings | 9.8 | 2.0 | 7.3 | 1.0 | 4.0 | 0.0 | 0.0 | 0.0 | 14.3 |
| Structured notes | 0.2 | 0.0 | 0.3 | 0.1 | 0.0 | 0.0 | 0.0 | 0.1 | 0.5 |
| | | | | | | | | | |
| **Total long-term debt** | **$ 51.0** | **$ 9.8** | **$ 42.2** | **$ 30.9** | **$ 29.8** | **$ 24.6** | **$ 18.4** | **$ 65.9** | **$ 221.6** |

**Secured Financing Transactions and Short-Term Borrowings**

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

*Secured Financing*

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

Secured financing was $216 billion as of September 30, 2013, compared to $218 as of June 30, 2013 and $224 billion as of September 30, 2012. The decrease in secured financing quarter-over-quarter was primarily driven by a reduction in trading positions in *Securities and Banking* businesses (see "Balance Sheet Review Assets" above).

Average balances for secured financing were approximately $225 billion for the quarter ended September 30, 2013, compared to $243 for the quarter ended June 30, 2013 and $221 billion for the quarter ended September 30, 2012. The decrease in average balances quarter-over-quarter was primarily due to a return to normal levels after unusually high average balances in the second quarter of 2013 (driven by seasonal intra-quarter growth, particularly in *EMEA*).

*Commercial Paper*

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

| *In billions of dollars* | Sept. 30, 2013 | Jun. 30, 2013 | Sept. 30, 2012 |
|---|---|---|---|
| **Commercial paper** | | | |
| Parent | **$ 0.3** | $ 0.2 | $ 0.6 |
| Significant Citibank Entities | **17.6** | 18.1 | 11.8 |
| **Total** | **$ 17.9** | $ 18.3 | $ 12.4 |

*Other Short-Term Borrowings*

At September 30, 2013, Citi's other short-term borrowings, which includes borrowings from the FHLB and other market participants, were approximately $41 billion, compared with $40 billion at June 30, 2013 and $37 billion at September 30, 2012.

**Liquidity Management, Measures and Stress Testing**

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

*Liquidity Measures*

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

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

In addition, Citi believes it is currently in compliance with the Basel Committee on Banking Supervision's proposed Basel III Liquidity Coverage Ratio (LCR), as amended on January 7, 2013 (the BCBS LCR guidelines). On October 24, 2013, the Federal Reserve Board issued proposed quantitative liquidity requirements for U.S. institutions, including Citi. Citi continues to review these proposals and their impact on its definition of liquidity resources and estimated LCR.

The LCR as proposed by the Federal Reserve Board would require large banking institutions, including Citi, to hold an amount of unencumbered high quality liquid assets sufficient to meet liquidity needs under an acute stress scenario that lasts 30 days. The Federal Reserve Board's proposed LCR rule is generally consistent with the BCBS LCR guidelines, but is more stringent in several areas, such as the range of assets that would qualify as HQLA and the definition of net cash outflows. Net cash outflows would reflect the largest cumulative cash outflow day within the 30 day liquidity reporting period, as opposed to the 30th day of the reporting period as under the BCBS LCR guidelines. In addition, the proposed transition period is shorter than that included in the BCBS LCR guidelines. The proposal is expected to be open for public comment until January 31, 2014.

Based on Citi's current interpretation of the BCBS LCR guidelines, Citi's estimated LCR was approximately 113% as of September 30, 2013, compared with approximately 110% at June 30, 2013 and 121% at September 30, 2012.(19) The increase in the LCR during the third quarter was primarily driven by the increase in deposits discussed above. Citi's current 113% LCR represents additional liquidity of approximately $48 billion above the proposed minimum 100% LCR threshold. Citi currently operates with an LCR in the range of 110%, with the potential for modest variability from quarter-to-quarter going forward.

The LCR, as proposed by the BCBS, is designed to ensure banks maintain an adequate level of unencumbered cash and highly liquid securities that can be converted to cash to meet liquidity needs under an acute 30-day stress scenario. Under the BCBS LCR guidelines, the LCR is to be calculated by dividing

---

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

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 BCBS LCR guidelines, to various categories of liabilities, such as deposits, unsecured and secured wholesale borrowings, unused commitments and derivatives-related exposures, partially offset by inflows from assets maturing within 30 days. The BCBS LCR requirements expanded the definition of liquid assets, and reduced outflow estimates for certain types of deposits and commitments.

**Credit Ratings**

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

**Debt Ratings as of September 30, 2013**

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

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

*Recent Credit Rating Developments*

On August 22, 2013, Moody's placed Citibank, N.A.'s ratings on review for upgrade, including the unsupported rating and the deposit and senior debt ratings, noting Citi's "declining exposure to legacy assets, strengthened profitability and improved capital." This announcement followed Moody's previously announced review of government support assumptions for the six largest U.S. banks, related to potential implementation of Orderly Liquidation Authority under the Dodd-Frank Act.

Additionally, Citigroup Inc.'s senior, subordinated and junior subordinated debt ratings were placed on review with "direction uncertain", indicating that Moody's may remove 1 or 2 notches of Citigroup Inc.'s government support notches. Given the simultaneous review of Citi's stand-alone credit profile, any potential upgrade to the unsupported rating at the bank level, as discussed above, may partially offset the removal of government support at the holding company level. Government support assumptions for Citibank, N.A. are not being reviewed at this time.

Additionally, Moody's placed Citigroup Inc.'s short-term rating on review for downgrade. The potential negative impact of a lower government support assumption is not expected to be offset by enough other factors, including any positive benefits of improvements in standalone credit strength. If Citigroup Inc.'s long-term senior unsecured ratings remain unchanged, its short-term ratings would remain 'P-2'; a net reduction in Citigroup's long-term senior unsecured ratings would likely result in a reduction of its corresponding short-term ratings to 'P-3.'

Citigroup Inc.'s non-cumulative preferred stock was also placed on review for upgrade (currently 'B1'). Preferred stock ratings do not benefit from government support uplift, and therefore could be upgraded as part of the review of the stand-alone credit profile (unsupported rating).

*Potential Impacts of Ratings Downgrades*

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

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

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

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

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

In addition, as of September 30, 2013, Citi estimates that a hypothetical one-notch downgrade of the senior debt/long-term rating of Citibank, N.A. across all three major rating agencies could impact Citibank, N.A.'s funding and liquidity due to derivative triggers by approximately $2.6 billion.

In total, Citi estimates that a one-notch downgrade of Citigroup and Citibank, N.A., across all three major rating agencies, could result in aggregate cash obligations and collateral requirements of approximately $3.4 billion (see also Note 20 to the Consolidated Financial Statements). As set forth under "High Quality Liquid Assets" above, the liquidity resources of Citi's parent entities were approximately $65 billion, and the liquidity resources of Citi's significant Citibank entities and other Citibank and Banamex entities were approximately $345 billion, for a total of approximately $410 billion as of September 30, 2013. These liquidity resources are available in part as a contingency for the potential events described above.

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

*Citibank, N.A. Additional Potential Impacts*

In addition to the above derivative triggers, Citi believes that a potential one-notch downgrade of Citibank, N.A.'s senior debt/long-term rating by S&P and Fitch could also have an adverse impact on the commercial paper/short-term rating of Citibank, N.A. As of September 30, 2013, Citibank, N.A. had liquidity commitments of approximately $17.6 billion to consolidated asset-backed commercial paper conduits (as referenced in Note 19 to the Consolidated Financial Statements).

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

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

## OFF-BALANCE-SHEET ARRANGEMENTS

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

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

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

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

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

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

## MANAGING GLOBAL RISK

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

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

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

**CREDIT RISK**

**Loans Outstanding**

| *In millions of dollars* | 3rd Qtr. 2013 | 2nd Qtr. 2013 | 1st Qtr. 2013 | 4th Qtr. 2012 | 3rd Qtr. 2012 |
|---|---|---|---|---|---|
| **Consumer loans** | | | | | |
| In U.S. offices | | | | | |
| Mortgage and real estate(1) | **$ 110,813** | $ 112,890 | $ 120,768 | $ 125,946 | $ 128,737 |
| Installment, revolving credit, and other | **13,265** | 13,061 | 12,955 | 14,070 | 14,210 |
| Cards | **110,734** | 104,925 | 104,535 | 111,403 | 108,819 |
| Commercial and industrial | **6,349** | 5,620 | 5,386 | 5,344 | 5,042 |
| | **$ 241,161** | $ 236,496 | $ 243,644 | $ 256,763 | $ 256,808 |
| In offices outside the U.S. | | | | | |
| Mortgage and real estate(1) | **$ 54,428** | $ 53,507 | $ 54,717 | $ 54,709 | $ 54,529 |
| Installment, revolving credit, and other | **32,306** | 32,296 | 34,020 | 33,958 | 34,094 |
| Cards | **35,966** | 35,748 | 39,522 | 40,653 | 39,671 |
| Commercial and industrial | **23,741** | 23,849 | 22,906 | 22,225 | 22,266 |
| Lease financing | **743** | 712 | 745 | 781 | 742 |
| | **$ 147,184** | $ 146,112 | $ 151,910 | $ 152,326 | $ 151,302 |
| **Total Consumer loans** | **$ 388,345** | $ 382,608 | $ 395,554 | $ 409,089 | $ 408,110 |
| Unearned income | **(523)** | (456) | (378) | (418) | (358) |
| **Consumer loans, net of unearned income** | **$ 387,822** | $ 382,152 | $ 395,176 | $ 408,671 | $ 407,752 |
| **Corporate loans** | | | | | |
| In U.S. offices | | | | | |
| Commercial and industrial | **$ 33,936** | $ 30,798 | $ 28,558 | $ 26,985 | $ 30,056 |
| Loans to financial institutions | **22,813** | 23,982 | 16,500 | 18,159 | 17,376 |
| Mortgage and real estate(1) | **29,168** | 26,215 | 25,576 | 24,705 | 24,221 |
| Installment, revolving credit, and other | **31,084** | 31,919 | 33,621 | 32,446 | 32,987 |
| Lease financing | **1,493** | 1,535 | 1,369 | 1,410 | 1,394 |
| | **$ 118,494** | $ 114,449 | $ 105,624 | $ 103,705 | $ 106,034 |
| In offices outside the U.S. | | | | | |
| Commercial and industrial | **$ 86,012** | $ 84,317 | $ 85,258 | $ 82,939 | $ 85,854 |
| Installment, revolving credit, and other | **16,783** | 14,581 | 14,733 | 14,958 | 16,758 |
| Mortgage and real estate(1) | **6,392** | 6,276 | 6,231 | 6,485 | 6,214 |
| Loans to financial institutions | **40,403** | 40,303 | 38,332 | 37,739 | 35,014 |
| Lease financing | **538** | 556 | 593 | 605 | 574 |
| Governments and official institutions | **1,655** | 1,579 | 1,265 | 1,159 | 984 |
| | **$ 151,783** | $ 147,612 | $ 146,412 | $ 143,885 | $ 145,398 |
| **Total Corporate loans** | **$ 270,277** | $ 262,061 | $ 252,036 | $ 247,590 | $ 251,432 |
| Unearned income | **(548)** | (472) | (848) | (797) | (761) |
| **Corporate loans, net of unearned income** | **$ 269,729** | $ 261,589 | $ 251,188 | $ 246,793 | $ 250,671 |
| **Total loans net of unearned income** | **$ 657,551** | $ 643,741 | $ 646,364 | $ 655,464 | $ 658,423 |
| Allowance for loan losses on drawn exposures | **(20,605)** | (21,580) | (23,727) | (25,455) | (25,916) |

| | | | | | |
|---|---|---|---|---|---|
| **Total loans net of unearned income and allowance for credit losses** | **$ 636,946** | $ 622,161 | $ 622,637 | $ 630,009 | $ 632,507 |
| **Allowance for loan losses as a percentage of total loans net of unearned income(2)** | **3.16%** | 3.38% | 3.70% | 3.92% | 3.97% |
| **Allowance for Consumer loan losses as a percentage of total Consumer loans net of unearned income(2)** | **4.63%** | 4.95% | 5.32% | 5.57% | 5.68% |
| **Allowance for Corporate loan losses as a percentage of total Corporate loans net of unearned income(2)** | **1.01%** | 1.05% | 1.12% | 1.14% | 1.14% |

(1) Loans secured primarily by real estate.

