CITIGROUP INC
Form 10-Q
August 07, 2009

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UNITED STATES
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, 2009

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

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

Large accelerated filer ý	Accelerated filer o	Non-accelerated filer o (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, 2009: 5,507,716,974

Available on the Web at www.citigroup.com

CITIGROUP INC.

SECOND QUARTER OF 2009 FORM 10-Q

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THE COMPANY

Citigroup Inc. (Citigroup and, together with its subsidiaries, the Company, Citi or Citigroup) 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). Citibank, N.A. is a U.S. national bank subject to supervision and examination by the Office of the Comptroller of the Currency (OCC) and the Federal Deposit Insurance Corporation (FDIC). Some of the Company's other subsidiaries are also 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 2008 Annual Report on Form 10-K and Citigroup's Quarterly Report on Form 10-Q for the quarter ended March 31, 2009. Additional financial, statistical, and business-related information, as well as business and segment trends, are 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 17, 2009.

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 recent annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, as well as the Company's other filings with the SEC, are available free of charge through the Company's web site by clicking on the "Investors" page and selecting "All SEC Filings." The SEC web site contains reports, proxy and information statements, and other information regarding the Company at *www.sec.gov*.

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Citigroup is managed along the following segment and product 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.

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CITIGROUP INC. AND SUBSIDIARIES

SUMMARY OF SELECTED FINANCIAL DATA Page 1

In millions of dollars, except per share amounts	**Second Quarter 2009**	**2008**	**% Change**	**Six Months Ended 2009**	**2008**	**% Change**
Net interest revenue	**$ 12,829**	$ 13,986	(8)%	**$ 25,755**	$ 27,074	(5)%
Non-interest revenue	**17,140**	3,552	NM	**28,735**	2,621	NM
Revenues, net of interest expense	**$ 29,969**	$ 17,538	71%	**$ 54,490**	$ 29,695	83%
Operating expenses	**11,999**	15,214	(21)	**23,684**	30,591	(23)
Provisions for credit losses and for benefits and claims	**12,676**	7,100	79	**22,983**	12,952	77
Income (Loss) from Continuing Operations before Income Taxes	**$ 5,294**	$ (4,776)	NM	**$ 7,823**	$ (13,848)	NM
Income taxes (benefits)	**907**	(2,447)	NM	**1,742**	(6,333)	NM
Income (Loss) from Continuing Operations	**$ 4,387**	$ (2,329)	NM	**$ 6,081**	$ (7,515)	NM
Income (Loss) from Discontinued Operations, net of taxes	**(142)**	(94)	(51)%	**(259)**	(35)	NM
Net Income (Loss) before attribution of Noncontrolling Interests	**$ 4,245**	$ (2,423)	NM	**$ 5,822**	$ (7,550)	NM
Net Income (Loss) attributable to Noncontrolling Interests	**(34)**	72	NM	**(50)**	56	NM
Citigroup's Net Income (Loss)	**$ 4,279**	$ (2,495)	NM	**$ 5,872**	$ (7,606)	NM
Less:						
Preferred dividends Basic	**$ (1,495)**	$ (361)	NM	**$ (2,716)**	$ (444)	NM
Impact of the conversion price reset related to the $12.5 billion convertible preferred stock private issuance Basic(1)				**(1,285)**		
Preferred stock Series H discount accretion Basic	**(54)**			**(107)**		
Income (loss) available to common stockholders for Basic EPS	**$ 2,730**	$ (2,856)	NM	**$ 1,764**	$ (8,050)	NM
Convertible Preferred Stock Dividends	**270**	270		**540**	336	61
Income (loss) available to common stockholders for Diluted EPS	**$ 3,000**	$ (2,586)	NM	**$ 2,304**	$ (7,714)	NM
Earnings per share						
Basic(2)						
Income (loss) from continuing operations	**$ 0.51**	$ (0.53)	NM	**$ 0.36**	$ (1.56)	NM
Net income (loss)	**0.49**	(0.55)	NM	**0.31**	(1.57)	NM
Diluted(2)						
Income (loss) from continuing operations	**$ 0.51**	$ (0.53)	NM	**$ 0.36**	$ (1.56)	NM
Net income (loss)	**0.49**	(0.55)	NM	**0.31**	(1.57)	NM

