CITIGROUP INC
Form 10-Q
August 01, 2008

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SECURITIES AND EXCHANGE COMMISSION

Washington, D. C. 20549

FORM 10-Q

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

For the quarterly period ended June 30, 2008

OR

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

For the transition period from to
Commission file number 1-9924

Citigroup Inc.

(Exact name of registrant as specified in its charter)

Delaware	**52-1568099**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
399 Park Avenue, New York, New York	**10043**
(Address of principal executive offices)	(Zip Code)

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

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

Indicate by check mark whether the registrant 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. (Check one):

Large accelerated filer ý Accelerated filer o Non-accelerated filer o 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, 2008: 5,445,393,308

Available on the Web at www.citigroup.com

Citigroup Inc.

TABLE OF CONTENTS

Part I Financial Information

		Page No.
Item 1.	Financial Statements:	
	Consolidated Statement of Income (Unaudited) Three and Six Months Ended June 30, 2008 and 2007	69
	Consolidated Balance Sheet June 30, 2008 (Unaudited) and December 31, 2007	71
	Consolidated Statement of Changes in Stockholders' Equity (Unaudited) Three and Six Months Ended June 30, 2008 and 2007	73
	Consolidated Statement of Cash Flows (Unaudited) Three and Six Months Ended June 30, 2008 and 2007	75
	Consolidated Balance Sheet Citibank, N.A. and Subsidiaries June 30, 2008 (Unaudited) and December 31, 2007	76
	Notes to Consolidated Financial Statements (Unaudited)	77
Item 2.	Management's Discussion and Analysis of Financial Condition and Results of Operations	6 - 67
	Summary of Selected Financial Data	4
	Second Quarter of 2008 Management Summary	6
	Events in 2008	7
	Segment, Product and Regional Net Income and Net Revenues	9 - 12
	Managing Global Risk	28
	Interest Revenue/Expense and Yields	39
	Capital Resources and Liquidity	47
	Off-Balance Sheet Arrangements	52
	Forward-Looking Statements	67
Item 3.	Quantitative and Qualitative Disclosures About Market Risk	33 - 38 106 - 109
Item 4.	Controls and Procedures	67

Part II Other Information

Item 1.	Legal Proceedings	141
Item 1A.	Risk Factors	143
Item 2.	Unregistered Sales of Equity Securities and Use of Proceeds	143
Item 6.	Exhibits	144
Signatures		145

	Page No.
Exhibit Index	146

THE COMPANY

Citigroup Inc. (Citigroup and, together with its subsidiaries, the Company) is a global diversified financial services holding company whose businesses provide a broad range of financial services to consumer and corporate customers. Citigroup has more than 200 million customer accounts and does business in more than 100 countries. Citigroup was incorporated in 1988 under the laws of the State of Delaware.

The Company is a bank holding company within the meaning of the U.S. Bank Holding Company Act of 1956 registered with, and subject to examination by, the Board of Governors of the Federal Reserve System (FRB). Some of the Company's subsidiaries are subject to supervision and examination by their respective federal and state authorities.

This quarterly report on Form 10-Q should be read in conjunction with Citigroup's 2007 Annual Report on Form 10-K and Citigroup's Quarterly Report on Form 10-Q for the quarter ended March 31, 2008. Additional financial, statistical, and business-related information, as well as business and segment trends, is included in a Financial Supplement that was filed as Exhibit 99.2 to the Company's Current Report on Form 8-K, filed with the Securities and Exchange Commission (SEC) on July 18, 2008.

The principal executive offices of the Company are located at 399 Park Avenue, New York, New York 10043, telephone number 212 559 1000. Additional information about Citigroup is available on the Company's Web site at *www.citigroup.com*. Citigroup's annual report on Form 10-K, its quarterly reports on Form 10-Q, its current reports on Form 8-K, and all amendments to these reports, are available free of charge through the Company's Web site by clicking on the "Investor Relations" page and selecting "All SEC Filings." The SEC Web site contains reports, proxy and information statements, and other information regarding the Company at *www.sec.gov*.

Citigroup is managed along the following segment and regional lines:

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

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

CITIGROUP INC. AND SUBSIDIARIES

SUMMARY OF SELECTED FINANCIAL DATA

In millions of dollars, except per share amounts	Second Quarter 2008	Second Quarter 2007	% Change	Six Months 2008	Six Months 2007	% Change
Net interest revenue	$ 14,305	$ 11,398	26%	$ 27,704	$ 21,926	26%
Non-interest revenue	4,347	14,932	(71)	3,968	29,588	(87)
Revenues, net of interest expense	$ 18,652	$ 26,330	(29)%	$ 31,672	$ 51,514	(39)%
Operating expenses	15,943	14,691	9	32,014	30,064	6
Provisions for credit losses and for benefits and claims	7,187	2,710	NM	13,163	5,660	NM
Income (loss) from continuing operations before taxes and minority interest	$ (4,478)	$ 8,929	NM	$ (13,505)	$ 15,790	NM
Income taxes (benefits)	(2,337)	2,663	NM	(6,220)	4,509	NM
Minority interest, net of taxes	76	123	(38)%	55	170	(68)%
Income (loss) from continuing operations	$ (2,217)	$ 6,143	NM	$ (7,340)	$ 11,111	NM
Income (loss) from discontinued operations, net of taxes(1)	(278)	83	NM	(266)	127	NM
Net income (loss)	$ (2,495)	$ 6,226	NM	$ (7,606)	$ 11,238	NM
Earnings per share						
Basic						
Income (loss) from continuing operations	$ (0.49)	$ 1.25	NM	$ (1.50)	$ 2.27	NM
Net Income (loss)	(0.54)	1.27	NM	(1.55)	2.29	NM
Diluted(2)						
Income (loss) from continuing operations	(0.49)	1.23	NM	(1.50)	2.22	NM
Net Income (loss)	(0.54)	1.24	NM	(1.55)	2.25	NM
Dividends declared per common share	$ 0.32	$ 0.54	(41)%	$ 0.64	$ 1.08	(41)%
Preferred Dividends Basic *(in millions)*	$ 361	$ 14		$ 444	$ 30	
Preferred Dividends Diluted *(in millions)*	91	14		108	30	
At June 30:						
Total assets	$ 2,100,385	$ 2,220,715	(5)%			
Total deposits	803,642	771,761	4			
Long-term debt	417,928	340,077	23			
Mandatorily redeemable securities of subsidiary trusts	23,658	10,095	NM			
Common stockholders' equity	108,981	127,003	(14)			
Total stockholders' equity	136,405	127,603	7			
Ratios:						
Return on common stockholders' equity(3)	(10.4)%	20.2%		(14.5)%	18.7%	
Tier 1 Capital	8.74%	7.91%				
Total Capital	12.29	11.23				
Leverage(4)	5.04	4.37				
Common Stockholders' equity to assets	5.19%	5.72%				
Dividend payout ratio(5)	N/A	43.5		N/A	48.0	
Ratio of earnings to fixed charges and preferred stock dividends	0.64x	1.47x		0.54x	1.43x	

(1) Discontinued operations include the operations and associated loss on the sale of CitiCapital's equipment finance unit to General Electric. See Note 2 to the consolidated financial statements on page 80.

(2) Due to the net loss in the 2008 periods, basic shares were used to calculate diluted earnings per share. Adding diluted securities to the denominator would result in anti-dilution.

(3) The return on average common stockholders' equity is calculated using net income (loss) minus preferred stock dividends.

(4) Tier 1 Capital divided by adjusted average assets.

(5) Dividends declared per common share as a percentage of net income per diluted share. For the first half of 2008, the dividend payout ratio was not calculable due to the net loss.

NM Not meaningful.

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

Certain statements in this Form 10-Q, including, but not limited to, statements made in "Management's Discussion and Analysis," are "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. These statements are based on management's current expectations and are subject to uncertainty and changes in circumstances. Actual results may differ materially from those included in these statements due to a variety of factors including, but not limited to, those described in Citigroup's 2007 Annual Report on Form 10-K under "Risk Factors" beginning on page 38.

MANAGEMENT'S DISCUSSION AND ANALYSIS

SECOND QUARTER OF 2008 MANAGEMENT SUMMARY

Citigroup reported a $2.2 billion loss from continuing operations ($0.49 per share) for the second quarter of 2008. The second quarter results showed solid underlying revenue and expense performance but were more than offset by write-downs and losses related to the continued disruption in the fixed income markets and higher consumer credit costs. The net loss of $2.5 billion in the second quarter includes the results of CitiCapital (which is now reflected as discontinued operations, including the $309 million estimated after-tax loss on sale).

Revenues were $18.7 billion, down 29% from a year ago, primarily as a result of a $7.3 billion decrease in Securities & Banking revenues, including $3.4 billion in write-downs on subprime-related direct exposures, a downward credit value adjustment of $2.4 billion related to exposure to monoline insurers, $545 million write- downs related to commercial real estate positions, and write-downs of $428 million (net of underwriting fees) on funded and unfunded highly leveraged financing commitments and $325 million impairment on Alt-A mortgage securities.

Global Cards revenues were up 3% on double-digit growth in *EMEA*, *Latin America* and *Asia,* partially offset by lower securitization results in *North America*. Consumer Banking revenues were up 1%, where loan and deposit growth were partially offset by a $745 million net loss from the mark-to-market on our mortgage servicing right (MSR) asset and related hedge. GWM revenues grew 4% on strength in banking and lending revenues which were partially offset by a slowdown in capital markets, particularly in *Asia*. Transaction Services revenues were up 30%. Total revenues improved $5.6 billion from the first quarter of 2008.

Customer volume growth was strong, with average loans up 9%, average deposits up 6%, and average interest-earning assets down 5%, reflecting our focus on balance sheet management. Global Cards purchase sales were up 6%. Transaction Services customer liability balances were up 15% and assets under custody grew 13%. In GWM, client assets under fee-based management were down 8%.

Net interest revenue increased 26% from last year, reflecting volume increases across most products. Net interest margin (NIM) in the second quarter of 2008 was 3.18%, up 77 basis points from the second quarter of 2007, reflecting significantly lower cost of funding, partially offset by a decrease in asset yields related to the decrease in the fed funds rate. (See discussion of NIM on page 39).

Operating expenses increased 9% from the second quarter of 2007. The major components of the change are the $446 million in repositioning charges and the absence of a $300 million litigation reserve release recorded in the prior-year period. Expense growth also reflected the impact of recent acquisitions. Expenses were down 1% from the first quarter of 2008 and headcount was down 6,000 from March 31, 2008, and approximately 11,000 year-to-date reflecting the continued benefits from our re-engineering efforts.

Total credit costs of $6.9 billion included NCL's of $4.4 billion up from $2.0 billion in the second quarter of 2007 and a net build of $2.5 billion to its credit reserves. The build consisted of $2.3 billion in Consumer ($1.9 billion in *North America* and $409 million in regions outside of *North America*) and $224 million in ICG. The incremental net charge to increase loan loss reserves of $2.0 billion was mainly due to residential real estate in *North America*. The Consumer loans loss rate was 2.82%, a 122 basis-point increase from the second quarter of 2007. Corporate cash-basis loans were $2.3 billion at June 30, 2008, an increase of $1.7 billion from year-ago levels. The total allowance for loan losses and unfunded lending commitments totaled $21.9 billion at June 30, 2008.

