CITIGROUP INC
Form 10-Q
August 01, 2014

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549
FORM 10-Q
QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF
THE SECURITIES EXCHANGE ACT OF 1934
For the quarterly period ended June 30, 2014
Commission file number 1-9924
Citigroup Inc.
(Exact name of registrant as specified in its charter)

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

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

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ý No o
Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ý No o
Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer x	Accelerated filer o	Non-accelerated filer o (Do not check if a smaller reporting company)	Smaller reporting company o

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes o No ý
Indicate the number of shares outstanding of each of the issuer's classes of common stock as of the latest practicable date:
Common stock outstanding as of June 30, 2014: 3,031,772,710
Available on the web at www.citigroup.com

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OVERVIEW

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

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

Citigroup currently operates, for management reporting purposes, via two primary business segments: Citicorp, consisting of Citi’s Global Consumer Banking businesses and Institutional Clients Group; and Citi Holdings, consisting of businesses and portfolios of assets that Citigroup has determined are not central to its core Citicorp businesses. For a further description of the business segments and the products and services they provide, see “Citigroup Segments” below, “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and Note 3 to the Consolidated Financial Statements.

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

This Quarterly Report on Form 10-Q should be read in conjunction with Citigroup’s Annual Report on Form 10-K for the year ended December 31, 2013 filed with the U.S. Securities and Exchange Commission (SEC) on March 3, 2014 (2013 Annual Report on Form 10-K) and Citigroup’s Quarterly Report on Form 10-Q for the quarter ended March 31, 2014 filed with the SEC on May 2, 2014 (First Quarter of 2014 Form 10-Q).

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

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

As described above, Citigroup is managed pursuant to the following segments:
The following are the four regions in which Citigroup operates. The regional results are fully reflected in the segment results above.

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

EXECUTIVE SUMMARY

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

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

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

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

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

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

Second Quarter of 2014 Summary Results

Citigroup

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

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

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

Operating Expenses

Citigroup expenses increased 28% versus the prior-year period to $15.5 billion. Excluding the impact of the mortgage settlement, operating expenses declined 3% to $11.8 billion, driven by efficiency savings, the overall decline in Citi Holdings assets and lower legal and related expenses, partially offset by higher regulatory and compliance costs, which Citi expects to continue, and higher repositioning charges in the current quarter, primarily due to repositioning in Korea in Asia GCB. Excluding the impact of the mortgage settlement, Citi incurred legal and related costs of $402 million (compared to $832 million in the prior-year period) and repositioning

charges of $397 million (compared to $75 million in the prior-year period). Excluding the impact of the mortgage settlement, other legal and related costs, repositioning charges and the impact of foreign exchange translation into U.S. dollars for reporting purposes (FX translation), which increased reported expenses by approximately $17 million in the second quarter of 2014 as compared to the prior-year period, operating expenses were $11.0 billion compared to $11.2 billion in the prior-year period. Consistent with its execution priorities, Citi currently expects its repositioning charges in the second half of 2014 to be roughly in line with the $608 million of repositioning charges recorded in the first half of 2014.

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

Credit Costs and Allowance for Loan Losses

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

The net release of allowance for loan losses and unfunded lending commitments was $641 million in the second quarter of 2014. Excluding the impact of the mortgage settlement, the net release of allowance for loan losses and unfunded lending commitments was $696 million compared to a $784 million release in the prior-year period. Citicorp's net reserve release increased 42% to $442 million, primarily due to a higher reserve release in North America GCB and ICG, partially offset by a net reserve build in international GCB, primarily reflecting portfolio growth and seasoning in Latin America GCB. Citi Holdings' net reserve release, excluding the impact of the mortgage settlement, decreased 46% to $254 million, substantially all of which related to the North America mortgage portfolio.

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

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

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

Capital

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

Citicorp

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

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

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

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

period, reflecting historically low volatility and continued macro-uncertainty in the current quarter, which led to lower market volumes, as well as the impact of gains in the prior-year period. Equity markets revenues of $659 million, excluding CVA/DVA, were down 26% versus the prior-year period, reflecting lower client activity and weak trading performance in EMEA. Securities services revenues were largely unchanged at $598 million versus the prior-year period as higher client activity was offset by a reduction in high margin deposits. For additional information on the results of operations of ICG for the second quarter of 2014, see “Institutional Clients Group” below.
Corporate/Other revenues decreased to $35 million from $114 million in the prior-year period, driven mainly by hedging activities. For additional information on the results of operations of Corporate/Other for the second quarter of 2014, see “Corporate/Other” below.
Citicorp end-of-period loans increased 8% versus the prior-year period to $585 billion, with 7% growth in consumer loans and 9% growth in corporate loans.

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

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

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

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

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

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

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

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

(1) Discontinued operations include Credicard, Citi Capital Advisors and Egg Banking credit card business. See Note 2 to the Consolidated Financial Statements for additional information on Citi's discontinued operations.
(2) The return on average common stockholders' equity is calculated using net income less preferred stock dividends divided by average common stockholders' equity. The return on average total Citigroup stockholders' equity is calculated using net income divided by average Citigroup stockholders' equity.
(3) The capital ratios reflect the capital (numerator) as derived under the transition provisions of the final U.S. Basel III rules, which became effective January 1, 2014, and risk-weighted assets (denominator) as Basel III risk-weighted assets based on the "Advanced Approaches" for determining total risk-weighted assets.
(4) The leverage ratio represents Tier 1 Capital divided by quarterly adjusted average total assets.
(5) Citi's estimated Basel III ratios and related components as of June 30, 2014 are based on the final U.S. Basel III rules, and with full implementation assumed for capital components; and the estimated Basel III risk-weighted assets are based on the "Advanced Approaches" for determining total risk-weighted assets.
(6) Dividends declared per common share as a percentage of net income per diluted share.
N/A Not available.

SEGMENT AND BUSINESS—INCOME (LOSS) AND REVENUES

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

CITIGROUP INCOME

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

NM Not meaningful

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CITIGROUP REVENUES

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

CITICORP

Citicorp is Citigroup's global bank for consumers and businesses and represents Citi's core franchises. Citicorp is focused on providing best-in-class products and services to customers and leveraging Citigroup's unparalleled global network, including many of the world's emerging economies. Citicorp is physically present in approximately 100 countries, many for over 100 years, and offers services in over 160 countries and jurisdictions. Citi believes this global network provides a strong foundation for servicing the broad financial services needs of its large multinational clients and for meeting the needs of retail, private banking, commercial, public sector and institutional clients around the world.

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

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

NM Not meaningful

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GLOBAL CONSUMER BANKING

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

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

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

(Table continues on next page.)

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

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

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

NM Not meaningful

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NORTH AMERICA GCB

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

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

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

NM Not meaningful

2Q14 vs. 2Q13
Net income was unchanged at $1.1 billion as lower revenues were offset by lower operating expenses, a decline in net credit losses and higher loan loss reserve releases.
Revenues decreased 5% primarily due to lower retail banking revenues, partially offset by higher Citi-branded cards and Citi retail services revenues. Net interest revenue increased 4% primarily due to an increase in average loans driven by the Best Buy portfolio acquisition in September 2013, partially offset by continued spread compression in retail banking and lower average loans in Citi-branded cards. Non-interest revenue decreased 42% primarily due to the lower mortgage origination revenues, partially offset by a 7% increase in purchase sales.
Retail banking revenues of $1.2 billion declined 26% due to lower mortgage origination revenues driven by lower U.S. mortgage refinancing activity and the absence of a gain on the sale of a mortgage portfolio in the prior-year period (approximately $180 million). While retail banking continued to experience spread compression in the deposit portfolios within the consumer and commercial banking businesses, this impact was partially offset by growth in average deposits (4%), average commercial loans (7%) and average retail loans (11%). Although retail banking revenues will likely continue to be negatively impacted during the remainder of 2014 by lower mortgage origination revenues and spread compression in the deposit portfolios, deposit spreads improved sequentially and Citi believes mortgage revenues have broadly stabilized.
Cards revenues increased 4%. In Citi-branded cards, revenues increased 3% as purchase sales increased 5% from the prior-year period and lower average loans (3% decline from the prior-year period) were partially offset by higher net interest spreads driven by the continued reduction of promotional balances in the portfolio. The decline in average loans, primarily reflecting the continued emphasis on reducing promotional balances as well as increased customer payment rates, were partially offset by the higher net interest spreads.
Citi retail services revenues increased 7% primarily due to an 18% increase in average loans driven by the Best Buy acquisition, partially offset by continued declines in revenues due to improving credit and the resulting impact on contractual partner payments. Citi retail services revenues also benefited from lower funding costs, partially offset by a decline in net interest spreads due to a higher percentage of promotional balances within the portfolio. Purchase sales in Citi retail services increased 11% from the prior-year period, driven by the acquisition of the Best Buy portfolio.
Expenses decreased 4%, reflecting ongoing cost reduction initiatives, partially offset by an increase in retail services expenses due to the impact of the Best Buy portfolio acquisition. Cost reduction initiatives included the ongoing repositioning of the mortgage business due to the decline in mortgage refinancing activity, as well as continued rationalization of the branch footprint, including reducing the number of overall branches.
Provisions decreased 19% due to lower net credit losses in Citi-branded cards (down 14% to $570 million) and Citi retail services (down 3% to $465 million) and higher loan loss

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

2014 YTD vs. 2013 YTD
Year-to-date, North America GCB has experienced similar trends to those described above. Net income decreased 3%, mainly due to lower revenues, partially offset by lower expenses and lower net credit losses.
Revenues decreased 6% primarily due to a 40% decline in non-interest revenues, partially offset by a 2% increase in net interest revenue. Retail banking revenues declined 27% due to the significantly lower mortgage origination revenues and the continued spread compression in the deposit portfolios. Cards revenues increased 4% due to a 1% increase in Citi-branded cards revenues and 7% increase in Citi retail services revenues, driven by the factors described above.
Expenses declined 3%, driven by the factors described above.
Provisions decreased 13% due to an 11% decline in net credit losses, partially offset by lower loan loss reserve releases ($665 million in the first half of 2014 compared to $721 million in the prior-year period) primarily related to

cards, as well as reserve builds for new loans originated in the Best Buy portfolio.

EMEA GCB

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

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

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

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

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

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

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

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

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

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LATIN AMERICA GCB

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

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

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

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

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

NM Not Meaningful

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

2Q14 vs. 2Q13

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

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

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

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

Argentina/Venezuela

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

2014 YTD vs. 2013 YTD

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

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

lower economic growth and slowing cards purchase sales in Mexico due to the 2013 fiscal reforms.

Expenses increased 4%, driven by the factors described above.

Provisions increased 19%, primarily due to higher net credit losses as well as a higher loan loss reserve build. Net credit losses increased 21%, driven primarily by Mexico cards and, to a lesser extent, the personal loan portfolio, as the portfolios continued to grow and season. The loan loss reserve build increased 24%, primarily due to portfolio growth and seasoning.

ASIA GCB

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

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

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

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

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

NM Not meaningful

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

2Q14 vs. 2Q13
Net income decreased 47%, primarily due to higher expenses and lower revenues, partially offset by lower credit costs.
Revenues decreased 2%, with declines in both net interest revenue and non-interest revenue. Net interest revenue declined 1% driven by the ongoing impact of regulatory changes, continued spread compression and the repositioning of the franchise in Korea. Non-interest revenue decreased 3%, primarily driven by a decline in investment sales, partially offset by increased insurance fee revenues.
Retail banking revenues decreased 3% due to the continued negative impact of Korea as well as lower investment sales revenues, partially offset by the increased insurance fee revenues. Investment sales revenues declined 11% due to weaker investor sentiment reflecting overall market uncertainty as well as strong performance in the prior-year period. Citi expects investment sales revenues will continue to reflect the overall capital markets environment in the region. Average retail deposits increased 2% (3% excluding Korea) and average retail loans increased 8% (11% excluding Korea).
Cards revenues decreased 1% due to the continued impact of regulatory changes and spread compression, offset by a 5% increase (8% excluding Korea) in purchase sales driven by growth in China, India, Singapore and Hong Kong.
While Korea continued to have a negative impact on year-over-year revenue comparisons in Asia GCB, revenues in Korea were broadly stable quarter-over-quarter and Citi believes it could begin to see sequential revenue growth in Korea in the second half of 2014. Citi expects spread compression and the impact of regulatory changes in several markets across the region to continue to have a negative impact on Asia GCB revenues during the remainder of 2014.
Expenses increased 27% primarily due to higher repositioning charges in Korea of approximately $270 million in the current quarter.
Provisions decreased 25%, as loan loss reserve releases were partially offset by higher net credit losses due to lower recoveries.

2014 YTD vs. 2013 YTD
Year-to-date, Asia GCB has experienced similar trends to those described above. Net income decreased 24%, primarily due to higher expenses, partially offset by lower credit costs.
Revenues were unchanged, as higher non-interest revenue was offset by lower net interest revenue. Net interest revenue declined 2% driven by the ongoing impact of regulatory changes, continued spread compression and the repositioning of the franchise in Korea. Non-interest revenue increased 2%, primarily due to increased insurance fee revenues, partially offset by the decline in investment sales revenues.
Retail banking revenues decreased 1% primarily due to the continued negative impact of Korea as well as a 8% decline in investment sales revenues, partially offset by the increased insurance fee revenues. Average retail deposits were unchanged (a 2% increase excluding Korea) and average retail loans increased 8% (11% excluding Korea).
Cards revenues increased 1%, as cards purchase sales increased 5% (9% excluding Korea), with growth in China, India, Hong Kong and Singapore. This increase was partially offset by the continued impact of regulatory changes and repositioning in Korea as well as ongoing spread compression.
Expenses increased 14% primarily due to the higher repositioning charges in Korea in the current quarter.
Provisions decreased 16%, as loan loss reserve releases were partially offset by an 8% increase in net credit losses due to lower recoveries.

INSTITUTIONAL CLIENTS GROUP

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

ICG revenue is generated primarily from fees and spreads associated with these activities. ICG earns fee income for assisting clients in clearing transactions, providing brokerage and investment banking services and other such activities. Revenue generated from these activities is recorded in Commissions and fees and Investment banking. In addition, as a market maker, ICG facilitates transactions, including holding product inventory to meet client demand, and earns the differential between the price at which it buys and sells the products. These price differentials and the unrealized gains and losses on the inventory are recorded in Principal transactions. Interest income earned on inventory and loans held less interest paid to customers on deposits is recorded as Net interest revenue. Revenue is also generated from transaction processing and assets under custody and administration.

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

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

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ICG Revenue Details—Excluding CVA/DVA

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

NM Not meaningful

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

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

2Q14 vs. 2Q13

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

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

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

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

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

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

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

China and Russia/Ukraine

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

In addition, Citi continues to monitor and manage its exposures in ICG resulting from the ongoing instability in Russia and Ukraine. Future developments, including actions by Citi to mitigate its exposures and risks or the imposition of additional sanctions, such as asset freezes, involving Russia or against Russian entities, business sectors, individuals or otherwise, could negatively impact the business. For

additional information on Citi's exposures in these countries, see "Managing Global Risk-Country and Cross-Border Risk" below.

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

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

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

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

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

CORPORATE/OTHER

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

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

2Q14 vs. 2Q13

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

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

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

2014 YTD vs. 2013 YTD

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

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

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

CITI HOLDINGS

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

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

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

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

Total EOP deposits	20	65	(70)

NM Not meaningful

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

2Q14 vs. 2Q13

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

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

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

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

2014 YTD vs. 2013 YTD

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

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

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

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

BALANCE SHEET REVIEW

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

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

ASSETS

Cash and Deposits with Banks

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

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

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

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

Trading Account Assets

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

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

Investments

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

Loans

Citi's total loans, net of unearned income, were $668 billion at June 30, 2014, compared to $664 billion at March 31, 2014 and $644 billion at June 30, 2013. The discussion of loans throughout this section excludes a positive $4 billion impact of foreign exchange translation versus the prior-year period.

Excluding this item, Citi's loans increased 3% from the prior-year period and remained relatively stable quarter-over-quarter, as loan growth within both consumer and corporate loans within Citicorp continued. At the end of the second quarter of 2014, consumer and corporate loans represented 58% and 42%, respectively, of Citi's total loans.

Consumer loans in Citicorp grew 6% from the prior-year period, with broad-based growth across regions and products. The Best Buy portfolio acquisition and growth in the mortgage portfolio led to 6% growth in North America consumer. International consumer loan volumes increased 5%, led by growth in Asia. Corporate loans in Citicorp grew 8%, with contribution from all four regions. Traditional corporate lending balances increased 9% as Citi funded previously extended commitments and generated new loans for target clients. Trade loans were largely unchanged as a larger portion of originations was sold to optimize returns, and private bank loans grew 19%, with growth internationally and in North America.

Citi Holdings loans decreased 18% year-over-year due to expected runoff and asset sales.

During the second quarter of 2014, average loans of $665 billion yielded an average rate of 6.9%, compared to $659 billion and 6.9% in the first quarter of 2014 and $642 billion and 7.1% in the second quarter of 2013.

For further information on Citi's loan portfolios, see generally "Managing Global Risk-Credit Risk" and "- Country Risk" below as well as Note 14 to the Consolidated Financial Statements.

Other Assets

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

LIABILITIES

Deposits

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

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

Citi's federal funds purchased were not significant for the periods presented. Repos decreased 4% sequentially, primarily due to the reduction in client and market-driven trading activity in reverse repos and securities borrowing transactions, as discussed above.

For further information on Citi's secured financing transactions, see "Managing Global Risk-Market Risk-Funding and Liquidity" below. See also Note 10 to the Consolidated Financial Statements for additional information on these balance sheet categories.

Trading Account Liabilities

Trading account liabilities remained largely unchanged sequentially. Average trading account liabilities were $82 billion during the second quarter of 2014, compared to $72 billion in the first quarter of 2014.

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

Debt

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

Other Liabilities

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

Segment Balance Sheet[1]

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

(1) The supplemental information presented in the table above reflects Citigroup's consolidated GAAP balance sheet by reporting segment as of June 30, 2014. The respective segment information depicts the assets and liabilities managed by each segment as of such date. While this presentation is not defined by GAAP, Citi believes that these non-GAAP financial measures enhance investors' understanding of the balance sheet components managed by the underlying business segments, as well as the beneficial inter-relationships of the asset and liability dynamics of the balance sheet components among Citi's business segments.

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

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

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OFF-BALANCE-SHEET ARRANGEMENTS

For information on the types of off-balance-sheet arrangements entered into by Citi, see “Off-Balance-Sheet Arrangements” in Citi’s 2013 Annual Report on Form 10-K. The table below shows where a discussion of Citi’s various off-balance-sheet arrangements may be found in this Form 10-Q. In addition, see “Significant Accounting Policies and Significant Estimates—Securitizations” and Notes 1, 22 and 27 to the Consolidated Financial Statements in Citi’s 2013 Annual Report on Form 10-K.

Types of Off-Balance-Sheet Arrangements	Disclosures in this Form 10-Q
Variable interests and other obligations, including contingent obligations, arising from variable interests in nonconsolidated VIEs	See Note 20 to the Consolidated Financial Statements.
Letters of credit, and lending and other commitments	See Note 24 to the Consolidated Financial Statements.
Guarantees	See Note 24 to the Consolidated Financial Statements.

CAPITAL RESOURCES

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

Current Regulatory Capital Standards

Overview

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

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

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

Basel III Transition Arrangements

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

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

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

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

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

Basel III Transition Arrangements: Significant Regulatory Capital Adjustments and Deductions

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

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

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

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

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

Citigroup's Capital Resources Under Current Regulatory Standards

During 2014, Citi is required to maintain stated minimum Tier 1 Common, Tier 1 Capital and Total Capital ratios of 4%, 5.5% and 8%, respectively. Furthermore, to be "well capitalized" under current federal bank regulatory agency definitions, a bank holding company must have a Tier 1 Capital ratio of at least 6%, a Total Capital ratio of at least 10%, and not be subject to a Federal Reserve Board directive to maintain higher capital levels.

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

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

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

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

(3) Tier 1 Leverage ratio denominator.

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

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

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

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

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

Citigroup Risk-Weighted Assets (Basel III Advanced Approaches)

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(1) Total Risk-Weighted Assets as of December 31, 2013 presented on a pro forma basis to reflect application of the Final Basel III Rules related to the effect of transition arrangements on regulatory capital components, consistent with current period presentation.

(2) Reflects the effect of adjusting credit risk-weighted assets at the beginning of the period from a Basel I basis to a Basel III Advanced Approaches basis; adjusting market risk-weighted assets from a Basel II.5 basis to a Basel III Advanced Approach basis; and including operational risk-weighted assets as required under the Basel III Advanced Approaches rules.

(3) Other includes cleared transactions, unsettled transactions, assets other than those reportable in specific exposure categories and non-material portfolios of exposures.

(4) Supervisory 6% multiplier does not apply to derivatives CVA.

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

Capital Resources of Citigroup’s Subsidiary U.S. Depository Institutions Under Current Regulatory Standards

Citigroup’s subsidiary U.S. depository institutions are also subject to regulatory capital standards issued by their respective primary federal bank regulatory agencies, which are similar to the standards of the Federal Reserve Board.

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

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

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

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

(3) Tier 1 Leverage ratio denominator.

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

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

The following table presents the estimated sensitivity of Citigroup's and Citibank, N.A.'s capital ratios to changes of $100 million in Tier 1 Common Capital, Tier 1 Capital and Total Capital (numerator), and changes of $1 billion in Advanced Approaches risk-weighted assets or quarterly adjusted average total assets (denominator) as of

June 30, 2014. This information is provided for the purpose of analyzing the impact that a change in Citigroup's or Citibank, N.A.'s financial position or results of operations could have on these ratios. These sensitivities only consider a single change to either a component of capital,
risk-weighted assets, or quarterly adjusted average total assets. Accordingly, an event that affects more than one factor may have a larger basis point impact than is reflected in this table.

Tier 1 Common ratio		Tier 1 Capital ratio		Total Capital ratio		Tier 1 Leverage ratio	
Impact of $100 million change in Tier 1 Common Capital	Impact of $1 billion change in risk-weighted assets	Impact of $100 million change in Tier 1 Capital	Impact of $1 billion change in risk-weighted assets	Impact of $100 million change in Total Capital	Impact of $1 billion change in risk-weighted assets	Impact of $100 million change in Tier 1 Capital	Impact of $1 billion change in quarterly adjusted average total assets

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

Citigroup Broker-Dealer Subsidiaries

At June 30, 2014, Citigroup Global Markets Inc., a U.S. broker-dealer registered with the SEC that is an indirect wholly owned subsidiary of Citigroup, had net capital, computed in accordance with the SEC's net capital rule, of $4.8 billion, which exceeded the minimum requirement by $3.8 billion.

In addition, certain of Citi's other broker-dealer subsidiaries are subject to regulation in the countries in which they do business, including requirements to maintain specified levels of net capital or its equivalent. Citigroup's other broker-dealer subsidiaries were in compliance with their capital requirements at June 30, 2014.

Basel III (Full Implementation)

Citigroup's Capital Resources Under Basel III

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

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

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

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

(2) Tier 1 Leverage ratio denominator.

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

Tier 1 Common Ratio

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

increase primarily in credit risk-weighted assets. Similarly, the increase in Citi's estimated Basel III Tier 1 Common ratio from year-end 2013 reflected continued growth in Tier 1 Common Capital resulting from net income as well as the favorable effects attributable to DTA utilization of approximately $2.2 billion, offset in part by higher credit risk-weighted assets.

Components of Citigroup Capital Under Basel III (Full Implementation)

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

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

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

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

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

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

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

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

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

(9) Non-qualifying subordinated debt issuances which consist of those with a fixed-to-floating rate step-up feature where the call/step-up date has not passed are excluded from Tier 2 Capital.
(10) Represents the amount of non-grandfathered trust preferred securities eligible for inclusion in Tier 2 Capital under the Final Basel III Rules at June 30, 2014, which will be fully phased-out of Tier 2 Capital by January 1, 2022.
(11) Advanced Approaches banking organizations are permitted to include in Tier 2 Capital eligible credit reserves that exceed expected credit losses to the extent that the excess reserves do not exceed 0.6% of credit risk-weighted assets.
(12) Total Capital as calculated under Advanced Approaches, which differs from the Standardized Approach in the treatment of the amount of eligible credit reserves includable in Tier 2 Capital. In accordance with the Standardized Approach, Total Capital was $175.4 billion and $161.8 billion at June 30, 2014 and December 31, 2013, respectively.

Citigroup Capital Rollforward Under Basel III (Full Implementation)

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

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

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

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

Citigroup Risk-Weighted Assets Under Basel III at June 30, 2014 [1]

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

Citigroup Risk-Weighted Assets Under Basel III at December 31, 2013 [1]

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

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

Total estimated risk-weighted assets under the Basel III Advanced Approaches increased from year-end 2013 largely due to the previously noted inclusion of approximately $56 billion of additional operational risk-weighted assets during the first quarter of 2014, as well as growth in credit risk-weighted assets within Citicorp's ICG businesses attributable to increased corporate lending and commitments.

Total estimated risk-weighted assets under the Basel III Standardized Approach increased during the first six months of 2014 substantially due to higher credit risk-weighted assets primarily within Citicorp's ICG businesses, including those attributable to the growth in corporate lending and commitments discussed above, as well as due to ongoing methodology refinements.

Supplementary Leverage Ratio

Under the Final Basel III Rules, Advanced Approaches banking organizations, such as Citi and Citibank, N.A., are also required to calculate a Supplementary Leverage ratio which significantly differs from the Tier 1 Leverage ratio by also including certain off-balance sheet exposures within the denominator of the ratio.

The Supplementary Leverage ratio represents the average for the quarter of the three monthly ratios of Tier 1 Capital to Total Leverage Exposure (i.e., the sum of the ratios calculated for April, May and June, divided by three). Total Leverage Exposure is the sum of: (i) the carrying value of all on-balance sheet assets less applicable Tier 1 Capital deductions; (ii) the potential future exposure (PFE) on derivative contracts; (iii) 10% of the notional amount of unconditionally cancellable commitments; and (iv) the full notional amount of certain other off-balance sheet exposures (e.g., other commitments and contingencies).

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

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

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

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

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

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

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

MANAGING GLOBAL RISK

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

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

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

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

CREDIT RISK

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

Loans Outstanding

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

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

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

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Details of Credit Loss Experience

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

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

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

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

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

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

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

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

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

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

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

(10) Allowance for loan losses represents management’s best estimate of probable losses inherent in the portfolio, as well as probable losses related to large individually evaluated impaired loans and troubled debt restructurings. See “Significant Accounting Policies and Significant Estimates” and Note 1 to the Consolidated Financial Statements in Citi’s 2013 Annual Report on Form 10-K. Attribution of the allowance is made for analytical purposes only and the entire allowance is available to absorb probable credit losses inherent in the overall portfolio.

