

CITIGROUP INC
Form 10-Q
May 07, 2010

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**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

WASHINGTON, D.C. 20549

FORM 10-Q

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

For the quarterly period ended March 31, 2010

Commission file number 1-9924

Citigroup Inc.

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of incorporation or organization)

52-1568099

(I.R.S. Employer Identification No.)

399 Park Avenue, New York, NY

(Address of principal executive offices)

10043

(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 ☒ No ☐

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 ☒ No ☐

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 ☒

Accelerated filer ☐

Non-accelerated filer ☐

Smaller reporting company ☐

(Do not check if a smaller reporting company)

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

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 April 30, 2010: 28,979,879,336

Available on the web at www.citigroup.com

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OVERVIEW

Introduction

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

Citigroup is a global diversified financial services holding company whose businesses provide consumers, corporations, governments and institutions with a broad range of financial products and services. Citi has approximately 200 million customer accounts and does business in more than 140 countries.

Citigroup currently operates, for management reporting purposes, via two primary business segments: Citicorp, consisting of our *Regional Consumer Banking* businesses and *Institutional Clients Group*; and Citi Holdings, consisting of our *Brokerage and Asset Management* and *Local Consumer Lending* businesses, and a *Special Asset Pool*. There is also a third segment, *Corporate/Other*. 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" and "Citi" 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, 2009.

Additional information about Citigroup is available on the company's Web site at www.citigroup.com. Citigroup's recent annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, as well as its other filings with the Securities and Exchange Commission (SEC) are available free of charge through the company's Web site by clicking on the "Investors" page and selecting "All SEC Filings." The SEC's Web site also contains periodic and current reports, proxy and information statements, and other information regarding Citi, at www.sec.gov.

Certain reclassifications have been made to the prior periods' financial statements to conform to the current period's presentation.

Within this Form 10-Q, please refer to the tables of contents on pages 2 and 78 for page references to Management's Discussion and Analysis of Financial Condition and Results of Operations and Notes to Consolidated Financial Statements, respectively.

Impact of Adoption of SFAS 166/167

Effective January 1, 2010, Citigroup adopted Accounting Standards Codification (ASC) 860, *Transfers and Servicing*, formerly SFAS No. 166, *Accounting for Transfers of Financial Assets, an amendment of FASB Statement No. 140* (SFAS 166), and ASC 810, *Consolidations*, formerly SFAS No. 167, *Amendments to FASB Interpretation No. 46(R)* (SFAS 167). Among other requirements, the adoption of these standards includes the requirement that Citi consolidate certain of its credit card securitization trusts and eliminate sale accounting for transfers of credit card receivables to those trusts. As a result, reported and managed basis presentations are comparable for periods beginning January 1, 2010. For comparison purposes, prior period revenues, net credit losses, provisions for credit losses and for benefits and claims including managed net credit losses and loans are presented on a managed basis in this Form 10-Q. Managed presentations were applicable only to Citi's North American branded and retail partner credit card operations in *North America Regional Consumer Banking* and Citi Holdings *Local Consumer Lending* and any aggregations in which they are included. See "Management's Discussion and Analysis of Financial Condition and Results of Operations Executive Summary," "Capital Resources and Liquidity" and Note 1 to the Consolidated Financial Statements for an additional discussion of the adoption of SFAS 166/167 and its impact on Citigroup.

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

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

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

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

FIRST QUARTER 2010 EXECUTIVE SUMMARY

Overview of Results

Citigroup reported net income of \$4.4 billion, or \$0.15 per diluted share, for the first quarter of 2010. Results reflected strong capital markets revenues, an improving credit environment and the impact of Citi's continued expense discipline. Citicorp's net income was \$5.1 billion; Citi Holdings had a net loss of \$0.9 billion. Both segments benefitted from a decline in net credit losses during the first quarter of 2010.

The first quarter of 2010 results reflected the adoption of SFAS 166/167, which resulted in the consolidation of \$137 billion of incremental assets and \$146 billion of liabilities onto the Consolidated Balance Sheet, including securitized credit card receivables. On the date of adoption of SFAS 166/167 (January 1, 2010), Citi's risk-weighted assets increased by a net \$10 billion, the loan loss allowance was increased by \$13.4 billion, deferred tax assets were increased by \$5.0 billion, and retained earnings were reduced by \$8.4 billion. The adoption also translated into a reduction in Tangible Common Equity of \$8.4 billion, and decreased Tier 1 Common by \$14.2 billion or 138 basis points. The impact to Citi's capital was largely offset by the earnings in the quarter. The Tier 1 Capital and Tier 1 Common ratios were 11.28% and 9.11%, respectively, at March 31, 2010. (Tangible Common Equity and Tier 1 Common and related ratios are non-GAAP financial measures, as defined by the SEC. See "Capital Resources and Liquidity Capital Resources" for additional information on these measures.)

Revenues of \$25.4 billion decreased 6% from comparable year-ago levels due primarily to lower revenues in *Securities and Banking* and *Local Consumer Lending*, offset by higher revenues in *Special Asset Pool*. The absence of Smith Barney revenues in the current quarter (which approximated \$1.7 billion in the first quarter of 2009, recorded in *Brokerage and Asset Management*) also contributed to the decline in revenues.

Securities and Banking revenues were \$8 billion in the first quarter of 2010, compared to \$12.2 billion in the year-ago period. *Securities and Banking* revenues were particularly strong in the first quarter of 2009 driven by strong fixed income markets revenues as well as \$2.7 billion of positive credit value adjustments (CVA), compared to \$289 million of positive CVA in the first quarter of 2010. The first quarter of 2010 saw continued strength in the fixed income markets in *Securities and Banking*.

Regional Consumer Banking revenues were up \$245 million to \$8.1 billion on a comparable basis. *Transaction Services* revenues were up 3% to \$2.4 billion.

Local Consumer Lending revenues of \$4.7 billion in the first quarter of 2010 were down 22% year-over-year on a comparable basis, driven by a declining asset base and the absence of a \$1.1 billion gain on the sale of Redecard shares in the first quarter of 2009.

Revenues in the *Special Asset Pool* grew to \$1.5 billion in the first quarter of 2010, from negative \$4.5 billion in the prior year, driven by \$1.4 billion of positive net revenue marks in the first quarter of 2010 (versus \$4.5 billion of negative marks in the first quarter of 2009).

Net interest revenue increased 13% from the first quarter of 2009, primarily reflecting the adoption of SFAS 166/167. Citi's net interest margin (NIM) increased by 67 basis points to 3.32% during the first quarter of 2010. Nearly three-quarters of the increase was due to the adoption of SFAS 166/167. The remainder of the increase was driven by the absence of interest payments on trust preferred securities repaid in the fourth quarter of 2009 as well as the deployment of cash into higher-yielding investments.

Non-interest revenue decreased 6% from a year ago, primarily reflecting adoption of SFAS 166/167 as well as the absence of the \$1.1 billion Redecard gain in the first quarter of 2009.

Operating expenses decreased 1% from the year-ago quarter and were down 6% from the fourth quarter of 2009 reflecting Citigroup's continued expense discipline. Citi's full-time employees were 263,000 at March 31, 2010, down 46,000 from March 31, 2009 and down 2,000 from December 31, 2009.

Net credit losses of \$8.4 billion in the first quarter of 2010 were down 15% from year-ago levels and down 16% from the fourth quarter of 2009. Consumer net credit losses of \$8.0 billion were down 3% from last year and down 10% from the prior quarter.

Citi's total allowance for loan losses was \$48.7 billion at March 31, 2010, or 6.8% of total loans. This was up from 6.1% of total loans at December 31, 2009 and reflected an increase in loans of approximately \$130 billion and an increase in loan loss reserves of \$12.7 billion during

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the quarter, primarily reflecting the adoption of SFAS 166/167. During the first quarter of 2010, Citi had a net release of \$18 million to its credit reserves, compared to a net build of \$2.6 billion in the first quarter of 2009 and a net build of \$706 million in the fourth quarter of 2009.

The total allowance for loan losses for consumer loans increased to \$41.4 billion at the end of the quarter, or 7.8% of consumer loans, up from 6.7% of consumer loans at the end of the fourth quarter of 2009. The increase was primarily due to the adoption of SFAS 166/167. During the first quarter of 2010, both early- and later-stage delinquencies improved across most of the consumer loan portfolios, driven by improvement in North America mortgages. Delinquencies declined in first and second mortgages reflecting asset sales, organic improvement and modifications under the U.S. Treasury's Home Affordable Modification Program (HAMP) moving to permanent status. For total consumer loans, the 90 days or more consumer loan delinquency rate was 4.02% at March 31, 2010, compared to 4.28% at December 31, 2009 and 3.51% a year ago. The 30 to 89 days past due consumer loan delinquency rate was 3.11% at March 31, 2010, compared to 3.46% at December 31, 2009 and 3.38% a year ago. Consumer non-accrual loans totaled \$15.6 billion at

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March 31, 2010, compared to \$18.3 billion at December 31, 2009 and \$14.9 billion at March 31, 2009.

The total allowance for loan losses for funded corporate loans declined to \$7.3 billion at the end of the quarter, or 3.9% of corporate loans, down from 4.6% in the fourth quarter of 2009. Corporate non-accrual loans were \$12.9 billion at March 31, 2010, compared to \$13.5 billion at December 31, 2009 and \$11.2 billion a year ago. The decrease from the prior quarter was mainly due to loan sales and paydowns, which were partially offset by increases due to weakening of certain specific credits.

Citi's effective tax rate on continuing operations for the first quarter of 2010 was 20%. The effective tax rate reflected taxable earnings in lower rate jurisdictions, as well as income from tax advantaged sources.

Total deposits were \$828 billion at March 31, 2010, down 1% from December 31, 2009 and up 9% from year-ago levels. At March 31, 2010, Citi's structural liquidity (equity, long-term debt and deposits) as a percentage of assets was 71% at March 31, 2010 compared with 73% at December 31, 2009 and 68% at March 31, 2009.

Citigroup's *total assets* of \$2.0 trillion increased \$146 billion from December 31, 2009, primarily from the adoption of SFAS 166/167, as discussed above.

Citigroup's *total stockholders' equity* decreased by \$1.3 billion during the first quarter of 2010 to \$151.4 billion, primarily reflecting the adoption of SFAS 166/167, partially offset by the net income during the quarter, \$1.9 billion related to the ADIA share issuance and \$1.1 billion improvement in *Accumulated Other Comprehensive Income*. Citigroup's total equity capital base and trust preferred securities were \$173.1 billion at March 31, 2010.

Business Outlook

Citi's near-term performance will continue to be impacted by the pace of economic recovery generally, the level of activity in the capital markets and credit costs. Although Citi continued to see signs of economic improvement internationally during the first quarter of 2010, significant uncertainty remains in the U.S., particularly with regard to employment levels and the risk of future legislative actions that could adversely affect various Citi businesses, including possibly requiring the elimination or transformation of certain of its business activities.

With respect to revenues, while Citi believes *Securities and Banking* first quarter 2010 results were generally representative of Citi's core business, the first quarter is historically the strongest period of the year, particularly in fixed income. In addition, while pricing actions were able to offset the impact of The Credit Card Accountability Responsibility and Disclosure Act of 2009 (CARD Act) in the first quarter of 2010, the CARD Act will likely have an increasingly negative impact on U.S. credit card revenues during 2010. Net revenue marks in the *Special Asset Pool* will continue to be episodic.

With respect to expenses, while Citi intends to maintain continued expense discipline, operating expenses may increase in Citicorp going forward as a portion of the cost reductions achieved in Citi Holdings is re-invested in the core franchise. In addition, Citi will absorb the cost of the U.K. bonus tax in the second quarter of 2010, currently estimated to be approximately \$400 million pretax.

Credit costs will continue to be a significant driver of Citi's near term results. Internationally, consumer credit trends are expected to stabilize and in some cases show gradual improvement as long as economic recovery in these regions is sustained. In North America, Citi currently believes consumer credit trends may continue to stabilize based on the stable to improving delinquencies observed in the company's major portfolios, as well as early signs of economic recovery, although sustained credit improvement will depend on the broader macroeconomic environment. Consumer loan loss reserve balances will continue to reflect the losses embedded in the company's portfolios due to factors including underlying credit trends as well as the impact of modification programs.

Table of Contents**CITIGROUP INC. AND SUBSIDIARIES****SUMMARY OF SELECTED FINANCIAL DATA Page 1**

<i>In millions of dollars, except per share amounts</i>	First Quarter		%
	2010	2009	Change
Total managed revenues(1)	\$ 25,421	\$ 26,973	(6)%
Total managed net credit losses(1)	8,384	9,830	(15)
Net interest revenue	\$ 14,561	\$ 12,926	13%
Non-interest revenue	10,860	11,595	(6)
Revenues, net of interest expense	\$ 25,421	\$ 24,521	4%
Operating expenses	11,518	11,685	(1)
Provisions for credit losses and for benefits and claims	8,618	10,307	(16)
Income from continuing operations before income taxes	\$ 5,285	\$ 2,529	NM
Income taxes (losses)	1,036	835	24%
Income from continuing operations	\$ 4,249	\$ 1,694	NM
Income from discontinued operations, net of taxes	211	(117)	NM
Net Income (losses) before attribution of noncontrolling interests	\$ 4,460	\$ 1,577	NM
Net Income (losses) attributable to noncontrolling interests	32	(16)	NM
Citigroup's net income	\$ 4,428	\$ 1,593	NM
Less:			
Preferred dividends Basic	\$	\$ 1,221	(100)
Impact of the conversion price reset related to the \$12.5 billion convertible preferred stock private issuance Basic(2)		1,285	(100)
Preferred stock Series H discount accretion Basic		53	(100)
Income (loss) available to common stockholders	\$ 4,428	\$ (966)	NM
Earnings allocated to participating securities, net of forfeitures	28		100%
Undistributed earnings (loss) for basic EPS	\$ 4,400	\$ (966)	NM
Convertible Preferred Stock Dividends		270	(100)%
Undistributed earnings (loss) for diluted EPS	\$ 4,400	\$ (696)	NM
Earnings per share			
Basic(3)			
Income (loss) from continuing operations	\$ 0.15	\$ (0.16)	NM
Net income (loss)	0.15	(0.18)	NM
Diluted(3)			
Income (loss) from continuing operations	\$ 0.14	\$ (0.16)	NM
Net income (loss)	0.15	(0.18)	NM

[Continued on the following page, including notes to table.]

Table of Contents**SUMMARY OF SELECTED FINANCIAL DATA Page 2**

<i>In millions of dollars,</i>	First Quarter		%
At March 31:	2010	2009	Change
Total assets	\$ 2,002,213	\$ 1,822,578	10%
Total deposits	827,914	762,696	9
Long-term debt	439,274	337,252	30
Mandatorily redeemable securities of subsidiary Trusts (included in Long-term debt)	21,682	24,694	(12)
Common stockholders' equity	151,109	69,688	NM
Total stockholders' equity	151,421	143,934	5
Direct staff (<i>in thousands</i>)	263	309	(15)
Ratios:			
Return on common stockholders' equity(4)	12.0%	(5.6)%	
Tier 1 Common(5)	9.11%	2.16%	
Tier 1 Capital	11.28%	11.92%	
Total Capital	14.88%	15.61%	
Leverage(6)	6.16%	6.60%	
Common stockholders' equity to assets	7.5%	3.8%	
Ratio of earnings to fixed charges and preferred stock dividends	1.82	1.06	

(1) See discussion of adoption of SFAS 166/167 on page 3 and Note 1 to the Consolidated Financial Statements.

(2) For the three months ended March 31, 2009, Income available to common stockholders includes a reduction of \$1.285 billion related to a conversion price reset pursuant to Citigroup's prior agreement with the purchasers of \$12.5 billion convertible preferred stock issued in a private offering in January 2008. The conversion price was reset from \$31.62 per share to \$26.35 per share. There was no impact to net income, total stockholders' equity or capital ratios due to the reset. However, the reset resulted in a reclassification from Retained earnings to Additional paid-in capital of \$1.285 billion and a reduction in Income available to common stockholders of \$1.285 billion.

(3) The Diluted EPS calculation for the first quarter of 2009 utilizes Basic shares and Income available to common stockholders (Basic) due to the negative Income available to common stockholders. Using Diluted shares and Income available to common stockholders (Diluted) would result in anti-dilution.

(4) The return on average common stockholders' equity is calculated using income (loss) available to common stockholders.

(5) As defined by the banking regulators, the Tier 1 Common ratio represents Tier 1 Capital less qualifying perpetual preferred stock, qualifying noncontrolling interests in subsidiaries and qualifying mandatorily redeemable securities of subsidiary trusts divided by risk-weighted assets. Tier 1 Common ratio is a non-GAAP financial measure. See "Capital Resources and Liquidity" below for additional information on this measure.

(6) The Leverage ratio represents Tier 1 Capital divided by each period's quarterly adjusted average total assets.

NM Not meaningful

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

Citigroup Income (Loss)

<i>In millions of dollars</i>	First Quarter		%
	2010	2009	Change
Income (loss) from Continuing Operations			
CITICORP			
Regional Consumer Banking			
<i>North America</i>	\$ 22	\$ 357	(94)%
<i>EMEA</i>	27	(33)	NM
<i>Latin America</i>	389	219	78
<i>Asia</i>	576	248	NM
Total	\$ 1,014	\$ 791	28%
Securities and Banking			
<i>North America</i>	\$ 1,424	\$ 2,497	(43)%
<i>EMEA</i>	1,032	2,171	(52)
<i>Latin America</i>	272	412	(34)
<i>Asia</i>	478	1,056	(55)
Total	\$ 3,206	\$ 6,136	(48)%
Transaction Services			
<i>North America</i>	\$ 159	\$ 138	15%
<i>EMEA</i>	306	326	(6)
<i>Latin America</i>	157	160	(2)
<i>Asia</i>	319	280	14
Total	\$ 941	\$ 904	4%
<i>Institutional Clients Group</i>	\$ 4,147	\$ 7,040	(41)%
Total Citicorp	\$ 5,161	\$ 7,831	(34)%
CITI HOLDINGS			
Brokerage and Asset Management	\$ 81	\$ 34	NM
Local Consumer Lending	(1,838)	(1,571)	(17)%
Special Asset Pool	881	(3,948)	NM
Total Citi Holdings	\$ (876)	\$ (5,485)	84%
Corporate/Other	\$ (36)	\$ (652)	94%
Income from continuing operations	\$ 4,249	\$ 1,694	NM
Discontinued operations	\$ 211	\$ (117)	
Net income (loss) attributable to noncontrolling interests	32	(16)	

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Citigroup's net income	\$	4,428	\$	1,593	NM
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<i>In millions of dollars</i>	First Quarter		%
	2010	2009	Change
CITICORP			
Regional Consumer Banking			
<i>North America</i>	\$ 3,801	\$ 2,503	52%
<i>EMEA</i>	405	360	13
<i>Latin America</i>	2,076	1,924	8
<i>Asia</i>	1,800	1,566	15
Total	\$ 8,082	\$ 6,353	27%
Securities and Banking			
<i>North America</i>	\$ 3,553	\$ 5,016	(29)%
<i>EMEA</i>	2,515	4,222	(40)
<i>Latin America</i>	607	800	(24)
<i>Asia</i>	1,328	2,162	(39)
Total	\$ 8,003	\$ 12,200	(34)%
Transaction Services			
<i>North America</i>	\$ 639	\$ 589	8%
<i>EMEA</i>	833	844	(1)
<i>Latin America</i>	344	343	
<i>Asia</i>	621	598	4
Total	\$ 2,437	\$ 2,374	3%
<i>Institutional Clients Group</i>	\$ 10,440	\$ 14,574	(28)%
Total Citicorp	\$ 18,522	\$ 20,927	(11)%
CITI HOLDINGS			
Brokerage and Asset Management	\$ 340	\$ 1,607	(79)%
Local Consumer Lending	4,670	6,021	(22)
Special Asset Pool	1,540	(4,534)	NM
Total Citi Holdings	\$ 6,550	\$ 3,094	NM
Corporate/Other	\$ 349	\$ 500	(30)%
Total net revenues	\$ 25,421	\$ 24,521	4%
Impact of Credit Card Securitization Activity(1)			
Citicorp		\$ 1,484	(100)%
Citi Holdings		968	(100)
Total impact of credit card securitization activity		\$ 2,452	(100)%
Total Citigroup managed net revenues(1)	\$ 25,421	\$ 26,973	(6)%

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(1)

See discussion of adoption of SFAS 166/167 on page 3 and Note 1 to the Consolidated Financial Statements.

NM Not meaningful

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Citicorp is the company's global bank for consumers and businesses and represents Citi's core franchise. Citicorp is focused on providing best-in-class products and services to customers and leveraging Citigroup's unparalleled global network. Citicorp is physically present in approximately 100 countries, many for over 100 years, and offers services in over 140 countries. Citi believes this global network provides a strong foundation for servicing the broad financial services needs of large multinational clients and for meeting the needs of retail, private banking and commercial customers around the world. Citigroup's global footprint provides coverage of the world's emerging economies, which the company believes represents a strong area of growth. At March 31, 2010, Citicorp had approximately \$1.2 trillion of assets and \$730 billion of deposits, representing approximately 62% of Citi's total assets and approximately 88% of its deposits.

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

<i>In millions of dollars</i>	First Quarter		%
	2010	2009	Change
Net interest revenue	\$ 9,870	\$ 8,511	16%
Non-interest revenue	8,652	12,416	(30)
Total revenues, net of interest expense	\$ 18,522	\$ 20,927	(11)%
Provisions for credit losses and for benefits and claims			
Net credit losses	\$ 3,142	\$ 1,251	NM
Credit reserve build/(release)	(360)	998	NM
Provision for loan losses	\$ 2,782	\$ 2,249	24%
Provision for benefits and claims	44	42	5
Provision for unfunded lending commitments	(7)	32	NM
Total provisions for credit losses and for benefits and claims	\$ 2,819	\$ 2,323	21%
Total operating expenses	\$ 8,485	\$ 7,399	15%
Income from continuing operations before taxes	\$ 7,218	\$ 11,205	(36)%
Provisions for income taxes	2,057	3,374	(39)
Income from continuing operations	\$ 5,161	\$ 7,831	(34)%
Net income (loss) attributable to noncontrolling interests	21	(3)	NM
Citicorp's net income	\$ 5,140	\$ 7,834	(34)%
Balance sheet data (in billions of dollars)			
Total EOP assets	\$ 1,236	\$ 1,022	21%
Average assets	1,240	1,103	12
Total EOP deposits	730	664	10
Total GAAP revenues	\$ 18,522	\$ 20,927	(11)%
Net impact of credit card securitization activity(1)		1,484	(100)
Total managed revenues	\$ 18,522	\$ 22,411	(17)%
GAAP net credit losses	\$ 3,142	\$ 1,251	NM
Impact of credit card securitization activity(1)		1,491	(100)%

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Total managed net credit losses	\$	3,142	\$	2,742	15%
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(1) See discussion of adoption of SFAS 166/167 on page 3 and Note 1 to the Consolidated Financial Statements.

NM Not meaningful

Table of Contents**REGIONAL CONSUMER BANKING**

Regional Consumer Banking (RCB) consists of Citigroup's four regional consumer banking businesses that provide traditional banking services to retail customers. *RCB* also contains Citigroup's branded cards business and Citi's local commercial banking business. *RCB* is a globally diversified business with over 4,200 branches in 39 countries around the world. During the first quarter of 2010, 53% of total *RCB* revenues were from outside *North America*. Additionally, the majority of international revenues and loans were from emerging economies in *Asia*, *Latin America*, and Central and Eastern Europe. At March 31, 2010, *RCB* had \$313 billion of assets and \$295 billion of deposits.

<i>In millions of dollars</i>	First Quarter		%
	2010	2009	Change
Net interest revenue	\$ 5,917	\$ 3,842	54%
Non-interest revenue	2,165	2,511	(14)
Total revenues, net of interest expense	\$ 8,082	\$ 6,353	27%
Total operating expenses	\$ 3,937	\$ 3,504	12%
Net credit losses	\$ 3,040	\$ 1,174	NM
Credit reserve build/(release)	(180)	686	NM
Provisions for benefits and claims	44	42	5%
Provisions for loan losses and for benefits and claims	\$ 2,904	\$ 1,902	53%
Income from continuing operations before taxes	\$ 1,241	\$ 947	31%
Income taxes	227	156	46
Income from continuing operations	\$ 1,014	\$ 791	28%
Net (loss) attributable to noncontrolling interests	(5)		
Net income	\$ 1,019	\$ 791	29%
Average assets (<i>in billions of dollars</i>)	\$ 308	\$ 229	34%
Return on assets	1.34%	1.40%	
Average deposits (<i>in billions of dollars</i>)	289	256	13
Managed net credit losses as a percentage of average managed loans	5.57%	5.06%	
Revenue by business			
Retail banking	\$ 3,814	\$ 3,537	8%
Citi-branded cards	4,268	2,816	52
Total GAAP revenues	\$ 8,082	\$ 6,353	27
Net impact of credit card securitization activity(1)		1,484	(100)
Total managed revenues	\$ 8,082	\$ 7,837	3%
Net credit losses by business			
Retail banking	\$ 289	\$ 338	(14)%
Citi-branded cards	2,751	836	NM
Total GAAP net credit losses	\$ 3,040	\$ 1,174	NM
Net impact of credit card securitization activity(1)		1,491	(100)

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Total managed net credit losses	\$ 3,040	\$ 2,665	14%
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Income (loss) from continuing operations by business

Retail banking	\$ 848	\$ 650	30%
Citi-branded cards	166	141	18

Total	\$ 1,014	\$ 791	28%
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(1) See discussion of adoption of SFAS 166/167 on page 3 and Note 1 to the Consolidated Financial Statements.

NM Not meaningful

Table of Contents**NORTH AMERICA REGIONAL CONSUMER BANKING**

North America Regional Consumer Banking (NA RCB) provides traditional banking and Citi-branded card services to retail customers and small to mid-size businesses in the U.S. *NA RCB's* approximately 1,000 retail bank branches and 13.5 million retail customer accounts are largely concentrated in the greater metropolitan areas of New York, Los Angeles, San Francisco, Chicago, Miami, Washington, D.C., Boston, Philadelphia, and certain larger cities in Texas. At March 31, 2010, *NA RCB* had approximately \$31.5 billion of retail banking and residential real estate loans and \$146.3 billion of deposits. In addition, *NA RCB* had approximately 21.8 million Citi-branded credit card accounts, with \$77.7 billion in outstanding loan balances.

<i>In millions of dollars</i>	First Quarter		%
	2010	2009	Change
Net interest revenue	\$ 2,954	\$ 1,192	NM
Non-interest revenue	847	1,311	(35)%
Total revenues, net of interest expense	\$ 3,801	\$ 2,503	52%
Total operating expenses	\$ 1,611	\$ 1,494	8%
Net credit losses	\$ 2,157	\$ 257	NM
Credit reserve build	4	253	(98)%
Provisions for benefits and claims	8	13	(38)
Provisions for loan losses and for benefits and claims	\$ 2,169	\$ 523	NM
Income from continuing operations before taxes	\$ 21	\$ 486	(96)%
Income taxes (benefits)	(1)	129	(101)
Income from continuing operations	\$ 22	\$ 357	(94)%
Net income attributable to noncontrolling interests			
Net income	\$ 22	\$ 357	(94)%
Average assets (<i>in billions of dollars</i>)	\$ 121	\$ 72	68%
Average deposits (<i>in billions of dollars</i>)	144.2	130.9	10
Managed net credit losses as a percentage of average managed loans(1)	7.85%	6.04%	
Revenue by business			
Retail banking	\$ 1,280	\$ 1,296	(1)%
Citi-branded cards	2,521	1,207	NM
Total GAAP revenues	\$ 3,801	\$ 2,503	52
Net impact of credit card securitization activity(2)		1,484	(100)
Total managed revenues	\$ 3,801	\$ 3,987	(5)%
Net credit losses by business			
Retail banking	\$ 73	\$ 56	30%
Citi-branded cards	2,084	201	NM
Total GAAP net credit losses	\$ 2,157	\$ 257	NM
Net impact of credit card securitization activity(2)		1,491	(100)

Total managed net credit losses	\$ 2,157	\$ 1,748	23%
Income (loss) from continuing operations by business			
Retail banking	\$ 184	\$ 241	(24)%
Citi-branded cards	(162)	116	NM
Total	\$ 22	\$ 357	(94)%

(1) See "Managed Presentations" below.

(2) See discussion of adoption of SFAS 166/167 on page 3 and Note 1 to the Consolidated Financial Statements.

NM Not meaningful

1Q10 vs. 1Q09

Revenues, net of interest expense, increased 52%, primarily due to the consolidation of securitized credit card receivables pursuant to the adoption of FAS 166/167 effective January 1, 2010. On a managed basis, *revenues, net of interest expense*, decreased 5%, primarily reflecting lower volumes in cards and mortgages, which were partially offset by pricing actions in the branded cards portfolio in the latter part of 2009 and first quarter of 2010, in anticipation of the CARD Act, and higher deposit volumes in retail banking. See "Executive Summary Business Outlook" for additional information.

On a managed basis, *net interest revenue* was down 1% driven by the impact of lower volumes in cards, where average loans were down 5% from the prior-year period, and in mortgages, with average loans down 10%. This decline was also partially offset by the pricing actions in the branded cards portfolio and higher deposit volumes in retail banking, with average deposits up 10% from the prior-year period.

On a managed basis, *non-interest revenue* declined 15%, driven by lower gains from mortgage loan sales and lower fees in cards mainly due to a 15% decline in open accounts from the prior-year period.

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Operating expenses increased 8% from the prior-year period. Excluding the impact of a litigation reserve in the first quarter of 2010, expenses were down 1% reflecting the benefits from re-engineering efforts and lower marketing costs.

Provisions for loan losses and for benefits and claims increased \$1.6 billion primarily due to the consolidation of securitized credit card receivables pursuant to the adoption of SFAS 166/167. On a comparable basis, *provisions for loan losses and for benefits and claims* increased 8% primarily due to rising net credit losses in the branded cards portfolio. Trends in the macroeconomic environment, including high unemployment and increased bankruptcy filings, drove higher credit costs. The branded cards managed net credit loss ratio increased 240 basis points to 10.67%, while the retail banking net credit loss ratio increased 28 basis points to 0.94%. The increase in net credit losses was partially offset by a lower loan loss reserve build, down \$249 million from the prior-year period.

Managed Presentations

	First Quarter	
	2010	2009
Managed credit losses as a percentage of average managed loans	7.85%	6.04%
Impact from credit card securitizations(1)		3.91%
Net credit losses as a percentage of average loans	7.85%	2.13%

(1) See discussion of adoption of SFAS 166/167 on page 3 and Note 1 to the Consolidated Financial Statements.

Table of Contents**EMEA REGIONAL CONSUMER BANKING**

EMEA Regional Consumer Banking (EMEA RCB) provides traditional banking and Citi-branded card services to retail customers and small to mid-size businesses, primarily in Central and Eastern Europe, the Middle East and Africa. Western Europe retail banking is included in Citi Holdings. *EMEA RCB* has repositioned its business, shifting from a strategy of widespread distribution to a focused strategy concentrating on larger urban markets within the region. An exception is Bank Handlowy, which has a mass market presence in Poland. The countries in which *EMEA RCB* has the largest presence are Poland, Turkey, Russia and the United Arab Emirates. At March 31, 2010, *EMEA RCB* had approximately 310 retail bank branches with approximately 3.7 million customer accounts, \$4.9 billion in retail banking loans and \$9.5 billion in deposits. In addition, the business had approximately 2.6 million Citi-branded card accounts with \$2.9 billion in outstanding loan balances.

<i>In millions of dollars</i>	First Quarter		%
	2010	2009	Change
Net interest revenue	\$ 248	\$ 224	11%
Non-interest revenue	157	136	15
Total revenues, net of interest expense	\$ 405	\$ 360	13%
Total operating expenses	\$ 277	\$ 256	8%
Net credit losses	\$ 97	89	9%
Credit reserve build/(release)	(10)	72	NM
Provisions for benefits and claims			
Provisions for loan losses and for benefits and claims	\$ 87	\$ 161	(46)%
Income (loss) from continuing operations before taxes	\$ 41	\$ (57)	NM
Income taxes (benefits)	14	(24)	NM
Income (loss) from continuing operations	\$ 27	\$ (33)	NM
Net income attributable to noncontrolling interests			NM
Net income (loss)	\$ 27	\$ (33)	
Average assets (<i>in billions of dollars</i>)	\$ 10	\$ 11	(9)%
Return on assets	1.10%	(1.22)%	
Average deposits (<i>in billions of dollars</i>)	9.7	8.3	17
Net credit losses as a percentage of average loans	4.98%	4.57%	
Revenue by business			
Retail banking	\$ 222	\$ 205	8%
Citi-branded cards	183	155	18
Total	\$ 405	\$ 360	13%
Income (loss) from continuing operations by business			
Retail banking	\$ (6)	\$ (41)	85%
Citi-branded cards	33	8	NM
Total	\$ 27	\$ (33)	NM

NM Not meaningful

1Q10 vs. 1Q09

Revenues, net of interest expense, increased 13%. The increase in revenue is primarily attributable to the impact of foreign exchange translation (generally referred to throughout this report as "FX translation") and higher revenues in cards, partially offset by lower wealth management revenues due to spread compression and lower lending revenues as a result of lower volumes due to tighter origination criteria. Investment sales were up 75% and assets under management increased by 26%.

Net interest revenue increased 11% mainly due to higher cards revenues, particularly in Russia and Poland, and the impact of FX translation. Average cards loans grew 16%.

Non-interest revenue increased 15%, primarily driven by higher results from an equity investment in Turkey.

Operating expenses increased 8% mainly due to the impact of FX translation, partially offset by cost savings from branch closures, headcount reductions and re-engineering benefits.

Provisions for loan losses and for benefits and claims decreased by \$74 million, to \$87 million for the current period. Net credit losses for the period increased by \$8 million, primarily driven by higher losses in Poland. Release in loan loss reserves in the current period was driven by improvement in the credit environment in most countries coupled with a decline in receivables. The cards net credit loss ratio increased from 4.68% in the prior year quarter to 6.97% in the current quarter. The retail banking net credit loss ratio decreased from 4.50% in the prior year quarter to 3.88% in the current quarter.

Table of Contents**LATIN AMERICA REGIONAL CONSUMER BANKING**

Latin America Regional Consumer Banking (LATAM RCB) provides traditional banking and Citi-branded card services to retail customers and small to mid-size businesses, with the largest presence in Mexico and Brazil. *LATAM RCB* includes branch networks throughout *Latin America* as well as Banamex, Mexico's second largest bank with over 1,700 branches. At March 31, 2010, *LATAM RCB* had approximately 2,203 retail branches, with 25.9 million customer accounts, \$19.4 billion in retail banking loan balances and \$40.6 billion in deposits. In addition, the business had approximately 12.1 million Citi-branded card accounts with \$12.1 billion in outstanding loan balances.

<i>In millions of dollars</i>	First Quarter		%
	2010	2009	Change
Net interest revenue	\$ 1,458	\$ 1,275	14%
Non-interest revenue	618	649	(5)
Total revenues, net of interest expense	\$ 2,076	\$ 1,924	8%
Total operating expenses	\$ 1,142	\$ 958	19%
Net credit losses	\$ 509	\$ 541	(6)%
Credit reserve build/(release)	(136)	166	NM
Provision for benefits and claims	36	29	24
Provisions for loan losses and for benefits and claims	\$ 409	\$ 736	(44)%
Income from continuing operations before taxes	\$ 525	\$ 230	NM
Income taxes	136	11	NM
Income from continuing operations	\$ 389	\$ 219	78%
Net (loss) attributable to noncontrolling interests	(5)		
Net income	\$ 394	\$ 219	80%
Average assets (<i>in billions of dollars</i>)	\$ 72	\$ 60	20%
Return on assets	2.22%	1.48%	
Average deposits (<i>in billions of dollars</i>)	39.6	34.1	16
Net credit losses as a percentage of average loans	6.75%	8.22%	
Revenue by business			
Retail banking	\$ 1,196	\$ 1,026	17%
Citi-branded cards	880	898	(2)
Total	\$ 2,076	\$ 1,924	8%
Income (loss) from continuing operations by business			
Retail banking	\$ 256	\$ 230	11%
Citi-branded cards	133	(11)	NM
Total	\$ 389	\$ 219	78%

NM Not meaningful

1Q10 vs. 1Q09

Revenues, net of interest expense, increased 8%, mainly due to the impact of FX translation and higher lending and deposit volumes in retail banking, partially offset by spread compression in the cards portfolio.

Net interest revenue increased 14%, mainly driven by the impact of FX translation and higher lending and deposit volumes in retail banking. Average retail banking loans and deposits increased 21% and 16%, respectively. The increase in retail banking was partially offset by spread compression in the cards portfolio as a result from a lower risk profile.

Non-interest revenue decreased 5%, primarily due to lower fees in the cards business. These declines were partially offset by higher investment sale revenues. Investment sales increased 24% compared to the prior-year period.

Operating expenses increased 19% mainly due to the impact of FX translation. Excluding the impact of FX translation, the increase in operating expenses was driven by the absence of an equity compensation accrual reversal in the prior-year period and the cost of 138 additional branch openings.

Provisions for loan losses and for benefits and claims decreased 44%, mainly driven by a loan loss reserve release in the current period reflecting improved credit conditions, especially in Mexico cards. The cards net credit loss ratio declined across the region during the period, from 15.3% to 14.0%, reflecting continued economic recovery in the region. The retail banking net credit loss ratio dropped significantly from 2.96% to 1.96%.

Table of Contents**ASIA REGIONAL CONSUMER BANKING**

Asia Regional Consumer Banking (Asia RCB) provides traditional banking and Citi-branded card services to retail customers and small to mid-size businesses, with the largest Citi presence in South Korea, Australia, Singapore, India, Taiwan, Malaysia, Japan and Hong Kong. At March 31, 2010, *Asia RCB* had approximately 704 retail branches, \$98.4 billion in customer deposits, 16.1 million customer accounts and \$54.8 billion in retail banking loans. In addition, the business had approximately 14.8 million Citi-branded card accounts with \$17.5 billion in outstanding loan balances.