The effective tax rate of 52% in the second quarter of 2008 primarily resulted from the pretax losses in the Company's S&B business taxed in the U.S. (the U.S. is a higher tax rate jurisdiction). In addition, the tax benefits of permanent differences, including the tax benefit for not providing U.S. income taxes on the earnings of certain foreign subsidiaries that are indefinitely invested, favorably affected the Company's effective tax rate.

Stockholders' equity and trust preferred securities were $160.1 billion at June 30, 2008, reflecting common and preferred stock issuances of $13.0 billion during the second quarter of 2008. We distributed $2.1 billion in dividends to shareholders during the quarter. Citigroup maintained its "well-capitalized" position with a Tier 1 Capital Ratio of 8.74% at June 30, 2008.

On July 11, 2008, we announced the agreement to sell our German retail banking operation, which is expected to result in an estimated after-tax gain of approximately $4 billion in the fourth quarter of 2008. This is expected to result in a pro forma increase to the June 30, 2008 Tier 1 Capital ratio of approximately 60 basis points.

EVENTS IN 2008

Additional Write-Downs on Subprime-Related Direct Exposures

During the second quarter of 2008, the Company's S&B business recorded losses of $3.4 billion pretax, net of hedges, on its subprime-related direct exposures, bringing the total losses year-to-date to $9.3 billion. The Company's remaining $22.5 billion in U.S. subprime net direct exposure in S&B at June 30, 2008 consisted of (a) approximately $18.1 billion of net exposures to the super senior tranches of collateralized debt obligations, which are collateralized by asset- backed securities, derivatives on asset-backed securities or both and (b) approximately $4.3 billion of subprime-related exposures in its lending and structuring business. See "Exposure to U.S. Residential Real Estate" on page 30 for a further discussion of such exposures and the associated losses recorded during the second quarter of 2008.

Incremental Write-Downs on Highly Leveraged Loans and Financing Commitments

Due to the continued dislocation of the credit markets and the reduced market interest in higher risk/higher yield instruments that began during the second half of 2007, liquidity in the market for highly leveraged financings has yet to return. This has resulted in the Company recording additional pretax write-downs of $428 million on funded and unfunded highly leveraged finance exposures, bringing year-to-date pretax losses to $3.5 billion.

Citigroup's exposure to highly leveraged financings totaled $24 billion at June 30, 2008 ($11 billion in funded and $13 billion in unfunded commitments), compared to $38 billion at March 31, 2008 ($21 billion in funded and $17 billion in unfunded commitments). During the second quarter of 2008, the Company transferred approximately $12 billion of loans to third parties, of which $8.5 billion relates to the highly leveraged loans and commitments. This allows Citigroup to lock in the sales proceeds and significantly reduces further downside price risk associated with these commitments. See "Highly Leveraged Financing Commitments" on page 66 for further discussion.

Write-Downs on Monoline Insurers

During the second quarter of 2008, Citigroup recorded pretax write-downs on credit value adjustments (CVA) of $2.4 billion on its exposure to monoline insurers, bringing the year-to-date write-downs to $3.9 billion. CVA is calculated by applying the counterparty's current credit spread to the expected exposure on the trade. The majority of the exposure relates to hedges on super senior positions that were executed with various monoline insurance companies. During the second quarter of 2008, credit spreads on monoline insurers continued to widen and expected exposures increased. See "Direct Exposure to Monolines" on page 31 for a further discussion.

Gains on Auction Rate Securities (ARS)

As of June 30, 2008, auction rate securities (ARS) classified as Trading assets totaled $5.6 billion compared to $6.5 billion as of March 31, 2008. Of the total balance, a significant majority is ARS where the underlying assets are student loans, while the remainder is ARS where the underlying assets are U.S. municipal securities as well as various other assets.

During the second quarter of 2008, *S&B* recorded $197 million pretax gains in Principal transactions as some liquidity returned to the market with a number of auctions being completed and certain ARS being re-financed by the issuer. This reduced the total year to date losses on ARS to $1.3 billion, a significant majority of which relates to ARS where student loans are the underlying assets.

Incremental Write-downs on Alt-A Mortgage Securities in S&B

During the second quarter of 2008, Citigroup recorded additional pretax losses of approximately $325 million, net of hedges, on Alt-A mortgage securities held in S&B, bringing the year-to-date net loss to $1.3 billion. For these purposes, Alt-A mortgage securities are non-agency residential mortgage-backed securities (RMBS) where: (1) the underlying collateral has weighted average FICO scores between 680 and 720 or, (2) for instances where FICO scores are greater than 720, RMBS have 30% or less of the underlying collateral composed of full documentation loans.

The Company had $16.4 billion in Alt-A mortgage securities carried at fair value at June 30, 2008 in S&B, which decreased from $19.5 billion at March 31, 2008. Of the $16.4 billion, $4.3 billion were classified as Trading assets, of which $193 million of fair value write-downs, net of hedging, were recorded in earnings, and $12.1 billion were classified as available-for-sale investments, on which $132 million of write-downs were recorded in earnings due to other-than-temporary impairments. In addition, $237 million of pretax fair value unrealized losses were recorded in Accumulated Other Comprehensive Income (OCI).

Additional Write-Downs on Commercial Real Estate Exposures

S&B's commercial real estate exposure can be split into three categories: assets held at fair value, loans and commitments, and equity and other investments. For assets that are held at fair value, Citigroup recorded an additional $545 million of fair value write-downs, net of hedges, during the second quarter of 2008, bringing the year-to-date fair value write-downs to $1.1 billion. See "Exposure to Commercial Real Estate" on page 30 for a further discussion.

Credit Reserves

During the second quarter of 2008, the Company recorded a net build of $2.5 billion to its credit reserves. The build consisted of $2.3 billion in Consumer ($1.9 billion in *North America* and $409 million in regions outside of *North America*) and $224 million in ICG.

The $1.9 billion build in *North America Consumer* primarily reflected a weakening of leading credit indicators, including higher delinquencies on first and second mortgages, unsecured personal loans and credit cards. Reserves also increased due to trends in the U.S. macro-economic environment, including the housing market downturn and rising unemployment rates.

The $409 million build in regions outside of *North America* was primarily driven by portfolio growth and by deterioration in Mexico, Brazil and *EMEA* cards.

The build of $224 million in ICG primarily reflected a slight deterioration in leading indicators of losses in the corporate loan portfolio.

Loss on Mortgage Servicing Right (MSR) Asset and Related Hedge (MSR-related MTM)

The U.S. mortgage business recorded a net pretax loss of approximately $745 million in the second quarter of 2008, resulting from a gain of approximately $1.4 billion on the mark-to-market on the MSR, offset by a decrease of $2.1 billion in the value of the related hedge (collectively, the "MSR-related MTM"). During the second quarter of 2008, the net MSR position was impacted by: (i) high volatility in the markets causing divergence between the hedge and the related asset and continuous rebalancing of the hedge and (ii) constraint on further upward valuation of the MSR.

Repositioning Charges

In the second quarter of 2008, Citigroup recorded repositioning charges of $446 million related to Citigroup's ongoing reengineering plans, which will result in certain branch closings and headcount reductions of approximately 2,900 employees. Including the first quarter of 2008 repositioning charges, the year-to-date charges equal $1.1 billion and a headcount reduction of approximately 12,600 employees.

Issuance of Preferred and Common Stock

In the second quarter of 2008, Citigroup raised $8.0 billion of capital through public offerings of preferred stock and sold approximately $4.9 billion of common stock. The Company has raised $32.3 billion in equity capital during 2008. See Note 13 on page 93 for further information.

Sale of CitiCapital

On April 17, 2008, Citigroup signed an agreement to sell CitiCapital, the equipment finance unit in *North America*. The sale consists of net assets of approximately $12.5 billion. A pretax loss of $517 million, was recorded during the quarter in Discontinued Operations on the Company's Consolidated Statement of Income. In addition, the results of all of CitiCapital businesses have been reported as Discontinued Operations for all periods presented. Furthermore, the assets and liabilities as of June 30, 2008 of the CitiCapital businesses to be sold are included within Assets of discontinued operations held for sale, and Liabilities of discontinued operations held for sale, respectively, on the Company's Consolidated Balance Sheet. The sale closed on July 31, 2008.

Sale of CitiStreet

In the second quarter of 2008, Citigroup and State Street Corporation entered into a definitive agreement to sell CitiStreet, a benefits servicing business, to ING Group in an all-cash transaction valued at $900 million. CitiStreet is a joint venture formed in 2000, which is owned 50 percent each by Citigroup and State Street. The transaction closed on July 1, 2008 and is estimated to generate an after-tax gain of $225 million ($347 million pretax) in the third quarter of 2008.

Sale of Upromise Cards Portfolio

During the second quarter, Global Cards sold substantially all of the Upromise Cards portfolio to Bank of America, resulting in an after-tax gain of $107 million. The portfolio sold had balances of approximately $1 billion of credit card receivables.

Divestiture of Diners Club International

On June 30, 2008, Citigroup completed the sale of Diners Club International (DCI) to Discover Financial Services, resulting in a pretax gain of approximately $111 million for the second quarter of 2008.

Citigroup will continue to issue Diners Club cards and support its brand and products through ownership of its many Diners Club card issuers around the world.

Sale of Citigroup's German Retail Banking Operation

On July 11, 2008, Citigroup announced the agreement to sell its German retail banking operations to Credit Mutuel for Euro 4.9 billion ($7.7 billion) in cash plus earnings accrued in 2008 through the closing. The transaction is expected to result in an after-tax gain of approximately $4 billion upon closing. After giving effect to the proposed sale, Citigroup's Tier 1 capital ratio as of June 30 would have a pro forma increase of approximately 60 basis points. The sale does not include the corporate and investment banking business or the Germany-based European data center. The sale is expected to close in the fourth quarter of 2008 pending regulatory approvals.

The German retail banking operations generated post-tax earnings for the six months of 2008 of approximately $262 million, and for the full year 2007 of approximately $500 million, and had a net asset value of approximately $2.1 billion at June 30, 2008.

SEGMENT AND REGIONAL NET INCOME (LOSS) AND REVENUE

The following tables present net income (loss) and revenues for Citigroup's businesses on a segment view and on a regional view:

Citigroup Net Income (Loss) Segment View

	Second Quarter			Six Months		
In millions of dollars	2008	2007	% Change	2008	2007	% Change
Global Cards						
North America	**$ 178**	$ 711	(75)%	**$ 715**	$ 1,583	(55)%
EMEA	**19**	53	(64)	**74**	98	(24)
Latin America	**165**	184	(10)	**681**	419	63
Asia	**105**	109	(4)	**236**	214	10
Total Global Cards	**$ 467**	$ 1,057	(56)%	**$ 1,706**	$ 2,314	(26)%
Consumer Banking						
North America	**$ (951)**	$ 891	NM	**$ (1,284)**	$ 1,641	NM
EMEA	**65**	89	(27)%	**66**	122	(46)%
Latin America	**76**	183	(58)	**347**	352	(1)
Asia	**110**	310	(65)	**309**	616	(50)
Total Consumer Banking	**$ (700)**	$ 1,473	NM	**$ (562)**	$ 2,731	NM
Institutional Clients Group (ICG)						
North America	**$ (2,853)**	$ 1,461	NM	**$ (8,808)**	$ 2,722	NM
EMEA	**(89)**	804	NM	**(1,231)**	1,498	NM
Latin America	**402**	391	3%	**784**	757	4%
Asia	**496**	728	(32)	**854**	1,324	(35)
Total ICG	**$ (2,044)**	$ 3,384	NM	**$ (8,401)**	$ 6,301	NM
Global Wealth Management (GWM)						
North America	**$ 309**	$ 334	(7)%	**$ 474**	$ 695	(32)%
EMEA	**20**	46	(57)	**46**	53	(13)
Latin America	**15**	29	(48)	**41**	44	(7)
Asia	**61**	103	(41)	**138**	168	(18)
Total GWM	**$ 405**	$ 512	(21)%	**$ 699**	$ 960	(27)%
Corporate/Other(1)	**$ (345)**	$ (283)	(22)	**$ (782)**	$ (1,195)	35
Income (Loss) from Continuing Operations	**$ (2,217)**	$ 6,143	NM	**$ (7,340)**	$ 11,111	NM
Discontinued Operations	**$ (278)**	$ 83		**$ (266)**	$ 127	
Net Income (Loss)	**$ (2,495)**	$ 6,226	NM	**$ (7,606)**	$ 11,238	NM

(1) The six months ending June 30, 2007 include a $1,440 million Restructuring charge related to the Company's Structural Expense Initiatives project announced on April 11, 2007.