Allowance for Loan Losses

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

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

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

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

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

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

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

(5) Includes mortgages and other retail loans.

Allowance for Loan Losses

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

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

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

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

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

(5) Includes mortgages and other retail loans.

Non-Accrual Loans and Assets and Renegotiated Loans

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

Non-Accrual Loans and Assets:

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

Renegotiated Loans:

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

Non-Accrual Loans and Assets

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

Non-Accrual Loans

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

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

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

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

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

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

Renegotiated Loans

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

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

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

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

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

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

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

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

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

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

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North America Consumer Mortgage Lending

Overview
Citi's North America Consumer mortgage portfolio consists of both residential first mortgages and home equity loans. At June 30, 2014, Citi's North America Consumer mortgage portfolio was $103.3 billion (compared to $106 billion at March 31, 2014), of which residential first mortgage portfolio was $73.4 billion (compared to $75.3 billion at March 31, 2014), and the home equity loan portfolio was $29.9 billion (compared to $30.7 billion at March 31, 2014). At June 30, 2014, $40.0 billion of first mortgages was recorded in Citi Holdings, with the remaining $33.3 billion recorded in Citicorp. At June 30, 2014, $26.9 billion of home equity loans was recorded in Citi Holdings, with the remaining $3.0 billion recorded in Citicorp.
Citi's residential first mortgage portfolio included $6.4 billion of loans with FHA insurance or VA guarantees at June 30, 2014, compared to $7.4 billion at March 31, 2014. The decline during the current quarter was primarily attributed to an agreement entered into during the quarter to sell approximately $0.7 billion of mortgage loans with FHA insurance, which is expected to close in the third quarter of 2014. These loans were moved to held-for-sale in anticipation of the sale. This portfolio consists of loans to low-to-moderate-income borrowers with lower FICO (Fair Isaac Corporation) scores and generally higher loan-to-value ratios (LTVs). Credit losses on FHA loans are borne by the sponsoring governmental agency, provided that the insurance terms have not been rescinded as a result of an origination defect. With respect to VA loans, the VA establishes a loan-level loss cap, beyond which Citi is liable for loss. While FHA and VA loans have high delinquency rates, given the insurance and guarantees, respectively, Citi has experienced negligible credit losses on these loans.
In addition, Citi's residential first mortgage portfolio included $1.0 billion of loans with origination LTVs above 80% that have insurance through mortgage insurance companies at June 30, 2014, unchanged from March 31, 2014. At June 30, 2014, the residential first mortgage portfolio also had $0.7 billion of loans subject to long-term standby commitments (LTSCs) with U.S. government-sponsored entities (GSEs) for which Citi has limited exposure to credit losses, compared to $0.8 billion at March 31, 2014. At June 30, 2014, Citi's home equity loan portfolio also included $0.3 billion of loans subject to LTSCs with GSEs (unchanged from March 31, 2014) for which Citi also has limited exposure to credit losses. These guarantees and commitments may be rescinded in the event of loan origination defects. Citi's allowance for loan loss calculations takes into consideration the impact of the guarantees and commitments described above.
Citi does not offer option-adjustable rate mortgages/negative-amortizing mortgage products to its customers. As a result, option-adjustable rate mortgages/negative-amortizing mortgages represent an insignificant portion of total balances, since they were acquired only incidentally as part of prior portfolio and business purchases.

As of June 30, 2014, Citi's North America residential first mortgage portfolio contained approximately $4.5 billion of adjustable rate mortgages that are currently required to make a payment consisting of only accrued interest for the payment period, or an interest-only payment, compared to $4.8 billion at March 31, 2014. This decline resulted primarily from repayments of $174 million and conversions to amortizing loans of $135 million. Borrowers who are currently required to make an interest-only payment cannot select a lower payment that would negatively amortize the loan. Residential first mortgages with this payment feature are primarily to high-credit-quality borrowers who have on average significantly higher origination and refreshed FICO scores than other loans in the residential first mortgage portfolio, and have exhibited significantly lower 30+ delinquency rates as compared with residential first mortgages without this payment feature. As such, Citi does not believe the residential mortgage loans with this payment feature represent substantially higher risk in the portfolio.

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

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

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

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

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

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

North America Residential First Mortgages—State Delinquency Trends

The following tables set forth, for total Citigroup, the six states and/or regions with the highest concentration of Citi's residential first mortgages as of June 30, 2014 and March 31, 2014.

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

Note: Totals may not sum due to rounding.

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

(2) Ending net receivables. Excludes loans in Canada and Puerto Rico, loans guaranteed by U.S. government agencies, loans recorded at fair value and loans subject to LTSCs. Excludes balances for which FICO or LTV data are unavailable.

(3) New York, New Jersey, Connecticut, Indiana, Ohio, Florida and Illinois are judicial states.

Foreclosures

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

For additional information, see "Managing Global Risk—Credit Risk—North America Consumer Mortgage Lending—Foreclosures" in Citi's 2013 Annual Report on Form 10-K.

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

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

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

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

As set forth in the chart above, approximately 7% of Citi's total Revolving HELOCs portfolio had commenced amortization as of June 30, 2014, compared to an additional approximately 4% and 71% that will commence amortization during the remainder of 2014 and 2015-2017, respectively. Before commencing amortization, Revolving HELOC borrowers are required to pay only interest on their loans. Upon amortization, these borrowers will be required to pay both interest, typically at a variable rate, and principal that amortizes over 20 years, rather than the typical 30-year amortization. As a result, Citi's customers with Revolving HELOCs that reset could experience "payment shock" due to the higher required payments on the loans.
While it is not certain what, if any, impact this payment shock could have on Citi's delinquency rates and net credit losses, Citi currently estimates the monthly loan payment for its Revolving HELOCs that reset during 2015-2017 could increase on average by approximately $360 or 165%. Increases in interest rates could further increase these payments given the variable nature of the interest rates on these loans post-reset. In addition, of the Revolving HELOCs that will commence amortization during 2015-2017, approximately $2 billion, or 14%, of the loans have a CLTV greater than 100 as of June 30, 2014. The borrowers' high loan-to-value positions could also limit Citi's ability to reduce or mitigate this risk as these loans begin to reset.
Based on the limited number of Revolving HELOCs that have begun amortization as of June 30, 2014, approximately 5.7% of the amortizing home equity loans were 30+ days past due compared to 2.5% of the total outstanding home equity loan portfolio (amortizing and non-amortizing), compared to 5.7% and 2.6%, respectively, as of March 31, 2014. However, these resets have generally occurred during a period of

declining interest rates, which Citi believes has likely reduced the overall "payment shock" to the borrower.
Citi continues to monitor this reset risk closely, particularly as it approaches 2015, and Citi will continue to consider any potential impact in determining its allowance for loan loss reserves. In addition, management continues to review additional actions to offset potential reset risk, including establishment of a borrower outreach program to provide reset risk education, establishment of a reset risk mitigation unit and proactively contacting high risk borrowers. For further information on reset risk, see "Risk Factors-Business and Operational Risks" in Citi's 2013 Annual Report on Form 10-K.
The following charts detail the quarterly trends in loan balances, net credit losses and delinquencies for Citi's home equity loan portfolio in North America. The vast majority of Citi's home equity loan exposure arises from its portfolio in Citi Holdings.

North America Home Equity - EOP Loans
In billions of dollars
North America Home Equity - Net Credit Losses[1]
In millions of dollars
Note: Totals may not sum due to rounding.
(1) Includes the following amounts of charge-offs related to Citi's fulfillment of its obligations under the national mortgage and independent foreclosure review settlements: 2Q'13, $12 million; 3Q'13, $14 million; and 4Q'13, $15

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

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

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

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

North America Home Equity Loans—State Delinquency Trends
The following tables set forth, for total Citigroup, the six states and/or regions with the highest concentration of Citi's home equity loans as of June 30, 2014 and March 31, 2014.

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

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

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

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

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

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

Consumer Loan Details

Consumer Loan Delinquency Amounts and Ratios

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

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

(2)

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

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

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

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

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

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

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

Consumer Loan Net Credit Losses and Ratios

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

Ratio	2.27	%	2.41	%	2.67	%

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

Corporate Credit Details

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

Corporate Credit Portfolio

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

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

Portfolio Mix—Geography, Counterparty and Industry

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

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

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

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

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

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

65

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

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

Credit Risk Mitigation

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

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

Rating of Hedged Exposure

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

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

Industry of Hedged Exposure

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

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

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

MARKET RISK

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

Funding and Liquidity Risk

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

Overview

Citi’s funding and liquidity objectives are to maintain adequate liquidity to (i) fund its existing asset base; (ii) grow its core businesses in Citicorp; (iii) maintain sufficient liquidity, structured appropriately, so that it can operate under a wide variety of market conditions, including market disruptions for both short- and long-term periods; and (iv) satisfy regulatory requirements. Citigroup’s primary liquidity objectives are established by entity, and in aggregate, across three major categories:

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

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

At an aggregate level, Citigroup’s goal is to maintain sufficient funding in amount and tenor to fully fund customer assets and to provide an appropriate amount of cash and high quality liquid assets (as discussed further below), even in times of stress. The liquidity framework provides that entities be self-sufficient or net providers of liquidity, including in conditions established under their designated stress tests.

Citi’s primary sources of funding include (i) deposits via Citi’s bank subsidiaries, which are Citi’s most stable and lowest cost source of long-term funding, (ii) long-term debt (primarily senior and subordinated debt) primarily issued at the parent and certain bank subsidiaries, and (iii) stockholders’ equity. These sources may be supplemented by short-term borrowings, primarily in the form of secured funding transactions.

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

High Quality Liquid Assets

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

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

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

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

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

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

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

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

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

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

In general, Citigroup can freely fund legal entities within its bank vehicles. Citigroup’s bank subsidiaries, including Citibank, N.A., can lend to the Citigroup parent and broker-dealer entities in accordance with Section 23A of the Federal Reserve Act. As of June 30, 2014, the amount available for lending to these entities under Section 23A was approximately $17 billion (unchanged from March 31, 2014), provided the funds are collateralized appropriately.

Deposits

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

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

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

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

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

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

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

Citi monitors its deposit base across multiple dimensions, including interest rate structure, what Citi refers to as "LCR value," (or the liquidity value of the deposit base under the Basel III LCR rules), and geography. With respect to interest rate structure, Citi monitors the balance between its fixed-rate

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

Long-Term Debt

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

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

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

Long-Term Debt Outstanding

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

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

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

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

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

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

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

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

Citi expects the trends described above—increases in long-term debt at the bank and decreases at the parent—will likely continue during the remainder of 2014. Overall, however, changes in Citi’s long-term debt outstanding will continue to reflect the funding needs of its businesses as well as the market and economic environment and any regulatory changes, such as prescribed levels of debt required to be

maintained by Citi pursuant to the U.S. banking regulators orderly liquidation authority (for additional information, see “Risk Factors—Regulatory Risks” in Citi’s 2013 Annual Report on Form 10-K).

Long-Term Debt Issuances and Maturities

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

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

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

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

Secured Funding Transactions and Short-Term Borrowings

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

Secured Funding

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

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

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

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

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

Commercial Paper

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

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

Other Short-Term Borrowings

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

Liquidity Management, Measurement and Stress Testing

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

Liquidity Measurement—Liquidity Coverage Ratio

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

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

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

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

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

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

Debt Ratings as of June 30, 2014

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

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

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

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

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

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

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

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

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

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

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

Price Risk

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

Price Risk—Non-Trading Portfolios

Net Interest Revenue and Interest Rate Risk

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

Interest Rate Risk Measurement

Citi's principal measure of risk to NIR is interest rate exposure (IRE). IRE measures the change in expected NIR in each currency resulting solely from unanticipated changes in forward interest rates. For example, if the current 90-day LIBOR rate is 3% and the one-year-forward rate (i.e., the estimated 90-day LIBOR rate in one year) is 5%, the +100 bps IRE scenario measures the impact on NIR of a 100 bps instantaneous change in the 90-day LIBOR to 6% in one year.

Citi's estimated IRE necessarily incorporates various assumptions including, among others, new business or changes in volumes, prepayment rates on loans, credit spreads, customer behavior, and the impact of pricing decisions. For example, in rising interest rate scenarios, portions of the deposit portfolio may be assumed to experience rate increases that are less than the change in market interest rates. Additionally, in declining interest rate scenarios, it is assumed that mortgage portfolios prepay faster. IRE generally assumes that businesses and/or Citi Treasury make no additional changes in pricing or balances in response to the unanticipated rate changes.

Mitigation and Hedging of Interest Rate Risk

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

Stress Testing

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

Changes in Interest Rates—Impacts on Net Interest Revenue, Other Comprehensive Income and Capital

Citi measures the potential impacts of changes in interest rates on Citi's net interest revenue and value of its Other Comprehensive Income (OCI), which can in turn impact Citi's estimated Basel III Tier 1 Common ratio. Given the current low rate environment, Citi believes it is positioned to benefit from an increase in the market level of interest rates, while limiting the impact of changes in OCI on its regulatory capital position.

Citi manages interest rate risk as a consolidated net position. Citi's client-facing businesses create interest rate sensitive-positions, including loans and deposits, as part of their ongoing activities. Citi Treasury accumulates these risk positions and manages them centrally. Operating within established limits, Citi Treasury makes positioning

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Changes in Foreign Exchange Rates—Impacts on OCI and Capital

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

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

The effect of Citi's business model and management strategies on changes in foreign exchange rates are shown in the table below. For additional information in the changes in OCI, see Note 18 to the Consolidated Financial Statements.

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

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

Interest Revenue/Expense and Yields

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

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

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

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

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

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

Average Balances and Interest Rates—Assets[1][2][3][4]
Taxable Equivalent Basis

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

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

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

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

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

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

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

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

(8)

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

(9) Includes cash-basis loans.

(10) Includes brokerage receivables.

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

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

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

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

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

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

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

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

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

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

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

Average Balances and Interest Rates—Assets[1][2][3][4]
Taxable Equivalent Basis

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

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

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

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

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

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

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

(9) Includes cash-basis loans.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(6) Includes brokerage payables.

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

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

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

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

(6) Includes cash-basis loans.

(7) The interest expense on deposits includes the FDIC assessment and deposit insurance fees and charges of $532 million and $588 million for the six months ended June 30, 2014 and 2013, respectively.

Price Risk—Trading Portfolios

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

Value at Risk

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Regulatory VAR Back-testing

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

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

COUNTRY AND CROSS-BORDER RISK

COUNTRY RISK

Overview

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

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

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

Emerging Markets Exposures

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

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

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

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

Note: Aggregate may not cross foot due to rounding.

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

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

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

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

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

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

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

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

Emerging Markets Trading Account Assets and Investment Securities

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

Emerging Markets Consumer Lending

GCB's strategy within the emerging markets is consistent with GCB's overall strategy, which is to leverage its global footprint to serve its target clients. The retail bank seeks to be the preeminent bank for the emerging affluent and affluent consumers in large urban centers. In credit cards and in certain retail markets, Citi serves customers in a somewhat broader set of segments and geographies. Commercial banking generally serves small and middle market enterprises operating in GCB's geographic markets, focused on clients that value Citi's global capabilities. Overall, Citi believes that its customers are more resilient than the overall market under a wide range of economic conditions. Citi's consumer business has a well-established risk appetite framework across geographies and products that reflects the business strategy and activities and establishes boundaries around the key risks that arise from the strategy and activities.

As of June 30, 2014, GCB had approximately $130 billion of consumer loans outstanding to borrowers in the emerging markets, or approximately 43% of GCB's total loans, compared to approximately $127 billion or 43% of total GCB loans as of March 31, 2014. Of the approximate $130 billion as of June 30, 2014, the five largest emerging markets—Mexico, Korea, Singapore, Hong Kong and Taiwan—comprised approximately 30% of GCB's total loans. Within the emerging markets, 28% of Citi's GCB loans were mortgages, 27% were commercial markets loans, 24% were personal loans and 21% were credit cards loans, each as of June 30, 2014.

Overall consumer credit quality remained generally stable in the second quarter of 2014, as net credit losses in the emerging markets were 2.0% of average loans in the second quarter of 2014, compared to 2.1% in the first quarter of 2014, consistent with Citi's target market strategy and risk appetite framework.

Emerging Markets Corporate Lending

Consistent with its overall strategy, Citi's corporate clients in the emerging markets are typically large, multi-national corporations who value Citi's global network. Citi aims to establish relationships with these clients that encompass multiple products, consistent with client needs, including cash management and trade services, foreign exchange, lending, capital markets and M&A advisory. Citi believes that its target corporate segment is more resilient under a wide range of economic conditions, and that its relationship-based approach to client service enables it to effectively manage the risks inherent in such relationships. Citi has a well-established risk appetite framework around its corporate lending activities, including risk-based limits and approval authorities and portfolio concentration boundaries.

As of June 30, 2014, ICG had approximately $132 billion of loans outstanding to borrowers in the emerging markets, representing approximately 47% of ICG's total loans outstanding, largely unchanged from March 31, 2014. No single emerging market country accounted for more than 6% of Citi's ICG loans as of the end of the second quarter 2014.

As of June 30, 2014, approximately 74% of Citi's emerging markets corporate credit portfolio (excluding private bank in ICG), including loans and unfunded lending commitments, was rated investment grade, which Citi considers to be ratings of BBB or better according to Citi's internal risk measurement system and methodology (for additional information on Citi's internal risk measurement system for corporate credit, see "Corporate Credit Details" above). The vast majority of the remainder were rated BB or B according to Citi's internal risk measurement system and methodology.

Overall ICG net credit losses in the emerging markets were 0.0% of average loans in second quarter of 2014, compared to 0.46% in first quarter of 2014. The ratio of non-accrual ICG loans to total loans in the emerging markets

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

CROSS-BORDER RISK

Overview

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

Argentina

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

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

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

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

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

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

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

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

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

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

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

For additional information on Citi's exposures related to Argentina, see "Emerging Market Exposures" above, which sets forth Citi's trading account assets, investment securities, ICG loans and GCB loans in Argentina, based on the methodology described in such section. As disclosed in such

section, these assets totaled approximately $2.7 billion as of June 30, 2014, compared to $2.6 billion as of March 31, 2014. Approximately $270 million of such exposure is held on non-Argentinean Citi subsidiaries and thus is not included in the $3.6 billion amount set forth above, which pertains only to Citi Argentina, as disclosed.

Venezuela

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

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

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

Russia

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

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

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

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

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

Ukraine

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

FAIR VALUE ADJUSTMENTS FOR DERIVATIVES AND FAIR VALUE OPTION LIABILITIES

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

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

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

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

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

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

CREDIT DERIVATIVES

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

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

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

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

June 30, 2014

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

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

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

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

December 31, 2013

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

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

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

INCOME TAXES

Deferred Tax Assets

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

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

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

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

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

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

Effective Tax Rate

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

Unrecognized Tax Benefits Update

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

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

DISCLOSURE CONTROLS AND PROCEDURES

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

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

Citi’s management, with the participation of its CEO and CFO, has evaluated the effectiveness of Citigroup’s disclosure controls and procedures (as defined in Rule 13a-15(e) under the Securities Exchange Act of 1934) as of June 30, 2014 and, based on that evaluation, the CEO and CFO have concluded that at that date Citigroup’s disclosure controls and procedures were effective.

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

Pursuant to Section 219 of the Iran Threat Reduction and Syria Human Rights Act of 2012, which added Section 13(r) to the Securities Exchange Act of 1934, as amended, Citi is required to disclose in its annual or quarterly reports, as applicable, whether it or any of its affiliates knowingly engaged in certain activities, transactions or dealings relating to Iran or with individuals or entities that are subject to sanctions under U.S. law. Disclosure is generally required even where the activities, transactions or dealings were conducted in compliance with applicable law.

Citibank, N.A. has one credit card account for the Iranian Mission to the United Nations located in the United States. This is a commercial account used primarily for the purchase of gasoline. The provision of certain services in the United States to the diplomatic mission of the Government of Iran is authorized by an OFAC General License; however, in October 2012, certain additional requirements were published. With regard to these requirements, Citi has applied to OFAC for a specific license for this account. During the second quarter of 2014, the aggregate value of the transactions for this account was approximately $3,250.00. The transactions did not generate any revenue or net profit for Citi.

FORWARD-LOOKING STATEMENTS

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

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

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

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

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

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

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

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

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

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CONSOLIDATED FINANCIAL STATEMENTS

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

Weighted average common shares outstanding	3,033.8	3,040.7	3,035.6	3,040.4
Diluted earnings per share[3]				

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

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

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

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

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

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

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

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

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

CONSOLIDATED BALANCE SHEET Citigroup Inc. and Subsidiaries

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

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

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

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

Statement continues on the next page.

CONSOLIDATED BALANCE SHEET (Continued) Citigroup Inc. and Subsidiaries

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
1. BASIS OF PRESENTATION

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

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

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

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

ACCOUNTING CHANGES

Discontinued Operations and Significant Disposals

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

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

Investment Companies

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

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

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

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

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

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

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

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

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

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

OIS Benchmark Rate

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

This ASU permits the Fed funds effective swap rate (OIS) to be used as a U.S. benchmark interest rate, in addition to the U.S. Treasury rate and LIBOR, for hedge accounting purposes. The ASU also permits using different benchmark rates for similar hedges.

This ASU became effective upon issuance and permitted prospective application for qualifying new or redesignated hedging relationships commencing on or after July 17, 2013. Introducing a new benchmark interest rate eligible for hedging under ASC 815 improves the Company's ability to manage interest rate risk by allowing the designation of hedging derivatives that are more closely aligned with the interest rate risk profile of certain assets and liabilities.

Remeasurement of Significant Pension and Postretirement Benefit Plans

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

The cumulative effect of this change in accounting policy was an approximate $20 million (pretax) decrease in

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

FUTURE APPLICATION OF ACCOUNTING STANDARDS

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

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

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

Accounting for Share-Based Payments with Performance Targets

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

Accounting for Financial Instruments-Credit Losses

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

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

The FASB's proposed model would utilize a single "expected credit loss" measurement objective for the recognition of credit losses for loans and other receivables at the time the financial asset is originated or acquired and for securities where fair value is less than cost, replacing the

multiple existing impairment models in GAAP, which generally require that a loss be "incurred" before it is recognized. The FASB's proposed model represents a significant departure from existing GAAP, and may result in material changes to the Company's accounting for financial instruments. The impact of the FASB's final ASU on the Company's financial statements will be assessed when it is issued. The exposure draft does not contain a proposed effective date; this would be included in the final ASU, when issued.

Other Potential Amendments to Current Accounting Standards

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

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

2. DISCONTINUED OPERATIONS AND SIGNIFICANT DISPOSALS

Discontinued Operations

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

Sale of Brazil Credicard Business

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

Summarized financial information for Discontinued operations for Credicard follows:

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

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

Cash Flows from Discontinued Operations

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

Sale of Certain Citi Capital Advisors Business

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

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

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

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

Cash Flows from Discontinued Operations

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

Sale of Egg Banking plc Credit Card Business

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

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

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

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

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

Audit of Citi German Consumer Tax Group

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

Combined Results for Discontinued Operations

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

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

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

Cash Flows from Discontinued Operations

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

Significant Disposals

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

Sale of Spain Consumer Business

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

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

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

Sale of Greece Consumer Business

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

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

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

3. BUSINESS SEGMENTS

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

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

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

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

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

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

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

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

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

	Revenues, net of interest expense (1)		Provision (benefits) for income taxes		Income (loss) from continuing operations (2)	
	Six Months Ended June 30,					
In millions of dollars	2014	2013	2014	2013	2014	2013
Global Consumer Banking	$18,674	$19,464	$1,574	$1,890	$3,332	$3,687
Institutional Clients Group	17,697	19,151	2,370	2,825	5,527	6,206
Corporate/Other	176	120	(10)	(120)	(890)	(394)
Total Citicorp	$36,547	$38,735	$3,934	$4,595	$7,969	$9,499
Citi Holdings	2,919	2,001	(46)	(898)	(3,765)	(1,380)
Total	$39,466	$40,736	$3,888	$3,697	$4,204	$8,119

(1)

Includes Citicorp (excluding Corporate/Other) total revenues, net of interest expense, in North America of $7.9 billion and $8.2 billion; in EMEA of $2.8 billion and $3.5 billion; in Latin America of $3.5 billion and $3.6 billion; and in Asia of $3.6 billion and $4.0 billion for the three months ended June 30, 2014 and 2013, respectively. Includes Citicorp (excluding Corporate/Other) total revenues, net of interest expense, in North America of $16.4 billion and $16.9 billion; in EMEA of $5.9 billion and $6.6 billion; in Latin America of $6.8 billion and $7.1 billion; and in Asia of $7.3 billion and $8.0 billion for the six months ended June 30, 2014 and 2013, 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 GCB results of $1.5 billion and $1.6 billion; in the ICG results of $(112) million and $(30) million; and in Citi Holdings results of $0.3 billion and $0.5 billion for the three months ended June 30, 2014 and 2013, respectively. Includes pretax provisions (credits) for credit losses and for benefits and claims in the GCB results of $3.1 billion and $3.3 billion; in the ICG results of $(85) million and $35.0 million; and in Citi Holdings results of $0.7 billion and $1.2 billion for the six months ended June 30, 2014 and 2013, respectively.

4. INTEREST REVENUE AND EXPENSE

For the three and six months ended June 30, 2014 and 2013, Interest revenue and Interest expense consisted of the following:

	Three Months Ended June 30,		Six Months Ended June 30,	
In millions of dollars	2014	2013	2014	2013
Interest revenue				
Loan interest, including fees	$11,361	$11,300	$22,542	$22,725
Deposits with banks	250	252	502	508
Federal funds sold and securities borrowed or purchased under agreements to resell	592	702	1,186	1,390
Investments, including dividends	1,807	1,687	3,564	3,489
Trading account assets[1]	1,454	1,669	2,940	3,299
Other interest	97	230	177	389
Total interest revenue	$15,561	$15,840	$30,911	$31,800
Interest expense				
Deposits[2]	$1,469	$1,583	$2,918	$3,259
Federal funds purchased and securities loaned or sold under agreements to repurchase	537	630	1,062	1,239
Trading account liabilities[1]	48	43	89	85
Short-term borrowings	162	148	299	311
Long-term debt	1,399	1,754	2,838	3,594
Total interest expense	$3,615	$4,158	$7,206	$8,488
Net interest revenue	$11,946	$11,682	$23,705	$23,312
Provision for loan losses	1,579	1,827	3,372	4,041
Net interest revenue after provision for loan losses	$10,367	$9,855	$20,333	$19,271

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

(2) Includes deposit insurance fees and charges of $251 million and $289 million for the three months ended June 30, 2014 and 2013, respectively, and $532 million and $588 million for the six months ended June 30, 2014 and 2013, respectively.