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

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SUMMARY OF SELECTED FINANCIAL DATA Page 2

In millions of dollars	Second Quarter 2009	2008	% Change	Six Months Ended 2009	2008	% Change
At June 30:						
Total assets	**$ 1,848,533**	$ 2,100,385	(12)%			
Total deposits	**804,736**	803,642				
Long-term debt	**348,046**	417,928	(17)			
Mandatorily redeemable securities of subsidiary Trusts (included in Long-term debt)	**24,034**	23,658	2			
Common stockholders' equity	**78,001**	108,981	(28)			
Total stockholders' equity	**$ 152,302**	$ 136,405	12			
Direct staff *(in thousands)*	**279**	363	(23)			
Ratios:						
Return on common stockholders' equity(3)	**14.8%**	(10.4)%		4.9%	(14.5)%	
Tier 1 Common(4)	**2.75%**	4.43%				
Tier 1 Capital	**12.74%**	8.74%				
Total Capital	**16.62%**	12.29%				
Leverage(5)	**6.92%**	5.04%				
Common stockholders' equity to assets	**4.22%**	5.19%				
Ratio of earnings to fixed charges and preferred stock dividends	**1.40**	0.62		1.23	0.52	

(1) The six months ended June 30, 2009 Income available to common shareholders includes a reduction of $1.285 billion related to a conversion price reset pursuant to Citigroup's prior agreement with the purchasers of $12.5 billion convertible preferred stock issued in a private offering in January 2008. The conversion price was reset from $31.62 per share to $26.35 per share. See "Events in 2009 Public and Private Exchange Offers" below. There was no impact to net income, total stockholders' equity or capital ratios due to the reset. However, the reset resulted in a reclassification from Retained earnings to Additional paid-in capital of $1.285 billion and a reduction in Income available to common shareholders of $1.285 billion.

(2) The Company adopted Financial Accounting Standards Board (FASB) Staff Position (FSP) Emerging Issues Task Force (EITF) 03-6-1 "Determining Whether Instruments Granted in Share-Based Payment Transactions Are Participating Securities" (Accounting Standards Codification (ASC) 260-10-45 to 65) on January 1, 2009. All prior periods have been restated to conform to the current presentation. The Diluted EPS calculation for the second quarter and six months of 2008 utilize Basic shares and Income available to common shareholders (Basic) due to the negative Income available to common shareholders. Using actual Diluted shares and Income available to common shareholders (Diluted) would result in anti-dilution.

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

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

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

NM Not meaningful

Certain reclassifications have been made to the prior periods' 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 2008 Annual Report on Form 10-K under "Risk Factors."

Within this Form 10-Q, please refer to the indices on pages 2 and 73 for page references to the Management's Discussion and Analysis section and Notes to Consolidated Financial Statements, respectively.

MANAGEMENT'S DISCUSSION AND ANALYSIS

SECOND QUARTER OF 2009 MANAGEMENT SUMMARY

Citigroup reported net income of $4.279 billion, $0.49 per diluted share, for the second quarter of 2009. The results included a $6.7 billion after-tax gain on the sale of Smith Barney. The $0.49 earnings per share reflected preferred stock dividends and the quarterly accretion of the Series H preferred stock discount (the preferred stock issued to the U.S. Treasury as part of TARP in October 2008). See "TARP and Other Regulatory Programs" below.

Revenues of $30.0 billion increased 71% from year-ago levels due primarily to the Smith Barney gain on sale and positive revenue marks and gains, relative to the prior-year period, in Citi Holdings, partially offset by the impact of foreign exchange translation and declines in Regional Consumer Banking revenues, primarily in Cards. The difficult economic environment continued to have a negative impact on all businesses.

Net interest revenue declined 8% from the 2008 second quarter, reflecting the Company's smaller balance sheet. Net interest margin in the second quarter of 2009 was 3.24%, up 7 basis points from the second quarter of 2008, reflecting significantly lower cost of funding, largely offset by a decrease in asset yields related to the decrease in the Federal funds rate and the FDIC special assessment of $333 million. *Non-interest revenue* increased $13.6 billion from a year ago, primarily reflecting the gain on sale of Smith Barney, lower write-downs and gains on exposures in Citi Holdings.