NM
Not meaningful

Citigroup Net Income (Loss)   Regional View

In millions of dollars	Second Quarter 2008	Second Quarter 2007	% Change	Six Months 2008	Six Months 2007	% Change
North America						
Global Cards	**$ 178**	$ 711	(75)%	**$ 715**	$ 1,583	(55)%
Consumer Banking	**(951)**	891	NM	**(1,284)**	1,641	NM
ICG	**(2,853)**	1,461	NM	**(8,808)**	2,722	NM
Securities & Banking	**(2,904)**	1,409	NM	**(8,938)**	2,636	NM
Transaction Services	**51**	52	(2)	**130**	86	51
GWM	**309**	334	(7)	**474**	695	(32)
Total *North America*	**$ (3,317)**	$ 3,397	NM	**$ (8,903)**	$ 6,641	NM
EMEA						
Global Cards	**$ 19**	$ 53	(64)%	**$ 74**	$ 98	(24)%
Consumer Banking	**65**	89	(27)	**66**	122	(46)
ICG	**(89)**	804	NM	**(1,231)**	1,498	NM
Securities & Banking	**(327)**	631	NM	**(1,691)**	1,175	NM
Transaction Services	**238**	173	38%	**460**	323	42
GWM	**20**	46	(57)	**46**	53	(13)
Total *EMEA*	**$ 15**	$ 992	(98)%	**$ (1,045)**	$ 1,771	NM
Latin America						
Global Cards	**$ 165**	$ 184	(10)%	**$ 681**	$ 419	63%
Consumer Banking	**76**	183	(58)	**347**	352	(1)
ICG	**402**	391	3	**784**	757	4
Securities & Banking	**260**	301	(14)	**510**	590	(14)
Transaction Services	**142**	90	58	**274**	167	64
GWM	**15**	29	(48)	**41**	44	(7)
Total *Latin America*	**$ 658**	$ 787	(16)%	**$ 1,853**	$ 1,572	18%
Asia						
Global Cards	**$ 105**	$ 109	(4)%	**$ 236**	$ 214	10%
Consumer Banking	**110**	310	(65)	**309**	616	(50)
ICG	**496**	728	(32)	**854**	1,324	(35)
Securities & Banking	**226**	527	(57)	**285**	936	(70)
Transaction Services	**270**	201	34	**569**	388	47
GWM	**61**	103	(41)	**138**	168	(18)
Total *Asia*	**$ 772**	$ 1,250	(38)%	**$ 1,537**	$ 2,322	(34)%
Corporate/Other	**(345)**	(283)	(22)	**(782)**	(1,195)	35
Income (Loss) from Continuing Operations	**$ (2,217)**	$ 6,143	NM	**$ (7,340)**	$ 11,111	NM
Income (Loss) from Discontinued Operations	**$ (278)**	$ 83	NM	**$ (266)**	$ 127	NM
Net Income (Loss)	**$ (2,495)**	$ 6,226	NM	**$ (7,606)**	$ 11,238	NM

NM

Not meaningful

Citigroup Revenues Segment View

In millions of dollars	Second Quarter 2008	Second Quarter 2007	% Change	Six Months 2008	Six Months 2007	% Change
Global Cards						
North America	**$ 2,928**	$ 3,298	(11)%	**$ 6,271**	$ 6,705	(6)%
EMEA	**652**	506	29	**1,274**	883	44
Latin America	**1,229**	990	24	**3,005**	1,857	62
Asia	**659**	531	24	**1,334**	1,044	28
Total Global Cards	**$ 5,468**	$ 5,325	3%	**$ 11,884**	$ 10,489	13%
Consumer Banking						
North America	**$ 4,124**	$ 4,224	(2)%	**$ 8,609**	$ 8,282	4%
EMEA	**1,296**	1,113	16	**2,537**	2,183	16
Latin America	**1,038**	996	4	**2,086**	1,942	7
Asia	**1,431**	1,475	(3)	**2,989**	2,933	2
Total Consumer Banking	**$ 7,889**	$ 7,808	1%	**$ 16,221**	$ 15,340	6%
Institutional Clients Group						
North America	**$ (1,748)**	$ 4,026	NM	**$ (9,572)**	$ 8,271	NM
EMEA	**1,740**	2,993	(42)%	**1,873**	5,820	(68)%
Latin America	**1,075**	985	9	**2,087**	1,950	7
Asia	**1,872**	2,257	(17)	**3,593**	3,873	(7)
Total ICG	**$ 2,939**	$ 10,261	(71)%	**$ (2,019)**	$ 19,914	NM
Global Wealth Management						
North America	**$ 2,427**	$ 2,441	(1)%	**$ 4,803**	$ 4,826	
EMEA	**153**	137	12	**323**	245	32%
Latin America	**102**	92	11	**202**	183	10
Asia	**633**	527	20	**1,266**	761	66
Total GWM	**$ 3,315**	$ 3,197	4%	**$ 6,594**	$ 6,015	10%
Corporate/Other	**(959)**	(261)	NM	**(1,008)**	(244)	NM
Total Net Revenues	**$ 18,652**	$ 26,330	(29)%	**$ 31,672**	$ 51,514	(39)%

NM Not meaningful

Citigroup Revenues Regional View

In millions of dollars	Second Quarter 2008	Second Quarter 2007	% Change	Six Months 2008	Six Months 2007	% Change
North America						
Global Cards	**$ 2,928**	$ 3,298	(11)%	**$ 6,271**	$ 6,705	(6)%
Consumer Banking	**4,124**	4,224	(2)	**8,609**	8,282	4
ICG	**(1,748)**	4,026	NM	**(9,572)**	8,271	NM
Securities & Banking	**(2,244)**	3,655	NM	**(10,561)**	7,562	NM
Transaction Services	**496**	371	34	**989**	709	39
GWM	**2,427**	2,441	(1)	**4,803**	4,826	
Total *North America*	**$ 7,731**	$ 13,989	(45)%	**$ 10,111**	$ 28,084	(64)%
EMEA						
Global Cards	**$ 652**	$ 506	29%	**$ 1,274**	$ 883	44%
Consumer Banking	**1,296**	1,113	16	**2,537**	2,183	16
ICG	**1,740**	2,993	(42)	**1,873**	5,820	(68)
Securities & Banking	**871**	2,313	(62)	**191**	4,542	(96)
Transaction Services	**869**	680	28	**1,682**	1,278	32
GWM	**153**	137	12	**323**	245	32
Total *EMEA*	**$ 3,841**	$ 4,749	(19)%	**$ 6,007**	$ 9,131	(34)%
Latin America						
Global Cards	**$ 1,229**	$ 990	24%	**$ 3,005**	$ 1,857	62%
Consumer Banking	**1,038**	996	4	**2,086**	1,942	7
ICG	**1,075**	985	9	**2,087**	1,950	7
Securities & Banking	**707**	724	(2)	**1,387**	1,454	(5)
Transaction Services	**368**	261	41	**700**	496	41
GWM	**102**	92	11	**202**	183	10
Total *Latin America*	**$ 3,444**	$ 3,063	12%	**$ 7,380**	$ 5,932	24%
Asia						
Global Cards	**$ 659**	$ 531	24%	**$ 1,334**	$ 1,044	28%
Consumer Banking	**1,431**	1,475	(3)	**2,989**	2,933	2
ICG	**1,872**	2,257	(17)	**3,593**	3,873	(7)
Securities & Banking	**1,205**	1,722	(30)	**2,217**	2,859	(22)
Transaction Services	**667**	535	25	**1,376**	1,014	36
GWM	**633**	527	20	**1,266**	761	66
Total *Asia*	**$ 4,595**	$ 4,790	(4)%	**$ 9,182**	$ 8,611	7%
Corporate/Other	**(959)**	(261)	NM	**(1,008)**	(244)	NM
Total Net Revenue	**$ 18,652**	$ 26,330	(29)%	**$ 31,672**	$ 51,514	(39)%

NM Not meaningful

12

GLOBAL CARDS

In millions of dollars	Second Quarter 2008	Second Quarter 2007	% Change	Six Months 2008	Six Months 2007	% Change
Net interest revenue	**$ 3,024**	$ 2,683	13%	**$ 5,754**	$ 4,988	15%
Non-interest revenue	**2,444**	2,642	(7)	**6,130**	5,501	11
Revenues, net of interest expense	**$ 5,468**	$ 5,325	3%	**$ 11,884**	$ 10,489	13%
Operating expenses	**2,725**	2,490	9	**5,335**	4,902	9
Provision for credit losses and for benefits and claims	**2,023**	1,288	57	**3,918**	2,169	81
Income before taxes and minority interest	**$ 720**	$ 1,547	(53)%	**$ 2,631**	$ 3,418	(23)%
Income taxes	**249**	487	(49)	**918**	1,100	(17)
Minority interest, net of taxes	**4**	3	33	**7**	4	75
Net income	**$ 467**	$ 1,057	(56)%	**$ 1,706**	$ 2,314	(26)%
Average assets *(in billions of dollars)*	**$ 124**	$ 110	13%	**$ 124**	$ 108	15%
Return on assets	**1.51%**	3.85%		**2.77%**	4.32%	
Revenues, net of interest expense, by region:						
North America	**$ 2,928**	$ 3,298	(11)%	**$ 6,271**	$ 6,705	(6)%
EMEA	**652**	506	29	**1,274**	883	44
Latin America	**1,229**	990	24	**3,005**	1,857	62
Asia	**659**	531	24	**1,334**	1,044	28
Total revenues	**$ 5,468**	$ 5,325	3%	**$ 11,884**	$ 10,489	13%
Net income by region:						
North America	**$ 178**	$ 711	(75)%	**$ 715**	$ 1,583	(55)%
EMEA	**19**	53	(64)	**74**	98	(24)
Latin America	**165**	184	(10)	**681**	419	63
Asia	**105**	109	(4)	**236**	214	10
Total net income	**$ 467**	$ 1,057	(56)%	**$ 1,706**	$ 2,314	(26)%
Key Drivers *(in billions of dollars)*						
Average loans	**$ 92.3**	$ 80.1	15%			
Purchase sales	**$ 116.0**	$ 109.3	6%			
Open accounts *(in millions)*	**185.1**	184.9				
Loans 90+ days past due as a % of EOP loans	**2.32%**	1.92%				

2Q08 vs. 2Q07

Global Cards revenue increased 3%. *Net Interest Revenue* was 13% higher than the prior year primarily driven by growth in average loans of 15%. *Non-Interest Revenue* decreased 7% primarily due to lower securitization results in *North America* and the absence of a prior-year $51 million pretax gain on sale of MasterCard shares. This decrease was partially offset by growth in purchase sales of 6%, a $170 million pretax gain on the Upromise Cards Portfolio sale, and a $111 million pretax gain on the sale of DCI.