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

**Details of Credit Loss Experience**

| *In millions of dollars* | 3rd Qtr. 2013 | 2nd Qtr. 2013 | 1st Qtr. 2013 | 4th Qtr. 2012 | 3rd Qtr. 2012 |
|---|---|---|---|---|---|
| **Allowance for loan losses at beginning of period** | **$ 21,580** | $ 23,727 | $ 25,455 | $ 25,916 | $ 27,611 |
| **Provision for loan losses** | | | | | |
| Consumer(1) | **$ 1,583** | $ 1,850 | $ 2,158 | $ 2,847 | $ 2,493 |
| Corporate | **69** | (23) | 56 | (9) | (57) |
| | **$ 1,652** | $ 1,827 | $ 2,214 | $ 2,838 | $ 2,436 |
| **Gross credit losses** | | | | | |
| **Consumer** | | | | | |
| In U.S. offices(1) | **$ 1,859** | $ 2,157 | $ 2,367 | $ 2,442 | $ 3,297 |
| In offices outside the U.S. | **967** | 1,003 | 1,017 | 1,066 | 1,023 |
| **Corporate** | | | | | |
| In U.S. offices | **95** | 47 | 20 | 58 | 47 |
| In offices outside the U.S. | **53** | 50 | 40 | 74 | 149 |
| | **$ 2,974** | $ 3,257 | $ 3,444 | $ 3,640 | $ 4,516 |
| **Credit recoveries** | | | | | |
| **Consumer** | | | | | |
| In U.S. offices | **$ 253** | $ 275 | $ 309 | $ 297 | $ 282 |
| In offices outside the U.S. | **239** | 322 | 242 | 261 | 258 |
| **Corporate** | | | | | |
| In U.S. offices | **39** | 28 | 5 | 55 | 45 |
| In offices outside the U.S. | **13** | 24 | 10 | 42 | 34 |
| | **$ 544** | $ 649 | $ 566 | $ 655 | $ 619 |
| **Net credit losses** | | | | | |
| In U.S. offices(1) | **1,662** | $ 1,901 | $ 2,073 | $ 2,148 | $ 3,017 |
| In offices outside the U.S. | **768** | 707 | 805 | 837 | 880 |
| **Total** | **$ 2,430** | $ 2,608 | $ 2,878 | $ 2,985 | $ 3,897 |
| Other net(2)(3)(4)(5)(6)(7) | **(197)** | $ (1,366) | $ (1,064) | (314) | $ (234) |
| **Allowance for loan losses at end of period** | **$ 20,605** | $ 21,580 | $ 23,727 | $ 25,455 | $ 25,916 |
| Allowance for loan losses as a % of total loans(8) | **3.16%** | 3.38% | 3.70% | 3.92% | 3.97% |
| Allowance for unfunded lending commitments(9) | **$ 1,262** | $ 1,133 | $ 1,132 | $ 1,119 | $ 1,063 |
| **Total allowance for loan losses and unfunded lending commitments** | **$ 21,867** | $ 22,713 | $ 24,859 | $ 26,574 | $ 26,979 |
| Net consumer credit losses(1) | **2,334** | $ 2,563 | $ 2,833 | $ 2,950 | $ 3,780 |
| As a percentage of average consumer loans | **2.41%** | 2.65% | 2.88% | 2.91% | 3.72% |
| Net corporate credit losses | **96** | $ 45 | $ 45 | $ 35 | $ 117 |
| As a percentage of average corporate loans | **0.15%** | 0.07% | 0.07% | 0.06% | 0.19% |
| **Allowance for loan losses at end of period(10)** | | | | | |
| Citicorp | **$ 13,299** | $ 13,425 | $ 14,330 | $ 14,623 | $ 14,828 |
| Citi Holdings | **7,306** | 8,155 | 9,397 | 10,832 | 11,088 |

| | | | | | |
|---|---|---|---|---|---|
| Total Citigroup | **$ 20,605** | $ 21,580 | $ 23,727 | $ 25,455 | $ 25,916 |
| **Allowance by type** | | | | | |
| Consumer | **$ 17,912** | $ 18,872 | $ 20,948 | $ 22,679 | $ 23,099 |
| Corporate | **2,693** | 2,708 | 2,779 | 2,776 | 2,817 |
| Total Citigroup | **$ 20,605** | $ 21,580 | $ 23,727 | $ 25,455 | $ 25,916 |

---

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

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

(3) The third quarter of 2013 includes a reduction of approximately $214 million related to the sale or transfers to held-for-sale of various loan portfolios.

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

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

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

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

(8) September 30, 2012, December 31, 2012, March 31, 2013, June 30, 2013 and September 30, 2013 exclude $5.4 billion, $5.3 billion, $5.0 billion, $4.9 billion and $5.2 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. Attribution of the allowance is made for analytical purposes only and the entire allowance is available to absorb probable credit losses inherent in the overall portfolio.

**Allowance for Loan Losses (continued)**

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

| | September 30, 2013 | | |
|---|---|---|---|
| ***In billions of dollars*** | **Allowance for loan losses** | **Loans, net of unearned income** | **Allowance as a percentage of loans(1)** |
| *North America* cards(2) | **$ 6.2** | **$ 112.0** | **5.6%** |
| *North America* mortgages(3) | **5.9** | **109.9** | **5.3** |
| *North America* other | **1.2** | **21.6** | **5.6** |
| International cards | **2.3** | **35.3** | **6.6** |
| International other(4) | **2.3** | **109.0** | **2.1** |
| **Total Consumer** | **$ 17.9** | **$ 387.8** | **4.6%** |
| **Total Corporate** | **2.7** | **269.8** | **1.0** |
| **Total Citigroup** | **$ 20.6** | **$ 657.6** | **3.1%** |

(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 September 30, 2013 represented approximately 18 months of coincident net credit loss coverage.

(3)

Of the $5.9 billion, approximately $5.7 billion was allocated to *North America* mortgages in Citi Holdings. The $5.9 billion of loan loss reserves for *North America* mortgages as of September 30, 2013 represented approximately 40 months of coincident net credit loss coverage.

(4)

Includes mortgages and other retail loans.

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

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

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

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

(4) Includes mortgages and other retail loans.

**Non-Accrual Loans and Assets and Renegotiated Loans**

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

**Non-Accrual Loans and Assets:**

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

- 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* | Sept. 30, 2013 | Jun. 30, 2013 | Mar. 31, 2013 | Dec. 31, 2012 | Sept. 30, 2012 |
|---|---|---|---|---|---|
| **Citicorp** | **$ 4,053** | $ 4,030 | $ 4,235 | $ 4,096 | $ 4,090 |
| **Citi Holdings** | **5,328** | 5,676 | 6,418 | 7,433 | 8,100 |
| **Total non-accrual loans (NAL)** | **$ 9,381** | $ 9,706 | $ 10,653 | $ 11,529 | $ 12,190 |
| **Corporate non-accrual loans(1)** | | | | | |
| *North America* | **$ 807** | $ 811 | $ 1,007 | $ 735 | $ 900 |
| *EMEA* | **975** | 972 | 1,077 | 1,131 | 1,054 |
| *Latin America* | **124** | 91 | 116 | 128 | 151 |
| *Asia* | **272** | 270 | 304 | 339 | 324 |
| **Total corporate non-accrual loans** | **$ 2,178** | $ 2,144 | $ 2,504 | $ 2,333 | $ 2,429 |
| Citicorp | **$ 1,807** | $ 1,747 | $ 1,975 | $ 1,909 | $ 1,928 |
| Citi Holdings | **371** | 397 | 529 | 424 | 501 |
| **Total corporate non-accrual loans** | **$ 2,178** | $ 2,144 | $ 2,504 | $ 2,333 | $ 2,429 |
| **Consumer non-accrual loans(1)** | | | | | |
| *North America*(2) | **$ 5,308** | $ 5,568 | $ 6,171 | $ 7,148 | $ 7,698 |
| *EMEA* | **147** | 234 | 263 | 380 | 379 |
| *Latin America* | **1,400** | 1,430 | 1,313 | 1,285 | 1,275 |
| *Asia* | **348** | 330 | 402 | 383 | 409 |
| **Total consumer non-accrual loans(2)** | **$ 7,203** | $ 7,562 | $ 8,149 | $ 9,196 | $ 9,761 |
| Citicorp | **$ 2,246** | $ 2,283 | $ 2,260 | $ 2,187 | $ 2,162 |
| Citi Holdings**(2)** | **4,957** | 5,279 | 5,889 | 7,009 | 7,599 |
| **Total consumer non-accrual loans(2)** | **$ 7,203** | $ 7,562 | $ 8,149 | $ 9,196 | $ 9,761 |

(1) Excludes purchased distressed loans as they are generally accreting interest. The carrying value of these loans was $793 million at September 30, 2013, $606 million at June 30, 2013, $566 million at March 31, 2013, $538 million at December 31, 2012, and $533 million at September 30, 2012.

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

**Non-Accrual Loans and Assets (continued)**

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

| *In millions of dollars* | Sept. 30, 2013 | Jun. 30, 2013 | Mar. 31, 2013 | Dec. 31, 2012 | Sept. 30, 2012 |
|---|---|---|---|---|---|
| **OREO** | | | | | |
| **Citicorp** | **$ 69** | $ 52 | $ 49 | $ 49 | $ 57 |
| **Citi Holdings** | **334** | 339 | 363 | 391 | 417 |
| **Total OREO** | **$ 403** | $ 391 | $ 412 | $ 440 | $ 474 |
| *North America* | **$ 293** | $ 267 | $ 286 | $ 299 | $ 315 |
| *EMEA* | **62** | 76 | 85 | 99 | 111 |
| *Latin America* | **40** | 46 | 39 | 40 | 48 |
| *Asia* | **8** | 2 | 2 | 2 | |
| **Total OREO** | **$ 403** | $ 391 | $ 412 | $ 440 | $ 474 |
| **Other repossessed assets** | **$** | $ | $ 1 | $ 1 | $ 1 |
| **Non-accrual assets Total Citigroup** | | | | | |
| Corporate non-accrual loans | **$ 2,178** | $ 2,144 | $ 2,504 | $ 2,333 | $ 2,429 |
| Consumer non-accrual loans(1) | **7,203** | 7,562 | 8,149 | 9,196 | 9,761 |
| Non-accrual loans (NAL) | **$ 9,381** | $ 9,706 | $ 10,653 | $ 11,529 | $ 12,190 |
| OREO | **403** | 391 | 412 | 440 | 474 |
| Other repossessed assets | | | 1 | 1 | 1 |
| Non-accrual assets (NAA) | **$ 9,784** | $ 10,097 | $ 11,066 | $ 11,970 | $ 12,665 |
| NAL as a percentage of total loans | **1.43%** | 1.51% | 1.65% | 1.76% | 1.85% |
| NAA as a percentage of total assets | **0.52** | 0.54 | 0.59 | 0.64 | 0.66 |
| Allowance for loan losses as a percentage of NAL(2) | **220** | 222 | 223 | 221 | 213 |

| **Non-accrual assets Total Citicorp** | Sept. 30, 2013 | Jun. 30, 2013 | Mar. 31, 2013 | Dec. 31, 2012 | Sept. 30, 2012 |
|---|---|---|---|---|---|
| Non-accrual loans (NAL) | **$ 4,053** | $ 4,030 | $ 4,235 | $ 4,096 | $ 4,090 |
| OREO | **69** | 52 | 49 | 49 | 57 |
| Other repossessed assets | **N/A** | N/A | N/A | N/A | N/A |
| Non-accrual assets (NAA) | **$ 4,122** | $ 4,082 | $ 4,284 | $ 4,145 | $ 4,147 |
| NAA as a percentage of total assets | **0.23%** | 0.23% | 0.25% | 0.24% | 0.24% |
| Allowance for loan losses as a percentage of NAL(2) | **328** | 333 | 338 | 357 | 363 |
| **Non-accrual assets Total Citi Holdings** | | | | | |
| Non-accrual loans (NAL)(1) | **$ 5,328** | $ 5,676 | $ 6,418 | $ 7,433 | $ 8,100 |
| OREO | **334** | 339 | 363 | 391 | 417 |
| Other repossessed assets | **N/A** | N/A | N/A | N/A | N/A |
| Non-accrual assets (NAA) | **$ 5,662** | $ 6,015 | $ 6,781 | $ 7,824 | $ 8,517 |

| | | | | | |
|---|---|---|---|---|---|
| NAA as a percentage of total assets | **4.64%** | 4.59% | 4.55% | 5.02% | 4.98% |
| Allowance for loan losses as a percentage of NAL(2) | **137%** | 144 | 146 | 146 | 137 |

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

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

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

**Renegotiated Loans**

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

| *In millions of dollars* | **Sept. 30, 2013** | Dec. 31, 2012 |
|---|---|---|
| **Corporate renegotiated loans(1)** | | |
| In U.S. offices | | |
| Commercial and industrial(2) | **$ 45** | $ 180 |
| Mortgage and real estate(3) | **145** | 72 |
| Loans to financial institutions | **16** | 17 |
| Other | **392** | 447 |
| | **$ 598** | $ 716 |
| In offices outside the U.S. | | |
| Commercial and industrial(2) | **$ 122** | $ 95 |
| Mortgage and real estate(3) | **57** | 59 |
| Other | **1** | 3 |
| | **$ 180** | $ 157 |
| **Total Corporate renegotiated loans** | **$ 778** | $ 873 |
| **Consumer renegotiated loans(4)(5)(6)(7)** | | |
| In U.S. offices | | |
| Mortgage and real estate(8) | **$ 19,320** | $ 22,903 |
| Cards | **2,700** | 3,718 |
| Installment and other(9) | **625** | 1,088 |
| | **$ 22,645** | $ 27,709 |
| In offices outside the U.S. | | |
| Mortgage and real estate | **$ 643** | $ 932 |
| Cards(10) | **790** | 866 |
| Installment and other | **722** | 904 |
| | **$ 2,155** | $ 2,702 |
| **Total Consumer renegotiated loans** | **$ 24,800** | $ 30,411 |

(1) Includes $289 million and $267 million of non-accrual loans included in the non-accrual assets table above at September 30, 2013 and December 31, 2012, respectively. The remaining loans are accruing interest.