Operating expenses decreased 21% from the previous year, reflecting benefits from Citi's ongoing re-engineering efforts, expense control, and the impact of foreign exchange translation. Headcount of 279,000 was down 84,000 from June 30, 2008 and 30,000 from March 31, 2009.

The Company's equity capital base and trust preferred securities were $176.3 billion at June 30, 2009. Citigroup's stockholders' equity increased by $8.4 billion during the second quarter of 2009 to $152.3 billion, primarily reflecting net income less dividend payouts and an improvement in *Accumulated Other Comprehensive Income*. The Company distributed $1.55 billion in dividends to its preferred stockholders during the quarter. Citigroup had a Tier 1 Capital ratio of 12.74% at June 30, 2009.

On July 23, 2009 and July 29, 2009, Citigroup closed its exchange offers with the private and public holders, respectively, of preferred stock and trust preferred securities, as applicable ($32.8 billion in aggregate liquidation value). In connection with these exchanges, the U.S. Treasury (UST) also exchanged $25 billion of aggregate liquidation value of its preferred stock, for a total exchange of $57.8 billion. Following an increase in Citigroup's authorized common stock, and the conversion of interim securities to common stock, the UST will own approximately 33.6% of Citigroup's outstanding common stock (not including the exercise of the warrants issued to the UST as part of TARP). See "Events of 2009 Public and Private Exchange Offers" and "TARP and Other Regulatory Programs."

As a result of the closing of the private and public exchange offers, Citigroup will increase its Tier 1 common by approximately $64 billion from the second quarter of 2009 level of $27 billion to approximately $91 billion. In addition, Citigroup's Tangible Common Equity (TCE), which was $40 billion as of June 30, 2009, will increase by approximately $60 billion to approximately $100 billion. (TCE and Tier 1 Common are non-GAAP financial measures. See "Capital Resources and Liquidity" for additional information on these measures, including a reconciliation to the most directly comparable GAAP measures.)

During the second quarter of 2009, the Company recorded a net build of $3.9 billion to its credit reserves. The net build consisted of $1.2 billion in Citicorp ($0.6 billion in Regional Consumer Banking and $0.6 billion in ICG) and $2.7 billion in Citi Holdings (almost all in Local Consumer Lending). The consumer loan delinquency rate was 4.24% at June 30, 2009, compared to 3.93% at March 31, 2009 and 2.30% a year ago. Corporate non-accrual loans were $12.4 billion at June 30, 2009, compared to $11.2 billion at March 31, 2009 and $2.2 billion a year-ago. The increase from prior-year levels is primarily attributable to the transfer of non-accrual loans from the held-for-sale portfolio to the held-for-investment portfolio during the fourth quarter of 2008. The allowance for loan losses totaled $35.9 billion at June 30, 2009, a coverage ratio of 5.60% of total loans.

The Company's effective tax rate was 17.1% in the second quarter of 2009, which includes a tax benefit of $129 million relating to the conclusion of an audit of certain issues in the Company's 2003-2005 U.S. Federal tax audit.

Total deposits were approximately $804.7 billion at June 30, 2009, up 6% from March 31, 2009 and flat with prior-year levels. At June 30, 2009, the Company has increased its structural liquidity (equity, long-term debt and deposits) as a percentage of assets from 68% at March 31, 2009 to approximately 71% at June 30, 2009. Citigroup has continued its deleveraging, reducing total assets from $2,100 billion a year ago to $1,849 billion at June 30, 2009.

In July 2009, Citi appointed three new directors to its board. Additionally, the Company recently announced several senior management appointments, including John Gerspach as Chief Financial Officer, replacing Ned Kelly, who was appointed Vice Chairman of Citigroup, and Eugene McQuade as Chief Executive Officer for Citibank, N.A.

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EVENTS IN 2009

Certain significant events have occurred during the fiscal year to date, including events subsequent to June 30, 2009, that had, or could have, an effect on Citigroup's current and future financial condition, results of operations, liquidity and capital resources. Certain of these events are summarized below and discussed in more detail throughout this MD&A.