In *North America*, an 11% revenue decline was mainly driven by lower securitization revenues, which reflected the impact of higher funding costs and higher credit costs flowing through the securitization trusts. This decrease was partially offset by a $170 million pretax gain on the Upromise sale and a $29 million pretax gain on sale of DCI. Purchase sales were even with the prior-year period.

Outside of *North America*, revenues increased by 29%, 24%, and 24% in *EMEA*, *Latin America*, and *Asia*, respectively. These increases were driven by double-digit growth in purchase sales and average loans in all regions. The pretax gain on sale of DCI affected *EMEA*, *Latin America*, and *Asia* by $34 million, $17 million, and $31 million, respectively. Results include the impact of the acquisitions of Egg, Grupo Cuscatlán, and Bank of Overseas Chinese (BOOC). Revenues also increased from the foreign currency translation related to the strengthening of local currencies (generally referred to hereinafter as "fx translation").

Operating expenses increased 9%, primarily due to business volumes, higher credit management costs, the impact of acquisitions, and a repositioning charge. Expenses increased by 2% in *North America*, 31% in *EMEA*, 17% in *Latin America*, and 17% in *Asia*. Outside of *North America*, fx translation and acquisitions also contributed to the increase in expenses.

Provision for credit losses and for benefits and claims increased $735 million, reflecting increases of $567 million in net credit losses and $157 million in loan loss reserve builds. In *North America* credit costs increased $345 million, driven by higher net credit losses, up $234 million or 52%, and a higher loan loss reserve build, up $111 million or 50%. Higher credit costs reflected higher business volumes, as well as a weakening of leading credit indicators, trends in the macro-economic environment, including the housing market downturn, higher fuel costs, rising unemployment trends, and higher bankruptcy filings. The net credit loss ratio increased by 2.15 basis points to 6.46%.

Outside of *North America*, credit costs increased by $93 million, $205 million, and $81 million in *EMEA*, *Latin America*, and *Asia*, respectively. These increases were driven by higher business volumes, as well as higher net credit losses, which were up $84 million, $217 million, and $32 million in *EMEA*, *Latin America*, and *Asia*, respectively. Higher net credit losses were driven by Mexico, Brazil, India, and the Egg acquisition. Also contributing to the increase were higher loan loss reserve builds, which were up $46 million.

2008 YTD vs. 2007 YTD

Total Global Cards revenue increased 13%. *Net Interest Revenue* was 15% higher than the prior year primarily driven by growth in average loans of 20%. *Non-Interest Revenue* increased by 11% primarily due to growth in purchase sales of 9%, a $663 million gain on sale of Redecard shares in the first quarter of 2008, a $439 million pretax gain on the IPO of Visa shares in the first quarter of 2008, a $170 million pretax gain on the Upromise sale in the second quarter of 2008, and a $111 million pretax gain on sale of DCI in the second quarter of 2008. These increases were partially offset by lower securitization results in *North America* and the absence of a prior-year $278 million pretax gain on sale of MasterCard shares.

In *North America*, a 6% revenue decline was driven by lower securitization revenues, which reflected the impact of higher funding costs and higher credit losses in the securitization trusts, as well as by the absence of a prior-year $212 million gain on sale of MasterCard shares. This decrease was partially offset by a $349 million pretax gain on Visa shares in the first quarter of 2008, a $170 million pretax gain on the Upromise sale in the second quarter of 2008, and a $29 million pretax gain on sale of DCI in the second quarter of 2008. Purchase sales and average loans were up 2% and 3%, respectively.

Outside of *North America*, revenues increased by 44%, 62%, and 28% in *EMEA*, *Latin America*, and *Asia*, respectively. These increases were driven by double-digit growth in purchase sales and average loans in all regions. The pretax gain on sale of DCI impacted *EMEA*, *Latin America*, and *Asia* by $34 million, $17 million, and $31 million, respectively. Current-year revenues were favorably impacted by a $663 million pretax gain on sale of Redecard shares and a $90 million pretax gain on the IPO of Visa shares in the first quarter of 2008. These increases were partially offset by the absence of the prior-year $66 million gain on sale of MasterCard shares. Results include the impact of fx translation, as well as the acquisitions of Egg, Grupo Financiero Uno, Grupo Cuscatlán, and BOOC.

Operating expenses increased 9%, primarily due to business volumes, higher credit management costs, the impact of acquisitions, and repositioning charges. Expenses were flat in *North America*. Expenses increased by 39% in *EMEA*, 21% in *Latin America*, and 20% in *Asia*. Outside of *North America*, the impact of fx translation also contributed to the increase in expenses.

Provision for credit losses and for benefits and claims increased $1.7 billion reflecting an increase of $949 million in net credit losses and $789 million in loan loss reserve builds. In *North America*, credit costs increased $818 million, driven by higher net credit losses, up $363 million or 39%, and a higher loan loss reserve build, up $455 million. Higher credit costs reflected higher business volumes, as well as a weakening of leading credit indicators, trends in the macro-economic environment, including the housing market downturn, higher fuel costs, rising unemployment trends, and higher bankruptcy filings, as well as the continued acceleration in the rate at which delinquent customers advanced to write-off.

Outside of *North America*, credit costs increased by $199 million, $591 million, and $130 million in *EMEA*, *Latin America*, and *Asia*, respectively. These increases were driven by higher business volumes, as well as higher net credit losses, which were up $166 million, $357 million, and $63 million in *EMEA*, *Latin America*, and *Asia*, respectively. Higher net credit losses were driven by Mexico, Brazil, India, and the Grupo Financiero Uno and Egg acquisitions. Also contributing to the increase were higher loan loss reserve builds, which were up $33 million, $234 million, and $67 million in *EMEA*, *Latin America*, and *Asia*, respectively.

CONSUMER BANKING

In millions of dollars	Second Quarter 2008	Second Quarter 2007	% Change	Six Months 2008	Six Months 2007	% Change
Net interest revenue	**$ 6,093**	$ 5,491	11%	**$ 12,052**	$ 10,787	12%
Non-interest revenue	**1,796**	2,317	(22)	**4,169**	4,553	(8)
Revenues, net of interest expense	**$ 7,889**	$ 7,808	1%	**$ 16,221**	$ 15,340	6%
Operating expenses	**4,726**	4,227	12	**9,316**	8,277	13
Provision for credit losses and for benefits and claims	**4,498**	1,442	NM	**8,261**	3,188	NM
Income (loss) before taxes and minority interest	**$ (1,335)**	$ 2,139	NM	**$ (1,356)**	$ 3,875	NM
Income taxes (benefits)	**(644)**	649	NM	**(805)**	1,118	NM
Minority interest, net of taxes	**9**	17	(47)	**11**	26	(58)
Net income (loss)	**$ (700)**	$ 1,473	NM	**$ (562)**	$ 2,731	NM
Average assets *(in billions of dollars)*	**$ 589**	$ 602	(2)%	**$ 588**	$ 588	
Return on assets	**(0.48)%**	0.98%		**(0.19)%**	0.94%	
Revenues, net of interest expense, by region:						
North America	**$ 4,124**	$ 4,224	(2)%	**$ 8,609**	$ 8,282	4%
EMEA	**1,296**	1,113	16	**2,537**	2,183	16
Latin America	**1,038**	996	4	**2,086**	1,942	7
Asia	**1,431**	1,475	(3)	**2,989**	2,933	2
Total revenues	**$ 7,889**	$ 7,808	1%	**$ 16,221**	$ 15,340	6%
Net income (loss) by region:						
North America	**$ (951)**	$ 891	NM	**$ (1,284)**	$ 1,641	NM
EMEA	**65**	89	(27)	**66**	122	(46)
Latin America	**76**	183	(58)	**347**	352	(1)
Asia	**110**	310	(65)	**309**	616	(50)
Total net income (loss)	**$ (700)**	$ 1,473	NM	**$ (562)**	$ 2,731	NM
Consumer Finance Japan (CFJ) NIR	**$ 173**	$ 344	(50)%	**$ 437**	$ 759	(42)%
Consumer Banking, excluding CFJ NIR	**$ 5,920**	$ 5,147	15%	**$ 11,615**	$ 10,028	16%
CFJ Operating expenses	**$ 101**	$ 102	(1)%	**$ 196**	$ 228	(14)%
Consumer Banking, excluding CFJ-operating expenses	**$ 4,625**	$ 4,125	12%	**$ 9,120**	$ 8,049	13%
CFJ Net income	**$ (154)**	$ (40)	NM	**$ (240)**	$ (38)	NM
Consumer Banking, excluding CFJ Net income	**$ (546)**	$ 1,513	NM	**$ (322)**	$ 2,769	NM
Key Indicators						
Average loans *(in billions)*	**$ 423.2**	$ 388.9	9%			
Average deposits *(in billions)*	**$ 310.4**	$ 287.1	8			
Accounts *(in millions)*	**85.5**	79.7	7			
Loans 90+ days past due as % of EOP loans	**2.35%**	1.42%				
Branches	**8,300**	8,201	1			

NM Not meaningful

2Q08 vs. 2Q07

Consumer Banking revenue increased 1%. *Net interest revenue* was 11% higher than the prior year, as growth in average loans and deposits of 9% and 8%, respectively, and margin expansion, were partially offset by a 50% net interest revenue decline in CFJ. The impact of fx translation also contributed to the increase in revenues. *Non-Interest Revenue* declined 22%, primarily due to a 20% decline in investment sales and a $745 million net loss from the MSR-related MTM in *North America*.

In *North America*, revenues declined 2%, primarily due to a $745 million net loss from the MSR-related MTM, partially offset by growth in average loans and deposits of 7% and 3%, respectively. Excluding the impact from the MSR-related MTM, revenues increased 14%. Revenues in *EMEA* increased 16%, driven by increased average loans and deposits, up 18% and 19%, respectively. Revenues in *Latin America* were up 4%, driven by 19% growth in average loans and 8% growth in deposits, partially offset by the absence of a gain on asset sales recorded in the prior-year period. Revenue in *Asia* declined 3%, primarily driven by a 49% decline in CFJ, reflecting the difficult operating environment and ongoing impact of consumer lending laws passed in the fourth quarter of 2006. Excluding CFJ, Asia's revenues increased

11%, as a 14% growth in average loans and a 10% growth in deposits were offset by a 30% decline in investment sales due to a decline in equity markets and related trading activities across *Asia*.

Operating expenses growth of 12% was primarily driven by higher business volumes, increased credit management costs, a $130 million repositioning charge, and acquisitions.