<i>In millions of dollars</i>	First Quarter		%
	2010	2009	Change
Net interest revenue	\$ 1,257	\$ 1,151	9%
Non-interest revenue	543	415	31
Total revenues, net of interest expense	\$ 1,800	\$ 1,566	15%
Total operating expenses	\$ 907	\$ 796	14%
Net credit losses	\$ 277	\$ 287	(3)%
Credit reserve build/(release)	(38)	195	NM
Provisions for loan losses and for benefits and claims	\$ 239	\$ 482	(50)%
Income from continuing operations before taxes	\$ 654	\$ 288	NM
Income taxes	78	40	95%
Income from continuing operations	\$ 576	\$ 248	NM
Net income attributable to noncontrolling interests			
Net income	\$ 576	\$ 248	NM
Average assets (<i>in billions of dollars</i>)	\$ 105	\$ 86	22%
Return on assets	2.22%	1.17%	
Average deposits (<i>in billions of dollars</i>)	95.7	83.1	15
Net credit losses as a percentage of average loans	1.57%	1.89%	
Revenue by business			
Retail banking	\$ 1,116	\$ 1,010	10%
Citi-branded cards	684	556	23
Total	\$ 1,800	\$ 1,566	15%
Income from continuing operations by business			
Retail banking	\$ 414	\$ 220	88%
Citi-branded cards	162	28	NM
Total	\$ 576	\$ 248	NM

NM Not meaningful

1Q10 vs. 1Q09

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Revenues, net of interest expense increased 15% reflecting the impact of FX translation as well as higher cards purchase sales, investment sales and loan and deposit volumes, partially offset by spread compression in deposits.

Net interest revenue was 9% higher than the prior-year period, mainly due to the impact of FX translation, and higher lending and deposit volumes. Excluding the impact of FX translation, net interest revenue was essentially flat. Average loans and deposits were up 16% and 15%, respectively, driven mostly by the impact of FX translation. While lending spreads remained relatively constant, lower deposit spreads reflected the continued low interest rate environment across the region.

Non-interest revenue increased 31%, primarily due to higher investment revenues, higher cards purchase sales, and the impact of FX translation.

Operating expenses increased 14%, primarily due to the impact of FX translation. Excluding the impact of FX translation, the increase was 4%, driven primarily by an increase in volumes and continued investment.

Provisions for loan losses and for benefits and claims decreased 50%, mainly due to the impact of a \$38 million loan loss reserve release in the first quarter of 2010, compared to a \$195 million loan loss reserve build in the prior-year quarter, and lower net credit losses. These declines were partially offset by the impact of FX translation. Delinquencies and net credit losses improved as Asia showed continuing signs of economic recovery and increased levels of customer activity. The cards net credit loss ratio decreased from 4.60% in the prior year period to 4.50% in the current quarter. The retail banking net credit loss ratio decreased from 0.98% in the prior year quarter to 0.60% in the current quarter.

Table of Contents**INSTITUTIONAL CLIENTS GROUP**

Institutional Clients Group (ICG) includes *Securities and Banking* and *Transaction Services*. ICG provides corporate, institutional and high net worth clients with a full range of products and services, including cash management, trading, underwriting, lending and advisory services, around the world. ICG's international presence is supported by trading floors in approximately 75 countries and a proprietary network within *Transaction Services* in approximately 95 countries. At March 31, 2010, ICG had approximately \$923 billion of assets and \$435 billion of deposits.

<i>In millions of dollars</i>	First Quarter		%
	2010	2009	Change
Commissions and fees	\$ 554	\$ 440	26%
Administration and other fiduciary fees	1,275	1,227	4
Investment banking	953	941	1
Principal transactions	3,344	6,950	(52)
Other	361	347	4
Total non-interest revenue	\$ 6,487	\$ 9,905	(35)%
Net interest revenue (including dividends)	3,953	4,669	(15)
Total revenues, net of interest expense	\$ 10,440	\$ 14,574	(28)%
Total operating expenses	4,548	3,895	17
Net credit losses	102	77	32
Provision for unfunded lending commitments	(7)	32	NM
Credit reserve build/(release)	(180)	312	NM
Provisions for benefits and claims			
Provisions for loan losses and benefits and claims	\$ (85)	\$ 421	NM
Income from continuing operations before taxes	\$ 5,977	\$ 10,258	(42)%
Income taxes	1,830	3,218	(43)
Income from continuing operations	\$ 4,147	\$ 7,040	(41)%
Net income (loss) attributable to noncontrolling interests	26	(3)	NM
Net income	\$ 4,121	\$ 7,043	(41)%
Average assets (<i>in billions of dollars</i>)	\$ 932	\$ 874	7%
Return on assets	1.79%	3.27%	
Revenues by region			
North America	\$ 4,192	\$ 5,605	(25)%
EMEA	3,348	5,066	(34)
Latin America	951	1,143	(17)
Asia	1,949	2,760	(29)
Total	\$ 10,440	\$ 14,574	(28)%
Income from continuing operations by region			
North America	\$ 1,583	\$ 2,635	(40)%
EMEA	1,338	2,497	(46)
Latin America	429	572	(25)
Asia	797	1,336	(40)

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Total	\$	4,147	\$	7,040	(41)%
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Average loans by region *(in billions of dollars)*

<i>North America</i>	\$	64	\$	57	12%
<i>EMEA</i>		36		48	(25)
<i>Latin America</i>		22		21	5
<i>Asia</i>		31		30	3
Total	\$	153	\$	156	(2)%

NM Not meaningful

Table of Contents**SECURITIES AND BANKING**

Securities and Banking (S&B) offers a wide array of investment and commercial banking services and products for corporations, governments, institutional and retail investors, and ultra-high net worth individuals. *S&B* includes investment banking and advisory services, lending, debt and equity sales and trading, institutional brokerage, foreign exchange, structured products, cash instruments and related derivatives, and private banking. *S&B* revenue is generated primarily from fees for investment banking and advisory services, fees and interest on loans, fees and spread on foreign exchange, structured products, cash instruments and related derivatives, income earned on principal transactions, and fees and spreads on private banking services.

<i>In millions of dollars</i>	First Quarter		%
	2010	2009	Change
Net interest revenue	\$ 2,565	\$ 3,263	(21)%
Non-interest revenue	5,438	8,937	(39)
Revenues, net of interest expense	\$ 8,003	\$ 12,200	(34)%
Total operating expenses	3,397	2,821	20
Net credit losses	101	74	36
Provisions for unfunded lending commitments	(7)	32	NM
Credit reserve build/(release)	(162)	314	NM
Provisions for benefits and claims			
Provisions for loan losses and benefits and claims	\$ (68)	\$ 420	NM
Income before taxes and noncontrolling interests	\$ 4,674	\$ 8,959	(48)%
Income taxes	1,468	2,823	(48)
Income from continuing operations	3,206	6,136	(48)
Net income attributable to noncontrolling interests	21	1	NM
Net income	\$ 3,185	\$ 6,135	(48)%
Average assets (<i>in billions of dollars</i>)	\$ 868	\$ 816	6%
Return on assets	1.49%	3.05%	
Revenues by region			
North America	\$ 3,553	\$ 5,016	(29)%
EMEA	2,515	4,222	(40)
Latin America	607	800	(24)
Asia	1,328	2,162	(39)
Total revenues	\$ 8,003	\$ 12,200	(34)%
Net income from continuing operations by region			
North America	\$ 1,424	\$ 2,497	(43)%
EMEA	1,032	2,171	(52)
Latin America	272	412	(34)
Asia	478	1,056	(55)
Total net income from continuing operations	\$ 3,206	\$ 6,136	(48)%
Securities and Banking revenue details			
Total investment banking	\$ 1,057	\$ 983	8%
Lending	243	(363)	NM
Equity markets	1,213	1,605	(24)
Fixed income markets	5,380	10,023	(46)

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Private bank	494	504	(2)
Other Securities and Banking	(384)	(552)	30
Total Securities and Banking revenues	\$ 8,003	\$ 12,200	(34)%

NM Not meaningful

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1Q10 vs. 1Q09

Revenues, net of interest expense, in the first quarter of 2010, were \$8.0 billion, compared to \$12.2 billion in the first quarter of 2009, which was a particularly strong quarter driven by strong fixed income markets revenues, as well as \$2.7 billion of positive CVA (versus \$0.3 billion of positive CVA in the first quarter of 2010). Fixed income markets revenues excluding CVA declined \$2.4 billion to \$5.1 billion, driven by the high volatility and historically wide spreads exhibited in the first quarter of 2009. Equity markets revenues declined \$0.4 billion to \$1.2 billion, due to a challenging market environment as volatility trended downward. The \$2.4 billion CVA decrease primarily reflected less significant movements in Citigroup spreads in the first quarter of 2010 compared to the prior year period. Investment banking revenues increased \$74 million to \$1.1 billion, led by stronger market volumes in equity underwriting and increased revenues in debt underwriting due to outperformance in leveraged finance and a strong high-yield bond market in the first quarter of 2010. This was partially offset by a decline in advisory revenues in the first quarter of 2010 resulting from a reduction in completed M&A transaction volume. Lending revenues increased from \$(363) million to positive \$243 million, driven by a reduction in losses on credit default swap hedges and an improvement in net interest margin.

Operating expenses increased 20%, or \$0.6 billion to \$3.4 billion, mainly driven by higher compensation costs.

Provisions for loan losses and for benefits and claims decreased by \$0.5 billion to negative \$68 million, primarily attributable to a \$162 million net loan loss reserve release in the current quarter (versus a \$314 million net loan loss reserve build in the prior year period) as the environment showed signs of stabilization, partially offset by higher net credit losses.

Table of Contents**TRANSACTION SERVICES**

Transaction Services is composed of Treasury and Trade Solutions (TTS) and Securities and Fund Services (SFS). TTS provides comprehensive cash management and trade finance for corporations, financial institutions and public sector entities worldwide. SFS provides custody and funds services to investors such as insurance companies and mutual funds, clearing services to intermediaries such as broker-dealers, and depository and agency/trust services to multinational corporations and governments globally. Revenue is generated from net interest revenue on deposits in TTS and SFS, as well as from trade loans and from fees for transaction processing and fees on assets under custody in SFS.

<i>In millions of dollars</i>	First Quarter		%
	2010	2009	Change
Net interest revenue	\$ 1,388	\$ 1,406	(1)%
Non-interest revenue	1,049	968	8
Total revenues, net of interest expense	\$ 2,437	\$ 2,374	3%
Total operating expenses	1,151	1,074	7
Provisions for loan losses and for benefits and claims	(17)	1	NM
Income before taxes and noncontrolling interests	\$ 1,303	\$ 1,299	
Income taxes	362	395	(8)%
Income from continuing operations	941	904	4
Net income (loss) attributable to noncontrolling interests	5	(4)	NM
Net income	\$ 936	\$ 908	3%
Average assets (<i>in billions of dollars</i>)	\$ 64	\$ 58	10%
Return on assets	5.93%	6.35%	
Revenues by region			
North America	\$ 639	\$ 589	8%
EMEA	833	844	(1)
Latin America	344	343	
Asia	621	598	4
Total revenues	\$ 2,437	\$ 2,374	3%
Revenue Details			
Treasury and Trade Solutions	\$ 1,781	\$ 1,750	2%
Securities and Fund Services	656	624	5
Total revenues	\$ 2,437	\$ 2,374	3%
Income from continuing operations by region			
North America	\$ 159	\$ 138	15%
EMEA	306	326	(6)
Latin America	157	160	(2)
Asia	319	280	14
Total net income from continuing operations	\$ 941	\$ 904	4%
Key indicators (<i>in billions of dollars</i>)			
Average deposits and other customer liability balances	\$ 319	\$ 278	15%
EOP assets under custody (<i>in trillions of dollars</i>)	11.8	10.5	12

NM Not meaningful

1Q10 vs. 1Q09

Revenues, net of interest expense, grew 3% as improvement in fees in both the TTS and SFS businesses more than offset spread compression. Average deposits and Assets under custody were up 15% and 12%, respectively, from a year ago.

Treasury and Trade Solutions revenue increased 2%, driven primarily by stronger performances in the Trade business as well as increased balances, offset partially by spread compression.

Securities and Funds Services revenues increased 5%, driven by higher asset valuations and volumes.

Operating expenses increased 7%, related to continued increased investment spend required to support future business growth.

Provisions for loan losses and for benefits and claims declined by \$18 million, primarily attributable to overall portfolio improvement.

Table of Contents**CITI HOLDINGS**

Citi Holdings contains businesses and portfolios of assets that Citigroup has determined are not central to its core Citicorp business. These noncore businesses tend to be more asset-intensive and reliant on wholesale funding and also may be product-driven rather than client-driven. Citi intends to exit these businesses as quickly as practicable yet in an economically rational manner through business divestitures, portfolio run-off and asset sales. Citi has made substantial progress divesting and exiting businesses from Citi Holdings, having completed 20 divestitures since the beginning of 2009 through March 31, 2010, including Smith Barney, Nikko Cordial Securities, Nikko Asset Management, Financial Institution Credit Card business (FI) and Diners Club North America. Citi Holdings' assets have been reduced by approximately 16%, or \$96 billion, from the first quarter of 2009 and 39% from the peak in the first quarter of 2008. Citi Holdings' assets represented approximately 25% of Citi's assets as of March 31, 2010. Asset reductions from Citi Holdings have the combined benefits of further fortifying Citigroup's capital base, lowering risk, simplifying the organization and allowing Citi to allocate capital to fund long-term strategic businesses.

Citi Holdings consists of the following businesses: *Brokerage and Asset Management*; *Local Consumer Lending*; and *Special Asset Pool*.

<i>In millions of dollars</i>	First Quarter		%
	2010	2009	Change
Net interest revenue	\$ 4,373	\$ 5,057	(14)%
Non-interest revenue	2,177	(1,963)	NM
Total revenues, net of interest expense	\$ 6,550	\$ 3,094	NM
Provisions for credit losses and for benefits and claims			
Net credit losses	\$ 5,241	\$ 6,027	(13)%
Credit reserve build	340	1,637	(79)
Provision for loan losses	\$ 5,581	\$ 7,664	(27)%
Provision for benefits and claims	243	290	(16)
Provision for unfunded lending commitments	(26)	28	NM
Total provisions for credit losses and for benefits and claims	\$ 5,798	\$ 7,982	(27)%
Total operating expenses	\$ 2,574	\$ 4,185	(38)%
(Loss) from continuing operations before taxes	\$ (1,822)	\$ (9,073)	80%
Benefits for income taxes	(946)	(3,588)	74
Income (loss) from continuing operations	\$ (876)	\$ (5,485)	84%
Net income (loss) attributable to noncontrolling interests	11	(11)	NM
Citi Holdings net (loss)	\$ (887)	\$ (5,474)	84%
Balance sheet data (in billions of dollars)			
Total EOP assets	\$ 503	\$ 599	(16)%
Total EOP deposits	\$ 86	\$ 85	1%
Total GAAP Revenues	\$ 6,550	\$ 3,094	NM
Net Impact of Credit Card Securitization Activity(1)		968	(100)%
Total Managed Revenues	\$ 6,550	\$ 4,062	61%
GAAP Net Credit Losses	\$ 5,241	\$ 6,027	(13)%
Impact of Credit Card Securitization Activity(1)		1,057	(100)

Total Managed Net Credit Losses	\$	5,241	\$	7,084	(26)%
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(1) See discussion of adoption of SFAS 166/167 on page 3 and Note 1 to the Consolidated Financial Statements.

NM Not meaningful

Table of Contents**BROKERAGE AND ASSET MANAGEMENT**

Brokerage and Asset Management (BAM), which constituted approximately 6% of Citi Holdings by assets as of March 31, 2010, consists of Citi's global retail brokerage and asset management businesses. This segment was substantially affected by, and reduced in size in 2009 due to, the divestitures of Smith Barney (to the Morgan Stanley Smith Barney joint venture (MSSB JV)) and Nikko Cordial Securities. At March 31, 2010, *BAM* had approximately \$31 billion of assets, primarily consisting of Citi's investment in, and associated earnings from, the MSSB JV. Morgan Stanley has options to purchase Citi's remaining stake in the MSSB JV over three years starting in 2012.

<i>In millions of dollars</i>	First Quarter		%
	2010	2009	Change
Net interest revenue	\$ (65)	\$ 364	NM
Non-interest revenue	405	1,243	(67)%
Total revenues, net of interest expense	\$ 340	\$ 1,607	(79)%
Total operating expenses	\$ 265	\$ 1,499	(82)%
Net credit losses	\$ 11	\$	
Credit reserve build/(release)	(7)	43	
Provision for unfunded lending commitments			
Provision for benefits and claims	9	11	(18)%
Provisions for loan losses and for benefits and claims	\$ 13	\$ 54	(76)%
Income from continuing operations before taxes	\$ 62	\$ 54	15%
Income taxes (benefits)	(19)	20	NM
Income from continuing operations	\$ 81	\$ 34	NM
Net (loss) attributable to noncontrolling interests	(5)	(17)	71%
Net income	\$ 86	\$ 51	69%
EOP assets (<i>in billions of dollars</i>)	\$ 31	\$ 47	(34)%
EOP deposits (<i>in billions of dollars</i>)	59	59	

NM Not meaningful

1Q10 vs. 1Q09

Revenues, net of interest expense, decreased 79% from the prior-year period, primarily driven by the absence of Smith Barney revenue, partially offset by favorable net revenue marks in retail alternative investments and the sale of Chilean pension fund administrator AFP Habitat.

Operating expenses decreased 82% from the prior-year period, mainly driven by the absence of Smith Barney expenses and the absence of restructuring expenses in retail alternative investments incurred in the first quarter of 2009.

Provisions for loan losses and for benefits and claims decreased 76%, driven by a \$50 million change in the reserve build in the first quarter of 2010.

Assets declined 34% versus the prior-year period, mostly driven by the sales of Nikko Cordial Securities and Nikko Asset Management, offset partially by the net impact of the MSSB JV.

Table of Contents**LOCAL CONSUMER LENDING**

Local Consumer Lending (LCL), which constituted approximately 69% of Citi Holdings by assets as of March 31, 2010, includes a portion of Citigroup's North American mortgage business, retail partner cards, Western European cards and retail banking, CitiFinancial North America, Primerica (whose IPO closed on April 7, 2010), Student Loan Corporation and other local consumer finance businesses globally. At March 31, 2010, *LCL* had \$346 billion of assets (\$314 billion in *North America*). Approximately \$152 billion of assets in *LCL* as of March 31, 2010 consisted of U.S. mortgages in the company's CitiMortgage and CitiFinancial operations. The North American assets consist of residential mortgage loans, retail partner card loans, student loans, personal loans, auto loans, commercial real estate, and other consumer loans and assets.

<i>In millions of dollars</i>	First Quarter		%
	2010	2009	Change
Net interest revenue	\$ 4,020	\$ 3,704	9%
Non-interest revenue	650	2,317	(72)
Total revenues, net of interest expense	\$ 4,670	\$ 6,021	(22)%
Total operating expenses	\$ 2,178	\$ 2,470	(12)%
Net credit losses	\$ 4,938	\$ 4,517	9%
Credit reserve build	386	1,562	(75)
Provision for benefits and claims	234	279	(16)
Provision for unfunded lending commitments			
Provisions for loan losses and for benefits and claims	\$ 5,558	\$ 6,358	(13)%
(Loss) from continuing operations before taxes	\$ (3,066)	\$ (2,807)	(9)%
Income taxes (benefits)	(1,228)	(1,236)	1
(Loss) from continuing operations	\$ (1,838)	\$ (1,571)	(17)%
Net income attributable to noncontrolling interests		7	(100)
Net (loss)	\$ (1,838)	\$ (1,578)	(16)%
Average assets (<i>in billions of dollars</i>)	\$ 355	\$ 368	(4)%
Managed net credit losses as a percentage of average managed loans(1)	6.30%	6.36%	
Revenue by business			
International	\$ 335	\$ 2,024	(83)%
Retail Partner Cards	2,206	1,527	44
North America (ex Cards)	2,129	2,470	(14)
Total GAAP Revenues	\$ 4,670	\$ 6,021	(22)%
Net impact of credit card securitization activity(2)		968	(100)
Total Managed Revenues	\$ 4,670	\$ 6,989	(33)%

Net Credit Losses by business

International	\$	612	\$	818	(25)%
Retail partner cards		1,932		901	NM
North America (ex Cards)		2,394		2,798	(14)
Total GAAP net credit losses	\$	4,938	\$	4,517	9%
Net impact of credit card securitization activity(2)				1,057	(100)
Total Managed Net Credit Losses	\$	4,938	\$	5,574	(11)%

(1) See "Managed Presentations" below.

(2) See discussion of adoption of SFAS 166/167 on page 3 and Note 1 to the Consolidated Financial Statements.

1Q10 vs. 1Q09

Revenues, net of interest expense decreased 22% from the prior-year period, mostly due to lower non-interest revenue (discussed below). *Net interest revenue* increased 9% primarily due to the adoption of SFAS 166/167 in the first quarter of 2010 and the impact of retail partner cards pricing actions in the latter part of 2009 and first quarter of 2010, in anticipation of the CARD Act. See "Executive Summary Business Outlook" for additional information. This was partially offset by lower balances and the impact of higher delinquencies, interest write-offs, and loan modification programs. *Non-interest revenue* decreased 72% mainly driven by the absence of the \$1.1 billion gain on the sale of Redecard shares in the prior-year period, losses on asset sales, and the adoption of SFAS 166/167 in the current quarter.

Operating expenses declined 12% due to lower volumes, re-engineering benefits, and the absence of costs associated with the U.S. government loss-sharing agreement which was exited in the fourth quarter of 2009.

Provisions for loan losses and for benefits and claims decreased 13% from the prior period reflecting a \$1.2 billion decrease in the reserve build, partially offset by higher net credit losses (NCLs) primarily in the retail partner cards business due to the adoption of SFAS 166/167. On a managed basis, NCLs were lower across most businesses, primarily reflecting lower severity of loss, sales of non-performing assets, and the impact of modification programs in real estate, as well as an improvement in international credit trends.

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Managed Presentations

	First Quarter	
	2010	2009
Managed credit losses as a percentage of average managed loans	6.30%	6.36%
Impact from credit card securitizations(1)		0.62
Net credit losses as a percentage of average loans	6.30%	5.74%

(1) See discussion of adoption of SFAS 166/167 on page 3 and Note 1 to the Consolidated Financial Statements.

Assets declined 4% versus the prior-year period primarily driven by portfolio run-off, higher loan loss reserve balances, and the impact of asset sales and divestitures, partially offset by an increase of \$41 billion resulting from the adoption of SFAS 166/167.

Table of Contents**SPECIAL ASSET POOL**

Special Asset Pool (SAP), which constituted approximately 25% of Citi Holdings by assets as of March 31, 2010, is a portfolio of securities, loans and other assets that Citigroup intends to actively reduce over time through asset sales and portfolio run-off. At March 31, 2010, *SAP* had \$126 billion of assets. *SAP* assets have declined by \$202 billion, or 62% from peak levels in the fourth quarter of 2007 reflecting cumulative asset sales, write-downs and portfolio run-off. Approximately 58% of *SAP* assets are now accounted for on an accrual basis, which has helped reduce income volatility.

<i>In millions of dollars</i>	First Quarter		%
	2010	2009	Change
Net interest revenue	\$ 418	\$ 989	(58)%
Non-interest revenue	1,122	(5,523)	NM
Revenues, net of interest expense	\$ 1,540	\$ (4,534)	NM
Total operating expenses	131	216	(39)%
Net credit losses	\$ 292	\$ 1,510	(81)%
Provision for unfunded lending commitments	(26)	28	NM
Credit reserve builds/(release)	(39)	32	NM
Provisions for loan losses and for benefits and claims	\$ 227	\$ 1,570	(86)%
Income (loss) from continuing operations before taxes	\$ 1,182	\$ (6,320)	NM
Income taxes (benefits)	301	(2,372)	NM
Income (loss) from continuing operations	\$ 881	\$ (3,948)	NM
Net income (loss) attributable to noncontrolling interests	16	(1)	NM
Net income (loss)	\$ 865	\$ (3,947)	NM
EOP assets (<i>in billions of dollars</i>)	\$ 126	\$ 193	(35)%

NM Not meaningful

1Q10 vs. 1Q09

Revenues, net of interest expense, increased \$6.1 billion from the prior-year period primarily due to favorable net revenue marks relative to the year-ago levels (positive net revenue marks of \$1.4 billion in the first quarter of 2010 versus negative net revenue marks of \$4.5 billion in the prior year period). Revenue in the current quarter included positive marks of \$804 million on subprime-related direct exposures, \$398 million related to CVA on the monoline insurers, and \$395 million related to non-credit accretion, offset by negative revenues of \$164 million on Alt-A mortgages and \$48 million of other net write-downs and losses.

Operating expenses decreased 39% primarily driven by the absence of costs associated with the U.S. government loss-sharing agreement which was exited in the fourth quarter of 2009, lower franchise taxes, legal fees, and transaction expenses.

Provisions for loan losses and for benefits and claims decreased 86% to \$227 million, driven by a \$1.2 billion decrease in net credit losses.

Assets declined \$67 billion, or 35% , versus the prior-year period, primarily driven by amortization and prepayments, sales, marks and charge-offs.

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The following table provides details of the composition of *SAP* assets as of March 31, 2010.

<i>In billions of dollars</i>	Assets within Special Asset Pool as of March 31, 2010		
	Carrying value of assets	Face value	Carrying value as % of face value
Securities in Available-for-Sale (AFS)			
Corporates	\$ 7.6	\$ 7.8	98%
Prime and non-U.S. mortgage-backed securities (MBS)	4.7	5.8	81
Auction rate securities (ARS)	2.4	2.9	82
Other securities(1)	1.7	1.9	89
Total securities in AFS	\$ 16.4	\$ 18.4	89%
Securities in Held-to-Maturity (HTM)			
Prime and non-U.S. MBS	\$ 11.8	\$ 14.5	81%
Alt-A mortgages	10.3	20.2	51
Corporates	7.6	8.7	87
ARS	5.3	7.4	72
Other securities(2)	7.4	9.9	74
Total securities in HTM	\$ 42.4	\$ 60.7	70
Loans, leases and letters of credit (LCs) in Held-for-Investment (HFI)/Held-for-Sale (HFS)(3)			
Corporates	\$ 13.8	\$ 15.2	91%
Commercial real estate (CRE)	9.2	10.7	86
Other	2.6	3.2	81
Loan loss reserves	(3.5)	NM	NM
Total loans, leases and LCs in HFI/HFS	\$ 22.1	NM	NM
Mark-to-market			
Subprime securities	\$ 5.9	\$ 12.7	46%
Other securities(4)	5.3	23.2	23
Derivatives	6.8	NM	NM
Loans, leases and letters of credit	4.2	6.8	63
Repurchase agreements	6.4	NM	NM
Total mark to market	\$ 28.6	NM	NM
Highly leveraged finance commitments	\$ 1.7	\$ 3.3	52%
Equities (excludes ARS in AFS)	6.3	NM	NM
Monolines	1.3	NM	NM
Consumer and other(5)	6.7	NM	NM
Total	\$ 125.5		

(1) Includes municipals (\$1.0 billion) and asset-backed securities (ABS) (\$0.6 billion).

(2) Includes structured investment vehicle (SIV) assets that are not otherwise included in the categories above (\$4.6 billion).

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- (3) Held-for-sale (HFS) accounts for approximately \$1.1 billion of the total.
- (4) Includes \$1.5 billion of corporates and \$1.5 billion of commercial real estate.
- (5) Includes \$2.0 billion of small business banking and finance loans and \$1.1 billion of personal loans.

Notes: Assets in the SIVs have been allocated to the corresponding asset categories above. *SAP* had total CRE assets of \$12.8 billion at March 31, 2010 (78% in HFI/HFS, 13% in mark-to-market, 7% in equity method investments and 2% in AFS/HTM).

Excludes Discontinued Operations.

NM Not meaningful

Table of Contents**Items Impacting SAP Revenues**

The table below provides additional information regarding the net revenue marks affecting the *SAP* during the first quarter of 2010 and 2009, respectively.

<i>In millions of dollars</i>	Pretax revenue	
	First Quarter 2010	First Quarter 2009
Subprime-related direct exposures(1)	\$ 804	\$ (2,296)
CVA related to exposure to monoline insurers	398	(1,090)
Alt-A mortgages(2)(3)	(164)	(503)
CRE positions(2)(4)	(58)	(96)
CVA on derivatives positions, excluding monoline insurers	50	313
SIV assets	(24)	(47)
Private equity and equity investments	(12)	(1,015)
Highly leveraged loans and financing commitments(5)	(1)	(247)
ARS proprietary positions		(23)
CVA on Citi debt liabilities under fair value option	(4)	(18)
Subtotal	\$ 989	\$ (5,022)
Accretion on reclassified assets(6)	395	541
Total selected revenue items	\$ 1,384	\$ (4,481)

-
- (1) Net of impact from hedges against direct subprime ABS collateralized debt obligation (CDO) super senior positions.
- (2) Net of hedges.
- (3) For these purposes, Alt-A mortgage securities are non-agency residential MBS (RMBS) where (i) the underlying collateral has weighted average FICO scores between 680 and 720 or (ii) for instances where FICO scores are greater than 720, RMBS have 30% or less of the underlying collateral composed of full documentation loans.
- (4) Excludes positions in SIVs.
- (5) Net of underwriting fees.
- (6) Recorded as net interest revenue.

Credit Valuation Adjustment (CVA) Related to Monoline Insurers

CVA is calculated by applying forward default probabilities, which are derived using the counterparty's current credit spread, to the expected exposure profile. The exposure primarily relates to hedges on super-senior subprime exposures that were executed with various monoline insurance companies. CVA amounts also reflect expected settlements with certain counterparties.

Table of Contents**CORPORATE/OTHER**

Corporate/Other includes global staff functions (includes finance, risk, human resources, legal and compliance) and other corporate expense, global operations and technology (O&T), residual Corporate Treasury and Corporate items. At March 31, 2010, this segment had approximately \$263 billion of assets, consisting primarily of Citi's liquidity portfolio.

<i>In millions of dollars</i>	First Quarter	
	2010	2009
Net interest revenue	\$ 318	\$ (642)
Non-interest revenue	31	1,142
Total revenues, net of interest expense	\$ 349	\$ 500
Total operating expenses	\$ 459	\$ 101
Provisions for loan losses and for benefits and claims	1	2
Income (loss) from continuing operations before taxes	\$ (111)	\$ 397
Income taxes (benefits)	(75)	1,049
(Loss) from continuing operations	\$ (36)	\$ (652)
Income (loss) from discontinued operations, net of taxes	211	(117)
Net income (loss) before attribution of noncontrolling interests	\$ 175	\$ (769)
Net income attributable to noncontrolling interests		(2)
Net income (loss)	\$ 175	\$ (767)

1Q10 vs. 1Q09

Revenues, net of interest expense, declined primarily due to lower Citi Treasury revenues, driven primarily by lower gains from hedging activity, offset partially by lower short-term funding costs.

Operating Expenses increased primarily due to compensation related costs, intersegment eliminations, and legal reserve charges.

Table of Contents**SEGMENT BALANCE SHEET AT MARCH 31, 2010**

<i>In millions of dollars</i>	Regional Consumer Banking	Institutional Clients Group	Subtotal Citicorp	Citi Holdings	Corporate/Other, Discontinued Operations and Consolidating Eliminations	Total Citigroup Consolidated
Assets						
Cash and due from banks	\$ 8,515	\$ 15,258	\$ 23,773	\$ 1,444	\$ 461	\$ 25,678
Deposits with banks	8,402	42,907	51,309	4,616	107,600	163,525
Federal funds sold and securities borrowed or purchased under agreements to resell	299	227,270	227,569	6,778	1	234,348
Brokerage receivables		22,944	22,944	10,977	80	34,001
Trading account assets	11,787	314,510	326,297	26,570	(7,084)	345,783
Investments	37,282	93,863	131,145	76,708	108,880	316,733
Loans, net of unearned income						
Consumer	219,588		219,588	311,881		531,469
Corporate		159,695	159,695	30,640		190,335
Loans, net of unearned income	\$ 219,588	\$ 159,695	\$ 379,283	\$ 342,521	\$	\$ 721,804
Allowance for loan losses	(14,649)	(3,854)	(18,503)	(30,243)		(48,746)
Total loans, net	\$ 204,939	\$ 155,841	\$ 360,780	\$ 312,278	\$	\$ 673,058
Goodwill	10,179	10,757	20,936	4,726		25,662
Intangible assets (other than MSRs)	2,427	1,052	3,479	4,798		8,277
Mortgage servicing rights (MSRs)	2,407	71	2,478	3,961		6,439
Other assets	27,135	37,983	65,118	50,200	53,391	168,709
Total assets	\$ 313,372	\$ 922,456	\$ 1,235,828	\$ 503,056	\$ 263,329	\$ 2,002,213
Liabilities and equity						
Total deposits	\$ 294,724	\$ 435,027	\$ 729,751	\$ 85,484	\$ 12,679	\$ 827,914
Federal funds purchased and securities loaned or sold under agreements to repurchase	4,051	203,540	207,591	2	318	207,911
Brokerage payables	235	54,800	55,035	1	5	55,041
Trading account liabilities	26	136,425	136,451	6,297		142,748
Short-term borrowings	139	55,883	56,022	5,593	35,079	96,694
Long-term debt	3,138	84,089	87,227	48,784	303,263	439,274
Other liabilities	18,066	18,229	36,295	25,718	16,839	78,852
Net inter-segment funding (lending)	(7,007)	(65,537)	(72,544)	331,177	(258,633)	
Total Citigroup stockholders' equity					\$ 151,421	\$ 151,421
Noncontrolling interest					2,358	2,358
Total equity					153,779	153,779
Total liabilities and equity	\$ 313,372	\$ 922,456	\$ 1,235,828	\$ 503,056	\$ 263,329	\$ 2,002,213

The supplemental information presented above reflects Citigroup's consolidated GAAP balance sheet by reporting segment as of March 31, 2010. The respective segment information closely 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 interrelationship of the asset and liability dynamics of the balance sheet components among Citi's business segments.

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CAPITAL RESOURCES AND LIQUIDITY

CAPITAL RESOURCES

Overview

Historically, capital has been generated by earnings from Citi's operating businesses. In addition, Citi may augment, and during the recent financial crisis has augmented, its capital through issuances of common stock, convertible preferred stock, preferred stock, equity issued through awards under employee benefit plans, and, in the case of regulatory capital, through the issuance of subordinated debt underlying trust preferred securities. Further, the impact of future events on Citi's business results, such as corporate and asset dispositions, as well as changes in accounting standards, also affect Citi's capital levels.

Generally, capital is used primarily to support assets in Citi's businesses and to absorb market, credit, or operational losses. While capital may be used for other purposes, such as to pay dividends or repurchase common stock, Citi's ability to utilize its capital for these purposes is currently restricted due to its agreements with the U.S. government, generally for so long as the U.S. government continues to hold Citi's common stock or trust preferred securities.

Citigroup's capital management framework is designed to ensure that Citigroup and its principal subsidiaries maintain sufficient capital consistent with Citi's risk profile and all applicable regulatory standards and guidelines, as well as external rating agency considerations. The capital management process is centrally overseen by senior management and is reviewed at the consolidated, legal entity, and country levels.

Senior management is responsible for the capital management process mainly through Citigroup's Finance and Asset and Liability Committee (FinALCO), with oversight from the Risk Management and Finance Committee of Citigroup's Board of Directors. The FinALCO is composed of the senior-most management of Citigroup for the purpose of engaging management in decision-making and related discussions on capital and liquidity matters. Among other things, FinALCO's responsibilities include: determining the financial structure of Citigroup and its principal subsidiaries; ensuring that Citigroup and its regulated entities are adequately capitalized in consultation with its regulators; determining appropriate asset levels and return hurdles for Citigroup and individual businesses; reviewing the funding and capital markets plan for Citigroup; and monitoring interest rate risk, corporate and bank liquidity, and the impact of currency translation on non-U.S. earnings and capital.

Capital Ratios

Citigroup is subject to the risk-based capital guidelines issued by the Federal Reserve Board. Historically, capital adequacy has been measured, in part, based on two risk-based capital ratios, the Tier 1 Capital and Total Capital (Tier 1 Capital + Tier 2 Capital) ratios. Tier 1 Capital consists of the sum of "core capital elements," such as qualifying common stockholders' equity, as adjusted, qualifying noncontrolling interests, and qualifying mandatorily redeemable securities of subsidiary trusts, 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. Further, in conjunction with the conduct of the 2009 Supervisory Capital Assessment Program (SCAP), U.S. banking regulators developed a new measure of capital termed "Tier 1 Common," which has been defined as Tier 1 Capital less non-common elements, including qualifying perpetual preferred stock, qualifying noncontrolling interests, and qualifying mandatorily redeemable securities of subsidiary trusts. Tier 1 Common and related capital adequacy ratios are measures used and relied upon by U.S. banking regulators; however, they are non-GAAP financial measures for SEC purposes. See "Components of Capital Under Regulatory Guidelines" below.

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 all foreign exchange and commodity positions whether or not carried in the trading account. Excluded from risk-weighted assets are any assets, such as goodwill and deferred tax assets, to the extent required to be deducted from regulatory capital. See "Components of Capital Under Regulatory Guidelines" below.

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

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To be "well capitalized" under 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 a Leverage ratio of at least 3%, and not be subject to a Federal Reserve Board directive to maintain higher capital levels. The following table sets forth Citigroup's regulatory capital ratios as of March 31, 2010 and December 31, 2009.

Table of Contents**Citigroup Regulatory Capital Ratios**

	Mar. 31, 2010	Dec. 31, 2009
Tier 1 Common	9.11%	9.60%
Tier 1 Capital	11.28	11.67
Total Capital (Tier 1 Capital + Tier 2 Capital)	14.88	15.25
Leverage	6.16	6.89

As noted in the table above, Citigroup was "well capitalized" under the federal bank regulatory agency definitions as of March 31, 2010 and December 31, 2009.

Components of Capital Under Regulatory Guidelines

<i>In millions of dollars</i>	March 31, 2010	December 31, 2009(1)
Tier 1 Common		
Citigroup common stockholders' equity	\$ 151,109	\$ 152,388
Less: Net unrealized losses on securities available-for-sale, net of tax(2)	(3,165)	(4,347)
Less: Accumulated net losses on cash flow hedges, net of tax	(2,959)	(3,182)
Less: Pension liability adjustment, net of tax(3)	(3,509)	(3,461)
Less: Cumulative effect included in fair value of financial liabilities attributable to the change in own credit worthiness, net of tax(4)	686	760
Less: Disallowed deferred tax assets(5)	30,852	26,044
Less: Intangible assets:		
Goodwill	25,662	25,392
Other disallowed intangible assets	5,773	5,899
Other	(792)	(788)
Total Tier 1 Common	\$ 96,977	\$ 104,495
Qualifying perpetual preferred stock	\$ 312	\$ 312
Qualifying mandatorily redeemable securities of subsidiary trusts	21,555	19,217
Qualifying noncontrolling interests	1,206	1,135
Other		1,875
Total Tier 1 Capital	\$ 120,050	\$ 127,034
Tier 2 Capital		
Allowance for credit losses(6)	\$ 13,792	\$ 13,934
Qualifying subordinated debt(7)	23,658	24,242
Net unrealized pretax gains on available-for-sale equity securities(2)	792	773
Total Tier 2 Capital	\$ 38,242	\$ 38,949
Total Capital (Tier 1 Capital and Tier 2 Capital)	\$ 158,292	\$ 165,983
Risk-weighted assets(8)	\$ 1,064,042	\$ 1,088,526

(1) Reclassified to conform to the current period presentation.