5. COMMISSIONS AND FEES

The primary components of Commissions and fees revenue for the three and six months ended June 30, 2014 and 2013 were investment banking fees, credit card and bank card fees, trading-related fees and fees related to treasury and trade solutions and securities services in ICG.

Investment banking fees are substantially composed of underwriting and advisory revenues and are recognized when Citigroup's performance under the terms of a contractual arrangement is completed, which is typically at the closing of the transaction. Underwriting revenue is recorded in Commissions and fees, net of both reimbursable and non-reimbursable expenses, consistent with the AICPA Audit and Accounting Guide for Brokers and Dealers in Securities (codified in ASC 940-605-05-1). Expenses associated with advisory transactions are recorded in Other operating expenses, net of client reimbursements. Out-of-pocket expenses are deferred and recognized at the time the related revenue is recognized. In general, expenses incurred related to investment banking transactions that fail to close (are not

consummated) are recorded gross in Other operating expenses.

Credit card and bank card fees are primarily composed of interchange revenue and certain card fees, including annual fees, reduced by reward program costs and certain partner payments. Interchange revenue and fees are recognized when earned, including annual card fees that are deferred and amortized on a straight-line basis over a 12-month period. Reward costs are recognized when points are earned by the customers.

Trading-related fees primarily include commissions and fees from the following: executing transactions for clients on exchanges and over-the-counter markets; sale of mutual funds, insurance and other annuity products; and assisting clients in clearing transactions, providing brokerage services and other such activities. Trading-related fees are recognized when earned in Commissions and fees. Gains or losses, if any, on these transactions are included in Principal transactions (see Note 6 to the Consolidated Financial Statements).

The following table presents Commissions and fees revenue for the three and six months ended June 30:

	Three Months Ended June 30,		Six Months Ended June 30,	
In millions of dollars	2014	2013	2014	2013
Investment banking	$1,084	$841	$1,917	$1,767
Credit cards and bank cards	564	632	1,128	1,256
Trading-related	695	671	1,346	1,372
Trade and securities services	473	536	926	920
Other Consumer(1)	229	230	442	458
Checking-related	135	72	270	278
Corporate finance(2)	152	132	276	291
Loan servicing	98	115	186	252
Other	61	64	134	134
Total commissions and fees	$3,491	$3,293	$6,625	$6,728

(1) Primarily consists of fees for investment fund administration and management, third-party collections, commercial demand deposit accounts and certain credit card services.

(2) Consists primarily of fees earned from structuring and underwriting loan syndications.

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 and 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. See Note 4 to the

Consolidated Financial Statements for information about net interest revenue related to trading activities. Principal transactions include CVA (credit valuation adjustments on derivatives) and DVA (debt valuation adjustments on issued liabilities, for which the fair value option has been elected).

The following table presents principal transactions revenue for the three and six months ended June 30:

	Three Months Ended June 30,		Six Months Ended June 30,	
In millions of dollars	2014	2013	2014	2013
Global Consumer Banking	$189	$244	$384	$454
Institutional Clients Group	1,576	2,451	4,183	4,924
Corporate/Other	1	(25)	16	(167)
Subtotal Citicorp	$1,766	$2,670	$4,583	$5,211
Citi Holdings	77	14	148	(23)
Total Citigroup	$1,843	$2,684	$4,731	$5,188
Interest rate contracts(1)	$939	$1,673	$2,329	$3,175
Foreign exchange contracts(2)	625	697	1,173	1,158
Equity contracts(3)	(92)	222	46	380
Commodity and other contracts(4)	98	93	322	212
Credit derivatives(5)	273	(1)	861	263
Total	$1,843	$2,684	$4,731	$5,188

(1) Includes revenues from government securities and corporate debt, municipal securities, mortgage securities and other debt instruments. Also includes spot and forward trading of currencies and exchange-traded and over-the-counter (OTC) currency options, options on fixed income securities, interest rate swaps, currency 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 FX 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.

7. INCENTIVE PLANS

All equity awards granted since April 19, 2005 have been made pursuant to stockholder-approved stock incentive plans that are administered by the Personnel and Compensation Committee of the Citigroup Board of Directors, which is composed entirely of independent non-employee directors. For additional information on Citi's incentive plans, see Note 7 to the Consolidated Financial Statements in Citi's 2013 Annual Report on Form 10-K.

8. RETIREMENT BENEFITS

For additional information on Citi’s retirement benefits, see Note 8 to the Consolidated Financial Statements in the Company’s 2013 Annual Report on Form 10-K.

Pension and Postretirement Plans
The Company has several noncontributory defined benefit pension plans covering certain U.S. employees and has various defined benefit pension and termination indemnity plans covering employees outside the United States. The U.S. qualified defined benefit plan was frozen effective January 1, 2008 for most employees. Accordingly, no additional compensation-based contributions were credited to the cash balance portion of the plan for existing plan participants after 2007. However, certain employees covered under the prior final pay plan formula 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 Company also sponsors a number of noncontributory, nonqualified pension plans. These plans, which are unfunded, provide supplemental defined pension benefits to certain U.S. employees. With the exception of certain employees covered under the prior final pay plan formula, the benefits under these plans were frozen in prior years. In the second quarter of 2013, the Company changed the method of accounting for its most significant pension and postretirement benefit plans (Significant Plans) such that plan obligations, plan assets and periodic plan expense are remeasured and disclosed quarterly, instead of annually. The Significant Plans capture approximately 80% of the Company’s global pension and postretirement plan obligations as of December 31, 2013. All other plans (All Other Plans) are remeasured annually with a December 31 measurement date. For additional information, see Note 1 to the Consolidated Financial Statements.

Net (Benefit) Expense
The following table summarizes the components of net (benefit) expense recognized in the Consolidated Statement of Income for the Company’s U.S. qualified and nonqualified pension plans, postretirement plans and plans outside the United States, for Significant Plans and All Other Plans, for the periods indicated.

	Three Months Ended June 30,							
	Pension plans				Postretirement benefit plans			
	U.S. plans		Non-U.S. plans		U.S. plans		Non-U.S. plans	
In millions of dollars	2014	2013	2014	2013	2014	2013	2014	2013
Qualified plans								
Benefits earned during the period	$1	$3	$47	$53	$—	$—	$3	$15
Interest cost on benefit obligation	138	132	98	97	9	8	31	39
Expected return on plan assets	(219)	(215)	(98)	(104)	—	(1)	(31)	(41)
Amortization of unrecognized								
Prior service (benefit) cost	(1)	(1)	1	1	—	—	(3)	—
Net actuarial loss	26	28	20	24	1	—	11	11
Curtailment loss [(1)]	—	—	17	—	—	—	—	—
Settlement (gain) loss [(1)]	—	—	13	—	—	—	(2)	—
Net qualified plans (benefit) expense	$(55)	$(53)	$98	$71	$10	$7	$9	$24

Nonqualified plans expense	$12	$12	$—	$—	$—	$—	$—	$—
Total net (benefit) expense	$(43)	$(41)	$98	$71	$10	$7	$9	$24
Cumulative effect of change in accounting policy(2)	—	(23)	—	—	—	—	—	3
Total adjusted net (benefit) expense	$(43)	$(64)	$98	$71	$10	$7	$9	$27

(1) Curtailment and settlement losses relate to repositioning actions in certain countries outside the U.S.

(2) See Note 1 to the Consolidated Financial Statements for additional information on the change in accounting policy.

	Six Months Ended June 30,							
	Pension plans				Postretirement benefit plans			
	U.S. plans		Non-U.S. plans		U.S. plans		Non-U.S. plans	
In millions of dollars	2014	2013	2014	2013	2014	2013	2014	2013
Qualified plans								
Benefits earned during the period	$3	$6	$93	$107	$—	$—	$7	$25
Interest cost on benefit obligation	278	258	194	192	17	17	60	76
Expected return on plan assets	(436)	(429)	(193)	(205)	(1)	(2)	(61)	(72)
Amortization of unrecognized								
Prior service (benefit) cost	(2)	(2)	2	2	—	—	(6)	—
Net actuarial loss	49	59	40	46	—	—	20	22
Curtailment loss [1]	—	—	17	—	—	—	—	—
Settlement (gain) loss [1]	—	—	13	—	—	—	(2)	—
Net qualified plans (benefit) expense	$(108)	$(108)	$166	$142	$16	$15	$18	$51
Nonqualified plans expense	$24	$24	$—	$—	$—	$—	$—	$—
Total net (benefit) expense	$(84)	$(84)	$166	$142	$16	$15	$18	$51
Cumulative effect of change in accounting policy[2]	—	(23)	—	—	—	—	—	3
Total adjusted net (benefit) expense	$(84)	$(107)	$166	$142	$16	$15	$18	$54

(1) Curtailment and settlement losses relate to voluntary early retirement programs in certain countries outside the U.S.
(2) See Note 1 to the Consolidated Financial Statements for additional information on the change in accounting policy.

Funded Status and Accumulated Other Comprehensive Income

The following table summarizes the funded status and amounts recognized in the Consolidated Balance Sheet for the Company's Significant Plans.

Net Amount Recognized

	Six months ended June 30, 2014			
	Pension plans		Postretirement benefit plans	
In millions of dollars	U.S. plans	Non-U.S. plans	U.S. plans	Non-U.S. plans
Change in projected benefit obligation				
Projected benefit obligation at beginning of year	$12,829	$ 7,194	$780	$ 1,411
Plans measured annually	(692)	(3,473)	—	(357)
Projected benefit obligation at beginning of year - Significant plans	$12,137	$ 3,721	$780	$ 1,054
First quarter activity	215	69	1	56
Projected benefit obligation at March 31, 2014 - Significant plans	$12,352	$ 3,790	$781	$ 1,110
Benefits earned during the period	1	10	—	3
Interest cost on benefit obligation	138	58	9	25
Actuarial (gain) loss	383	98	68	86
Benefits paid, net of participants' contributions	(172)	(41)	(15)	(16)
Foreign exchange impact and other	—	66	—	8

Projected benefit obligation at period end - Significant plans	$12,702	$ 3,981	$843	$ 1,216

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	Six Months Ended June 30, 2014			
	Pension plans		Postretirement benefit plans	
In millions of dollars	U.S. plans	Non-U.S. plans	U.S. plans	Non-U.S. plans
Change in plan assets				
Plan assets at fair value at beginning of year	$12,731	$ 6,918	$32	$1,472
Plans measured annually	—	(2,589)	—	(11)
Plan assets at fair value at beginning of year - Significant Plans	$12,731	$ 4,329	$32	$1,461
First quarter activity	96	69	(4)	(10)
Plan assets at fair value at March 31, 2014 - Significant Plans	$12,827	$ 4,398	$28	$1,451
Actual return on plan assets	364	190	1	95
Company contributions	—	13	10	—
Benefits paid	(172)	(41)	(15)	(16)
Foreign exchange impact and other	—	79	—	10
Plan assets at fair value at period end - Significant plans	$13,019	$ 4,639	$24	$1,540
Funded status of the plans at period end [(1)] - Significant plans	$317	$ 658	$(819)	$324
Net amount recognized				
Benefit asset	$317	$ 658	$—	$324
Benefit liability	—	—	(819)	—
Net amount recognized on the balance sheet - Significant plans	$317	$ 658	$(819)	$324
Amounts recognized in Accumulated other comprehensive income (loss)				
Prior service benefit (cost)	$5	$ 28	$—	$166
Net actuarial gain (loss)	(4,294)	(1,136)	52	(520)
Net amount recognized in equity (pretax) - Significant plans	$(4,289)	$ (1,108)	$52	$(354)
Accumulated benefit obligation at period end - Significant plans	$12,694	$ 3,867	N/A	N/A

(1) The U.S. qualified pension plan is fully funded under specified Employee Retirement Income Security Act (ERISA) funding rules as of January 1, 2014 and no minimum required funding is expected for 2014.

The following table shows the change in Accumulated other comprehensive income (loss) related to pension and postretirement benefit plans, for Significant Plans and All Other Plans, for the periods indicated.

In millions of dollars	Three Months Ended June 30, 2014	Six Months Ended June 30, 2014
Beginning of period balance, net of tax [1] [2]	$(4,022)	$(3,989)
Actuarial assumptions changes and plan experience	(635)	(1,011)
Net asset gain (loss) due to difference between actual and expected returns	336	431
Net amortizations	54	99
Curtailment/ settlement loss [3]	28	28
Foreign exchange impact and other	(22)	159
Change in deferred taxes, net	95	117
Change, net of tax	$(144)	$(177)
End of period balance, net of tax [1] [2]	$(4,166)	$(4,166)

(1) See Note 18 to the Consolidated Financial Statements for further discussion of net Accumulated other comprehensive income (loss) balance.
(2) Includes net-of-tax amounts for certain profit sharing plans outside the United States.
(3) Curtailment and settlement losses relate to repositioning actions in certain countries outside the U.S.

Plan Assumptions

The Company utilizes a number of assumptions to determine plan obligations and expenses. Changes in one or a combination of these assumptions will have an impact on the Company's pension and postretirement projected benefit obligation, funded status and (benefit) expense. Changes in the plans' funded status resulting from changes in the projected benefit obligation and fair value of plan assets will have a corresponding impact on Accumulated other comprehensive income (loss).

The discount rates used in determining the pension and postretirement net (benefit) expense and benefit obligations for the Significant Plans are shown in the following tables:

	Three Months Ended		Year Ended
During the period[1]	Jun. 30, 2014	Mar. 31, 2014	Dec. 31, 2013
U.S. plans			
Pension	4.55%	4.75%	4.80%
Postretirement	4.15	4.35	4.30
Non-U.S. plans			
Pension	4.40-8.50	4.50 - 8.80	4.50 - 8.90
Weighted average	6.21	6.41	6.49
Postretirement	8.90	9.40	8.90

(1) Effective April 1, 2013, the Company changed to a quarterly remeasurement approach for its six largest plans, including the U.S. qualified pension and postretirement plans. For the Significant Plans, the 2013 rates shown above were utilized to calculate the fourth quarter expense in 2013. The 2014 rates shown above for the three months ended March 31, 2014 and June 30, 2014 were utilized to calculate the first and second quarter expense for 2014, respectively.

	Three Months Ended		Year Ended
At period ended [1]	Jun. 30, 2014	Mar. 31, 2014	Dec. 31, 2013
U.S. plans			

Pension	4.25%	4.55%	4.75%
Postretirement	3.95	4.15	4.35
Non-U.S. plans			
Pension	4.30-8.00	4.40 - 8.50	4.50 - 8.80
Weighted average	5.95	6.21	6.41
Postretirement	8.40	8.90	9.40

(1) For the Significant Plans, the June 30, 2014 rates shown above are utilized to calculate the June 30, 2014 benefit obligation and will be utilized to calculate the 2014 third quarter expense. The rates shown above for the year ended 2013 were utilized to calculate the first quarter 2014 expense. The March 31, 2014 rates were utilized to calculate the 2014 second quarter expense.

Sensitivities of Certain Key Assumptions

The following table summarizes the estimated effect on the Company's Significant Plans quarterly pension expense of a one-percentage-point change in the discount rate:

	Three Months Ended June 30, 2014	
In millions of dollars	One-percentage-point increase	One-percentage-point decrease
U.S. plans	$6	$(10)
Non-U.S. plans	(3)	4

Since the U.S. qualified pension plan was frozen, the majority of the prospective service cost has been eliminated and the gain/loss amortization period was changed to the life expectancy for inactive participants. As a result, pension expense for the U.S. qualified pension plan is driven more by interest costs than service costs, and an increase in the discount rate would increase pension expense, while a decrease in the discount rate would decrease pension expense.

Contributions

The Company's funding practice for U.S. and non-U.S. pension plans is generally to fund to minimum funding requirements in accordance with applicable local laws and regulations. The Company may increase its contributions above the minimum required contribution, if appropriate. In addition, management has the ability to change its funding practices. For the U.S. pension plans, there were no required minimum cash contributions during the second quarter of 2014.

The following table summarizes the actual Company contributions for the six months ended June 30, 2014 and 2013, as well as estimated expected Company contributions for the remainder of the year. Expected contributions are subject to change since contribution decisions are affected by various factors, such as market performance and regulatory requirements.

Summary of Company Contributions

	Pension plans				Postretirement benefit plans			
	U.S. plans (1)		Non-U.S. plans		U.S. plans		Non-U.S. plans	
In millions of dollars	2014	2013	2014	2013	2014	2013	2014	2013
Company contributions(2) for the six months ended June 30	$23	$21	$87	$125	$20	$28	$8	$168
Company contributions expected for the remainder of the year	$22	$21	$95	$88	$29	$28	$91	$5

(1) The U.S. pension plans include benefits paid directly by the Company for the nonqualified pension plans.
(2) Company contributions are composed of cash contributions made to the plans and benefits paid directly to participants by the Company.

Defined Contribution Plans

The Company sponsors defined contribution plans in the U.S. and in certain non-U.S. locations, all of which are administered in accordance with local laws. The most significant defined contribution plan is the Citigroup 401(k) Plan sponsored by the Company in the U.S.

Under the Citigroup 401(k) Plan, eligible U.S. employees receive matching contributions of up to 6% of their eligible compensation for 2014 and 2013, subject to statutory limits. Additionally, for eligible employees whose eligible compensation is $100,000 or less, a fixed contribution of up to 2% of eligible compensation is provided. All company contributions are invested according to participants’ individual

elections. The pretax expense associated with this plan amounted to approximately $101 million and $98 million in the three months ended June 30, 2014 and 2013, respectively, and $204 million and $202 million in the six months ended June 30, 2014 and 2013, respectively.

Postemployment Plans

The Company sponsors U.S. postemployment plans that provide income continuation and health and welfare benefits to certain eligible U.S. employees on long-term disability.

The following table summarizes the components of net expense recognized in the Consolidated Statement of Income for the Company’s U.S. postemployment plans.

	Three Months Ended June 30,		Six Months Ended June 30,	
In millions of dollars	2014	2013	2014	2013
Service related expense				
Benefits earned during the period	$—	$6	$—	$13
Interest cost on benefit obligation	1	3	2	6
Amortization of unrecognized				
Prior service cost	(8)	2	(15)	4
Net actuarial loss	3	3	7	6
Total service related expense	$(4)	$14	$(6)	$29
Non-service related expense	$8	$6	$17	$13
Total net expense	$4	$20	$11	$42

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9. EARNINGS PER SHARE

The following is a reconciliation of the income and share data used in the basic and diluted earnings per share (EPS) computations for the three and six months ended June 30:

	Three Months Ended June 30,		Six Months Ended June 30,	
In millions, except shares and per-share amounts	2014	2013	2014	2013
Income from continuing operations before attribution of noncontrolling interests	$253	$4,188	$4,204	$8,119
Less: Noncontrolling interests from continuing operations	50	36	95	126
Net income from continuing operations (for EPS purposes)	$203	$4,152	$4,109	$7,993
Income (loss) from discontinued operations, net of taxes	(22)	30	15	(3)
Citigroup's net income	$181	$4,182	$4,124	$7,990
Less: Preferred dividends[1]	100	9	224	13
Net income available to common shareholders	$81	$4,173	$3,900	$7,977
Less: Dividends and undistributed earnings allocated to employee restricted and deferred shares with nonforfeitable rights to dividends, applicable to basic EPS	1	83	64	155
Net income allocated to common shareholders for basic EPS	$80	$4,090	$3,836	$7,822
Add: Interest expense, net of tax, and dividends on convertible securities and adjustment of undistributed earnings allocated to employee restricted and deferred shares with nonforfeitable rights to dividends, applicable to diluted EPS	—	1	—	1
Net income allocated to common shareholders for diluted EPS	$80	$4,091	$3,836	$7,823
Weighted-average common shares outstanding applicable to basic EPS	3,033.8	3,040.7	3,035.6	3,040.4
Effect of dilutive securities				
Options[2]	4.3	5.0	4.9	4.5
Other employee plans	0.2	0.5	0.3	0.5
Convertible securities[3]	—	0.1	—	0.1
Adjusted weighted-average common shares outstanding applicable to diluted EPS	3,038.3	3,046.3	3,040.8	3,045.5
Basic earnings per share[4]				
Income from continuing operations	$0.03	$1.34	$1.26	$2.57
Discontinued operations	(0.01)	0.01	—	—
Net income	$0.03	$1.35	$1.26	$2.57
Diluted earnings per share[4]				
Income from continuing operations	$0.03	$1.33	$1.26	$2.57
Discontinued operations	(0.01)	0.01	—	—
Net income	$0.03	$1.34	$1.26	$2.57

(1) See Note 19 to the Consolidated Financial Statements for the potential future impact of preferred stock dividends.

(2) During the second quarters of 2014 and 2013, weighted-average options to purchase 7.5 million and 8.2 million shares of common stock, respectively, were outstanding but not included in the computation of earnings per share because the weighted-average exercise prices of $117.33 and $79.80, respectively, were anti-dilutive.

(3) Warrants issued to the U.S. Treasury as part of the Troubled Asset Relief Program (TARP) and the loss-sharing agreement (all of which were subsequently sold to the public in January 2011), with an exercise price of $178.50 and $106.10 for approximately 21.0 million and 25.5 million shares of Citigroup common stock, respectively, were not included in the computation of earnings per share in the second quarters of 2014 and 2013 because they were anti-dilutive.

(4)

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

10. FEDERAL FUNDS, SECURITIES BORROWED, LOANED, AND SUBJECT TO REPURCHASE AGREEMENTS

Federal funds sold and securities borrowed or purchased under agreements to resell, at their respective carrying values, consisted of the following at June 30, 2014 and December 31, 2013:

In millions of dollars	June 30, 2014	December 31, 2013
Federal funds sold	$—	$20
Securities purchased under agreements to resell	128,421	136,649
Deposits paid for securities borrowed	121,932	120,368
Total	$250,353	$257,037

Federal funds purchased and securities loaned or sold under agreements to repurchase, at their respective carrying values, consisted of the following:

In millions of dollars	June 30, 2014	December 31, 2013
Federal funds purchased	$663	$910
Securities sold under agreements to repurchase	159,598	175,691
Deposits received for securities loaned	23,651	26,911
Total	$183,912	$203,512

The resale and repurchase agreements represent collateralized financing transactions. The Company executes these transactions primarily through its broker-dealer subsidiaries to facilitate customer matched-book activity and to efficiently fund a portion of the Company's trading inventory. Transactions executed by the Company's bank subsidiaries primarily facilitate customer financing activity.

It is the Company's policy to take possession of the underlying collateral, monitor its market value relative to the amounts due under the agreements and, when necessary, require prompt transfer of additional collateral in order to maintain contractual margin protection. Collateral typically consists of government and government-agency securities, corporate and municipal bonds, and mortgage-backed and other asset-backed securities.

The resale and repurchase agreements are generally documented under industry standard agreements that allow the prompt close-out of all transactions (including the liquidation of securities held) and the offsetting of obligations to return cash or securities by the non-defaulting party, following a payment or other type of default under the relevant master agreement. Events of default generally include: (i) failure to deliver cash or securities as required under the transaction, (ii) failure to provide or return cash or securities as used for margining purposes, (iii) breach of representation, (iv) cross-default to another transaction entered into among the parties, or, in some cases, their affiliates, and (v) a repudiation of obligations under the agreement. The counterparty that

receives the securities in these transactions is generally unrestricted in its use of the securities, with the exception of transactions executed on a tri-party basis.

A substantial portion of the resale and repurchase agreements is recorded at fair value, as described in Note 22 to the Consolidated Financial Statements. The remaining portion is carried at the amount of cash initially advanced or received, plus accrued interest, as specified in the respective agreements.

The securities borrowing and lending agreements also represent collateralized financing transactions similar to the resale and repurchase agreements. Collateral typically consists of government and government-agency securities and corporate debt and equity securities.

Similar to the resale and repurchase agreements, securities borrowing and lending agreements are generally documented under industry standard agreements that allow the prompt close-out of all transactions (including the liquidation of securities held) and the offsetting of obligations to return cash or securities by the non-defaulting party, following a payment or other default by the other party under the relevant master agreement. Events of default and rights to use securities under the securities borrowing and lending agreements are similar to the resale and repurchase agreements referenced above.

A substantial portion of securities borrowing and lending agreements is recorded at the amount of cash advanced or received. The remaining portion is recorded at fair value as the Company elected the fair value option for certain securities borrowed and loaned portfolios, as described in Note 23 to the Consolidated Financial Statements. With respect to securities loaned, the Company receives cash collateral in an amount generally in excess of the market value of the securities loaned. The Company monitors the market value of securities borrowed and securities loaned on a daily basis and obtains or posts additional collateral in order to maintain contractual margin protection.

The enforceability of offsetting rights incorporated in the master netting agreements for resale and repurchase agreements and securities borrowing and lending agreements is evidenced to the extent that a supportive legal opinion has been obtained from counsel of recognized standing which provides the requisite level of certainty regarding the enforceability of these agreements and that the exercise of rights by the non-defaulting party to terminate and close-out transactions on a net basis under these agreements will not be stayed, or avoided under applicable law upon an event of default including bankruptcy, insolvency or similar proceeding.

A legal opinion may not have been sought or obtained for certain jurisdictions where local law is silent or sufficiently ambiguous to determine the enforceability of offsetting rights or where adverse case law or conflicting regulation may cast doubt on the enforceability of such rights. In some jurisdictions and for some counterparty types, the insolvency law for a particular counterparty type may be nonexistent or unclear as overlapping regimes may exist. For example, this may be the case for certain sovereigns, municipalities, central banks and U.S. pension plans.

The following tables present the gross and net resale and repurchase agreements and securities borrowing and lending agreements and the related offsetting amount permitted under ASC 210-20-45, as of June 30, 2014 and December 31, 2013. The tables also include amounts related to financial instruments that are not permitted to be offset under ASC 210-20-45 but would be eligible for offsetting to the extent an

event of default occurred and a legal opinion supporting enforceability of the offsetting rights has been obtained. Remaining exposures continue to be secured by financial collateral, but the Company may not have sought or been able to obtain a legal opinion evidencing enforceability of the offsetting right.