Expenses were up 10% in *North America*, primarily driven by a $92 million repositioning charge, higher credit management expenses, and acquisitions. Higher expenses of 16% in *EMEA* were mainly due to a repositioning charge of $24 million and volume growth. Higher business volumes also contributed most of the expense growth in *Latin America*. The 14% expense growth in *Asia* was primarily driven by the acquisition of Bank of Overseas Chinese (BOOC) and business volumes. The impact of fx translation also contributed to the increase in expenses in *EMEA*, *Latin America* and *Asia*.

Provisions for credit losses and for benefits and claims increased $3.1 billion, reflecting significantly higher net credit losses in *North America* and *Latin America*, as well as a $1.6 billion incremental pretax charge to increase loan loss reserves, primarily in *North America*. The impact of portfolio growth and acquisitions also contributed to the increase in credit costs.

Credit costs in *North America* increased by $2.6 billion, due to higher net credit losses, up $1.1 billion, and a $1.5 billion incremental pretax charge to increase loan loss reserves. Higher credit costs reflected a weakening of leading credit indicators, including higher delinquencies in first and second mortgages, and unsecured personal loans, as well as trends in the macro economic environment, including the housing market downturn. The net credit loss ratio increased 146 basis points to 2.33%. Credit costs increased 44% in *EMEA*, reflecting a 29% increase in net credit losses, and a $31 million incremental pretax charge to increase loan loss reserves. In *Latin America*, credit costs increased $150 million, primarily due to higher losses in the current quarter and the absence of recoveries in the prior-year period in Mexico. In *Asia*, credit costs increased by $166 million, driven by a $79 million increase in net credit losses, and an $87 million incremental pretax charge to increase loan loss reserves. Higher credit costs were primarily driven by higher losses and delinquencies in India.

2008 YTD vs. 2007 YTD

Consumer Banking revenue increased 6%. *Net interest revenue* was 12% higher than the prior year, as growth of 11% in average loans and deposits, and margin expansion, was partially offset by a 42% net interest revenue decline in CFJ. The impact of acquisitions and fx translation also contributed to the increase in revenues. *Non-Interest Revenue* declined 8%, primarily due to a 17% decline in investment sales and a loss from the MSR-related MTM in *North America*, and the absence of a $41 million gain on the sale of MasterCard shares in the prior-year.

In *North America*, revenues increased 4%, primarily due to increases in average loans and deposits of 9% and 4%, respectively, and margin expansion, partially offset by a loss from the MSR-related MTM. Excluding the impact from the MSR-related MTM, revenues increased 13%. Revenues in *EMEA* increased 16%, mainly driven by 24% growth in average loans and 32% growth in deposits (including the impact of Egg acquisition). Revenues in *Latin America* were up 7%, driven by 24% growth in average loans and 14% growth in deposits (including the impact of acquisitions of Grupo Financiero Uno and Grupo Cuscatlan), partially offset by spread compression and the absence of a gain on the sale of MasterCard shares in the prior-year period. *Asia*'s revenues increased 2%, as growth in average loans and deposits of 14% and 12%, respectively, was partially offset by a 41% revenue decline in CFJ. Excluding CFJ, revenues increased 17%. Volume growth in *EMEA*, *Latin America* and *Asia* was partially offset by a double-digit decline in investment sales due to a decline in equity markets across the regions.

Operating expenses growth of 13% was primarily driven by higher business volumes, increased credit management costs, a $342 million repositioning charge, and acquisitions, partially offset by a $221 million benefit related to a legal vehicle repositioning in Mexico.

Expenses were up 14% in *North America*, primarily driven by a $217 million repositioning charge, higher credit management expenses, and acquisitions. Higher expenses of 23% in *EMEA* were mainly due to a repositioning charge of $95 million, volume growth and the acquisition of Egg. Expenses declined 4% in *Latin America*, mainly due to a $221 million benefit related to a legal vehicle repositioning in Mexico, partially offset by higher business volume. The 14% expense growth in *Asia* was primarily driven by the acquisition of BOOC and higher volumes. The impact of fx translation also contributed to the increase in expenses in *EMEA*, *Latin America* and *Asia*.

Provisions for credit losses and for benefits and claims increased $5.1 billion, reflecting significantly higher net credit losses in *North America*, Mexico and India, as well as a $2.4 billion incremental pretax charge to increase loan loss reserves, primarily in *North America*. The impact of portfolio growth and acquisitions and portfolio growth also contributed to the increase in credit costs.

Credit costs in *North America* increased by $4.4 billion, due to higher net credit losses, up $2.1 billion, and a $2.3 billion incremental pretax charge to increase loan loss reserves. Higher credit costs reflected a weakening of leading credit indicators, including higher delinquencies in first and second mortgages, and unsecured personal loans, as well as trends in the macro economic environment, including the housing market downturn. The net credit loss ratio increased 131 basis points to 2.17%. Credit costs increased $90 million in *EMEA*, primarily driven by a 21% increase in net credit losses including the impact of Egg acquisition. In *Latin America*, credit costs increased $243 million, primarily due to higher net credit losses and the absence of recoveries in the prior-year period in Mexico. In *Asia*, credit costs increased by $305 million, driven by a $150 million increase in net credit losses, and a $155 million incremental pretax charge to increase loan loss reserves. Higher credit costs were primarily driven by higher losses and delinquencies in India.

INSTITUTIONAL CLIENTS GROUP (ICG)

In millions of dollars	Second Quarter 2008	Second Quarter 2007	% Change	Six Months 2008	Six Months 2007	% Change
Net interest revenue	**$ 4,823**	$ 2,810	72%	**$ 9,126**	5,245	74%
Non-interest revenue	**(1,884)**	7,451	NM	**(11,145)**	14,669	NM
Revenues, net of interest expense	**$ 2,939**	$ 10,261	(71)%	**$ (2,019)**	$ 19,914	NM
Operating expenses	**5,858**	5,349	10	**11,828**	10,740	10%
Provision for credit losses and for benefits and claims	**626**	(30)	NM	**923**	276	NM
Income (loss) before taxes and minority interest	**$ (3,545)**	$ 4,942	NM	**$ (14,770)**	$ 8,898	NM
Income taxes (benefits)	**(1,562)**	1,470	NM	**(6,394)**	2,473	NM
Minority interest, net of taxes	**61**	88	(31)%	**25**	124	(80)%
Net income (loss)	**$ (2,044)**	$ 3,384	NM	**$ (8,401)**	$ 6,301	NM
Average assets *(in billions of dollars)*	**$ 1,411**	$ 1,290	9%	**$ 1,426**	$ 1,223	17%
Revenues, net of interest expense, by region:						
North America	**$ (1,748)**	$ 4,026	NM	**$ (9,572)**	$ 8,271	NM
EMEA	**1,740**	2,993	(42)%	**1,873**	5,820	(68)%
Latin America	**1,075**	985	9	**2,087**	1,950	7
Asia	**1,872**	2,257	(17)	**3,593**	3,873	(7)
Total revenues	**$ 2,939**	$ 10,261	(71)%	**$ (2,019)**	19,914	NM
Net income (loss) by region:						
North America	**$ (2,853)**	$ 1,461	NM	**$ (8,808)**	$ 2,722	NM
EMEA	**(89)**	804	NM	**(1,231)**	1,498	NM
Latin America	**402**	391	3%	**784**	757	4%
Asia	**496**	728	(32)	**854**	1,324	(35)
Total net income (loss)	**$ (2,044)**	$ 3,384	NM	**$ (8,401)**	$ 6,301	NM
Total net income (loss) by product:						
Securities and Banking	**$ (2,745)**	$ 2,868	NM	**$ (9,834)**	$ 5,337	NM
Transaction Services	**701**	516	36%	**1,433**	964	49%
Total net income (loss)	**$ (2,044)**	$ 3,384	NM	**$ (8,401)**	$ 6,301	NM
Securities and Banking						
Revenue details						
Net Investment Banking	**$ 453**	$ 1,469	(69)%	**$ (1,214)**	$ 3,064	NM
Lending	**95**	504	(81)	**679**	1,074	(37)%
Equity markets	**1,398**	1,582	(12)	**2,377**	3,065	(22)
Fixed income markets	**(633)**	4,652	NM	**(7,656)**	9,103	NM
Other Securities and Banking	**(774)**	207	NM	**(952)**	111	NM
Total Securities and Banking Revenues	**$ 539**	$ 8,414	(94)%	**$ (6,766)**	$ 16,417	NM
Transaction Services	**2,400**	1,847	30	**4,747**	3,497	36%
Total Revenues	**$ 2,939**	$ 10,261	(71)%	**$ (2,019)**	$ 19,914	NM

	Second Quarter			Six Months		
Transaction Services						
Average deposits and other customer liability balances *(in billions)*	**$ 276**	$ 239	15%			
Assets under custody *(EOP in trillions)*	**$ 12.8**	$ 11.3	13%			

NM
Not meaningful

2Q08 vs. 2Q07

Revenues, net of interest expense, were down 94% in Securities and Banking due to substantial write-downs and losses related to the credit markets. These included write-downs of $3.4 billion on subprime-related direct exposures, downward credit value adjustments of $2.4 billion related to exposure to monoline insurers, write-downs of $545 million on commercial real estate positions, write-downs of $428 million, net of underwriting fees, on funded and unfunded highly leveraged finance commitments and write-downs on Alt-A mortgage securities of $325 million, net of hedges. Negative revenues were partially offset by record revenues in interest rate and currency trading, and commodities. Revenues also included a $197 million gain on auction rate securities inventory. Equity markets revenues decreased 12%. Record revenue growth in the prime broker and cash businesses in North America was offset by weakness in global derivatives and convertibles. Transaction Services revenues net, of interest expense were up 30%

to a record $2.4 billion reflecting double-digit revenue growth across all regions. Customer volumes continued to be strong, with liability balances up 15% and assets under custody up 13%. Treasury and Trade Solutions (TTS) revenues were up 29%, driven by growth in liabilities and increased yields on trade loans. Securities Services improved by 31%, driven by higher volumes and the impact of the Bisys acquisition.

North America revenue growth was primarily driven by the Bisys acquisition. In EMEA, revenues increased 28%, as liability balances grew 25% to a record $110 billion. Latin America revenue growth of 41% reflected growth in TTS liabilities and spreads. In Asia, revenues were up 25%, reflecting double-digit growth in TTS and Securities Services.

Operating expenses increased 6% in Securities and Banking, due to a $257 million repositioning charge and the absence of a $300 million release of litigation reserves recorded in the prior-year period. Expense growth also reflected the impact of recent acquisitions, partially offset by a decline in compensation costs. Transaction Services expenses grew 22%, primarily driven by increased investment spending, higher business volumes, and the Bisys acquisition.

The *provision for credit losses* in Securities and Banking increased, reflecting a $386 million increase in net credit losses mainly associated with loan sales. Credit costs were also driven by an incremental net charge of $227 million to increase loan reserves, reflecting a deterioration in leading indicators of losses in the corporate loan portfolio. Transaction Services credit costs increased $24 million, mainly due to higher net credit losses, and a $16 million incremental charge to increase loan loss reserves.

On June 12, 2008, Citigroup announced the restructuring of Old Lane and its multi-strategy hedge fund (the "Fund") in anticipation of redemptions by all unaffiliated, non-Citigroup employee investors. Old Lane may establish single-strategy funds with future offerings designed to meet client demand as part of the ICG client platform or take other actions related to Old Lane assets. To accomplish this restructuring, Citigroup purchased substantially all of the assets of the Fund at fair value on June 30, 2008. The fair value of assets purchased from the Fund was approximately $6 billion at June 30, 2008.