(2) In addition to modifications reflected as TDRs at September 30, 2013, Citi also modified $15 million and $198 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 September 30, 2013, Citi also modified $1 million of commercial real estate loans risk rated "Substandard Non-Performing" or worse (asset category defined by banking regulators) in 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 $3.5 billion and $4.2 billion of non-accrual loans included in the non-accrual assets table above at September 30, 2013 and December 31, 2012, respectively. The remaining loans are accruing interest.

(5) Includes $34 million and $38 million of commercial real estate loans at September 30, 2013 and December 31, 2012, respectively.

(6) Includes $217 million and $261 million of commercial loans at September 30, 2013 and December 31, 2012, respectively.

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

(8) Reduction in 2013 includes $4,256 million related to TDRs sold or transferred to held-for-sale.

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

(10) Reduction in 2013 includes $52 million related to the Brazil Credicard transfer to *Discontinued operations*.

**North America Consumer Mortgage Lending**

*Overview*

Citi's *North America* Consumer mortgage portfolio consists of both residential first mortgages and home equity loans. At September 30, 2013, Citi's *North America* Consumer residential first mortgage portfolio was $77.1 billion (compared to $77.8 billion at June 30, 2013), while the home equity loan portfolio was $32.8 billion (compared to $34.2 billion at June 30, 2013). At September 30, 2013, $46.5 billion of first mortgages were recorded in Citi Holdings, with the remaining $30.6 billion recorded in Citicorp. At September 30, 2013, $29.8 billion of home equity loans were recorded in Citi Holdings, with the remaining $3.0 billion recorded in Citicorp.

Citi's residential first mortgage portfolio included $7.9 billion of loans with FHA insurance or VA guarantees at September 30, 2013, compared to $8.1 billion at June 30, 2013. This portfolio consists of loans to low-to-moderate-income borrowers with lower FICO (Fair Isaac Corporation) scores and generally has higher loan-to-value ratios (LTVs). Credit losses on FHA loans are borne by the sponsoring governmental agency, provided that the insurance terms have not been rescinded as a result of an origination defect. With respect to VA loans, the VA establishes a loan-level loss cap, beyond which Citi is liable for loss. While FHA and VA loans have high delinquency rates, given the insurance and guarantees, respectively, Citi has experienced negligible credit losses on these loans.

In addition, Citi's residential first mortgage portfolio included $1.2 billion of loans with origination LTVs above 80%, that have insurance through mortgage insurance companies at September 30, 2013, compared to $1.6 billion at June 30, 2013. At September 30, 2013, the residential first mortgage portfolio also had $0.8 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 $0.9 billion at June 30, 2013. Citi's home equity loan portfolio also included $0.3 billion of loans subject to LTSCs with GSEs (unchanged from June 30, 2013), for which Citi also has limited exposure to credit losses. These guarantees and commitments may be rescinded in the event of loan origination defects.

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

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

As of September 30, 2013, Citi's *North America* residential first mortgage portfolio contained approximately $5.5 billion of adjustable rate mortgages that are currently required to make a payment only of accrued interest for the payment period, or an interest-only payment, compared to $6.1 billion at June 30, 2013. This decline resulted primarily from conversions to amortizing loans of $253 million and repayments of $330 million. Borrowers who are currently required to make an interest-only payment cannot select a lower payment that would negatively amortize the loan. Residential first mortgages with this payment feature are primarily to high-credit-quality borrowers who have on average significantly higher origination and refreshed FICO scores than other loans in the residential first mortgage portfolio, and have exhibited significantly lower 30+ delinquency rates as compared with residential first mortgages without this payment feature. As such, Citi does not believe the residential mortgage loans with this payment feature represent substantially higher risk in the portfolio.

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

The following charts detail the quarterly trends in delinquencies and net credit losses for Citigroup's residential first mortgage portfolio in *North America*. Approximately 60% of Citi's residential first mortgage exposure arises from its portfolio in Citi Holdings.

---

(1) Of the $46.5 billion of residential first mortgages in Citi Holdings as of September 30, 2013, approximately $9.4 billion consisted of residential first mortgages originated by CitiFinancial North America.

(2) 1Q'12 included approximately $315 million of incremental charge-offs related to previously deferred principal balances on modified loans related to anticipated forgiveness of principal in connection with the national mortgage settlement. Excluding the impact of these charge-offs, net credit losses would have been $0.45 billion and $0.43 billion for the Citigroup and Citi Holdings portfolios, respectively.

(3) Includes the following charge-offs related to Citi's fulfillment of its obligations under the national mortgage and independent foreclosure review settlements: 2Q'12, $22 million; 3Q'12, $25 million; 4Q'12, $32 million; 1Q'13, $25 million; 2Q'13, $18 million; and 3Q'13, $8 million. Citi expects net credit losses in its residential first mortgage portfolio in Citi Holdings to continue to be impacted by its fulfillment of the terms of the independent foreclosure review settlement. See also "Citi Holdings" above and "Independent Foreclosure Review Settlement" below.

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

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

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

During the third quarter of 2013, Citi sold approximately $0.4 billion of delinquent residential first mortgages (compared to $0.7 billion in the second quarter of 2013) and $0.1 billion of re-performing residential first mortgages (compared to $2.4 billion in the second quarter of 2013). As previously disclosed, sales of re-performing residential first mortgages tend to be yield sensitive. Since the beginning of 2010, Citi has sold approximately $11.8 billion and $6.7 billion of delinquent and re-performing residential first mortgages, respectively.

In addition, Citi modified approximately $0.4 billion of residential first mortgage loans during the third quarter of 2013 (unchanged from the second quarter of 2013), including loan modifications pursuant to the independent foreclosure review settlement. Citi's residential first mortgage portfolio continued to show some signs of the impact of re-defaults of previously modified mortgages. For additional information on Citi's residential first mortgage loan modifications, see Note 13 to the Consolidated Financial Statements.

Citi's ability to reduce delinquencies or net credit losses in its residential first mortgage portfolio pursuant to asset sales or modifications could be limited going forward due to, among other things, the lower remaining inventory of delinquent loans to sell or modify, additional increases in interest rates or the lack of market demand for asset sales.

*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 September 30, 2013 and June 30, 2013.

| *In billions of dollars* | **September 30, 2013** | | | | | **June 30, 2013** | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| **State(1)** | **ENR(2)** | **ENR Distribution** | **90+DPD %** | **% LTV > 100%** | **Refreshed FICO** | **ENR(2)** | **ENR Distribution** | **90+DPD %** | **% LTV > 100%** | **Refreshed FICO** |
| CA | **$ 19.2** | **29%** | **1.1%** | **4%** | **736** | $ 19.0 | 29% | 1.4% | 10% | 734 |
| NY/NJ/CT(**3**) | **11.5** | **18** | **2.9** | **4** | **731** | 11.1 | 17 | 3.1 | 7 | 728 |
| IN/OH/MI(**3**) | **3.2** | **5** | **4.1** | **20** | **659** | 3.3 | 5 | 4.1 | 32 | 659 |
| FL(**3**) | **3.2** | **5** | **5.2** | **26** | **686** | 3.3 | 5 | 6.0 | 33 | 684 |
| IL(**3**) | **2.7** | **4** | **4.1** | **18** | **701** | 2.8 | 4 | 4.5 | 35 | 699 |
| AZ/NV | **1.6** | **2** | **3.1** | **28** | **709** | 1.6 | 2 | 3.1 | 38 | 707 |
| Other | **24.0** | **37** | **4.5** | **8** | **670** | 24.7 | 38 | 4.6 | 12 | 669 |
| **Total** | **$ 65.4** | **100%** | **3.2%** | **9%** | **702** | $ 65.8 | 100% | 3.4% | 14% | 700 |

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.

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

*Foreclosures*

The substantial majority of Citi's foreclosure inventory consists of residential first mortgages. At September 30, 2013, Citi's foreclosure inventory included approximately $0.9 billion, or 1.4%, of Citi's residential first mortgages, compared to approximately $1.0 billion, or 1.4%, and $1.7 billion, or 2.1%, at June 30, 2013 and September 30, 2012, respectively (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 remained essentially unchanged quarter-over-quarter, as the movement of loans into and out of the foreclosure process remained at similar levels in the third and second quarters of 2013, although at higher levels than earlier periods. While there was some improvement in the movement of loans both into and out of the foreclosure process compared to the prior-year period, extensive state requirements and other regulatory requirements for the foreclosure process remain (e.g., extensive documentation, processing and filing requirements). The year-over-year decline in Citi's foreclosure inventory primarily resulted from loan modifications, asset sales of delinquent first mortgages and improvement in the foreclosure process timelines.

Notwithstanding the marginal improvement in the foreclosure processes at the state level, the foreclosure process largely remains slowed across many states, driven primarily by the additional requirements necessary to both initiate and complete foreclosures resulting in the continued overall lengthening of the foreclosure process. Citi's average timeframes to move a loan out of foreclosure are two to three times longer than historical norms. Extended foreclosure timelines 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 residential and home equity foreclosure inventory was approximately 31%, compared to 32% and 21% as of June 30, 2013 and September 30, 2012, respectively, reflecting extended foreclosure timelines and lower number of loans moving into foreclosure in 2012 and early 2013.

Citi's servicing agreements for mortgage loans sold to the GSEs generally provide the GSEs with significant mortgage servicing oversight, including, among other things, foreclosures or modification completion timelines. The agreements allow for the GSEs to take action against a servicer for violation of the timelines, including imposing compensatory fees. While the GSEs have not historically exercised their rights to impose compensatory fees, they have begun to regularly impose such fees. To date, the GSEs' imposition of compensatory fees, as a result of the extended foreclosure timelines or otherwise, has not been material; however, Citi continues to closely monitor trends related to these matters.

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

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

At September 30, 2013, Citi's home equity loan portfolio of $32.8 billion included approximately $19.6 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 $20.4 billion at June 30, 2013. The following chart sets forth these Revolving HELOCs and the year in which they reset, as well as certain FICO and combined loan-to-value (CLTV) characteristics of the portfolio:

Note:

Totals may not sum due to rounding.

Average refreshed FICO for Revolving HELOCs that will amortize between 2013-2014 was 719.

Average refreshed CLTV for Revolving HELOCs that will amortize between 2013-2014 was 65%.

Average refreshed FICO for Revolving HELOCs that will amortize between 2015-2017 was 723.

Average refreshed CLTV for Revolving HELOCs that will amortize between 2015-2017 was 77%.

As indicated by the chart above, approximately 4% of Citi's Revolving HELOCs had commenced amortization as of September 30, 2013, compared to approximately 7% and 72% that will commence amortization during the remainder of 2013-2014 and 2015-2017, respectively. Based on the limited sample of Revolving HELOCs that has begun amortization, Citi has experienced marginally higher delinquency rates in its amortizing home equity loan portfolio as compared to its non-amortizing loan portfolio. However, these resets have generally occurred during a period of declining interest rates, which Citi believes has likely reduced the overall "payment shock" to the borrower. Citi continues to monitor this reset risk closely, particularly as it approaches 2015, and Citi will continue to consider any potential impact in determining its allowance for loan loss reserves. In addition, management continues to review additional actions to offset potential reset risk, such as extending offers to non-amortizing home equity loan borrowers to convert the non-amortizing home equity loan to a fixed-rate amortizing loan.

As of September 30, 2013, the percentage of Citi's U.S. home equity loans in a junior lien position where Citi also owned or serviced the first lien was approximately 30%. However, for all home equity loans (regardless of whether Citi owns or services the first lien), Citi manages its home equity loan account strategy through obtaining and reviewing refreshed credit bureau scores (which reflect the borrower's performance

on all of its debts, including a first lien, if any), refreshed CLTV ratios and other borrower credit-related information. Historically, the default and delinquency statistics for junior liens where Citi also owns or services the first lien have been better than for those where Citi does not own or service the first lien. Citi believes this is generally attributable to origination channels and better credit characteristics of the portfolio, including FICO and CLTV, for those junior liens where Citi also owns or services the first lien.