PUBLIC AND PRIVATE EXCHANGE OFFERS

Private Exchange Offers

On July 23, 2009, Citigroup closed its exchange offers with the private holders of $12.5 billion aggregate liquidation value of preferred stock. As previously disclosed, the U.S. Treasury (UST) matched these exchange offers by exchanging $12.5 billion aggregate liquidation value of its preferred stock, for a total closing of $25 billion. The preferred stock held by the private holders and the UST was exchanged for an aggregate of approximately 7,692 shares of interim securities and warrants. The warrants will terminate and the interim securities will automatically convert into Citigroup common stock upon the increase, subject to shareholder approval, in Citigroup's authorized common stock at a ratio of one million shares of common stock for each interim security. Following the authorized share increase, the interim securities issued to the private holders and the UST in this closing will convert into approximately 7.7 billion shares of Citigroup common stock.

The shareholder approval on the proposed increase in Citigroup's authorized common stock is scheduled to occur on September 2, 2009. In addition, see "Public Exchange Offers" below.

Public Exchange Offers

On July 29, 2009, Citigroup closed its exchange offers with certain holders of its publicly-held preferred stock and trust preferred securities. Approximately $20.3 billion in aggregate liquidation value of publicly-held preferred stock and trust preferred securities were validly tendered and not withdrawn in the public exchange offers. This represents 99% of the total liquidation value of securities that Citigroup was offering to exchange.

Upon closing of the public exchange offers, Citi issued approximately 5.8 billion shares of common stock to the public exchange offer participants. In accordance with the instructions given by the participants in the public exchange offers, these shares of common stock are subject to an irrevocable proxy to vote in favor of the proposal to increase Citigroup's authorized common stock, among other matters, which will result in the termination of the warrants and the automatic conversion of the interim securities issued to the UST and the private holders in the private exchange offers into common stock (see "Private Exchange Offers" above).

In addition, as previously disclosed, on July 30, 2009, the UST matched the public exchange offers by exchanging an additional $12.5 billion aggregate liquidation value of its preferred stock, resulting in Citi's issuing approximately 3,846 additional shares of interim securities to the UST and increasing the number of shares of common stock the UST may acquire upon exercise of the warrant issued to it in connection with the private exchange offers closing. The warrant will terminate and these interim securities will convert into approximately 3.8 billion shares of Citigroup common stock following the authorized share increase.

In total, approximately $58 billion in aggregate liquidation value of preferred stock and trust preferred securities were exchanged to common stock and interim securities as a result of the completion of the private and public exchange offers and the associated exchange by the UST. Upon the increase in Citigroup's authorized common stock, and the conversion of the interim securities to common stock, the UST will own approximately 33.6% of Citigroup's outstanding common stock, not including the exercise of the warrants issued to the UST as part of TARP and pursuant to the loss-sharing agreement. See "TARP and Other Regulatory Programs" below.

Capital Impact

As a result of the closing of the private and public exchange offers and the associated exchange by the UST on a proforma basis, Citigroup increased its Tier 1 Common by approximately $64 billion from the second quarter of 2009 level of approximately $27 billion to approximately $91 billion. In addition, Citigroup's tangible common equity (TCE), which was approximately $40 billion as of June 30, 2009, increased by approximately $60 billion to approximately $100 billion on a proforma basis. (TCE and Tier 1 Common are non-GAAP financial measures. See "Capital Resources and Liquidity" below for additional information on these measures, including a reconciliation to the most directly comparable GAAP measures.)

8% Trust Preferred Securities

On July 30, 2009, all remaining preferred stock of Citigroup held by the UST and FDIC (the UST and FDIC are collectively referred to as the "USG") that was not exchanged into Citigroup common stock in connection with the private or public exchange offers was exchanged into newly issued 8% trust preferred securities. An aggregate liquidation amount of approximately $27.1 billion in trust preferred securities was issued to the USG in exchange for an aggregate of $27.059 billion liquidation value of preferred stock.