2008 YTD vs. 2007 YTD

Revenues, net of interest expense, were negative in Securities and Banking due to substantial write-downs and losses related to the fixed income and credit markets. Included in this decrease were $9.3 billion of write-downs on subprime-related direct exposure, $3.5 billion of write-downs (net of underwriting fees) on funded and unfunded highly leveraged finance commitments, $3.9 billion of downward credit market value adjustments related to exposure to monoline insurers, $1.3 billion write-downs on Alt-A mortgage securities, net of hedges, $1.1 billion write-downs on commercial real estate exposures, and $1.3 billion of write-downs on auction rate securities inventory, due to failed auctions predominantly in the first quarter of 2008 and deterioration in the credit markets. Transaction Services revenues grew 36%, with double-digit growth in Treasury & Trade Solutions and Securities Services driven by strong growth in customer liability balances and assets under custody.

Operating expenses grew 23% in Transaction Services due to increased investment spending, business volumes, and the acquisition of The Bisys Group. Expenses increased by 7% in Securities and Banking due to $563 million of repositioning charges and the absence of a litigation reserve release recorded in the prior year offset partially by a decrease in compensation costs.

The *provision for credit losses* in Securities and Banking increased, primarily from a $512 million increase in net credit losses partially due to loan sales. Transaction Services credit costs increased, mainly due to a charge to increase loan loss reserves.

GLOBAL WEALTH MANAGEMENT

In millions of dollars	Second Quarter 2008	Second Quarter 2007	% Change	Six Months 2008	Six Months 2007	% Change
Net interest revenue	**$ 599**	$ 526	14%	**$ 1,169**	$ 1,055	11%
Non-interest revenue	**2,716**	2,671	2	**5,425**	4,960	9
Revenues, net of interest expense	**$ 3,315**	$ 3,197	4%	**$ 6,594**	$ 6,015	10%
Operating expenses	**2,634**	2,461	7	**5,430**	4,564	19
Provision for credit losses and for benefits and claims	**40**	12	NM	**61**	29	NM
Income before taxes and minority interest	**$ 641**	$ 724	(11)%	**$ 1,103**	$ 1,422	(22)%
Income taxes (benefits)	**232**	197	18	**391**	447	(13)
Minority interest, net of taxes	**4**	15	(73)	**13**	15	(13)
Net income	**$ 405**	$ 512	(21)%	**$ 699**	$ 960	(27)%
Average assets *(in billions of dollars)*	**$ 110**	$ 78	41%	**$ 109**	$ 72	51%
Return on assets	**1.47%**	2.63%		**1.28%**	2.67%	
Revenues, net of interest expense, by region:						
North America	**$ 2,427**	$ 2,441	(1)%	**$ 4,803**	$ 4,826	
EMEA	**153**	137	12	**323**	245	32%
Latin America	**102**	92	11	**202**	183	10
Asia	**633**	527	20	**1,266**	761	66
Total revenues	**$ 3,315**	$ 3,197	4%	**$ 6,594**	$ 6,015	10%
Net income by region:						
North America	**$ 309**	$ 334	(7)%	**$ 474**	$ 695	(32)%
EMEA	**20**	46	(57)	**46**	53	(13)
Latin America	**15**	29	(48)	**41**	44	(7)
Asia	**61**	103	(41)	**138**	168	(18)
Total net income	**$ 405**	$ 512	(21)%	**$ 699**	$ 960	(27)%
Key Indicators						
Average loans *(in billions)*	**$ 65**	$ 51	27%			
Average deposits and other customer liability balances *(in billions)*	**$ 127**	$ 113	12%			
Offices	**848**	872	(3)			
Total client assets *(in billions)*	**$ 1,662**	$ 1,788	(7)%			
Clients assets under fee-based management *(in billions)*	**469**	509	(8)			

NM
Not meaningful

2Q08 vs. 2Q07

Revenues, net of interest expense, increased 4% primarily due to the impact of the Nikko Cordial acquisition, an increase in *EMEA* Banking revenues and an increase in *Latin America* Capital Markets, partially offset by a slowdown in *Asia* Capital Markets, lower discretionary investment revenue and lower Capital Markets in *North America*.

Total client assets, including assets under fee-based management, decreased $126 billion, or 7%, mainly reflecting the impact of *North America* market declines in June. Net flows declined compared to the prior year, to ($11) billion. GWM had 14,983 financial advisors/bankers as of June 30, 2008, compared with 15,595 as of June 30, 2007, driven by attrition in *North America* and *Asia*, as well as the elimination of low performing bankers and advisors.

Operating expenses increased 7% primarily due to the impact of Nikko Cordial and repositioning charges, which were partly offset by expense discipline and the impact of reengineering projects.

The *provision for credit losses* increased by $28 million, which represents building of loan loss reserves, primarily for mortgages and for lending to address client liquidity needs related to their auction rate securities holdings in *North America*.

Income taxes increased reflecting the absence of a $65 million tax benefit due to the initial application of APB23 to certain foreign subsidiaries in the prior year.

2008 YTD vs. 2007 YTD

Revenues, net of interest expense, increased 10% primarily due to the impact of the Nikko Cordial acquisition, an increase in *EMEA* Banking and Capital Markets revenues, and an increase in *Latin America* Capital Markets, partially offset by lower Capital Markets revenue in *Asia* and *North America*.

Operating expenses increased 19% primarily due to the impact of acquisitions, a reserve of $250 million in the first quarter of 2008 related to an offer to facilitate the liquidation

of investments in a Citi-managed fund for its clients, and repositioning charges.

The *provision for credit losses* increased by $32 million, reflecting reserve builds and $9 million of write-offs in Asia. The reserve builds were for mortgages and for lending to address client liquidity needs related to their auction rate securities holdings in *North America*.

CORPORATE/OTHER

In millions of dollars	Second Quarter 2008	Second Quarter 2007	Six Months 2008	Six Months 2007
Net interest revenue	**$ (235)**	$ (116)	**$ (396)**	$ (153)
Non-interest revenue	**(724)**	(145)	**(612)**	(91)
Revenues, net of interest expense	**$ (959)**	$ (261)	**$ (1,008)**	$ (244)
Operating expense		164	**105**	1,581
Provision for loan losses		(2)		(2)
(Loss) before taxes and minority interest	**$ (959)**	$ (423)	**$ (1,113)**	$ (1,823)
Income taxes (benefits)	**(612)**	(140)	**(330)**	(629)
Minority interest, net of taxes	**(2)**		**(1)**	1
Loss from continuing operations	**$ (345)**	$ (283)	**$ (782)**	$ (1,195)
Income (loss) from discontinued operations, net of tax	**$ (278)**	$ 83	**$ (266)**	$ 127
Net loss	**$ (623)**	$ (200)	**$ (1,048)**	$ (1,068)

2Q08 vs. 2Q07

Revenues, net of interest expense, decreased primarily due to inter-company transaction costs related to recent capital raises and the sale of CitiCapital. Additionally, higher funding costs primarily related to an increase in non-earning assets, as well as enhancements in Citigroup's liquidity position.

Operating expenses, decreased primarily due to lower repositioning charges and SFAS 123R related expenses.

Income taxes (benefits) increased due to lower taxes held at Corporate.

2008 YTD vs. 2007 YTD

Revenues, net of interest expense, decreased primarily due to higher funding costs primarily related to an increase in the deferred tax asset and the enhancement of the liquidity position. Additionally, inter-company transaction costs related to recent capital raises and the sale of CitiCapital, mark-to-market losses on Nikko Cordial equity holdings, as well as the absence of a prior-year gain on the sale of certain corporate-owned assets, contributed to the decline in revenues.

Operating expenses, excluding the 2007 first quarter repositioning charge of $1,377 million, decreased primarily due to lower SFAS 123R related expenses.

Income taxes (benefits) decreased due to higher taxes held at Corporate.

REGIONAL DISCUSSIONS

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

NORTH AMERICA

	Second Quarter			Six Months		
In millions of dollars	**2008**	**2007**	**% Change**	**2008**	**2007**	**% Change**
Net interest revenue	**$ 7,180**	$ 5,676	26%	**$ 13,871**	$ 10,922	27%
Non-interest revenue	**551**	8,313	(93)	**(3,760)**	17,162	NM
Total Revenues, net of interest expense	**$ 7,731**	$ 13,989	(45)%	**$ 10,111**	$ 28,084	(64)%
Total operating expenses	**8,146**	7,352	11	**16,423**	15,068	9
Provisions for credit losses and for benefits and claims	**$ 4,921**	$ 1,500	NM	**$ 8,810**	$ 3,029	NM
Income (loss) before taxes and minority interest	**$ (5,336)**	$ 5,137	NM	**$ (15,122)**	$ 9,987	NM
Income taxes (benefits)	**(2,070)**	1,674	NM	**(6,235)**	3,250	NM
Minority interest, net of tax	**51**	66	(23)%	**16**	96	(83)%
Net income (loss)	**$ (3,317)**	$ 3,397	NM	**$ (8,903)**	$ 6,641	NM
Average assets *(in billions of dollars)*	**$ 1,328**	$ 1,215	9%	**$ 1,309**	$ 1,186	10%
Return on assets	**(1.00)%**	1.12%		**(1.37)%**	1.13%	
Key Drivers *(in billions of dollars, except branches)*						
Average Loans	**$ 431.8**	$ 395.8	9%			
Average Consumer Banking Loans	**305.1**	286.0	7			
Average deposits (and other consumer liability balances)	**251.8**	244.3	3			
Branches/offices	**4,230**	4,132	2			

NM Not meaningful

2Q08 vs. 2Q07

Total revenues decreased 45%. *Net Interest Revenue* was 26% higher than the prior year primarily driven by growth in average loans of 9% and average deposits of 3%. In addition, lower funding costs resulted in higher spreads during the quarter. *Non-Interest Revenue* decreased 93% primarily due to Securities and Banking's substantial write-downs and losses related to the credit markets. These included write-downs on subprime-related direct exposures, downward credit value adjustments related to exposure to Monoline insurers, and write-downs on commercial real estate positions. Negative revenues were partially offset by strong revenues in interest rate and currency trading, and commodities, as well as a $197 million gain on auction rate securities inventory. Consumer Banking's $745 million net loss from the MSR-related MTM and lower securitization results in Global Cards also impacted revenues in the quarter. Global Cards results also include a $170 million pretax gain on the Upromise Cards Portfolio sale and $29 million pretax gain on the sale of DCI during the second quarter of 2008.

Operating expenses increased 11% primarily due to repositioning charges, acquisitions and the absence of a $300 million release of litigation reserves recorded in the prior-year period.

Provisions for credit losses and for benefits and claims increased $3.4 billion, driven predominantly by Global Cards and Consumer Banking. Global Cards credit costs increased $345 million, driven by higher net credit losses, up $234 million or 52%, and a higher loan loss reserve build, up $111 million or 50%. Higher credit costs reflected higher business volumes, as well as a weakening of leading credit indicators, trends in the macro-economic environment, including the housing market downturn, higher fuel costs, rising unemployment trends, and higher bankruptcy filings. The net credit loss ratio increased by 215 basis points to 6.46%. Consumer banking credit costs increased by $2.6 billion, due to higher net credit losses, up $1.1 billion, and a $1.5 billion incremental pretax charge to increase loan loss reserves. Higher credit costs reflected a weakening of leading credit indicators, including higher delinquencies in first and second mortgages, and unsecured personal loans,

as well as trends in the macro-economic environment, including the housing market downturn. The net credit loss ratio increased 146 basis points to 2.33%. In the ICG, Securities and Banking increased, reflecting higher net credit losses mainly associated with loan sales and increases to loan reserves, reflecting a slight deterioration in leading indicators of losses in the corporate loan portfolio.