(2) Tier 1 Capital excludes net unrealized gains (losses) on available-for-sale debt securities and net unrealized gains on available-for-sale equity securities with readily determinable fair values, in accordance with risk-based capital guidelines. In arriving at Tier 1 Capital,

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banking organizations are required to deduct net unrealized losses on available-for-sale 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 available-for-sale equity securities with readily determinable fair values.

- (3) The Federal Reserve Board granted interim capital relief for the impact of ASC 715-20, *Compensation Retirement Benefits Defined Benefits Plans* (formerly SFAS 158).
- (4) The impact of including Citigroup's own credit rating in valuing financial liabilities for which the fair value option has been elected is excluded from Tier 1 Capital, in accordance with risk-based capital guidelines.
- (5) Of Citi's approximately \$50 billion of net deferred tax assets at March 31, 2010, approximately \$15 billion of such assets were includable without limitation in regulatory capital pursuant to risk-based capital guidelines, while approximately \$31 billion of such assets exceeded the limitation imposed by these guidelines and, as "disallowed deferred tax assets," were deducted in arriving at Tier 1 Capital. Citigroup's approximately \$4 billion of other net deferred tax assets primarily represented approximately \$2 billion of deferred tax effects of unrealized gains and losses on available-for-sale debt securities and approximately \$2 billion of deferred tax effects of the pension liability adjustment, which are permitted to be excluded prior to deriving the amount of net deferred tax assets subject to limitation under the guidelines. Citi had approximately \$26 billion of disallowed deferred tax assets at December 31, 2009.
- (6) Includable up to 1.25% of risk-weighted assets. Any excess allowance for credit losses is deducted in arriving at risk-weighted assets.
- (7) Includes qualifying subordinated debt in an amount not exceeding 50% of Tier 1 Capital.
- (8) Includes risk-weighted credit equivalent amounts, net of applicable bilateral netting agreements, of \$61.3 billion for interest rate, commodity, and equity derivative contracts, foreign exchange contracts, and credit derivatives as of March 31, 2010, compared with \$64.5 billion as of December 31, 2009. Market risk equivalent assets included in risk-weighted assets amounted to \$75.5 billion at March 31, 2010 and \$80.8 billion at December 31, 2009. Risk-weighted assets also include the effect of certain other off-balance-sheet exposures, such as unused lending commitments and letters of credit, and reflect deductions such as certain intangible assets and any excess allowance for credit losses.

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Adoption of SFAS 166/167 Impact on Capital

The adoption of SFAS 166/167 had a significant and immediate impact on Citigroup's capital ratios in the first quarter of 2010.

As described elsewhere in the Form 10-Q, the adoption of SFAS 166/167 resulted in the consolidation of \$137 billion of incremental assets and \$146 billion of liabilities onto Citigroup's Consolidated Balance Sheet, including securitized credit card receivables on the date of adoption, January 1, 2010. The adoption of SFAS 166/167 also resulted in a net increase of \$10 billion in risk-weighted assets. In addition, Citi added \$13.4 billion to the loan loss allowance, increased deferred tax assets by \$5.0 billion, and reduced retained earnings by \$8.4 billion. This translated into a reduction in Tangible Common Equity of \$8.4 billion, and a decrease in Tier 1 Common, Tier 1 Capital, and Total Capital of \$14.2 billion, \$14.2 billion, and \$14.0 billion, respectively, which were partially offset by net income of \$4.4 billion and \$2.3 billion of qualifying mandatorily redeemable securities of subsidiary trusts issued during the quarter.

The impact on Citigroup's capital ratios from the January 1, 2010 adoption of SFAS 166/167 was as follows:

<i>As of January 1, 2010</i>	Impact
Tier 1 Common	(138) bps
Tier 1 Capital	(141) bps
Total Capital	(142) bps
Leverage	(118) bps

TCE (TCE/RWA)	(87) bps
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For more information, see Note 1 to the Consolidated Financial Statements below.

Common Stockholders' Equity

Citigroup's common stockholders' equity decreased during the three months ended March 31, 2010 by \$1.3 billion to \$151.1 billion, and represented 7.5% of total assets as of March 31, 2010. Citigroup's common stockholders' equity was \$152.4 billion, which represented 8.2% of total assets, at December 31, 2009.

The table below summarizes the change in Citigroup's common stockholders' equity during the first quarter of 2010:

In billions of dollars

Common stockholders' equity, December 31, 2009	\$ 152.4
Transition adjustment to Retained Earnings associated with the adoption of SFAS 166/167 (as of January 1, 2010)	(8.4)
Net income	4.4
Employee benefit plans and other activities	(0.3)
ADIA Upper DECs equity units purchase contract	1.9
Net change in accumulated other comprehensive income (loss), net of tax	1.1
Common stockholders' equity, March 31, 2010	\$ 151.1

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As of March 31, 2010, \$6.7 billion of stock repurchases remained under Citi's authorized repurchase programs. No material repurchases were made in the first quarter of 2010, or the year ended December 31, 2009. Generally, for so long as the U.S. government holds any Citigroup common stock or trust preferred securities, Citigroup has agreed not to acquire, repurchase, or redeem any Citigroup equity or trust preferred securities, other than pursuant to administering its employee benefit plans or other customary exceptions, or with the consent of the U.S. government. See also Part II, Item 2 of this Form 10-Q.

Tangible Common Equity (TCE)

TCE, as defined by Citigroup, represents *Common equity* less *Goodwill* and *Intangible assets (other than Mortgage Servicing Rights (MSRs))* net of the related net deferred taxes. Other companies may calculate TCE in a manner different from that of Citigroup. Citi's TCE was \$117.1 billion at March 31, 2010 and \$118.2 billion at December 31, 2009.

The TCE ratio (TCE divided by risk-weighted assets) was 11.0% at March 31, 2010 and 10.9% at December 31, 2009.

TCE is a capital adequacy metric used and relied upon by industry analysts; however, it is a non-GAAP financial measure for SEC purposes. A reconciliation of Citigroup's total stockholders' equity to TCE follows:

<i>In millions of dollars</i>	Mar. 31, 2010	Dec. 31, 2009
Total Citigroup stockholders' equity	\$ 151,421	\$ 152,700
Less:		
Preferred stock	312	312
Common equity	\$ 151,109	\$ 152,388
Less:		
Goodwill	25,662	25,392
Intangible assets (other than MSRs)	8,277	8,714
Intangible assets (other than MSRs) recorded as assets held for sale in Other assets	45	
Related net deferred tax assets	65	68
Tangible common equity (TCE)	\$ 117,060	\$ 118,214
Tangible assets		
GAAP assets	\$ 2,002,213	\$ 1,856,646
Less:		
Goodwill	25,662	25,392
Intangible assets (other than MSRs)	8,277	8,714
Intangible assets (other than MSRs) recorded as assets held for sale in Other assets	45	
Related deferred tax assets	388	386
Tangible assets (TA)	\$ 1,967,841	\$ 1,822,154
Risk-weighted assets (RWA)	\$ 1,064,042	\$ 1,088,526
TCE/TA ratio	5.95%	6.49%
TCE ratio (TCE/RWA)	11.00%	10.86%

Capital Resources of Citigroup's Depository Institutions

Citigroup's U.S. subsidiary depository institutions are 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. To be "well capitalized" under these regulatory definitions, Citigroup's depository institutions must have a Tier 1 Capital ratio of at least 6%, a Total Capital (Tier 1 Capital + Tier 2 Capital) ratio of at least 10%, and a Leverage ratio of at least 5%, and not be subject to a regulatory directive to meet and maintain higher capital levels.

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There are various legal and regulatory limitations on the ability of Citigroup's subsidiary depository institutions to pay dividends, extend credit or otherwise supply funds to Citigroup and its non-bank subsidiaries. In determining the declaration of dividends, each depository institution must also consider its effect on applicable risk-based capital and Leverage ratio requirements, as well as policy statements of the federal regulatory agencies that indicate that banking organizations should generally pay dividends out of current operating earnings. Citigroup did not receive any dividends from its banking subsidiaries during the first quarter of 2010.

At March 31, 2010 and December 31, 2009, all of Citigroup's U.S. subsidiary depository institutions were "well capitalized" under federal bank regulatory agency definitions, including Citigroup's primary depository institution, Citibank, N.A., as noted in the following table:

Citibank, N.A. Components of Capital and Ratios Under Regulatory Guidelines

<i>In billions of dollars</i>	Mar. 31, 2010	Dec. 31, 2009
Tier 1 Capital	\$ 99.1	\$ 96.8
Total Capital (Tier 1 Capital + Tier 2 Capital)	112.8	110.6
Tier 1 Capital ratio	13.60%	13.16%
Total Capital ratio	15.48	15.03
Leverage ratio(1)	8.51	8.31

(1) Tier 1 Capital divided by each period's quarterly adjusted average total assets.

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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, Tier 1 Capital, or Total Capital (numerator), or changes of \$1 billion in risk-weighted assets or adjusted average total assets (denominator) based on financial information as of March 31, 2010. 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	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	0.9 bps	0.9 bps	1.1 bps	0.9 bps	1.4 bps	0.5 bps	0.3 bps
Citibank, N.A.			1.4 bps	1.9 bps	1.4 bps	2.1 bps	0.9 bps	0.7 bps

Broker-Dealer Subsidiaries

At March 31, 2010, Citigroup Global Markets Inc., a broker-dealer registered with the SEC that is an indirect wholly owned subsidiary of Citigroup Global Markets Holdings Inc., had net capital, computed in accordance with the SEC's net capital rule, of \$8.4 billion, which exceeded the minimum requirement by \$7.7 billion.

In addition, certain of Citi's broker-dealer subsidiaries are subject to regulation in the other countries in which they do business, including requirements to maintain specified levels of net capital or its equivalent. Citigroup's broker-dealer subsidiaries were in compliance with their capital requirements at March 31, 2010.

The requirements applicable to these subsidiaries in the U.S. and other jurisdictions may be subject to political uncertainty and potential change in light of the recent financial crisis and regulatory reform proposals currently being considered at both the legislative and regulatory levels.

Regulatory Capital Standards Developments

Citigroup supports the move to a new set of risk-based capital standards, published on June 26, 2004 (and subsequently amended in November 2005) by the Basel Committee on Banking Supervision, currently consisting of the central banks and bank supervisors of its 27 members. The international version of the Basel II framework will allow Citigroup to leverage internal risk models used to measure credit, operational, and market risk exposures to drive regulatory capital calculations.

On December 7, 2007, the U.S. banking regulators published the rules for large banks to comply with Basel II in the U.S. These rules require Citigroup, as a large and internationally active bank, to comply with the most advanced Basel II approaches for calculating credit and operational risk capital requirements. The U.S. implementation timetable consists of a parallel calculation period under the current regulatory capital regime (Basel I) and Basel II followed by a three year transitional period.

Citi began parallel reporting on April 1, 2010. There will be at least four quarters of parallel reporting until Citi enters the three year transitional period. U.S. regulators have reserved the right to change how Basel II is applied in the U.S. following a review at the end of the second year of the transitional period, and to retain the existing prompt corrective action and leverage capital requirements applicable to banking organizations in the U.S. Citigroup intends to implement Basel II within the timeframe required by the U.S. regulators.

The Basel II (or its successor) requirements are the subject of political uncertainty and potential tightening or other change in light of the recent financial crisis and regulatory reform proposals currently being considered at both the legislative and regulatory levels.

Table of Contents**FUNDING AND LIQUIDITY****General**

Citigroup's cash flows and liquidity needs are primarily generated within its operating subsidiaries. Exceptions exist for major corporate items, such as equity and certain long-term debt issuances, which take place at the Citigroup corporate level. Generally, Citi's management of funding and liquidity is designed to optimize availability of funds as needed within Citi's legal and regulatory structure. Various constraints limit certain subsidiaries' ability to pay dividends or otherwise make funds available. Consistent with these constraints, Citigroup's primary objectives for funding and liquidity management are established by entity and in aggregate across three main operating entities, as follows: (i) Citigroup, as the parent holding company; (ii) banking subsidiaries; and (iii) non-banking subsidiaries.

Citigroup sources of funding include deposits, collateralized financing transactions and a variety of unsecured short- and long-term instruments, including federal funds purchased, commercial paper, long-term debt, trust preferred securities, preferred stock and common stock.

As a result of continued deleveraging, growth in deposits, term securitization under government and non-government programs, the issuance of long-term debt under the FDIC's Temporary Liquidity Guarantee Program (TLGP) and the issuance of non-guaranteed debt (particularly during the latter part of 2009), Citigroup substantially increased its balances of cash and highly liquid securities and reduced its short-term borrowings.

Citi has focused on growing a geographically diverse retail and corporate deposit base that stood at approximately \$828 billion as of March 31, 2010, as compared with \$836 billion at December 31, 2009 and \$763 billion at March 31, 2009. During the first quarter of 2010, excluding FX translation, Citigroup experienced seasonal deposit declines in Transaction Services and tightened pricing on its deposits. As stated above, Citigroup's deposits are diversified across products and regions, with approximately 64% outside of the U.S. This diversification provides Citi with an important and low-cost source of funding. A significant portion of these deposits has been, and is currently expected to be, long-term and stable, and is considered to be core.

One of Citi's key structural liquidity measures is the cash capital ratio. Cash capital is a broader measure of the ability to fund the structurally illiquid portion of Citigroup's balance sheet than traditional measures, such as deposits to loans or core deposits to loans. Cash capital measures the amount of long-term funding (>1 year) available to fund illiquid assets. Long-term funding includes core customer deposits, long-term debt and equity. Illiquid assets include loans (net of liquidity adjustments), illiquid securities, securities haircuts and other assets (i.e., goodwill, intangibles, fixed assets, receivables, etc.). At March 31, 2010, the combined Citigroup, the parent holding company, and CGMHI, as well as the aggregate banking subsidiaries had an excess of cash capital. In addition, as of March 31, 2010, the combined Citigroup, the parent holding company, and CGMHI maintained liquidity to meet all maturing obligations significantly in excess of a one-year period without access to the unsecured wholesale markets.

At March 31, 2010, long-term debt and commercial paper outstanding for Citigroup, Citigroup Global Markets Holdings Inc. (CGMHI), Citigroup Funding Inc. (CFI) and other Citigroup subsidiaries, collectively, were as follows:

<i>In billions of dollars</i>	Citigroup parent company	CGMHI(1)	CFI(1)	VIE Cons.	Other Citigroup subs.	Total Citigroup
Long-term debt(2)	\$ 192.3	\$ 9.1	\$ 55.1	\$ 113.6	\$ 69.2(3)	\$ 439.3
Commercial paper	\$	\$	\$ 10.8	\$ 31.2	\$ 0.5	\$ 42.5

- (1) Citigroup guarantees all of CFI's debt and CGMHI's publicly issued securities.
- (2) Of this amount, approximately \$64.6 billion is guaranteed by the FDIC under the TLGP with \$6.3 billion maturing in 2010, \$20.3 billion maturing in 2011 and \$38 billion maturing in 2012.
- (3) At March 31, 2010, approximately \$21.6 billion relates to collateralized advances from the Federal Home Loan Bank.

The table below details the long-term debt issuances of Citigroup during the past five quarters.

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<i>In billions of dollars</i>	1Q09	2Q09	3Q09	4Q09	1Q10
Debt issued under TLGP guarantee	\$ 21.9	\$ 17.0	\$ 10.0	\$ 10.0	\$
Debt issued without TLGP guarantee:					
Citigroup parent company/CFI	2.0	7.4	12.6	4.0(3)	1.3
Other Citigroup subsidiaries	0.5	10.1(1)	7.9(2)	5.8(4)	3.7(5)
Total	\$ 24.4	\$ 34.5	\$ 30.5	\$ 19.8	\$ 5.0

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- (1) Includes \$8.5 billion issued through the U.S. government-sponsored Department of Education Conduit Facility, and \$1 billion issued by Citibank Pty. Ltd. Australia and guaranteed by the Commonwealth of Australia.
- (2) Includes \$3.3 billion issued through the U.S. government-sponsored Department of Education Conduit Facility, and \$1 billion issued by Citibank Pty. Ltd. Australia and guaranteed by the Commonwealth of Australia.
- (3) Includes \$1.9 billion of senior debt issued under remarketing of \$1.9 billion of Citigroup Capital XXIX trust preferred securities held by the Abu Dhabi Investment Authority (ADIA) to enable them to execute the forward stock purchase contract in March 2010.
- (4) Includes \$1.4 billion issued through the U.S. government-sponsored Department of Education Conduit Facility.
- (5) Includes \$0.5 billion issued through the U.S. government-sponsored Department of Education Conduit Facility and \$0.5 billion issued by Citibank Pty. Ltd. Australia and guaranteed by the Commonwealth of Australia.

See Note 12 to the Consolidated Financial Statements for further detail on Citigroup's and its affiliates' long-term debt and commercial paper outstanding. Commercial paper outstanding as of March 31, 2010 increased from \$10.2 billion as of December 31, 2009 to \$42.5 billion as a result of the consolidation of VIEs due to the adoption of SFAS 166/167.

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Structural liquidity, defined as the sum of deposits, long-term debt and stockholders' equity as a percentage of total assets, was 71% at March 31, 2010, compared with 73% at December 31, 2009 and 68% at March 31, 2009. The reduction in the ratio during the current quarter primarily reflected the impact of adoption of SFAS 166/167.

Aggregate Liquidity Resources

<i>In billions of dollars</i>	Parent & Broker Dealer			Significant Bank Entities			Total		
	Mar. 31, 2010	Dec. 31, 2009	Mar. 31, 2009	Mar. 31, 2010	Dec. 31, 2009	Mar. 31, 2009	Mar. 31, 2010	Dec. 31, 2009	Mar. 31, 2009
Cash at major central banks	\$ 9.5	\$ 10.4	\$ 17.3	\$ 108.9	\$ 105.1	\$ 99.0	\$ 118.4	\$ 115.5	\$ 116.3
Unencumbered Liquid Securities	72.8	76.4	51.7	128.7	123.6	46.9	201.5	200.0	98.6
Total	\$ 82.3	\$ 86.8	\$ 69.0	\$ 237.6	\$ 228.7	\$ 145.9	\$ 319.9	\$ 315.5	\$ 214.9

As noted in the table above, Citigroup's aggregate liquidity resources totaled \$319.9 billion as of March 31, 2010 as compared with \$315.5 billion as of December 31, 2009, and \$214.9 billion as of March 31, 2009. As of March 31, 2010, Citigroup's and its affiliates' liquidity portfolio and broker-dealer "cash box" totaled \$82.3 billion as compared with \$86.8 billion at December 31, 2009 and \$69.0 billion at March 31, 2009. This includes the liquidity portfolio and cash box held in the U.S. as well as government bonds held by Citigroup's broker-dealer entities in the United Kingdom and Japan. Further, at March 31, 2010, Citigroup's bank subsidiaries had an aggregate of approximately \$108.9 billion of cash on deposit with major central banks (including the U.S. Federal Reserve Bank of New York, the European Central Bank, Bank of England, Swiss National Bank, Bank of Japan, the Monetary Authority of Singapore, and the Hong Kong Monetary Authority), compared with approximately \$105.1 billion at December 31, 2009 and \$99.0 billion at March 31, 2009. Citigroup's bank subsidiaries also have significant additional liquidity resources through unencumbered highly liquid securities available for secured funding through private markets or that are, or could be, pledged to the major central banks and the U.S. Federal Home Loan Banks. The value of these liquid securities was \$128.7 billion at March 31, 2010, as compared with \$123.6 billion at December 31, 2009 and \$46.9 billion at March 31, 2009. Significant amounts of cash and liquid securities are also available in other Citigroup entities.

Consistent with the strategic reconfiguration of Citi's balance sheet, the build-up of liquidity resources and the shift in focus on increasing structural liabilities, Citigroup entered 2010 with much of its required long-term debt funding already in place. As a consequence, it is currently expected that the direct long-term funding requirements for Citigroup and CFI in 2010 will be an aggregate of \$15 billion, which is well below the \$39 billion of expected maturities. This \$15 billion includes the approximately \$2.3 billion of trust preferred securities that were issued by Citi during the first quarter of 2010.

Parameters for Intercompany Funding Transfers

In general, Citigroup, as the parent holding company, can freely transfer funding to other affiliated entities. Broker-dealer subsidiaries can transfer excess liquidity to the parent holding company through termination of intercompany borrowings and to the parent and other affiliates to the extent of its excess capital.

Some of Citigroup's non-bank subsidiaries have credit facilities with Citigroup's subsidiary depository institutions, including Citibank, N.A. Borrowings under these facilities must be secured in accordance with Section 23A of the Federal Reserve Act. As of March 31, 2010, the amount available for lending under these facilities was approximately \$32 billion. There are various legal restrictions on the extent to which Citi's subsidiary depository institutions can lend or extend credit to or engage in certain other transactions with Citigroup and certain of its non-bank subsidiaries. In general, transactions must be on arm's-length terms and be secured by designated amounts of specified collateral. See Note 12 to the Consolidated Financial Statements.

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Credit Ratings

Citigroup's 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 dependent on its credit ratings. The table below indicates the current ratings for Citigroup. As a result of the Citigroup guarantee, changes in ratings for Citigroup Funding Inc. are the same as those of Citigroup.

Citigroup's Debt Ratings as of March 31, 2010

	Citigroup Inc.		Citigroup Funding Inc.		Citibank, N.A.	
	Senior debt	Commercial paper	Senior debt	Commercial paper	Long-term	Short-term
Fitch Ratings	A+	F1+	A+	F1+	A+	F1+
Moody's Investors Service	A3	P-1	A3	P-1	A1	P-1
Standard & Poor's	A	A-1	A	A-1	A+	A-1

On February 9, 2010, S&P affirmed the counterparty credit and debt ratings of Citi. At the same time, S&P revised its outlook on Citi to negative from stable, bringing it in line with many large bank holding companies. This action was the result of S&P's view that there is increased uncertainty about the U.S. government's willingness to provide extraordinary support to a number of systemically important financial institutions. Ratings outlooks from both Moody's and Fitch remain stable. However, continued uncertainty remains for the industry regarding proposed regulatory and legislative changes, and rating agency actions in response to such changes.

Ratings downgrades by Fitch Ratings, Moody's Investors Service or Standard & Poor's could have material impacts on funding and liquidity through cash obligations, reduced funding capacity and due to collateral triggers. Because of the current credit ratings of Citigroup Inc., a one-notch downgrade of its senior debt/long-term rating may or may not impact Citigroup Inc.'s commercial paper/short-term rating by one notch. As of March 31, 2010, Citi currently believes that a one-notch downgrade of both the senior debt/long-term rating of Citigroup Inc. and a one-notch downgrade of Citigroup Inc.'s commercial paper/short-term rating, could likely result in the assumed loss of unsecured commercial paper (\$10.8 billion) and tender option bonds funding (\$2.5 billion) as well as derivative triggers and additional margin requirements (\$1.1 billion). Additionally, other funding sources, such as repurchase agreements and other margin requirements for which there are no explicit triggers, could be adversely affected. The aggregate liquidity resources of Citigroup's parent holding company and broker-dealer stood at \$82.3 billion as of March 31, 2010 in part as a contingency for such an event, and a broad range of mitigating actions are currently included in the Citigroup contingency funding plan. These mitigating factors include, but are not limited to, accessing funding capacity from existing clients, diversifying funding sources, adjusting the size of select trading books, and tailoring levels of reverse repurchase agreement lending.

Citi currently believes that a more severe ratings downgrade scenario, such as a two-notch downgrade of the senior debt/long-term rating of Citigroup Inc., accompanied by a one-notch downgrade of Citigroup Inc.'s commercial paper/short-term rating, could result in an additional \$1.2 billion in funding requirement in the form of cash obligations and collateral.

Further, as of March 31, 2010, a one-notch downgrade of the senior debt/long-term ratings of Citibank, N.A. could result in an approximate \$3.7 billion funding requirement in the form of collateral and cash obligations. Because of the current credit ratings of Citibank, N.A., a one-notch downgrade of its senior debt/long-term rating is unlikely to have any impact on its commercial paper/short-term rating. The significant bank entities, Citibank, N.A., and other bank vehicles have aggregate liquidity resources of \$237.6 billion, and have a detailed contingency funding plan that encompasses a broad range of mitigating actions.

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OFF-BALANCE-SHEET ARRANGEMENTS

Citigroup and its subsidiaries are involved with several types of off-balance-sheet arrangements, including special purpose entities (SPEs), primarily in connection with securitization activities in *Regional Consumer Banking* and *Institutional Clients Group*. Citigroup and its subsidiaries use SPEs principally to obtain liquidity and favorable capital treatment by securitizing certain of Citigroup's financial assets, assisting clients in securitizing their financial assets and creating investment products for clients. For further information on Citi's securitization activities and involvement in SPEs, see Notes 1 and 14 to the Consolidated Financial Statements.

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MANAGING GLOBAL RISK

Citigroup's risk management framework balances strong corporate oversight with well-defined independent risk management functions for each business and region, as well as cross-business product expertise. The Citigroup risk management framework is described in Citigroup's Annual Report on Form 10-K for the fiscal year ended December 31, 2009.

CREDIT RISK

Loan and Credit Overview

During the first quarter of 2010, Citigroup's aggregate loan portfolio increased by \$130.3 billion to \$721.8 billion primarily due to the adoption of SFAS 166/167. Excluding the impact of SFAS 166/167, the aggregate loan portfolio decreased by \$16.0 billion. Citi's total allowance for loan losses totaled \$48.7 billion at March 31, 2010, a coverage ratio of 6.80% of total loans, up from 6.09% at December 31, 2009 and 4.82% in the first quarter 2009.

During the first quarter of 2010, Citigroup recorded a net release of \$18 million to its credit reserves compared to a \$2.6 billion build in the first quarter of 2009. The release consisted of a net release of \$242 million for corporate loans (\$180 million release in *ICG* and \$62 million release in *SAP*), offset by a net build of \$224 million for consumer loans (\$386 million build in *LCL*, \$25 million build in *SAP*, \$180 million release in *RCB*, and a \$7 million release in *BAM*).

Net credit losses of \$8.4 billion during the first quarter of 2010 decreased \$1.4 billion from year-ago levels (on a managed basis). The decrease consisted of a net decrease of \$239 million for consumer loans (mainly a \$636 million decrease in *LCL* and a \$375 million increase in *RCB*) and a decrease of \$1.2 billion for corporate loans (\$1.2 billion decrease in *SAP*, slightly offset by a \$25 million increase in *ICG*).

Consumer non-accrual loans totaled \$15.6 billion at March 31, 2010, compared to \$18.3 billion at December 31, 2009 and \$14.9 billion at March 31, 2009 (prior periods on a managed basis). The consumer loan 90 days or more past due delinquency rate was 4.02% at March 31, 2010, compared to 4.28% at December 31, 2009 and 3.51% at March 31, 2009. During the first quarter of 2010, delinquencies declined in Citi's first and second mortgage portfolios in Citi Holdings, reflecting asset sales, organic improvement, and HAMP mortgage modifications moving to permanent status. The decrease in delinquencies was partially offset by higher delinquencies in the student loan portfolio due to the impact of the adoption of SFAS 166/167. The 30 to 89 days past due delinquency rate was 3.11% at March 31, 2010, compared to 3.46% at December 31, 2009 and 3.38% at March 31, 2009.

Corporate non-accrual loans were \$12.9 billion at March 31, 2010, compared to \$13.5 billion at December 31, 2009 and \$11.2 billion at March 31, 2009. The decrease from the prior quarter is mainly due to loan sales and paydowns, which were partially offset by increases due to weakening of certain specific credits.

See below for Citi's loan and credit accounting policies.

Table of Contents**Loans Outstanding**

<i>In millions of dollars at year end</i>	1st Qtr. 2010	4th Qtr. 2009	3rd Qtr. 2009	2nd Qtr. 2009	1st Qtr. 2009
Consumer loans					
In U.S. offices					
Mortgage and real estate(1)	\$ 180,334	\$ 183,842	\$ 191,748	\$ 197,358	\$ 201,931
Installment, revolving credit, and other	69,111	58,099	57,820	61,645	64,359
Cards	127,818	28,951	36,039	33,750	35,406
Commercial and industrial	5,386	5,640	5,848	6,016	6,123
Lease financing	7	11	15	16	19
	\$ 382,656	\$ 276,543	\$ 291,470	\$ 298,785	\$ 307,838
In offices outside the U.S.					
Mortgage and real estate(1)	\$ 49,421	\$ 47,297	\$ 47,568	\$ 45,986	\$ 42,580
Installment, revolving credit, and other	44,541	42,805	45,004	45,556	47,498
Cards	38,191	41,493	41,443	42,262	39,347
Commercial and industrial	14,828	14,780	14,858	13,858	15,550
Lease financing	771	331	345	339	288
	\$ 147,752	\$ 146,706	\$ 149,218	\$ 148,001	\$ 145,263
Total consumer loans	\$ 530,408	\$ 423,249	\$ 440,688	\$ 446,786	\$ 453,101
Unearned income	1,061	808	803	866	862
Consumer loans, net of unearned income	\$ 531,469	\$ 424,057	\$ 441,491	\$ 447,652	\$ 453,963
Corporate loans					
In U.S. offices					
Commercial and industrial	\$ 15,558	\$ 15,614	\$ 19,692	\$ 26,125	\$ 22,020
Loans to financial institutions	31,279	6,947	7,666	8,181	9,232
Mortgage and real estate(1)	21,283	22,560	23,221	23,862	29,486
Installment, revolving credit, and other	15,792	17,737	17,734	19,856	26,460
Lease financing	1,239	1,297	1,275	1,284	1,394
	\$ 85,151	\$ 64,155	\$ 69,588	\$ 79,308	\$ 88,592
In offices outside the U.S.					
Commercial and industrial	\$ 64,903	\$ 68,467	\$ 73,564	\$ 78,512	\$ 72,243
Installment, revolving credit, and other	10,956	9,683	10,949	11,638	18,379
Mortgage and real estate(1)	9,771	9,779	12,023	11,887	10,422
Loans to financial institutions	19,003	15,113	16,906	15,856	16,493
Lease financing	663	1,295	1,462	1,560	1,620
Governments and official institutions	1,324	1,229	826	713	597
	\$ 106,620	\$ 105,566	\$ 115,730	\$ 120,166	\$ 119,754
Total corporate loans	\$ 191,771	\$ 169,721	\$ 185,318	\$ 199,474	\$ 208,346
Unearned income	(1,436)	(2,274)	(4,598)	(5,436)	(5,017)
Corporate loans, net of unearned income	\$ 190,335	\$ 167,447	\$ 180,720	\$ 194,038	\$ 203,329
Total loans net of unearned income	\$ 721,804	\$ 591,504	\$ 622,211	\$ 641,690	\$ 657,292
Allowance for loan losses on drawn exposures	(48,746)	(36,033)	(36,416)	(35,940)	(31,703)

Total loans net of unearned income and allowance for credit losses	\$ 673,058	\$ 555,471	\$ 585,795	\$ 605,750	\$ 625,589
Allowance for loan losses as a percentage of total loans net of unearned income(2)	6.80%	6.09%	5.85%	5.60%	4.82%
Allowance for consumer loan losses as a percentage of total consumer loans net of unearned income(2)	7.84%	6.70%	6.44%	6.25%	5.29%
Allowance for corporate loan losses as a percentage of total corporate loans net of unearned income(2)	3.90%	4.56%	4.42%	4.11%	3.77%

(1) Loans secured primarily by real estate.

(2) First quarter 2010 excludes loans which are carried at fair value.

Included in the loan table above are lending products whose terms may give rise to additional credit issues. Credit cards with below-market introductory interest rates, multiple loans supported by the same collateral (e.g., home equity loans), and interest-only loans are examples of such products. However, these products are not material to Citigroup's financial position and are closely managed via credit controls that mitigate their additional inherent risk.

Impaired loans are those where Citigroup believes it is probable that it will not collect all amounts due according to the original contractual terms of the loan. Impaired loans include corporate non-accrual loans as well as smaller-balance homogeneous loans whose terms have been modified due to the borrower's financial difficulties and Citigroup granted a concession to the borrower. Such modifications may include interest rate reductions and/or principal forgiveness. Valuation allowances for these loans are estimated considering all available evidence including, as appropriate, the present value of the expected future cash flows discounted at the loan's original contractual effective rate, the secondary market value of the loan and the fair value of collateral less disposal costs. These totals exclude smaller-balance homogeneous loans that

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have not been modified and are carried on a non-accrual basis, as well as substantially all loans modified for periods of 12 months or less.

At March 31, 2010, loans included in those short-term programs amounted to \$7.9 billion.

The following table presents information about impaired loans:

<i>In millions of dollars at year end</i>	March 31, 2010	December 31, 2009
Non-accrual corporate loans		
Commercial and industrial	\$ 6,776	\$ 6,347
Loans to financial institutions	1,044	1,794
Mortgage and real estate	3,406	4,051
Lease financing	59	
Other	1,647	1,287
Total non-accrual corporate loans	\$ 12,932	\$ 13,479
Impaired consumer loans(1)		
Mortgage and real estate	\$ 14,136	\$ 10,629
Installment and other	4,578	3,853
Cards	5,026	2,453
Total impaired consumer loans	\$ 23,740	\$ 16,935
Total(2)	\$ 36,672	\$ 30,414
Non-accrual corporate loans with valuation allowances	\$ 8,626	\$ 8,578
Impaired consumer loans with valuation allowances	23,042	16,453
Non-accrual corporate valuation allowance	\$ 2,569	\$ 2,480
Impaired consumer valuation allowance	7,157	4,977
Total valuation allowances(3)	\$ 9,726	\$ 7,457

(1) Prior to 2008, Citi's financial accounting systems did not separately track impaired smaller-balance, homogeneous consumer loans whose terms were modified due to the borrowers' financial difficulties and it was determined that a concession was granted to the borrower. Smaller-balance consumer loans modified since January 1, 2008 amounted to \$22.6 billion and \$15.9 billion at March 31, 2010 and December 31, 2009, respectively. However, information derived from Citi's risk management systems indicates that the amounts of outstanding modified loans, including those modified prior to 2008, approximated \$24.6 billion and \$18.1 billion at March 31, 2010 and December 31, 2009, respectively.

(2) Excludes loans purchased for investment purposes.

(3) Included in the *Allowance for loan losses*.

Loan Accounting Policies

The following are Citigroup's accounting policies for Loans, Allowance for Loan Losses and related lending activities.

Loans

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Loans are reported at their outstanding principal balances net of any unearned income and unamortized deferred fees and costs except that credit card receivable balances also include accrued interest and fees. Loan origination fees and certain direct origination costs are generally deferred and recognized as adjustments to income over the lives of the related loans.

As described in Note 17 to the Consolidated Financial Statements, Citi has elected fair value accounting for certain loans. Such loans are carried at fair value with changes in fair value reported in earnings. Interest income on such loans is recorded in *Interest revenue* at the contractually specified rate.

Loans for which the fair value option has not been elected are classified upon origination or acquisition as either held-for-investment or held-for-sale. This classification is based on management's initial intent and ability with regard to those loans.

Loans that are held-for-investment are classified as *Loans, net of unearned income* on the Consolidated Balance Sheet, and the related cash flows are included within the cash flows from investing activities category in the Consolidated Statement of Cash Flows on the line *Change in loans*. However, when the initial intent for holding a loan has changed from held-for-investment to held-for-sale, the loan is reclassified to held-for-sale, but the related cash flows continue to be reported in cash flows from investing activities in the Consolidated Statement of Cash Flows on the line *Proceeds from sales and securitizations of loans*.

Substantially all of the consumer loans sold or securitized by Citigroup are U.S. prime residential mortgage loans or U.S. credit card receivables. The practice of the U.S. prime mortgage business has been to sell all of its loans except for non-conforming adjustable rate loans. U.S. prime mortgage conforming loans are classified as held-for-sale at the time of origination. The related cash flows are classified in the Consolidated Statement of Cash Flows in the cash flows from operating activities category on the line *Change in loans held-for-sale*.

Prior to 2010, U.S. credit card receivables were classified at origination as loans-held-for-sale to the extent that management did not have the intent to hold the receivables for the foreseeable future or until maturity. Prior to 2010, the U.S. credit card securitization forecast for the three months following the latest balance sheet date, excluding replenishments, was the basis for the amount of such loans classified as held-for-sale. Cash flows related to U.S. credit card loans classified as held-for-sale at origination or acquisition are reported in the cash flows from operating activities category on the line *Change in loans held-for-sale*.

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Consumer loans

Consumer loans represent loans and leases managed primarily by the *Regional Consumer Banking* and *Local Consumer Lending* businesses. As a general rule, interest accrual ceases for installment and real estate (both open- and closed-end) loans when payments are 90 days contractually past due. For credit cards and unsecured revolving loans, however, Citi generally accrues interest until payments are 180 days past due. Loans that have been modified to grant a short-term or long-term concession to a borrower who is in financial difficulty may not be accruing interest at the time of the modification. The policy for returning such modified loans to accrual status varies by product and/or region. In most cases, a minimum number of payments (ranging from one to six) are required, while in other cases the loan is never returned to accrual status.

Citi's charge-off policies follow the general guidelines below:

Unsecured installment loans are charged off at 120 days past due.

Unsecured revolving loans and credit card loans are charged off at 180 days contractually past due.

Loans secured with non-real estate collateral are written down to the estimated value of the collateral, less costs to sell, at 120 days past due.

Real estate-secured loans are written down to the estimated value of the property, less costs to sell, at 180 days contractually past due.

Non-bank loans secured by real estate are written down to the estimated value of the property, less costs to sell, at the earlier of the receipt of title or 12 months in foreclosure (a process that must commence when payments are 120 days contractually past due).

Non-bank auto loans are written down to the estimated value of the collateral, less costs to sell, at repossession or, if repossession is not pursued, no later than 180 days contractually past due.

Non-bank unsecured personal loans are charged off when the loan is 180 days contractually past due if there have been no payments within the last six months, but in no event can these loans exceed 360 days contractually past due.

Unsecured loans in bankruptcy are charged off within 30 days of notification of filing by the bankruptcy court or within the contractual write-off periods, whichever occurs earlier.

Real estate-secured loans in bankruptcy are written down to the estimated value of the property, less costs to sell, 60 days after notification if the borrower is 60 days contractually past due.

Non-bank unsecured personal loans in bankruptcy are charged off when they are 30 days contractually past due.

Corporate loans

Corporate loans represent loans and leases managed by *ICG* or the *Special Asset Pool*. Corporate loans are identified as impaired and placed on a cash (non-accrual) basis when it is determined that the payment of interest or principal is doubtful or when interest or principal is 90 days past due, except when the loan is well-collateralized and in the process of collection. Any interest accrued on impaired corporate loans and leases is reversed at 90 days and charged against current earnings, and interest is thereafter included in earnings only to the extent actually

received in cash. When there is doubt regarding the ultimate collectability of principal, all cash receipts are thereafter applied to reduce the recorded investment in the loan.