	As of June 30, 2014				
In millions of dollars	Gross amounts of recognized assets	Gross amounts offset on the Consolidated Balance Sheet(1)	Net amounts of assets included on the Consolidated Balance Sheet(2)	Amounts not offset on the Consolidated Balance Sheet but eligible for offsetting upon counterparty default(3)	Net amounts(4)
Securities purchased under agreements to resell	$193,940	$65,519	$128,421	$97,663	$30,758
Deposits paid for securities borrowed	121,932	—	121,932	21,309	100,623
Total	$315,872	$65,519	$250,353	$118,972	$131,381

In millions of dollars	Gross amounts of recognized liabilities	Gross amounts offset on the Consolidated Balance Sheet(1)	Net amounts of liabilities included on the Consolidated Balance Sheet(2)	Amounts not offset on the Consolidated Balance Sheet but eligible for offsetting upon counterparty default(3)	Net amounts(4)
Securities sold under agreements to repurchase	$225,117	$65,519	$159,598	$71,095	$88,503
Deposits received for securities loaned	23,651	—	23,651	7,082	16,569
Total	$248,768	$65,519	$183,249	$78,177	$105,072

	As of December 31, 2013				
In millions of dollars	Gross amounts of recognized assets	Gross amounts offset on the Consolidated Balance Sheet(1)	Net amounts of assets included on the Consolidated Balance Sheet(2)	Amounts not offset on the Consolidated Balance Sheet but eligible for offsetting upon counterparty default(3)	Net amounts(4)
Securities purchased under agreements to resell	$179,894	$43,245	$136,649	$105,226	$31,423
Deposits paid for securities borrowed	120,368	—	120,368	26,728	93,640
Total	$300,262	$43,245	$257,017	$131,954	$125,063

In millions of dollars	Gross amounts of recognized	Gross amounts offset on the Consolidated	Net amounts of liabilities included on	Amounts not offset on the Consolidated Balance	Net amounts(4)

	liabilities	Balance Sheet[1]	the Consolidated Balance Sheet[2]	Sheet but eligible for offsetting upon counterparty default[3]	
Securities sold under agreements to repurchase	$218,936	$43,245	$175,691	$80,082	$95,609
Deposits received for securities loaned	26,911	—	26,911	3,833	23,078
Total	$245,847	$43,245	$202,602	$83,915	$118,687

(1) Includes financial instruments subject to enforceable master netting agreements that are permitted to be offset under ASC 210-20-45.

(2) The total of this column for each period excludes Federal funds sold/purchased. See table on prior page.

(3) Includes financial instruments subject to enforceable master netting agreements that are not permitted to be offset under ASC 210-20-45 but would be eligible for offsetting to the extent an event of default has occurred and a legal opinion supporting enforceability of the offsetting right has been obtained.

(4) Remaining exposures continue to be secured by financial collateral, but the Company may not have sought or been able to obtain a legal opinion evidencing enforceability of the offsetting right.

11. BROKERAGE RECEIVABLES AND BROKERAGE PAYABLES

The Company has receivables and payables for financial instruments sold to and purchased from brokers, dealers and customers, which arise in the ordinary course of business. The Company is exposed to risk of loss from the inability of brokers, dealers or customers to pay for purchases or to deliver the financial instruments sold, in which case the Company would have to sell or purchase the financial instruments at prevailing market prices. Credit risk is reduced to the extent that an exchange or clearing organization acts as a counterparty to the transaction and replaces the broker, dealer or customer in question.
The Company seeks to protect itself from the risks associated with customer activities by requiring customers to maintain margin collateral in compliance with regulatory and internal guidelines. Margin levels are monitored daily, and customers deposit additional collateral as required. Where customers cannot meet collateral requirements, the Company will liquidate sufficient underlying financial instruments to bring the customer into compliance with the required margin level.
Exposure to credit risk is impacted by market volatility, which may impair the ability of clients to satisfy their obligations to the Company. Credit limits are established and closely monitored for customers and for brokers and dealers engaged in forwards, futures and other transactions deemed to be credit sensitive.
Brokerage receivables and Brokerage payables consisted of the following at June 30, 2014 and December 31, 2013:

In millions of dollars	June 30, 2014	December 31, 2013
Receivables from customers	$13,602	$5,811
Receivables from brokers, dealers, and clearing organizations	28,262	19,863
Total brokerage receivables [1]	$41,864	$25,674
Payables to customers	$36,214	$34,751
Payables to brokers, dealers, and clearing organizations	26,109	18,956
Total brokerage payables [1]	$62,323	$53,707

(1) Brokerage receivables and payables are accounted for in accordance with ASC 940-320.

12. TRADING ACCOUNT ASSETS AND LIABILITIES

Trading account assets and Trading account liabilities are carried at fair value, other than physical commodities accounted for at the lower of cost or fair value, and consist of the following at June 30, 2014 and December 31, 2013:

In millions of dollars	June 30, 2014	December 31, 2013
Trading account assets		
Mortgage-backed securities[1]		
U.S. government-sponsored agency guaranteed	$21,138	$23,955
Prime	2,059	1,422
Alt-A	702	721
Subprime	541	1,211
Non-U.S. residential	733	723
Commercial	2,367	2,574
Total mortgage-backed securities	$27,540	$30,606
U.S. Treasury and federal agency securities		
U.S. Treasury	$18,640	$13,537
Agency obligations	1,678	1,300
Total U.S. Treasury and federal agency securities	$20,318	$14,837
State and municipal securities	$2,726	$3,207
Foreign government securities	80,985	74,856

Corporate	29,946	30,534
Derivatives[2]	50,502	52,821
Equity securities	59,579	61,776
Asset-backed securities[1]	4,504	5,616
Other trading assets[3]	14,676	11,675
Total trading account assets	$290,776	$285,928
Trading account liabilities		
Securities sold, not yet purchased	$75,827	$61,508
Derivatives[2]	47,543	47,254
Total trading account liabilities	$123,370	$108,762

(1) The Company invests in mortgage-backed and asset-backed securities. These securitizations are generally considered 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, see Note 20 to the Consolidated Financial Statements.

(2) Presented net, pursuant to enforceable master netting agreements. See Note 21 to the Consolidated Financial Statements for a discussion regarding the accounting and reporting for derivatives.

(3) Includes investments in unallocated precious metals, as discussed in Note 23 to the Consolidated Financial Statements. Also includes physical commodities accounted for at the lower of cost or fair value.

13. INVESTMENTS

Overview

In millions of dollars	June 30, 2014	December 31, 2013
Securities available-for-sale (AFS)	$292,578	$ 286,511
Debt securities held-to-maturity (HTM)[1]	22,330	10,599
Non-marketable equity securities carried at fair value[2]	3,920	4,705
Non-marketable equity securities carried at cost[3]	6,795	7,165
Total investments	$325,623	$ 308,980

(1) Recorded at amortized cost less impairment for securities that have 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 Banks, foreign central banks and various clearing houses of which Citigroup is a member.

The following table presents interest and dividends on investments for the three and six months ended June 30, 2014 and 2013:

	Three Months Ended June 30,		Six Months Ended June 30,	
In millions of dollars	2014	2013	2014	2013
Taxable interest	$1,544	$1,381	$3,011	$2,891
Interest exempt from U.S. federal income tax	147	198	311	370
Dividends	116	108	242	228
Total interest and dividends	$1,807	$1,687	$3,564	$3,489

The following table presents realized gains and losses on the sale of investments for the three and six months ended June 30, 2014 and 2013. The gross realized investment losses exclude losses from other-than-temporary impairment (OTTI):

	Three Months Ended June 30,		Six Months Ended June 30,	
In millions of dollars	2014	2013	2014	2013
Gross realized investment gains	$168	$620	$460	$1,114
Gross realized investment losses	(84)	(369)	(248)	(413)
Net realized gains on sale of investments	$84	$251	$212	$701

The Company has sold various debt securities that were classified as HTM. These sales were in response to a significant deterioration in the creditworthiness of the issuers or securities. In addition, certain securities were reclassified to AFS investments in response to significant credit deterioration and, because the Company intends to sell the securities, Citi recorded OTTI on the securities. The following table sets forth, for the periods indicated, gain (loss) on HTM securities sold, securities reclassified to AFS and OTTI recorded on AFS securities reclassified.

	Three Months Ended June 30,		Six Months Ended June 30,	
In millions of dollars	2014	2013	2014	2013
Carrying value of HTM securities sold	$5	$318	$5	$485
Net realized gain (loss) on sale of HTM securities	—	(56)	—	$(66)
Carrying value of securities reclassified to AFS	14	300	66	$902
OTTI losses on securities reclassified to AFS	(1)	(61)	(9)	$(155)

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Securities Available-for-Sale

The amortized cost and fair value of AFS securities at June 30, 2014 and December 31, 2013 were as follows:

	June 30, 2014				December 31, 2013			
In millions of dollars	Amortized cost	Gross unrealized gains(1)	Gross unrealized losses(1)	Fair value	Amortized cost	Gross unrealized gains(1)	Gross unrealized losses(1)	Fair value
Debt securities AFS								
Mortgage-backed securities(2)								
U.S. government-sponsored agency guaranteed	$37,295	$567	$317	$37,545	$42,494	$391	$888	$41,997
Prime	15	—	—	15	33	2	3	32
Alt-A	2	—	—	2	84	10	—	94
Subprime	—	—	—	—	12	—	—	12
Non-U.S. residential	9,475	95	8	9,562	9,976	95	4	10,067
Commercial	516	8	3	521	455	6	8	453
Total mortgage-backed securities	$47,303	$670	$328	$47,645	$53,054	$504	$903	$52,655
U.S. Treasury and federal agency securities								
U.S. Treasury	$88,218	$475	$61	$88,632	$68,891	$476	$147	$69,220
Agency obligations	15,095	104	19	15,180	18,320	123	67	18,376
Total U.S. Treasury and federal agency securities	$103,313	$579	$80	$103,812	$87,211	$599	$214	$87,596
State and municipal(3)	$13,903	$745	$1,756	$12,892	$20,761	$184	$2,005	$18,940
Foreign government	95,580	654	254	95,980	96,608	403	540	96,471
Corporate	10,815	270	82	11,003	11,039	210	119	11,130
Asset-backed securities(2)	14,452	54	83	14,423	15,352	42	120	15,274
Other debt securities	711	—	1	710	710	1	—	711
Total debt securities AFS	$286,077	$2,972	$2,584	$286,465	$284,735	$1,943	$3,901	$282,777
Marketable equity securities AFS	$5,914	$270	$71	$6,113	$3,832	$85	$183	$3,734
Total securities AFS	$291,991	$3,242	$2,655	$292,578	$288,567	$2,028	$4,084	$286,511

(1) Gross unrealized gains and losses, as presented, do not include the impact of minority investments and the related allocations and pick-up of unrealized gains and losses of AFS securities. These amounts totaled $3 million of unrealized loss and $36 million of unrealized gains as of June 30, 2014 and December 31, 2013, respectively.

(2) The Company invests in mortgage-backed and asset-backed securities. These securitizations are generally considered 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, see Note 20 to the Consolidated Financial Statements.

(3) The gross unrealized losses on state and municipal debt securities are primarily attributable to the effects of fair value hedge accounting. Specifically, Citi hedges the LIBOR-benchmark interest rate component of certain fixed-rate tax-exempt state and municipal debt securities utilizing LIBOR-based interest rate swaps. During the hedge period, losses incurred on the LIBOR-hedging swaps recorded in earnings were substantially offset by gains on the state and municipal debt securities attributable to changes in the LIBOR swap rate being hedged. However, because the LIBOR swap rate decreased significantly during the hedge period while the overall fair value of the municipal debt securities was relatively unchanged, the effect of reclassifying fair value gains on these securities from Accumulated other comprehensive income (loss) (AOCI) to earnings, attributable solely to changes in the LIBOR swap rate, resulted in net unrealized losses remaining in AOCI that relate to the unhedged components of these securities.

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 that 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 AOCI. For other debt securities with OTTI, the entire impairment is recognized in the Consolidated Statement of Income.

The table below shows the fair value of AFS securities that have been in an unrealized loss position for less than 12 months or for 12 months or longer as of June 30, 2014 and December 31, 2013:

	Less than 12 months		12 months or longer		Total	
In millions of dollars	Fair value	Gross unrealized losses	Fair value	Gross unrealized losses	Fair value	Gross unrealized losses
June 30, 2014						
Securities AFS						
Mortgage-backed securities						
U.S. government-sponsored agency guaranteed	$3,970	$26	$11,912	$291	$15,882	$317
Prime	2	—	3	—	5	—
Alt-A	1	—	—	—	1	—
Non-U.S. residential	504	2	545	6	1,049	8
Commercial	44	—	128	3	172	3
Total mortgage-backed securities	$4,521	$28	$12,588	$300	$17,109	$328
U.S. Treasury and federal agency securities						
U.S. Treasury	$20,663	$45	$1,085	$16	$21,748	$61
Agency obligations	2,203	10	1,484	9	3,687	19
Total U.S. Treasury and federal agency securities	$22,866	$55	$2,569	$25	$25,435	$80
State and municipal	$489	$19	$5,932	$1,737	$6,421	$1,756
Foreign government	17,858	154	7,124	100	24,982	254
Corporate	1,402	60	1,428	22	2,830	82
Asset-backed securities	4,025	24	2,429	59	6,454	83
Other debt securities	49	1	—	—	49	1
Marketable equity securities AFS	22	2	677	69	699	71
Total securities AFS	$51,232	$343	$32,747	$2,312	$83,979	$2,655
December 31, 2013						
Securities AFS						
Mortgage-backed securities						
U.S. government-sponsored agency guaranteed	$19,377	$533	$5,643	$355	$25,020	$888
Prime	85	3	3	—	88	3
Non-U.S. residential	2,103	4	5	—	2,108	4
Commercial	206	6	28	2	234	8
Total mortgage-backed securities	$21,771	$546	$5,679	$357	$27,450	$903
U.S. Treasury and federal agency securities						
U.S. Treasury	$34,780	$133	$268	$14	$35,048	$147
Agency obligations	6,692	66	101	1	6,793	67
Total U.S. Treasury and federal agency securities	$41,472	$199	$369	$15	$41,841	$214
State and municipal	$595	$29	$11,447	$1,976	$12,042	$2,005
Foreign government	35,783	477	5,778	63	41,561	540
Corporate	4,565	108	387	11	4,952	119
Asset-backed securities	11,207	57	1,931	63	13,138	120
Marketable equity securities AFS	1,271	92	806	91	2,077	183
Total securities AFS	$116,664	$1,508	$26,397	$2,576	$143,061	$4,084

The following table presents the amortized cost and fair value of AFS debt securities by contractual maturity dates as of June 30, 2014 and December 31, 2013:

In millions of dollars	June 30, 2014 Amortized cost	June 30, 2014 Fair value	December 31, 2013 Amortized cost	December 31, 2013 Fair value
Mortgage-backed securities[1]				
Due within 1 year	$72	$72	$87	$87
After 1 but within 5 years	468	475	346	354
After 5 but within 10 years	1,972	2,000	2,898	2,932
After 10 years[2]	44,791	45,098	49,723	49,282
Total	$47,303	$47,645	$53,054	$52,655
U.S. Treasury and federal agency securities				
Due within 1 year	$11,751	$11,789	$15,789	$15,853
After 1 but within 5 years	86,111	86,470	66,232	66,457
After 5 but within 10 years	2,280	2,312	2,129	2,185
After 10 years[2]	3,171	3,241	3,061	3,101
Total	$103,313	$103,812	$87,211	$87,596
State and municipal				
Due within 1 year	$208	$208	$576	$581
After 1 but within 5 years	3,903	3,909	3,731	3,735
After 5 but within 10 years	378	485	439	482
After 10 years[2]	9,414	8,290	16,015	14,142
Total	$13,903	$12,892	$20,761	$18,940
Foreign government				
Due within 1 year	$36,840	$36,845	$37,005	$36,959
After 1 but within 5 years	44,717	44,877	51,344	51,304
After 5 but within 10 years	12,833	12,984	7,314	7,216
After 10 years[2]	1,190	1,274	945	992
Total	$95,580	$95,980	$96,608	$96,471
All other[3]				
Due within 1 year	$2,911	$2,873	$2,786	$2,733
After 1 but within 5 years	10,034	10,168	10,934	11,020
After 5 but within 10 years	6,213	6,290	5,632	5,641
After 10 years[2]	6,820	6,805	7,749	7,721
Total	$25,978	$26,136	$27,101	$27,115
Total debt securities AFS	$286,077	$286,465	$284,735	$282,777

(1) Includes mortgage-backed securities of U.S. government-sponsored 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, asset-backed and other debt securities.

Debt Securities Held-to-Maturity

During the second quarter of 2014, securities with a total fair value of approximately $11.8 billion were transferred from AFS to HTM, comprised of $5.4 billion of U.S. government agency mortgage-backed securities and $6.4 billion of obligations of U.S. states and municipalities. The transfer reflects the Company’s intent to hold these securities to maturity or to issuer call in order to reduce the impact of price volatility on AOCI and certain capital measures under Basel III. While these securities were transferred to HTM at fair value as of the transfer date, no subsequent changes in value may be recorded, other than in connection with the recognition of any subsequent other-than-temporary impairment and the amortization of differences between the carrying values at the transfer date and the par values of

each security as an adjustment of yield over the remaining contractual life of each security. Any net unrealized holding losses within AOCI related to the respective securities at the date of transfer, inclusive of any cumulative fair value hedge adjustments, will be amortized over the remaining contractual life of each security as an adjustment of yield in a manner consistent with the amortization of any premium or discount.

The carrying value and fair value of debt securities HTM at June 30, 2014 and December 31, 2013 were as follows:

In millions of dollars	Amortized cost[1]	Net unrealized gains (losses) recognized in AOCI	Carrying value[2]	Gross unrealized gains	Gross unrealized (losses)	Fair value
June 30, 2014						
Debt securities held-to-maturity						
Mortgage-backed securities[3]						
U.S. government agency guaranteed	$5,316	$97	$5,413	$12	$(11)	$5,414
Prime	63	(13)	50	6	(2)	54
Alt-A	1,261	(256)	1,005	519	(266)	1,258
Subprime	2	—	2	1	—	3
Non-U.S. residential	1,293	(191)	1,102	93	(2)	1,193
Commercial	11	—	11	1	—	12
Total mortgage-backed securities	$7,946	$(363)	$7,583	$632	$(281)	$7,934
State and municipal[4]	$8,339	$(543)	$7,796	$271	$(218)	$7,849
Foreign government	5,641	—	5,641	133	—	5,774
Corporate	816	(65)	751	120	—	871
Asset-backed securities[3]	580	(21)	559	50	(10)	599
Total debt securities held-to-maturity	$23,322	$(992)	$22,330	$1,206	$(509)	$23,027
December 31, 2013						
Debt securities held-to-maturity						
Mortgage-backed securities[3]						
Prime	$72	$(16)	$56	$5	$(2)	$59
Alt-A	1,379	(287)	1,092	449	(263)	1,278
Subprime	2	—	2	1	—	3
Non-U.S. residential	1,372	(206)	1,166	60	(20)	1,206
Commercial	10	—	10	1	—	11
Total mortgage-backed securities	$2,835	$(509)	$2,326	$516	$(285)	$2,557
State and municipal	$1,394	$(62)	$1,332	$50	$(70)	$1,312
Foreign government	5,628	—	5,628	70	(10)	5,688
Corporate	818	(78)	740	111	—	851
Asset-backed securities[3]	599	(26)	573	22	(10)	585
Total debt securities held-to-maturity	$11,274	$(675)	$10,599	$769	$(375)	$10,993

(1) 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 impairments recognized in earnings subsequent to transfer. For securities transferred to HTM from AFS, amortized cost is defined as the original purchase cost, adjusted for the cumulative accretion or amortization of any purchase discount or premium, plus or minus any cumulative fair value hedge adjustments, net of accretion or amortization, and less any other-than-temporary impairment recognized in earnings.

(2) HTM securities are carried on the Consolidated Balance Sheet at amortized cost, plus or minus any unamortized unrealized gains and losses and fair value hedge adjustments recognized in AOCI prior to reclassifying the securities from AFS to HTM. Changes in the values of these securities are not reported in the financial statements, except for the amortization of any difference between the carrying value at the transfer date and par value of the securities, and the recognition of any non-credit fair value adjustments in AOCI in connection with the recognition of any credit impairment in earnings related to securities the Company continues to intend to hold until maturity.

(3) The Company invests in mortgage-backed and asset-backed securities. These securitizations are generally considered 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, see Note 20 to the Consolidated Financial Statements.

(4) The net unrealized losses recognized in AOCI on state and municipal debt securities are primarily attributable to the effects of fair value hedge accounting applied when these debt securities were classified as AFS. Specifically, Citi hedged the LIBOR-benchmark interest rate component of certain fixed-rate tax-exempt state and municipal debt securities utilizing LIBOR-based interest rate swaps. During the hedge period, losses incurred on the LIBOR-hedging swaps recorded in earnings were substantially offset by gains on the state and municipal debt securities attributable to changes in the LIBOR swap rate being hedged. However, because the LIBOR swap rate decreased significantly during the hedge period while the overall fair value of the municipal debt securities was relatively unchanged, the effect of reclassifying fair value gains on these securities from AOCI to earnings attributable solely to changes in the LIBOR swap rate resulted in net unrealized losses remaining in AOCI that relate to the unhedged components of these securities. Upon transfer of these debt securities to HTM, all hedges have been de-designated and hedge accounting has ceased.

The Company has the positive intent and ability to hold these securities to maturity or, where applicable, the exercise of any issuer call options, absent any unforeseen significant changes in circumstances, including deterioration in credit or changes in regulatory capital requirements.
The net unrealized losses classified in AOCI primarily relate to debt securities previously classified as AFS that have been transferred to HTM, and include any cumulative fair value hedge adjustments. The net unrealized loss amount also

includes any non-credit-related changes in fair value of HTM securities that have suffered credit impairment recorded in earnings. The AOCI balance related to HTM securities is amortized over the remaining contractual life of the related securities as an adjustment of yield in a manner consistent with the accretion of any difference between the carrying value at the transfer date and par value of the same debt securities.

The table below shows the fair value of debt securities in HTM that have been in an unrecognized loss position as of June 30, 2014 and December 31, 2013 for less than 12 months or 12 months or longer:

	Less than 12 months		12 months or longer		Total	
In millions of dollars	Fair value	Gross unrecognized losses	Fair value	Gross unrecognized losses	Fair value	Gross unrecognized losses
June 30, 2014						
Debt securities held-to-maturity						
Mortgage-backed securities	$4	$—	$3,364	$281	$3,368	$281
State and municipal	10	—	5,054	218	5,064	218
Foreign government	—	—	—	—	—	—
Asset-backed securities	12	—	175	10	187	10
Total debt securities held-to-maturity	$26	$—	$8,593	$509	$8,619	$509
December 31, 2013						
Debt securities held-to-maturity						
Mortgage-backed securities	$—	$—	$358	$285	$358	$285
State and municipal	235	20	302	50	537	70
Foreign government	920	10	—	—	920	10
Asset-backed securities	98	6	198	4	296	10
Total debt securities held-to-maturity	$1,253	$36	$858	$339	$2,111	$375

Excluded from the gross unrecognized losses presented in the above table are the $(992) million and $(675) million of net unrealized losses recorded in AOCI as of June 30, 2014 and December 31, 2013, respectively, primarily related to the difference between the amortized cost and carrying value of

HTM securities that were reclassified from AFS. Virtually all of these net unrecognized losses relate to securities that have been in a loss position for 12 months or longer at June 30, 2014 and December 31, 2013.

The following table presents the carrying value and fair value of HTM debt securities by contractual maturity dates as of June 30, 2014 and December 31, 2013:

In millions of dollars	June 30, 2014		December 31, 2013	
	Carrying value	Fair value	Carrying value	Fair value
Mortgage-backed securities				
Due within 1 year	$—	$—	$—	$—
After 1 but within 5 years	—	—	—	—
After 5 but within 10 years	786	789	10	11
After 10 years(1)	6,797	7,145	2,316	2,546
Total	$7,583	$7,934	$2,326	$2,557
State and municipal				
Due within 1 year	$4	$4	$8	$9
After 1 but within 5 years	14	14	17	17
After 5 but within 10 years	104	109	69	72
After 10 years(1)	7,674	7,722	1,238	1,214
Total	$7,796	$7,849	$1,332	$1,312
Foreign government				
Due within 1 year	$—	$—	$—	$—
After 1 but within 5 years	5,641	5,774	5,628	5,688
After 5 but within 10 years	—	—	—	—
After 10 years(1)	—	—	—	—
Total	$5,641	$5,774	$5,628	$5,688
All other(2)				
Due within 1 year	$—	$—	$—	$—
After 1 but within 5 years	751	871	740	851
After 5 but within 10 years	—	—	—	—
After 10 years(1)	559	599	573	585
Total	$1,310	$1,470	$1,313	$1,436
Total debt securities held-to-maturity	$22,330	$23,027	$10,599	$10,993

(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 corporate and asset-backed securities.

Evaluating Investments for Other-Than-Temporary Impairment

Overview

The Company conducts and documents periodic reviews of all securities with unrealized losses to evaluate whether the impairment is other-than-temporary.

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. Losses related to HTM securities generally are not recorded, as these investments are carried at amortized cost. However, for HTM securities with credit-related losses, the credit loss is recognized in earnings as OTTI, and any remainder between the cost basis adjusted for the OTTI and fair value is recognized in AOCI and amortized as an adjustment of yield over the remaining contractual life of the security. 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, adjusted for the cumulative accretion or amortization of any purchase discount or premium, plus or minus any cumulative fair value

hedge adjustments, net of accretion or amortization, and less any impairment recognized in earnings.
Regardless of the classification of the securities as AFS or HTM, the Company assesses each position with an unrealized loss for OTTI. 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 that 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.

Debt

The entire difference between amortized cost and fair value is recognized in earnings as OTTI for impaired debt securities that the Company has an intent to sell or for 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. However, for those securities that the Company does not intend to sell and is not likely to be required to sell, only the credit-related impairment is recognized in earnings, and any non-credit-related impairment is recorded in AOCI.

For debt securities, credit impairment exists where management does not expect to receive contractual principal and interest cash flows sufficient to recover the entire amortized cost basis of a security.

Equity

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 cost or whether it is more-likely-than-not that the Company will be required to sell the security prior to recovery of its cost basis. 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 cost recognized in earnings.

Management assesses equity method investments that have fair values that are less than their respective carrying values for OTTI. Fair value is measured as price multiplied by quantity if the investee has publicly listed securities. If the investee is not publicly listed, other methods are used (see Note 22 to the Consolidated Financial Statements).

For impaired equity method investments that Citi plans to sell prior to recovery of value or would likely be required to sell, with no expectation that the fair value will recover prior to the expected sale date, the full impairment is recognized in earnings as OTTI regardless of severity and duration. The measurement of the OTTI does not include partial projected recoveries subsequent to the balance sheet date.