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

---

(1) Of the $29.8 billion of home equity loans in Citi Holdings as of September 30, 2013, approximately $2.8 billion consisted of home equity loans originated by CitiFinancial North America.

(2) 1Q'12 included approximately $55 million of charge-offs related to previously deferred principal balances on modified loans related to anticipated forgiveness of principal in connection with the national mortgage settlement. Excluding the impact of these charge-offs, net credit losses would have been $0.51 billion and $0.50 billion for the Citigroup and Citi Holdings portfolios, respectively.

(3) Includes the following amounts of charge-offs related to Citi's fulfillment of its obligations under the national mortgage and independent foreclosure review settlements: 2Q'12, $21 million; 3Q'12, $16 million; 4Q'12, $30 million; 1Q'13, $51 million; 2Q'13, $12 million; and 3Q'13, $14 million. Citi expects net credit losses in its home equity loan portfolio in Citi Holdings to continue to be impacted by its fulfillment of the terms of the independent foreclosure review settlement. See also "Citi Holdings" above, and "Independent Foreclosure Review Settlement" below.

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

$0.39 billion in 4Q'12 for the Citigroup portfolio, and $0.41 billion in 3Q'12 and $0.38 billion in 4Q'12 for the Citi Holdings portfolio.

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

(6) Year-over-year change as of August 2013.

N/A Not Applicable

Note:

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

As evidenced by the tables above, home equity loan delinquencies improved during the third quarter of 2013, including fewer loans entering the 30-89 days past due delinquency bucket. The improvement quarter-over-quarter was driven by continued modifications and improvement in HPI. Given the lack of a market in which to sell delinquent home equity loans, as well as the relatively smaller number of home equity loan modifications and modification programs (see Note 13 to the Consolidated Financial Statements), Citi's ability to reduce delinquencies or net credit losses in its home equity loan portfolio in Citi Holdings, whether pursuant to deterioration of the underlying credit performance of these loans or otherwise, is more limited as compared to residential first mortgages.

*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 September 30, 2013 and June 30, 2013.

| *In billions of dollars* | September 30, 2013 | | | | | June 30, 2013 | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| **State(1)** | **ENR(2)** | **ENR Distribution** | **90+DPD %** | **% CLTV > 100%(3)** | **Refreshed FICO** | **ENR(2)** | **ENR Distribution** | **90+DPD %** | **% CLTV > 100%(3)** | **Refreshed FICO** |
| CA | **$ 8.5** | **28%** | **1.7%** | **17%** | **724** | $ 8.9 | 28% | 1.8% | 26% | 725 |
| NY/NJ/CT(4) | **7.4** | **24** | **2.4** | **14** | **717** | 7.6 | 24 | 2.3 | 20 | 717 |
| FL(4) | **2.2** | **7** | **3.1** | **44** | **701** | 2.3 | 7 | 3.2 | 51 | 701 |
| IL(4) | **1.3** | **4** | **1.5** | **44** | **712** | 1.3 | 4 | 1.9 | 57 | 712 |
| IN/OH/MI(4) | **1.0** | **3** | **1.8** | **45** | **685** | 1.1 | 3 | 1.7 | 59 | 686 |
| AZ/NV | **0.7** | **2** | **2.3** | **55** | **713** | 0.8 | 2 | 2.5 | 63 | 712 |
| Other | **9.9** | **32** | **1.8** | **24** | **698** | 10.3 | 32 | 1.9 | 32 | 698 |
| **Total** | **$ 31.0** | **100%** | **2.0%** | **23%** | **711** | $ 32.3 | 100% | 2.1% | 31% | 711 |

---

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.

As evidenced by the table above, Citi's home equity portfolio is primarily concentrated in California and the New York/New Jersey/Connecticut region (with New York the largest of the three states). The improving refreshed CLTV percentages at September 30, 2013 was primarily the result of improvements in HPI in these states/regions, thereby increasing values used in the determination of CLTV.

**Independent Foreclosure Review Settlement**

Citi continues to fulfill its obligations under the independent foreclosure review settlement, entered into by Citi and other major mortgage servicers in January 2013, and estimates it will incur additional net credit losses of approximately $30 million per quarter through the first half of 2014. Citi continues to believe its loan loss reserve as of September 30, 2013 will be sufficient to cover any mortgage assistance under the settlement.

For additional information regarding the settlement, see "Managing Global Risk Credit Risk Independent Foreclosure Review Settlement" in Citi's 2012 Annual Report on Form 10-K.

**Consumer Mortgage FICO and LTV**

The following charts detail the quarterly trends for Citi's residential first mortgage and home equity loan portfolios by risk segment (FICO and LTV) and the 90+ day delinquency rates for those risk segments. For example, in the third quarter of 2013, residential first mortgages had $3.4 billion of balances with refreshed FICO < 660 and refreshed LTV > 100%. Approximately 15.4% of these loans in this segment were over 90+ days past due.

**Residential First Mortgages**

*In billions of dollars*

**Home Equity Loans**

*In billions of dollars*

Notes:

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

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

Balances exclude deferred fees/costs.

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

During the third quarter of 2013, Citi's residential first mortgages with an LTV above 100% declined 39% to $5.7 billion, and high LTV loans with FICO scores of less than 660 declined 31% to $3.4 billion. The residential first mortgage portfolio has migrated to a higher FICO and lower LTV distribution primarily due to home price appreciation, asset sales of delinquent first mortgages and principal forgiveness.

Loans 90+ days past due in the residential first mortgage portfolio with refreshed FICO scores of less than 660 as well as higher LTVs declined 31% to $0.5 billion during the third quarter of 2013, primarily due to home price appreciation, liquidations and asset sales of delinquent first mortgages.

Citi's home equity loans with a CLTV above 100% declined 29% during the third quarter of 2013, and high CLTV loans with FICO scores of less than 660 declined 28% to $2.1 billion, primarily due to home price appreciation, repayments and charge offs.

Loans 90+ days past due in the home equity portfolio with refreshed FICO scores of less than 660 as well as higher LTVs declined 31% to $160 million during the third quarter of 2013, primarily due to charge offs, home price appreciation and modifications.

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

**Mortgage Servicing Rights**

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

Citi's MSRs totaled $2.6 billion as of September 30, 2013, compared to $2.5 billion at June 30, 2013, primarily due to the impact from newly capitalized MSRs, partially offset by amortization. At September 30, 2013, approximately $2.0 billion of MSRs were specific to Citicorp, with the remainder to Citi Holdings.

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

**Citigroup Residential Mortgages Representations and Warranties**

*Overview*

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

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

*Whole Loan Sales*

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

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

On September 25, 2013, Citi reached an agreement with Freddie Mac to resolve potential future repurchase claims for breaches of representations and warranties on 3.7 million residential first mortgage loans sold to Freddie Mac that were originated between 2000 and 2012 (Included Loans). Citi paid Freddie Mac $395 million under the agreement, all of which was covered by Citi's existing mortgage repurchase reserves as of June 30, 2013. The agreement covers potential future

origination-related representation and warranty claims on the Included Loans. The agreement does not release Citi's liability with respect to its servicing or other ongoing contractual obligations on the Included Loans. It also does not release liability to a population of less than 1,000 loans originated between 2000 and 2012 with certain characteristics such as loans sold with recourse or some guarantee of performance and loans currently in the repurchase process.

*Private-Label Residential Mortgage Securitizations*

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

During the period 2005 through 2008, Citi sold approximately $91 billion of mortgage loans into and sponsored private-label securitizations through both its Consumer business in CitiMortgage and its legacy *S&B* business. For the types of representation and warranties made to these investors, which were generally made or assigned to the issuing trust, as well as other additional information relating to Citi's private-label residential mortgage securitizations, see "Managing Global Risk Credit Risk Citigroup Residential Mortgages Representation and Warranties" in Citi's 2012 Annual Report on Form 10-K.

*CitiMortgage*

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

As of September 30, 2013, approximately $7.4 billion of the $24.6 billion remained outstanding (compared to $7.8 billion at June 30, 2013) as a result of repayments of approximately $15.7 billion and cumulative losses (incurred by the issuing trusts) of approximately $1.5 billion. The remaining outstanding amount is composed of approximately $3.5 billion in prime trusts and approximately $3.9 billion in Alt-A trusts, as classified at issuance. As of September 30, 2013, the remaining outstanding amount had a 90 days or more delinquency rate of approximately 16.3% (unchanged from 16.3% at June 30, 2013).

*Legacy S&B Securitizations*

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

As of September 30, 2013, approximately $17.5 billion of the $66.4 billion remained outstanding (compared to $18.3 billion at June 30, 2013) as a result of repayments of approximately $37.4 billion and cumulative losses (incurred by the issuing trusts) of approximately $11.5 billion (of which approximately $8.6 billion related to loans in subprime trusts). The remaining outstanding amount is composed of approximately $4.4 billion in prime trusts, $3.7 billion in Alt-A trusts and $9.5 billion in subprime trusts, as classified at issuance. As of September 30, 2013, the remaining outstanding amount had a 90 days or more delinquency rate of approximately 23.2% (compared to 24.1% at June 30, 2013).

*Whole Loan Representation and Warranty Claims by Claimant*

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

| | Claims during the three months ended(1) | | | | |
|---|---|---|---|---|---|
| ***In millions of dollars*** | **September 30, 2013** | **June 30, 2013** | **March 31, 2013** | **December 31, 2012** | **September 30, 2012** |
| GSEs and others(2) | **$ 151** | $ 634 | $ 1,110 | $ 769 | $ 863 |
| Mortgage insurers(3) | **1** | 13 | 16 | 18 | 21 |
| **Total** | **$ 152** | $ 647 | $ 1,126 | $ 787 | $ 884 |

| *In millions of dollars* | Unresolved claims at(1)<br>September 30, 2013 | June 30, 2013 | March 31, 2013 | December 31, 2012 | September 30, 2012 |
| --- | --- | --- | --- | --- | --- |
| GSEs and others(2) | **$ 153** | $ 259 | $ 1,246 | $ 1,224 | $ 1,371 |
| Mortgage insurers(3) | | 5 | 6 | 5 | 4 |
| **Total** | **$ 153** | $ 264 | $ 1,252 | $ 1,229 | $ 1,375 |

---

(1) As of the first quarter of 2013, excludes private-label securitization claims which Citi considers as part of its litigation accrual analysis and is not included in its repurchase reserve. The original principal balance of representation and warranty claims received on private-label securitizations was $1.5 billion during 2012 and $1.7 billion year-to-date in 2013. The original principal balance of unresolved private-label securitization representation and warranty claims was $3.4 billion as of September 30, 2013.

(2)
The decreases in claims during the three months ended, and unresolved claims at September 30, 2013 and June 30, 2013 primarily reflects the agreements with Fannie Mae and Freddie Mac during the second quarter of 2013 and the third quarter of 2013, respectively. See the table below.

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

*Repurchase Reserve*

Citi has recorded a repurchase reserve for its potential repurchase or make-whole liability regarding representation and warranty claims, which primarily relates to whole loan sales to the GSEs. The current repurchase reserve balance is primarily available to cover representation and warranty claims on residential mortgage loans sold to Fannie Mae and Freddie Mac that are excluded from each agreement (for additional information on the Fannie Mae agreement, see "Managing Global Risk Credit Risk Citigroup Residential Mortgages Representation and Warranties Repurchase Reserve" in Citi's Second Quarter of 2013 Form 10-Q) as well as loans sold to private investors. As noted above, as of the first quarter of 2013, Citi considers private-label securitization representation and warranty claims as part of its litigation accrual analysis and not as part of its repurchase reserve.

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

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

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

| | **Three Months Ended** | | | | |
|---|---|---|---|---|---|
| ***In millions of dollars*** | **September 30, 2013** | **June 30, 2013** | **March 31, 2013** | **December 31, 2012** | **September 30, 2012** |
| Balance, beginning of period | **$ 719** | $ 1,415 | $ 1,565 | $ 1,516 | $ 1,476 |
| Reclassification(1) | | | (244) | | |
| Additions for new sales(2) | **7** | 9 | 7 | 6 | 7 |
| Change in estimate | | 245 | 225 | 173 | 200 |
| Utilizations | **(10)** | (37) | (138) | (130) | (167) |
| Fannie Mae Agreement(3) | | (913) | | | |
| Freddie Mac Agreement(4) | **(371)** | | | | |
| **Balance, end of period** | **$ 345** | $ 719 | $ 1,415 | $ 1,565 | $ 1,516 |

(1)
First quarter of 2013 reflects reclassification of $244 million of the repurchase reserve relating to private-label securitizations to Citi's litigation accruals.

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

(3)

Reflects $968 million paid pursuant to the Fannie Mae agreement, net of repurchases made in the first quarter of 2013.

(4)
Reflects $395 million paid pursuant to the Freddie Mac agreement, net of repurchases made in the second quarter of 2013.