Impaired corporate loans and leases are written down to the extent that principal is judged to be uncollectible. Impaired collateral-dependent loans and leases, where repayment is expected to be provided solely by the sale of the underlying collateral and there are no other available and reliable sources of repayment, are written down to the lower of cost or collateral value. Cash-basis loans are returned to an accrual status when all contractual principal and interest amounts are reasonably assured of repayment and there is a sustained period of repayment performance in accordance with the contractual terms.

Loans Held-for-Sale

Corporate and consumer loans that have been identified for sale are classified as loans held-for-sale included in *Other assets*. With the exception of certain mortgage loans for which the fair value option has been elected, these loans are accounted for at the lower of cost or market value (LOCOM), with any write-downs or subsequent recoveries charged to *Other revenue*.

Allowance for Loan Losses

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. Additions to the allowance are made through the provision for credit losses. Credit losses are deducted from the allowance, and subsequent recoveries are added. Securities received in exchange for loan claims in debt restructurings are initially recorded at fair value, with any gain or loss reflected as a recovery or charge-off to the allowance, and are subsequently accounted for as securities available-for-sale.

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Corporate loans

In the Corporate portfolios, the allowance for loan losses includes an asset-specific component and a statistically-based component. The asset specific component is calculated under ASC 310-10-35, *Receivables Subsequent Measurement* (formerly SFAS 114) on an individual basis for larger-balance, non-homogeneous loans, which are considered impaired. An asset-specific allowance is established when the discounted cash flows, collateral value (less disposal costs), or observable market price of the impaired loan is lower than its carrying value. This allowance considers the borrower's overall financial condition, resources, and payment record, the prospects for support from any financially responsible guarantors and, if appropriate, the realizable value of any collateral. The asset specific component of the allowance for smaller balance impaired loans is calculated on a pool basis considering historical loss experience. The allowance for the remainder of the loan portfolio is calculated under ASC 450, *Contingencies* (formerly SFAS 5) using a statistical methodology, supplemented by management judgment. The statistical analysis considers the portfolio's size, remaining tenor, and credit quality as measured by internal risk ratings assigned to individual credit facilities, which reflect probability of default and loss given default. The statistical analysis considers historical default rates and historical loss severity in the event of default, including historical average levels and historical variability. The result is an estimated range for inherent losses. The best estimate within the range is then determined by management's quantitative and qualitative assessment of current conditions, including general economic conditions, specific industry and geographic trends, and internal factors including portfolio concentrations, trends in internal credit quality indicators, and current and past underwriting standards.

Consumer loans

For *Consumer loans*, each portfolio of smaller-balance, homogeneous loans including consumer mortgage, installment, revolving credit, and most other consumer loans is independently evaluated for impairment. The allowance for loan losses attributed to these loans is established via a process that estimates the probable losses inherent in the specific portfolio based upon various analyses. These include migration analysis, in which historical delinquency and credit loss experience is applied to the current aging of the portfolio, together with analyses that reflect current trends and conditions.

Management also considers overall portfolio indicators, including historical credit losses, delinquent, non-performing, and classified loans, trends in volumes and terms of loans, an evaluation of overall credit quality, the credit process, including lending policies and procedures, and economic, geographical, product and other environmental factors. In addition, valuation allowances are determined for impaired smaller-balance homogeneous loans whose terms have been modified due to the borrowers' financial difficulties and where it has been determined that a concession was granted to the borrower. Such modifications may include interest rate reductions, principal forgiveness and/or term extensions. Where long-term concessions have been granted, such modifications are accounted for as "troubled debt restructurings" (TDRs). The allowance for loan losses for TDRs is determined in accordance with ASC-310-10-35 by comparing expected cash flows of the loans discounted at the loans' original effective interest rates to the carrying value of the loans. Where short-term concessions have been granted, the allowance for loan losses is materially consistent with the requirements of ASC-310-10-35.

Reserve Estimates and Policies

Management provides reserves for an estimate of probable losses inherent in the funded loan portfolio on the balance sheet in the form of an allowance for loan losses. These reserves are established in accordance with Citigroup's Credit Reserve Policies, as approved by the Audit Committee of the Board of Directors. Citi's Chief Risk Officer and Chief Financial Officer review the adequacy of the credit loss reserves each quarter with representatives from the Risk Management and Finance staffs for each applicable business area.

The above-mentioned representatives covering the business areas having classifiably managed portfolios, where internal credit-risk ratings are assigned (primarily *ICG*, *Regional Consumer Banking* and *Local Consumer Lending*), or modified consumer loans, where concessions were granted due to the borrowers' financial difficulties present recommended reserve balances for their funded and unfunded lending portfolios along with supporting quantitative and qualitative data. The quantitative data include:

Estimated probable losses for non-performing, non-homogeneous exposures within a business line's classifiably managed portfolio and impaired smaller-balance homogeneous loans whose terms have been modified due to the borrowers' financial difficulties, and it was determined that a concession was granted to the borrower. Consideration may be given to the following, as appropriate, when determining this estimate: (i) the present value of expected future cash flows discounted at the loan's original effective rate; (ii) the borrower's overall financial condition, resources and payment record; and (iii) the prospects for support from financially responsible guarantors or the realizable value of any collateral. When impairment is measured based on the present value of expected future cash flows, the entire change in present value is recorded in the Provision for loan losses.

Statistically calculated losses inherent in the classifiably managed portfolio for performing and de minimis non-performing exposures. The calculation is based upon: (i) Citigroup's internal system of credit-risk ratings, which are analogous to the risk ratings of the major rating agencies; and (ii) historical default and loss data, including rating-agency information regarding default rates from 1983 to 2008, and internal data dating to the early 1970s on severity of losses in the event of default.

Additional adjustments include: (i) statistically calculated estimates to cover the historical fluctuation of the default rates over the credit cycle, the historical variability of loss severity among defaulted loans, and the degree to which there are large obligor concentrations in the global portfolio; and (ii) adjustments made for specifically known items, such as current environmental factors and credit trends.

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In addition, representatives from both the Risk Management and Finance staffs that cover business areas that have delinquency-managed portfolios containing smaller homogeneous loans present their recommended reserve balances based upon leading credit indicators, including loan delinquencies and changes in portfolio size as well as economic trends including housing prices, unemployment and GDP. This methodology is applied separately for each individual product within each different geographic region in which these portfolios exist.

This evaluation process is subject to numerous estimates and judgments. The frequency of default, risk ratings, loss recovery rates, the size and diversity of individual large credits, and the ability of borrowers with foreign currency obligations to obtain the foreign currency necessary for orderly debt servicing, among other things, are all taken into account during this review. Changes in these estimates could have a direct impact on the credit costs in any quarter and could result in a change in the allowance. Changes to the reserve flow through the Consolidated Statement of Income on the line *Provision for loan losses*.

Allowance for Unfunded Lending Commitments

A similar approach to the allowance for loan losses is used for calculating a reserve for the expected losses related to unfunded loan commitments and standby letters of credit. This reserve is classified on the balance sheet in *Other liabilities*. Changes to the allowance for unfunded lending commitments flow through the Consolidated Statement of Income on the line *Provision for unfunded lending commitments*.

Table of Contents**Details of Credit Loss Experience**

<i>In millions of dollars</i>	1st Qtr. 2010	4th Qtr. 2009	3rd Qtr. 2009	2nd Qtr. 2009	1st Qtr. 2009
Allowance for loan losses at beginning of period	\$ 36,033	\$ 36,416	\$ 35,940	\$ 31,703	\$ 29,616
Provision for loan losses					
Consumer	\$ 8,244	\$ 7,077	\$ 7,321	\$ 10,010	\$ 8,010
Corporate	122	764	1,450	2,223	1,905
	\$ 8,366	\$ 7,841	\$ 8,771	\$ 12,233	\$ 9,915
Gross credit losses					
Consumer					
In U.S. offices	\$ 6,942	\$ 4,360	\$ 4,459	\$ 4,694	\$ 4,124
In offices outside the U.S.	1,797	2,187	2,406	2,305	1,936
Corporate					
In U.S. offices	404	478	1,101	1,216	1,176
In offices outside the U.S.	155	877	483	558	424
	\$ 9,298	\$ 7,902	\$ 8,449	\$ 8,773	\$ 7,660
Credit recoveries					
Consumer					
In U.S. offices	\$ 419	\$ 160	\$ 149	\$ 131	\$ 136
In offices outside the U.S.	300	327	288	261	213
Corporate					
In U.S. offices	177	246	30	4	1
In offices outside the U.S.	18	34	13	22	28
	\$ 914	\$ 767	\$ 480	\$ 418	\$ 378
Net credit losses					
In U.S. offices	\$ 6,750	\$ 4,432	\$ 5,381	\$ 5,775	\$ 5,163
In offices outside the U.S.	1,634	2,703	2,588	2,580	2,119
Total	\$ 8,384	\$ 7,135	\$ 7,969	\$ 8,355	\$ 7,282
Other net(1)(2)(3)(4)(5)	\$ 12,731	\$ (1,089)	\$ (326)	\$ 359	\$ (546)
Allowance for loan losses at end of period(6)	\$ 48,746	\$ 36,033	\$ 36,416	\$ 35,940	\$ 31,703
Allowance for loan losses as a % of total loans	6.80%	6.09%	5.85%	5.60%	4.82%
Allowance for unfunded lending commitments(7)	\$ 1,122	\$ 1,157	\$ 1,074	\$ 1,082	\$ 947
Total allowance for loan losses and unfunded lending commitments	\$ 49,868	\$ 37,190	\$ 37,490	\$ 37,022	\$ 32,650
Net consumer credit losses	\$ 8,020	\$ 6,060	\$ 6,428	\$ 6,607	\$ 5,711
As a percentage of average consumer loans	6.04%	5.43%	5.66%	5.88%	4.95%
Net corporate credit losses	\$ 364	\$ 1,075	\$ 1,541	\$ 1,748	\$ 1,571
As a percentage of average corporate loans	0.19%	0.61%	0.82%	0.89%	0.79%
Allowance for loan losses at end of period(8)					

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Citicorp	\$ 18,503	\$ 10,731	\$ 10,956	\$ 10,676	\$ 9,088
Citi Holdings	30,243	25,302	25,460	25,264	22,615
Total Citigroup	\$ 48,476	\$ 36,033	\$ 36,416	\$ 35,940	\$ 31,703
Allowance by type					
Consumer(9)	\$ 41,422	\$ 28,397	\$ 28,420	\$ 27,969	\$ 24,036
Corporate	7,324	7,636	7,996	7,971	7,667
Total Citigroup	\$ 48,746	\$ 36,033	\$ 36,416	\$ 35,940	\$ 31,703

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- (1) The first quarter of 2010 primarily includes \$13.4 billion related to the impact of consolidating entities in connection with Citi's adoption of SFAS 166/167 as of January 1, 2010 and reductions of approximately \$640 million related to the sale or transfer to held-for-sale of U.S. and U.K. real estate lending loans.
- (2) The fourth quarter of 2009 includes a reduction of approximately \$335 million related to securitizations and approximately \$400 million related to the sale or transfer to held-for-sale of U.S. real estate lending loans.
- (3) The third quarter of 2009 primarily includes a reduction to the credit loss reserves of \$562 million related to the transfer of the U.K. Cards portfolio to held-for-sale partially offset by increases related to FX translation.
- (4) The second quarter of 2009 primarily includes increases to the credit loss reserves primarily related to FX translation.
- (5) The first quarter of 2009 primarily includes reductions to the credit loss reserves of \$213 million related to securitizations and reductions of approximately \$320 million primarily related to FX translation.
- (6) Included in the allowance for loan losses are reserves for loans which have been subject to troubled debt restructurings (TDRs) of \$6,926 million, \$4,819 million, \$4,587 million, \$3,810 million and \$2,760 million as of March 31, 2010, December 31, 2009, September 30, 2009, June 30, 2009 and March 31, 2009, respectively.
- (7) Represents additional credit loss reserves for unfunded corporate lending commitments and letters of credit recorded in *Other Liabilities* on the Consolidated Balance Sheet.
- (8) Allowance for loan losses represents management's best estimate of probable losses inherent in the portfolio, as well as probable losses related to large individually evaluated impaired loans and 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.
- (9) Included in the first quarter of 2010 consumer loan loss reserve is \$21.7 billion related to Citi's global credit card portfolio and reflects the adoption of SFAS 166/167 as of January 1, 2010. See discussion on page 3 and Note 1 to the Consolidated Financial Statements.

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Non-Accrual Assets

The table below summarizes Citigroup's view of non-accrual loans as of the periods indicated. Non-accrual loans are loans in which the borrower has fallen behind in interest payments or, for corporate loans, where Citi has determined that the payment of interest or principal is doubtful, and which are therefore considered impaired. As discussed under "Loan Accounting Policies" above, in situations where Citi reasonably expects that only a portion of the principal and interest owed will ultimately be collected, all payments received are reflected as a reduction of principal and not as interest income. There is no industry-wide definition of non-accrual assets, however, and as such, analysis across the industry is not always comparable.

Corporate non-accrual loans may still be current on interest payments. Consistent with industry conventions, Citi generally accrues interest on credit card loans until such loans are charged-off, which typically occurs at 180 days' contractual delinquency. As such, the non-accrual loan disclosures in this section do not include credit card loans.

Non-accrual loans

<i>In millions of dollars</i>	1st Qtr. 2010	4th Qtr. 2009	3rd Qtr. 2009	2nd Qtr. 2009	1st Qtr. 2009
Citicorp	\$ 5,024	\$ 5,353	\$ 5,507	\$ 5,395	\$ 3,951
Citi Holdings	23,544	26,387	27,177	22,851	22,160
Total non-accrual loans (NAL)	\$ 28,568	\$ 31,740	\$ 32,684	\$ 28,246	\$ 26,111

Corporate non-accrual loans(1)

<i>North America</i>	\$ 5,660	\$ 5,621	\$ 5,263	\$ 3,499	\$ 3,789
<i>EMEA</i>	5,834	6,308	7,969	7,690	6,479
<i>Latin America</i>	608	569	416	230	300
<i>Asia</i>	830	981	1,061	1,056	635

	\$ 12,932	\$ 13,479	\$ 14,709	\$ 12,475	\$ 11,203
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Citicorp	\$ 2,975	\$ 3,238	\$ 3,300	\$ 3,159	\$ 1,935
Citi Holdings	9,957	10,241	11,409	9,316	9,268

	\$ 12,932	\$ 13,479	\$ 14,709	\$ 12,475	\$ 11,203
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Consumer non-accrual loans(1)

<i>North America</i>	\$ 12,966	\$ 15,111	\$ 14,609	\$ 12,154	\$ 11,687
<i>EMEA</i>	790	1,159	1,314	1,356	1,128
<i>Latin America</i>	1,246	1,340	1,342	1,520	1,338
<i>Asia</i>	634	651	710	741	755

	\$ 15,636	\$ 18,261	\$ 17,975	\$ 15,771	\$ 14,908
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Citicorp	\$ 2,049	\$ 2,115	\$ 2,207	\$ 2,236	\$ 2,016
Citi Holdings	13,587	16,146	15,768	13,535	12,892

	\$ 15,636	\$ 18,261	\$ 17,975	\$ 15,771	\$ 14,908
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(1)

Excludes purchased distressed loans as they are generally accreting interest. The carrying value of these loans was \$804 million at March 31, 2010, \$920 million at December 31, 2009, \$1.267 billion at September 30, 2009, \$1.509 billion at June 30, 2009, and \$1.328 billion at March 31, 2009.

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Non-Accrual Assets (continued)

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

OREO	1st Qtr. 2010	4th Qtr. 2009	3rd Qtr. 2009	2nd Qtr. 2009	1st Qtr. 2009
Citicorp	\$ 881	\$ 874	\$ 284	\$ 291	\$ 307
Citi Holdings	632	615	585	664	854
Corporate/Other	8	11	15	14	41
Total OREO	\$ 1,521	\$ 1,500	\$ 884	\$ 969	\$ 1,202
<i>North America</i>	\$ 1,291	\$ 1,294	\$ 682	\$ 789	\$ 1,115
<i>EMEA</i>	134	121	105	97	65
<i>Latin America</i>	51	45	40	29	20
<i>Asia</i>	45	40	57	54	2
	\$ 1,521	\$ 1,500	\$ 884	\$ 969	\$ 1,202
Other repossessed assets(1)	\$ 64	\$ 73	\$ 76	\$ 72	\$ 78

(1)

Primarily transportation equipment, carried at lower of cost or fair value, less costs to sell.

Non-accrual assets Total Citigroup	1st Qtr. 2010	4th Qtr. 2009	3rd Qtr. 2009	2nd Qtr. 2009	1st Qtr. 2009
Corporate non-accrual loans	\$ 12,932	\$ 13,479	\$ 14,709	\$ 12,475	\$ 11,203
Consumer non-accrual loans	15,636	18,261	17,975	15,771	14,908
Non-accrual loans (NAL)	\$ 28,568	\$ 31,740	\$ 32,684	\$ 28,246	\$ 26,111
OREO	\$ 1,521	\$ 1,500	\$ 884	\$ 969	\$ 1,202
Other repossessed assets	64	73	76	72	78
Non-accrual assets (NAA)	\$ 30,153	\$ 33,313	\$ 33,644	\$ 29,287	\$ 27,391
NAL as a percentage of total loans	3.96%	5.37%	5.25%	4.40%	3.97%
NAA as a percentage of total assets	1.51%	1.79%	1.78%	1.58%	1.50%
Allowance for loan losses as a percentage of NAL(1)	171%	114%	111%	127%	121%

(1)

The allowance for loan losses includes the allowance for credit card and purchased distressed loans, while the non-accrual loans exclude credit card balances and purchased distressed loans as these generally continue to accrue interest until write-off.

Non-accrual assets Total Citicorp	1st Qtr. 2010	4th Qtr. 2009	3rd Qtr. 2009	2nd Qtr. 2009	1st Qtr. 2009
Non-accrual loans (NAL)	\$ 5,024	\$ 5,353	\$ 5,507	\$ 5,395	\$ 3,951
OREO	881	874	284	291	307
Other repossessed assets	N/A	N/A	N/A	N/A	N/A
Non-accrual assets (NAA)	\$ 5,905	\$ 6,227	\$ 5,791	\$ 5,686	\$ 4,258

NAA as a percentage of total assets	0.48%	0.55%	0.54%	0.54%	0.42%
Allowance for loan losses as a percentage of NAL(1)	368%	200%	199%	198%	230%

Non-accrual assets Total Citi Holdings

Non-accrual loans (NAL)	\$ 23,544	\$ 26,387	\$ 27,177	\$ 22,851	\$ 22,160
OREO	632	615	585	664	854
Other repossessed assets	N/A	N/A	N/A	N/A	N/A

Non-accrual assets (NAA)	\$ 24,176	\$ 27,002	\$ 27,762	\$ 23,515	\$ 23,014
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NAA as a percentage of total assets	4.81%	5.54%	4.99%	4.04%	3.84%
Allowance for loan losses as a percentage of NAL(1)	128%	96%	94%	111%	102%

- (1) The allowance for loan losses includes the allowance for credit card (\$21.7 billion at March 31, 2010) and purchased distressed loans, while the non-accrual loans exclude credit card balances and purchased distressed loans as these generally continue to accrue interest until write-off.

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

Renegotiated Loans

<i>In millions of dollars at year end</i>	1st Qtr. 2010	4th Qtr. 2009
Renegotiated loans(1)(2)		
In U.S. offices	\$ 19,064	\$ 13,421
In offices outside the U.S.	3,919	3,643
	\$ 22,983	\$ 17,064

- (1) Smaller-balance, homogeneous renegotiated loans were derived from Citi's risk management systems.
- (2) Also includes Corporate and Commercial Business loans.

Table of Contents**Representations and Warranties**

When selling a loan, Citi makes various representations and warranties. In the event of a breach of these representations and warranties, Citi may be required to either repurchase the mortgage loans (generally at unpaid principal balance plus accrued interest), with the identified defects, or indemnify ("make whole") the investor or insurer. Citigroup's repurchases are primarily from Government Sponsored Entities. The specific representations and warranties made by Citi depend on the nature of the transaction and the requirements of the buyer. Market conditions and credit-ratings agency requirements may also affect representations and warranties and the other provisions Citi may agree to in loan sales. Citi has recorded a repurchase reserve that is included in *Other liabilities* in the Consolidated Balance Sheet. In the case of a repurchase, Citi will bear any subsequent credit loss on the mortgage loans.

Citi's representations and warranties are generally not subject to stated limits in amount or time of coverage. However, contractual liability arises only when the representations and warranties are breached and generally only when a loss results from the breach. In the case of a repurchase, the loan is typically considered a credit-impaired loan and accounted for under SOP 03-3, "Accounting for Certain Loans and Debt Securities, Acquired in a Transfer" (now incorporated into ASC 310-30, *Receivables - Loans and Debt Securities Acquired with Deteriorated Credit Quality*). These repurchases have not had a material impact on nonperforming loan statistics because credit-impaired purchased SOP 03-3 loans are not included in nonaccrual loans.

In the case of a repurchase of a credit-impaired SOP 03-3 loan, the difference between the loan's fair value and unpaid principal balance at the time of the repurchase is recorded as a utilization of the repurchase reserve. Payments to make the investor whole are also treated as utilizations and charged directly against the reserve. The provision for estimated probable losses arising from loan sales is recorded as an adjustment to the gain on sale, which is included in *Other revenue* in the Consolidated Statement of Income. A liability for representations and warranties is estimated when Citi sells loans and is updated quarterly. Any change in estimate is recorded in *Other revenue* in the Consolidated Statement of Income.

The activity in the repurchase reserve for the quarters ended March 31, 2010 and March 31, 2009 is as follows:

<i>In millions of dollars</i>	2010	2009
Balance, beginning of period	\$ 482	\$ 75
Additions for new sales	5	5
Change in estimate		171
Utilizations	(37)	(33)
Balance, end of period	\$ 450	\$ 218

Table of Contents**Consumer Loan Details****Consumer Loan Delinquency Amounts and Ratios**

<i>In millions of dollars, except EOP loan amounts in billions</i>	Total loans(6)		90+ days past due(1)			30-89 days past due(1)		
	Mar. 2010	Mar. 2010	Dec. 2009	Mar. 2009	Mar. 2009	Mar. 2010	Dec. 2009	Mar. 2009
Citicorp								
Total	\$ 220.8	\$ 4,005	\$ 4,070	\$ 3,939	\$ 4,289	\$ 4,252	\$ 4,649	
Ratio		1.81%	1.81%	1.86%	1.94%	1.89%	2.19%	
Retail Bank								
Total	110.6	863	784	700	1,197	1,021	1,111	
Ratio		0.78%	0.73%	0.69%	1.08%	0.95%	1.10%	
North America	31.5	142	106	99	236	81	92	
Ratio		0.45%	0.33%	0.29%	0.75%	0.25%	0.27%	
EMEA	4.9	52	60	58	182	203	213	
Ratio		1.06%	1.15%	1.06%	3.71%	3.90%	3.87%	
Latin America	19.4	433	382	280	357	300	290	
Ratio		2.23%	2.10%	1.82%	1.84%	1.65%	1.88%	
Asia	54.8	236	236	263	422	437	516	
Ratio		0.43%	0.46%	0.57%	0.77%	0.85%	1.12%	
Citi-Branded Cards(2)(3)								
Total	110.2	3,142	3,286	3,239	3,092	3,231	3,538	
Ratio		2.85%	2.80%	2.92%	2.81%	2.75%	3.19%	
North America	77.7	2,304	2,371	2,307	2,145	2,182	2,337	
Ratio		2.96%	2.82%	2.82%	2.76%	2.59%	2.86%	
EMEA	2.9	77	85	58	113	140	131	
Ratio		2.66%	2.82%	2.33%	3.91%	4.67%	5.24%	
Latin America	12.1	497	553	555	473	556	683	
Ratio		4.11%	4.46%	4.91%	3.91%	4.48%	6.04%	
Asia	17.5	264	277	319	361	353	387	
Ratio		1.51%	1.55%	2.07%	2.06%	1.97%	2.51%	
Citi Holdings Local Consumer Lending								
Total	308.9	16,808	18,457	15,478	11,836	13,945	14,058	
Ratio		5.66%	6.11%	4.54%	3.99%	4.62%	4.12%	
International	27.7	953	1,362	1,380	1,059	1,482	1,964	
Ratio		3.44%	4.22%	3.59%	3.82%	4.59%	5.11%	
North America retail partners cards(2)(3)	54.5	2,385	2,681	2,791	2,374	2,674	2,826	
Ratio		4.38%	4.42%	4.36%	4.36%	4.41%	4.42%	
North America (excluding cards)(4)(5)	226.7	13,470	14,414	11,307	8,403	9,789	9,268	
Ratio		6.27%	6.89%	4.74%	3.91%	4.68%	3.88%	
Total Citigroup (excluding Special Asset Pool)								
	\$ 529.7	\$ 20,813	\$ 22,527	\$ 19,417	\$ 16,125	\$ 18,197	\$ 18,707	
Ratio		4.02%	4.28%	3.51%	3.11%	3.46%	3.38%	

(1) The ratios of 90 days or more past due and 30 to 89 days past due are calculated based on end-of-period loans.

(2) The 90 days or more past due balances for Citi-branded cards and retail partners cards are generally still accruing interest. Citigroup's policy is generally to accrue interest on credit card loans until 180 days past due, unless notification of bankruptcy filing has been

received earlier.

- (3) The above information presents consumer credit information on a managed basis. Citigroup adopted SFAS 166/167 effective January 1, 2010. As a result, beginning in the first quarter of 2010, there is no longer a difference between reported and managed delinquencies. Prior quarters' managed delinquencies are included herein for comparative purposes to the 2010 first quarter delinquencies. Managed basis reporting historically impacted the *North America Regional Consumer Banking* Citi-branded cards and the *Local Consumer Lending* retail partner cards businesses. The historical disclosures reflect the impact from credit card securitizations only. See discussion of adoption of SFAS 166/167 on page 3 and Note 1 to the Consolidated Financial Statements.
- (4) The 90 or more and 30 to 89 days past due and related ratio for *North America LCL* (excluding cards) excludes U.S. mortgage loans that are guaranteed by U.S. government sponsored agencies since the potential loss predominantly resides within the U.S. agencies. The amounts excluded for loans 90 days or more past due and (end-of-period loans) for each period are: \$5.2 billion (\$9.0 billion), \$5.4 billion (\$9.0 billion), and \$3.6 billion (\$7.1 billion) as of March 31, 2010, December 31, 2009 and March 31, 2009, respectively. The amounts excluded for loans 30 to 89 days past due (end-of-period loans have the same adjustment as above) for each period are: \$1.2 billion, \$1.0 billion, and \$0.6 billion, as of March 31, 2010, December 31, 2009 and March 31, 2009, respectively.
- (5) The March 31, 2010 loans 90 days or more past due and 30-89 days or more past due and related ratios for North America (ex Cards) excludes \$2.9 billion of loans that are carried at fair value.
- (6) Total loans include interest and fees on credit cards.

Table of Contents**Consumer Loan Net Credit Losses and Ratios**

<i>In millions of dollars, except average loan amounts in billions</i>	Average loans(1)	Net credit losses(2)		
	1Q10	1Q10	4Q09	1Q09
Citicorp				
Total	\$ 221.5	\$ 3,040	\$ 1,388	\$ 1,174
Add: impact of credit card securitizations(3)			1,727	1,491
Managed NCL		\$ 3,040	\$ 3,115	\$ 2,665
Ratio		5.57%	5.50%	5.06%
Retail Bank				
Total	109.5	289	409	338
Ratio		1.07%	1.49%	1.36%
North America	32.2	73	88	56
Ratio		0.94%	1.04%	0.66%
EMEA	5.0	47	84	60
Ratio		3.88%	5.99%	4.50%
Latin America	18.5	91	149	112
Ratio		1.96%	3.31%	2.96%
Asia	53.8	78	88	110
Ratio		0.60%	0.68%	0.98%
Citi-Branded Cards				
Total	112.0	2,751	979	836
Add: impact of credit card securitizations(3)			1,727	1,491
Managed NCL		2,751	2,706	2,327
Ratio		9.96%	9.27%	8.40%
North America	79.2	2,084	220	201
Add: impact of credit card securitizations(3)			1,727	1,491
Managed NCL		2,084	1,947	1,692
Ratio		10.67%	9.30%	8.27%
EMEA	2.9	50	54	29
Ratio		6.97%	7.13%	4.68%
Latin America	12.1	418	476	429
Ratio		14.03%	15.37%	15.30%
Asia	17.8	199	229	177
Ratio		4.50%	5.20%	4.60%
Citi Holdings Local Consumer Lending				
Total	318.0	4,938	4,612	4,517
Add: impact of credit card securitizations(3)			1,118	1,057
Managed NCL		4,938	5,730	5,574
Ratio		6.30%	7.12%	6.36%
International	30.0	612	784	818
Ratio		8.27%	8.74%	8.44%
North America retail partners cards	57.1	1,932	845	901
Add: impact of credit card securitizations(3)			1,118	1,057
Managed NCL		1,932	1,963	1,958
Ratio		13.72%	12.81%	11.98%
North America (excluding cards)	230.9	2,394	2,983	2,798
Ratio		4.20%	5.31%	4.54%
Total Citigroup (excluding Special Asset Pool)				
	\$ 539.5	\$ 7,978	\$ 6,000	\$ 5,691
Add: impact of credit card securitizations(3)			2,845	2,548
Managed NCL		7,978	8,845	8,239
Ratio		6.00%	6.45%	5.87%

(1)

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Average loans include interest and fees on credit cards.

- (2) The ratios of net credit losses are calculated based on average loans, net of unearned income.
- (3) See page 3 and Note 1 to the Consolidated Financial Statements for a discussion of the impact of SFAS 166/167.

Table of Contents**Consumer Loan Modification Programs**

Citigroup has instituted a variety of modification programs to assist borrowers with financial difficulties. These programs include modifying the original loan terms, reducing interest rates, extending the remaining loan duration and/or waiving a portion of the remaining principal balance. At March 31, 2010, Citi's programs consist of the U.S. Treasury's Home Affordable Modification Program (HAMP), as well as short-term forbearance and long-term modification programs, each summarized below.

HAMP. The HAMP is designed to reduce monthly first mortgage payments to a 31% housing debt ratio by lowering the interest rate, extending the term of the loan and forbearing principal of certain eligible borrowers who have defaulted on their mortgages or who are at risk of imminent default due to economic hardship. In order to be entitled to loan modifications, borrowers must complete a three- to five-month trial period, make the agreed payments and provide the required documentation. Beginning March 1, 2010, documentation is required to be provided prior to beginning the trial period, whereas prior to that date, it was required to be provided before the end of the trial period. This change generally means that Citi is able to verify income up front for potential HAMP participants before they begin making lower monthly payments. Citi currently believes this change will limit the number of borrowers who ultimately fall out from the trials and potentially mitigates the impact of HAMP trial participants on early bucket delinquency data.

During the trial period, Citi requires that the original terms of the loans remain in effect pending completion of the modification. As of March 31, 2010, approximately \$6.1 billion of first mortgages were enrolled in the HAMP trial period, while \$1.5 billion have successfully completed the trial period. Upon completion of the trial period, the terms of the loan are contractually modified, and it is accounted for as a "troubled debt restructuring" (see "Long-term programs" below). For additional information on HAMP, see "U.S. Consumer Mortgage Lending" below.

Citi also recently agreed to participate in the U.S. Treasury's HAMP second mortgage program, which requires Citi to either: (1) modify the borrower's second mortgage according to a defined protocol; or (2) accept a lump sum payment from the U.S. Treasury in exchange for full extinguishment of the second mortgage. For a borrower to qualify, the borrower must have successfully modified his/her first mortgage under the HAMP and met other criteria.

Short-term programs. Citigroup has also instituted interest rate reduction programs (primarily in the U.S.) to assist borrowers experiencing temporary hardships. These programs include short-term (12 months or less) interest rate reductions and deferrals of past due payments. The loan volume under these short-term programs increased significantly during 2009, and loan loss reserves for these loans have been enhanced, giving consideration to the higher risk associated with those borrowers and reflecting the estimated future credit losses for those loans. See "Loan Accounting Policies" above for a further discussion of the allowance for loan losses for such modified loans.

The following table presents the amounts of gross loans modified under short-term interest rate reduction programs in the U.S. (excluding HAMP trial modifications) as of March 31, 2010.

<i>In millions of dollars</i>	March 31, 2010	
	Accrual	Non-accrual
Mortgage and real estate	\$ 2,505	\$ 34
Cards	3,800	
Installment and other	1,599	9

Long-term programs. Long-term modification programs or troubled debt restructurings (TDRs) occur when the terms of a loan have been modified due to the borrowers' financial difficulties and a long-term concession has been granted to the borrower. Substantially all programs in place provide permanent interest rate reductions. See "Loan Accounting Policies" above for a discussion of the allowance for loan losses for such modified loans.

The following table presents these TDRs as of March 31, 2010 and December 31, 2009:

<i>In millions of dollars</i>	Accrual		Non-accrual	
	Mar. 31, 2010	Dec. 31, 2009	Mar. 31, 2010	Dec. 31, 2009
Mortgage and real estate	\$ 11,596	\$ 8,654	\$ 2,007	\$ 1,413
Cards	5,004	2,303	22	150
Installment and other	3,515	3,128	432	250

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Payment deferrals that do not continue to accrue interest primarily occur in the U.S. residential mortgage business. Other payment deferrals continue to accrue interest and are not deemed to offer concessions to the customer. Other types of concessions are not material.

As discussed in more detail in "U.S. Consumer Mortgage Lending" and "North America Cards" below, the measurement of the success of Citi's loan modification programs varies by program objectives, type of loan, geography, and other factors. Citigroup uses a variety of metrics to evaluate success, including re-default rates and balance reduction trends. These metrics may be compared against the performance of similarly situated customers who did not receive concessions.

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U.S. Consumer Mortgage Lending

Overview

Citi's North America consumer mortgage portfolio consists of both first lien and second lien mortgages. As of March 31, 2010, the first lien mortgage portfolio totaled approximately \$116 billion while the second lien mortgage portfolio was approximately \$55 billion. Although the majority of the mortgage portfolio is managed by *LCL* within Citi Holdings, there are \$19 billion of first lien mortgages and \$5 billion of second lien mortgages reported in Citicorp.

Citi's first lien mortgage portfolio includes \$9.4 billion of loans with Federal Housing Administration or Veterans Administration guarantees. These portfolios consist of loans originated to low-to-moderate-income borrowers with lower FICO (Fair Isaac Corporation) scores and generally have higher loan-to-value ratios (LTVs). These loans have high delinquency rates but, given the guarantees, Citi has experienced negligible credit losses on these loans. The first lien mortgage portfolio also includes \$1.7 billion of loans with LTVs above 80%, which have insurance through private mortgage insurance (PMI) companies, and \$3.5 billion of loans subject to Long-Term Standby Commitments⁽¹⁾ with U.S. government sponsored enterprises (GSEs), for which Citi has limited exposure to credit losses.

Citi's second lien mortgage portfolio includes \$1.7 billion of loans subject to LTSCs with GSEs, for which Citi has limited exposure to credit losses.

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

Consumer Mortgage Quarterly Trends Delinquencies and Net Credit Losses

The following charts detail the quarterly trends in delinquencies and net credit losses for the Citi's first and second North America consumer mortgage portfolios.

In the first mortgage portfolio, both delinquencies and net credit losses are impacted by the HAMP trial loans and the growing backlog of foreclosures in process. The growing amount of foreclosures in process, which is related to an industry-wide phenomenon resulting from foreclosure moratoria and other efforts to prevent or forestall foreclosure, have specific implications on the portfolio:

It tends to inflate the amount of 180+ day delinquencies in our mortgage statistics.

It can result in increasing levels of consumer non-accrual loans, as we are unable to take possession of the underlying assets and sell these properties on a timely basis.

It may have a dampening effect on net interest margin (NIM) as non-accrual assets build on the company's balance sheet.

As discussed in "Consumer Loan Modification Programs" above, Citigroup also offers short-term and long-term real estate loan modification programs. Citi monitors the performance of its real estate loan modification programs by tracking credit loss rates by vintage. At 18 months after modifying an account, in Citi's experience to date, credit loss rates are typically reduced by approximately one-third compared to similar accounts that were not modified.

Currently, Citi's efforts are concentrated on the HAMP. Contractual modifications of loans that successfully completed the HAMP trial period began in September 2009; accordingly, this is the earliest HAMP vintage available for comparison. While still early, and while Citi continues to evaluate the impact of HAMP, Citi's experience to date is that re-default rates are likely to be lower for HAMP modified loans as compared to non-HAMP programs.

As previously disclosed, loans in the HAMP trial modification period that do not make their original contractual payment are reported as delinquent, even if the reduced payments agreed to under the program are made by the borrower. Upon conclusion of the trial period, loans that are not modified permanently are returned to the delinquency status in which they began their trial period, adjusted for the number of payments received during trial period. If the loans are modified permanently, they will be returned to current status.

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Citigroup believes that the success rate of the HAMP will be a key factor influencing net credit losses from delinquent first mortgage loans, at least during the first half of 2010, and the outcome of the program will largely depend on the success rates of borrowers completing the trial period and meeting the documentation requirements.

As set forth in the charts below, both first and second mortgages experienced lower net credit losses and lower 90 days or more delinquencies in the first quarter of 2010. Net credit losses on first mortgages declined during the quarter, primarily due to HAMP loan conversions, an improvement in loan loss severity and approximately \$1 billion of asset sales during the quarter. As of March 31, 2010, over \$2 billion of HAMP trial modifications in Citi's on-balance sheet portfolio were converted to permanent modifications (including \$1.5 billion of HAMP modifications).

For second mortgages, the net credit loss decrease during the quarter was driven by roll rate improvement.

(1)

A Long-Term Standby Commitment (LTSC) is a structured transaction in which Citi transfers the credit risk of certain eligible loans to an investor in exchange for a fee. These loans remain on balance sheet unless they reach a certain delinquency level (between 120 and 180 days), in which case the LTSC investor is required to buy the loan at par.

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Note: Includes loans for Canada and Puerto Rico. Loans 90 days or more past due exclude loans recorded at fair value and U.S. mortgage loans that are guaranteed by U.S. government-sponsored agencies because the potential loss predominately resides with the U.S. agencies.

Note: Includes loans for Canada and Puerto Rico. Loans 90 days or more past due exclude loans recorded at fair value and U.S. mortgage loans that are guaranteed by U.S. government-sponsored agencies because the potential loss predominately resides with the U.S. agencies.

Table of Contents*Consumer Mortgage FICO and LTV*

Data appearing in the tables below have been sourced from Citigroup'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 the information presented elsewhere.