For impaired equity method investments that management does not plan to sell prior to recovery of value and is not likely to be required to sell, the evaluation of whether an impairment is other-than-temporary is based on (i) whether and when an equity method investment will recover in value and (ii) whether the investor has the intent and ability to hold that investment for a period of time sufficient to recover the value. The determination of whether the impairment is considered other-than-temporary considers the following indicators, regardless of the time and extent of impairment:

- the cause of the impairment and the financial condition and near-term prospects of the issuer, including any specific events that may influence the operations of the issuer;
- the intent and ability to hold the investment for a period of time sufficient to allow for any anticipated recovery in market value; and
- the length of time and extent to which fair value has been less than the carrying value.

The sections below describe the Company's process for identifying credit-related impairments in its security types with the most significant unrealized losses as of June 30, 2014.

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 principal and interest cash flows on the underlying mortgages using the security-specific collateral and transaction structure. The model distributes the estimated cash flows to the 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 estimates the remaining cash flows using a number of assumptions, including default rates, prepayment rates, recovery rates (on foreclosed properties) and loss severity rates (on non-agency mortgage-backed securities).

Management develops specific assumptions using market data, internal estimates, and 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 (i) 10% of current loans, (ii) 25% of 30-59 day delinquent loans, (iii) 70% of 60-90 day delinquent loans and (iv) 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 contemplate the actual collateral attributes, including geographic concentrations, rating actions and current market prices.

Cash flow projections are developed using different stress test scenarios. Management evaluates the results of those stress tests (including the severity of any cash shortfall indicated and the likelihood of the stress scenarios actually occurring based on the underlying pool's characteristics and

performance) to assess whether management expects to recover the amortized cost basis of the security. If cash flow projections indicate that the Company does not expect to recover its amortized cost basis, the Company recognizes the estimated credit loss in earnings.

State and municipal securities

The process for identifying credit impairments in Citigroup's AFS and HTM state and municipal bonds is primarily based on a credit analysis that incorporates third-party credit ratings. Citigroup monitors the bond issuers and any insurers providing default protection in the form of financial guarantee insurance. The average external credit rating, ignoring any

insurance, is Aa3/AA-. In the event of an external rating downgrade or other indicator of credit impairment (i.e., based on instrument-specific estimates of cash flows or probability of issuer default), the subject bond is specifically reviewed for adverse changes in the amount or timing of expected contractual principal and interest.

For state and municipal bonds with unrealized losses that Citigroup plans to sell (for AFS only), would likely be required to sell (for AFS only) or will be subject to an issuer call deemed probable of exercise prior to the expected recovery of its amortized cost basis (for AFS or HTM), the full impairment is recognized in earnings.

Recognition and Measurement of OTTI

The following table presents the total OTTI recognized in earnings for the three and six months ended June 30, 2014:

OTTI on Investments and Other Assets	Three Months Ended June 30, 2014				Six months ended June 30, 2014			
In millions of dollars	AFS[1]	HTM	Other Assets	Total	AFS[1]	HTM	Other Assets	Total
Impairment losses related to securities that the Company does not intend to sell nor will likely be required to sell:								
Total OTTI losses recognized during the period	$2	$—	$—	$2	$2	$—	$—	$2
Less: portion of impairment loss recognized in AOCI (before taxes)	—	—	—	—	—	—	—	—
Net impairment losses recognized in earnings for securities that the Company does not intend to sell nor will likely be required to sell	$2	$—	$—	$2	$2	$—	$—	$2
Impairment losses recognized in earnings for securities that the Company intends to sell or more-likely-than-not will be required to sell before recovery	35	—	—	35	236	—	—	236
Total impairment losses recognized in earnings	$37	$—	$—	$37	$238	$—	$—	$238

(1) Includes OTTI on non-marketable equity securities.

The following table presents the total OTTI recognized in earnings for the three and six months ended June 30, 2013:

OTTI on Investments and Other Assets	Three Months Ended June 30, 2013				Six months ended June 30, 2013			
In millions of dollars	AFS[1]	HTM	Other Assets [2]	Total	AFS[1]	HTM	Other Assets [2]	Total
Impairment losses related to securities that the Company does not intend to sell nor will likely be required to sell:								

Total OTTI losses recognized during the period	$3	$1	$—	$4	$5	$23	$—	$28
Less: portion of impairment loss recognized in AOCI (before taxes)	—	—	—	—	—	11	—	11
Net impairment losses recognized in earnings for securities that the Company does not intend to sell nor will likely be required to sell	$3	$1	$—	$4	$5	$12	$—	$17
Impairment losses recognized in earnings for securities that the Company intends to sell or more-likely-than-not will be required to sell before recovery (2)	71	—	87	158	214	—	192	406
Total impairment losses recognized in earnings	$74	$1	$87	$162	$219	$12	$192	$423

(1) Includes OTTI on non-marketable equity securities.

(2) The impairment charge relates to the carrying value of Citi's then-remaining 35% interest in the Morgan Stanley Smith Barney joint venture (MSSB), offset by the equity pickup from MSSB during the respective periods which was recorded in Other revenue.

The following is a three-month roll-forward of the credit-related impairments recognized in earnings for AFS and HTM debt securities held as of June 30, 2014 that the Company does not intend to sell nor likely will be required to sell:

	Cumulative OTTI credit losses recognized in earnings				
In millions of dollars	Mar. 31, 2014 balance	Credit impairments recognized in earnings on securities not previously impaired	Credit impairments recognized in earnings on securities that have been previously impaired	Reductions due to credit-impaired securities sold, transferred or matured	Jun. 30, 2014 balance
AFS debt securities					
Mortgage-backed securities	$295	$—	$—	$—	$295
Foreign government securities	171	—	—	—	171
Corporate	113	—	—	(1)	112
All other debt securities	144	2	—	—	146
Total OTTI credit losses recognized for AFS debt securities	$723	$2	$—	$(1)	$724
HTM debt securities					
Mortgage-backed securities[(1)]	$665	$—	$—	$—	$665
Corporate	56	—	—	—	56
All other debt securities	133	—	—	—	133
Total OTTI credit losses recognized for HTM debt securities	$854	$—	$—	$—	$854

(1) Primarily consists of Alt-A securities.

The following is a six-month roll-forward of the credit-related impairments recognized in earnings for AFS and HTM debt securities held as of June 30, 2014 that the Company does not intend to sell nor likely will be required to sell:

	Cumulative OTTI credit losses recognized in earnings				
In millions of dollars	Dec. 31, 2013 balance	Credit impairments recognized in earnings on securities not previously impaired	Credit impairments recognized in earnings on securities that have been previously impaired	Reductions due to credit-impaired securities sold, transferred or matured	Jun. 30, 2014 balance
AFS debt securities					
Mortgage-backed securities	$295	$—	$—	$—	$295
Foreign government securities	171	—	—	—	171
Corporate	113	—	—	(1)	112
All other debt securities	144	2	—	—	146
Total OTTI credit losses recognized for AFS debt securities	$723	$2	$—	$(1)	$724
HTM debt securities					
Mortgage-backed securities[(1)]	$678	$—	$—	$(13)	$665

Corporate	56	—	—	—	56
All other debt securities	133	—	—	—	133
Total OTTI credit losses recognized for HTM debt securities	$867	$—	$—	$(13	)$854

(1) Primarily consists of Alt-A securities.

Investments in Alternative Investment Funds That Calculate Net Asset Value per Share

The Company holds investments in certain alternative investment funds that calculate net asset value (NAV) per share, including hedge funds, private equity funds, funds of funds and real estate funds. The Company's investments include co-investments in funds that are managed by the Company and investments in funds that are managed by third parties. Investments in funds are generally classified as non-marketable equity securities carried at fair value. The fair values of these investments are estimated using the NAV per share of the Company's ownership interest in the funds, where it is not probable that the Company will sell an investment at a price other than the NAV.

	Fair value		Unfunded commitments		Redemption frequency (if currently eligible) monthly, quarterly, annually	Redemption notice period
In millions of dollars	June 30, 2014	December 31, 2013	June 30, 2014	December 31, 2013		
Hedge funds	$17	$ 751	$—	$ —	Generally quarterly	10-95 days
Private equity funds[1][2]	894	794	157	170	—	—
Real estate funds [2][3]	191	294	24	36	—	—
Total[4]	$1,102	$ 1,839	$181	$ 206	—	—

(1) Private equity funds include funds that invest in infrastructure, leveraged buyout transactions, emerging markets and venture capital.

(2) With respect to the Company's investments in private equity funds and real estate funds, distributions from each fund will be received as the underlying assets held by these funds are liquidated. It is estimated that the underlying assets of these funds will be liquidated over a period of several years as market conditions allow. Private equity and real estate funds do not allow redemption of investments by their investors. Investors are permitted to sell or transfer their investments, subject to the approval of the general partner or investment manager of these funds, which generally may not be unreasonably withheld.

(3) Includes several real estate funds that invest primarily in commercial real estate in the U.S., Europe and Asia.

(4) Included in the total fair value of investments above are $0.9 billion and $1.6 billion of fund assets that are valued using NAVs provided by third-party asset managers as of June 30, 2014 and December 31, 2013, respectively.

14. LOANS
Citigroup loans are reported in two categories—consumer and corporate. These categories are classified primarily according to the segment and subsegment that manage the loans.
Consumer Loans
Consumer loans represent loans and leases managed primarily by the Global Consumer Banking businesses in Citicorp and in Citi Holdings. The following table provides information by loan type for the periods indicated:

In millions of dollars	June 30, 2014	December 31, 2013
Consumer loans		
In U.S. offices		
Mortgage and real estate[1]	$103,905	$108,453
Installment, revolving credit, and other	13,192	13,398
Cards	109,138	115,651
Commercial and industrial	6,972	6,592
	$233,207	$244,094
In offices outside the U.S.		
Mortgage and real estate[1]	$57,291	$55,511
Installment, revolving credit, and other	34,560	33,182
Cards	34,252	36,740
Commercial and industrial	24,916	24,107
Lease financing	735	769
	$151,754	$150,309
Total Consumer loans	$384,961	$394,403
Net unearned income	(616)	(572)
Consumer loans, net of unearned income	$384,345	$393,831

(1) Loans secured primarily by real estate.

Citigroup has established a risk management process to monitor, evaluate and manage the principal risks associated with its consumer loan portfolio. Credit quality indicators that are actively monitored include delinquency status, consumer credit scores (FICO), and loan to value (LTV) ratios, each as discussed in more detail below.
Included in the loan table above are lending products whose terms may give rise to greater credit issues. Credit cards with below-market introductory interest rates and interest-only loans are examples of such products. These products are closely managed using credit techniques that are intended to mitigate their higher inherent risk.
During the three and six months ended June 30, 2014 and 2013, the Company sold and/or reclassified to held-for-sale $3.4 billion and $6.5 billion, and $3.8 billion and $10.2 billion respectively, of consumer loans. The Company did not have significant purchases of consumer loans during the three and six months ended June 30, 2014 and 2013.

Delinquency Status
Delinquency status is monitored and considered a key indicator of credit quality of consumer loans. Substantially all of the U.S. residential first mortgage loans use the Mortgage Banking Association (MBA) method of reporting delinquencies, which considers a loan delinquent if a monthly payment has not been received by the end of the day immediately preceding the loan's next due date. All other loans use the Office of Thrift Supervision (OTS) method of reporting delinquencies, which considers a loan delinquent if a monthly payment has not been received by the close of business on the loan's next due date.
As a general policy, residential first mortgages, home equity loans and installment loans are classified as non-accrual when loan payments are 90 days contractually past due. Credit cards and unsecured revolving loans generally accrue interest until payments are 180 days past due. Home equity loans in regulated bank entities are classified as non-accrual if the related residential first mortgage is 90 days or more past due. Mortgage loans in regulated bank entities discharged through Chapter 7 bankruptcy, other than FHA-insured loans, are classified as non-accrual.

Commercial market loans are placed on a cash (non-accrual) basis when it is determined, based on actual experience and a forward-looking assessment of the collectability of the loan in full, that the payment of interest or principal is doubtful or when interest or principal is 90 days past due.

The policy for re-aging modified U.S. consumer loans to current status varies by product. Generally, one of the conditions to qualify for these modifications is that a minimum number of payments (typically ranging from one to three) be made. Upon modification, the loan is re-aged to current status. However, re-aging practices for certain open-ended consumer loans, such as credit cards, are governed by Federal Financial Institutions Examination Council (FFIEC) guidelines. For open-ended consumer loans subject to FFIEC guidelines, one of the conditions for the loan to be re-aged to current status is that at least three consecutive minimum monthly payments, or the equivalent amount, must be received. In addition, under FFIEC guidelines, the number of times that such a loan can be re-aged is subject to limitations (generally once in 12 months and twice in five years). Furthermore, Federal Housing Administration (FHA) and Department of Veterans Affairs (VA) loans are modified under those respective agencies' guidelines and payments are not always required in order to re-age a modified loan to current.

The following tables provide details on Citigroup's consumer loan delinquency and non-accrual loans as of June 30, 2014 and December 31, 2013:

Consumer Loan Delinquency and Non-Accrual Details at June 30, 2014

In millions of dollars	Total current(1)(2)	30-89 days past due(3)	≥ 90 days past due(3)	Past due government guaranteed(4)	Total loans(2)	Total non-accrual	90 days past due and accruing
In North America offices							
Residential first mortgages	$65,254	$1,796	$1,922	$4,406	$73,378	$3,273	$3,517
Home equity loans(5)	28,987	353	578	—	29,918	1,329	—
Credit cards	108,031	1,223	1,189	—	110,443	—	1,192
Installment and other	12,404	200	173	—	12,777	90	4
Commercial market loans	8,489	28	18	—	8,535	217	7
Total	$223,165	$3,600	$3,880	$4,406	$235,051	$4,909	$4,720
In offices outside North America							
Residential first mortgages	$47,675	$404	$299	$—	$48,378	$554	$—
Home equity loans(5)	—	—	—	—	—	—	—
Credit cards	32,235	717	601	—	33,553	451	429
Installment and other	31,569	413	174	—	32,156	252	—
Commercial market loans	34,445	98	381	—	34,924	517	—
Total	$145,924	$1,632	$1,455	$—	$149,011	$1,774	$429
Total GCB and Citi Holdings	$369,089	$5,232	$5,335	$4,406	$384,062	$6,683	$5,149
Other	283	—	—	—	283	33	—
Total Citigroup	$369,372	$5,232	$5,335	$4,406	$384,345	$6,716	$5,149

(1) Loans less than 30 days past due are presented as current.

(2) Includes $46 million of residential first mortgages recorded at fair value.

(3) Excludes loans guaranteed by U.S. government entities.

(4) Consists of residential first mortgages that are guaranteed by U.S. government entities that are 30-89 days past due of $0.9 billion and 90 days past due of $3.5 billion.

(5) Fixed rate home equity loans and loans extended under home equity lines of credit, which are typically in junior lien positions.

Consumer Loan Delinquency and Non-Accrual Details at December 31, 2013

In millions of dollars	Total current(1)(2)	30-89 days past due(3)	≥ 90 days past due(3)	Past due government guaranteed(4)	Total loans(2)	Total non-accrual	90 days past due and accruing
In North America offices							
Residential first mortgages	$66,612	$2,044	$1,975	$5,271	$75,902	$3,415	$3,997
Home equity loans(5)	30,603	434	605	—	31,642	1,452	—
Credit cards	113,886	1,491	1,452	—	116,829	—	1,456

Installment and other	12,609	225	243	—	13,077	247	7
Commercial market loans	8,630	26	28	—	8,684	112	7
Total	$232,340	$4,220	$4,303	$5,271	$246,134	$5,226	$5,467
In offices outside North America							
Residential first mortgages	$46,067	$435	$332	$—	$46,834	$584	$—
Home equity loans[5]	—	—	—	—	—	—	—
Credit cards	34,733	780	641	—	36,154	402	413
Installment and other	30,138	398	158	—	30,694	230	—
Commercial market loans	33,242	111	295	—	33,648	610	—
Total	$144,180	$1,724	$1,426	$—	$147,330	$1,826	$413
Total GCB and Citi Holdings	$376,520	$5,944	$5,729	$5,271	$393,464	$7,052	$5,880
Other	367	—	—	—	367	43	—
Total Citigroup	$376,887	$5,944	$5,729	$5,271	$393,831	$7,095	$5,880

(1) Loans less than 30 days past due are presented as current.
(2) Includes $0.9 billion of residential first mortgages recorded at fair value.
(3) Excludes loans guaranteed by U.S. government entities.
(4) Consists of residential first mortgages that are guaranteed by U.S. government entities that are 30-89 days past due of $1.2 billion and 90 days past due of $4.1 billion.
(5) Fixed rate home equity loans and loans extended under home equity lines of credit, which are typically in junior lien positions.

Consumer Credit Scores (FICO)

In the U.S., independent credit agencies rate an individual's risk for assuming debt based on the individual's credit history and assign every consumer a "FICO" (Fair Issac's Corporation) credit score. These scores are continually updated by the agencies based upon an individual's credit actions (e.g., taking out a loan or missed or late payments).

The following table provides details on the FICO scores attributable to Citi's U.S. consumer loan portfolio as of June 30, 2014 and December 31, 2013 (commercial market loans are not included in the table since they are business-based and FICO scores are not a primary driver in their credit evaluation). FICO scores are updated monthly for substantially all of the portfolio or, otherwise, on a quarterly basis.

FICO score distribution in U.S. portfolio[1][2]	June 30, 2014		
In millions of dollars	Less than 620	≥ 620 but less than 660	Equal to or greater than 660
Residential first mortgages	$10,853	$6,165	$46,910
Home equity loans	3,612	2,620	22,110
Credit cards	7,242	9,922	89,795
Installment and other	3,812	2,497	5,107
Total	$25,519	$21,204	$163,922

(1) Excludes loans guaranteed by U.S. government entities, loans subject to long-term standby commitments (LTSCs) with U.S. government-sponsored entities and loans recorded at fair value.
(2) Excludes balances where FICO was not available. Such amounts are not material.

FICO score distribution in U.S. portfolio[1][2]	December 31, 2013		
In millions of dollars	Less than 620	≥ 620 but less than 660	Equal to or greater than 660
Residential first mortgages	$11,860	$6,426	$46,207
Home equity loans	4,093	2,779	23,152
Credit cards	8,125	10,693	94,437
Installment and other	3,900	2,399	5,186

Total	$27,978	$22,297	$168,982

(1) Excludes loans guaranteed by U.S. government entities, loans subject to LTSCs with U.S. government-sponsored entities and loans recorded at fair value.
(2) Excludes balances where FICO was not available. Such amounts are not material.

Loan to Value (LTV) Ratios

LTV ratios (loan balance divided by appraised value) are calculated at origination and updated by applying market price data.

The following tables provide details on the LTV ratios attributable to Citi's U.S. consumer mortgage portfolios as of June 30, 2014 and December 31, 2013. LTV ratios are updated monthly using the most recent Core Logic HPI data available for substantially all of the portfolio applied at the Metropolitan Statistical Area level, if available, or the state level if not. The remainder of the portfolio is updated in a similar manner using the Office of Federal Housing Enterprise Oversight indices.

LTV distribution in U.S. portfolio[1][2]	June 30, 2014		
In millions of dollars	Less than or equal to 80%	> 80% but less than or equal to 100%	Greater than 100%
Residential first mortgages	$47,929	$13,555	$2,603
Home equity loans	14,429	8,254	5,534
Total	$62,358	$21,809	$8,137

(1) Excludes loans guaranteed by U.S. government entities, loans subject to LTSCs with U.S. government-sponsored entities and loans recorded at fair value.
(2) Excludes balances where LTV was not available. Such amounts are not material.

LTV distribution in U.S. portfolio[1][2]	December 31, 2013		
In millions of dollars	Less than or equal to 80%	> 80% but less than or equal to 100%	Greater than 100%
Residential first mortgages	$45,809	$13,458	$5,269
Home equity loans	14,216	8,685	6,935
Total	$60,025	$22,143	$12,204

(1) Excludes loans guaranteed by U.S. government entities, loans subject to LTSCs with U.S. government-sponsored entities and loans recorded at fair value.
(2) Excludes balances where LTV was not available. Such amounts are not material.

Impaired Consumer Loans

Impaired loans are those loans that Citigroup believes it is probable all amounts due according to the original contractual terms of the loan will not be collected. Impaired consumer loans include non-accrual commercial market loans, as well as smaller-balance homogeneous loans whose terms have been modified due to the borrower's financial difficulties and where Citigroup has granted a concession to the borrower. These modifications may include interest rate reductions and/or principal forgiveness. Impaired consumer loans exclude smaller-balance homogeneous loans that have not been modified and are carried on a non-accrual basis. In addition, impaired consumer loans exclude substantially all loans modified pursuant to Citi's short-term modification programs (i.e., for periods of 12 months or less) that were modified prior to January 1, 2011.

As a result of OCC guidance issued in the third quarter of 2012, mortgage loans to borrowers that have gone through Chapter 7 bankruptcy are classified as troubled debt restructurings (TDRs). These TDRs, other than FHA-insured loans, are written down to collateral value less cost to sell. FHA-insured loans are reserved based on a discounted cash flow model (see Note 1 to the Consolidated Financial Statements in Citi's 2013 Annual Report on Form 10-K).

The following tables present information about total impaired consumer loans at and for the periods ended June 30, 2014 and December 31, 2013, respectively, and for the three and six months ended June 30, 2014 and June 30, 2013 for interest income recognized on impaired consumer loans:

In millions of dollars	Balance at June 30, 2014				Three months ended June 30,		Six months ended June 30,	
					2014	2013	2014	2013
	Recorded investment(1)(2)	Unpaid principal balance	Related specific allowance(3)	Average carrying value(4)	Interest income recognized(5)(6)	Interest income recognized(5)(6)	Interest income recognized(5)(6)	Interest income recognized(5)(6)
Mortgage and real estate								
Residential first mortgages	$15,965	$16,962	$ 2,215	$16,660	$181	$ 207	$365	$ 424
Home equity loans	2,087	2,729	562	2,147	19	18	38	39
Credit cards	2,826	2,868	965	3,192	50	61	101	126
Installment and other								
Individual installment and other	986	999	476	1,043	29	34	63	83
Commercial market loans	367	565	182	375	4	8	15	12
Total(7)	$22,231	$24,123	$ 4,400	$23,417	$283	$ 328	$582	$ 684

(1) Recorded investment in a loan includes net deferred loan fees and costs, unamortized premium or discount and direct write-downs and includes accrued interest only on credit card loans.

(2) $2,106 million of residential first mortgages, $564 million of home equity loans and $86 million of commercial market loans do not have a specific allowance.

(3) Included in the Allowance for loan losses.

(4) Average carrying value represents the average recorded investment ending balance for the last four quarters and does not include the related specific allowance.

(5) Includes amounts recognized on both an accrual and cash basis.

(6) Cash interest receipts on smaller-balance homogeneous loans are generally recorded as revenue. The interest recognition policy for commercial market loans is identical to that for corporate loans, as described below.

(7) Prior to 2008, the Company'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 where it was determined that a concession was granted to the borrower. Smaller-balance consumer loans modified since January 1, 2008 amounted to $21.9 billion at June 30, 2014. However, information derived from Citi's risk management systems indicates that the amounts of outstanding modified loans, including those modified prior to 2008, approximated $22.5 billion at June 30, 2014.

In millions of dollars	Balance at December 31, 2013			
	Recorded investment(1)(2)	Unpaid principal balance	Related specific allowance(3)	Average carrying value(4)
Mortgage and real estate				
Residential first mortgages	$16,801	$17,788	$2,309	$17,616
Home equity loans	2,141	2,806	427	2,116
Credit cards	3,339	3,385	1,178	3,720
Installment and other				
Individual installment and other	1,114	1,143	536	1,094
Commercial market loans	398	605	183	404
Total(5)	$23,793	$25,727	$4,633	$24,950

(1) Recorded investment in a loan includes net deferred loan fees and costs, unamortized premium or discount and direct write-downs and includes accrued interest only on credit card loans.

(2)

$2,169 million of residential first mortgages, $568 million of home equity loans and $111 million of commercial market loans do not have a specific allowance.

(3) Included in the Allowance for loan losses.

(4) Average carrying value represents the average recorded investment ending balance for last four quarters and does not include related specific allowance.

(5) Prior to 2008, the Company'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 where it was determined that a concession was granted to the borrower. Smaller-balance consumer loans modified since January 1, 2008 amounted to $23.4 billion at December 31, 2013. However, information derived from Citi's risk management systems indicates that the amounts of outstanding modified loans, including those modified prior to 2008, approximated $24.0 billion at December 31, 2013.

Consumer Troubled Debt Restructurings

The following tables present consumer TDRs occurring during the three and six months ended June 30, 2014 and 2013:

	At and for the three months ended June 30, 2014						
In millions of dollars except number of loans modified	Number of loans modified	Post-modification recorded investment(1)(2)	Deferred principal(3)	Contingent principal forgiveness(4)	Principal forgiveness(5)	Average interest rate reduction	
North America							
Residential first mortgages	4,568	$ 534	$10	$7	$2	1	%
Home equity loans	1,741	63	1	—	2	3	
Credit cards	42,750	190	—	—	—	15	
Installment and other revolving	10,830	81	—	—	—	6	
Commercial markets(6)	53	9	—	—	—	—	
Total(8)	59,942	$ 877	$11	$7	$4		
International							
Residential first mortgages	743	$ 27	$—	$—	$—	1	%
Home equity loans	6	1	—	—	—	—	
Credit cards	51,536	141	—	—	10	21	
Installment and other revolving	18,774	78	—	—	4	15	
Commercial markets(6)	124	41	—	—	—	1	
Total(8)	71,183	$ 288	$—	$—	$14		

	At and for the three months ended June 30, 2013						
In millions of dollars except number of loans modified	Number of loans modified	Post-modification recorded investment(1)(7)	Deferred principal(3)	Contingent principal forgiveness(4)	Principal forgiveness(5)	Average interest rate reduction	
North America							
Residential first mortgages	9,071	$ 1,208	$12	$2	$42	1	%
Home equity loans	4,235	283	—		8	1	
Credit cards	36,785	182	—	—	—	14	
Installment and other revolving	10,335	74	—	—	—	6	
Commercial markets(6)	65	5	—	—	—	—	
Total(8)	60,491	$ 1,752	$12	$2	$50		
International							
Residential first mortgages	1,147	$ 57	$—	$—	$1	1	%
Home equity loans	1	—	—	—	—	—	
Credit cards	34,632	139	—	—	3	14	
Installment and other revolving	13,668	80	—	—	2	8	

Commercial markets(6)	122	36	1	—	—	—
Total(8)	49,570	$ 312	$1	$—	$6	

(1) Post-modification balances include past due amounts that are capitalized at the modification date.
(2) Post-modification balances in North America include $54 million of residential first mortgages and $15 million of home equity loans to borrowers who have gone through Chapter 7 bankruptcy in the three months ended June 30, 2014. These amounts include $30 million of residential first mortgages and $12 million of home equity loans that are newly classified as TDRs in the three months ended June 30, 2014 as a result of OCC guidance, as described above.
(3) Represents portion of contractual loan principal that is non-interest bearing but still due from the borrower. Such deferred principal is charged off at the time of permanent modification to the extent that the related loan balance exceeds the underlying collateral value.
(4) Represents portion of contractual loan principal that is non-interest bearing and, depending upon borrower performance, eligible for forgiveness.
(5) Represents portion of contractual loan principal that was forgiven at the time of permanent modification.
(6) Commercial markets loans are generally borrower-specific modifications and incorporate changes in the amount and/or timing of principal and/or interest.
(7) Post-modification balances in North America include $126 million of residential first mortgages and $25 million of home equity loans to borrowers who have gone through Chapter 7 bankruptcy in the three months ended June 30, 2013. These amounts include $82 million of residential first mortgages and $22 million of home equity loans that are newly classified as TDRs in the three months ended June 30, 2013 as a result of OCC guidance, as described above.
(8) The above tables reflect activity for loans outstanding as of the end of the reporting period that were considered TDRs.