2008 YTD vs. 2007 YTD

Total revenues decreased 64%. *Net Interest Revenue* was 27% higher than the prior year primarily driven by growth in average loans of 12% and average deposits of 7%. In addition, lower funding costs resulted in higher spreads during the first half of 2008. *Non-Interest Revenue* decreased $20.9 billion driven by substantial write-downs and losses related to the fixed income and credit markets in Securities and Banking. In Global Cards a 6% revenue decline was driven by lower securitization revenues as well as by the absence of a prior-year $212 million gain on sale of MasterCard shares. This decrease was partially offset by a $349 million pretax gain on the IPO of Visa shares in 1Q08, and pretax gains in 2Q08 of $170 million on the Upromise Cards Portfolio sale and $29 million on the sale of DCI. In Consumer Banking, revenue was negatively impacted by the loss from the MSR-related MTM.

Operating expenses increased 9%, reflecting repositioning charges, the impact of acquisitions, and the absence of a prior year litigation reserve release in Securities and Banking, offset by a partial release of the Visa-related litigation reserve in the first quarter 2008.

Provisions for credit losses and for benefits and claims increased $5.8 billion. Global Cards credit costs increased $818 million, driven by higher net credit losses, up $363 million or 39%, and a higher loan loss reserve build, up $455 million. Higher credit costs reflected higher business volumes, as well as a weakening of leading credit indicators, trends in the macro-economic environment, including the housing market downturn, higher fuel costs, rising unemployment trends, and higher bankruptcy filings, as well as the continued acceleration in the rate at which delinquent customers advanced to write-off. Consumer banking credit costs increased by $4.4 billion, due to higher net credit losses, up $2.1 billion, and a $2.3 billion incremental pretax charge to increase loan loss reserves. Higher credit costs reflected a weakening of leading credit indicators, including higher delinquencies in first and second mortgages, and unsecured personal loans, as well as trends in the macro-economic environment, including the housing market downturn. In the ICG, Securities and Banking increased, reflecting higher net credit losses mainly associated with loan sales and increases to loan reserves, reflecting a slight deterioration in leading indicators of losses in the corporate loan portfolio.

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EMEA

In millions of dollars	Second Quarter 2008	Second Quarter 2007	% Change	Six Months 2008	Six Months 2007	% Change
Net interest revenue	**$ 2,707**	$ 2,139	27%	**$ 5,142**	$ 3,852	33%
Non-interest revenue	**1,134**	2,610	(57)	**865**	5,279	(84)
Total Revenues, net of interest expense	**$ 3,841**	$ 4,749	(19)%	**$ 6,007**	$ 9,131	(34)%
Total operating expenses	**3,187**	3,057	4	**6,555**	5,908	11
Provisions for credit losses and for benefits and claims	**$ 699**	$ 353	98	**$ 1,279**	$ 915	40
Income (loss) before taxes and minority interest	**$ (45)**	$ 1,339	NM	**$ (1,827)**	$ 2,308	NM
Income taxes (benefits)	**(81)**	322	NM	**(824)**	495	NM
Minority interest, net of tax	**21**	25	(16)%	**42**	42	
Net income (loss)	**$ 15**	$ 992	(98)%	**$ (1,045)**	$ 1,771	NM
Average assets *(in billions of dollars)*	**$ 393**	$ 423	(7)%	**$ 423**	$ 395	7%
Return on assets	**0.02%**	0.94%		**(0.50)%**	0.90%	
Key Drivers *(in billions of dollars, except branches)*						
Average Loans	**$ 140.1**	$ 130.4	7%			
Average Consumer Banking Loans	**42.5**	36.0	18			
Average deposits (and other consumer liability balances)	**$ 178.5**	$ 149.6	19			
Branches/offices	**1,055**	1,051				

NM
Not meaningful

2Q08 vs. 2Q07

Total Revenues decreased 19% largely driven by continued write-downs in Securities and Banking. Excluding Securities and Banking, revenues were up 22%.

In Global Cards, revenues increased by 29% to $652 million, driven by higher purchase sales and average loans, up 27% and 42%, respectively, together with a portion of the gain on the sale of DCI. Consumer Banking revenues increased by 16% to $1.3 billion, driven by strong growth in average loans and deposit growth of 18% and 19%, respectively, and improved net interest margin. In the ICG, Securities and Banking revenues were down 62% from the 2007 second quarter to $871million, due to write-downs on highly leveraged finance commitments and lower revenue in equity markets and underwriting as well as advisory services. Revenues also reflected strong results in local markets sales and trading, primarily driven by high client revenue and strong trading performance. Transaction Services revenues increased 28% to $869 million reflecting increased customer volumes with liability balances up 25%. Revenues in GWM grew by 12% to $153 million primarily driven by an increase in banking revenues. GWM average loans grew 37% while client assets, including assets under fee-based management, decreased by 9% primarily due to market actions as well as net flows. The impact of fx translation also contributed to revenue growth for *EMEA*.

Operating Expenses were up 4%, primarily due to repositioning charges in the current quarter and the impact of acquisitions and fx translations. Sequentially expenses declined by 5%, due to a decline in incentive compensation, the benefits from reengineering efforts and expense management.

Provisions for credit losses and for benefits and claims increased 98%. The increase was primarily driven by losses associated with loan sales in Securities and Banking, higher Card customer volumes, some deterioration in western European countries, the impact of the Egg acquisition and higherloan loss reserve builds.

Taxes increased reflecting the absence of a $96 million tax benefit due to the initial application of APB23 to certain foreign subsidiaries recorded in the prior year. The impact of fx translation contributed to expense growth for the region

2008 YTD vs. 2007 YTD

Revenues were down 34% due to write-downs in Securities and Banking, partially offset by double-digit growth across all other businesses, the impact of recent acquisitions and fx translation.

Global Cards revenues increased by 44% to $1.3 billion, driven by double-digit growth in purchase sales and average loans, and the impact of the Egg acquisition. Revenues in Consumer Banking increased by 16% to $2.5 billion, driven by strong growth in average loans, deposit growth, improved net interest margin and the impact of the Egg acquisition. In ICG, Securities and Banking revenue of $191 million was down from a record first half last year, due to write downs on subprime-related direct exposures in the first quarter of 2008 and highly leveraged finance commitments. Revenues in Securities and Banking also included a strong performance in fixed income emerging markets.

Transaction Services revenues increased by 32% to a record $1,682 million driven by customer volumes and deposit growth. Revenues in GWM grew by 32% to $323 million primarily driven by an increase in banking revenues and the impact of the recent acquisition of Quilter and fx translation.

Operating Expenses were up 11% primarily due to the impact of recent organizational and repositioning charges included in the first six months of 2008, the impact of acquisitions, partially offset by a decline in incentive compensation and the benefits from reengineering efforts and fx translation.

Provisions for credit losses and for benefits and claims increased 40% primarily due to an increase in net credit losses as well as the Egg acquisition.

LATIN AMERICA

	Second Quarter			Six Months		
In millions of dollars	**2008**	**2007**	**% Change**	**2008**	**2007**	**% Change**
Net interest revenue	**$ 2,169**	$ 1,776	22%	**$ 4,184**	$ 3,279	28%
Non-interest revenue	**1,275**	1,287	(1)	**3,196**	2,653	20
Total Revenues, net of interest expense	**$ 3,444**	$ 3,063	12%	**$ 7,380**	$ 5,932	24%
Total operating expenses	**1,822**	1,653	10	**3,309**	3,132	6
Provisions for credit losses and for benefits and claims	**$ 785**	$ 352	NM	**$ 1,566**	$ 667	NM
Income before taxes and minority interest	**$ 837**	$ 1,058	(21)%	**$ 2,505**	$ 2,133	17%
Income taxes	**178**	270	(34)	**650**	560	16
Minority interest, net of tax	**1**	1		**2**	1	100
Net income	**$ 658**	$ 787	(16)%	**$ 1,853**	$ 1,572	18%
Average assets *(in billions of dollars)*	**$ 159**	$ 144	10%	**$ 156**	$ 137	14%
Return on assets	**1.66%**	2.19%		**2.39%**	2.31%	
Key Drivers *(in billions of dollars, except branches)*						
Average Loans	**$ 62.1**	$ 54.8	13%			
Average Consumer Banking Loans	**15.6**	13.1	19			
Average deposits (and other consumer liability balances)	**$ 70.3**	$ 59.1	19			
Branches/offices	**2,646**	2,638				

NM
Not meaningful

2Q08 vs. 2Q07

Total Revenues were 12% higher than the prior year, driven by 13% growth in average loans, 29% growth in cards purchase sales, 19% growth in total deposits. The increases were partially offset by a 2% decrease in Securities and Banking due to write-downs and losses related to fixed income and credit markets and a $40 million reduction in revenues from a Chile divestiture. The impact of fx translation also contributed to the increase in revenues.

Operating expenses grew 10% primarily driven by volume growth, higher expenses in collection and legal costs, and acquisitions completed later in 2007. The impact of fx translation also contributed to the increase in expenses.

Provisions for credit losses and for benefits and claims increased $433 million, primarily reflecting asset deterioration, volume growth, and $124 million of net recoveries in the prior-year period.

2008 YTD vs. 2007 YTD

Total Revenue was 24% higher than the prior year, reflecting 2008 first quarter figures which included a $663 million gain from the Redecard sale, growth of 21% in average loans, 35% in cards purchase sales, and 25% in total deposits. The increases were partially offset by a 5% decrease in Securities and Banking due to write-downs and losses related to fixed income and credit markets. The impact of fx translation also contributed to the increase in revenues.

Operating expense growth of 6% was primarily driven by acquisitions, volume growth and higher collection and legal costs, partially offset by a $282 million benefit related to a legal vehicle repositioning in Mexico. The impact of fx translation also contributed to the increase in expenses.

Provisions for credit losses and for benefits and claims increased $899 million primarily reflecting a legacy portfolio sale in 2007, asset deterioration, and volume growth.