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

| | Three Months Ended | | | | |
|---|---|---|---|---|---|
| ***In millions of dollars*** | **September 30, 2013** | **June 30, 2013** | **March 31, 2013** | **December 31, 2012** | **September 30, 2012** |
| GSEs and others(1) | **$ 46** | $ 220 | $ 190 | $ 157 | $ 105 |

(1)
Predominantly related to claims from the GSEs.

In addition to the amounts set forth in the table above, Citi recorded make-whole payments of $17 million, $59 million, $93 million, $92 million and $118 million for the quarterly periods ended September 30, 2013, June 30, 2013, March 31, 2012, December 31, 2012 and September 30, 2012, respectively. Nearly all of these make-whole payments were to the GSEs.

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

**North America Cards**

*Overview*

Citi's *North America* cards portfolio primarily consists of its Citi-branded cards and Citi retail services portfolios in Citicorp. As of September 30, 2013, the Citicorp Citi-branded cards portfolio totaled approximately $69 billion, while the Citi retail services portfolio was approximately $43 billion, including approximately $7 billion of loans added in September 2013 as a result of the previously-announced acquisition of Best Buy's U.S. credit card portfolio.

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

*North America Cards Quarterly Credit Trends Delinquencies and Net Credit Losses*

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

**CONSUMER LOAN DETAILS**

**Consumer Loan Delinquency Amounts and Ratios**

| *In millions of dollars, except EOP loan amounts in billions* | **Total loans(1)** | **90+ days past due(2)** | | | **30-89 days past due(2)** | | |
|---|---|---|---|---|---|---|---|
| | **September 2013** | **September 2013** | **June 2013** | **September 2012** | **September 2013** | **June 2013** | **September 2012** |
| **Citicorp(3)(4)** | | | | | | | |
| Total | **$ 293.1** | **$ 2,699** | $ 2,644 | $ 3,024 | **$ 3,215** | $ 2,967 | $ 3,539 |
| Ratio | | **0.92%** | 0.94% | 1.05% | **1.10%** | 1.05% | 1.23% |
| **Retail banking** | | | | | | | |
| Total | **$ 148.4** | **$ 872** | $ 849 | $ 882 | **$ 1,109** | $ 1,085 | $ 1,154 |
| Ratio | | **0.59%** | 0.59% | 0.62% | **0.75%** | 0.75% | 0.81% |
| *North America* | **43.2** | **277** | 285 | 291 | **209** | 217 | 230 |
| Ratio | | **0.66%** | 0.71% | 0.72% | **0.50%** | 0.54% | 0.57% |
| *EMEA* | **5.5** | **38** | 41 | 50 | **57** | 68 | 79 |
| Ratio | | **0.69%** | 0.77% | 1.02% | **1.04%** | 1.28% | 1.61% |
| *Latin America* | **29.4** | **347** | 318 | 322 | **445** | 368 | 412 |
| Ratio | | **1.18%** | 1.07% | 1.17% | **1.51%** | 1.24% | 1.50% |
| *Asia* | **70.3** | **210** | 205 | 219 | **398** | 432 | 433 |
| Ratio | | **0.30%** | 0.30% | 0.32% | **0.57%** | 0.63% | 0.62% |
| **Cards** | | | | | | | |
| Total | **$ 144.7** | **$ 1,827** | $ 1,795 | $ 2,142 | **$ 2,106** | $ 1,882 | $ 2,385 |
| Ratio | | **1.26%** | 1.30% | 1.47% | **1.46%** | 1.36% | 1.63% |
| *North America Citi-branded* | **68.8** | **628** | 663 | 760 | **650** | 588 | 744 |
| Ratio | | **0.91%** | 0.96% | 1.05% | **0.94%** | 0.85% | 1.03% |
| *North America Citi retail services* | **43.0** | **650** | 556 | 716 | **799** | 615 | 823 |
| Ratio | | **1.51%** | 1.54% | 1.96% | **1.86%** | 1.71% | 2.25% |
| *EMEA* | **2.4** | **34** | 44 | 45 | **44** | 57 | 68 |
| Ratio | | **1.42%** | 1.57% | 1.55% | **1.83%** | 2.04% | 2.34% |
| *Latin America* | **11.8** | **326** | 323 | 401 | **346** | 335 | 416 |
| Ratio | | **2.76%** | 2.81% | 2.82% | **2.93%** | 2.91% | 2.93% |
| *Asia* | **18.7** | **189** | 209 | 220 | **267** | 287 | 334 |
| Ratio | | **1.01%** | 1.11% | 1.10% | **1.43%** | 1.52% | 1.67% |
| **Citi Holdings(5)(6)** | | | | | | | |
| Total | **$ 94.3** | **$ 2,932** | $ 3,207 | $ 4,974 | **$ 2,845** | $ 3,151 | $ 4,753 |
| Ratio | | **3.38%** | 3.56% | 4.54% | **3.28%** | 3.50% | 4.34% |
| *International* | **6.0** | **177** | 242 | 366 | **184** | 255 | 436 |
| Ratio | | **2.95%** | 3.90% | 4.16% | **3.07%** | 4.11% | 4.95% |
| *North America* | **88.3** | **2,755** | 2,965 | 4,608 | **2,661** | 2,896 | 4,317 |
| Ratio | | **3.42%** | 3.53% | 4.58% | **3.31%** | 3.45% | 4.29% |
| Other | **0.4** | | | | | | |
| **Total Citigroup** | **$ 387.8** | **$ 5,631** | $ 5,851 | $ 7,998 | **$ 6,060** | $ 6,118 | $ 8,292 |
| Ratio | | **1.49%** | 1.57% | 2.01% | **1.60%** | 1.64% | 2.09% |

---

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

(2)

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

(3)

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

(4)

The 90+ days and 30-89 days past due and related ratios for *North America Regional Consumer Banking* exclude U.S. mortgage loans that are guaranteed by U.S. government-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 $733 million ($1.3 billion), $728 million ($1.3 billion), and $738 million ($1.2 billion) at September 30, 2013, June 30, 2013 and September 30, 2012, respectively. The amounts excluded for loans 30-89 days past due (EOP loans have the same adjustment as above) were $146 million, $144 million, and $122 million, at September 30, 2013, June 30, 2013 and September 30, 2012, respectively.

(5)

The 90+ days and 30-89 days past due and related ratios for *North America Citi Holdings* 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 $3.4 billion ($6.5 billion), $3.5 billion ($6.8 billion), and $4.1 billion ($7.2 billion) at September 30, 2013, June 30, 2013 and September 30, 2012, respectively. The amounts excluded for loans 30-89 days past due (EOP loans have the same adjustment as above) for each period were $1.1 billion, $1.2 billion, and $1.3 billion, at September 30, 2013, June 30, 2013 and September 30, 2012, respectively.

(6)

The September 30, 2013, June 30, 2013 and September 30, 2012 loans 90+ days past due and 30-89 days past due and related ratios for *North America* exclude $1.0 billion, $1.0 billion and $1.2 billion, respectively, of loans that are carried at fair value.

**Consumer Loan Net Credit Losses and Ratios**

| *In millions of dollars, except average loan amounts in billions* | Average loans(1) 3Q13 | Net credit losses(2) 3Q13 | 2Q13 | 3Q12 |
|---|---|---|---|---|
| **Citicorp** | | | | |
| Total | **$ 285.6** | **$ 1,730** | $ 1,785 | $ 1,948 |
| Ratio | | **2.40%** | 2.53% | 2.74% |
| | | | | |
| **Retail banking** | | | | |
| Total | **$ 147.3** | **$ 336** | $ 299 | $ 325 |
| Ratio | | **0.90%** | 0.83% | 0.92% |
| *North America* | **42.9** | **38** | 44 | 72 |
| Ratio | | **0.35%** | 0.43% | 0.69% |
| *EMEA* | **5.6** | **11** | (2) | 12 |
| Ratio | | **0.78%** | (0.15%) | 1.02% |
| *Latin America* | **29.6** | **209** | 204 | 160 |
| Ratio | | **2.80%** | 2.74% | 2.39% |
| *Asia* | **69.2** | **78** | 53 | 81 |
| Ratio | | **0.45%** | 0.31% | 0.47% |
| | | | | |
| **Cards** | | | | |
| Total | **$ 138.3** | **$ 1,394** | $ 1,486 | $ 1,623 |
| Ratio | | **4.00%** | 4.33% | 4.57% |
| *North America Citi-branded* | **68.4** | **610** | 665 | 745 |
| Ratio | | **3.54%** | 3.90% | 4.15% |
| *North America Retail services* | **37.8** | **435** | 481 | 534 |
| Ratio | | **4.57%** | 5.39% | 5.82% |
| *EMEA* | **2.1** | **10** | 1 | 17 |
| Ratio | | **1.89%** | 0.14% | 2.42% |
| *Latin America* | **11.6** | **225** | 212 | 191 |
| Ratio | | **7.70%** | 7.39% | 7.10% |
| *Asia* | **18.4** | **114** | 127 | 136 |
| Ratio | | **2.46%** | 2.68% | 2.73% |
| | | | | |
| **Citi Holdings** | | | | |
| Total | **$ 96.7** | **$ 602** | $ 775 | $ 1,824 |
| Ratio | | **2.47%** | 3.01% | 5.96% |
| *International* | **6.1** | **46** | 51 | 121 |
| Ratio | | **2.99%** | 3.20% | 5.35% |
| *North America* | **90.6** | **556** | 724 | 1,703 |
| Ratio | | **2.43%** | 2.99% | 6.01% |
| | | | | |
| **Total Citigroup** | **$ 382.3** | **$ 2,332** | $ 2,560 | $ 3,772 |
| Ratio | | **2.42%** | 2.66% | 3.71% |

---

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

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

**CORPORATE CREDIT DETAILS**

For additional information on the credit process for Citi's corporate clients and investment banking activities, see "Managing Global Risk Risk Management Overview" and "Managing Global Risk Credit Risk Corporate Loan Details" in Citigroup's 2012 Annual Report on Form 10-K.

**Corporate Credit Portfolio**

The following table represents the Corporate credit portfolio (excluding Private Bank in *Securities and Banking*), before consideration of collateral or hedges, by remaining tenor at September 30, 2013 and December 31, 2012. The Corporate credit portfolio includes loans and unfunded lending commitments in Citi's institutional client exposure in *Institutional Client Group* and, to a 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 September 30, 2013** | | | | **At December 31, 2012** | | | |
|---|---|---|---|---|---|---|---|---|
| ***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 | **$ 111** | **$ 76** | **$ 30** | **$ 217** | $ 92 | $ 76 | $ 28 | $ 196 |
| Unfunded lending commitments | **92** | **195** | **26** | **313** | 88 | 199 | 28 | 315 |
| **Total** | **$ 203** | **$ 271** | **$ 56** | **$ 530** | $ 180 | $ 275 | $ 56 | $ 511 |

**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:

| | **September 30, 2013** | **December 31, 2012** |
|---|---|---|
| *North America* | **51%** | 52% |
| *EMEA* | **26** | 27 |
| *Asia* | **16** | 14 |
| *Latin America* | **7** | 7 |
| **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 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 September 30, 2013 and December 31, 2012, as a percentage of the total Corporate credit portfolio:

| | Direct outstandings and unfunded lending commitments | |
|---|---|---|
| | **September 30, 2013** | **December 31, 2012** |
| AAA/AA/A | **51%** | 52% |
| BBB | **15** | 14 |
| BB/B | **31** | 32 |
| CCC or below | **3** | 2 |
| Unrated | | |
| **Total** | **100%** | 100% |

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 | |
|---|---|---|
| | **September 30, 2013** | **December 31, 2012** |
| Transportation and industrial | **22%** | 21% |
| Petroleum, energy, chemical and metal | **21** | 20 |
| Consumer retail and health | **15** | 15 |
| Banks/broker-dealers | **11** | 10 |
| Technology, media and telecom | **10** | 9 |
| Public sector | **5** | 8 |
| Insurance and special purpose entities | **5** | 6 |
| Real estate | **5** | 4 |
| Hedge funds | **4** | 4 |
| Other industries | **2** | 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 September 30, 2013 and December 31, 2012, $30.6 billion and $33.0 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 September 30, 2013 and December 31, 2012, the credit protection was economically hedging underlying Corporate credit portfolio with the following risk rating distribution:

**Rating of Hedged Exposure**

| | **September 30, 2013** | **December 31, 2012** |
|---|---|---|
| AAA/AA/A | **26%** | 34% |
| BBB | **41** | 39 |
| BB/B | **25** | 23 |
| CCC or below | **8** | 4 |
| **Total** | **100%** | 100% |

At September 30, 2013 and December 31, 2012, the credit protection was economically hedging underlying Corporate credit portfolio exposures with the following industry distribution:

**Industry of Hedged Exposure**

| | **September 30, 2013** | **December 31, 2012** |
|---|---|---|
| Transportation and industrial | **27%** | 27% |
| Petroleum, energy, chemical and metal | **22** | 25 |
| Technology, media and telecom | **13** | 11 |
| Banks/broker-dealers | **11** | 10 |

| | | |
|---|---|---|
| Public sector | **9** | 5 |
| Consumer retail and health | **9** | 13 |
| Insurance and special purpose entities | **5** | 5 |
| Other industries | **4** | 4 |
| **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 liquidity risk and price risk, both of which arise in the normal course of business of a global financial intermediary such as Citi. For a discussion of funding and liquidity risk, see "Capital Resources and Liquidity Funding and Liquidity" above. Price risk arises from fluctuations in the market value of trading and non-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, see "Managing Global Risk Market Risk" in Citi's 2012 Annual Report on Form 10-K.