	At and for the six months ended June 30, 2014					
In millions of dollars except number of loans modified	Number of loans modified	Post-modification recorded investment(1)(2)	Deferred principal(3)	Contingent principal forgiveness(4)	Principal forgiveness(5)	Average interest rate reduction
North America						
Residential first mortgages	10,347	$ 1,219	$28	$19	$5	1 %
Home equity loans	4,060	147	2	—	11	2
Credit cards	87,726	390	—	—	—	15
Installment and other revolving	23,314	174	—	—	—	6
Commercial markets(6)	91	22	—	—	—	—
Total(8)	125,538	$ 1,952	$30	$19	$16	
International						
Residential first mortgages	1,286	$ 49	$—	$—	$1	1 %
Home equity loans	38	6	—	—	—	—
Credit cards	106,357	291	—	—	19	21
Installment and other revolving	37,904	158	—	—	7	12
Commercial markets(6)	220	134	—	—	—	1
Total(8)	145,805	$ 638	$—	$—	$27	

	At and for the six months ended June 30, 2013					
In millions of dollars except number of loans modified	Number of loans modified	Post-modification recorded investment(1)(2)	Deferred principal(3)	Contingent principal forgiveness(4)	Principal forgiveness(5)	Average interest rate reduction
North America						
Residential first mortgages	18,382	$ 2,454	$17	$2	$102	1 %
Home equity loans	7,357	370	1	—	38	1
Credit cards	79,761	406	—	—	—	14

Installment and other revolving	21,941	159	—	—	—	6	
Commercial markets(6)	122	19	—	—	—	—	
Total(8)	127,563	$ 3,408	$18	$2	$140		
International							
Residential first mortgages	2,181	$ 105	$—	$—	$1	1	%
Home equity loans	4		—	—	—	—	
Credit cards	66,571	270	—	—	6	15	
Installment and other revolving	27,487	179	—	—	4	8	
Commercial markets(6)	208	46	1	—	—	—	
Total(8)	96,451	$ 600	$1	$—	$11		

(1) Post-modification balances include past due amounts that are capitalized at modification date.

(2) Post-modification balances in North America include $145 million of residential first mortgages and $37 million of home equity loans to borrowers who have gone through Chapter 7 bankruptcy in the six months ended June 30, 2014. These amounts include $87 million of residential first mortgages and $31 million of home equity loans that are newly classified as TDRs as a result of OCC guidance received in the six months ended June 30, 2014, as described above.

(3) Represents portion of contractual loan principal that is non-interest bearing but still due from the borrower. Such deferred principal is charged off at the time of permanent modification to the extent that the related loan balance exceeds the underlying collateral value.

(4) Represents portion of contractual loan principal that is non-interest bearing and, depending upon borrower performance, eligible for forgiveness.

(5) Represents portion of contractual loan principal that was forgiven at the time of permanent modification.

(6) Commercial markets loans are generally borrower-specific modifications and incorporate changes in the amount and/or timing of principal and/or interest.

(7) Post-modification balances in North America include $249 million of residential first mortgages and $45 million of home equity loans to borrowers who have gone through Chapter 7 bankruptcy in the six months ended June 30, 2013. These amounts include $178 million of residential first mortgages and $38 million of home equity loans that are newly classified as TDRs as a result of OCC guidance received in the six months ended June 30, 2013, as described above.

(8) The above tables reflect activity for loans outstanding as of the end of the reporting period that were considered TDRs.

The following table presents consumer TDRs that defaulted during the three months and six months ended June 30, 2014 and 2013, for which the payment default occurred within one year of a permanent modification. Default is defined as 60 days past due, except for classifiably managed commercial markets loans, where default is defined as 90 days past due.

	Three Months Ended June 30,		Six Months Ended June 30,	
In millions of dollars	2014	2013	2014	2013
North America				
Residential first mortgages	$168	$391	$413	$781
Home equity loans	17	47	40	103
Credit cards	48	49	99	114
Installment and other revolving	21	19	40	42
Commercial markets	1	2	7	2
Total	$255	$508	$599	$1,042
International				
Residential first mortgages	$6	$18	$13	$35
Home equity loans	—	—	—	—

Credit cards	69	61	139	113
Installment and other revolving	29	28	58	57
Commercial markets	95	2	100	4
Total	$199	$109	$310	$209

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Corporate Loans

Corporate loans represent loans and leases managed by the Institutional Clients Group in Citicorp or, to a much lesser extent, in Citi Holdings. The following table presents information by corporate loan type as of June 30, 2014 and December 31, 2013:

In millions of dollars	June 30, 2014	December 31, 2013
Corporate		
In U.S. offices		
Commercial and industrial	$36,293	$32,704
Financial institutions	29,195	25,102
Mortgage and real estate[1]	31,417	29,425
Installment, revolving credit and other	32,646	34,434
Lease financing	1,668	1,647
	$131,219	$123,312
In offices outside the U.S.		
Commercial and industrial	$82,945	$82,663
Financial institutions	40,541	38,372
Mortgage and real estate[1]	6,309	6,274
Installment, revolving credit and other	20,095	18,714
Lease financing	430	527
Governments and official institutions	2,176	2,341
	$152,496	$148,891
Total Corporate loans	$283,715	$272,203
Net unearned income	(556)	(562)
Corporate loans, net of unearned income	$283,159	$271,641

(1) Loans secured primarily by real estate.

The Company sold and/or reclassified (to held-for-sale) $1.4 billion and $2.5 billion of corporate loans during the three and six months ended June 30, 2014, respectively and $1.2 billion and $2.2 billion during the three and six months ended June 30, 2013, respectively. The Company did not have significant purchases of corporate loans classified as held-for-investment for the three and six months ended June 30, 2014 or 2013.

Corporate loans are identified as impaired and placed on a cash (non-accrual) basis when it is determined, based on actual experience and a forward-looking assessment of the collectability of the loan in full, 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. While corporate loans are generally managed based on their internally assigned risk rating (see further discussion below), the following tables present delinquency information by corporate loan type as of June 30, 2014 and December 31, 2013.

Corporate Loan Delinquency and Non-Accrual Details at June 30, 2014

In millions of dollars	30-89 days past due and accruing[1]	≥ 90 days past due and accruing[1]	Total past due and accruing	Total non-accrual[2]	Total current[3]	Total loans [4]
Commercial and industrial	$229	$1	$230	$618	$116,070	$116,918
Financial institutions	—	—	—	257	67,475	67,732
Mortgage and real estate	111	185	296	242	37,084	37,622
Leases	9	—	9	49	2,038	2,096

Other	52	28	80	52	53,901	54,033
Loans at fair value						4,758
Total	$401	$214	$615	$1,218	$276,568	$283,159

(1) Corporate loans that are 90 days past due are generally classified as non-accrual. Corporate loans are considered past due when principal or interest is contractually due but unpaid.

(2) Citi generally does not manage corporate loans on a delinquency basis. Non-accrual loans generally include those loans that are ≥ 90 days past due or those loans for which Citi believes, based on actual experience and a forward-looking assessment of the collectability of the loan in full, that the payment of interest or principal is doubtful.

(3) Corporate loans are past due when principal or interest is contractually due but unpaid. Loans less than 30 days past due are presented as current.

(4) Total loans include loans at fair value, which are not included in the various delinquency columns.

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Corporate Loan Delinquency and Non-Accrual Details at December 31, 2013

In millions of dollars	30-89 days past due and accruing[1]	≥ 90 days past due and accruing[1]	Total past due and accruing	Total non-accrual[2]	Total current[3]	Total loans [4]
Commercial and industrial	$72	$5	$77	$ 769	$112,985	$113,831
Financial institutions	—	—	—	365	61,704	62,069
Mortgage and real estate	183	175	358	515	34,027	34,900
Leases	9	1	10	189	1,975	2,174
Other	47	2	49	70	54,476	54,595
Loans at fair value						4,072
Total	$311	$183	$494	$ 1,908	$265,167	$271,641

(1) Corporate loans that are 90 days past due are generally classified as non-accrual. Corporate loans are considered past due when principal or interest is contractually due but unpaid.

(2) Citi generally does not manage corporate loans on a delinquency basis. Non-accrual loans generally include those loans that are ≥ 90 days past due or those loans for which Citi believes, based on actual experience and a forward-looking assessment of the collectability of the loan in full, that the payment of interest or principal is doubtful.

(3) Corporate loans are past due when principal or interest is contractually due but unpaid. Loans less than 30 days past due are presented as current.

(4) Total loans include loans at fair value, which are not included in the various delinquency columns.

Citigroup has a risk management process to monitor, evaluate and manage the principal risks associated with its corporate loan portfolio. As part of its risk management process, Citi assigns numeric risk ratings to its corporate loan facilities based on quantitative and qualitative assessments of the obligor and facility. These risk ratings are reviewed at least annually or more often if material events related to the obligor or facility warrant. Factors considered in assigning the risk ratings include: financial condition of the obligor, qualitative assessment of management and strategy, amount and sources of repayment, amount and type of collateral and guarantee arrangements, amount and type of any contingencies associated with the obligor, and the obligor's industry and geography.

The obligor risk ratings are defined by ranges of default probabilities. The facility risk ratings are defined by ranges of loss norms, which are the product of the probability of default and the loss given default. The investment grade rating categories are similar to the category BBB-/Baa3 and above as defined by S&P and Moody's. Loans classified according to the bank regulatory definitions as special mention, substandard and doubtful will have risk ratings within the non-investment grade categories.

Corporate Loans Credit Quality Indicators at June 30, 2014 and December 31, 2013

	Recorded investment in loans[1]	
In millions of dollars	June 30, 2014	December 31, 2013
Investment grade[2]		
Commercial and industrial	$83,110	$79,360
Financial institutions	52,123	49,699
Mortgage and real estate	15,460	13,178
Leases	1,553	1,600
Other	49,824	51,370
Total investment grade	$202,070	$195,207
Non-investment grade[2]		
Accrual		
Commercial and industrial	$33,190	$33,702
Financial institutions	15,352	12,005
Mortgage and real estate	4,184	4,205
Leases	494	385
Other	4,157	3,155
Non-accrual		
Commercial and industrial	618	769
Financial institutions	257	365
Mortgage and real estate	242	515
Leases	49	189
Other	52	70
Total non-investment grade	$58,595	$55,360
Private Banking loans managed on a delinquency basis[2]	$17,736	$17,002
Loans at fair value	4,758	4,072
Corporate loans, net of unearned income	$283,159	$271,641

(1) Recorded investment in a loan includes net deferred loan fees and costs, unamortized premium or discount, less any direct write-downs.
(2) Held-for-investment loans are accounted for on an amortized cost basis.

Corporate loans and leases identified as impaired and placed on non-accrual status 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, less cost to sell. 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, generally six months, in accordance with the contractual terms of the loan.

The following tables present non-accrual loan information by corporate loan type at June 30, 2014 and December 31, 2013 and interest income recognized on non-accrual corporate loans for the three- and six-month periods ended June 30, 2014 and 2013, respectively:

Non-Accrual Corporate Loans

	June 30, 2014				Three Months Ended June 30, 2014	Six Months Ended June 30, 2014
In millions of dollars	Recorded investment[1]	Unpaid principal balance	Related specific allowance	Average carrying value[2]	Interest income recognized[3]	Interest income recognized[3]
Non-accrual Corporate loans						
Commercial and industrial	$618	$979	$119	$776	$9	$14
Financial institutions	257	277	1	325	—	4
Mortgage and real estate	242	282	17	415	6	7
Lease financing	49	50	29	154	—	—
Other	52	188	17	61	—	—
Total non-accrual Corporate loans	$1,218	$1,776	$183	$1,731	$15	$25

	Balance at December 31, 2013			
In millions of dollars	Recorded investment[1]	Unpaid principal balance	Related specific allowance	Average carrying value[2]
Non-accrual Corporate loans				
Commercial and industrial	$769	$1,074	$79	$967
Financial institutions	365	382	3	378
Mortgage and real estate	515	651	35	585
Lease financing	189	190	131	189
Other	70	216	20	64
Total non-accrual Corporate loans	$1,908	$2,513	$268	$2,183

	June 30, 2014		December 31, 2013	
In millions of dollars	Recorded investment[1]	Related specific allowance	Recorded investment[1]	Related specific allowance
Non-accrual Corporate loans with valuation allowances				
Commercial and industrial	$301	$119	$401	$79
Financial institutions	7	1	24	3
Mortgage and real estate	33	17	253	35
Lease financing	47	29	186	131
Other	46	17	61	20
Total non-accrual Corporate loans with specific allowance	$434	$183	$925	$268
Non-accrual Corporate loans without specific allowance				
Commercial and industrial	$316		$368	
Financial institutions	250		341	
Mortgage and real estate	209		262	
Lease financing	2		3	
Other	7		9	

Total non-accrual Corporate loans without specific allowance	$784	N/A	$983	N/A

(1) Recorded investment in a loan includes net deferred loan fees and costs, unamortized premium or discount, less any direct write-downs.

(2) Average carrying value represents the average recorded investment balance and does not include related specific allowance.

(3) Interest income recognized for the three- and six-month periods ended June 30, 2013 was $10 million and $18 million, respectively.

N/A Not Applicable

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Corporate Troubled Debt Restructurings

The following table presents corporate TDR activity at and for the three months ended June 30, 2014.

In millions of dollars	Carrying Value	TDRs involving changes in the amount and/or timing of principal payments(1)	TDRs involving changes in the amount and/or timing of interest payments(2)	TDRs involving changes in the amount and/or timing of both principal and interest payments	Balance of principal forgiven or deferred	Net P&L impact(3)
Commercial and industrial	$7	$7	$—	$—	$—	$—
Financial institutions	—	—	—	—	—	—
Mortgage and real estate	1	—	1	—	—	—
Other	—	—	—	—	—	—
Total	$8	$7	$1	$—	$—	$—

(1) TDRs involving changes in the amount or timing of principal payments may involve principal forgiveness or deferral of periodic and/or final principal payments.

(2) TDRs involving changes in the amount or timing of interest payments may involve a below-market interest rate.

(3) Balances reflect charge-offs and reserves recorded during the three months ended June 30, 2014 on loans subject to a TDR during the period then ended.

The following table presents corporate TDR activity at and for the three months ended June 30, 2013.

In millions of dollars	Carrying Value	TDRs involving changes in the amount and/or timing of principal payments(1)	TDRs involving changes in the amount and/or timing of interest payments(2)	TDRs involving changes in the amount and/or timing of both principal and interest payments	Balance of principal forgiven or deferred	Net P&L impact(3)
Commercial and industrial	$42	$14	$28	$—	$—	$—
Financial institutions	—	—	—	—	—	—
Mortgage and real estate	—	—	—	—	—	—
Other	—	—	—	—	—	—
Total	$42	$14	$28	$—	$—	$—

(1) TDRs involving changes in the amount or timing of principal payments may involve principal forgiveness or deferral of periodic and/or final principal payments.

(2) TDRs involving changes in the amount or timing of interest payments may involve a below-market interest rate.

(3) Balances reflect charge-offs and reserves recorded during the three months ended June 30, 2013 on loans subject to a TDR during the period then ended.

The following table presents corporate TDR activity at and for the six months ended June 30, 2014.

In millions of dollars	Carrying Value	TDRs involving changes in the amount and/or timing of principal payments(1)	TDRs involving changes in the amount and/or timing of interest payments(2)	TDRs involving changes in the amount and/or timing of both principal and interest payments	Balance of principal forgiven or deferred	Net P&L impact(3)
	$47	$30	$17	$—	$—	$—

Commercial and industrial						
Financial institutions	—	—	—	—	—	—
Mortgage and real estate	5	4	1	—	—	—
Other	—	—	—	—	—	—
Total	$52	$34	$18	$—	$—	$—

(1) TDRs involving changes in the amount or timing of principal payments may involve principal forgiveness or deferral of periodic and/or final principal payments.
(2) TDRs involving changes in the amount or timing of interest payments may involve a below-market interest rate.
(3) Balances reflect charge-offs and reserves recorded during the six months ended June 30, 2014 on loans subject to a TDR during the period then ended.

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The following table presents corporate TDR activity at and for the six months ended June 30, 2013.

In millions of dollars	Carrying Value	TDRs involving changes in the amount and/or timing of principal payments[1]	TDRs involving changes in the amount and/or timing of interest payments[2]	TDRs involving changes in the amount and/or timing of both principal and interest payments	Balance of principal forgiven or deferred	Net P&L impact[3]
Commercial and industrial	$89	$55	$28	$6	$—	$—
Financial institutions						
Mortgage and real estate	14	—	14	—	—	—
Other	$4	$—	$—	$4	$—	$—
Total	$107	$55	$42	$10	$—	$—

(1) TDRs involving changes in the amount or timing of principal payments may involve principal forgiveness or deferral of periodic and/or final principal payments.
(2) TDRs involving changes in the amount or timing of interest payments may involve a below-market interest rate.
(3) Balances reflect charge-offs and reserves recorded during the six months ended June 30, 2013 on loans subject to a TDR during the period then ended.

The following table presents total corporate loans modified in a TDR at June 30, 2014 and 2013, as well as those TDRs that defaulted during the three months ended June 30, 2014 and 2013, and for which the payment default occurred within one year of a permanent modification. Default is defined as 60 days past due, except for classifiably managed commercial markets loans, where default is defined as 90 days past due.

	TDR balances at	TDR loans in payment default during the three months ended	TDR loans in payment default six months ended	TDR balances at	TDR loans in payment default during the three months ended	TDR loans in payment default six months ended
In millions of dollars	June 30, 2014	June 30, 2014	June 30, 2014	June 30, 2013	June 30, 2013	June 30, 2013
Commercial and industrial	$203	$—	$—	$173	$—	$15
Loans to financial institutions	—	—	—	16	—	—
Mortgage and real estate	130	—	—	218	2	2
Other	340	—	—	418	—	—
Total	$673	$—	$—	$825	$2	$17

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15. ALLOWANCE FOR CREDIT LOSSES

	Three Months Ended June 30,		Six Months Ended June 30,	
In millions of dollars	2014	2013	2014	2013
Allowance for loan losses at beginning of period	$18,923	$23,727	$19,648	$25,455
Gross credit losses	(2,812)	(3,257)	(5,795)	(6,701)
Gross recoveries [1]	623	649	1,167	1,215
Net credit losses (NCLs)	$(2,189)	$(2,608)	$(4,628)	$(5,486)
NCLs	$2,189	$2,608	$4,628	$5,486
Net reserve releases	(521)	(642)	(1,081)	(948)
Net specific reserve builds (releases)	(89)	(139)	(175)	(497)
Total provision for credit losses	$1,579	$1,827	$3,372	$4,041
Other, net [2]	(423)	(1,366)	(502)	(2,430)
Allowance for loan losses at end of period	$17,890	$21,580	$17,890	$21,580
Allowance for credit losses on unfunded lending commitments at beginning of period [3]	$1,202	$1,132	$1,229	$1,119
Provision for unfunded lending commitments	(31)	(3)	(58)	11
Other, net	5	4	5	3
Allowance for credit losses on unfunded lending commitments at end of period [3]	$1,176	$1,133	$1,176	$1,133
Total allowance for loans, leases, and unfunded lending commitments	$19,066	$22,713	$19,066	$22,713

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

(2) The second quarter of 2014 includes a reduction of approximately $480 million related to the sale or transfers to held-for-sale (HFS) of various loan portfolios, including a reduction of approximately $204 million and $177 million related to the transfers to HFS of businesses in Greece and Spain and $29 million related to the sale of the Honduras business, and $66 million related to a transfer of a real estate loan portfolio to HFS. These amounts are partially offset by foreign currency translation on the entire allowance balance. The first quarter of 2014 includes reductions of approximately $79 million related to the sale or transfer to HFS of various loan portfolios. The second quarter of 2013 includes a reduction of approximately $650 million related to the sale or transfer to HFS of various U.S. loan portfolios and a reduction of approximately $360 million related to the transfer of Credicard to discontinued operations held for sale. Additionally, a reduction of approximately $90 million related to a transfer to HFS of a loan portfolio in Greece and a reduction of approximately $220 million related to foreign currency translation. The first quarter of 2013 includes reductions of approximately $855 million related to the sale or transfer to HFS of various U.S. loan portfolios and a reduction of approximately $165 million related to a transfer to HFS of a loan portfolio in Greece.

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

Allowance for Credit Losses and Investment in Loans

	Three Months Ended June 30, 2014			Six Months Ended June 30, 2014		
In millions of dollars	Corporate	Consumer	Total	Corporate	Consumer	Total
Allowance for loan losses at beginning of period	$2,472	$16,451	$18,923	$2,584	$17,064	$19,648
Charge-offs	(47)	(2,765)	(2,812)	(221)	(5,574)	(5,795)
Recoveries	36	587	623	65	1,102	1,167
Replenishment of net charge-offs	11	2,178	2,189	156	4,472	4,628

Net reserve releases	(26)	(495)	(521)	(127)	(954)	(1,081)
Net specific reserve releases	(75)	(14)	(89)	(85)	(90)	(175)
Other	(1)	(422)	(423)	(2)	(500)	(502)
Ending balance	$2,370	$15,520	$17,890	$2,370	$15,520	$17,890

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In millions of dollars	Three Months Ended June 30, 2013 Corporate	Consumer	Total	Six Months Ended June 30, 2013 Corporate	Consumer	Total
Allowance for loan losses at beginning of period	$2,779	$20,948	$23,727	$2,776	$22,679	$25,455
Charge-offs	(97)	(3,160)	(3,257)	(157)	(6,544)	(6,701)
Recoveries	52	597	649	67	1,148	1,215
Replenishment of net charge-offs	45	2,563	2,608	90	5,396	5,486
Net reserve releases	(98)	(544)	(642)	(129)	(819)	(948)
Net specific reserve builds (releases)	30	(169)	(139)	72	(569)	(497)
Other	(3)	(1,363)	(1,366)	(11)	(2,419)	(2,430)
Ending balance	$2,708	$18,872	$21,580	$2,708	$18,872	$21,580

In millions of dollars	June 30, 2014 Corporate	Consumer	Total	December 31, 2013 Corporate	Consumer	Total
Allowance for loan losses						
Determined in accordance with ASC 450-20	$2,103	$11,094	$13,197	$2,232	$12,402	$14,634
Determined in accordance with ASC 310-10-35	183	4,400	4,583	268	4,633	4,901
Determined in accordance with ASC 310-30	84	26	110	84	29	113
Total allowance for loan losses	$2,370	$15,520	$17,890	$2,584	$17,064	$19,648
Loans, net of unearned income						
Loans collectively evaluated for impairment in accordance with ASC 450-20	$276,784	$361,598	$638,382	$265,230	$368,449	$633,679
Loans individually evaluated for impairment in accordance with ASC 310-10-35	1,512	22,231	23,743	2,222	23,793	26,015
Loans acquired with deteriorated credit quality in accordance with ASC 310-30	105	470	575	117	632	749
Loans held at fair value	4,758	46	4,804	4,072	957	5,029
Total loans, net of unearned income	$283,159	$384,345	$667,504	$271,641	$393,831	$665,472

16. GOODWILL AND INTANGIBLE ASSETS

Goodwill

The changes in Goodwill during the first six months of 2014 were as follows:

In millions of dollars		
Balance at December 31, 2013	$25,009	
Foreign exchange translation and other	1	
Divestitures	(2	)
Balance at March 31, 2014	$25,008	
Foreign exchange translation and other	208	
Divestitures	(129	)
Balance at June 30, 2014	25,087	

Goodwill is tested for impairment annually during the third quarter at the reporting unit level and between annual tests if an event occurs or circumstances change that would more likely than not reduce the fair value of a reporting unit below its carrying amount. During the first six months of 2014, an interim impairment test on goodwill was performed and no goodwill was written off due to impairment.

As discussed in Note 3 to the Consolidated Financial Statements, effective January 1, 2014, the businesses within the legacy ICG reporting units, Securities and Banking and Transaction Services, were realigned and aggregated within two new ICG reporting units—Banking and Markets and Securities Services (Markets). The ICG reorganization was identified as a triggering event for purposes of goodwill impairment testing. Consistent with the requirements of ASC 350, goodwill was assessed for impairment as of January 1, 2014. The total goodwill associated with the legacy reporting units was allocated among the component businesses based on their relative fair values, and these allocated goodwill amounts were then re-aggregated based on the new classification within either Banking or Markets reporting units. The fair values of the legacy and new ICG reporting units exceeded their respective carrying values, resulting in no impairment of

goodwill. Subsequent to January 1, 2014, goodwill will be allocated to disposals and tested for impairment under Banking and Markets.

Furthermore, during the second quarter of 2014, the Company signed an agreement to sell the Spain consumer business including the entire Citi Holdings—Cards reporting unit. As a result, 100% of the Citi Holdings—Cards goodwill balance was allocated to the sale and transferred to assets held for sale as of June 30, 2014.

There were no other triggering events during the second quarter of 2014 and therefore no additional goodwill impairment test was performed. The fair values of the Company's reporting units as of the most recent goodwill impairment tests substantially exceeded their carrying values and did not indicate a more likely than not risk of impairment.

The following table shows reporting units with goodwill balances as of June 30, 2014.

In millions of dollars

Reporting Unit[1]	Goodwill
North America Global Consumer Banking	$6,778
EMEA Global Consumer Banking	366
Asia Global Consumer Banking	5,182
Latin America Global Consumer Banking	1,782
Banking	3,915
Markets and Securities Services	7,022
Latin America Retirement Services	42
Citi Holdings—Cards[2]	—
Total	$25,087

(1) Citi Holdings—Other is excluded from the table as there is no goodwill allocated to it.