ASIA

In millions of dollars	Second Quarter 2008	Second Quarter 2007	% Change	Six Months 2008	Six Months 2007	% Change
Net interest revenue (NIR)	**$ 2,484**	$ 1,920	29%	**$ 4,903**	$ 4,023	22%
Non-interest revenue	**2,111**	2,870	(26)	**4,279**	4,588	(7)
Total Revenues, net of interest expense	**$ 4,595**	$ 4,790	(4)%	**$ 9,182**	$ 8,611	7%
Total operating expenses	**2,788**	2,465	13	**5,622**	4,374	29
Provisions for credit losses and for benefits and claims	**$ 781**	$ 508	54%	**$ 1,508**	$ 1,051	43%
Income before taxes and minority interest	**$ 1,026**	$ 1,817	(44)%	**$ 2,052**	$ 3,186	(36)%
Income taxes	**250**	533	(53)	**523**	830	(37)
Minority interest, net of tax	**4**	34	(88)	**(8)**	34	NM
Net income	**$ 772**	$ 1,250	(38)%	**$ 1,537**	$ 2,322	(34)%
Average assets						
(in billions of dollars)	**$ 354**	$ 298	19%	**$ 359**	$ 274	31%
Return on assets	**0.88%**	1.68%		**0.86%**	1.71%	
Consumer Finance Japan (CFJ) NIR	**$ 173**	$ 344	(50)%	**$ 437**	$ 759	(42)%
Asia excluding CFJ NIR	**$ 2,311**	$ 1,576	47%	**$ 4,466**	$ 3,264	37%
CFJ Operating Expenses	**$ 101**	$ 102	(1)%	**$ 196**	$ 228	(14)%
Asia excluding CFJ Operating Expenses	**$ 2,687**	$ 2,363	14%	**$ 5,426**	$ 4,146	31%
CFJ Net Income	**$ (154)**	(40)	NM	**$ (240)**	$ (38)	NM
Asia excluding CFJ Net Income	**$ 926**	1,290	(28)%	**$ 1,777**	$ 2,360	(25)%
Key Drivers						
(in billions of dollars, except branches)						
Average Loans	**$ 134.2**	$ 123.7	8%			
Average Consumer Banking Loans	**51.6**	45.3	14			
Average deposits (and other consumer liability balances)	**$ 212.8**	$ 186.1	14			
Branches/offices	**1,217**	1,252	(3)			

NM Not meaningful

2Q08 vs. 2Q07

Asia revenues decreased 4%. *Net Interest Revenue* increased 29%. Cards growth of 18% was driven by 21% growth in purchase sales and 27% growth in average loans. Consumer Banking grew by 16%, driven by 14% growth in average loans and 10% growth in deposits. Transaction Services exhibited strong growth across all products resulting in 25% growth. Securities and Banking grew $473 million, reflecting higher dividends, fx translation, and acquisitions. *Non-Interest Revenue* decreased 26%, as Securities and Banking suffered from continued market volatility and declining valuations. Outside of Securities and Banking, non-interest revenue increased 18% with strong growth in Cards, Transaction Services and Wealth Management, partially offset by lower Investment Sales in Banking and Wealth Management. Results included a $31 million gain on the sale of DCI.

Operating Expenses increased 13% primarily driven by the impact of acquisitions and fx translation and repositioning charges.

Provisions for credit losses and for benefits and claims increased 54% primarily driven by a $147 million pretax charge to increase loan loss reserves. Higher credit costs were due to a combination of portfolio growth and some deterioration in the macroeconomic environment, including India Consumer Banking.

Asia Excluding CFJ

As disclosed in the table above, NIR excluding CFJ increased 47% and 37% in the 2008 second quarter and year-to-date periods, respectively. *Operating Expense* excluding CFJ increased 14% and 31%, and Net income excluding CFJ decreased 28% and 25%, respectively.

2008 YTD vs. 2007 YTD

Asia revenues increased 7%. *Net Interest Revenue* increased 22%. Cards growth of 23% was driven by 24% growth in purchase sales and 28% growth in average loans. Consumer Banking grew by 21%, driven by growth of 17% in average loans and 12% growth in deposits. Transaction Services exhibited strong growth across all products resulting in 34% growth. Securities and Banking grew $513 million, reflecting higher dividend revenue, fx translation, and acquisitions. *Non-Interest Revenue* decreased 7% as Securities and Banking suffered from continued market volatility and declining valuations. Outside of Securities and Banking, non-interest revenue increased 39% with strong growth in Cards, Transaction Services and Wealth Management, partially offset by lower Investment Sales in Banking and Wealth Management. Results included a $31 million gain on the sale of DCI and an $81 million gain on the IPO of Visa shares, partially offset by a $21 million gain on the sale of MasterCard shares in the prior-year period.

Operating Expense increased 29% primarily driven by the impact of acquisitions, fx translation and repositioning charges.

Provisions for credit losses and for benefits and claims increased 43% primarily driven by a $214 million incremental pretax charge to increase loan loss reserves, increased credit costs in India Consumer Banking, acquisitions and portfolio growth.

MANAGING GLOBAL RISK

Citigroup's risk management framework balances strong corporate oversight with well-defined independent risk management functions for each business and region, as well as cross-business product expertise. The Citigroup risk management policies and practices are described in Citigroup's 2007 Annual Report on Form 10-K.

DETAILS OF CREDIT LOSS EXPERIENCE

In millions of dollars	**2nd Qtr.(1) 2008**	**1st Qtr.(1) 2008**	**4th Qtr.(1) 2007**	**3rd Qtr.(1) 2007**	**2nd Qtr.(1) 2007**
Allowance for loan losses at beginning of period	**$ 18,257**	$ 16,117	$ 12,728	$ 10,381	$ 9,510
Provision for loan losses					
Consumer	**$ 6,346**	$ 5,456	$ 6,516	$ 4,608	$ 2,571
Corporate	**724**	245	882	154	(58)
	$ 7,070	$ 5,701	$ 7,398	$ 4,762	$ 2,513
Gross credit losses					
Consumer					
In U.S. offices	**$ 2,599**	$ 2,325	$ 1,895	$ 1,364	$ 1,238
In offices outside the U.S.	**1,996**	1,851	1,602	1,617	1,348
Corporate					
In U.S. offices	**346**	40	596	20	20
In offices outside the U.S.	**36**	97	169	74	30
	$ 4,977	$ 4,313	$ 4,262	$ 3,075	$ 2,636
Credit recoveries					
Consumer					
In U.S. offices	**$ 148**	$ 172	$ 162	$ 160	$ 165
In offices outside the U.S.	**381**	329	343	279	347
Corporate					
In U.S. offices	**24**	3	15	1	9
In offices outside the U.S.	**1**	33	55	59	80
	$ 554	$ 537	$ 575	$ 499	$ 601
Net credit losses					
In U.S. offices	**$ 2,773**	$ 2,190	$ 2,314	$ 1,223	$ 1,084
In offices outside the U.S.	**1,650**	1,586	1,373	1,353	951
Total	**$ 4,423**	$ 3,776	$ 3,687	$ 2,576	$ 2,035
Other net(2)(3)(4)(5)(6)	**$ (127)**	$ 215	$ (322)	$ 161	$ 393
Allowance for loan losses at end of period	**$ 20,777**	$ 18,257	$ 16,117	$ 12,728	$ 10,381
Allowance for unfunded lending commitments(7)	**$ 1,107**	$ 1,250	$ 1,250	$ 1,150	$ 1,100
Total allowance for loan losses and unfunded lending commitments	**$ 21,884**	$ 19,507	$ 17,367	$ 13,878	$ 11,481
Net consumer credit losses	**$ 4,066**	$ 3,675	$ 2,992	$ 2,542	$ 2,074

In millions of dollars	2nd Qtr.(1) 2008	1st Qtr.(1) 2008	4th Qtr.(1) 2007	3rd Qtr.(1) 2007	2nd Qtr.(1) 2007
As a percentage of average consumer loans	**2.82%**	2.54%	2.08%	1.86%	1.60%
Net corporate credit losses/(recoveries)	**$ 357**	$ 101	$ 695	$ 34	$ (39)
As a percentage of average corporate loans	**0.19%**	0.05%	0.34%	0.02%	NM

(1) Reclassified to conform to the current period's presentation

(2) The second quarter of 2008 primarily includes reductions to the credit loss reserves of $21 million related to securitizations, reductions of $156 million related to the sale of CitiCapital and additions of $56 million related to purchase price adjustments for the Grupo Cuscatlan acquisition.

(3) The first quarter of 2008 primarily includes reductions to the credit loss reserves of $58 million related to securitizations, additions of $50 million related to the BOOC acquisition and additions of $217 related to fx translation.

(4) The fourth quarter of 2007 primarily includes reductions to the credit loss reserves of $150 million related to securitizations and $7 million related to transfers to loans held-for-sale, reductions of $151 million related to purchase price adjustments to the Egg Bank acquisition and reductions of $83 million related to the transfer of the U.K. CitiFinancial portfolio to Loans held-for-sale.

(5) The third quarter of 2007 primarily includes additions related to purchase accounting adjustments related to the acquisition of Grupo Cuscatlan of $181 million offset by reductions of $73 million related to securitizations.

(6) The second quarter of 2007 primarily includes additions to the loan loss reserve of $505 million related to the acquisition of Egg and Nikko Cordial, partially offset by reductions of $70 million related to securitizations and $77 million related to a balance sheet reclassification to Loans held-for-sale in the U.S. Cards portfolio.

(7) Represents additional credit loss reserves for unfunded corporate lending commitments and letters of credit recorded within Other Liabilities on the Consolidated Balance Sheet.

NM Not meaningful

Consumer Loan Balances, Net of Unearned Income

	End of Period			Average		
In billions of dollars	**Jun. 30, 2008**	**Mar. 31,(1) 2008**	**Jun. 30,(1) 2007**	**2nd Qtr. 2008**	**1st Qtr.(1) 2008**	**2nd Qtr.(1) 2007**
On-balance sheet(2)	**$ 567.3**	$ 578.5	$ 529.6	**$ 580.5**	$ 581.2	$ 521.2
Securitized receivables (all in *North America Cards*)	**111.0**	109.5	101.1	**107.4**	105.8	97.5
Credit card receivables held-for-sale(3)		0.9	2.9	**1.0**	1.0	3.3
Total managed(4)	**$ 678.3**	$ 688.9	$ 633.6	**$ 688.9**	$ 688.0	$ 622.0

(1) Reclassified to conform to current period's presentation.

(2) Total loans and total average loans exclude certain interest and fees on credit cards of approximately $3 billion and $2 billion for the second quarter of 2008, approximately $2 billion and $2 billion for the first quarter of 2008 and approximately $2 billion and $2 billion for the second quarter of 2007, respectively, which are included in Consumer Loans on the Consolidated Balance Sheet.

(3) Included in Other Assets on the Consolidated Balance Sheet.

(4) This table presents loan information on a held basis and shows the impact of securitizations to reconcile to a managed basis. Although a managed basis presentation is not in conformity with GAAP, the Company believes managed credit statistics provide a representation of performance and key indicators of the credit card business that are consistent with the way management reviews operating performance and allocates resources. Held-basis reporting is the related GAAP measure.

Citigroup's total allowance for loans, leases and unfunded lending commitments of $21.9 billion is available to absorb probable credit losses inherent in the entire portfolio. For analytical purposes only, the portion of Citigroup's allowance for loan losses attributed to the Consumer portfolio was $16.5 billion at June 30, 2008, $14.4 billion at March 31, 2008 and $7.2 billion at June 30, 2007. The increase in the allowance for loan losses from June 30, 2007 of $9.3 billion included net builds of $9.6 billion.

The builds consisted of $9.5 billion in Consumer ($7.8 billion in *North America* and $1.7 billion in regions outside of *North America*) and $123 million in Global Wealth Management.

The build of $7.8 billion in *North America* Consumer primarily reflects an increase in the losses embedded in the portfolio as a result of weakening leading credit indicators, including increased delinquencies on first and second mortgages, unsecured personal loans, credit cards, and auto loans. Also, the build reflected trends in the U.S. macro-economic environment, including the housing market downturn rising, unemployment rates and portfolio growth. The build of $1.7 billion in regions outside of *North America* Consumer primarily reflects portfolio growth and the impact of recent acquisitions and credit deterioration in certain countries.

On-balance-sheet consumer loans of $567.3 billion increased $37.7 billio