**Price Risk Non-Trading Portfolios**

***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) and tangible common equity, which can in turn impact Citi's estimated Basel III Tier 1 Common ratio.

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. While Citi also monitors the impact of a decrease in interest rates, a 100 basis point decrease in interest rates is not currently meaningful, as it would imply negative interest rates in many of Citi's markets.

| *In millions of dollars (unless otherwise noted)* | **Sep. 30, 2013** | Jun. 30, 2013 | Sep. 30, 2012 |
|---|---|---|---|
| **Estimated annualized impact to net interest revenue**(1) | | | |
| U.S. dollar(2) | **$ 1,197** | $ 1,117 | $ 786 |
| All other currencies | **569** | 647 | 630 |
| Total | **$ 1,766** | $ 1,764 | $ 1,416 |
| *As a percentage of Average Interest-Earning Assets* | **0.11%** | 0.11% | 0.08% |
| Estimated impact to OCI (after-tax)(3) | **$ (2,462)** | $ (2,200) | $ (2,281) |
| Estimated impact on Basel III Tier 1 Common Ratio (bps)(4) | **(35)** | (38) | (34) |

(1) Citi estimates the impact to net interest revenue for the first year following an interest rate change assuming no change to Citi Treasury's interest rate positioning as a result of the interest rate changes.

(2) 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 $(205) million for a 100 basis point instantaneous increase in interest rates as of September 30, 2013.

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

(4) The estimated impact to Basel III Tier 1 Common ratio considers the effect of Citi's deferred tax asset position.

The increase in the estimated impact to net interest revenue from the prior-year period primarily reflects 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 quarter and year primarily reflected changes in the composition of Citi Treasury's investment portfolio.

In the event of an unanticipated parallel instantaneous 100 basis point increase in interest rates, Citi expects the impact to OCI would be offset through the combination of expected incremental net interest revenue and the expected recovery of the impact on OCI through accretion, over a period of time. As of September 30, 2013, Citi expects that the $(2.5) billion impact to OCI in such a scenario could potentially be offset over approximately 18 months.

Citi routinely runs multiple interest rate scenarios, including interest rate increases and decreases as well as 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.

| ***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 | $ 1,197 | $ 1,030 | $ 61 | $ (61) |
| All other currencies | 569 | 477 | 31 | (31) |
| Total | $ 1,766 | $ 1,507 | $ 92 | $ (92) |
| Estimated impact to OCI (after-tax)(1) | $ (2,462) | $ (1,820) | $ (834) | $ 482 |
| Estimated impact to Basel III Tier 1 Common Ratio (bps) | (35) | (22) | (15) | 10 |

Note:

Each scenario in the table above assumes that the rate change will occur instantaneously, and that there are no changes to Citi Treasury's portfolio positioning as a result of the interest rate changes. 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.

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 September 30, 2013, 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 $1.5 billion, or 0.9% of TCE, as a result of changes to Citi's foreign currency translation adjustment OCI, net of hedges. This impact is primarily due to changes in the value of the Mexican Peso, the Japanese Yen, the British pound sterling, the Korean Won and the Euro.

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 currencies, 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 these management strategies can be seen as a result of changes in foreign exchange rates during the third quarter of 2013. During the quarter, the U.S. dollar depreciated by approximately 1.3% against the major currencies to which Citi is exposed, resulting in an

approximately $0.6 billion, or approximately 0.4%, increase in TCE. The impact on Citi's estimated Basel III Tier 1 Common ratio was a reduction of approximately 1 basis point.

For additional information in the changes in OCI during the third quarter of 2013 (and comparable periods), see Note 17 to the Consolidated Financial Statements.

**Price Risk Trading Portfolios**

Value at risk (VAR) estimates, at a 99% confidence level, the potential decline in the value of a position or a portfolio under normal market conditions 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.

In addition to VAR, Citi monitors the price risk of its trading portfolios using other measures, including risk factor sensitivities and stress testing. For additional information on risk factor sensitivities and stress testing, see "Managing Global Risk Market Risk Price Risk Trading Portfolios" in Citi's 2012 Annual Report on Form 10-K.

Citi uses a single, independently approved Monte Carlo simulation VAR model (see "VAR Model Review and Validation" below) 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, 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 12 to the Consolidated Financial Statements.

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

The conservative features of the VAR calibration contribute approximately 12% add-on to what would be a VAR estimated under the assumption of stable and perfectly normally distributed markets. Under normal and stable market conditions, Citi would thus expect the number of days where trading losses exceed its VAR to be less than two or three exceptions per year. Periods of unstable market conditions could increase the number of these exceptions. During the last four quarters, there have been no back-testing exceptions (back-testing is the process in which the daily one-day 99% confidence interval regulatory capital VAR is compared to the change in the market value of transactions included in that VAR calculation).

The following table sets forth information regarding Citi's VAR for the third quarter of 2013 and comparable periods. Citi's average total trading VAR was $110 million, and ranged between $93 million and $128 million during the third quarter of 2013. Citi's average total trading VAR did not fluctuate significantly quarter-over-quarter or from the prior-year period, while total trading VAR declined from $116 million at June 30, 2013 to $109 million at September 30, 2013. This period-end decline was primarily due to reduced interest rate risk from lower exposures to U.S. interest rates, municipal bonds and U.S. agency securities within *Securities and Banking*. Sequentially, average total trading VAR declined modestly from $112 million to $110 million, as the reductions in risk were offset by sharp increases in volatilities related to municipals and emerging markets in July and August of 2013. As these short term volatilities returned to historical norms prior to the end of the third quarter of 2013, average total trading VAR remained relatively unchanged, while period-end VAR declined.

| *In millions of dollars* | **September 30, 2013** | **Third Quarter 2013 Average** | **June 30, 2013** | **Second Quarter 2013 Average** | **September 30, 2012** | **Third Quarter 2012 Average** |
|---|---|---|---|---|---|---|
| Interest rate | **$ 105** | **$ 112** | $ 117 | $ 111 | $ 108 | $ 114 |
| Foreign exchange | **27** | **32** | 32 | 41 | 44 | 33 |
| Equity | **26** | **26** | 33 | 28 | 18 | 22 |
| Commodity | **11** | **13** | 12 | 12 | 19 | 15 |
| Diversification benefit(1) | **(62)** | **(73)** | (78) | (80) | (82) | (75) |
| **Total trading VAR all market risk factors, including general and specific risk (excluding credit portfolios)(2)** | **$ 107** | **$ 110** | $ 116 | $ 112 | $ 107 | $ 109 |
| Specific risk-only component(3) | **$ 19** | **$ 16** | $ 13 | $ 11 | $ 24 | $ 29 |
| Total general market factors only | **$ 88** | **$ 94** | $ 103 | $ 101 | $ 83 | $ 80 |
| Incremental impact of credit portfolios(4) | **10** | **7** | $ 7 | $ 8 | $ 11 | $ 20 |
| **Total trading and credit portfolios VAR** | **$ 117** | **$ 117** | $ 123 | $ 120 | $ 118 | $ 129 |

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

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

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

(4) The credit portfolios are composed of the counterparty CVA on derivative exposures and all associated CVA hedges. Derivative own credit CVA and own credit fair value option (FVO) debt DVA are not included. The incremental impact on credit portfolios also includes hedges to the loan portfolio, fair value option loans, and tail hedges that are not explicitly hedging the trading book.

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

| | **Third Quarter 2013** | | **Second Quarter 2013** | | **Third Quarter 2012** | |
|---|---|---|---|---|---|---|
| ***In millions of dollars*** | **Low** | **High** | **Low** | **High** | **Low** | **High** |
| Interest rate | **$ 96** | **$ 134** | $ 96 | $ 126 | $ 101 | $ 126 |
| Foreign exchange | **23** | **45** | 27 | 66 | 25 | 46 |
| Equity | **18** | **47** | 20 | 60 | 18 | 31 |
| Commodity | **8** | **24** | 9 | 18 | 11 | 20 |

The following table provides the VAR for *S&B* during the third quarter of 2013, excluding hedges to the loan portfolio, fair value option loans and DVA/CVA, net of hedges.

| ***In millions of dollars*** | **Sept. 30, 2013** |
|---|---|
| **Total all market risk factors, including general and specific risk** | **$ 104** |
| | |
| Average during year | **$ 106** |
| High during quarter | **123** |
| Low during quarter | **91** |

*VAR Model Review and Validation*

Generally, Citi's VAR review and model validation process entails reviewing the model framework, major assumptions, and implementation of the mathematical algorithm. In addition, as part of the model validation process, product specific back-testing on hypothetical portfolios are periodically completed and reviewed with Citi's U.S. banking regulators. Furthermore, back-testing is performed against the actual change in market value of transactions on a quarterly basis at multiple levels of the organization (trading desk level, *ICG* business segment and Citigroup) and the results are also shared with the U.S. banking regulators.

Significant VAR model and assumption changes must be independently validated within Citi's risk management organization. This validation process includes a review by Citi's model validation group and further approval from its model validation review committee, which is composed of senior quantitative risk management officers. In the event of significant model changes, parallel model runs are undertaken prior to implementation. In addition, significant model and assumption changes are subject to the periodic reviews and approval by Citi's U.S. banking regulators.

Citi uses the same independently validated VAR model for both regulatory capital and external market risk disclosure purposes and, as such, the model review and oversight process for both purposes is as described above. While the scope of positions included in the VAR model calculations for regulatory capital purposes differs from the scope of positions for external market risk disclosure purposes, these differences are due to the fact that certain positions included for external market risk purposes are not eligible for market risk treatment under the U.S. regulatory capital rules (Basel II.5) (e.g., the interest rate sensitivity of repos and reverse repos and the credit and market sensitivities of the derivatives CVA are included for external market risk disclosure purposes, but are not included for regulatory capital purposes). The applicability of the VAR model for positions eligible for market risk treatment under U.S. regulatory capital rules is periodically reviewed and approved by Citi's U.S. banking regulators.

**INTEREST REVENUE/EXPENSE YIELDS**

| *In millions of dollars, except as otherwise noted* | **3rd Qtr. 2013** | **2nd Qtr. 2013** | **3rd Qtr. 2012** | **Change 3Q13 vs. 3Q12** |
|---|---|---|---|---|
| Interest revenue(1) | **$ 15,588** | $ 15,982 | $ 16,873 | **(8)%** |
| Interest expense | **3,952** | 4,158 | 5,026 | **(21)** |
| Net interest revenue(1)(2)(3) | **$ 11,636** | $ 11,824 | $ 11,847 | **(2)%** |
| Interest revenue average rate | **3.77%** | 3.85% | 4.01% | **(24) bps** |
| Interest expense average rate | **1.16** | 1.21 | 1.43 | **(27) bps** |
| Net interest margin | **2.81%** | 2.85% | 2.81% | **bps** |
| **Interest-rate benchmarks** | | | | |
| Two-year U.S. Treasury note average rate | **0.37%** | 0.27% | 0.26% | **11 bps** |
| 10-year U.S. Treasury note average rate | **2.71** | 1.99 | 1.64 | **107 bps** |
| 10-year vs. two-year spread | **234 bps** | 172 bps | 138 bps | |

(1) *Net interest revenue* includes the taxable equivalent adjustments (based on the U.S. federal statutory tax rate of 35%) of $125 million, $142 million and $136 million for the three months ended September 30, 2013, June 30, 2013 and September 30, 2012, respectively

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

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

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

As shown in the table above, Citi's NIM decreased by 4 basis points to 281 basis points on a sequential basis. The decline quarter-over-quarter was driven by lower loan yields and an increase in cash balances, partially offset by an improvement in funding costs.