Accounting Impact

The accounting for the exchange offers will result in the de-recognition of preferred stock and the recognition of the common stock issued at fair value in the *Common stock* and *Additional paid-in capital* accounts in equity. The difference between the carrying amount of preferred stock and the fair value of the common stock will be recorded in *Retained earnings* (impacting net income available to common shareholders and EPS) or *Additional paid-in capital* accounts in equity, depending on whether the preferred stock was originally non-convertible or convertible.

For USG preferred stock that was converted to 8% trust preferred securities, the newly issued trust preferred securities will be initially recorded at fair value as *Long-term debt*. The difference between the carrying amount of the preferred stock and the fair value of the trust preferred securities will be

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recorded in *Retained earnings* after adjusting for appropriate deferred tax liability (impacting net income available to common shareholders and EPS). For trust preferred securities exchanged for common stock, the carrying amount currently recorded as long-term debt will be de-recognized and the common stock issued will be recorded at fair value in the Common Stock and the Additional Paid-in Capital accounts in equity. The difference between the carrying amount of the trust preferred securities and the fair value of the common stock will be recorded in the current earnings of the period in which the transaction will occur.

The following table presents the impact of the completion of all stages of the exchange offers to Citigroup's common shares outstanding and to its balance sheet:

(in millions of dollars, except incremental number of Citigroup common shares)

					Impact on						
Security	**Notional Amounts**	**Converting Into**	**Incremental Number of Citigroup Common Shares**	**Date of Settlement**	**Other Assets(4)**	**Long-Term Debt**	**Preferred Stock**	**Common Stock**	**Additional Paid In Capital**	**Income Statement(3)**	**Retained Earnings(2)**
			(in millions)								
Convertible Preferred Stock held by Private Investors	$ 12,500	Interim Securities/ Common Stock(1)	3,846	7/23/2009	$		$ (12,500)	$ 38	$ 21,801	$	$ (9,340)
Convertible Preferred Stock held by Public Investors	3,146	Common Stock	823	7/29/2009			(3,146)	8	5,127		(1,990)
Non-Convertible Preferred Stock held by Public Investors	11,465	Common Stock	3,351	7/29/2009			(11,465)	34	9,116		2,316
Trust Preferred Securities held by Public Investors	5,760	Common Stock	1,660	7/29/2009	(622)*	(6,034)*		17	4,515	893*	893*
USG TARP Preferred Stock matching the Preferred Stock held by Private Investors	12,500	Interim Securities/ Common Stock(1)	3,846	7/23/2009			(11,924)	38	10,615		1,270
USG TARP Preferred Stock matching the Preferred Stock and Trust Preferred Securities held by Public Investors	12,500	Interim Securities/ Common Stock(1)	3,846	7/30/2009			(11,926)	38	10,615		1,272
USG TARP Preferred Stock	20,000	TruPS		7/30/2009	(2,883)	12,004	(19,514)				4,627
Non-Convertible Preferred Stock held by U.S. Treasury and FDIC related to covered asset guarantee (loss-sharing agreement)	7,059	TruPS		7/30/2009	(503)	4,237	(3,530)				(1,210)
Total			**17,372**		**$ (4,008)**	**$ 10,207**	**$ (74,005)**	**$ 173**	**$ 61,789**	**$ 893**	**$ (2,162)**

* Preliminary and subject to change

Note: Table may not foot due to roundings.

Summary

The additional estimated $60 billion of TCE is primarily the result of the exchange of approximately $74 billion carrying amount of preferred shares and $6 billion carrying value of trust preferred securities for 17,372 million shares of common stock and approximately $27.1 billion liquidation amount of trust preferred securities (recorded as Long-term Debt at its fair value of $16.2 billion). This resulted in an increase to common stock and APIC of $62 billion and a reduction in *Retained earnings* of approximately $2 billion, for a total increase in TCE of approximately $60 billion.

The additional $64 billion of Tier 1 Common includes the impact of the above plus a reduction in the disallowed Deferred tax asset (which increases Tier 1 Common) that arises from the accounting for the transactions. TCE and Tier 1 Common are non-GAAP financial measures. See "Capital Resources and Liquidity" below for additional information on these measures, including a reconciliation to the most directly comparable GAAP measures.