(2) Citi Holdings—Cards goodwill of $116 million was reclassified to assets held for sale as of June 30, 2014.

Intangible Assets

The components of intangible assets as of June 30, 2014 and December 31, 2013 were as follows:

In millions of dollars	June 30, 2014			December 31, 2013		
	Gross carrying amount	Accumulated amortization	Net carrying amount	Gross carrying amount	Accumulated amortization	Net carrying amount
Purchased credit card relationships	$7,531	$6,156	$1,375	$7,552	$6,006	$1,546
Core deposit intangibles	1,238	1,071	167	1,255	1,052	203
Other customer relationships	705	407	298	675	389	286
Present value of future profits	238	152	86	238	146	92
Indefinite-lived intangible assets	323	—	323	323	—	323
Other(1)	5,066	2,613	2,453	5,073	2,467	2,606
Intangible assets (excluding MSRs)	$15,101	$10,399	$4,702	$15,116	$10,060	$5,056
Mortgage servicing rights (MSRs)	2,282	—	2,282	2,718	—	2,718
Total intangible assets	$17,383	$10,399	$6,984	$17,834	$10,060	$7,774

(1) Includes contract-related intangible assets.

The changes in intangible assets during the six months ended June 30, 2014 were as follows:

In millions of dollars	Net carrying amount at December 31, 2013	Acquisitions/ divestitures	Amortization	Impairments	FX and other [1]	Net carrying amount at June 30, 2014
Purchased credit card relationships	$1,546	$(9)	$(166)	$—	$4	$1,375
Core deposit intangibles	203	(6)	(30)	—	—	167
Other customer relationships	286	14	(14)	—	12	298
Present value of future profits	92	—	(6)	—	—	86
Indefinite-lived intangible assets	323	(2)	—	—	2	323
Other	2,606	—	(165)	2	10	2,453
Intangible assets (excluding MSRs)	$5,056	$(3)	$(381)	$2	$28	$4,702
Mortgage servicing rights (MSRs) [2]	2,718					2,282
Total intangible assets	$7,774					$6,984

(1) Includes foreign exchange translation and purchase accounting adjustments.
(2) See Note 20 to the Consolidated Financial Statements for the roll-forward of MSRs.

17. DEBT

Short-Term Borrowings

In millions of dollars	June 30, 2014	December 31, 2013
Commercial paper		
Significant Citibank Entities[1]	$14,623	$17,677
Parent[2]	230	201
Total Commercial paper	$14,853	$17,878
Other borrowings [3]	44,681	41,066
Total	$59,534	$58,944

(1) Significant Citibank Entities consist of Citibank, N.A. units domiciled in the U.S., Western Europe, Hong Kong and Singapore.

(2) Parent includes the parent holding company (Citigroup Inc.) and Citi's broker-dealer subsidiaries that are consolidated into Citigroup.

(3) At both June 30, 2014 and December 31, 2013, collateralized short-term advances from the Federal Home Loan Banks were $11 billion.

Borrowings under bank lines of credit may be at interest rates based on LIBOR, CD rates, the prime rate or bids submitted by the banks. Citigroup pays commitment fees for its lines of credit.
Some of Citigroup's non-bank subsidiaries have credit facilities with Citigroup's subsidiary depository institutions, including Citibank, N.A. Borrowings under these facilities are secured in accordance with Section 23A of the Federal Reserve Act.
Citigroup Global Markets Holdings Inc. (CGMHI) has borrowing agreements consisting of facilities that CGMHI has been advised are available, but where no contractual lending obligation exists. These arrangements are reviewed on an ongoing basis to ensure flexibility in meeting CGMHI's short-term requirements.

Long-Term Debt

In millions of dollars	June 30, 2014	December 31, 2013
Citigroup Inc.[1]	$154,945	$156,804
Bank[2]	64,072	56,457
Broker-dealer[3]	7,967	7,855
Total[4]	$226,984	$221,116

(1) Parent holding company, Citigroup Inc.

(2) Represents the Significant Citibank Entities as well as other Citibank and Banamex entities. At June 30, 2014 and December 31, 2013, collateralized long-term advances from the Federal Home Loan Banks were $19.1 billion and $14.0 billion, respectively.

(3) Represents broker-dealer subsidiaries that are consolidated into Citigroup Inc., the parent holding company.

(4) Includes senior notes with carrying values of $8 million issued to outstanding Safety First Trusts at June 30, 2014 and $87 million issued to these trusts at December 31, 2013. Citigroup owns all of the voting securities of the Safety First Trusts. The Safety First Trusts have no assets, operations, revenues or cash flows other than those related to the issuance, administration and repayment of the Safety First Trust securities and the Safety First Trusts' common securities.

Long-term debt outstanding includes trust preferred securities with a balance sheet carrying value of $1.8 billion and $3.9 billion at June 30, 2014 and December 31, 2013, respectively. In issuing these trust preferred securities, Citi formed statutory business trusts under the laws of the State of Delaware. The trusts exist for the exclusive purposes of

(i) issuing trust preferred securities representing undivided beneficial interests in the assets of the trust; (ii) investing the gross proceeds of the trust preferred securities in junior subordinated deferrable interest debentures (subordinated debentures) of its parent; and (iii) engaging in only those activities necessary or incidental thereto. Generally, upon receipt of certain regulatory approvals, Citigroup has the right, but not the obligation, to redeem these securities upon the date specified in the respective security. The respective common securities issued by each trust and held by Citigroup are redeemed concurrently with the redemption of the applicable trust preferred securities.

The following table summarizes the Company's outstanding trust preferred securities at June 30, 2014:

						Junior subordinated debentures owned by trust		
Trust	Issuance date	Securities issued	Liquidation value[1]	Coupon rate	Common shares issued to parent	Amount	Maturity	Redeemable by issuer beginning
In millions of dollars, except share amounts								
Citigroup Capital III	Dec. 1996	194,053	$194	7.625%	6,003	$200	Dec. 1, 2036	Not redeemable
Citigroup Capital XIII	Sept. 2010	89,840,000	2,246	7.875%	1,000	2,246	Oct. 30, 2040	Oct. 30, 2015
Citigroup Capital XVIII	Jun. 2007	99,901	171	6.829%	50	171	June 28, 2067	June 28, 2017
Adam Capital Trust III[2]	Dec. 2002	17,500	18	3 mo. LIB +335 bp.	542	18	Jan. 7, 2033	Jan. 7, 2008
Total obligated			$2,629			$2,635		

(1) Represents the notional value received by investors from the trusts at the time of issuance.
(2) Redeemed in full on July 7, 2014.

In each case, the coupon rate on the subordinated debentures is the same as that on the trust preferred securities. Distributions on the trust preferred securities and interest on the subordinated debentures are payable semiannually for Citigroup Capital III and Citigroup Capital XVIII and quarterly for Citigroup Capital XIII and Adam Capital Trust III.

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18. CHANGES IN ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)

Changes in each component of Citigroup's Accumulated other comprehensive income (loss) for the three and six months ended June 30, 2014 and 2013 are as follows:

Three months ended June 30, 2014:

In millions of dollars	Net unrealized gains (losses) on investment securities	Cash flow hedges [1]	Benefit plans [2]	Foreign currency translation adjustment, net of hedges (CTA)[3][4]	Accumulated other comprehensive income (loss)
Balance, March 31, 2014	$(1,212)	$(1,127)	$(4,022)	$(12,785)	$(19,146)
Other comprehensive income before reclassifications	$1,037	$58	$(195)	$17	$917
Increase (decrease) due to amounts reclassified from AOCI	(31)	62	51	—	82
Change, net of taxes	$1,006	$120	$(144)	$17	$999
Balance at June 30, 2014	$(206)	$(1,007)	$(4,166)	$(12,768)	$(18,147)
Six months ended June 30, 2014:					
In millions of dollars					
Balance, December 31, 2013	$(1,640)	$(1,245)	$(3,989)	$(12,259)	$(19,133)
Other comprehensive income before reclassifications	$1,415	$104	$(257)	$(509)	$753
Increase (decrease) due to amounts reclassified from AOCI	19	134	80	—	233
Change, net of taxes	$1,434	$238	$(177)	$(509)	$986
Balance at June 30, 2014	$(206)	$(1,007)	$(4,166)	$(12,768)	$(18,147)
Three months ended June 30, 2013 :					
In millions of dollars					
Balance, March 31, 2013	$742	$(2,168)	$(5,016)	$(10,617)	$(17,059)
Other comprehensive income before reclassifications	$(1,927)	$346	$368	$(1,720)	$(2,933)
Increase (decrease) due to amounts reclassified from AOCI	(116)	151	33	—	68
Change, net of taxes	$(2,043)	$497	$401	$(1,720)	$(2,865)
Balance at June 30, 2013	$(1,301)	$(1,671)	$(4,615)	$(12,337)	$(19,924)
Six months ended June 30, 2013:					
In millions of dollars					
Balance, December 31, 2012	$597	$(2,293)	$(5,270)	$(9,930)	$(16,896)
Other comprehensive income before reclassifications	$(1,589)	$332	$575	$(2,407)	$(3,089)
Increase (decrease) due to amounts reclassified from AOCI	(309)	290	80	—	61
Change, net of taxes	$(1,898)	$622	$655	$(2,407)	$(3,028)
Balance at June 30, 2013	$(1,301)	$(1,671)	$(4,615)	$(12,337)	$(19,924)

(1) Primarily driven by Citigroup's pay fixed/receive floating interest rate swap programs that hedge the floating rates on liabilities.

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

(3) Primarily reflects the movements in (by order of impact) the Korean won, British pound, Euro, and Mexican peso against the U.S. dollar, and changes in related tax effects and hedges for the quarter ended June 30, 2014. Primarily reflects the movements in the Russian ruble, Argentine peso, Korean won, and Japanese yen against the U.S. dollar, and changes in related tax effects and hedges for the quarter ended March 31, 2014. Primarily reflects the movements in (by order of impact) the Mexican peso, Australian dollar, Indian rupee, and Brazilian real against the U.S. dollar, and changes in related tax effects and hedges for the quarter ended June 30, 2013. Primarily reflects the movements in (by order of impact) the Mexican peso, Japanese yen, British pound, and Korean won against the U.S. dollar, and changes in related tax effects and hedges for the quarter ended March 31, 2013.

(4) Reclassified to reflect the allocation of foreign currency translation between net unrealized gains (losses) on investment securities to CTA.

The pretax and after-tax changes in each component of Accumulated other comprehensive income (loss) for the three and six months ended June 30, 2014 and 2013 are as follows:

Three months ended June 30, 2014:

In millions of dollars	Pretax	Tax effect	After-tax
Balance, March 31, 2014	$(27,297)	$8,151	$(19,146)
Change in net unrealized gains (losses) on investment securities	1,585	(579)	1,006
Cash flow hedges	205	(85)	120
Benefit plans	(239)	95	(144)
Foreign currency translation adjustment	101	(84)	17
Change	$1,652	$(653)	$999
Balance, June 30, 2014	$(25,645)	$7,498	$(18,147)

Six months ended June 30, 2014:

In millions of dollars	Pretax	Tax effect	After-tax
Balance, December 31, 2013	$(27,596)	$8,463	$(19,133)
Change in net unrealized gains (losses) on investment securities	2,288	(854)	1,434
Cash flow hedges	386	(148)	238
Benefit plans	(294)	117	(177)
Foreign currency translation adjustment	(429)	(80)	(509)
Change	$1,951	$(965)	$986
Balance, June 30, 2014	$(25,645)	$7,498	$(18,147)

Three months ended June 30, 2013:

In millions of dollars	Pretax	Tax effect	After-tax
Balance, March 31, 2013	$(25,201)	$8,142	$(17,059)
Change in net unrealized gains (losses) on investment securities	(3,235)	1,192	(2,043)
Cash flow hedges	804	(307)	497
Benefit plans	649	(248)	401
Foreign currency translation adjustment	(1,863)	143	(1,720)
Change	$(3,645)	$780	$(2,865)
Balance, June 30, 2013	$(28,846)	$8,922	$(19,924)

Six months ended June 30, 2013:

In millions of dollars	Pretax	Tax effect	After-tax
Balance, December 31, 2012	$(25,334)	$8,438	$(16,896)
Change in net unrealized gains (losses) on investment securities	(2,993)	1,095	(1,898)
Cash flow hedges	1,005	(383)	622
Benefit plans	997	(342)	655
Foreign currency translation adjustment	(2,521)	114	(2,407)
Change	$(3,512)	$484	$(3,028)
Balance, June 30, 2013	$(28,846)	$8,922	$(19,924)

During the three and six months ended June 30, 2014 , respectively, the Company recognized a pretax loss of $136 million ($82 million net of tax) and a pretax loss of $373 million ($233 million net of tax) related to amounts reclassified out of Accumulated other comprehensive income (loss) into the Consolidated Statement of Income. See details in the table below:

In millions of dollars	Increase (decrease) in AOCI due to amounts reclassified to Consolidated Statement of Income	
	Three Months Ended June 30, 2014	Six Months Ended June 30, 2014
Realized (gains) losses on sales of investments	$(84)	$(212)
OTTI gross impairment losses	37	238
Subtotal, pretax	$(47)	$26
Tax effect	16	(7)
Net realized (gains) losses on investment securities, after-tax[1]	$(31)	$19
Interest rate contracts	$73	$134
Foreign exchange contracts	28	84
Subtotal, pretax	$101	$218
Tax effect	(39)	(84)
Amortization of cash flow hedges, after-tax[2]	$62	$134
Amortization of unrecognized		
Prior service cost (benefit)	$(10)	$(19)
Net actuarial loss	64	120
Curtailment/settlement impact [3][4]	28	28
Subtotal, pretax	$82	$129
Tax effect	(31)	(49)
Amortization of benefit plans, after-tax[3]	$51	$80
Foreign currency translation adjustment	$—	$—
Total amounts reclassified out of AOCI, pretax	$136	$373
Total tax effect	(54)	(140)
Total amounts reclassified out of AOCI, after-tax	$82	$233

(1) The pretax amount is reclassified to Realized gains (losses) on sales of investments, net and Gross impairment losses on the Consolidated Statement of Income. See Note 13 to the Consolidated Financial Statements for additional details.
(2) See Note 21 to the Consolidated Financial Statements for additional details.
(3) See Note 8 to the Consolidated Financial Statements for additional details.
(4) See Note 1 to the Consolidated Financial Statements for additional details.

During the three and six months ended June 30, 2013 , respectively, the Company recognized a pretax loss of $122 million ($68 million net of tax) and a pretax loss of $130 million ($61 million net of tax) related to amounts reclassified out of Accumulated other comprehensive income (loss) into the Consolidated Statement of Income. See details in the table below:

In millions of dollars	Increase (decrease) in AOCI due to amounts reclassified to Consolidated Statement of Income	
	Three Months Ended June 30, 2013	Six months ended June 30, 2013
Realized (gains) losses on sales of investments	$(251)	$(701)
OTTI gross impairment losses	75	231
Subtotal, pretax	$(176)	$(470)
Tax effect	60	161
Net realized (gains) losses on investment securities, after-tax[1]	$(116)	$(309)
Interest rate contracts	$202	$385
Foreign exchange contracts	43	86
Subtotal, pretax	$245	$471
Tax effect	(94)	(181)
Amortization of cash flow hedges, after-tax[2]	$151	$290
Amortization of unrecognized		
Prior service cost (benefit)	$2	$5
Net actuarial loss	71	144
Cumulative effect of change in accounting policy[3][4]	(20)	(20)
Subtotal, pretax	$53	$129
Tax effect	(20)	(49)
Amortization of benefit plans, after-tax[3]	$33	$80
Foreign currency translation adjustment	$—	$—
Total amounts reclassified out of AOCI, pretax	$122	$130
Total tax effect	(54)	(69)
Total amounts reclassified out of AOCI, after-tax	$68	$61

(1) The pretax amount is reclassified to Realized gains (losses) on sales of investments, net and Gross impairment losses on the Consolidated Statement of Income. See Note 13 to the Consolidated Financial Statements for additional details.
(2) See Note 21 to the Consolidated Financial Statements for additional details.
(3) See Note 8 to the Consolidated Financial Statements for additional details.
(4) See Note 1 to the Consolidated Financial Statements for additional details.

19. PREFERRED STOCK

The following table summarizes the Company's preferred stock outstanding at June 30, 2014 and December 31, 2013:

	Issuance date	Redeemable by issuer beginning	Dividend rate	Redemption price per depositary share/preference share	Number of depositary shares	Carrying value in millions of dollars	
						June 30, 2014	December 31, 2013
Series AA[1]	January 25, 2008	February 15, 2018	8.125 %	$ 25	3,870,330	$97	$ 97
Series E[2]	April 28, 2008	April 30, 2018	8.400 %	1,000	121,254	121	121
Series A[3]	October 29, 2012	January 30, 2023	5.950 %	1,000	1,500,000	1,500	1,500
Series B[4]	December 13, 2012	February 15, 2023	5.900 %	1,000	750,000	750	750
Series C[5]	March 26, 2013	April 22, 2018	5.800 %	25	23,000,000	575	575
Series D[6]	April 30, 2013	May 15, 2023	5.350 %	1,000	1,250,000	1,250	1,250
Series J[7]	September 19, 2013	September 30, 2023	7.125 %	25	38,000,000	950	950
Series K[8]	October 31, 2013	November 15, 2023	6.875 %	25	59,800,000	1,495	1,495
Series L[9]	February 12, 2014	February 12, 2019	6.875 %	25	19,200,000	480	—
Series M[10]	April 30, 2014	May 15, 2024	6.300 %	1,000	1,750,000	1,750	—
						$8,968	$ 6,738

(1) Issued as depositary shares, each representing a 1/1,000th interest in a share of the corresponding series of non-cumulative perpetual preferred stock. Dividends payable quarterly on February 15, May 15, August 15 and November 15 when, as and if declared by the Citi Board of Directors.

(2) Issued as depositary shares, each representing a 1/25th interest in a share of the corresponding series of non-cumulative perpetual preferred stock. Dividends payable semi-annually on April 30 and October 30 at a fixed rate until April 30, 2018, thereafter payable quarterly on January 30, April 30, July 30 and October 30 at a floating rate, in each case when, as and if declared by the Citi Board of Directors.

(3) Issued as depositary shares, each representing a 1/25th interest in a share of the corresponding series of non-cumulative perpetual preferred stock. Dividends payable semi-annually on January 30 and July 30 at a fixed rate until January 30, 2023, thereafter payable quarterly on January 30, April 30, July 30 and October 30 at a floating rate, in each case when, as and if declared by the Citi Board of Directors.

(4) Issued as depositary shares, each representing a 1/25th interest in a share of the corresponding series of non-cumulative perpetual preferred stock. Dividends payable semi-annually on February 15 and August 15 at a fixed rate until February 15, 2023, thereafter payable quarterly on February 15, May 15, August 15 and November 15 at a floating rate, in each case when, as and if declared by the Citi Board of Directors.

(5) Issued as depositary shares, each representing a 1/1,000th interest in a share of the corresponding series of non-cumulative perpetual preferred stock. Dividends payable quarterly on January 22, April 22, July 22 and October 22 when, as and if declared by the Citi Board of Directors.

(6) Issued as depositary shares, each representing a 1/25th interest in a share of the corresponding series of non-cumulative perpetual preferred stock. Dividends payable semi-annually on May 15 and November 15 at a fixed rate until May 15, 2023, thereafter payable quarterly on February 15, May 15, August 15 and November 15 at a floating rate, in each case when, as and if declared by the Citi Board of Directors.

(7) Issued as depositary shares, each representing a 1/1,000th interest in a share of the corresponding series of non-cumulative perpetual preferred stock. Dividends payable quarterly on March 30, June 30, September 30 and December 30 at a fixed rate until September 30, 2023, thereafter payable quarterly on the same dates at a floating

rate, in each case when, as and if declared by the Citi Board of Directors.

(8) Issued as depositary shares, each representing a 1/1,000th interest in a share of the corresponding series of non-cumulative perpetual preferred stock. Dividends payable quarterly on February 15, May 15, August 15 and November 15 at a fixed rate until November 15, 2023, thereafter payable quarterly on the same dates at a floating rate, in each case when, as and if declared by the Citi Board of Directors.

(9) Issued as depositary shares, each representing a 1/1,000th interest in a share of the corresponding series of non-cumulative perpetual preferred stock. Dividends payable quarterly on February 12, May 12, August 12 and November 12 at a fixed rate, in each case when, as and if declared by the Citi Board of Directors.

(10) Issued as depository shares, each representing a 1/25th interest in a share of the corresponding series of non-cumulative perpetual preferred stock. Dividends payable semi-annually on May 15 and November 15 at a fixed rate until May 15, 2024, thereafter payable quarterly on February 15, May 15, August 15, and November 15 at a floating rate, in each case when, as and if declared by the Citi Board of Directors.

Through the second quarter of 2014, Citi had distributed approximately $224 million in dividends on its outstanding preferred stock during the year. Based on its preferred stock outstanding as of June 30, 2014, Citi estimates it will distribute preferred dividends of approximately $287 million during the remainder of 2014, in each case assuming such dividends are approved by the Citi Board of Directors.

20. SECURITIZATIONS AND VARIABLE INTEREST ENTITIES

Uses of Special Purpose Entities

A special purpose entity (SPE) is an entity designed to fulfill a specific limited need of the company that organized it. The principal uses of SPEs are to obtain liquidity and favorable capital treatment by securitizing certain of Citigroup’s financial assets, to assist clients in securitizing their financial assets, and to create investment products for clients. SPEs may be organized in various legal forms, including trusts, partnerships or corporations. In a securitization, the company transferring assets to an SPE converts all (or a portion) of those assets into cash before they would have been realized in the normal course of business through the SPE’s issuance of debt and equity instruments, certificates, commercial paper and other notes of indebtedness. These issuances are recorded on the balance sheet of the SPE, which may or may not be consolidated onto the balance sheet of the company that organized the SPE.

Investors usually have recourse only to the assets in the SPE and often benefit from other credit enhancements, such as a collateral account or over-collateralization in the form of excess assets in the SPE, a line of credit, or a liquidity facility, such as a liquidity put option or asset purchase agreement. Because of these enhancements, the SPE issuances can typically obtain a more favorable credit rating from rating agencies than the transferor could obtain for its own debt issuances. This results in less expensive financing costs than unsecured debt. The SPE may also enter into derivative contracts in order to convert the yield or currency of the underlying assets to match the needs of the SPE investors or to limit or change the credit risk of the SPE. Citigroup may be the provider of certain credit enhancements as well as the counterparty to any related derivative contracts.

Most of Citigroup’s SPEs are variable interest entities (VIEs), as described below.

Variable Interest Entities

VIEs are entities that have either a total equity investment that is insufficient to permit the entity to finance its activities without additional subordinated financial support, or whose equity investors lack the characteristics of a controlling financial interest (i.e., ability to make significant decisions through voting rights and a right to receive the expected residual returns of the entity or an obligation to absorb the expected losses of the entity). Investors that finance the VIE through debt or equity interests or other counterparties providing other forms of support, such as guarantees, subordinated fee arrangements or certain types of derivative contracts are variable interest holders in the entity.

The variable interest holder, if any, that has a controlling financial interest in a VIE is deemed to be the primary beneficiary and must consolidate the VIE. Citigroup would be deemed to have a controlling financial interest and be the primary beneficiary if it has both of the following characteristics:

- power to direct the activities of the VIE that most significantly impact the entity’s economic performance; and
- an obligation to absorb losses of the entity that could potentially be significant to the VIE, or a right to receive benefits from the entity that could potentially be significant to the VIE.

The Company must evaluate its involvement in each VIE to understand the purpose and design of the entity, the role the Company had in the entity’s design and its involvement in the VIE’s ongoing activities. The Company then must evaluate which activities most significantly impact the economic performance of the VIE and who has the power to direct such activities.

For those VIEs where the Company determines that it has the power to direct the activities that most significantly impact the VIE’s economic performance, the Company then must evaluate its economic interests, if any, and determine whether it could absorb losses or receive benefits that could potentially be significant to the VIE. When evaluating whether the Company has an obligation to absorb losses that could potentially be significant, it considers the maximum exposure to such loss without consideration of probability. Such obligations could be in various forms, including, but not limited to, debt and equity investments, guarantees, liquidity agreements and certain derivative contracts.

In various other transactions, the Company may: (i) act as a derivative counterparty (for example, interest rate swap, cross-currency swap, or purchaser of credit protection under a credit default swap or total return swap where the Company pays the total return on certain assets to the SPE); (ii) act as underwriter or placement agent; (iii) provide administrative, trustee or other services; or (iv) make a market in debt securities or other instruments issued by VIEs. The Company generally considers such involvement, by itself, not to be variable interests and thus not an indicator of power or potentially significant benefits or losses.

Citigroup's involvement with consolidated and unconsolidated VIEs with which the Company holds significant variable interests or has continuing involvement through servicing a majority of the assets in a VIE, each as of June 30, 2014 and December 31, 2013, is presented below:

	As of June 30, 2014							
				Maximum exposure to loss in significant unconsolidated VIEs (1)				
				Funded exposures (2)		Unfunded exposures		
In millions of dollars	Total involvement with SPE assets	Consolidated VIE / SPE assets	Significant unconsolidated VIE assets (3)	Debt investments	Equity investments	Funding commitments	Guarantees and derivatives	Total
Citicorp								
Credit card securitizations	$62,332	$62,332	$—	$—	$—	$—	$—	$—
Mortgage securitizations (4)								
U.S. agency-sponsored	241,660	—	241,660	3,126	—	—	26	3,152
Non-agency-sponsored	6,200	453	5,747	405	—	—	—	405
Citi-administered asset-backed commercial paper conduits (ABCP)	30,079	30,079	—	—	—	—	—	—
Collateralized debt obligations (CDOs)	4,749	—	4,749	31	—	—	—	31
Collateralized loan obligations (CLOs)	12,443	—	12,443	1,689	—	—	—	1,689
Asset-based financing	55,927	1,560	54,367	20,209	68	1,748	296	22,321
Municipal securities tender option bond trusts (TOBs)	12,431	6,919	5,512	18	—	3,602	—	3,620
Municipal investments	16,551	160	16,391	1,908	1,997	1,127	—	5,032
Client intermediation	1,933	376	1,557	26	—	—	—	26
Investment funds (5)	34,283	2,208	32,075	17	416	74	—	507
Trust preferred securities	2,667	—	2,667	—	7	—	—	7
Other	2,362	334	2,028	82	590	60	80	812
Total	$483,617	$104,421	$379,196	$27,511	$3,078	$6,611	$402	$37,602
Citi Holdings								
Credit card securitizations	$1,690	$1,379	$311	$—	$—	$—	$—	$—
Mortgage securitizations								
U.S. agency-sponsored	48,184	—	48,184	343	—	—	107	450
Non-agency-sponsored	11,703	675	11,028	38	—	—	2	40
Student loan securitizations	—	—	—	—	—	—	—	—
Collateralized debt obligations (CDOs)	3,028	—	3,028	259	—	—	129	388
	2,254	—	2,254	269	—	7	119	395

Collateralized loan obligations (CLOs)								
Asset-based financing	2,068	3	2,065	269	3	95	—	367
Municipal investments	7,086	—	7,086	2	196	926	—	1,124
Investment funds	694	—	694	—	—	—	—	—
Other	1,232	1,227	5	—	—	—	—	—
Total	$77,939	$3,284	$74,655	$1,180	$199	$1,028	$357	$2,764
Total Citigroup	$561,556	$107,705	$453,851	$28,691	$3,277	$7,639	$759	$40,366

(1) The definition of maximum exposure to loss is included in the text that follows this table.
(2) Included on Citigroup's June 30, 2014 Consolidated Balance Sheet.
(3) A significant unconsolidated VIE is an entity where the Company has any variable interest or continuing involvement considered to be significant, regardless of the likelihood of loss or the notional amount of exposure.
(4) Citicorp mortgage securitizations also include agency and non-agency (private-label) re-securitization activities. These SPEs are not consolidated. See "Re-securitizations" below for further discussion.
(5) Substantially all of the unconsolidated investment funds' assets are related to retirement funds in Mexico managed by Citi. See "Investment Funds" below for further discussion.