**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 | | |
|---|---|---|---|---|---|---|---|---|---|
| | **3rd Qtr. 2013** | **2nd Qtr. 2013** | **3rd Qtr. 2012** | **3rd Qtr. 2013** | **2nd Qtr. 2013** | **3rd Qtr. 2012** | **3rd Qtr. 2013** | **2nd Qtr. 2013** | **3rd Qtr. 2012** |
| **Assets** | | | | | | | | | |
| **Deposits with banks(5)** | **$ 151,533** | $ 130,920 | $ 160,646 | **$ 255** | $ 252 | $ 294 | **0.67%** | 0.77% | 0.73% |
| **Federal funds sold and securities borrowed or purchased under agreements to resell(6)** | | | | | | | | | |
| In U.S. offices | **155,370** | 159,604 | 159,230 | **$ 260** | $ 290 | $ 362 | **0.66%** | 0.73% | 0.90% |
| In offices outside the U.S.(5) | **108,998** | 116,021 | 113,758 | **357** | 412 | 463 | **1.30** | 1.42 | 1.62 |
| Total | **$ 264,368** | $ 275,625 | $ 272,988 | **$ 617** | $ 702 | $ 825 | **0.93%** | 1.02% | 1.20% |
| **Trading account assets(7)(8)** | | | | | | | | | |
| In U.S. offices | **$ 124,762** | $ 131,542 | $ 124,953 | **$ 950** | $ 963 | $ 933 | **3.02%** | 2.94% | 2.97% |
| In offices outside the U.S.(5) | **121,493** | 131,468 | 123,086 | **575** | 740 | 730 | **1.88** | 2.26 | 2.36 |
| Total | **$ 246,255** | $ 263,010 | $ 248,039 | **$ 1,525** | $ 1,703 | $ 1,663 | **2.46%** | 2.60% | 2.67% |
| **Investments** | | | | | | | | | |
| In U.S. offices | | | | | | | | | |
| Taxable | **$ 87,796** | $ 179,112 | $ 170,813 | **$ 665** | $ 676 | $ 699 | **3.01%** | 1.51% | 1.63% |
| Exempt from U.S. income tax | **99,511** | 18,486 | 17,527 | **198** | 217 | 193 | **0.79** | 4.71 | 4.38 |
| In offices outside the U.S.(5) | **113,918** | 109,843 | 116,348 | **915** | 893 | 1,066 | **3.19** | 3.26 | 3.64 |
| Total | **$ 301,225** | $ 307,441 | $ 304,688 | **$ 1,778** | $ 1,786 | $ 1,958 | **2.34%** | 2.33% | 2.56% |
| **Loans (net of unearned income)(9)** | | | | | | | | | |
| In U.S. offices | **$ 354,537** | $ 350,655 | $ 361,988 | **$ 6,472** | $ 6,328 | $ 6,836 | **7.24%** | 7.24% | 7.51% |
| In offices outside the U.S.(5) | **290,917** | 291,715 | 288,627 | **4,838** | 4,981 | 5,153 | **6.60** | 6.85 | 7.10 |
| Total | **$ 645,454** | $ 642,370 | $ 650,615 | **$ 11,310** | $ 11,309 | $ 11,989 | **6.95%** | 7.06% | 7.33% |
| **Other interest-earning assets(10)** | **$ 33,740** | $ 46,606 | $ 37,290 | **$ 103** | $ 230 | $ 144 | **1.21%** | 1.98% | 1.54% |
| Total interest-earning assets | **$ 1,642,575** | $ 1,665,972 | $ 1,674,266 | **$ 15,588** | $ 15,982 | $ 16,873 | **3.77%** | 3.85% | 4.01% |
| Non-interest-earning assets(7) | **$ 213,913** | $ 229,708 | $ 231,866 | | | | | | |
| Total assets from discontinued operations | **3,032** | 3,194 | 3,313 | | | | | | |
| **Total assets** | **$ 1,859,520** | $ 1,898,874 | $ 1,909,445 | | | | | | |

(1) *Net interest revenue* includes the taxable equivalent adjustments (based on the U.S. federal statutory tax rate of 35%) of $125 million, $142 million and $136 million for the three months ended September 30, 2013, June 30, 2013 and September 30, 2012, 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**

| *In millions of dollars, except rates* | Average volume 3rd Qtr. 2013 | Average volume 2nd Qtr. 2013 | Average volume 3rd Qtr. 2012 | Interest expense 3rd Qtr. 2013 | Interest expense 2nd Qtr. 2013 | Interest expense 3rd Qtr. 2012 | % Average rate 3rd Qtr. 2013 | % Average rate 2nd Qtr. 2013 | % Average rate 3rd Qtr. 2012 |
|---|---|---|---|---|---|---|---|---|---|
| **Liabilities** | | | | | | | | | |
| **Deposits** | | | | | | | | | |
| In U.S. offices(5) | **$ 258,550** | $ 261,403 | $ 237,337 | **$ 404** | $ 454 | $ 514 | **0.62%** | 0.70% | 0.86% |
| In offices outside the U.S.(6) | **478,865** | 477,207 | 502,033 | **1,086** | 1,129 | 1,403 | **0.90** | 0.95 | 1.11 |
| Total | **$ 737,415** | $ 738,610 | $ 739,370 | **$ 1,490** | $ 1,583 | $ 1,917 | **0.80%** | 0.86% | 1.03% |
| **Federal funds purchased and securities loaned or sold under agreements to repurchase(7)** | | | | | | | | | |
| In U.S. offices | **$ 122,714** | $ 136,587 | $ 122,218 | **$ 139** | $ 218 | $ 206 | **0.45%** | 0.64% | 0.67% |
| In offices outside the U.S.(6) | **102,236** | 106,544 | 99,138 | **422** | 412 | 507 | **1.64** | 1.55 | 2.03 |
| Total | **$ 224,950** | $ 243,131 | $ 221,356 | **$ 561** | $ 630 | $ 713 | **0.99%** | 1.04% | 1.28% |
| **Trading account liabilities(8)(9)** | | | | | | | | | |
| In U.S. offices | **$ 24,079** | $ 26,548 | $ 29,653 | **$ 29** | $ 21 | $ 27 | **0.48%** | 0.32% | 0.36% |
| In offices outside the U.S.(6) | **47,212** | 55,335 | 40,281 | **17** | 22 | 19 | **0.14** | 0.16 | 0.19 |
| Total | **$ 71,291** | $ 81,883 | $ 69,934 | **$ 46** | $ 43 | $ 46 | **0.26%** | 0.21% | 0.26% |
| **Short-term borrowings(10)** | | | | | | | | | |
| In U.S. offices | **$ 81,992** | $ 76,248 | $ 78,837 | **$ 55** | $ 45 | $ 49 | **0.27%** | 0.24% | 0.25% |
| In offices outside the U.S.(6) | **34,183** | 35,585 | 30,988 | **95** | 103 | 124 | **1.10** | 1.16 | 1.59 |
| Total | **$ 116,175** | $ 111,833 | $ 109,825 | **$ 150** | $ 148 | $ 173 | **0.51%** | 0.53% | 0.63% |
| **Long-term debt(11)** | | | | | | | | | |
| In U.S. offices | **$ 187,591** | $ 195,063 | $ 242,079 | **$ 1,613** | $ 1,727 | $ 2,113 | **3.41%** | 3.55% | 3.47% |
| In offices outside the U.S.(6) | **9,847** | 10,117 | 15,238 | **92** | 27 | 64 | **3.71** | 1.07 | 1.67 |
| Total | **$ 197,438** | $ 205,180 | $ 257,317 | **$ 1,705** | $ 1,754 | $ 2,177 | **3.43%** | 3.43% | 3.37% |
| **Total interest-bearing liabilities** | **$ 1,347,269** | $ 1,380,637 | $ 1,397,802 | **$ 3,952** | $ 4,158 | $ 5,026 | **1.16%** | 1.21% | 1.43% |
| Demand deposits in U.S. offices | **$ 24,815** | $ 23,673 | $ 13,372 | | | | | | |
| Other non-interest-bearing liabilities(8) | **287,826** | 296,401 | 309,415 | | | | | | |
| Total liabilities from discontinued operations | | 565 | 697 | | | | | | |
| **Total liabilities** | **$ 1,659,910** | $ 1,701,276 | $ 1,721,286 | | | | | | |
| **Citigroup stockholders' equity(12)** | **$ 197,722** | $ 195,594 | $ 186,195 | | | | | | |
| Noncontrolling interest | **1,888** | 2,004 | 1,964 | | | | | | |
| **Total equity(12)** | **$ 199,610** | $ 197,598 | $ 188,159 | | | | | | |
| | **$ 1,859,520** | $ 1,898,874 | $ 1,909,445 | | | | | | |

| | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| **Total liabilities and stockholders' equity** | | | | | | | | | |
| **Net interest revenue as a percentage of average interest-earning assets(13)** | | | | | | | | | |
| In U.S. offices | **$ 921,835** | $ 924,336 | $ 943,900 | **$ 6,417** | $ 6,200 | $ 6,178 | **2.76%** | 2.69% | 2.60% |
| In offices outside the U.S.(6) | **720,740** | 741,636 | 730,366 | **5,219** | 5,624 | 5,669 | **2.87** | 3.04 | 3.08 |
| **Total** | **$ 1,642,575** | $ 1,665,972 | $ 1,674,266 | **$ 11,636** | $ 11,824 | $ 11,847 | **2.81%** | 2.85% | 2.81% |

(1) *Net interest revenue* includes the taxable equivalent adjustments (based on the U.S. federal statutory tax rate of 35%) of $125 million, $142 million and $136 million for the three months ended September 30, 2013, June 30, 2013 and September 30, 2012, 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.

86

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

**Taxable Equivalent Basis**

| *In millions of dollars, except rates* | Average volume Nine Months 2013 | Average volume Nine Months 2012 | Interest revenue Nine Months 2013 | Interest revenue Nine Months 2012 | % Average rate Nine Months 2013 | % Average rate Nine Months 2012 |
|---|---|---|---|---|---|---|
| **Assets** | | | | | | |
| **Deposits with banks(5)** | **$ 135,412** | $ 160,682 | **$ 763** | $ 988 | **0.75%** | 0.82% |
| **Federal funds sold and securities borrowed or purchased under agreements to resell(6)** | | | | | | |
| In U.S. offices | **$ 159,293** | $ 157,051 | **$ 866** | $ 1,118 | **0.73%** | 0.95% |
| In offices outside the U.S.(5) | **111,434** | 123,257 | **1,141** | 1,552 | **1.37** | 1.68 |
| Total | **$ 270,727** | $ 280,308 | **$ 2,007** | $ 2,670 | **0.99%** | 1.27% |
| **Trading account assets(7)(8)** | | | | | | |
| In U.S. offices | **$ 128,845** | $ 122,682 | **$ 2,851** | $ 2,880 | **2.96%** | 3.14% |
| In offices outside the U.S.(5) | **129,302** | 126,130 | **2,043** | 2,262 | **2.11** | 2.40 |
| Total | **$ 258,147** | $ 248,812 | **$ 4,894** | $ 5,142 | **2.53%** | 2.76% |
| **Investments** | | | | | | |
| In U.S. offices | | | | | | |
| Taxable | **$ 147,911** | $ 169,191 | **$ 2,027** | $ 2,167 | **1.83%** | 1.71% |
| Exempt from U.S. income tax | **45,488** | 15,723 | **612** | 598 | **1.80** | 5.08 |
| In offices outside the U.S.(5) | **112,219** | 114,504 | **2,815** | 3,127 | **3.35** | 3.65 |
| Total | **$ 305,618** | $ 299,418 | **$ 5,454** | $ 5,892 | **2.39%** | 2.63% |
| **Loans (net of unearned income)(9)** | | | | | | |
| In U.S. offices | **$ 352,826** | $ 360,679 | **$ 19,285** | $ 20,455 | **7.31%** | 7.58% |
| In offices outside the U.S.(5) | **290,803** | 284,955 | **14,762** | 15,565 | **6.79** | 7.30 |
| Total | **$ 643,629** | $ 645,634 | **$ 34,047** | $ 36,020 | **7.07%** | 7.45% |
| **Other interest-earning assets(10)** | **$ 40,858** | $ 41,313 | **$ 492** | $ 414 | **1.61%** | 1.34% |
| Total interest-earning assets | **$ 1,654,391** | $ 1,676,167 | **$ 47,657** | $ 51,126 | **3.85%** | 4.07% |
| Non-interest-earning assets(7) | **$ 224,154** | $ 232,801 | | | | |
| Total assets from discontinued operations | **3,182** | 3,481 | | | | |
| **Total assets** | **$ 1,881,727** | $ 1,912,449 | | | | |