Citi's credit risk policy is not to offer option adjustable rate mortgages (ARMs)/negative amortizing mortgage products to its customers. As a result, option ARMs/negative amortizing mortgages represent an insignificant portion of total balances that were acquired only incidentally as part of prior portfolio and business purchases.

A portion of loans in the U.S. consumer mortgage portfolio currently requires a payment to satisfy only the current accrued interest for the payment period, or an interest only payment. Citi's mortgage portfolio includes approximately \$29 billion of first and second lien home equity lines of credit (HELOCs) that are still within their revolving period and have not commenced amortization. The interest only payment feature during the revolving period is standard for the HELOC product across the industry. The first mortgage portfolio contains approximately \$33 billion of ARMs that are currently required to make an interest only payment. These loans will be required to make a fully amortizing payment upon expiration of their interest only payment period, and most will do so within a few years of origination. Borrowers that are currently required to make an interest only payment cannot select a lower payment that would negatively amortize the loan. First mortgage loans with this payment feature are primarily to high credit quality borrowers that have on average significantly higher refreshed FICO scores than other loans in the first mortgage portfolio.

Loan Balances

First Mortgages Loan Balances. As a consequence of the difficult economic environment and the decrease in housing prices, LTV and FICO scores have deteriorated since origination as depicted in the table below. On a refreshed basis, approximately 28% of first lien mortgages had a LTV ratio above 100%, compared to approximately 0% at origination. Approximately 30% of the first lien mortgages had FICO scores less than 620 on a refreshed basis, compared to 15% at origination.

Balances: March 31, 2010 First Lien Mortgages

At Origination	FICO≥660	620≤FICO<660	FICO<620
LTV ≤ 80%	59%	6%	7%
80% < LTV ≤ 100%	13%	7%	8%
LTV > 100%	N.M.	N.M.	N.M.

Refreshed	FICO≥660	620≤FICO<660	FICO<620
LTV ≤ 80%	28%	4%	10%
80% < LTV ≤ 100%	17%	3%	10%
LTV > 100%	15%	3%	10%

Note: N.M. Not meaningful. First lien mortgage table excludes loans in Canada and Puerto Rico. Table excludes loans guaranteed by U.S. government sponsored agencies, loans recorded at fair value and loans subject to LTSCs. Table also excludes \$1.8 billion from At Origination balances and \$0.6 billion from Refreshed balances for which FICO or LTV data was unavailable. Balances exclude deferred fees/costs. Refreshed FICO scores based on updated credit scores obtained from Fair Isaac Corporation. Refreshed LTV ratios are derived from data at origination updated using mainly the Loan Performance Price Index or the Federal Housing Finance Agency Price Index.

Second Mortgages Loan Balances. In the second lien mortgage portfolio, the majority of loans are in the higher FICO categories. The challenging economic conditions have caused a migration towards lower FICO scores and higher LTV ratios. Approximately 48% of that portfolio had refreshed LTVs above 100%, compared to approximately 0% at origination. Approximately 18% of second lien mortgages had FICO scores less than 620 on a refreshed basis, compared to 3% at origination.

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At Origination	FICO \geq 660	620 \leq FICO<660	FICO<620
LTV \leq 80%	49%	2%	2%
80% < LTV \leq 100%	43%	3%	1%
LTV > 100%	N.M.	N.M.	N.M.

Refreshed	FICO \geq 660	620 \leq FICO<660	FICO<620
LTV \leq 80%	22%	1%	3%
80% < LTV \leq 100%	20%	2%	4%
LTV > 100%	33%	4%	11%

Note: N.M. Not meaningful. Second lien mortgage table excludes loans in Canada and Puerto Rico. Table excludes loans recorded at fair value and loans subject to LTSCs. Table also excludes \$1.6 billion from At Origination balances and \$0.4 billion from Refreshed balances for which FICO or LTV data was unavailable. Refreshed FICO scores based on updated credit scores obtained from Fair Isaac Corporation. Refreshed LTV ratios are derived from data at origination updated using mainly the Loan Performance Price Index or the Federal Housing Finance Agency Price Index.

Delinquencies

The tables below provide delinquency statistics for loans 90 or more days past due (90+DPD), as a percentage of outstandings in each of the FICO/LTV combinations, in both the first lien and second lien mortgage portfolios. For example, loans with FICO \geq 660 and LTV \leq 80% at origination have a 90+DPD rate of 6.9%.

Loans with FICO scores of less than 620 exhibit significantly higher delinquencies than in any other FICO band. Similarly, loans with LTVs greater than 100% have higher delinquencies than LTVs of less than or equal to 100%.

Delinquencies: 90+DPD Rates First Lien Mortgages

At Origination	FICO \geq 660	620 \leq FICO<660	FICO<620
LTV \leq 80%	6.9%	12.5%	13.5%
80% < LTV \leq 100%	9.5%	15.7%	19.2%
LTV > 100%	N.M.	N.M.	N.M.

Refreshed	FICO \geq 660	620 \leq FICO<660	FICO<620
LTV \leq 80%	0.2%	3.5%	16.9%
80% < LTV \leq 100%	0.6%	8.5%	25.9%
LTV > 100%	1.7%	20.3%	36.7%

Note: 90+DPD are based on balances referenced in the tables above.

Delinquencies: 90+DPD Rates Second Lien Mortgages

At Origination	FICO \geq 660	620 \leq FICO<660	FICO<620
LTV \leq 80%	1.6%	4.9%	5.5%
80% < LTV \leq 100%	3.8%	4.9%	7.0%
LTV > 100%	N.M.	N.M.	N.M.

Refreshed	FICO \geq 660	620 \leq FICO<660	FICO<620
LTV \leq 80%	0.0%	1.5%	8.4%
80% < LTV \leq 100%	0.1%	1.4%	9.5%
LTV > 100%	0.4%	3.6%	17.0%

Note: 90+DPD are based on balances referenced in the tables above.

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Origination Channel, Geographic Distribution and Origination Vintage

The following tables detail Citi's first and second lien U.S. consumer mortgage portfolio by origination channels, geographic distribution and origination vintage.

By Origination Channel

Citi's U.S. consumer mortgage portfolio has been originated from three main channels: retail, broker and correspondent.

Retail: loans originated through a direct relationship with the borrower.

Broker: loans originated through a mortgage broker, where Citi underwrites the loan directly with the borrower.

Correspondent: loans originated and funded by a third party, where Citi purchases the closed loans after the correspondent has funded the loan. This channel includes loans acquired in large bulk purchases from other mortgage originators primarily in 2006 and 2007. Such bulk purchases were discontinued in 2007.

First Lien Mortgages: March 31, 2010

As of March 31, 2010, approximately 54% of the first lien mortgage portfolio was originated through third-party channels. Given that loans originated through correspondents have exhibited higher 90+DPD delinquency rates than retail originated mortgages, Citi terminated business with a number of correspondent sellers in 2007 and 2008. During 2008, Citi also severed relationships with a number of brokers, only maintaining those who have produced strong, high-quality and profitable volume.

CHANNEL <i>(\$ in billions)</i>	First Lien Mortgages	Channel % Total	90+DPD %	*FICO < 620	*LTV > 100%
Retail	\$ 46.6	45.9%	5.4%	\$ 14.2	\$ 9.2
Broker	\$ 17.8	17.6%	9.6%	\$ 3.4	\$ 6.4
Correspondent	\$ 37.2	36.6%	14.8%	\$ 13.1	\$ 13.4

*

Refreshed FICO and LTV.

Note: First lien mortgage table excludes Canada and Puerto Rico, deferred fees/costs, loans recorded at fair value, loans guaranteed by U.S. government sponsored agencies and loans subject to LTSCs.

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Second Lien Mortgages: March 31, 2010

For second lien mortgages, approximately 48% of the loans were originated through third-party channels. As these mortgages have demonstrated a higher incidence of delinquencies, Citi no longer originates second mortgages through third-party channels.

CHANNEL (\$ in billions)	Second Lien Mortgages	Channel % Total	90+DPD %	*FICO < 620	*LTV > 100%
Retail	\$ 24.5	51.6%	1.7%	\$ 3.9	\$ 8.0
Broker	\$ 11.9	25.0%	3.8%	\$ 2.1	\$ 7.8
Correspondent	\$ 11.1	23.5%	4.4%	\$ 2.7	\$ 7.0

*

Refreshed FICO and LTV.

Note: Excludes Canada and Puerto Rico, loans recorded at fair value and loans subject to LTSCs.

By State

Approximately half of the Citi's U.S. consumer mortgage portfolio is located in five states: California, New York, Florida, Illinois and Texas. Those states represent 50% of first lien mortgages and 55% of second lien mortgages.

Florida and Illinois have above average 90+DPD delinquency rates. Florida has 59% of its first mortgage lien portfolio with refreshed LTV>100%, compared to 29% overall for first lien mortgages. Illinois has 39% of its loan portfolio with refreshed LTV>100%. Texas, despite having 41% of its portfolio with FICO<620, has a lower delinquency rate relative to the overall portfolio. Texas has less than 1% of its loan portfolio with refreshed LTV>100%.

First Lien Mortgages: March 31, 2010

STATES (\$ in billions)	First Lien Mortgages	State % Total	90+DPD %	*FICO < 620	*LTV > 100%
California	\$ 28.0	27.5%	8.9%	\$ 4.6	\$ 13.1
New York	\$ 8.4	8.2%	6.8%	\$ 1.6	\$ 0.4
Florida	\$ 6.1	6.0%	15.2%	\$ 2.3	\$ 3.6
Illinois	\$ 4.2	4.2%	11.6%	\$ 1.4	\$ 1.6
Texas	\$ 4.1	4.0%	6.2%	\$ 1.7	\$ 0.0
Others	\$ 50.8	50.0%	9.8%	\$ 19.2	\$ 10.2

*

Refreshed FICO and LTV.

Note: First lien mortgage table excludes Canada and Puerto Rico, deferred fees/costs, loans recorded at fair value, loans guaranteed by U.S. government sponsored agencies and loans subject to LTSCs.

In the second lien mortgage portfolio, Florida continues to experience above-average delinquencies, with approximately 76% of their loans with LTV > 100% compared to 48% overall for second lien mortgages.

Second Lien Mortgages: March 31, 2010

STATES (\$ in billions)	Second Lien Mortgages	State % Total	90+DPD %	*FICO < 620	*LTV > 100%
California	\$ 13.2	27.9%	3.2%	\$ 1.9	\$ 8.0
New York	\$ 6.4	13.6%	2.1%	\$ 0.9	\$ 1.4
Florida	\$ 3.1	6.5%	4.9%	\$ 0.7	\$ 2.3
Illinois	\$ 1.8	3.9%	2.6%	\$ 0.4	\$ 1.2

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Texas	\$	1.3	2.8%	1.4%	\$	0.2	\$	0.0
Others	\$	21.6	45.4%	2.8%	\$	4.7	\$	9.9

*

Refreshed FICO and LTV.

Note: Excludes Canada and Puerto Rico, loans recorded at fair value and loans subject to LTSCs.

By Vintage

For Citigroup's combined U.S. consumer mortgage portfolio (first and second lien mortgages), approximately half of the portfolio consists of 2006 and 2007 vintages, which demonstrate above average delinquencies. In first mortgages, approximately 43% of the portfolio is of 2006 and 2007 vintages, which have 90+DPD rates well above the overall portfolio rate. In second mortgages, 62% of the portfolio is of 2006 and 2007 vintages, which again have higher delinquencies compared to the overall portfolio rate.

First Lien Mortgages: March 31, 2010

VINTAGES (\$ in billions)	First Lien Mortgages	Vintage % Total	90+DPD %	*FICO < 620	*LTV > 100%
2010	\$ 0.4	0.4%	0.2%	\$ 0.1	\$ 0.0
2009	\$ 4.4	4.3%	0.8%	\$ 0.6	\$ 0.3
2008	\$ 13.1	12.9%	5.3%	\$ 3.0	\$ 2.5
2007	\$ 25.6	25.2%	14.8%	\$ 9.7	\$ 11.4
2006	\$ 18.3	18.0%	12.6%	\$ 6.0	\$ 8.0
2005	\$ 17.5	17.3%	7.4%	\$ 4.2	\$ 5.6
≤ 2004	\$ 22.2	21.9%	7.1%	\$ 7.1	\$ 1.2

*

Refreshed FICO and LTV.

Note: First lien mortgage table excludes Canada and Puerto Rico, deferred fees/costs, loans recorded at fair value, loans guaranteed by U.S. government sponsored agencies and loans subject to LTSCs.

Table of Contents**Second Lien Mortgages: March 31, 2010**

VINTAGES (\$ in billions)	Second Lien Mortgages	Vintage % Total	90+DPD %	*FICO < 620	*LTV > 100%
2010	\$ 0.1	0.1%	N.M.	\$ 0.0	\$ 0.0
2009	\$ 0.6	1.3%	0.2%	\$ 0.0	\$ 0.0
2008	\$ 4.2	8.8%	1.2%	\$ 0.6	\$ 0.9
2007	\$ 14.0	29.5%	3.4%	\$ 2.9	\$ 7.8
2006	\$ 15.4	32.4%	3.4%	\$ 3.1	\$ 9.3
2005	\$ 9.1	19.3%	2.6%	\$ 1.4	\$ 4.2
≤ 2004	\$ 4.1	8.7%	1.8%	\$ 0.7	\$ 0.6

*

Refreshed FICO and LTV.

Note: Excludes Canada and Puerto Rico, loans recorded at fair value and loans subject to LTSCs.

North America Cards*Overview*

Citi's North America cards portfolio consists of our Citi-branded and retail partner cards portfolios located in Citicorp *Regional Consumer Banking* and Citi Holdings *Local Consumer Lending*, respectively. As of March 31, 2010, the Citi-branded portfolio totaled approximately \$78 billion while the retail partner cards portfolio was approximately \$55 billion.

The following charts detail the quarterly trends in delinquencies and net credit losses for Citigroup's *North America* Citi-branded and retail partner cards portfolios.

During the first quarter of 2010, Citi continued to see stable to improving trends across both portfolios. In Citi-branded cards, higher delinquencies in the fourth quarter of 2009 created an expected increase in net credit losses in the first quarter of 2010. However, dollar delinquencies declined in the first quarter of 2010. On a percentage basis, delinquencies were up in Citi-branded cards due to declining loan balances. In retail partner cards, net credit losses declined for the third consecutive quarter, driven by loss mitigation efforts and declining loan balances. Delinquencies also improved in the first quarter.

In each of the two portfolios, Citi continues to actively eliminate riskier accounts to mitigate losses. First, higher risk customers have been removed from the portfolio by either reducing available lines of credit or closing accounts. On a net basis, end of period open accounts are down 15% in Citi-branded cards and down 12% in retail partner cards versus prior year levels. In addition, Citi has improved the tools used to identify and manage exposure in each of the portfolios by targeting unique customer attributes.

In Citi's experience to date, these portfolios have significantly different characteristics:

Citi-branded cards tend to have a longer estimated account life, with higher credit lines and balances reflecting the greater utility of a multi-purpose credit card.

Retail partner cards tend to have a shorter account life, with smaller credit lines and balances. The account portfolio, by nature, turns faster and the loan balances reflect more recent vintages.

As a result, loss mitigation efforts, such as stricter underwriting standards for new accounts, decreasing higher risk credit lines, closing high risk accounts and re-pricing, tend to affect the retail partner cards portfolio faster than the branded portfolio.

In addition to tightening credit standards, Citi also continues to pursue other loss mitigation efforts, including improvements in collections effectiveness and various modification programs, described below. Citi believes modification programs can help to improve the longer-term quality of these accounts.

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Specifically, Citigroup offers both short-term and long-term modification programs to its credit card customers, primarily in the U.S. The short-term U.S. programs provide interest rate reductions for up to 12 months, while the long-term programs provide interest rate reductions for up to five years. In both types of U.S. programs, the annual percentage rate (APR) is typically reduced to below 10%.

Citigroup monitors the performance of these U.S. credit card short-term and long-term modification programs by tracking cumulative loss rates by vintages (when customers enter a program) and comparing that performance with that of similar accounts whose terms were not modified. For example, for U.S. credit cards, in Citi's experience to date, at 24 months after modifying an account, Citi typically reduces credit losses by approximately one-third compared to similar accounts that were not modified. Citi has observed that this improved performance of modified loans relative to those not modified is generally greatest during the first 12 months after modification. Following that period, losses have tended to increase but have typically stabilized at levels which are still below those for similar loans that were not modified, resulting in an improved cumulative loss performance. To date, Citi has tended to see that this benefit is sustained over time across our U.S. credit card portfolios.

Overall, however, Citi remains cautious and currently believes that net credit losses in each of the cards portfolios will continue to remain at elevated levels and will continue to be highly dependent on the external environment and industry changes, including continued implementation of the CARD Act.

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Note: Includes Puerto Rico.

Note: Includes Canada and Puerto Rico. Includes Installment Lending.

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North America Cards FICO Information

As set forth in the table below, approximately 72% of the Citi-branded portfolio had FICO credit scores of at least 660 on a refreshed basis as of March 31, 2010, while 62% of the retail partner cards portfolio had scores above 660.

Balances: March 31, 2010

Refreshed	Citi Branded	Retail Partners
FICO ≥ 660	72%	62%
620 ≤ FICO < 660	11%	13%
FICO < 620	17%	25%

Note: Based on balances of \$123 billion. Balances include interest and fees. Excludes Canada, Puerto Rico and Installment and Classified portfolios. Excludes balances where FICO was unavailable (\$2.4 billion for Citi-branded, \$2.1 billion for retail partner cards).

The table below provides delinquency statistics for loans 90+DPD for both the Citi-branded and retail partner cards portfolios as of March 31, 2010. Given the economic environment, customers have migrated down from higher FICO score ranges, driven by their delinquencies with Citi and/or with other creditors. As these customers roll through the delinquency buckets, they materially damage their credit score and may ultimately go to charge-off. Loans 90+DPD are more likely to be associated with low refreshed FICO scores both because low scores are indicative of repayment risk and because their delinquency has been reported by Citigroup to the credit bureaus. Loans with FICO scores less than 620, which constitute 17% of the Citi-branded portfolio, have a 90+DPD rate of 16.7%; in the retail partner cards portfolio, loans with FICO scores less than 620 constitute 25% of the portfolio and have a 90+DPD rate of 17.4%.

90+DPD Delinquency Rate: March 31, 2010

Refreshed	Citi Branded 90+DPD %	Retail Partners 90+DPD %
FICO ≥ 660	0.1%	0.2%
620 ≤ FICO < 660	0.6%	0.7%
FICO < 620	16.7%	17.4%

Note: Based on balances of \$123 billion. Balances include interest and fees. Excludes Canada, Puerto Rico and Installment and Classified portfolios.

U.S. Installment and Other Revolving Loans

In the table below, the U.S. installment portfolio consists of consumer loans in the following businesses: Consumer Finance, Retail Banking, Auto, Student Lending and Cards. Other Revolving consists of consumer loans (Ready Credit and Checking Plus products) in the Consumer Retail Banking business. Commercial-related loans are not included.

As of March 31, 2010, the U.S. Installment portfolio totaled approximately \$69 billion, while the U.S. Other Revolving portfolio was approximately \$0.9 billion. While substantially all of the U.S. Installment portfolio is managed under *LCL* within Citi Holdings, it does include \$0.4 billion of Consumer Retail Banking loans which are reported in Citicorp. The U.S. Other Revolving portfolio is managed under Citicorp. The U.S. Installment portfolio includes approximately \$33 billion of Student Loans originated under the Federal Family Education Loan Program (FFELP) where losses are substantially mitigated by federal guarantees if the loans are properly serviced. In addition, there are approximately \$6 billion of non-FFELP Student Loans where losses are mitigated by private insurance. These insurance providers insure the Company against a significant portion of losses arising from borrower loan default, bankruptcy or death.

Approximately 39% of the Installment portfolio had FICO credit scores less than 620 on a refreshed basis. Approximately 29% of the Other Revolving portfolio is composed of loans having FICO less than 620.

Balances: March 31, 2010

Refreshed	Installment	Other Revolving
FICO ≥ 660	47%	56%
620 ≤ FICO < 660	14%	15%

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FICO < 620	39%	29%
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Note: Based on balances of \$67 billion for Installment and \$0.8 billion for Other Revolving. Excludes Canada and Puerto Rico. Excludes balances where FICO was unavailable (\$1.8 billion for Installment, \$0.1 billion for Other Revolving).

The table below provides delinquency statistics for loans 90+DPD for both the Installment and Other Revolving portfolios. Loans 90+DPD are more likely to be associated with low refreshed FICO scores both because low scores are indicative of repayment risk and because their delinquency has been reported by Citigroup to the credit bureaus. On a refreshed basis, loans with FICO scores of less than 620 exhibit significantly higher delinquencies than in any other FICO band and will drive the majority of the losses.

90+DPD Delinquency Rate: March 31, 2010

Refreshed	Installment 90+DPD %	Other Revolving 90+DPD %
FICO ≥ 660	0.2%	0.0%
620 ≤ FICO < 660	1.1%	0.8%
FICO < 620	7.2%	8.1%

Note: Based on balances of \$67 billion for Installment and \$0.8 billion for Other Revolving. Excludes Canada and Puerto Rico.

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Interest Rate Risk Associated with Consumer Mortgage Lending Activity

Citigroup originates and funds mortgage loans. As with all other lending activity, this exposes Citigroup to several risks, including credit, liquidity and interest rate risks. To manage credit and liquidity risk, Citigroup sells most of the mortgage loans it originates, but retains the servicing rights. These sale transactions create an intangible asset referred to as mortgage servicing rights (MSRs). The fair value of this asset is primarily affected by changes in prepayments that result from shifts in mortgage interest rates. Thus, by retaining the servicing rights of sold mortgage loans, Citigroup is still exposed to interest rate risk.

In managing this risk, Citigroup hedges a significant portion of the value of its MSRs through the use of interest rate derivative contracts, forward purchase commitments of mortgage-backed securities, and purchased securities classified as trading (primarily mortgage-backed securities including principal-only strips).

Since the change in the value of these hedging instruments does not perfectly match the change in the value of the MSRs, Citigroup is still exposed to what is commonly referred to as "basis risk." Citigroup manages this risk by reviewing the mix of the various hedging instruments referred to above on a daily basis.

Citigroup's MSRs totaled \$6.439 billion and \$6.530 billion at March 31, 2010 and December 31, 2009, respectively. For additional information on Citi's MSRs, see Notes 11 and 14 to the Consolidated Financial Statements.

As part of the mortgage lending activity, Citigroup commonly enters into purchase commitments to fund residential mortgage loans at specific interest rates within a given period of time, generally up to 60 days after the rate has been set. If the resulting loans from these commitments will be classified as loans held-for-sale, Citigroup accounts for the commitments as derivatives. Accordingly, the initial and subsequent changes in the fair value of these commitments, which are driven by changes in mortgage interest rates, are recognized in current earnings after taking into consideration the likelihood that the commitment will be funded.

Citigroup hedges its exposure to the change in the value of these commitments by utilizing hedging instruments similar to those referred to above.

Table of Contents**Corporate Credit Portfolio**

The following table presents credit data for Citigroup's corporate loans and unfunded lending commitments at March 31, 2010. The ratings scale is based on Citi's internal risk ratings, which generally correspond to the ratings as defined by S&P and Moody's.

Corporate loans(1) <i>in millions of dollars</i>	At March 31, 2010			
	Recorded investment in loans(2)	% of total(3)	Unfunded lending commitments	% of total(3)
Investment grade(4)	\$ 116,320	66%	\$ 238,157	87%
Non-investment grade(4)				
Noncriticized	21,102	12	16,220	6
Criticized performing(5)	24,974	14	16,934	6
<i>Commercial real estate (CRE)</i>	5,906	3	2,335	1
<i>Commercial and Industrial and Other</i>	19,068	11	14,599	5
Non-accrual (criticized)(5)	12,932	7	3,342	1
<i>CRE</i>	3,406	2	1,229	
<i>Commercial and Industrial and Other</i>	9,526	5	2,113	1
Total non-investment grade	\$ 59,008	34%	\$ 36,496	13%
Private Banking loans managed on a delinquency basis(4)	13,986		2,279	
Loans at fair value	2,457			
Total corporate loans	\$ 191,771		\$ 276,932	
Unearned income	(1,436)			
Corporate loans, net of unearned income	\$ 190,335		\$ 276,932	

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- (1) Includes \$1.1 billion of TDRs for which concessions, such as the reduction of interest rates or the deferral of interest or principal payments, have been granted as a result of deterioration in the borrowers' financial condition. Each of the borrowers is current under the restructured terms.
- (2) Recorded investment in a loan includes accrued interest, net deferred loan fees and costs, unamortized premium or discount, less any direct write-downs.
- (3) Percentages disclosed above exclude Private Banking loans managed on a delinquency basis and loans at fair value.
- (4) Held-for-investment loans accounted for on an amortized cost basis.
- (5) Criticized exposures correspond to the "Special Mention," "Substandard" and "Doubtful" asset categories defined by banking regulatory authorities.

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The following tables represent the corporate credit portfolio (excluding Private Banking), before consideration of collateral, by maturity at March 31, 2010. The corporate portfolio is broken out by direct outstandings that include drawn loans, overdrafts, interbank placements, bankers' acceptances, certain investment securities and leases and unfunded commitments that include unused commitments to lend, letters of credit and financial guarantees.

<i>In billions of dollars</i>	At March 31, 2010			
	Due within 1 year	Greater than 1 year but within 5 years	Greater than 5 years	Total exposure
Direct outstandings	\$ 199	\$ 60	\$ 7	\$ 266
Unfunded lending commitments	157	111	10	278
Total	\$ 356	\$ 171	\$ 17	\$ 544

<i>In billions of dollars</i>	At December 31, 2009			
	Due within 1 year	Greater than 1 year but within 5 years	Greater than 5 years	Total exposure
Direct outstandings	\$ 213	\$ 66	\$ 7	\$ 286
Unfunded lending commitments	182	120	10	312
Total	\$ 395	\$ 186	\$ 17	\$ 598

Portfolio Mix

The corporate credit portfolio is diverse across counterparty and industry, and geography. The following table shows direct outstandings and unfunded commitments by region:

	March 31, 2010	December 31, 2009
<i>North America</i>	46%	51%
<i>EMEA</i>	29	27
<i>Latin America</i>	15	9
<i>Asia</i>	10	13
Total	100%	100%

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

Obligor risk ratings reflect an estimated probability of default for an obligor and are derived primarily through the use of statistical models (which are validated periodically), external rating agencies (under defined circumstances) or approved scoring methodologies. Facility risk ratings are assigned, using the obligor risk rating, and then factors that affect the loss-given default of the facility, such as support or collateral, are taken into account. With regard to climate change risk, factors evaluated include consideration of the business impact, impact of regulatory requirements, or lack thereof, and impact of physical effects on obligors and their assets.

These factors may adversely affect the ability of some obligors to perform and thus increase the risk of lending activities to these obligors. Citigroup also has incorporated climate risk assessment criteria for certain obligors, as necessary.

Internal obligor ratings equivalent to BBB and above are considered investment grade. Ratings below the equivalent of the BBB category are considered non-investment grade.

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The following table presents the corporate credit portfolio by facility risk rating at March 31, 2010 and December 31, 2009, as a percentage of the total portfolio:

	Direct outstandings and unfunded commitments	
	March 31, 2010	December 31, 2009
AAA/AA/A	54%	58%
BBB	27	24
BB/B	12	11
CCC or below	7	7
Unrated		
Total	100%	100%

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

	Direct outstandings and unfunded commitments	
	March 31, 2010	December 31, 2009
Government and central banks	13%	12%
Banks	11	9
Investment banks	6	5
Other financial institutions	5	12
Utilities	4	4
Insurance	4	4
Petroleum	4	4
Agriculture and food preparation	4	4
Telephone and cable	3	3
Industrial machinery and equipment	2	2
Global information technology	2	2
Chemicals	2	2
Real estate	3	3
Other industries(1)	37	34
Total	100%	100%

(1)

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

Table of Contents**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 portfolio, in addition to outright asset sales. The purpose of these transactions is to transfer credit risk to third parties. The results of the mark-to-market and any realized gains or losses on credit derivatives are reflected in the *Principal transactions* line on the Consolidated Statement of Income.

At March 31, 2010 and December 31, 2009, \$53.1 billion and \$59.6 billion, respectively, of credit risk exposure were economically hedged. Citigroup's expected loss model used in the calculation of its loan loss reserve does not include the favorable impact of credit derivatives and other risk mitigants. In addition, the reported amounts of direct outstandings and unfunded commitments in this report do not reflect the impact of these hedging transactions. At March 31, 2010 and December 31, 2009, the credit protection was economically hedging underlying credit exposure with the following risk rating distribution, respectively:

Rating of Hedged Exposure

	March 31, 2010	December 31, 2009
AAA/AA/A	45%	45%
BBB	37	37
BB/B	12	11
CCC or below	6	7
Total	100%	100%

At March 31, 2010 and December 31, 2009, the credit protection was economically hedging underlying credit exposure with the following industry distribution, respectively:

Industry of Hedged Exposure

	March 31, 2010	December 31, 2009
Utilities	8%	9%
Telephone and cable	8	9
Agriculture and food preparation	8	8
Chemicals	7	8
Petroleum	6	6
Industrial machinery and equipment	6	6
Autos	6	6
Retail	5	4
Insurance	4	4
Other financial institutions	4	4
Pharmaceuticals	4	5
Natural gas distribution	4	3
Metals	4	4
Global information technology	3	3
Other industries(1)	23	21
Total	100%	100%

(1)

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

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

Interest Rate Exposure (IRE) for Non-Trading Portfolios

The exposures in the following table represent the approximate annualized risk to net interest revenue (NIR) assuming an unanticipated parallel instantaneous 100 basis points change, as well as a more gradual 100 basis points (25 basis points per quarter) parallel change in rates compared with the market forward interest rates in selected currencies.

<i>In millions of dollars</i>	March 31, 2010		December 31, 2009		March 31, 2009	
	Increase	Decrease	Increase	Decrease	Increase	Decrease
U.S. dollar						
Instantaneous change	\$ (488)	NM	\$ (859)	NM	\$ (843)	NM
Gradual change	\$ (110)	NM	\$ (460)	NM	\$ (497)	NM
Mexican peso						
Instantaneous change	\$ 42	(42)	\$ 50	(50)	\$ (20)	20
Gradual change	\$ 21	(21)	\$ 26	(26)	\$ (14)	14
Euro						
Instantaneous change	\$ (56)	NM	\$ 85	NM	\$ 37	(37)
Gradual change	\$ (50)	NM	\$ 47	NM	\$ 23	(23)
Japanese yen						
Instantaneous change	\$ 148	NM	\$ 200	NM	\$ 194	NM
Gradual change	\$ 97	NM	\$ 116	NM	\$ 116	NM
Pound sterling						
Instantaneous change	\$ (3)	NM	\$ (11)	NM	\$ 15	(15)
Gradual change	\$ (5)	NM	\$ (6)	NM	\$ 7	(7)

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

Certain trading-oriented businesses within Citi have accrual-accounted positions. The U.S. dollar IRE associated with these businesses is (\$92) million for a 100 basis points instantaneous increase in interest rates. The changes in the U.S. dollar IRE from the previous period reflect changes in the customer-related asset and liability mix, the expected impact of market rates on customer behavior and Citigroup's view of prevailing interest rates.

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

	Scenario 1	Scenario 2	Scenario 3	Scenario 4	Scenario 5	Scenario 6
Overnight rate change (bps)		100	200	(200)	(100)	
10-year rate change (bps)	(100)		100	(100)		100
Impact to net interest revenue						
<i>(in millions of dollars)</i>	\$ 67	\$ (278)	\$ (703)	NM	NM	\$ 48

NM Not meaningful. A 100 basis point or more decrease in the overnight rate would imply negative rates for the yield curve.

Table of Contents**Value at Risk for Trading Portfolios**

For Citigroup's major trading centers, the aggregate pretax value at risk (VAR) in the trading portfolios was \$172 million, \$205 million, \$205 million, \$273 million and \$292 million at March 31, 2010, December 31, 2009, September 30, 2009, and March 31, 2009, respectively. Daily Citigroup trading VAR averaged \$200 million and ranged from \$145 million to \$289 million during the first quarter of 2010. The following table summarizes VAR for Citigroup trading portfolios at March 31, 2010, December 31, 2009, September 30, 2009, and March 31, 2009, including the total VAR, the specific risk only component of VAR, and the general market factors only VAR, along with the quarterly averages. Citigroup moved guidelines under SFAS 133 to SFAS 157/159 for mark-to-market trading on February 1, 2010.

<i>In million of dollars</i>	March 31, 2010	First Quarter 2010 Average	December 31, 2009	Fourth Quarter 2009 Average	March 31, 2009	First Quarter 2009 Average
Interest rate	\$ 201	\$ 193	\$ 192	\$ 216	\$ 239	\$ 272
Foreign exchange	53	51	45	37	38	73
Equity	49	73	69	62	144	97
Commodity	17	18	18	38	33	22
Diversification benefit	(148)	(135)	(119)	(121)	(162)	(173)
Total All market risk factors, including general and specific risk	\$ 172	\$ 200	\$ 205	\$ 232	\$ 292	\$ 291
Specific risk only component	\$ 15	\$ 20	\$ 20	\$ 22	\$ 14	\$ 19
Total General market factors only	\$ 157	\$ 180	\$ 185	\$ 210	\$ 278	\$ 272

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

The table below provides the range of market factor VARs, inclusive of specific risk, across the quarters ended:

<i>In millions of dollars</i>	March 31, 2010		December 31, 2009		March 31, 2009	
	Low	High	Low	High	Low	High
Interest rate	\$ 171	\$ 228	\$ 185	\$ 241	\$ 209	\$ 320
Foreign exchange	37	78	18	98	29	140
Equity	47	111	46	91	47	167
Commodity	15	20	18	47	12	34

The following table provides the VAR for S&B for the first quarter of 2010 and fourth quarter of 2009:

<i>In millions of dollars</i>	March 31, 2010	December 31, 2009
Total All market risk factors, including general and specific risk	\$ 104	\$ 149
Average during quarter	144	174
High during quarter	235	206
Low during quarter	99	144

Table of Contents**Average Rates Interest Revenue, Interest Expense, and Net Interest Margin**

<i>In millions of dollars</i>	1st Qtr. 2010	4th Qtr. 2009	1st Qtr. 2009	Change 1Q10 vs. 1Q09
Interest revenue(1)	\$ 20,852	\$ 17,703	\$ 20,583	1%
Interest expense(2)	6,291	6,542	7,657	(18)%
Net interest revenue(1)(2)	\$ 14,561	\$ 11,161	\$ 12,926	13%
Interest revenue average rate	4.75%	4.20%	5.31%	(56) bps
Interest expense average rate	1.60%	1.75%	2.16%	(56) bps
Net interest margin	3.32%	2.65%	3.33%	(1) bps
Interest-rate benchmarks:				
Federal Funds rate end of period	0.00-0.25%	0.00-0.25%	0.00-0.25%	
Federal Funds rate average rate	0.00-0.25%	0.00-0.25%	0.00-0.25%	
Two-year U.S. Treasury note average rate	0.92%	0.88%	0.90%	2bps
10-year U.S. Treasury note average rate	3.72%	3.46%	2.74%	98bps
10-year vs. two-year spread	280bps	258bps	184bps	

(1) Excludes taxable equivalent adjustments (based on the U.S. federal statutory tax rate of 35%) of \$135 million, \$186 million and \$97 million for the first quarter of 2010, the fourth quarter of 2009 and the first quarter of 2009, respectively.

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

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

NIM increased by 67 basis points during the first quarter of 2010, primarily driven by the adoption of SFAS 166/167. Additionally, the absence of interest on the trust preferred securities repaid in the fourth quarter of 2009 and the deployment of cash into higher-yielding investments favorably impacted NIM during the first quarter.

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

<i>In millions of dollars</i>	1st Qtr. 2010	Average Volume 4th Qtr. 2009	1st Qtr. 2009	1st Qtr. 2010	Interest Revenue 4th Qtr. 2009	1st Qtr. 2009	1st Qtr. 2010	% Average Rate 4th Qtr. 2009	1st Qtr. 2009
Assets									
Deposits with banks(5)	\$ 166,378	\$ 219,321	\$ 169,142	\$ 290	\$ 352	\$ 436	0.71%	0.64%	1.05%
Federal funds sold and securities borrowed or purchased under agreements to resell(6)									
In U.S. offices	\$ 160,033	\$ 154,035	\$ 128,004	\$ 471	\$ 434	\$ 550	1.19%	1.12%	1.74%
In offices outside the U.S.(5)	78,052	71,031	52,431	281	243	335	1.46	1.36	2.59
Total	\$ 238,085	\$ 225,066	\$ 180,435	\$ 752	\$ 677	\$ 885	1.28%	1.19%	1.99%
Trading account assets(7)(8)									
In U.S. offices	\$ 131,776	\$ 140,299	\$ 147,516	\$ 1,069	\$ 1,407	\$ 1,984	3.29%	3.98%	5.45%
In offices outside the U.S.(5)	152,403	147,180	108,451	803	790	967	2.14	2.13	3.62
Total	\$ 284,179	\$ 287,479	\$ 255,967	\$ 1,872	\$ 2,197	\$ 2,951	2.67%	3.03%	4.68%
Investments									
In U.S. offices									
Taxable	\$ 150,858	\$ 129,925	\$ 121,901	\$ 1,389	\$ 1,486	\$ 1,480	3.73%	4.54%	4.92%
Exempt from U.S. income tax(1)	15,570	16,423	14,574	173	273	118	4.51	6.60	3.28
In offices outside the U.S.(5)	144,892	128,160	106,950	1,547	1,466	1,578	4.33	4.54	5.98
Total	\$ 311,320	\$ 274,508	\$ 243,425	\$ 3,109	\$ 3,225	\$ 3,176	4.05%	4.66%	5.29%
Loans (net of unearned income)(9)									
Consumer loans									
In U.S. offices	\$ 391,753	\$ 291,574	\$ 322,986	\$ 9,152	\$ 5,219	\$ 6,254	9.47%	7.10%	7.85%
In offices outside the U.S.(5)	146,538	151,229	149,341	3,756	3,856	3,999	10.40	10.12	10.86
Total consumer loans	\$ 538,291	\$ 442,803	\$ 472,327	\$ 12,908	\$ 9,075	\$ 10,253	9.73%	8.13%	8.80%
Corporate loans									
In U.S. offices	\$ 87,631	\$ 64,887	\$ 80,482	\$ 359	\$ 448	\$ 577	1.66%	2.74%	2.91%
In offices outside the U.S.(5)	107,950	112,448	118,906	1,406	1,549	2,025	5.28	5.47	6.91

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Total corporate loans	\$	195,581	\$	177,335	\$	199,388	\$	1,765	\$	1,997	\$	2,602	3.66%	4.47%	5.29%
Total loans	\$	733,872	\$	620,138	\$	671,715	\$	14,673	\$	11,072	\$	12,855	8.11%	7.08%	7.76%
Other interest-earning Assets	\$	45,894	\$	45,912	\$	51,631	\$	156	\$	180	\$	280	1.38%	1.56%	2.20%
Total interest-earning Assets	\$	1,779,728	\$	1,672,424	\$	1,572,315	\$	20,852	\$	17,703	\$	20,583	4.75%	4.20%	5.31%
Non-interest-earning assets(7)		233,344		224,932		315,573									
Total Assets from discontinued operations						20,083									
Total assets	\$	2,013,072	\$	1,897,356	\$	1,907,971									

- (1) Interest revenue excludes the taxable equivalent adjustments (based on the U.S. federal statutory tax rate of 35%) of \$135 million, \$186 million and \$97 million for the first quarter of 2010, the fourth quarter of 2009 and the first quarter of 2009, respectively.
- (2) Interest rates and amounts include the effects of risk management activities associated with the respective asset and liability categories.
- (3) Monthly averages have been used by certain subsidiaries where daily averages are unavailable.
- (4) Detailed average volume, interest revenue and interest expense exclude discontinued operations.
- (5) Average rates reflect prevailing local interest rates, including inflationary effects and monetary correction in certain countries.
- (6) Average volumes of securities borrowed or purchased under agreements to resell are reported net pursuant to FIN 41 and Interest revenue excludes the impact of FIN 41.
- (7) The fair value carrying amounts of derivative and foreign exchange contracts are reported in non-interest-earning assets and other non-interest-bearing liabilities.
- (8) Interest expense on *Trading account liabilities* of ICG is reported as a reduction of Interest revenue. Interest revenue and Interest expense on cash collateral positions are reported in *Trading account assets* and *Trading account liabilities*, respectively.
- (9) Includes cash-basis loans.