(1) Upon shareholder approval of the increase in Citigroup's authorized common stock, the interim securities will be automatically converted into common stock (anticipated in early September 2009).

(2) The *Retained earnings* impact primarily reflects:

a) Difference between the carrying value of the preferred stock exchanged versus the fair value of the common stock and trust preferred securities issued.

b) Value of inducement offer to the convertible preferred stock holders (calculated as the incremental shares received in excess of the original terms multiplied by stock price on the commitment date).

c) Estimated after-tax gain from extinguishment of debt associated with the trust preferred securities held by public investors.

(3) Estimated after-tax gain to be reflected in third quarter 2009 earnings of approximately $0.9 billion from the extinguishment of debt associated with the trust preferred securities held by public investors.

(4) Primarily represents the impact on deferred taxes of the various exchange transactions, which will benefit Tier 1 Common and Tier 1 Capital.

Earnings per share in the third quarter of 2009 will be impacted by (1) the increase in shares outstanding as a result of the issuance of common shares and interim securities and the timing thereof, (2) the net impact to *Retained earnings* and income statement resulting from the preferred share and trust preferred securities exchange and (3) dividends on USG preferred shares accrued up to the date of their conversion to interim securities and trust preferred securities.

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TAX BENEFITS PRESERVATION PLAN

As of June 30, 2009, Citigroup had recognized net deferred tax assets of approximately $42 billion, a portion of which is included in TCE. Citi's ability to utilize its deferred tax assets to offset future taxable income may be significantly limited if Citi experiences an "ownership change", as defined in Section 382 of the Internal Revenue Code of 1986, as amended (the "Code"). In general, an ownership change will occur if there is a cumulative change in Citi's ownership by "5% shareholders" (as defined in the Code) that exceeds 50 percentage points over a rolling three-year period. As such, if the Company experiences an ownership change, its TCE may be reduced.

While the common stock issued pursuant to the private and public exchange offers (described above) did not result in an ownership change under the Code, the common stock issued did increase the cumulative change percentage for Section 382 purposes. On June 9, 2009, the board of directors of Citigroup adopted a tax benefits preservation plan (the "Plan"). The purpose of the Plan is to minimize the likelihood of an ownership change occurring for Section 382 purposes and thus protect Citigroup's ability to utilize certain of its deferred tax assets, such as net operating loss and tax credit carry forwards, to offset future income.

In connection with the adoption of the Plan, Citigroup's board of directors declared a dividend of one preferred stock purchase right (a "Right") for each outstanding (i) share of common and (ii) 1-millionth of a share of the interim securities. The dividend was paid to holders of record of Citigroup's common stock on June 22, 2009. Shares of Citigroup's common stock and interim securities issued after June 22, 2009 will be issued with the Right attached. The terms and conditions of the Rights are set forth in the Tax Benefits Preservation Plan attached as Exhibit 4.1 to Citigroup's Form 8-K filed with the SEC on June 10, 2009.

THE SUPERVISORY CAPITAL ASSESSMENT PROGRAM

On May 7, 2009, the USG released the results of its Supervisory Capital Assessment Program (SCAP). The SCAP constituted a comprehensive capital assessment of the 19 largest U.S. financial institutions, including Citi. Based on the results of the USG's assessment under the SCAP, Citi was required to increase its previously announced plan to increase Tier 1 Common by an additional $5.5 billion. See "Events in 2009 Public and Private Exchange Offers" above. In addition, Citi was required to develop and submit a capital plan to the FRB and FDIC. The Company submitted its capital plan to the regulators on June 8, 2009, as required. For additional information on the requirements of the capital plan, as well as other information on SCAP, see the "Events in 2009" section of the Company's Quarterly Report on Form 10-Q for the period ended March 31, 2009.

LOSS-SHARING AGREEMENT

On January 15, 2009, Citigroup issued preferred shares to the UST and the FDIC, and a warrant to the UST, in exchange for $301 billion of loss protection on a specified pool of Citigroup assets. The Company is required to absorb the first $39.5 billion of qualifying losses under the agreement, plus 10% of the remaining losses incurred.