(1) *Net interest revenue* includes the taxable equivalent adjustments (based on the U.S. federal statutory tax rate of 35%) of $125 million, $142 million and $136 million for the three months ended September 30, 2013, June 30, 2013 and September 30, 2012, 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**

| *In millions of dollars, except rates* | Average volume Nine Months 2013 | Average volume Nine Months 2012 | Interest expense Nine Months 2013 | Interest expense Nine Months 2012 | % Average rate Nine Months 2013 | % Average rate Nine Months 2012 |
|---|---|---|---|---|---|---|
| **Liabilities** | | | | | | |
| **Deposits** | | | | | | |
| In U.S. offices(5) | **$ 258,222** | $ 230,692 | **$ 1,348** | $ 1,608 | **0.70%** | 0.93% |
| In offices outside the U.S.(6) | **478,856** | 485,950 | **3,401** | 4,252 | **0.95** | 1.17 |
| Total | **$ 737,078** | $ 716,642 | **$ 4,749** | $ 5,860 | **0.86%** | 1.09% |
| **Federal funds purchased and securities loaned or sold under agreements to repurchase(7)** | | | | | | |
| In U.S. offices | **$ 129,615** | $ 120,671 | **$ 524** | $ 662 | **0.54%** | 0.73% |
| In offices outside the U.S.(6) | **104,176** | 101,154 | **1,276** | 1,499 | **1.64** | 1.98 |
| Total | **$ 233,791** | $ 221,825 | **$ 1,800** | $ 2,161 | **1.03%** | 1.30% |
| **Trading account liabilities(8)(9)** | | | | | | |
| In U.S. offices | **$ 25,652** | $ 30,724 | **$ 72** | $ 96 | **0.38%** | 0.42% |
| In offices outside the U.S.(6) | **49,337** | 45,567 | **59** | 55 | **0.16** | 0.16 |
| Total | **$ 74,989** | $ 76,291 | **$ 131** | $ 151 | **0.23%** | 0.26% |
| **Short-term borrowings(10)** | | | | | | |
| In U.S. offices | **$ 76,323** | $ 81,722 | **$ 144** | $ 156 | **0.25%** | 0.25% |
| In offices outside the U.S.(6) | **35,915** | 30,812 | **317** | 408 | **1.18** | 1.77 |
| Total | **$ 112,238** | $ 112,534 | **$ 461** | $ 564 | **0.55%** | 0.67% |
| **Long-term debt(11)** | | | | | | |
| In U.S. offices | **$ 195,761** | $ 265,965 | **$ 5,156** | $ 6,963 | **3.52%** | 3.50% |
| In offices outside the U.S.(6) | **10,358** | 15,287 | **143** | 248 | **1.85** | 2.17 |
| Total | **$ 206,119** | $ 281,252 | **$ 5,299** | $ 7,211 | **3.44%** | 3.42% |
| **Total interest-bearing liabilities** | **$ 1,364,215** | $ 1,408,544 | **$ 12,440** | $ 15,947 | **1.22%** | 1.51% |
| Demand deposits in U.S. offices | **$ 20,405** | $ 12,523 | | | | |
| Other non-interest-bearing liabilities(8) | **299,978** | 305,506 | | | | |
| Total liabilities from discontinued operations | **386** | 770 | | | | |
| **Total liabilities** | **$ 1,684,984** | $ 1,727,343 | | | | |
| **Citigroup stockholders' equity(12)** | **$ 194,781** | $ 183,235 | | | | |
| Noncontrolling interest | **1,962** | 1,871 | | | | |
| **Total equity(12)** | **$ 196,743** | $ 185,106 | | | | |
| **Total liabilities and stockholders' equity** | **$ 1,881,727** | $ 1,912,449 | | | | |
| **Net interest revenue as a percentage of average interest-earning assets(13)** | | | | | | |

| | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| In U.S. offices | **$** | **921,081** | $ | 945,763 | **$** | **18,840** | $ | 18,221 | **2.73%** | 2.57% |
| In offices outside the U.S.(6) | | **733,310** | | 730,404 | | **16,377** | | 16,958 | **2.99** | 3.10 |
| **Total** | **$** | **1,654,391** | $ | 1,676,167 | **$** | **35,217** | $ | 35,179 | **2.85%** | 2.80 |

(1) *Net interest revenue* includes the taxable equivalent adjustments (based on the U.S. federal statutory tax rate of 35%) of $125 million, $142 million and $136 million for the three months ended September 30, 2013, June 30, 2013 and September 30, 2012, 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.

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

| *In millions of dollars* | 3rd Qtr. 2013 vs. 2nd Qtr. 2013 Increase (decrease) due to change in: Average volume | Average rate | Net change | 3rd Qtr. 2013 vs. 3rd Qtr. 2012 Increase (decrease) due to change in: Average volume | Average rate | Net change |
|---|---|---|---|---|---|---|
| **Deposits with banks(4)** | **$ 37** | **$ (34)** | **$ 3** | $ (16) | $ (23) | $ (39) |
| **Federal funds sold and securities borrowed or purchased under agreements to resell** | | | | | | |
| In U.S. offices | **$ (8)** | **$ (22)** | **$ (30)** | $ (9) | $ (93) | $ (102) |
| In offices outside the U.S.(4) | **(24)** | **(31)** | **(55)** | (19) | (87) | (106) |
| Total | **$ (32)** | **$ (53)** | **$ (85)** | $ (28) | $ (180) | $ (208) |
| **Trading account assets(5)** | | | | | | |
| In U.S. offices | **$ (51)** | **$ 38** | **$ (13)** | $ (1) | $ 18 | $ 17 |
| In offices outside the U.S.(4) | **(53)** | **(112)** | **(165)** | (9) | (146) | (155) |
| Total | **$ (104)** | **$ (74)** | **$ (178)** | $ (10) | $ (128) | $ (138) |
| **Investments(1)** | | | | | | |
| In U.S. offices | **$ (47)** | **$ 17** | **$ (30)** | $ (5) | $ (24) | $ (29) |
| In offices outside the U.S.(4) | **33** | **(11)** | **22** | (22) | (129) | (151) |
| Total | **$ (14)** | **$ 6** | **$ (8)** | $ (27) | $ (153) | $ (180) |
| **Loans (net of unearned income)(6)** | | | | | | |
| In U.S. offices | **$ 70** | **$ 74** | **$ 144** | $ (139) | $ (225) | $ (364) |
| In offices outside the U.S.(4) | **(14)** | **(129)** | **(143)** | 41 | (356) | (315) |
| Total | **$ 56** | **$ (55)** | **$ 1** | $ (98) | $ (581) | $ (679) |
| **Other interest-earning assets(7)** | **$ (53)** | **$ (74)** | **$ (127)** | $ (13) | $ (28) | $ (41) |
| **Total interest revenue** | **$ (110)** | **$ (284)** | **$ (394)** | $ (192) | $ (1,093) | $ (1,285) |

---

(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 NET INTEREST REVENUE(1)(2)(3)**

| *In millions of dollars* | 3rd Qtr. 2013 vs. 2nd Qtr. 2013 Increase (decrease) due to change in: Average volume | Average rate | Net change | 3rd Qtr. 2013 vs. 3rd Qtr. 2012 Increase (decrease) due to change in: Average volume | Average rate | Net change |
|---|---|---|---|---|---|---|
| **Deposits** | | | | | | |
| In U.S. offices | **$ (5)** | **$ (45)** | **$ (50)** | $ 43 | $ (153) | $ (110) |
| In offices outside the U.S.(4) | **4** | **(47)** | **(43)** | (62) | (255) | (317) |
| Total | **$ (1)** | **$ (92)** | **$ (93)** | $ (19) | $ (408) | $ (427) |
| **Federal funds purchased and securities loaned or sold under agreements to repurchase** | | | | | | |
| In U.S. offices | **$ (20)** | **$ (59)** | **$ (79)** | $ 1 | $ (68) | $ (67) |
| In offices outside the U.S.(4) | **(17)** | **27** | **10** | 15 | (100) | (85) |
| Total | **$ (37)** | **$ (32)** | **$ (69)** | $ 16 | $ (168) | $ (152) |
| **Trading account liabilities(5)** | | | | | | |
| In U.S. offices | **$ (2)** | **$ 10** | **$ 8** | $ (6) | $ 8 | $ 2 |
| In offices outside the U.S.(4) | **(3)** | **(2)** | **(5)** | 3 | (5) | (2) |
| Total | **$ (5)** | **$ 8** | **$ 3** | $ (3) | $ 3 | $ |
| **Short-term borrowings(6)** | | | | | | |
| In U.S. offices | **$ 4** | **$ 6** | **$ 10** | $ 2 | $ 4 | $ 6 |
| In offices outside the U.S.(4) | **(4)** | **(4)** | **(8)** | 12 | (41) | (29) |
| Total | **$** | **$ 2** | **$ 2** | $ 14 | $ (37) | $ (23) |
| **Long-term debt** | | | | | | |
| In U.S. offices | **$ (65)** | **$ (49)** | **$ (114)** | $ (469) | $ (31) | $ (500) |
| In offices outside the U.S.(4) | **(1)** | **66** | **65** | (29) | 57 | 28 |
| Total | **$ (66)** | **$ 17** | **$ (49)** | $ (498) | $ 26 | $ (472) |
| **Total interest expense** | **$ (109)** | **$ (97)** | **$ (206)** | $ (490) | $ (584) | $ (1,074) |
| **Net interest revenue** | **$ (1)** | **$ (187)** | **$ (188)** | $ 298 | $ (509) | $ (211) |

---

(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* | Nine Months 2013 vs. Nine Months 2012 Increase (decrease) due to change in: Average volume | Average rate | Net change(2) |
|---|---|---|---|
| **Deposits at interest with banks**(4) | $ (147) | $ (78) | $ (225) |
| **Federal funds sold and securities borrowed or purchased under agreements to resell** | | | |
| In U.S. offices | $ 16 | $ (268) | $ (252) |
| In offices outside the U.S.**(4)** | (139) | (272) | (411) |
| Total | $ (123) | $ (540) | $ (663) |
| **Trading account assets(5)** | | | |
| In U.S. offices | $ 141 | $ (170) | $ (29) |
| In offices outside the U.S.**(4)** | 56 | (275) | (219) |
| Total | $ 197 | $ (445) | $ (248) |
| **Investments(1)** | | | |
| In U.S. offices | $ 123 | $ (249) | $ (126) |
| In offices outside the U.S.**(4)** | (61) | (251) | (312) |
| Total | $ 62 | $ (500) | $ (438) |
| **Loans (net of unearned income)(6)** | | | |
| In U.S. offices | $ (439) | $ (731) | $ (1,170) |
| In offices outside the U.S.**(4)** | 314 | (1,117) | (803) |
| Total | $ (125) | $ (1,848) | $ (1,973) |
| **Other interest-earning assets(7)** | $ (5) | $ 83 | $ 78 |
| **Total interest revenue** | $ (141) | $ (3,328) | $ (3,469) |
| **Deposits(8)** | | | |
| In U.S. offices | $ 176 | $ (436) | $ (260) |
| In offices outside the U.S.**(4)** | (61) | (790) | (851) |
| Total | $ 115 | $ (1,226) | $ (1,111) |
| **Federal funds purchased and securities loaned or sold under agreements to repurchase** | | | |
| In U.S. offices | $ 46 | $ (184) | $ (138) |
| In offices outside the U.S.**(4)** | 44 | (267) | (223) |
| Total | $ 90 | $ (451) | $ (361) |
| **Trading account liabilities(5)** | | | |
| In U.S. offices | $ (15) | $ (9) | $ (24) |
| In offices outside the U.S.**(4)** | 5 | (1) | 4 |
| Total | $ (10) | $ (10) | $ (20) |
| **Short-term borrowings(9)** | | | |
| In U.S. offices | $ (10) | $ (2) | $ (12) |
| In offices outside the U.S.**(4)** | 60 | (151) | (91) |

| | | | |
|---|---|---|---|
| Total | **$ 50** | **$ (153)** | **$ (103)** |
| **Long-term debt** | | | |
| In U.S. offices | **$ (1,849)** | **$ 42** | **$ (1,807)** |
| In offices outside the U.S.**(4)** | **(72)** | **(33)** | **(105)** |
| Total | **$ (1,921)** | **$ 9** | **$ (1,912)** |
| **Total interest expense** | **$ (1,676)** | **$ (1,831)** | **$ (3,507)** |
| **Net interest revenue** | **$ 1,535** | **$ (1,497)** | **$ 38** |

(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) Includes Brokerage receivables.

(8) The interest expense on deposits includes the FDIC assessment and deposit insurance fees and charges of $855 million and $959 million for the nine months ended September 30, 2013 and 2012, respectively.

(9) Includes Brokerage payables.

**COUNTRY AND CROSS-BORDER RISK**

**Country Risk**

***Overview***

Country risk is the risk that an event in a country (precipitated by developments within 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. For additional information, including Citi's country risk management processes, see "Managing Global Risk  Risk Management  Overview" and "  Country Risk  Overview," as well as "Risk Factors  Market and Economic Risks" in Citi's 2012 Annual Report on Form 10-K.

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 be based on the specific facts and circumstances. As a result, there can be no assurance that the various steps Citi has taken to protect its businesses, results of operations and financial condition against these events will be sufficient. In addition, there could be negative impacts to Citi's businesses, results of operations or financial condition that are currently unknown to Citi and thus cannot be mitigated as part of its ongoing contingency planning.

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

***Credit Risk***

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

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

**Sovereign, Financial Institution and Corporate Exposures**