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

<i>In millions of dollars</i>	1st Qtr. 2010	Average Volume 4th Qtr. 2009	1st Qtr. 2009	1st Qtr. 2010	Interest Expense 4th Qtr. 2009	1st Qtr. 2009	1st Qtr. 2010	% Average Rate 4th Qtr. 2009	1st Qtr. 2009
Liabilities									
Deposits									
In U. S. offices									
Savings deposits(5)	\$ 178,266	\$ 184,894	\$ 164,977	\$ 458	\$ 520	\$ 633	1.04%	1.12%	1.56%
Other time deposits	54,391	57,284	61,283	143	186	416	1.07	1.29	2.75
In offices outside the U.S.(6)	481,002	478,233	408,840	1,479	1,454	1,799	1.25	1.21	1.78
Total	\$ 713,659	\$ 720,411	\$ 635,100	\$ 2,080	\$ 2,160	\$ 2,848	1.18%	1.19%	1.82%
Federal funds purchased and securities loaned or sold under agreements to repurchase(7)									
In U.S. offices	\$ 120,695	\$ 115,656	\$ 152,256	\$ 179	\$ 136	\$ 316	0.60%	0.47%	0.84%
In offices outside the U.S.(6)	79,447	74,200	68,184	475	490	788	2.42	2.62	4.69
Total	\$ 200,142	\$ 189,856	\$ 220,440	\$ 654	\$ 626	\$ 1,104	1.33%	1.31%	2.03%
Trading account liabilities(8)(9)									
In U.S. offices	\$ 32,642	\$ 29,908	\$ 20,712	\$ 44	\$ 51	\$ 93	0.55%	0.68%	1.82%
In offices outside the U.S.(6)	46,905	41,790	31,101	19	18	15	0.16	0.17	0.20
Total	\$ 79,547	\$ 71,698	\$ 51,813	\$ 63	\$ 69	\$ 108	0.32%	0.38%	0.85%
Short-term borrowings									
In U.S. offices	\$ 152,785	\$ 99,325	\$ 148,673	\$ 204	\$ 215	\$ 367	0.54%	0.86%	1.00%
In offices outside the U.S.(6)	27,659	32,016	35,214	72	82	96	1.06	1.02	1.11
Total	\$ 180,444	\$ 131,341	\$ 183,887	\$ 276	\$ 297	\$ 463	0.62%	0.90%	1.02%
Long-term debt(10)									
In U.S. offices	\$ 397,113	\$ 340,287	\$ 309,670	\$ 3,005	\$ 3,148	\$ 2,820	3.07%	3.67%	3.69%
In offices outside the U.S.(6)	25,955	25,704	34,058	213	242	314	3.33	3.74	3.74
Total	\$ 423,068	\$ 365,991	\$ 343,728	\$ 3,218	\$ 3,390	\$ 3,134	3.08%	3.67%	3.70%
Total interest-bearing liabilities	\$ 1,596,860	\$ 1,479,297	\$ 1,434,968	\$ 6,291	\$ 6,542	\$ 7,657	1.60%	1.75%	2.16%

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Demand deposits in U.S. offices	16,675	38,567	15,383							
Other non-interest-bearing liabilities(8)	247,365	234,746	300,614							
Total liabilities from discontinued operations			11,698							
Total liabilities	\$ 1,860,900	\$ 1,752,610	\$ 1,762,663							
Citigroup equity(11)	\$ 149,993	\$ 142,749	\$ 143,297							
Non controlling interest	\$ 2,179	\$ 1,997	\$ 2,011							
Total stockholders' equity(11)	\$ 152,172	\$ 144,746	\$ 145,308							
Total liabilities and Citigroup stockholders' equity	\$ 2,013,072	\$ 1,897,356	\$ 1,907,971							
Net interest revenue as a percentage of average interest-earning assets(12)										
In U.S. offices	\$ 1,080,673	\$ 985,669	\$ 970,429	\$ 8,660	\$ 5,168	\$ 6,643	3.25%	2.08%	2.78%	
In offices outside the U.S.(6)	699,055	686,755	601,886	5,901	5,993	6,283	3.42	3.46	4.23	
Total	\$ 1,779,728	\$ 1,672,424	\$ 1,572,315	\$ 14,561	\$ 11,161	\$ 12,926	3.32%	2.65%	3.33%	

- (1) Interest revenue excludes the taxable equivalent adjustments (based on the U.S. federal statutory tax rate of 35%) of \$135 million, \$186 million and \$97 million for the first quarter of 2010, the fourth quarter of 2009 and the first quarter of 2009, respectively.
- (2) Interest rates and amounts include the effects of risk management activities associated with the respective asset and liability categories.
- (3) Monthly averages have been used by certain subsidiaries where daily averages are unavailable.
- (4) Detailed average volume, interest revenue and interest expense exclude discontinued operations.
- (5) Savings deposits consist of Insured Money Market Rate accounts, NOW accounts, and other savings deposits. The interest expense includes FDIC deposit insurance fees and charges of \$223 million, \$213 million and \$299 million for the three months ended March 31, 2010, December 31, 2009 and March 31, 2009, respectively.
- (6)

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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 and Interest expense excludes the impact of FIN 41.
- (8) The fair value carrying amounts of derivative and foreign exchange contracts are reported in non-interest-earning assets and other non-interest-bearing liabilities.
- (9) Interest expense on *Trading account liabilities* of ICG is reported as a reduction of Interest revenue. Interest revenue and Interest expense on cash collateral positions are reported in *Trading account assets* and *Trading account liabilities*, respectively.
- (10) Excludes hybrid financial instruments and beneficial interests in consolidated VIEs that are classified as *Long-term debt* as these obligations are accounted for at fair value with changes recorded in *Principal transactions*.
- (11) Includes stockholders' equity from discontinued operations.
- (12) Includes allocations for capital and funding costs based on the location of the asset.

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

<i>In millions of dollars</i>	1st Qtr. 2010 vs. 4th Qtr. 2009			1st Qtr. 2010 vs. 1st Qtr. 2009		
	Increase (Decrease) Due to Change in:			Increase (Decrease) Due to Change in:		
	Average Volume	Average Rate	Net Change	Average Volume	Average Rate	Net Change
Deposits with banks(4)	\$ (90)	\$ 28	\$ (62)	\$ (7)	\$ (139)	\$ (146)
Federal funds sold and securities borrowed or purchased under agreements to resell						
In U.S. offices	\$ 17	\$ 20	\$ 37	\$ 118	\$ (197)	\$ (79)
In offices outside the U.S.(4)	25	13	38	126	(180)	(54)
Total	\$ 42	\$ 33	\$ 75	\$ 244	\$ (377)	\$ (133)
Trading account assets(5)						
In U.S. offices	\$ (82)	\$ (256)	\$ (338)	\$ (194)	\$ (721)	\$ (915)
In offices outside the U.S.(4)	28	(15)	13	312	(476)	(164)
Total	\$ (54)	\$ (271)	\$ (325)	\$ 118	\$ (1,197)	\$ (1,079)
Investments(1)						
In U.S. offices	\$ 221	\$ (418)	\$ (197)	\$ 314	\$ (350)	\$ (36)
In offices outside the U.S.(4)	183	(102)	81	473	(504)	(31)
Total	\$ 404	\$ (520)	\$ (116)	\$ 787	\$ (854)	\$ (67)
Loans consumer						
In U.S. offices	\$ 2,083	\$ 1,850	\$ 3,933	\$ 1,471	\$ 1,427	\$ 2,898
In offices outside the U.S.(4)	(120)	20	(100)	(74)	(169)	(243)
Total	\$ 1,963	\$ 1,870	\$ 3,833	\$ 1,397	\$ 1,258	\$ 2,655
Loans corporate						
In U.S. offices	\$ 127	\$ (216)	\$ (89)	\$ 47	\$ (265)	\$ (218)
In offices outside the U.S.(4)	(61)	(82)	(143)	(174)	(445)	(619)
Total	\$ 66	\$ (298)	\$ (232)	\$ (127)	\$ (710)	\$ (837)
Total loans	\$ 2,029	\$ 1,572	\$ 3,601	\$ 1,270	\$ 548	\$ 1,818
Other interest-earning assets	\$	\$ (24)	\$ (24)	\$ (28)	\$ (96)	\$ (124)
Total interest revenue	\$ 2,331	\$ 818	\$ 3,149	\$ 2,384	\$ (2,115)	\$ 269

(1) The taxable equivalent adjustment is based on the U.S. federal statutory tax rate of 35%, and is excluded from 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)

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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.

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

<i>In millions of dollars</i>	1st Qtr. 2010 vs. 4th Qtr. 2009 Increase (Decrease) Due to Change in:			1st Qtr. 2010 vs. 1st Qtr. 2009 Increase (Decrease) Due to Change in:		
	Average Volume	Average Rate	Net Change	Average Volume	Average Rate	Net Change
Deposits						
In U.S. offices	\$ (27)	\$ (78)	\$ (105)	\$ 29	\$ (477)	\$ (448)
In offices outside the U.S.(4)	8	17	25	282	(602)	(320)
Total	\$ (19)	\$ (61)	\$ (80)	\$ 311	\$ (1,079)	\$ (768)
Federal funds purchased and securities loaned or sold under agreements to repurchase						
In U.S. offices	\$ 6	\$ 37	\$ 43	\$ (58)	\$ (79)	\$ (137)
In offices outside the U.S.(4)	33	(48)	(15)	114	(427)	(313)
Total	\$ 39	\$ (11)	\$ 28	\$ 56	\$ (506)	\$ (450)
Trading account liabilities(5)						
In U.S. offices	\$ 4	\$ (11)	\$ (7)	\$ 37	\$ (86)	\$ (49)
In offices outside the U.S.(4)	2	(1)	1	7	(3)	4
Total	\$ 6	\$ (12)	\$ (6)	\$ 44	\$ (89)	\$ (45)
Short-term borrowings						
In U.S. offices	\$ 90	\$ (101)	\$ (11)	\$ 10	\$ (173)	\$ (163)
In offices outside the U.S.(4)	(12)	2	(10)	(20)	(4)	(24)
Total	\$ 78	\$ (99)	\$ (21)	\$ (10)	\$ (177)	\$ (187)
Long-term debt						
In U.S. offices	\$ 480	\$ (623)	\$ (143)	\$ 712	\$ (527)	\$ 185
In offices outside the U.S.(4)	2	(31)	(29)	(69)	(32)	(101)
Total	\$ 482	\$ (654)	\$ (172)	\$ 643	\$ (559)	\$ 84
Total interest expense	\$ 586	\$ (837)	\$ (251)	\$ 1,044	\$ (2,410)	\$ (1,366)
Net interest revenue	\$ 1,745	\$ 1,655	\$ 3,400	\$ 1,340	\$ 295	\$ 1,635

(1) The taxable equivalent adjustment is based on the U.S. federal statutory tax rate of 35%, and is excluded from 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)

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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.

Table of Contents**CROSS BORDER RISK**

The table below shows all countries where total Federal Financial Institutions Examination Council (FFIEC) cross-border outstandings exceed 0.75% of total Citigroup assets:

	Cross-Border Claims on Third Parties					March 31, 2010			December 31, 2009	
					Investments in and Trading and Short-Term Claims	Funding of Local Franchises	Total Cross-Border Outstandings	Commitments	Total Cross-Border Outstandings	Commitments
<i>In billions of U.S. dollars</i>	Banks	Public	Private	Total						
France	\$ 13.0	\$ 13.4	\$ 13.4	\$ 39.8	\$ 30.5	\$ 0.1	\$ 39.9	\$ 60.0	\$ 32.7	\$ 68.5
Germany	11.4	10.4	6.2	28.0	20.7	4.7	32.7	46.9	28.5	53.1
India	2.2	0.3	12.7	15.2	12.5	15.9	31.1	1.7	28.0	1.8
Cayman Islands	0.3		20.0	20.3	19.2		20.3	6.1	16.7	6.1
United Kingdom	10.5	0.9	8.7	20.1	17.8		20.1	111.9	16.5	140.2
South Korea	0.9	1.2	7.1	9.2	9.0	10.9	20.1	15.5	22.1	14.4
Netherlands	6.0	4.4	7.3	17.7	11.1		17.7	58.0	20.3	65.7
Italy	1.0	10.9	4.6	16.5	14.1	1.1	17.6	19.8	21.7	21.2
Japan	9.3	0.1	3.9	13.3	13.0	0.2	13.5	24.2	18.8	26.3

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See Note 15 to the Consolidated Financial Statements for a discussion and disclosures related to Citigroup's derivative activities. The following discussions relate to the Fair Valuation Adjustments for Derivatives and Credit Derivatives activities.

Fair Valuation Adjustments for Derivatives

The table below summarizes the CVA applied to the fair value of derivative instruments as of March 31, 2010 and December 31, 2009.

<i>In millions of dollars</i>	Credit valuation adjustment Contra-liability (contra-asset)	
	March 31, 2010	December 31, 2009
Non-monoline counterparties	\$ (2,225)	\$ (2,483)
Citigroup (own)	1,432	1,349
Net non-monoline CVA	\$ (793)	\$ (1,134)
Monoline counterparties	(5,182)	(5,580)
Total CVA derivative instruments	\$ (5,975)	\$ (6,714)

The table below summarizes pretax gains (losses) related to changes in CVA on derivative instruments for the quarters ended March 31, 2010 and 2009:

<i>In millions of dollars</i>	Credit valuation adjustment gain (loss)	
	First Quarter 2010	First Quarter 2009
Non-monoline counterparties	\$ 258	\$ 151
Citigroup (own)	83	2,623
Net non-monoline CVA	\$ 341	\$ 2,774
Monoline counterparties	398	(1,090)
Total CVA derivative instruments	\$ 739	\$ 1,684

The CVA amounts shown above relate solely to the derivative portfolio, and do not include:

Own-credit adjustments for non-derivative liabilities measured at fair value under the fair value option. See Note 16 to the Consolidated Financial Statements for further information.

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

Credit Derivatives

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

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

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

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The following tables summarize the key characteristics of Citi's credit derivative portfolio by counterparty and derivative form as of March 31, 2010 and December 31, 2009:

March 31, 2010:

<i>In millions of dollars</i>	Fair values		Notionals	
	Receivable	Payable	Beneficiary	Guarantor
By industry/counterparty				
Bank	\$ 49,417	\$ 47,618	\$ 854,853	\$ 801,785
Broker-dealer	19,974	19,999	317,622	316,463
Monoline	6,606	90	9,861	123
Non-financial	92	137	1,874	530
Insurance and other financial institutions	11,791	9,036	129,343	79,752
Total by industry/counterparty	\$ 87,880	\$ 76,880	\$ 1,313,553	\$ 1,198,653

By instrument

Credit default swaps and options	\$ 87,313	\$ 75,585	\$ 1,284,742	\$ 1,197,837
Total return swaps and other	567	1,295	28,811	816

Total by instrument	\$ 87,880	\$ 76,880	\$ 1,313,553	\$ 1,198,653
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By rating:

Investment grade	\$ 23,108	\$ 19,646	\$ 607,357	\$ 538,020
Non-investment grade	43,408	32,527	353,186	319,885
Not rated	21,364	24,707	353,010	340,748

Total by Rating	\$ 87,880	\$ 76,880	\$ 1,313,553	\$ 1,198,653
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By maturity:

Within 1 year	\$ 2,172	\$ 2,272	\$ 144,180	\$ 140,408
From 1 to 5 years	48,054	42,014	878,025	802,909
After 5 years	37,654	32,594	291,348	255,336

Total by maturity	\$ 87,880	\$ 76,880	\$ 1,313,553	\$ 1,198,653
--------------------------	------------------	------------------	---------------------	---------------------

December 31, 2009:

<i>In millions of dollars</i>	Fair values		Notionals	
	Receivable	Payable	Beneficiary	Guarantor
By industry/counterparty				
Bank	\$ 52,383	\$ 50,778	\$ 872,523	\$ 807,484
Broker-dealer	23,241	22,932	338,829	340,949
Monoline	5,860		10,018	33
Non-financial	339	371	1,781	623
Insurance and other financial institutions	10,969	8,343	109,811	64,964
Total by industry/counterparty	\$ 92,792	\$ 82,424	\$ 1,332,962	\$ 1,214,053

By instrument

Credit default swaps and options	\$ 91,625	\$ 81,174	\$ 1,305,724	\$ 1,213,208
Total return swaps and other	1,167	1,250	27,238	845

Total by instrument	\$ 92,792	\$ 82,424	\$ 1,332,962	\$ 1,214,053
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By rating:

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Investment grade	\$	26,666	\$	22,469	\$	656,876	\$	576,930
Non-investment grade		46,832		34,898		373,910		339,920
Not rated		19,294		25,057		302,176		297,203

Total by Rating	\$	92,792	\$	82,424	\$	1,332,962	\$	1,214,053
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By maturity:

Within 1 year	\$	2,167	\$	2,067	\$	173,880	\$	165,056
From 1 to 5 years		54,079		47,350		877,573		806,143
After 5 years		36,546		33,007		281,509		242,854

Total by maturity	\$	92,792	\$	82,424	\$	1,332,962	\$	1,214,053
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The fair values shown are prior to the application of any netting agreements, cash collateral, and market or credit value adjustments.

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

Citi actively monitors its counterparty credit risk in credit derivative contracts. Approximately 85% of the gross receivables are from counterparties with which Citi maintains collateral agreements as of March 31, 2010 and December 31, 2009. A majority of Citi's top 15 counterparties (by receivable balance owed to the company) are banks, financial institutions or other dealers. Contracts with these counterparties do not include ratings-based termination events. However, counterparty rating downgrades may have an incremental effect by lowering the threshold at which Citigroup may call for additional collateral. A number of the remaining significant counterparties are monolines (which have CVA as shown above).

INCOME TAXES

Deferred Tax Assets

Deferred taxes are recorded for the future consequences of events that have been recognized in the financial statements or tax returns, based upon enacted tax laws and rates. Deferred tax assets (DTAs) are recognized subject to management's judgment that realization is more likely than not.

As of March 31, 2010, Citigroup had recognized a net deferred tax asset of approximately \$50.2 billion, an increase of \$4.1 billion from \$46.1 billion at December 31, 2009. The principal item impacting the deferred tax asset during the first quarter of 2010 was the recognition of a deferred tax asset of \$5.0 billion related to the allowance for loan losses recorded upon consolidation of credit card trusts pursuant to the adoption of SFAS 166/167 on January 1, 2010. The major items reducing the deferred tax asset during the quarter were the tax effect of the change in *Other Comprehensive Income* and the tax effect of equity compensation.

Although realization is not assured, Citi believes that the realization of the recognized net deferred tax asset of \$50.2 billion at March 31, 2010 is more likely than not based on expectations as to future taxable income in the jurisdictions in which the DTAs arise, and based on available tax planning strategies as defined in ASC 740, *Income Taxes*, that could be implemented if necessary to prevent a carryforward from expiring.

Approximately \$21 billion of Citigroup's DTA is represented by U.S. federal, foreign, state and local tax return carry-forwards subject to expiration substantially beginning in 2017 and continuing through 2029. Included in Citi's overall net DTA of \$50.2 billion are \$29 billion of future tax deductions and credits that arose largely due to timing differences between the recognition of income for GAAP and tax purposes and represent net deductions and credits that have not yet been taken on a tax return. The most significant source of these timing differences is the loan loss reserve build, which accounts for approximately \$20 billion of the net DTA. In general, Citi would need to recognize approximately \$99 billion of taxable income, primarily in U.S. taxable jurisdictions, during the respective carryforward periods to fully realize its U.S. federal, state and local DTAs.

Citi's ability to utilize its DTAs to offset future taxable income may be significantly limited if Citi experiences an "ownership change," as defined in Section 382 of the Internal Revenue Code of 1986, as amended (the "Code"). In general, an ownership change will occur if there is a cumulative change in Citi's ownership by "5% shareholders" (as defined in the Code) that exceeds 50 percentage points over a rolling three-year period. A corporation that experiences an ownership change will generally be subject to an annual limitation on its pre-ownership change deferred tax assets equal to the value of the corporation immediately before the ownership change, multiplied by the long-term tax-exempt rate (subject to certain adjustments); provided that the annual limitation would be increased each year to the extent that there is an unused limitation in a prior year. The limitation arising from an ownership change under Section 382 on Citigroup's ability to utilize its DTAs will depend on the value of Citigroup's stock at the time of the ownership change.

Under IRS Notice 2010-2, Citigroup will not experience an ownership change within the meaning of Section 382 as a

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result of the sales of its common stock held by the U.S. Treasury.

Approximately \$15 billion of the net deferred tax asset is included in Tier 1 and Tier 1 Common regulatory capital.

In addition to the uncertain tax positions disclosed in Footnote 11 of Citigroup's 2009 Annual Report on Form 10-K, it is reasonably possible that an audit in Germany may conclude in the next 12 months. The gross uncertain tax positions at March 31, 2010 for the items expected to be resolved in the audit are approximately \$185 million plus gross interest of approximately \$9 million. The potential tax benefit, which would be shown in continuing and discontinued operations, could be approximately \$34 million and \$160 million, respectively.

CONTRACTUAL OBLIGATIONS

See Citi's Annual Report on Form 10-K for the fiscal year ended December 31, 2009, and Note 12 to the Consolidated Financial Statements in this Form 10-Q, for a discussion of contractual obligations.

CONTROLS AND PROCEDURES

Disclosure

Citigroup's disclosure controls and procedures are designed to ensure that information required to be disclosed under the Securities Exchange Act of 1934 is accumulated and communicated to management, including the Chief Executive Officer (CEO) and Chief Financial Officer (CFO), to allow for timely decisions regarding required disclosure and appropriate SEC filings.

Citi's Disclosure Committee is responsible for ensuring that there is an adequate and effective process for establishing, maintaining and evaluating disclosure controls and procedures for Citi's external disclosures.

Citigroup's management, with the participation of the company's CEO and CFO, has evaluated the effectiveness of Citigroup's disclosure controls and procedures (as defined in Rule 13a-15(e) under the Exchange Act) as of March 31, 2010 and, based on that evaluation, the CEO and CFO have concluded that at that date Citigroup's disclosure controls and procedures were effective.

Financial Reporting

There were no changes in Citigroup's internal control over financial reporting (as defined in Rule 13a-15(f) under the Exchange Act) during the fiscal quarter ended March 31, 2010 that materially affected, or is reasonably likely to materially affect, Citi's internal control over financial reporting.

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FORWARD-LOOKING STATEMENTS

Certain statements in this Form 10-Q, including but not limited to statements included within the Management's Discussion and Analysis of Financial Condition and Results of Operations, are forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Generally, forward-looking statements are not based on historical facts but instead represent only Citigroup's and management's beliefs regarding future events. Such statements may be identified by words such as *believe*, *expect*, *anticipate*, *intend*, *estimate*, *may increase*, *may fluctuate*, and similar expressions, or future or conditional verbs such as *will*, *should*, *would* and *could*.

Such statements are based on management's current expectations and are subject to uncertainty and changes in circumstances. Actual results may differ materially from those included in these statements due to a variety of factors, including but not limited to the factors listed and described under "Risk Factors" in Citi's 2009 Annual Report on Form 10-K for the fiscal year ending December 31, 2009 and those factors described below:

the impact of the economic recession and disruptions in the global financial markets on Citi's business and results of operations;

the impact of previously enacted and potential future legislation on Citi's businesses, business practices, costs of operations or otherwise (including without limitation financial regulatory reform legislation (and credit rating agency response thereto) and the continued implementation of the CARD Act);

Citi's participation in U.S. government programs to modify first and second lien mortgage loans, as well as Citi's own loss mitigation and forbearance programs, and their effect on the amount and timing of Citi's earnings and credit losses related to those loans;

the expiration of a provision of the U.S. tax law allowing Citi to defer U.S. taxes on certain active financial services income and its effect on Citi's tax expense;

risks arising from Citi's extensive operations outside the U.S.;

potential reduction in earnings available to Citi's common stockholders and return on Citi's equity due to future issuances of Citi common stock and preferred stock;

the effect of the U.S. Treasury's sale of its stake in Citi on the market price of Citi common stock;

an "ownership change" under the Internal Revenue Code and its effect on Citi's ability to utilize its deferred tax assets to offset future taxable income;

the impact of increases in FDIC insurance premiums and other proposed fees on banks on Citi's earnings;

Citi's ability to compete effectively in the financial services industry, on a global, regional and product basis and with competitors who may face fewer regulatory constraints;

Citi's ability to hire and retain qualified employees;

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

Citi's ability to maintain sufficient capitalization consistent with its risk profile and robust relative to future capital requirements;

Citi's continuing ability to obtain financing from external sources and maintain adequate liquidity;

reduction in Citi's or its subsidiaries' credit ratings and its effect on the cost of funding from, and access to, the capital markets;

market disruptions and their impact on the risk of customer or counterparty delinquency or default;

failure to realize all of the anticipated benefits of the realignment of Citi's business;

volatile and illiquid market conditions, which could lead to further write-downs of Citi's financial instruments;

the elimination of QSPEs from the guidance in SFAS 140 and changes in FIN 46(R) and their impact on Citi's Consolidated Financial Statements;

the accuracy of Citi's assumptions and estimates used to prepare its financial statements;

changes in accounting standards, including without limitation upcoming changes relating to certain embedded credit derivatives, and their impact on how Citi records and reports its financial condition and results of operations;

the effectiveness of Citi's risk management processes and strategies;

the exposure of Citi to reputational damage and significant legal and regulatory liability as a member of the financial services industry; and

a failure in Citi's operational systems or infrastructure, or those of third parties.

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Table of Contents**CONSOLIDATED FINANCIAL STATEMENTS****CITIGROUP INC. AND SUBSIDIARIES****CONSOLIDATED STATEMENT OF INCOME (Unaudited)***Citigroup Inc. and Subsidiaries*

<i>In millions of dollars, except per-share amounts</i>	Three months ended March 31,	
	2010	2009
Revenues		
Interest revenue	\$ 20,852	\$ 20,583
Interest expense	6,291	7,657
Net interest revenue	\$ 14,561	\$ 12,926
Commissions and fees	\$ 3,760	\$ 4,168
Principal transactions	4,051	3,670
Administration and other fiduciary fees	1,022	1,606
Realized gains (losses) on sales of investments	538	757
Other than temporary impairment losses on investments		
Gross impairment losses	(550)	(1,379)
Less: Impairments recognized in OCI	43	631
Net impairment losses recognized in earnings	\$ (507)	\$ (748)
Insurance premiums	\$ 748	\$ 755
Other revenue	1,248	1,387
Total non-interest revenues	\$ 10,860	\$ 11,595
Total revenues, net of interest expense	\$ 25,421	\$ 24,521
Provisions for credit losses and for benefits and claims		
Provision for loan losses	\$ 8,366	\$ 9,915
Policyholder benefits and claims	287	332
Provision for unfunded lending commitments	(35)	60
Total provisions for credit losses and for benefits and claims	\$ 8,618	\$ 10,307
Operating expenses		
Compensation and benefits	\$ 6,162	\$ 6,235
Premises and equipment	965	1,083
Technology/communication	1,064	1,142
Advertising and marketing	302	334
Restructuring	(3)	(13)
Other operating	3,028	2,904
Total operating expenses	\$ 11,518	\$ 11,685
Income from continuing operations before income taxes	\$ 5,285	\$ 2,529
Provision for income taxes	1,036	835

Income from continuing operations	\$	4,249	\$	1,694
Discontinued operations				
Income (loss) from discontinued operations	\$	(5)	\$	(152)
Gain on sale		94		(12)
Provision (benefit) for income taxes		(122)		(47)
Income (loss) from discontinued operations, net of taxes	\$	211	\$	(117)
Net income before attribution of noncontrolling interests	\$	4,460	\$	1,577
Net income (loss) attributable to noncontrolling interests		32		(16)
Citigroup's net income	\$	4,428	\$	1,593
Basic earnings per share(1)(2)				
Income (loss) from continuing operations	\$	0.15	\$	(0.16)
Income (loss) from discontinued operations, net of taxes		0.01		(0.02)
Net income (loss)	\$	0.15	\$	(0.18)
Weighted average common shares outstanding		28,444.3		5,385.0
Diluted earnings per share(1)				
Income (loss) from continuing operations	\$	0.14	\$	(0.16)
Income (loss) from discontinued operations, net of taxes		0.01		(0.02)
Net income (loss)	\$	0.15	\$	(0.18)
Adjusted weighted average common shares outstanding		29,333.5		5,953.3

-
- (1) The Diluted EPS calculation for 2009 utilizes Basic shares and Income available to common shareholders (Basic) due to the negative Income available to common shareholders. Using Diluted shares and Income available to common shareholders (Diluted) would result in anti-dilution.
- (2) Due to rounding, earnings per share on continuing operations and discontinued operations may not sum to earnings per share on net income.

See Notes to the Consolidated Financial Statements.

Table of Contents**CITIGROUP INC. AND SUBSIDIARIES****CONSOLIDATED BALANCE SHEET***Citigroup Inc. and Subsidiaries*

<i>In millions of dollars, except shares</i>	March 31, 2010 (Unaudited)	December 31, 2009
Assets		
Cash and due from banks (including segregated cash and other deposits)	\$ 25,678	\$ 25,472
Deposits with banks	163,525	167,414
Federal funds sold and securities borrowed or purchased under agreements to resell (including \$96,596 and \$87,837 as of March 31, 2010 and December 31, 2009, respectively, at fair value)	234,348	222,022
Brokerage receivables	34,001	33,634
Trading account assets (including \$137,078 and \$111,219 pledged to creditors at March 31, 2010 and December 31, 2009, respectively)	345,783	342,773
Investments (including \$17,506 and \$15,154 pledged to creditors at March 31, 2010 and December 31, 2009, respectively and \$262,138 and \$246,429 at March 31, 2010 and December 31, 2009, respectively, at fair value)	316,733	306,119
Loans, net of unearned income		
Consumer (including \$2,911 and \$34 at fair value as of March 31, 2010 and December 31, 2009, respectively)	531,469	424,057
Corporate (including \$2,457 and \$1,405 at March 31, 2010 and December 31, 2009, respectively, at fair value)	190,335	167,447
Loans, net of unearned income	\$ 721,804	\$ 591,504
Allowance for loan losses	(48,746)	(36,033)
Total loans, net	\$ 673,058	\$ 555,471
Goodwill	25,662	25,392
Intangible assets (other than MSRs)	8,277	8,714
Mortgage servicing rights (MSRs)	6,439	6,530
Other assets (including \$13,248 and \$12,664 as of March 31, 2010 and December 31, 2009 respectively, at fair value)	168,709	163,105
Total assets	\$ 2,002,213	\$ 1,856,646

The following table presents certain assets of consolidated VIEs, which are included in the Consolidated Balance Sheet above. The assets in the table below include only those assets that can be used to settle obligations of consolidated VIEs on the following page, and are in excess of those obligations.

	March 31, 2010
Assets of consolidated VIEs that can only be used to settle obligations of consolidated VIEs	
Cash and due from banks (including segregated cash and other deposits)	\$ 2,776
Trading account assets	10,738
Investments	10,859
Loans, net of unearned income	
Consumer (including \$2,880 at fair value)	157,834
Corporate (including \$1,266 at fair value)	26,592
Loans, net of unearned income	\$ 184,426
Allowance for loan losses	(14,520)
Total loans, net	\$ 169,906
Other assets	2,588

Total assets of consolidated VIEs that can only be used to settle obligations of consolidated VIEs	\$	196,867
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Table of Contents**CITIGROUP INC. AND SUBSIDIARIES****CONSOLIDATED BALANCE SHEET****(Continued)***Citigroup Inc. and Subsidiaries*

<i>In millions of dollars, except shares</i>	March 31, 2010	December 31, 2009
	(Unaudited)	
Liabilities		
Non-interest-bearing deposits in U.S. offices	\$ 66,796	\$ 71,325
Interest-bearing deposits in U.S. offices (including \$736 and \$700 at March 31, 2010 and December 31, 2009, respectively, at fair value)	230,919	232,093
Non-interest-bearing deposits in offices outside the U.S.	45,471	44,904
Interest-bearing deposits in offices outside the U.S. (including \$804 and \$845 at March 31, 2010 and December 31, 2009, respectively, at fair value)	484,728	487,581
Total deposits	\$ 827,914	\$ 835,903
Federal funds purchased and securities loaned or sold under agreements to repurchase (including \$136,526 and \$104,030 as of March 31, 2010 and December 31, 2009, respectively, at fair value)	207,911	154,281
Brokerage payables	55,041	60,846
Trading account liabilities	142,748	137,512
Short-term borrowings (including \$1,225 and \$639 at March 31, 2010 and December 31, 2009, respectively, at fair value)	96,694	68,879
Long-term debt (including \$28,112 and \$25,942 at March 31, 2010 and December 31, 2009, respectively, at fair value)	439,274	364,019
Other liabilities (including \$11,481 and \$11,542 as of March 31, 2010 and December 31, 2009, respectively, at fair value)	78,852	80,233
Total liabilities	\$ 1,848,434	\$ 1,701,673
Stockholders' equity		
Preferred stock (\$1.00 par value; authorized shares: 30 million), issued shares: 12,038 at March 31, 2010 , at aggregate liquidation value	\$ 312	\$ 312
Common stock (\$0.01 par value; authorized shares: 60 billion), issued shares: 28,685,038,572 at March 31, 2010 and 28,626,100,389 at December 31, 2009	287	286
Additional paid-in capital	96,427	98,142
Retained earnings	73,432	77,440
Treasury stock, at cost: March 31, 2010 64,790,181 shares and December 31, 2009 142,833,099 shares	(1,178)	(4,543)
Accumulated other comprehensive income (loss)	(17,859)	(18,937)
Total Citigroup stockholders' equity	\$ 151,421	\$ 152,700
Noncontrolling interest	2,358	2,273
Total equity	\$ 153,779	\$ 154,973
Total liabilities and equity	\$ 2,002,213	\$ 1,856,646

See Notes to the Consolidated Financial Statements.

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

March 31, 2010

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Liabilities of consolidated VIEs for which creditors or beneficial interest holders do not have recourse to the general credit of Citigroup:		
Short-term borrowings	\$	39,996
Long-term debt (including \$7,005 at fair value)		113,604
Other liabilities		2,531
Total liabilities of consolidated VIEs for which creditors or beneficial interest holders do not have recourse to the general credit of Citigroup		
	\$	156,131

Table of Contents**CITIGROUP INC. AND SUBSIDIARIES****CONSOLIDATED STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY (Unaudited)***Citigroup Inc. and Subsidiaries*

<i>In millions of dollars, except shares in thousands</i>	Three Months Ended March 31,	
	2010	2009
Preferred stock at aggregate liquidation value		
Balance, beginning of period	\$ 312	\$ 70,664
Issuance of new preferred stock		3,582
Balance, end of period	\$ 312	\$ 74,246
Common stock and additional paid-in capital		
Balance, beginning of period	\$ 98,428	\$ 19,222
Employee benefit plans	(3,506)	(4,013)
Reset of convertible preferred stock conversion price		1,285
Issuance of TARP-related warrants		88
ADIA Upper Decs Equity Units Purchase Contract	1,875	
Other	(83)	
Balance, end of period	\$ 96,714	\$ 16,582
Retained earnings		
Balance, beginning of period	\$ 77,440	\$ 86,521
Adjustment to opening balance, net of taxes(1)(2)	(8,442)	413
Adjusted balance, beginning of period	\$ 68,998	\$ 86,934
Net income	4,428	1,593
Common dividends(3)	6	(63)
Preferred dividends		(1,011)
Preferred stock Series H discount accretion		(53)
Reset of convertible preferred stock conversion price		(1,285)
Balance, end of period	\$ 73,432	\$ 86,115
Treasury stock, at cost		
Balance, beginning of period	\$ (4,543)	\$ (9,582)
Issuance of shares pursuant to employee benefit plans	3,364	3,579
Treasury stock acquired(4)	(1)	(1)
Other	2	8
Balance, end of period	\$ (1,178)	\$ (5,996)
Accumulated other comprehensive income (loss)		
Balance, beginning of period	\$ (18,937)	\$ (25,195)
Adjustment to opening balance, net of taxes(1)		(413)
Adjusted balance, beginning of period	\$ (18,937)	\$ (25,608)
Net change in unrealized gains and losses on investment securities, net of taxes	1,182	20
Net change in cash flow hedges, net of taxes	223	1,483
Net change in foreign currency translation adjustment, net of taxes	(279)	(2,974)
Pension liability adjustment, net of taxes	(48)	66
Net change in Accumulated other comprehensive income (loss)	\$ 1,078	\$ (1,405)

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Balance, end of period	\$	(17,859)	\$	(27,013)
Total Citigroup common stockholders' equity (shares outstanding: 28,620,248 at March 31, 2010 and 28,483,267 at December 31, 2009)	\$	151,109	\$	69,688
Total Citigroup stockholders' equity	\$	151,421	\$	143,934

[Statement continues on the following page, including notes to table]

Table of Contents**CITIGROUP INC. AND SUBSIDIARIES****CONSOLIDATED STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY (Unaudited)**
(Continued)*Citigroup Inc. and Subsidiaries*

<i>In millions of dollars, except shares in thousands</i>	Three Months Ended March 31,	
	2010	2009
Noncontrolling interest		
Balance, beginning of period	\$ 2,273	\$ 2,392
Origination of a noncontrolling interest	(10)	
Transactions between noncontrolling interest shareholders and the related consolidating subsidiary	(22)	(120)
Transactions between Citigroup and the noncontrolling-interest shareholders		(216)
Net income attributable to noncontrolling-interest shareholders	32	(16)
Dividends paid to noncontrolling interest shareholders	(54)	(6)
Accumulated other comprehensive income net change in unrealized gains and losses on investment securities, net of tax	12	(3)
Accumulated other comprehensive income net change in FX translation adjustment, net of tax	(5)	(86)
All other	132	48
Net change in noncontrolling interests	\$ 85	\$ (399)
Balance, end of period	\$ 2,358	\$ 1,993
Total equity	\$ 153,779	\$ 145,927
Comprehensive income (loss)		
Net income (loss) before attribution of noncontrolling interests	\$ 4,460	\$ 1,577
Net change in <i>Accumulated other comprehensive income (loss)</i>	1,085	(1,494)
Total comprehensive income	\$ 5,545	\$ 83
Comprehensive income (loss) attributable to the noncontrolling interests	\$ 39	\$ (105)
Comprehensive income attributable to Citigroup	\$ 5,506	\$ 188

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- (1) The adjustment to the opening balances for *Retained earnings* and *Accumulated other comprehensive income (loss)* in 2009 represents the cumulative effect of initially adopting ASC 320-10-35-34, *Investments Debt and Equity securities: Recognition of an Other-Than-Temporary Impairment* (formerly FSP FAS 115-2 and FAS 124-2).
- (2) The adjustment to the opening balance for *Retained earnings* in 2010 represents the cumulative effect of initially adopting ASC 810, *Consolidation* (formerly FASB Interpretation No. 46(R), Consolidation of Variable Interest Entities).
- (3) Common dividends in 2010 are related to forfeitures of previously issued but unvested employee stock awards. Common dividends declared were as follows: \$0.01 per share in the first quarter of 2009.
- (4) All open market repurchases were transacted under an existing authorized share repurchase plan and relate to customer fails/errors.