As a result of receipt of principal repayments and charge-offs, the total asset pool has declined by approximately $35 billion from the original $301 billion to approximately $266.4 billion. Approximately $2.5 billion of GAAP losses on the asset pool were recorded in the second quarter of 2009, bringing the GAAP losses to date to approximately $5.3 billion. See "TARP and Other Regulatory Programs U.S. Government Loss-Sharing Agreement" below.

The shares of preferred stock issued to the UST and FDIC in consideration for the loss-sharing agreement were subsequently exchanged into newly issued 8% trust preferred securities pursuant to the exchange offers, as described under "Public and Private Exchange Offers" above. For additional information of the warrant issued to the UST as part of this transaction, see "TARP and Other Regulatory Programs" below.

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ITEMS IMPACTING CITICORP SECURITIES AND BANKING

Citicorp Securities and Banking Significant Revenue Items and Risk Exposure

	Pretax Revenue Marks (in millions)		Risk Exposure (in billions)		
	Second Quarter 2009	**Second Quarter 2008**	**June 30, 2009**	**Mar. 31, 2009**	**% Change**
Private Equity and equity investments	**$ 11**	$ (6)	**1.8**	$ 1.7	**6%**
Alt-A Mortgages(1)	**99**	(48)	**1.2**	0.9	**33**
Commercial Real Estate (CRE) positions(1)	**(32)**	(65)	**7.0**	6.2	**13**
CVA on Citi debt liabilities under fair value option	**(1,452)**	(228)	**N/A**	N/A	
CVA on derivatives positions, excluding monoline insurers	**597**	48	**N/A**	N/A	
Total significant revenue items	**$ (777)**	$ (299)			

(1) Net of hedges.

Private Equity and Equity Investments

In the second quarter of 2009, Citicorp recognized pretax gains of approximately $11 million on private equity and equity investments. Citicorp had $1.8 billion in private equity and equity investments securities at June 30, 2009, which increased approximately $85 million from March 31, 2009.

Alt-A Mortgage Securities

In the second quarter of 2009, Citigroup recorded pretax gains of approximately $99 million, net of hedges, on Alt-A mortgage securities held in Citicorp. For these purposes, Alt-A mortgage securities are non-agency residential mortgage-backed securities (RMBS) where (i) the underlying collateral has weighted average FICO scores between 680 and 720 or (ii) for instances where FICO scores are greater than 720, RMBS have 30% or less of the underlying collateral composed of full documentation loans.

Citicorp had $1.2 billion in Alt-A mortgage securities at June 30, 2009, which increased $0.3 billion from March 31, 2009. Of the $1.2 billion, approximately $0.7 billion was classified as *Trading account assets* and $0.5 billion was classified as available-for-sale investments.

Commercial Real Estate

Citicorp's commercial real estate (CRE) exposure is split into three categories: assets held at fair value; held to maturity/held for investment; and equity. During the second quarter of 2009, pretax losses of $32 million, net of hedges, were booked on exposures recorded at fair value. Citicorp had $7.0 billion in CRE positions at June 30, 2009, which increased $0.8 billion from March 31, 2009. See "Exposure to Commercial Real Estate" below for a further discussion.

Credit Valuation Adjustment on Citi's Debt Liabilities for Which Citi Has Elected the Fair Value Option

Under SFAS 157 (ASC 820-10-35-18), the Company is required to use its own credit spreads in determining the current value for its derivative liabilities and all other liabilities for which it has elected the fair value option. When Citi's credit spreads widen (deteriorate), Citi recognizes a gain on these liabilities because the value of the liabilities has decreased. When Citi's credit spreads narrow (improve), Citi recognizes a loss on these liabilities because the value of the liabilities has increased.

During the second quarter of 2009, Citicorp recorded losses of approximately $1,452 million on its fair value option liabilities (excluding derivative liabilities) principally due to narrowing (improving) of the Company's credit spreads.

Credit Valuation Adjustment on Derivative Positions, excluding Monoline insurers

During the second quarter of 2009, Citicorp recorded pretax net gain of approximately $597 million on its derivative positions due to the narrowing of the credit default swap spreads of the Company's counterparties on its derivative assets. A majority of the gains were offset by losses due to narrowing in the Company's own credit spreads on the Company's derivative liabilities. See "Derivatives" below for a further discussion.