As of December 31, 2013

				Maximum exposure to loss in significant unconsolidated VIEs [1]				
				Funded exposures [2]		Unfunded exposures		
In millions of dollars	Total involvement with SPE assets	Consolidated VIE / SPE assets	Significant unconsolidated VIE assets [3]	Debt investments	Equity investments	Funding commitments	Guarantees and derivatives	Total
Citicorp								
Credit card securitizations	$52,229	$52,229	$—	$—	$—	$—	$—	$—
Mortgage securitizations [4]								
U.S. agency-sponsored	239,204	—	239,204	3,583	—	—	36	3,619
Non-agency-sponsored	7,711	598	7,113	583	—	—	—	583
Citi-administered asset-backed commercial paper conduits (ABCP)	31,759	31,759	—	—	—	—	—	—
Collateralized debt obligations (CDOs)	4,204	—	4,204	34	—	—	—	34
Collateralized loan obligations (CLOs)	16,883	—	16,883	1,938	—	—	—	1,938
Asset-based financing	45,884	971	44,913	17,452	74	1,132	195	18,853
Municipal securities tender option bond trusts (TOBs)	12,716	7,039	5,677	29	—	3,881	—	3,910
Municipal investments	15,962	223	15,739	1,846	2,073	1,173	—	5,092
Client intermediation	1,778	195	1,583	145	—	—	—	145
Investment funds [5]	32,324	3,094	29,230	191	264	81	—	536
Trust preferred securities	4,822	—	4,822	—	51	—	—	51
Other	2,439	225	2,214	143	649	20	78	890
Total	$467,915	$96,333	$ 371,582	$25,944	$3,111	$6,287	$309	$35,651
Citi Holdings								
Credit card securitizations	$1,867	$1,448	$419	$—	$—	$—	$—	$—
Mortgage securitizations								
U.S. agency-sponsored	73,549	—	73,549	549	—	—	77	626
Non-agency-sponsored	13,193	1,695	11,498	35	—	—	2	37
Student loan securitizations	1,520	1,520	—	—	—	—	—	—
Collateralized debt obligations (CDOs)	3,879	—	3,879	273	—	—	87	360
Collateralized loan obligations (CLOs)	2,733	—	2,733	358	—	—	111	469
Asset-based financing	3,508	3	3,505	629	3	258	—	890
Municipal investments	7,304	—	7,304	3	204	939	—	1,146

Investment funds	1,237	—	1,237	—	61	—	—	61
Other	4,494	4,434	60	—	—	—	—	—
Total	$113,284	$9,100	$104,184	$1,847	$268	$1,197	$277	$3,589
Total Citigroup	$581,199	$105,433	$475,766	$27,791	$3,379	$7,484	$586	$39,240

(1) The definition of maximum exposure to loss is included in the text that follows this table.
(2) Included on Citigroup's December 31, 2013 Consolidated Balance Sheet.
(3) A significant unconsolidated VIE is an entity where the Company has any variable interest or continuing involvement considered to be significant, regardless of the likelihood of loss or the notional amount of exposure.
(4) Citicorp mortgage securitizations also include agency and non-agency (private-label) re-securitization activities. These SPEs are not consolidated. See "Re-securitizations" below for further discussion.
(5) Substantially all of the unconsolidated investment funds' assets are related to retirement funds in Mexico managed by Citi. See "Investment Funds" below for further discussion.

The previous tables do not include:

- certain venture capital investments made by some of the Company's private equity subsidiaries, as the Company accounts for these investments in accordance with the Investment Company Audit Guide (codified in ASC 946);
- certain limited partnerships that are investment funds that qualify for the deferral from the requirements of ASC 810 where the Company is the general partner and the limited partners have the right to replace the general partner or liquidate the funds;
- certain investment funds for which the Company provides investment management services and personal estate trusts for which the Company provides administrative, trustee and/or investment management services;
- VIEs structured by third parties where the Company holds securities in inventory, as these investments are made on arm's-length terms;
- certain positions in mortgage-backed and asset-backed securities held by the Company, which are classified as Trading account assets or Investments, where the Company has no other involvement with the related securitization entity deemed to be significant (for more information on these positions, see Notes 12 and 13 to the Consolidated Financial Statements);
- certain representations and warranties exposures in legacy Securities and Banking-sponsored mortgage-backed and asset-backed securitizations, where the Company has no variable interest or continuing involvement as servicer. The outstanding balance of mortgage loans securitized during 2005 to 2008 where the Company has no variable interest or continuing involvement as servicer was approximately $15 billion and $16 billion at June 30, 2014 and December 31, 2013, respectively; and
- certain representations and warranties exposures in Citigroup residential mortgage securitizations, where the original mortgage loan balances are no longer outstanding.

The asset balances for consolidated VIEs represent the carrying amounts of the assets consolidated by the Company. The carrying amount may represent the amortized cost or the current fair value of the assets depending on the legal form of the asset (e.g., security or loan) and the Company's standard accounting policies for the asset type and line of business.

The asset balances for unconsolidated VIEs where the Company has significant involvement represent the most current information available to the Company. In most cases, the asset balances represent an amortized cost basis without regard to impairments in fair value, unless fair value information is readily available to the Company. For VIEs that obtain asset exposures synthetically through derivative instruments (for example, synthetic CDOs), the tables generally include the full original notional amount of the derivative as an asset balance.

The maximum funded exposure represents the balance sheet carrying amount of the Company's investment in the VIE. It reflects the initial amount of cash invested in the VIE adjusted for any accrued interest and cash principal payments received. The carrying amount may also be adjusted for increases or declines in fair value or any impairment in value recognized in earnings. The maximum exposure of unfunded positions represents the remaining undrawn committed amount, including liquidity and credit facilities provided by the Company, or the notional amount of a derivative instrument considered to be a variable interest. In certain transactions, the Company has entered into derivative instruments or other arrangements that are not considered variable interests in the VIE (e.g., interest rate swaps, cross-currency swaps, or where the Company is the purchaser of credit protection under a credit default swap or total return swap where the Company pays the total return on certain assets to the SPE). Receivables under such arrangements are not included in the maximum exposure amounts.

Funding Commitments for Significant Unconsolidated VIEs—Liquidity Facilities and Loan Commitments
The following table presents the notional amount of liquidity facilities and loan commitments that are classified as funding commitments in the VIE tables above as of June 30, 2014 and December 31, 2013:

	June 30, 2014		December 31, 2013	
In millions of dollars	Liquidity facilities	Loan commitments	Liquidity facilities	Loan commitments
Citicorp				
Asset-based financing	$5	$1,743	$5	$1,127
Municipal securities tender option bond trusts (TOBs)	3,602	—	3,881	—
Municipal investments	—	1,127	—	1,173
Investment funds	—	74	—	81
Other	—	60	—	20
Total Citicorp	$3,607	$3,004	$3,886	$2,401
Citi Holdings				
Collateralized loan obligations (CLOs)	$—	$7	$—	$—
Asset-based financing	—	95	—	258
Municipal investments	—	926	—	939
Total Citi Holdings	$—	$1,028	$—	$1,197
Total Citigroup funding commitments	$3,607	$4,032	$3,886	$3,598

Citicorp and Citi Holdings Consolidated VIEs
The Company engages in on-balance-sheet securitizations, which are securitizations that do not qualify for sales treatment; thus, the assets remain on the Company's balance sheet, and any proceeds received are recognized as secured liabilities. The consolidated VIEs included in the tables below represent hundreds of separate entities with which the Company is involved. In general, the third-party investors in the obligations of consolidated VIEs have legal recourse only to the assets of the respective VIEs and do not have such recourse to the Company, except where the Company has provided a guarantee to the investors or is the counterparty to certain derivative transactions involving the VIE. Thus, the

Company's maximum legal exposure to loss related to consolidated VIEs is significantly less than the carrying value of the consolidated VIE assets due to outstanding third-party financing. Intercompany assets and liabilities are excluded from the table. All VIE assets are restricted from being sold or pledged as collateral. The cash flows from these assets are the only source used to pay down the associated liabilities, which are non-recourse to the Company's general assets.
The following table presents the carrying amounts and classifications of consolidated assets that are collateral for consolidated VIE obligations as of June 30, 2014 and December 31, 2013:

	June 30, 2014			December 31, 2013		
In billions of dollars	Citicorp	Citi Holdings	Citigroup	Citicorp	Citi Holdings	Citigroup
Cash	$0.2	$0.1	$0.3	$0.2	$0.2	$0.4
Trading account assets	1.0	—	1.0	1.0	—	1.0
Investments	12.5	—	12.5	10.9	—	10.9
Total loans, net	89.6	3.1	92.7	83.2	8.7	91.9
Other	1.2	—	1.2	1.1	0.2	1.3
Total assets	$104.5	$3.2	$107.7	$96.4	$9.1	$105.5
Short-term borrowings	$21.5	$—	$21.5	$24.3	$—	$24.3
Long-term debt	38.1	1.0	39.1	32.8	2.0	34.8
Other liabilities	0.8	0.1	0.9	0.9	0.1	1.0
Total liabilities	$60.4	$1.1	$61.5	$58.0	$2.1	$60.1

Citicorp and Citi Holdings Significant Interests in Unconsolidated VIEs—Balance Sheet Classification

The following table presents the carrying amounts and classification of significant variable interests in unconsolidated VIEs as of June 30, 2014 and December 31, 2013:

	June 30, 2014			December 31, 2013		
In billions of dollars	Citicorp	Citi Holdings	Citigroup	Citicorp	Citi Holdings	Citigroup
Trading account assets	$4.1	$0.5	$4.6	$4.8	$0.6	$5.4
Investments	3.6	0.2	3.8	3.7	0.4	4.1
Total loans, net	20.9	0.3	21.2	18.3	0.6	18.9
Other	2.0	0.4	2.4	2.2	0.5	2.7
Total assets	$30.6	$1.4	$32.0	$29.0	$2.1	$31.1

Credit Card Securitizations

The Company securitizes credit card receivables through trusts established to purchase the receivables. Citigroup transfers receivables into the trusts on a non-recourse basis. Credit card securitizations are revolving securitizations; as customers pay their credit card balances, the cash proceeds are used to purchase new receivables and replenish the receivables in the trust.

Substantially all of the Company's credit card securitization activity is through two trusts—Citibank Credit Card Master Trust (Master Trust) and the Citibank Omni Master Trust (Omni Trust), with the substantial majority through the Master Trust. These trusts are consolidated entities because, as servicer, Citigroup has the power to direct

the activities that most significantly impact the economic performance of the trusts, Citigroup holds a seller's interest and certain securities issued by the trusts, and also provides liquidity facilities to the trusts, which could result in potentially significant losses or benefits from the trusts. Accordingly, the transferred credit card receivables remain on Citi's Consolidated Balance Sheet with no gain or loss recognized. The debt issued by the trusts to third parties is included in Citi's Consolidated Balance Sheet.

The Company utilizes securitizations as one of the sources of funding for its business in North America. The following table reflects amounts related to the Company's securitized credit card receivables as of June 30, 2014 and December 31, 2013:

	Citicorp		Citi Holdings	
In billions of dollars	June 30, 2014	December 31, 2013	June 30, 2014	December 31, 2013
Ownership interests in principal amount of trust credit card receivables				
Sold to investors via trust-issued securities	$37.7	$32.3	$—	$—
Retained by Citigroup as trust-issued securities	9.4	8.1	1.3	1.3
Retained by Citigroup via non-certificated interests	12.9	12.1	—	—
Total ownership interests in principal amount of trust credit card receivables	$60.0	$52.5	$1.3	$1.3

Credit Card Securitizations—Citicorp

The following tables summarize selected cash flow information related to Citicorp's credit card securitizations for the three and six months ended June 30, 2014 and 2013:

	Three months ended June 30,	
In billions of dollars	2014	2013
Proceeds from new securitizations	$2.4	$2.5
Pay down of maturing notes	(1.3)	(0.8)
	Six months ended June 30,	

In billions of dollars	2014	2013
Proceeds from new securitizations	$6.7	$2.5
Pay down of maturing notes	(1.3)	(1.6)

Credit Card Securitizations—Citi Holdings

The following tables summarize selected cash flow information related to Citi Holdings' credit card securitizations for the three and six months ended June 30, 2014 and 2013:

	Three months ended June 30,	
In billions of dollars	2014	2013
Proceeds from new securitizations	$—	$—
Pay down of maturing notes	—	—

	Six months ended June 30,	
In billions of dollars	2014	2013
Proceeds from new securitizations	$0.1	$—
Pay down of maturing notes	—	(0.1)

Managed Loans
After securitization of credit card receivables, the Company continues to maintain credit card customer account relationships and provides servicing for receivables transferred to the trusts. As a result, the Company considers the securitized credit card receivables to be part of the business it manages. As Citigroup consolidates the credit card trusts, all managed securitized card receivables are on-balance sheet.

Funding, Liquidity Facilities and Subordinated Interests
As noted above, Citigroup securitizes credit card receivables through two securitization trusts—Master Trust, which is part of Citicorp, and Omni Trust, which is also substantially part of Citicorp. The liabilities of the trusts are included in the Consolidated Balance Sheet, excluding those retained by Citigroup.
Master Trust issues fixed- and floating-rate term notes. Some of the term notes are issued to multi-seller commercial paper conduits. The weighted average maturity of the term notes issued by the Master Trust was 3.0 years as of June 30, 2014 and 3.1 years as of December 31, 2013.

Master Trust Liabilities (at par value)

In billions of dollars	June 30, 2014	Dec. 31, 2013
Term notes issued to third parties	$33.4	$27.9
Term notes retained by Citigroup affiliates	7.5	6.2
Total Master Trust liabilities	$40.9	$34.1

The Omni Trust issues fixed- and floating-rate term notes, some of which are purchased by multi-seller commercial paper conduits. The weighted average maturity of the third-party term notes issued by the Omni Trust was 0.2 years as of June 30, 2014 and 0.7 years as of December 31, 2013.

Omni Trust Liabilities (at par value)

In billions of dollars	June 30, 2014	Dec. 31, 2013
Term notes issued to third parties	$4.3	$4.4
Term notes retained by Citigroup affiliates	1.9	1.9
Total Omni Trust liabilities	$6.2	$6.3

Mortgage Securitizations
The Company provides a wide range of mortgage loan products to a diverse customer base. Once originated, the Company often securitizes these loans through the use of VIEs. These VIEs are funded through the issuance of trust certificates backed solely by the transferred assets. These certificates have the same life as the transferred assets. In addition to providing a source of liquidity and less expensive funding, securitizing these assets also reduces the Company’s credit exposure to the borrowers. These mortgage loan securitizations are primarily non-recourse, thereby effectively transferring the risk of future credit losses to the purchasers of the securities issued by the trust. However, the Company’s consumer business generally retains the servicing rights and in certain instances retains investment securities, interest-only strips and residual interests in future cash flows from the trusts and also provides servicing for a limited number of ICG securitizations. ICG and Citi Holdings do not retain servicing for their mortgage securitizations.
The Company securitizes mortgage loans generally through either a government-sponsored agency, such as Ginnie Mae, Fannie Mae or Freddie Mac (U.S. agency-sponsored mortgages), or private-label (non-agency-sponsored mortgages) securitization. The Company is not the primary beneficiary of its U.S. agency-sponsored mortgage securitizations because Citigroup does not have the power to direct the activities of the VIE that most significantly impact the entities’ economic performance. Therefore, Citi does not consolidate these U.S. agency-sponsored mortgage securitizations.
The Company does not consolidate certain non-agency-sponsored mortgage securitizations, because Citi is either not the servicer with the power to direct the significant activities of the entity or Citi is the servicer but the servicing

relationship is deemed to be a fiduciary relationship and, therefore, Citi is not deemed to be the primary beneficiary of the entity.

In certain instances, the Company has (i) the power to direct the activities and (ii) the obligation to either absorb losses or the right to receive benefits that could be potentially significant to its non-agency-sponsored mortgage securitizations and, therefore, is the primary beneficiary and thus consolidates the VIE.

Mortgage Securitizations—Citicorp

The following table summarizes selected cash flow information related to Citicorp mortgage securitizations for the three and six months ended June 30, 2014 and 2013:

	Three months ended June 30,			
	2014		2013	
In billions of dollars	U.S. agency-sponsored mortgages	Non-agency-sponsored mortgages	U.S. agency-sponsored mortgages	Non-agency-sponsored mortgages
Proceeds from new securitizations	$6.0	$3.6	$20.4	$2.6
Contractual servicing fees received	0.1	—	0.1	—

	Six months ended June 30,			
	2014		2013	
In billions of dollars	U.S. agency-sponsored mortgages	Non-agency-sponsored mortgages	U.S. agency-sponsored mortgages	Non-agency-sponsored mortgages
Proceeds from new securitizations	$13.1	$5.2	$38.8	$3.0
Contractual servicing fees received	0.2	—	0.2	—

Gains recognized on the securitization of U.S. agency-sponsored mortgages were $6 million and $12 million for the three and six months ended June 30, 2014, respectively. For the three and six months ended June 30, 2014, gains recognized on the securitization of non-agency sponsored mortgages were $25 million and $29 million, respectively.

Gains recognized on the securitization of U.S. agency-sponsored mortgages were $143 million and $144 million for the three and six months ended June 30, 2013, respectively. For the three and six months ended June 30, 2013, gains recognized on the securitization of non-agency sponsored mortgages were $24 million and $32 million, respectively.

Key assumptions used in measuring the fair value of retained interests at the date of sale or securitization of mortgage receivables for the three and six months ended June 30, 2014 and 2013 were as follows:

	Three months ended June 30, 2014		
		Non-agency-sponsored mortgages [1]	
	U.S. agency-sponsored mortgages	Senior interests	Subordinated interests
Discount rate	0.7% to 12.0%	4.6%	2.6% to 7.0%
Weighted average discount rate	10.8%	4.6%	6.1%
Constant prepayment rate	4.7% to 13.3%	0.0%	3.3%
Weighted average constant prepayment rate	5.6%	0.0%	3.3%
Anticipated net credit losses [2]	NM	40.0%	58.5%
Weighted average anticipated net credit losses	NM	40.0%	58.5%
Weighted average life	7.4 to 9.4 years	8.6 years	4.0 to 10.1 years

	Three months ended June 30, 2013		
		Non-agency-sponsored mortgages [1]	
	U.S. agency-sponsored mortgages	Senior interests	Subordinated interests
Discount rate	1.1% to 10.4%	2.3% to 4.3%	5.5% to 12.0%
Weighted average discount rate	9.1%	3.3%	8.2%
Constant prepayment rate	4.3% to 19.0%	5.5% to 10.0%	5.5% to 10.0%
Weighted average constant prepayment rate	5.8%	7.9%	8.6%

Anticipated net credit losses [2]	NM	47.2% to 53.0%	47.2% to 53.0%
Weighted average anticipated net credit losses	NM	49.8 %	48.9 %
Weighted average life	0.1 to 11.8 years	2.9 to 9.7 years	2.5 to 10.7 years

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	Six months ended June 30, 2014		
		Non-agency-sponsored mortgages [1]	
	U.S. agency-sponsored mortgages	Senior interests	Subordinated interests
Discount rate	0.0% to 12.0%	1.4% to 4.6%	2.6% to 9.1%
Weighted average discount rate	10.5%	3.8%	6.8%
Constant prepayment rate	0.0% to 16.0%	0.0%	3.3% to 6.1%
Weighted average constant prepayment rate	5.1%	0.0%	5.2%
Anticipated net credit losses [2]	NM	40.0%	40.0% to 58.5%
Weighted average anticipated net credit losses	NM	40.0%	52.9%
Weighted average life	0.0 to 9.7 years	2.6 to 8.6 years	3.0 to 14.5 years

	Six months ended June 30, 2013		
		Non-agency-sponsored mortgages [1]	
	U.S. agency-sponsored mortgages	Senior interests	Subordinated interests
Discount rate	1.1% to 12.4%	2.3% to 4.3%	5.5% to 19.2%
Weighted average discount rate	10.0%	3.3%	8.2%
Constant prepayment rate	4.0% to 21.4%	5.5% to 10.0%	1.3% to 10.0%
Weighted average constant prepayment rate	5.8%	7.9%	7.0%
Anticipated net credit losses [2]	NM	47.2% to 53.0%	44.7% to 89.0%
Weighted average anticipated net credit losses	NM	49.8%	57.9%
Weighted average life	0.1 to 11.8 years	2.9 to 9.7 years	2.5 to 16.5 years

(1) Disclosure of non-agency-sponsored mortgages as senior and subordinated interests is indicative of the interests' position in the capital structure of the securitization.

(2) Anticipated net credit losses represent estimated loss severity associated with defaulted mortgage loans underlying the mortgage securitizations disclosed above. Anticipated net credit losses, in this instance, do not represent total credit losses incurred to date, nor do they represent credit losses expected on retained interests in mortgage securitizations.

NM Not meaningful. Anticipated net credit losses are not meaningful due to U.S. agency guarantees.

The interests retained by the Company range from highly rated and/or senior in the capital structure to unrated and/or residual interests.

At June 30, 2014 and December 31, 2013, the key assumptions used to value retained interests, and the sensitivity of the fair value to adverse changes of 10% and 20% in each of the key assumptions, are set forth in the tables

below. The negative effect of each change is calculated independently, holding all other assumptions constant. Because the key assumptions may not be independent, the net effect of simultaneous adverse changes in the key assumptions may be less than the sum of the individual effects shown below.

	June 30, 2014		
		Non-agency-sponsored mortgages [1]	
	U.S. agency-sponsored mortgages	Senior interests	Subordinated interests
Discount rate	0.0% to 52.5%	2.0% to 15.8%	1.3% to 18.6%
Weighted average discount rate	6.9%	5.1%	9.2%
Constant prepayment rate	5.4% to 38.5%	1.8% to 100.0%	1.2% to 22.4%
Weighted average constant prepayment rate	11.8%	14.3%	6.5%
Anticipated net credit losses [2]	NM	0.1% to 71.7%	10.4% to 90.0%
Weighted average anticipated net credit losses	NM	50.1%	54.3%
Weighted average life	0.1 to 10.9 years	0.5 to 11.7 years	0.0 to 24.7 years

	December 31, 2013		
		Non-agency-sponsored mortgages [1]	
	U.S. agency-sponsored mortgages	Senior interests	Subordinated interests
Discount rate	0.1% to 20.9%	0.5% to 17.4%	2.1% to 19.6%
Weighted average discount rate	6.9%	5.5%	11.2%
Constant prepayment rate	6.2% to 30.4%	1.3% to 100.0%	1.4% to 23.1%
Weighted average constant prepayment rate	11.1%	6.4%	7.4%
Anticipated net credit losses [2]	NM	0.1% to 80.0%	25.5% to 81.9%
Weighted average anticipated net credit losses	NM	49.5%	52.8%
Weighted average life	2.1 to 14.1 years	0.0 to 11.9 years	0.0 to 26.0 years

(1) Disclosure of non-agency-sponsored mortgages as senior and subordinated interests is indicative of the interests' position in the capital structure of the securitization.

(2) Anticipated net credit losses represent estimated loss severity associated with defaulted mortgage loans underlying the mortgage securitizations disclosed above. Anticipated net credit losses, in this instance, do not represent total credit losses incurred to date, nor do they represent credit losses expected on retained interests in mortgage securitizations.

NM Not meaningful. Anticipated net credit losses are not meaningful due to U.S. agency guarantees.

In millions of dollars at June 30, 2014	U.S. agency-sponsored mortgages	Non-agency-sponsored mortgages [1]	
		Senior interests	Subordinated interests
Carrying value of retained interests	$2,408	$211	$451
Discount rates			
Adverse change of 10%	$(70)	$(4)	$(28)
Adverse change of 20%	(136)	(8)	(54)
Constant prepayment rate			
Adverse change of 10%	(87)	(1)	(9)
Adverse change of 20%	(168)	(2)	(18)
Anticipated net credit losses			
Adverse change of 10%	NM	(2)	(10)
Adverse change of 20%	NM	(3)	(19)

In millions of dollars at December 31, 2013	U.S. agency-sponsored mortgages	Non-agency-sponsored mortgages [1]	
		Senior interests	Subordinated interests
Carrying value of retained interests	$2,519	$293	$429
Discount rates			
Adverse change of 10%	$(76)	$(6)	$(25)
Adverse change of 20%	(148)	(11)	(48)
Constant prepayment rate			
Adverse change of 10%	(96)	(1)	(7)
Adverse change of 20%	(187)	(2)	(14)
Anticipated net credit losses			
Adverse change of 10%	NM	(2)	(7)
Adverse change of 20%	NM	(3)	(14)

(1) Disclosure of non-agency-sponsored mortgages as senior and subordinated interests is indicative of the interests' position in the capital structure of the securitization.

NM Not meaningful. Anticipated net credit losses are not meaningful due to U.S. agency guarantees.

Mortgage Securitizations—Citi Holdings

The following table summarizes selected cash flow information related to Citi Holdings mortgage securitizations for the three and six months ended June 30, 2014