See Notes to the Consolidated Financial Statements.

Table of Contents**CITIGROUP INC. AND SUBSIDIARIES****CONSOLIDATED STATEMENT OF CASH FLOWS (Unaudited)**

<i>In millions of dollars</i>	Three Months Ended March 31,	
	2010	2009
Cash flows from operating activities of continuing operations		
Net income before attribution of noncontrolling interests	\$ 4,460	\$ 1,577
Net income (loss) attributable to noncontrolling interests	32	(16)
Citigroup's net income	\$ 4,428	\$ 1,593
Income (loss) from discontinued operations, net of taxes	147	(105)
Gain (loss) on sale, net of taxes	64	(12)
Income from continuing operations excluding noncontrolling interests	\$ 4,217	\$ 1,710
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities of continuing operations		
Amortization of deferred policy acquisition costs and present value of future profits	102	101
Additions to deferred policy acquisition costs	1,994	(90)
Depreciation and amortization	623	13
Provision for credit losses	8,331	9,975
Change in trading account assets	(13,110)	42,413
Change in trading account liabilities	5,236	(36,652)
Change in federal funds sold and securities borrowed or purchased under agreements to resell	(12,326)	4,530
Change in federal funds purchased and securities loaned or sold under agreements to repurchase	53,630	(20,490)
Change in brokerage receivables net of brokerage payables	(6,172)	(11,017)
Net losses (gains) from sales of investments	(538)	(757)
Change in loans held-for-sale	(1,444)	(889)
Other, net	(5,125)	2,772
Total adjustments	\$ 31,201	\$ (10,091)
Net cash provided by (used in) operating activities of continuing operations	\$ 35,418	\$ (8,381)
Cash flows from investing activities of continuing operations		
Change in deposits at interest with banks	\$ 3,889	\$ 10,828
Change in loans	25,536	(31,999)
Proceeds from sales and securitizations of loans	1,252	60,329
Purchases of investments	(95,504)	(58,136)
Proceeds from sales of investments	32,962	27,774
Proceeds from maturities of investments	45,904	32,928
Capital expenditures on premises and equipment	(278)	(282)
Proceeds from sales of premises and equipment, subsidiaries and affiliates, and repossessed assets	637	1,032
Net cash provided by investing activities of continuing operations	\$ 14,398	\$ 42,474
Cash flows from financing activities of continuing operations		
Dividends paid	\$	\$ (1,074)
Issuance of ADIA Upper Decs equity units purchase contract	1,875	
Treasury stock acquired	(1)	(1)
Stock tendered for payment of withholding taxes	(126)	(88)
Issuance of long-term debt	7,331	65,398
Payments and redemptions of long-term debt	(16,682)	(74,055)
Change in deposits	(7,989)	(11,489)
Change in short-term borrowings	(33,885)	(10,302)
Net cash used in financing activities of continuing operations	\$ (49,477)	\$ (31,611)

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Effect of exchange rate changes on cash and cash equivalents	(185)	(756)
Net cash from discontinued operations	52	84
Change in cash and due from banks	\$ 206	\$ 1,810
Cash and due from banks at beginning of period	25,472	29,253
Cash and due from banks at end of period	\$ 25,678	\$ 31,063
Supplemental disclosure of cash flow information for continuing operations		
Cash paid during the period for income taxes	\$ 1,802	\$ 1,111
Cash paid during the period for interest	\$ 5,711	\$ 8,362
Non-cash investing activities		
Transfers to repossessed assets	\$ 669	\$ 643

See Notes to the Unaudited Consolidated Financial Statements.

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Table of Contents**CITIBANK, N.A. AND SUBSIDIARIES****CONSOLIDATED BALANCE SHEET**

<i>In millions of dollars, except shares</i>	<i>Citibank, N.A. and Subsidiaries</i>	
	March 31, 2010	December 31, 2009
	<i>(Unaudited)</i>	
Assets		
Cash and due from banks	\$ 19,986	\$ 20,246
Deposits with banks	145,122	154,372
Federal funds sold and securities purchased under agreements to resell	20,124	31,434
Trading account assets (including \$463 and \$914 pledged to creditors at March 31, 2010 and December 31, 2009, respectively)	147,411	156,380
Investments (including \$3,339 and \$3,849 pledged to creditors at March 31, 2010 and December 31, 2009, respectively)	248,377	233,086
Loans, net of unearned income	499,413	477,974
Allowance for loan losses	(22,372)	(22,685)
Total loans, net	\$ 477,041	\$ 455,289
Goodwill	10,209	10,200
Intangible assets	7,917	8,243
Premises and equipment, net	4,681	4,832
Interest and fees receivable	6,813	6,840
Other assets	83,229	80,439
Total assets	\$ 1,170,910	\$ 1,161,361

The following table presents certain assets of consolidated VIEs, which are included in the Consolidated Balance Sheet above. The assets in the table below include only those assets that can be used to settle obligations of consolidated VIEs on the following page, and are in excess of those obligations.

	March 31, 2010
Assets of consolidated VIEs that can only be used to settle obligations of consolidated VIEs	
Cash and due from banks (including segregated cash and other deposits)	\$ 2,205
Trading account assets	3,833
Investments	9,091
Loans, net of unearned income	
Consumer (including \$2,880 at fair value)	43,579
Corporate (including \$494 at fair value)	25,514
Loans, net of unearned income	\$ 69,093
Allowance for loan losses	(336)
Total loans, net	\$ 68,757
Other assets	1,248
Total assets of consolidated VIEs that can only be used to settle obligations of consolidated VIEs	\$ 85,134

[Statement continues on the following page]

Table of Contents**CITIBANK, N.A. AND SUBSIDIARIES****CONSOLIDATED BALANCE SHEET****(Continued)**

<i>In millions of dollars, except shares</i>	<i>Citibank, N.A. and Subsidiaries</i>	
	March 31, 2010	December 31, 2009
	<i>(Unaudited)</i>	
Liabilities		
Non-interest-bearing deposits in U.S. offices	\$ 73,820	\$ 76,729
Interest-bearing deposits in U.S. offices	176,352	176,149
Non-interest-bearing deposits in offices outside the U.S.	40,600	39,414
Interest-bearing deposits in offices outside the U.S.	474,660	479,350
Total deposits	\$ 765,432	\$ 771,642
Trading account liabilities	51,469	52,010
Purchased funds and other borrowings	85,146	89,503
Accrued taxes and other expenses	8,270	9,046
Long-term debt and subordinated notes	99,739	82,086
Other liabilities	40,093	39,181
Total liabilities	\$ 1,050,149	\$ 1,043,468
Citibank stockholder's equity		
Capital stock (\$20 par value) outstanding shares: 37,534,553 in each period	\$ 751	\$ 751
Surplus	108,401	107,923
Retained earnings	21,527	19,457
Accumulated other comprehensive income (loss)(1)	(11,188)	(11,532)
Total Citibank stockholder's equity	\$ 119,491	\$ 116,599
Noncontrolling interest	1,270	1,294
Total equity	\$ 120,761	\$ 117,893
Total liabilities and equity	\$ 1,170,910	\$ 1,161,361

(1)

Amounts at March 31, 2010 and December 31, 2009 include the after-tax amounts for net unrealized gains (losses) on investment securities of \$(3.720) billion and \$(4.735) billion, respectively, for foreign currency translation of \$(4.041) billion and \$(3.255) billion, respectively, for cash flow hedges of \$(2.235) billion and \$(2.367) billion, respectively, and for pension liability adjustments of \$(1.192) billion and \$(1.175) billion, respectively.

See Notes to the Consolidated Financial Statements.

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

	March 31, 2010
Liabilities of consolidated VIEs for which creditors or beneficial interest holders do not have recourse to the general credit of Citigroup:	
Short-term borrowings	\$ 27,016
Long-term debt (including \$3,084 at fair value)	38,749

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Other liabilities	1,734
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Total liabilities of consolidated VIEs for which creditors or beneficial interest holders do not have recourse to the general credit of Citigroup	\$ 67,499
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CITIGROUP INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

1. BASIS OF PRESENTATION

The accompanying unaudited Consolidated Financial Statements as of March 31, 2010 and for the three-month period ended March 31, 2010 include the accounts of Citigroup Inc. (Citigroup) and its subsidiaries (collectively, the Company). In the opinion of management, all adjustments, consisting of normal recurring adjustments, necessary for a fair presentation, have been reflected. The accompanying Unaudited Consolidated Financial Statements should be read in conjunction with the Consolidated Financial Statements and related notes included in Citigroup's Annual Report on Form 10-K for the fiscal year ended December 31, 2009.

Certain financial information that is normally included in annual financial statements prepared in accordance with U.S. generally accepted accounting principles, but is not required for interim reporting purposes, has been condensed or omitted.

Management must make estimates and assumptions that affect the Consolidated Financial Statements and the related footnote disclosures. While management makes its best judgment, actual results could differ from those estimates. Current market conditions increase the risk and complexity of the judgments in these estimates.

Certain reclassifications have been made to the prior-period's financial statements to conform to the current period's presentation.

As noted above, the Notes to Consolidated Financial Statements are unaudited.

Citibank, N.A.

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

The Company includes a balance sheet and statement of changes in stockholder's equity for Citibank, N.A. to provide information about this entity to shareholders of Citigroup and international regulatory agencies. (See Note 21 to the Consolidated Financial Statements for further discussion.)

Significant Accounting Policies

The Company's accounting policies are fundamental to understanding management's discussion and analysis of results of operations and financial condition. The Company has identified six policies as being significant because they require management to make subjective and/or complex judgments about matters that are inherently uncertain. These policies relate to Valuations of Financial Instruments, Allowance for Credit Losses, Securitizations, Goodwill, Income Taxes and Legal Reserves. The Company, in consultation with the Audit Committee of the Board of Directors, has reviewed and approved these significant accounting policies, which are further described in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2009.

Principles of Consolidation

The Consolidated Financial Statements include the accounts of Citigroup and its subsidiaries (the Company). The Company consolidates subsidiaries in which it holds, directly or indirectly, more than 50% of the voting rights or where it exercises control. Entities where the Company holds 20% to 50% of the voting rights and/or has the ability to exercise significant influence, other than investments of designated venture capital subsidiaries, or investments accounted for at fair value under the fair value option, are accounted for under the equity method, and the pro rata share of their income (loss) is included in *Other revenue*. Income from investments in less than 20%-owned companies is recognized when dividends are received. As discussed below, Citigroup consolidates entities deemed to be variable-interest entities when Citigroup is determined to be the primary beneficiary. Gains and losses on the disposition of branches, subsidiaries, affiliates, buildings, and other investments and charges for management's estimate of impairment in their value that is other than temporary, such that recovery of the carrying amount is deemed unlikely, are included in *Other revenue*.

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The following Significant Accounting Policies have been updated since the Company filed with the SEC its Annual Report on Form 10-K for the fiscal year ended December 31, 2009.

Securities Borrowed and Securities Loaned

Securities borrowing and lending transactions generally do not constitute a sale of the underlying securities for accounting purposes, and so are treated as collateralized financing transactions when the transaction involves the exchange of cash. Such transactions are recorded at the amount of cash advanced or received plus accrued interest. As set out in Note 17 to the Consolidated Financial Statements, the Company has elected to apply fair value accounting to a number of securities borrowing and lending transactions. Irrespective of whether the Company has elected fair value accounting, fees paid or received for all securities lending and borrowing transactions are recorded in *Interest expense* or *Interest revenue* at the contractually specified rate.

Where the conditions of ASC 210-20 are met, amounts recognized in respect of securities borrowed and securities loaned are presented net on the Consolidated Balance Sheet.

With respect to securities borrowed or loaned, the Company pays or receives cash collateral in an amount in excess of the market value of securities borrowed or loaned. The Company monitors the market value of securities borrowed and loaned on a daily basis with additional collateral received or paid as necessary.

As described in Note 16 to the Consolidated Financial Statements, the Company uses a discounted cash flow technique to determine the fair value of securities lending and borrowing transactions.

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Repurchase and Resale Agreements

Securities sold under agreements to repurchase (repos) and securities purchased under agreements to resell (reverse repos) generally do not constitute a sale for accounting purposes of the underlying securities, and so are treated as collateralized financing transactions. As set out in Note 17 to the Consolidated Financial Statements, the Company has elected to apply fair value accounting to a majority of such transactions, with changes in fair value reported in earnings. Any transactions for which fair value accounting has not been elected are recorded at the amount of cash advanced or received plus accrued interest. Irrespective of whether the Company has elected fair value accounting, interest paid or received on all repo and reverse repo transactions is recorded in *Interest expense* or *Interest revenue* at the contractually specified rate.

Where the conditions of ASC 210-20-45-11, *Balance Sheet Offsetting: Repurchase and Reverse Repurchase Agreements* (formerly FASB Interpretation No. 41, "Offsetting of Amounts Related to Certain Repurchase and Reverse Repurchase Agreements"), are met, repos and reverse repos are presented net on the Consolidated Balance Sheet.

The Company's policy is to take possession of securities purchased under agreements to resell. The market value of securities to be repurchased and resold is monitored, and additional collateral is obtained where appropriate to protect against credit exposure.

As described in Note 16 to the Consolidated Financial Statements, the Company uses a discounted cash flow technique to determine the fair value of repo and reverse repo transactions.

Repurchase and Resale Agreements, and Securities Lending and Borrowing Agreements Accounted for as Sales

Where certain conditions are met under ASC 860-10, *Transfers and Servicing* (formerly FASB Statement No. 166, *Accounting for Transfers of Financial Assets*), the Company accounts for certain repurchase agreements and securities lending agreements as sales. The key distinction resulting in these agreements being accounted for as sales is a reduction in initial margin or restriction in daily maintenance margin. At March 31, 2010 and December 31, 2009, \$1.3 billion and \$13.0 billion of these transactions, respectively, were accounted for as sales that reduced trading account assets. Included in the December 31, 2009 amount is \$5.7 billion of repurchase and securities lending agreements that were accounted for as sales in error. As of December 31, 2009, this error comprised 0.3% of *Total assets*, 0.3% of *Total liabilities* and 3.7% of *Federal funds purchased and securities loaned or sold under agreements to repurchase*. The maximum error amount at any quarter end during the past three years was \$9.2 billion of repurchase and securities lending agreements accounted for as sales, which comprised 0.5% of both *Total assets* and *Total liabilities*, respectively, and 2.3% of *Federal funds purchased and securities loaned or sold under agreements to repurchase*. There was no impact on *Net income (loss)* in any period. Management believes that this error was immaterial to Citigroup's financial statements during all periods at issue. Effective in the first quarter of 2010, the Company has prospectively changed the accounting for these repurchase and securities lending transactions so that the accounting reflects a secured borrowing transaction, thus conforming the accounting to the transaction terms.

Variable Interest Entities

An entity is referred to as a variable interest entity (VIE) if it meets the criteria outlined in ASC 810, *Consolidation* (formerly FASB Interpretation No. 46(R), *Consolidation of Variable Interest Entities (revised December 2003)* (FIN 46(R))), which are: (1) the entity has equity that is insufficient to permit the entity to finance its activities without additional subordinated financial support from other parties, or (2) the entity has equity investors that cannot make significant decisions about the entity's operations or that do not absorb their proportionate share of the expected losses or receive the expected returns of the entity.

Prior to January 1, 2010, the Company consolidated a VIE if it had a majority of the expected losses or a majority of the expected residual returns or both. As of January 1, 2010, when the Company adopted SFAS 167's amendments to the VIE consolidation guidance, the Company consolidates a VIE when it has both the power to direct the activities that most significantly impact the VIE's economic success and a right to receive benefits or absorb losses of the entity that could be potentially significant to the VIE.

Along with the VIEs that are consolidated in accordance with these guidelines, the Company has variable interests in other VIEs that are not consolidated because the Company is not the primary beneficiary. These include multi-seller finance companies, certain collateralized debt obligations (CDOs), many structured finance transactions, and various investment funds.

However, these VIEs as well as all other unconsolidated VIEs are continually monitored by the Company to determine if any events have occurred that could cause its primary beneficiary status to change. These events include:

additional purchases or sales of variable interests by Citigroup or an unrelated third party, which cause Citigroup's overall variable interest ownership to change;

changes in contractual arrangements in a manner that reallocates expected losses and residual returns among the variable interest holders; and

providing support to an entity that results in an implicit variable interest.

All other entities not deemed to be VIEs with which the Company has involvement are evaluated for consolidation under other subtopics of ASC 810 (formerly Accounting Research Bulletin (ARB) No. 51, *Consolidated Financial Statements*, SFAS No. 94, *Consolidation of All Majority-Owned Subsidiaries*, and EITF Issue No. 04-5, "Determining Whether a General Partner, or the General Partners as a Group, Controls a Limited Partnership or Similar Entity When the Limited Partners Have Certain Rights").

Securitizations

The Company primarily securitizes credit card receivables and mortgages. Other types of securitized assets include corporate debt instruments (in cash and synthetic form) and student loans.

There are two key accounting determinations that must be made relating to securitizations. In cases where the Company originated or owned the financial assets transferred to the securitization entity, it determines whether that transfer is considered a sale under U.S. Generally Accepted Accounting Principles (GAAP). If it is a sale, the transferred assets are

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removed from the Company's Consolidated Balance Sheet with a gain or loss recognized. Alternatively, if the Company determines that the transfer is a financing rather than a sale, the assets remain on the Company's Consolidated Balance Sheet with an offsetting liability recognized in the amount of proceeds received.

In addition, the Company determines whether the securitization entity would be included in its Consolidated Financial Statements. If the securitization entity is a VIE, the Company consolidates the VIE if it is the primary beneficiary.

For all other securitization entities determined not to be VIEs in which Citigroup participates, a consolidation decision is made by evaluating several factors, including how much of the entity's ownership is in the hands of third-party investors, who controls the securitization entity, and who reaps the rewards and bears the risks of the entity. Only securitization entities controlled by Citigroup are consolidated.

As of January 1, 2010, upon adoption of SFAS 166/167, Citi first makes a determination as to whether the securitization entity would be consolidated. Second, it determines whether the transfer of financial assets is considered a sale under GAAP. Furthermore, former qualifying special purpose entities (QSPEs) are now considered VIEs and are no longer exempt from consolidation. The Company consolidates VIEs when it has both: (1) power to direct activities of the VIE that most significantly impact the entity's economic performance and (2) an obligation to absorb losses or right to receive benefits from the entity that could potentially be significant to the VIE.

Interests in the securitized and sold assets may be retained in the form of subordinated interest-only strips, subordinated tranches, spread accounts, and servicing rights. In credit card securitizations, the Company retains a seller's interest in the credit card receivables transferred to the trusts, which is not in securitized form. Prior to January 1, 2010, when the securitization trusts were consolidated, the seller's interest was carried on a historical cost basis and classified as *Consumer loans*. Retained interests in securitized mortgage loans and student loans were classified as *Trading account assets*, as were a majority of the retained interests in securitized credit card receivables.

Transfers of Financial Assets

For a transfer of financial assets to be considered a sale: the assets must have been isolated from the Company, even in bankruptcy or other receivership; the purchaser must have the right to sell the assets transferred or, if the purchaser is an entity whose sole purpose is to engage in securitization and asset-backed financing activities and that entity is constrained from pledging the assets it receives, each beneficial interest holder must have the right to sell the assets (prior to January 1 2010, the entity had to be a QSPE); and the Company may not have an option or any obligation to reacquire the assets. If these sale requirements are met, the assets are removed from the Company's Consolidated Balance Sheet. If the conditions for sale are not met, the transfer is considered to be a secured borrowing, the assets remain on the Consolidated Balance Sheet, and the sale proceeds are recognized as the Company's liability. A legal opinion on a sale is generally obtained for complex transactions or where the Company has continuing involvement with assets transferred or with the securitization entity. For a transfer to be eligible for sale accounting, those opinions must state that the asset transfer is considered a sale and that the assets transferred would not be consolidated with the Company's Other assets in the event of the Company's insolvency.

For a transfer of a portion of a financial asset to be considered a sale, the portion transferred must meet the definition of a participating interest. A participating interest must represent a pro rata ownership in an entire financial asset; all cash flows must be divided proportionally, with the same priority of payment; no participating interest in the transferred asset may be subordinated to the interest of another participating interest holder; and no party may have the right to pledge or exchange the entire financial asset unless all participating interest holders agree. Otherwise, the transfer is accounted for as a secured borrowing.

See Note 14 to the Consolidated Financial Statements for further discussion.

Table of Contents**ACCOUNTING CHANGES****Additional Disclosures Regarding Fair Value Measurements**

In January 2010, the FASB issued ASU 2010-06, *Improving Disclosures about Fair Value Measurements*. The ASU requires disclosing the amounts of significant transfers in and out of Level 1 and 2 of the fair value hierarchy and describing the reasons for the transfers. The disclosures are effective for reporting periods beginning after December 15, 2009. The Company adopted ASU 2010-06 as of January 1, 2010. The required disclosures are included in Note 16. Additionally, disclosures of the gross purchases, sales, issuances and settlements activity in the Level 3 of the fair value measurement hierarchy will be required for fiscal years beginning after December 15, 2010.

Elimination of QSPEs and Changes in the Consolidation Model for Variable Interest Entities

In June 2009, the FASB issued SFAS No. 166, *Accounting for Transfers of Financial Assets, an amendment of FASB Statement No. 140* (SFAS 166, now incorporated into ASC Topic 860) and SFAS No. 167, *Amendments to FASB Interpretation No. 46(R)* (SFAS 167, now incorporated into ASC Topic 810). Citigroup adopted both standards on January 1, 2010. Citigroup has elected to apply SFAS 166 and SFAS 167 prospectively. Accordingly, prior periods have not been restated.

SFAS 166 eliminates QSPEs. SFAS 167 details three key changes to the consolidation model. First, former QSPEs are now included in the scope of SFAS 167. In addition, the FASB has changed the method of analyzing which party to a VIE should consolidate the VIE (known as the primary beneficiary) to a qualitative determination of which party to the VIE has "power" combined with potentially significant benefits or losses, instead of the previous quantitative risks and rewards model. The party that has "power" has the ability to direct the activities of the VIE that most significantly impact the VIE's economic performance. Finally, the new standard requires that the primary beneficiary analysis be re-evaluated whenever circumstances change. The previous rules required reconsideration of the primary beneficiary only when specified reconsideration events occurred.

As a result of implementing these new accounting standards, Citigroup consolidated certain of the VIEs and former QSPEs with which it currently has involvement. Further, certain asset transfers, including transfers of portions of assets, that would have been considered sales under SFAS 140, are considered secured borrowings under the new standards.

In accordance with SFAS 167, Citigroup employed three approaches for newly consolidating certain VIEs and former QSPEs as of January 1, 2010. The first approach requires initially measuring the assets, liabilities, and noncontrolling interests of the VIEs and former QSPEs at their carrying values (the amounts at which the assets, liabilities, and noncontrolling interests would have been carried in the Consolidated Financial Statements, if Citigroup had always consolidated these VIEs and former QSPEs). The second approach measures assets at their unpaid principal amount, and is applied where using carrying values is not practicable. The third approach is to elect the fair value option, in which all of the financial assets and liabilities of certain designated VIEs and former QSPEs are recorded at fair value upon adoption of SFAS 167 and continue to be marked to market thereafter, with changes in fair value reported in earnings.

Citigroup consolidated all required VIEs and former QSPEs, as of January 1, 2010 at carrying values or unpaid principal amounts, except for certain private label residential mortgage and mutual fund deferred sales commissions VIEs, for which the fair value option was elected. The following tables present the impact of adopting these new accounting standards applying these approaches.

The incremental impact of these changes on GAAP assets and resulting risk-weighted assets for those VIEs and former QSPEs that were consolidated or deconsolidated for accounting purposes as of January 1, 2010 was as follows:

<i>In billions of dollars</i>	Incremental	
	GAAP assets	Risk- weighted assets(3)
Impact of consolidation		
Credit cards	\$ 86.3	\$ 0.8
Commercial paper conduits	28.3	13.0
Student loans	13.6	3.7
Private label consumer mortgages	4.4	1.3
Municipal tender option bonds	0.6	0.1
	0.5	0.5

Collateralized loan obligations		
Mutual fund deferred sales commissions	0.5	0.5
Subtotal	\$ 134.2	\$ 19.9

Impact of deconsolidation

Collateralized debt obligations(1)	\$ 1.9	\$ 3.6
Equity-linked notes(2)	1.2	0.5
Total	\$ 137.3	\$ 24.0

-
- (1) The implementation of SFAS 167 resulted in the deconsolidation of certain synthetic and cash collateralized debt obligation (CDO) VIEs that were previously consolidated under the requirements of ASC 810 (FIN 46(R)). Upon deconsolidation of these synthetic CDOs, Citigroup's Consolidated Balance Sheet reflects the recognition of current receivables and payables related to purchased and written credit default swaps entered into with these VIEs, which had previously been eliminated in consolidation. The deconsolidation of certain cash CDOs has a minimal impact on GAAP assets, but causes a sizable increase in risk-weighted assets. The impact on risk-weighted assets results from replacing, in Citigroup's trading account, largely investment grade securities owned by these VIEs when consolidated, with Citigroup's holdings of non-investment grade or unrated securities issued by these VIEs when deconsolidated.
- (2) Certain equity-linked note client intermediation transactions that had previously been consolidated under the requirements of ASC 810 (FIN 46 (R)) because Citigroup had repurchased and held a majority of the notes issued by the VIE were deconsolidated with the implementation of SFAS 167, because Citigroup does not have the power to direct the activities of the VIE that most significantly impact the VIE's economic performance. Upon deconsolidation, Citigroup's Consolidated Balance Sheet reflects both the equity-linked notes issued by the VIEs and held by Citigroup as trading assets, as well as related trading liabilities in the form of prepaid equity derivatives. These trading assets and trading liabilities were formerly eliminated in consolidation.
- (3) The net increase in risk-weighted assets (RWA) was \$10 billion, principally reflecting the deduction from gross RWA of \$13 billion of loan loss reserves (LLR) recognized from the adoption of SFAS 166/167, which exceeded the 1.25% limitation on LLRs includable in Tier 2 Capital.

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The following table reflects the incremental impact of adopting SFAS 166/167 on Citigroup's GAAP assets, liabilities, and stockholders' equity.

<i>In billions of dollars</i>	January 1, 2010
Assets	
Trading account assets	\$ (9.9)
Investments	(0.6)
Loans	159.4
Allowance for loan losses	(13.4)
Other assets	1.8
Total assets	\$ 137.3
Liabilities	
Short-term borrowings	\$ 58.3
Long-term debt	86.1
Other liabilities	1.3
Total liabilities	\$ 145.7
Stockholders' equity	
Retained earnings	\$ (8.4)
Total stockholders' equity	(8.4)
Total liabilities and stockholders' equity	\$ 137.3

The preceding tables reflect: (i) the portion of the assets of former QSPEs to which Citigroup, acting as principal, had transferred assets and received sales treatment prior to January 1, 2010 (totaling approximately \$712.0 billion), and (ii) the assets of significant VIEs as of January 1, 2010 with which Citigroup is involved (totaling approximately \$219.2 billion) that were previously unconsolidated and are required to be consolidated under the new accounting standards. Due to the variety of transaction structures and the level of Citigroup involvement in individual former QSPEs and VIEs, only a portion of the former QSPEs and VIEs with which the Company is involved were required to be consolidated.

In addition, the cumulative effect of adopting these new accounting standards as of January 1, 2010 resulted in an aggregate after-tax charge to *Retained earnings* of \$8.4 billion, reflecting the net effect of an overall pretax charge to *Retained earnings* (primarily relating to the establishment of loan loss reserves and the reversal of residual interests held) of \$13.4 billion and the recognition of related deferred tax assets amounting to \$5.0 billion.

The impact on certain of Citigroup's regulatory capital ratios of adopting these new accounting standards, reflecting immediate implementation of the recently issued final risk-based capital rules regarding SFAS 166/167, was as follows:

	As of January 1, 2010
	Impact
Tier 1 Capital	(141) bps
Total Capital	(142) bps

Non-consolidation of Certain Investment Funds

The FASB issued Accounting Standards Update No. 2010-10, *Consolidation (Topic 810), Amendments for Certain Investment Funds* (ASU 2010-10) in the first quarter of 2010. ASU 2010-10 provides a deferral to the requirements of SFAS 167 where the following criteria are met:

(1)

The entity being evaluated for consolidation is an investment company, as defined, or an entity for which it is acceptable based on industry practice to apply measurement principles that are consistent with an investment company;

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(2) The reporting enterprise does not have an explicit or implicit obligation to fund losses of the entity that could potentially be significant to the entity; and

(3) The entity being evaluated for consolidation is not:

A securitization entity;

An asset-backed financing entity;

An entity that was formerly considered a qualifying special-purpose entity.

The Company has determined that a majority of the investment vehicles managed by Citigroup are provided a deferral from the requirements of SFAS 167, because they meet these criteria. These vehicles continue to be evaluated under the requirements of ASC 810-10, prior to the implementation of SFAS 167 (FIN 46(R)).

Where the Company has determined that certain investment vehicles are subject to the consolidation requirements of SFAS 167, the consolidation conclusions reached upon initial application of SFAS 167 are consistent with the consolidation conclusions reached under the requirements of ASC 810-10, prior to the implementation of SFAS 167.

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Investments in Certain Entities that Calculate Net Asset Value per Share

As of December 31, 2009, the Company adopted Accounting Standards Update (ASU) No. 2009-12, *Investments in Certain Entities that Calculate Net Asset Value per Share (or its Equivalent)*, which provides guidance on measuring the fair value of certain alternative investments. The ASU permits entities to use net asset value as a practical expedient to measure the fair value of their investments in certain investment funds. The ASU also requires additional disclosures regarding the nature and risks of such investments and provides guidance on the classification of such investments as Level 2 or Level 3 of the fair value hierarchy. This ASU did not have a material impact on the Company's accounting for its investments in alternative investment funds.

FUTURE APPLICATIONS OF ACCOUNTING STANDARDS

Change in Accounting for Embedded Credit Derivatives

In March 2010, the FASB issued ASU 2010-11, *Scope Exception Related to Embedded Credit Derivatives*. The ASU clarifies that certain embedded derivatives, such as those contained in certain securitizations, CDOs and structured notes, should be considered embedded credit derivatives subject to potential bifurcation and separate fair value accounting. The ASU allows any beneficial interest issued by a securitization vehicle to be accounted for under the fair value option at transition. At transition, the Company may elect to reclassify various debt securities (on an instrument-by-instrument basis) from held-to-maturity (HTM) or available-for-sale (AFS) to trading. The new rules are effective July 1, 2010. The Company is currently analyzing the impact of the changes to determine the population of instruments that may be reclassified to trading upon adoption.

Loss-Contingency Disclosures

In June 2008, the FASB issued an exposure draft proposing expanded disclosures regarding loss contingencies. This proposal increases the number of loss contingencies subject to disclosure and requires substantial quantitative and qualitative information to be provided about those loss contingencies. The proposal will have no impact on the Company's accounting for loss contingencies.

Investment Company Audit Guide (SOP 07-1)

In July 2007, the AICPA issued Statement of Position 07-1, "Clarification of the Scope of the Audit and Accounting Guide for Investment Companies and Accounting by Parent Companies and Equity Method Investors for Investments in Investment Companies" (SOP 07-1) (now incorporated into ASC 946-10, *Financial Services-Investment Companies*), which was expected to be effective for fiscal years beginning on or after December 15, 2007. However, in February 2008, the FASB delayed the effective date indefinitely by issuing an FSP SOP 07-1-1, "Effective Date of AICPA Statement of Position 07-1." This statement sets forth more stringent criteria for qualifying as an investment company than does the predecessor Audit Guide. In addition, ASC 946-10 (SOP 07-1) establishes new criteria for a parent company or equity method investor to retain investment company accounting in their consolidated financial statements. Investment companies record all their investments at fair value with changes in value reflected in earnings. The Company is currently evaluating the potential impact of adopting the SOP.

Table of Contents**2. DISCONTINUED OPERATIONS****Sale of Nikko Cordial**

On October 1, 2009, the Company announced the successful completion of the sale of Nikko Cordial Securities to Sumitomo Mitsui Banking Corporation. The transaction had a total cash value to Citi of 776 billion yen (US\$8.7 billion at an exchange rate of 89.60 yen to US\$1.00 as of September 30, 2009). The cash value is composed of the purchase price for the transferred business of 545 billion yen, the purchase price for certain Japanese-listed equity securities held by Nikko Cordial Securities of 30 billion yen, and 201 billion yen of excess cash derived through the repayment of outstanding indebtedness to Citi. After considering the impact of foreign exchange hedges of the proceeds of the transaction, the sale resulted in an immaterial gain in 2009. A total of about 7,800 employees are included in the transaction.

The Nikko Cordial operations had total assets and total liabilities of approximately \$24 billion and \$16 billion, respectively, at the time of sale, which were reflected in Citi Holdings prior to the sale.

Results for all of the Nikko Cordial businesses sold are reported as *Discontinued operations* for all periods presented.

Summarized financial information for *Discontinued operations*, including cash flows, related to the sale of Nikko Cordial is as follows:

<i>In millions of dollars</i>	Three Months Ended March 31,	
	2010	2009
Total revenues, net of interest expense	\$ 92	\$ 268
Loss from discontinued operations	\$ (7)	\$ (134)
Gain on sale	94	
Benefit for income taxes and noncontrolling interest, net of taxes	(122)	(50)
Income (loss) from discontinued operations, net of taxes	\$ 209	\$ (84)

<i>In millions of dollars</i>	Three Months Ended March 31,	
	2010	2009
Cash flows from operating activities	\$ (133)	\$ (1,184)
Cash flows from investing activities	185	1,239
Cash flows from financing activities		
Net cash provided by discontinued operations	\$ 52	\$ 55

Sale of Citigroup's German Retail Banking Operations

On December 5, 2008, Citigroup sold its German retail banking operations to Credit Mutuel for 5.2 billion Euros in cash plus the German retail bank's operating net earnings accrued in 2008 through the closing. The sale resulted in an after-tax gain of approximately \$3.9 billion including the after-tax gain on the foreign currency hedge of \$383 million recognized during the fourth quarter of 2008.

The sale did not include the corporate and investment banking business or the Germany-based European data center. Results for all of the German retail banking businesses sold are reported as *Discontinued operations* for all periods presented.

Summarized financial information for *Discontinued operations*, including cash flows, related to the sale of the German retail banking operations is as follows:

<i>In millions of dollars</i>	Three Months Ended March 31,	
	2010	2009

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Total revenues, net of interest expense	\$	21	\$	6
Income (loss) from discontinued operations	\$	3	\$	(19)
Loss on sale				(41)
Provision (benefit) for income taxes and noncontrolling interest, net of taxes		1		(7)
Income (loss) from discontinued operations, net of taxes	\$	2	\$	(53)

<i>In millions of dollars</i>	Three Months Ended March 31,	
	2010	2009
Cash flows from operating activities	\$ (2)	\$ 19
Cash flows from investing activities	1	(10)
Cash flows from financing activities	1	(9)
Net cash provided by (used in) discontinued operations	\$	\$

CitiCapital

On July 31, 2008, Citigroup sold substantially all of CitiCapital, the equipment finance unit in *North America*. The total proceeds from the transaction were approximately \$12.5 billion and resulted in an after-tax loss to Citigroup of \$305 million. This loss is included in *Income from discontinued operations* on the Company's Consolidated Statement of Income for the second quarter of 2008.

Results for all of the CitiCapital businesses sold are reported as *Discontinued operations* for all periods presented.

Summarized financial information for *Discontinued operations*, including cash flows, related to the sale of CitiCapital is as follows:

<i>In millions of dollars</i>	Three Months Ended March 31,	
	2010	2009
Total revenues, net of interest expense	\$ 4	\$ 9
Income (loss) from discontinued operations	\$ (1)	\$ 1
Gain (loss) on sale		
(Benefit) for income taxes and noncontrolling interest, net of taxes	(1)	
Income from discontinued operations, net of taxes	\$	\$ 1

<i>In millions of dollars</i>	Three Months Ended March 31,	
	2010	2009
Cash flows from operating activities	\$	\$
Cash flows from investing activities		
Cash flows from financing activities		
Net cash provided by (used in) discontinued operations	\$	\$

Table of Contents**Combined Results for Discontinued Operations**

The following is summarized financial information for the Nikko Cordial business, German retail banking operations and CitiCapital business. Additionally, contingency consideration payments received during the first quarter of 2009 of \$29 million pretax (\$19 million after-tax) related to the sale of Citigroup's Asset Management business, which was sold in December 2005, is also included in these balances.

<i>In millions of dollars</i>	Three Months Ended March 31,	
	2010	2009
Total revenues, net of interest expense	\$ 117	\$ 283
(Loss) from discontinued operations	\$ (5)	\$ (152)
Gain (loss) on sale	94	(12)
(Benefit) for income taxes and noncontrolling interest, net of taxes	(122)	(47)
Loss from discontinued operations, net of taxes	\$ 211	\$ (117)

Cash flows from discontinued operations

<i>In millions of dollars</i>	Three Months Ended March 31,	
	2010	2009
Cash flows from operating activities	\$ (135)	\$ (1,165)
Cash flows from investing activities	186	1,258
Cash flows from financing activities	1	(9)
Net cash provided by discontinued operations	\$ 52	\$ 84

Table of Contents**3. BUSINESS SEGMENTS**

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

	Revenues, net of interest expense(1)		Provision (benefit) for income taxes		Income (loss) from continuing operations(1)(2)		Identifiable assets	
<i>In millions of dollars, except identifiable assets in billions</i>	Three Months Ended March 31,							
	2010	2009	2010	2009	2010	2009	Mar. 31, 2010	Dec. 31, 2009
<i>Regional</i>								
<i>Consumer</i>								
<i>Banking</i>	\$ 8,082	\$ 6,353	\$ 227	\$ 156	\$ 1,014	\$ 791	\$ 313	\$ 257
<i>Institutional</i>								
<i>Clients Group</i>	10,440	14,574	1,830	3,218	4,147	7,040	923	882
<i>Subtotal</i>								
<i>Citicorp</i>	\$ 18,522	\$ 20,927	\$ 2,057	\$ 3,374	\$ 5,161	\$ 7,831	\$ 1,236	\$ 1,139
<i>Citi Holdings</i>	6,550	3,094	(946)	(3,588)	(876)	(5,485)	503	487
<i>Corporate/Other</i>	349	500	(75)	1,049	(36)	(652)	263	231
Total	\$ 25,421	\$ 24,521	\$ 1,036	\$ 835	\$ 4,249	\$ 1,694	\$ 2,002	\$ 1,857

(1)

Includes Citicorp total revenues, net of interest expense, in *North America* of \$3.8 billion and \$2.5 billion; in *EMEA* of \$405 million and \$360 million; in *Latin America* of \$2.1 billion and \$1.9 billion; and in *Asia* of \$1.8 billion and \$1.6 billion for the three months ended March 31, 2010 and 2009, respectively. Regional numbers exclude Citi Holdings and Corporate/Other, which largely operate within the U.S.

(2)

Includes pretax provisions (credits) for credit losses and for benefits and claims in the *Regional Consumer Banking* results of \$2.9 billion and \$1.9 billion; in the *ICG* results of \$(85) million and \$421 million; and in the Citi Holdings results of \$5.8 billion and \$8.0 billion for the three months ended March 31, 2010 and 2009, respectively.

Table of Contents**4. INTEREST REVENUE AND EXPENSE**

For the three months ended March 31, 2010 and 2009, respectively, interest revenue and expense consisted of the following:

<i>In millions of dollars</i>	Three Months Ended March 31,	
	2010	2009
Interest revenue		
Loan interest, including fees	\$ 14,673	\$ 12,855
Deposits with banks	290	436
Federal funds sold and securities purchased under agreements to resell	752	885
Investments, including dividends	3,109	3,176
Trading account assets(1)	1,872	2,951
Other interest	156	280
Total interest revenue	\$ 20,852	\$ 20,583
Interest expense		
Deposits(2)	\$ 2,080	\$ 2,848
Federal funds purchased and securities loaned or sold under agreements to repurchase	654	1,104
Trading account liabilities(1)	63	108
Short-term borrowings	276	463
Long-term debt	3,218	3,134
Total interest expense	\$ 6,291	\$ 7,657
Net interest revenue	\$ 14,561	\$ 12,926
Provision for loan losses	8,366	9,915
Net interest revenue after provision for loan losses	\$ 6,195	\$ 3,011

(1)

Interest expense on *Trading account liabilities* of ICG is reported as a reduction of interest revenue from *Trading account assets*.

(2)

Includes FDIC deposit insurance fees and charges of \$223 million and \$299 million for the three months ended March 31, 2010 and March 31, 2009, respectively.

5. COMMISSIONS AND FEES

Commissions and fees revenue includes charges to customers for credit and bank cards, including transaction-processing fees and annual fees; advisory and equity and debt underwriting services; lending and deposit-related transactions, such as loan commitments, standby letters of credit and other deposit and loan servicing activities; investment management-related fees, including brokerage services and custody and trust services; and insurance fees and commissions.

The following table presents commissions and fees revenue for the three months ended March 31:

<i>In millions of dollars</i>	Three Months Ended March 31,	
	2010	2009
Credit cards and bank cards	\$ 965	\$ 977
Investment banking	845	814

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Smith Barney		515
ICG trading-related	453	347
Transaction services	347	316
Other consumer	331	241
Checking-related	273	264
Other ICG	172	150
Primerica	91	73
Loan servicing(1)	254	196
Corporate finance	96	250
Other	(67)	25
Total commissions and fees	\$ 3,760	\$ 4,168

(1)

Includes fair value adjustments on mortgage servicing assets. The mark-to-market on the underlying economic hedges of the MSR is included in *Other revenue*.

Table of Contents**6. PRINCIPAL TRANSACTIONS**

Principal transactions revenue consists of realized and unrealized gains and losses from trading activities. Trading activities include revenues from fixed income, equities, credit and commodities products, as well as foreign exchange transactions. Not included in the table below is the impact of net interest revenue related to trading activities, which is an integral part of trading activities' profitability. The following tables present principal transactions revenue for the three months ended March 31:

<i>In millions of dollars</i>	Three Months Ended March 31,	
	2010	2009
<i>Regional Consumer Banking</i>	\$ 134	\$ 233
<i>Institutional Clients Group</i>	3,344	6,950
Subtotal Citicorp	\$ 3,478	\$ 7,183
<i>Local Consumer Lending</i>	(201)	340
<i>Brokerage and Asset Management</i>	(26)	(17)
<i>Special Asset Pool</i>	1,147	(4,042)
Subtotal Citi Holdings	\$ 920	\$ (3,719)
Corporate/Other	(347)	206
Total Citigroup	\$ 4,051	\$ 3,670

<i>In millions of dollars</i>	Three Months Ended March 31,	
	2010	2009
Interest rate contracts(1)	\$ 1,309	\$ 4,597
Foreign exchange contracts(2)	241	1,006
Equity contracts(3)	565	1,078
Commodity and other contracts(4)	109	697
Credit derivatives(5)	1,827	(3,708)
Total Citigroup	\$ 4,051	\$ 3,670

-
- (1) Includes revenues from government securities and corporate debt, municipal securities, preferred stock, mortgage securities, and other debt instruments. Also includes options on fixed income securities, interest rate swaps, swap options, caps and floors, financial futures, OTC options, and forward contracts on fixed income securities.
- (2) Includes revenues from foreign exchange spot, forward, option and swap contracts, as well as translation gains and losses.
- (3) Includes revenues from common, preferred and convertible preferred stock, convertible corporate debt, equity-linked notes, and exchange-traded and OTC equity options and warrants.
- (4) Primarily includes revenues from crude oil, refined oil products, natural gas, and other commodities trades.
- (5) Includes revenues from structured credit products.

Table of Contents**7. RETIREMENT BENEFITS**

The Company has several non-contributory defined benefit pension plans covering certain U.S. employees in 2009 and has various defined benefit pension and termination indemnity plans covering employees outside the United States. The U.S. qualified defined benefit plan provides benefits under a cash balance formula. However, employees satisfying certain age and service requirements remain covered by a prior final average pay formula under that plan. Effective January 1, 2008, the U.S. qualified pension plan was frozen for most employees. Accordingly, no additional compensation-based contributions were credited to the cash balance plan for existing plan participants during 2008 or 2009. However, employees still covered under the prior final pay plan will continue to accrue benefits. The Company also offers postretirement health care and life insurance benefits to certain eligible U.S. retired employees, as well as to certain eligible employees outside the United States.

The Patient Protection and Affordable Care Act and the Health Care and Education Reconciliation Act of 2010 (collectively, the "Act") were signed into law in the U.S. in March 2010. One provision of the Act that impacts Citigroup is the elimination of the tax deductibility for benefits paid that are related to the retiree Medicare Part D subsidy starting in 2013. Citigroup is required to recognize the full accounting impact in the period in which the Act is signed, which resulted in a \$45 million reduction in deferred tax assets with a corresponding charge to income from continuing operations in the first quarter of 2010. The other provisions of the Act are not expected to have a significant impact on Citigroup's pension and post-retirement plans.

The following tables summarize the components of net (benefit) expense recognized in the Consolidated Statement of Income and the funded status and amounts recognized in the Consolidated Balance Sheet for the Company's U.S. qualified pension plan, postretirement plans and plans outside the United States. The Company uses a December 31 measurement date for the U.S. plans as well as the plans outside the United States.

Net (Benefit) Expense

<i>In millions of dollars</i>	Three Months Ended March 31,							
	Pension Plans				Postretirement Benefit Plans			
	U.S. plans(1)		Non-U.S. plans		U.S. plans		Non-U.S. plans	
	2010	2009	2010	2009	2010	2009	2010	2009
Benefits earned during the period	\$ 4	\$ 6	\$ 41	\$ 37	\$	\$	\$ 6	\$ 7
Interest cost on benefit obligation	159	163	84	70	14	15	26	21
Expected return on plan assets	(211)	(229)	(94)	(78)	(2)	(2)	(25)	(18)
Amortization of unrecognized:								
Prior service cost (benefit)		1	1					
Net actuarial loss	11		14	15	1	1	5	4
Net (benefit) expense	\$ (37)	\$ (59)	\$ 46	\$ 44	\$ 13	\$ 14	\$ 12	\$ 14

(1)

The U.S. plans exclude nonqualified pension plans, for which the net expense was \$11 million and \$10 million for the three months ended March 31, 2010 and 2009, respectively.

Employer Contributions

Citigroup's pension funding policy for U.S. plans and non-U.S. plans is generally to fund to applicable minimum funding requirements, rather than to the amounts of accumulated benefit obligations. For the U.S. plans, the Company may increase its contributions above the minimum required contribution under the Employee Retirement Income Security Act of 1974, as amended, if appropriate to its tax and cash position and the plan's funded position. For the U.S. plans, at March 31, 2010 there were no minimum required cash contributions and no discretionary cash or non-cash contributions are currently planned. For the non-U.S. plans, the Company contributed \$60 million during the first

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quarter of 2010. The Company expects to contribute an additional \$98 million to fund its non-U.S. plans in 2010.

Table of Contents**8. EARNINGS PER SHARE**

The following is a reconciliation of the income and share data used in the basic and diluted earnings per share computations for the three months ended March 31:

<i>In millions, except per-share amounts</i>	Three Months Ended March 31,	
	2010	2009
Income before attribution of noncontrolling interests	\$ 4,249	\$ 1,694
Noncontrolling interests	32	(16)
Net income from continuing operations (for EPS purposes)	\$ 4,217	\$ 1,710
Income (loss) from discontinued operations, net of taxes	211	(117)
Citigroup's net income (loss)	\$ 4,428	\$ 1,593
Preferred dividends		(1,221)
Impact of the conversion price reset related to the \$12.5 billion convertible preferred stock private issuance		(1,285)
Preferred stock Series H discount accretion		(53)
Net income (loss) available to common shareholders	\$ 4,428	\$ (966)
Income allocated to participating securities	28	
Net income (loss) allocated to common shareholders for basic EPS(1)	\$ 4,400	\$ (966)
Effect of dilutive securities		270
Net income (loss) allocated to common shareholders for diluted EPS(1)	\$ 4,400	\$ (696)
Weighted-average common shares outstanding applicable to basic EPS	28,444.3	5,385.0
Effect of dilutive securities		
TDECs	882.8	
Convertible securities	0.7	568.3
Other employee plans	5.7	
Adjusted weighted-average common shares outstanding applicable to diluted EPS(2)	29,333.5	5,953.3
Basic earnings per share(3)		
Income (loss) from continuing operations	\$ 0.15	\$ (0.16)
Discontinued operations	0.01	(0.02)
Net income (loss)	\$ 0.15	\$ (0.18)
Diluted earnings per share(3)		
Income (loss) from continuing operations	\$ 0.14	\$ (0.16)
Discontinued operations	0.01	(0.02)
Net income (loss)	\$ 0.15	\$ (0.18)

(1)

Due to the net loss available to common shareholders in 2009, loss available to common shareholders for basic EPS was used to calculate diluted EPS. Adding back the effect of dilutive securities would result in anti-dilution.

(2)

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Due to the net loss available to common shareholders in 2009, basic shares were used to calculate diluted EPS. Adding dilutive securities to the denominator would result in anti-dilution.

(3)

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

During the first three months of 2010 and 2009, weighted-average options to purchase 390.5 million and 121.1 million shares of common stock, respectively, were outstanding but not included in the computation of earnings per common share, because the weighted-average exercise prices of \$11.21 and \$40.34, respectively, were greater than the average market price of the Company's common stock. In addition, equity awards granted under the Management Committee Long-Term Incentive Plan (MC LTIP) were not included in the 2009 computation of earnings per common share, because the performance targets under the terms of the awards were not met and, as a result, the awards expired in the first quarter of 2010.

Approximately \$1.7 billion of Common Stock Equivalent (CSE) awards payable in April 2010 in shares of Citigroup common stock were not included in the computation of earnings per common share, because the awards were anti-dilutive under the treasury stock method. Equity units convertible into approximately 177 million shares of Citigroup common stock held by the Abu Dhabi Investment Authority (ADIA) were not included in the computation of earnings per common share, because the exercise price of \$31.83 was greater than the average market price of Citigroup's common stock. Approximately 5 million of other incentive compensation awards were not included in the computation of earnings per common share, because they were anti-dilutive for the periods presented.

Table of Contents**9. TRADING ACCOUNT ASSETS AND LIABILITIES**

Trading account assets and Trading account liabilities, at fair value, consisted of the following at March 31, 2010 and December 31, 2009:

<i>In millions of dollars</i>	March 31, 2010	December 31, 2009
Trading account assets		
Mortgage-backed securities(1)		
U.S. government sponsored agency guaranteed	\$ 29,154	\$ 20,638
Prime	1,368	1,156
Alt-A	1,364	1,229
Subprime	7,148	9,734
Non-U.S. residential	2,779	2,368
Commercial	3,205	3,455
Total mortgage-backed securities(1)	\$ 45,018	\$ 38,580
U.S. Treasury and federal agencies		
U.S. Treasuries	\$ 27,174	\$ 28,938
Agency and direct obligations	5,248	2,041
Total U.S. Treasury and federal agencies	\$ 32,422	\$ 30,979
State and municipal securities	7,672	\$ 7,147
Foreign government securities	86,000	72,769
Corporate	56,995	51,985
Derivatives(2)	53,710	58,879
Equity securities	43,054	46,221
Asset-backed securities(1)	5,475	4,089
Other debt securities	15,437	32,124
Total trading account assets	\$ 345,783	\$ 342,773
Trading account liabilities		
Securities sold, not yet purchased	\$ 83,134	\$ 73,406
Derivatives(2)	59,614	64,106
Total trading account liabilities	\$ 142,748	\$ 137,512

(1)

The Company invests in mortgage-backed securities and asset-backed securities. Mortgage securitizations are generally considered variable interest entities (VIEs). The Company's maximum exposure to loss from these VIEs is equal to the carrying amount of the securities, which is reflected in the table above. For mortgage-backed and asset-backed securitizations in which the Company has other involvement, information is provided in Note 14 to the Consolidated Financial Statements.

(2)

Presented net, pursuant to master netting agreements. See Note 15 to the Consolidated Financial Statements for a discussion regarding the accounting and reporting for derivatives.

Table of Contents**10. INVESTMENTS**

<i>In millions of dollars</i>	March 31, 2010	December 31, 2009
Securities available-for-sale	\$ 253,367	\$ 239,599
Debt securities held-to-maturity(1)	46,348	51,527
Non-marketable equity securities carried at fair value(2)	8,771	6,830
Non-marketable equity securities carried at cost(3)	8,247	8,163
Total investments	\$ 316,733	\$ 306,119

- (1) Recorded at amortized cost, less credit-related impairment.
- (2) Unrealized gains and losses for non-marketable equity securities carried at fair value are recognized in earnings.
- (3) Non-marketable equity securities carried at cost primarily consist of shares issued by the Federal Reserve Bank, Federal Home Loan Bank, foreign central banks and various clearing houses of which Citigroup is a member.

Securities Available-for-Sale

The amortized cost and fair value of securities available-for-sale at March 31, 2010 and December 31, 2009 were as follows:

<i>In millions of dollars</i>	March 31, 2010				December 31, 2009			
	Amortized cost	Gross unrealized gains	Gross unrealized losses	Fair value	Amortized cost	Gross unrealized gains	Gross unrealized losses	Fair value
Debt securities available-for-sale								
Mortgage-backed securities(1)								
U.S. government-agency guaranteed	\$ 20,075	\$ 407	\$ 25	\$ 20,457	\$ 20,625	\$ 339	\$ 50	\$ 20,914
Prime	6,749	13	884	5,878	7,291	119	932	6,478
Alt-A	248	5	1	252	538	93	4	627
Subprime	1			1	1			1
Non-U.S. residential	202	2		204	258		3	255
Commercial	635	16	65	586	883	10	100	793
Total mortgage-backed securities	\$ 27,910	\$ 443	\$ 975	\$ 27,378	\$ 29,596	\$ 561	\$ 1,089	\$ 29,068
U.S. Treasury and federal agency securities								
U.S. Treasury	31,857	41	155	31,743	26,857	36	331	26,562
Agency obligations	35,761	80	85	35,756	27,714	46	208	27,552
Total U.S. Treasury and federal agency securities	\$ 67,618	\$ 121	\$ 240	\$ 67,499	\$ 54,571	\$ 82	\$ 539	\$ 54,114
State and municipal	16,531	114	1,300	15,345	16,677	147	1,214	15,610
Foreign government	106,226	1,227	181	107,272	101,987	860	328	102,519
Corporate	16,798	367	79	17,086	20,024	435	146	20,313
Asset-backed securities(1)	10,310	61	88	10,283	10,089	50	93	10,046
Other debt securities	2,614	28	69	2,573	2,179	21	77	2,123
	\$ 248,007	\$ 2,361	\$ 2,932	\$ 247,436	\$ 235,123	\$ 2,156	\$ 3,486	\$ 233,793

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Total debt securities
available- for-sale

Marketable equity securities available-for-sale	\$	4,164	\$	1,993	\$	226	\$	5,931	\$	4,089	\$	1,929	\$	212	\$	5,806
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Total securities available-for-sale	\$	252,171	\$	4,354	\$	3,158	\$	253,367	\$	239,212	\$	4,085	\$	3,698	\$	239,599
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(1)

The Company invests in mortgage-backed and asset-backed securities. These securitizations are generally considered variable interest entities (VIEs). The Company's maximum exposure to loss from these VIEs is equal to the carrying amount of the securities, which is reflected in the table above. For mortgage-backed and asset-backed securitizations in which the Company has other involvement, information is provided in Note 14 to the Consolidated Financial Statements.

As discussed in more detail below, the Company conducts and documents periodic reviews of all securities with unrealized losses to evaluate whether the impairment is other than temporary. Any credit-related impairment related to debt securities the Company does not plan to sell and is not likely to be required to sell is recognized in the Consolidated Statement of Income, with the non-credit-related impairment recognized in OCI. For other impaired debt securities, the entire impairment is recognized in the Consolidated Statement of Income.

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The table below shows the fair value of investments in available-for-sale securities that have been in an unrealized loss position for less than 12 months or for 12 months or longer as of March 31, 2010 and December 31, 2009:

	Less than 12 months		12 months or longer		Total	
	Fair value	Gross unrealized losses	Fair value	Gross unrealized losses	Fair value	Gross unrealized losses
<i>In millions of dollars</i>						
March 31, 2010						
Securities available-for-sale						
Mortgage-backed securities						
U.S. government-agency guaranteed	\$ 2,301	\$ 25	\$ 38	\$	\$ 2,339	\$ 25
Prime	4,810	875	439	9	5,249	884
Alt-A	4		155	1	159	1
Subprime						
Non-U.S. residential						
Commercial	102	25	45	40	147	65
Total mortgage-backed securities	\$ 7,217	\$ 925	\$ 677	\$ 50	\$ 7,894	\$ 975
U.S. Treasury and federal agency securities						
U.S. Treasury	23,957	110	359	45	24,316	155
Agency obligations	15,159	85	1		15,160	85
Total U.S. Treasury and federal agency securities	\$ 39,116	\$ 195	\$ 360	\$ 45	\$ 39,476	\$ 240
State and municipal	1,253	106	10,277	1,194	11,530	1,300
Foreign government	16,643	73	3,857	108	20,500	181
Corporate	3,119	33	727	46	3,846	79
Asset-backed securities	188	8	1,088	80	1,276	88
Other debt securities		1	362	68	362	69
Marketable equity securities available-for-sale	79	2	2,386	224	2,465	226
Total securities available-for-sale	\$ 67,615	\$ 1,343	\$ 19,734	\$ 1,815	\$ 87,349	\$ 3,158
December 31, 2009						
Securities available-for-sale						
Mortgage-backed securities						
U.S. government-agency guaranteed	\$ 6,793	\$ 47	\$ 263	\$ 3	\$ 7,056	\$ 50
Prime	5,074	905	228	27	5,302	932
Alt-A	106		35	4	141	4
Subprime						
Non-U.S. residential	250	3			250	3
Commercial	93	2	259	98	352	100
Total mortgage-backed securities	\$ 12,316	\$ 957	\$ 785	\$ 132	\$ 13,101	\$ 1,089
U.S. Treasury and federal agency securities						
U.S. Treasury	23,378	224	308	107	23,686	331
Agency obligations	17,957	208	7		17,964	208
Total U.S. Treasury and federal agency securities	\$ 41,335	\$ 432	\$ 315	\$ 107	\$ 41,650	\$ 539
State and municipal	754	97	10,630	1,117	11,384	1,214
Foreign government	39,241	217	10,398	111	49,639	328
Corporate	1,165	47	907	99	2,072	146
Asset-backed securities	627	4	986	89	1,613	93
Other debt securities	28	2	647	75	675	77
Marketable equity securities available-for-sale	102	4	2,526	208	2,628	212
Total securities available-for-sale	\$ 95,568	\$ 1,760	\$ 27,194	\$ 1,938	\$ 122,762	\$ 3,698

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The following table presents the amortized cost and fair value of debt securities available-for-sale by contractual maturity dates as of March 31, 2010 and December 31, 2009:

<i>In millions of dollars</i>	March 31, 2010		December 31, 2009	
	Amortized cost	Fair value	Amortized cost	Fair value
Mortgage-backed securities(1)				
Due within 1 year	\$ 6	\$ 5	\$ 2	\$ 3
After 1 but within 5 years	10	10	16	16
After 5 but within 10 years	544	527	626	597
After 10 years(2)	27,350	26,836	28,952	28,452
Total	\$ 27,910	\$ 27,378	\$ 29,596	\$ 29,068
U.S. Treasury and federal agencies				
Due within 1 year	\$ 6,350	\$ 6,347	\$ 5,357	\$ 5,366
After 1 but within 5 years	48,381	48,308	35,912	35,618
After 5 but within 10 years	9,506	9,509	8,815	8,773
After 10 years(2)	3,381	3,335	4,487	4,357
Total	\$ 67,618	\$ 67,499	\$ 54,571	\$ 54,114
State and municipal				
Due within 1 year	\$ 15	\$ 15	\$ 7	\$ 8
After 1 but within 5 years	125	131	119	129
After 5 but within 10 years	282	286	340	359
After 10 years(2)	16,109	14,913	16,211	15,114
Total	\$ 16,531	\$ 15,345	\$ 16,677	\$ 15,610
Foreign government				
Due within 1 year	\$ 32,367	\$ 32,507	\$ 32,223	\$ 32,365
After 1 but within 5 years	62,549	63,173	61,165	61,426
After 5 but within 10 years	10,308	10,459	7,844	7,845
After 10 years(2)	1,002	1,133	755	883
Total	\$ 106,226	\$ 107,272	\$ 101,987	\$ 102,519
All other(3)				
Due within 1 year	\$ 3,662	\$ 3,658	\$ 4,243	\$ 4,244
After 1 but within 5 years	12,901	13,079	14,286	14,494
After 5 but within 10 years	8,648	8,721	9,483	9,597
After 10 years(2)	4,511	4,484	4,280	4,147
Total	\$ 29,722	\$ 29,942	\$ 32,292	\$ 32,482
Total debt securities available-for-sale	\$ 248,007	\$ 247,436	\$ 235,123	\$ 233,793

(1) Includes mortgage-backed securities of U.S. federal agencies.

(2) Investments with no stated maturities are included as contractual maturities of greater than 10 years. Actual maturities may differ due to call or prepayment rights.

(3)

Includes corporate securities and other debt securities.

The following table presents interest and dividends on investments for the quarter ended March 31, 2010 and 2009:

<i>In millions of dollars</i>	Three months ended	
	March 31, 2010	March 31, 2009
Taxable interest	\$ 2,868	\$ 3,013
Interest exempt from U.S. federal income tax	173	118
Dividends	68	45
Total interest and dividends	\$ 3,109	\$ 3,176

The following table presents realized gains and losses on investments for the quarters ended March 31, 2010 and 2009.

The gross realized investment losses exclude losses from other-than-temporary impairment:

<i>In millions of dollars</i>	Three months ended	
	March 31, 2010	March 31, 2009
Gross realized investment gains	\$ 593	\$ 781
Gross realized investment losses(1)	(55)	(24)
Net realized gains	\$ 538	\$ 757

(1)

During the first quarter of 2010, the Company sold four corporate debt securities that were classified as held-to-maturity. These sales were in response to a significant deterioration in the creditworthiness of the issuers. The securities sold had a carrying value of \$413 million, and the Company recorded a realized loss of \$49 million.

Table of Contents**Debt Securities Held-to-Maturity**

The carrying value and fair value of securities held-to-maturity (HTM) at March 31, 2010 and December 31, 2009 were as follows:

<i>In millions of dollars</i>	Amortized cost(1)	Net unrealized loss recognized in AOCI	Carrying value(2)	Gross unrecognized gains	Gross unrecognized losses	Fair value
March 31, 2010						
Debt securities held-to-maturity(3)						
Mortgage-backed securities						
Prime	\$ 5,818	\$ 1,011	\$ 4,807	\$ 311	\$ 6	\$ 5,112
Alt-A	14,055	3,779	10,276	375	237	10,414
Subprime	1,028	133	895	23	100	818
Non-U.S. residential	8,016	989	7,027	527	76	7,478
Commercial	1,227	38	1,189	11	172	1,028
Total mortgage-backed securities	\$ 30,144	\$ 5,950	\$ 24,194	\$ 1,247	\$ 591	\$ 24,850
U.S. Treasury and federal agency securities						
Total U.S. Treasury and federal agency securities	\$	\$	\$	\$	\$	\$
State and municipal	2,974	144	2,830	109	86	2,853
Corporate	6,867	226	6,641	659	29	7,271
Asset-backed securities(3)	13,081	398	12,683	371	383	12,671
Other debt securities						
Total debt securities held-to-maturity	\$ 53,066	\$ 6,718	\$ 46,348	\$ 2,386	\$ 1,089	\$ 47,645
December 31, 2009						
Debt securities held-to-maturity(3)						
Mortgage-backed securities						
Prime	\$ 6,118	\$ 1,151	\$ 4,967	\$ 317	\$ 5	\$ 5,279
Alt-A	14,710	4,276	10,434	905	243	11,096
Subprime	1,087	128	959	77	100	936
Non-U.S. residential	9,002	1,119	7,883	469	134	8,218
Commercial	1,303	45	1,258	1	208	1,051
Total mortgage-backed securities	\$ 32,220	\$ 6,719	\$ 25,501	\$ 1,769	\$ 690	\$ 26,580
U.S. Treasury and federal agency securities						
Total U.S. Treasury and federal agency securities	\$	\$	\$	\$	\$	\$
State and municipal	3,067	147	2,920	92	113	2,899
Corporate	7,457	264	7,193	524	182	7,535
Asset-backed securities(3)	16,348	435	15,913	567	496	15,984
Other debt securities						
Total debt securities held-to-maturity	\$ 59,092	\$ 7,565	\$ 51,527	\$ 2,952	\$ 1,481	\$ 52,998

(1)

For securities transferred to HTM from *Trading account assets*, amortized cost is defined as the fair value amount of the securities at the date of transfer plus any accretion income and less any impairments recognized in earnings subsequent to transfer. For securities transferred to HTM from AFS, amortized cost is defined as the original purchase cost, plus or minus any accretion or amortization of a purchase discount or premium, less any impairment previously recognized in earnings.

(2)

HTM securities are carried on the Consolidated Balance Sheet at amortized cost and the changes in the value of these securities, other than impairment charges, are not reported on the financial statements.

(3)

The Company invests in mortgage-backed and asset-backed securities. These securitizations are generally considered variable interest entities (VIEs). The Company's maximum exposure to loss from these VIEs is equal to the carrying amount of the securities, which is reflected in the table above. For mortgage-backed and asset-backed securitizations in which the Company has other involvement, information is provided in Note 14 to the Consolidated Financial Statements.

The net unrealized losses classified in *Accumulated other comprehensive income* (AOCI) relate to debt securities reclassified from AFS investments to HTM investments. Additionally, for HTM securities that have suffered credit impairment, declines in fair value for reasons other than credit losses are recorded in AOCI. The AOCI balance was \$6.7 billion as of March 31, 2010, compared to \$7.6 billion as of December 31, 2009. The AOCI balance for HTM securities is amortized over the remaining life of the related securities as an adjustment of yield in a manner consistent with the accretion of discount on the same debt securities. This will have no impact on the Company's net income because the amortization of the unrealized holding loss reported in equity will offset the effect on interest income of the accretion of the discount on these securities.

The credit-related impairment on HTM securities is recognized in earnings.

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The table below shows the fair value of investments in HTM that have been in an unrecognized loss position for less than 12 months or for 12 months or longer as of March 31, 2010 and December 31, 2009:

	Less than 12 months		12 months or longer		Total	
	Fair value	Gross unrecognized losses	Fair value	Gross unrecognized losses	Fair value	Gross unrecognized losses
<i>In millions of dollars</i>						
March 31, 2010						
Debt securities held-to-maturity						
Mortgage-backed securities	\$ 91	\$ 43	\$ 15,328	\$ 548	\$ 15,419	\$ 591
State and municipal	569	50	577	36	1,146	86
Corporate			988	29	988	29
Asset-backed securities			4,114	383	4,114	383
Other debt securities						
Total debt securities held-to-maturity	\$ 660	\$ 93	\$ 21,007	\$ 996	\$ 21,667	\$ 1,089
December 31, 2009						
Debt securities held-to-maturity						
Mortgage-backed securities	\$	\$	\$ 16,923	\$ 690	\$ 16,923	\$ 690
State and municipal	755	79	713	34	1,468	113
Corporate			1,519	182	1,519	182
Asset-backed securities	348	18	5,460	478	5,808	496
Other debt securities						
Total debt securities held-to-maturity	\$ 1,103	\$ 97	\$ 24,615	\$ 1,384	\$ 25,718	\$ 1,481

Excluded from the gross unrecognized losses presented in the above table are the \$6.7 billion and \$7.6 billion of gross unrealized losses recorded in AOCI mainly related to the HTM securities that were reclassified from AFS investments as of March 31, 2010 and December 31, 2009, respectively. Virtually all of these unrealized losses relate to securities that have been in a loss position for 12 months or longer at both March 31, 2010 and December 31, 2009.

The following table presents the carrying value and fair value of HTM debt securities by contractual maturity dates as of March 31, 2010 and December 31, 2009:

	March 31, 2010		December 31, 2009	
	Carrying value	Fair value	Carrying value	Fair value
<i>In millions of dollars</i>				
Mortgage-backed securities				
Due within 1 year	\$	\$	\$ 1	\$ 1
After 1 but within 5 years	629	540	466	385
After 5 but within 10 years	618	542	697	605
After 10 years(1)	22,947	23,768	24,337	25,589
Total	\$ 24,194	\$ 24,850	\$ 25,501	\$ 26,580
State and municipal				
Due within 1 year	\$ 14	\$ 14	\$ 6	\$ 6
After 1 but within 5 years	39	64	53	79
After 5 but within 10 years	88	88	99	99
After 10 years(1)	2,689	2,687	2,762	2,715
Total	\$ 2,830	\$ 2,853	\$ 2,920	\$ 2,899
All other(2)				
Due within 1 year	\$ 2,835	\$ 2,856	\$ 4,652	\$ 4,875
After 1 but within 5 years	2,741	2,865	3,795	3,858

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After 5 but within 10 years	6,113	6,660	6,240	6,526
After 10 years(1)	7,635	7,561	8,419	8,260
Total	\$ 19,324	\$ 19,942	\$ 23,106	\$ 23,519
Total debt securities held-to-maturity	\$ 46,348	\$ 47,645	\$ 51,527	\$ 52,998

-
- (1) Investments with no stated maturities are included as contractual maturities of greater than 10 years. Actual maturities may differ due to call or prepayment rights.
- (2) Includes asset-backed securities and all other debt securities.

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Evaluating Investments for Other-Than-Temporary Impairments

The Company conducts and documents periodic reviews of all securities with unrealized losses to evaluate whether the impairment is other than temporary. Prior to January 1, 2009, these reviews were conducted pursuant to FASB Staff Position No. FAS 115-1, *The Meaning of Other-Than-Temporary Impairment and its Application to Certain Investments* (now incorporated into ASC 320-10-35, *Investments Debt and Equity Securities Subsequent Measurement*). Any unrealized loss identified as other than temporary was recorded directly in the Consolidated Statement of Income. As of January 1, 2009, the Company adopted FSP FAS 115-2 and FAS 124-2 (now incorporated into ASC 320-10-35-34, *Investments Debt and Equity Securities: Recognition of an Other-Than-Temporary Impairment*). This guidance amends the impairment model for debt securities; the impairment model for equity securities was not affected.

Under the new guidance for debt securities, other-than-temporary impairment is recognized in earnings for debt securities which the Company has an intent to sell or which the Company believes it is more-likely-than-not that it will be required to sell prior to recovery of the amortized cost basis. For those securities which the Company does not intend to sell or expect to be required to sell, credit-related impairment is recognized in earnings, with the non-credit-related impairment recorded in AOCI.

An unrealized loss exists when the current fair value of an individual security is less than its amortized cost basis. Unrealized losses that are determined to be temporary in nature are recorded, net of tax, in AOCI for AFS securities, while such losses related to HTM securities are not recorded, as these investments are carried at their amortized cost. For securities transferred to HTM from *Trading account assets*, amortized cost is defined as the fair value of the securities at the date of transfer, plus any accretion income and less any impairment recognized in earnings subsequent to transfer. For securities transferred to HTM from AFS, amortized cost is defined as the original purchase cost, plus or minus any accretion or amortization of a purchase discount or premium, less any impairment recognized in earnings subsequent to transfer.

Regardless of the classification of the securities as AFS or HTM, the Company has assessed each position for impairment.

Factors considered in determining whether a loss is temporary include:

the length of time and the extent to which fair value has been below cost;

the severity of the impairment;

the cause of the impairment and the financial condition and near-term prospects of the issuer;

activity in the market of the issuer which may indicate adverse credit conditions; and

the Company's ability and intent to hold the investment for a period of time sufficient to allow for any anticipated recovery.

The Company's review for impairment generally entails:

identification and evaluation of investments that have indications of possible impairment;

analysis of individual investments that have fair values less than amortized cost, including consideration of the length of time the investment has been in an unrealized loss position and the expected recovery period;

discussion of evidential matter, including an evaluation of factors or triggers that could cause individual investments to qualify as having other-than-temporary impairment and those that would not support other-than-temporary impairment; and

documentation of the results of these analyses, as required under business policies.

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For equity securities, management considers the various factors described above, including its intent and ability to hold the equity security for a period of time sufficient for recovery to amortized cost. Where management lacks that intent or ability, the security's decline in fair value is deemed to be other than temporary and is recorded in earnings. AFS equity securities deemed other-than-temporarily impaired are written down to fair value, with the full difference between fair value and amortized cost recognized in earnings.

For debt securities that are not deemed to be credit impaired, management assesses whether it intends to sell or whether it is more-likely-than-not that it would be required to sell the investment before the expected recovery of the amortized cost basis. In most cases, management has asserted that it has no intent to sell and that it believes it is not likely to be required to sell the investment before recovery of its amortized cost basis. Where such an assertion has not been made, the security's decline in fair value is deemed to be other than temporary and is recorded in earnings.

For debt securities, a critical component of the evaluation for other-than-temporary impairment is the identification of credit impaired securities, where management does not expect to receive cash flows sufficient to recover the entire amortized cost basis of the security. For securities purchased and classified as AFS with the expectation of receiving full principal and interest cash flows, this analysis considers the likelihood of receiving all contractual principal and interest. For securities reclassified out of the trading category in the fourth quarter of 2008, the analysis considered the likelihood of receiving the expected principal and interest cash flows anticipated as of the date of reclassification in the fourth quarter of 2008. The extent of the Company's analysis regarding credit quality and the stress on assumptions used in the analysis have been refined for securities where the current fair value or other characteristics of the security warrant. The paragraphs below describe the Company's process for identifying credit impairment in security types with the most significant unrealized losses as of March 31, 2010.

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Mortgage-backed securities

For U.S. mortgage-backed securities (and in particular for Alt-A and other mortgage-backed securities that have significant unrealized losses as a percentage of amortized cost), credit impairment is assessed using a cash flow model that estimates the cash flows on the underlying mortgages, using the security-specific collateral and transaction structure. The model estimates cash flows from the underlying mortgage loans and distributes those cash flows to various tranches of securities, considering the transaction structure and any subordination and credit enhancements that exist in that structure. The cash flow model incorporates actual cash flows on the mortgage-backed securities through the current period and then projects the remaining cash flows using a number of assumptions, including default rates, prepayment rates, and recovery rates (on foreclosed properties).

Management develops specific assumptions using as much market data as possible and includes internal estimates as well as estimates published by rating agencies and other third-party sources. Default rates are projected by considering current underlying mortgage loan performance, generally assuming the default of (1) 10% of current loans, (2) 25% of 30-59 day delinquent loans, (3) 70% of 60-90 day delinquent loans and (4) 100% of 91+ day delinquent loans. These estimates are extrapolated along a default timing curve to estimate the total lifetime pool default rate. Other assumptions used contemplate the actual collateral attributes, including geographic concentrations, rating agency loss projections, rating actions and current market prices.

The key assumptions for mortgage-backed securities as of March 31, 2010 are in the table below:

March 31, 2010