See, generally, "Managing Global Risk" below for additional information on the risk exposures discussed above.

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ITEMS IMPACTING CITI HOLDINGS

Citi Holdings Significant Revenue Items and Risk Exposure Predominantly in Special Asset Pool

	Pretax Revenue (in millions)		Risk Exposure (in billions)		
	Second Quarter 2009	**Second Quarter 2008**	**June 30, 2009**	**Mar. 31, 2009**	**% Change**
Sub-prime related direct exposures	**$ 613**	$ (3,395)	**$ 9.6**	$ 10.2	**(6)%**
Private Equity and equity investments	**(37)**	183	**6.2**	6.0	**3**
Alt-A Mortgages(1)	**(390)**	(277)	**10.0**	11.6	**(14)**
Highly leveraged loans and financing commitments(2)	**(237)**	(428)	**8.5**	9.5	**(11)**
Commercial Real Estate (CRE) positions(1)(3)	**(354)**	(480)	**28.6**	29.9	**(4)**
Structured Investment Vehicles' (SIVs) Assets	**50**	11	**16.2**	16.2	
Auction Rate Securities (ARS) proprietary positions		197	**8.3**	8.5	**(2)**
CVA related to exposure to monoline insurers	**157**	(2,428)	**N/A**	N/A	
CVA on Citi debt liabilities under fair value option	**(156)**		**N/A**	N/A	
CVA on derivatives positions, excluding monoline insurers	**804**	52	**N/A**	N/A	
Subtotal	**$ 450**	$ (6,565)			
Accretion on reclassified assets	**501**				
Total significant revenue items	**$ 951**	$ (6,565)			

(1) Net of hedges.

(2) Net of underwriting fees.

(3) Excludes CRE positions that are included in the SIV portfolio.

Subprime-Related Direct Exposures

In the second quarter of 2009, Citi Holdings recorded gains of approximately $613 million, net of hedges, on its subprime-related direct exposures. The Company's remaining $9.6 billion in U.S. subprime net direct exposure in Citi Holdings at June 30, 2009 consisted of (i) approximately $8.3 billion of net exposures to the super senior tranches of CDOs, which are collateralized by asset-backed securities, derivatives on asset-backed securities or both, and (ii) approximately $1.4 billion of subprime-related exposures in its lending and structuring business. See "U.S. Subprime-Related Direct Exposures" below for a further discussion of such exposures and the associated marks recorded.

Private Equity and Equity Investments

In the second quarter of 2009, Citi Holdings recognized pretax losses of approximately $37 million on private equity and equity investments. Citi Holdings had $6.2 billion in private equity and equity investments securities at June 30, 2009, which increased approximately $150 million from March 31, 2009.

Alt-A Mortgage Securities

In the second quarter of 2009, Citigroup recorded pretax losses of approximately $390 million, net of hedges, on Alt-A mortgage securities held in Citi Holdings. For these purposes, Alt-A mortgage securities are non-agency residential mortgage-backed securities (RMBS) where (i) the underlying collateral has weighted average FICO scores between 680 and 720 or (ii) for instances where FICO scores are greater than 720, RMBS have 30% or less of the underlying collateral composed of full documentation loans.

Citi Holdings had $10.0 billion in Alt-A mortgage securities at June 30 2009, which decreased $1.6 billion from March 31, 2009. Of the $10.0 billion, approximately $0.4 billion was classified as *Trading account assets*, on which $29 million of fair value losses, net of hedging, was recorded in earnings, $0.1 billion was classified as available-for-sale (AFS) investments, and $9.5 billion was classified as held-to-maturity (HTM) investments. HTM securities decreased $1.1 billion from March 31, 2009, due to principal pay-downs and impairments recognized during the quarter.

Highly Leveraged Loans and Financing Commitments

The Company recorded pretax losses of approximately $237 million on funded and unfunded highly leveraged finance exposures in the second quarter of 2009. Citigroup's exposure to highly leveraged financings totaled $8.5 billion at June 30, 2009 (approximately $8.1 billion in funded and $0.4 billion in unfunded commitments), reflecting a decrease of approximately $1.0 billion from March 31, 2009. See "Highly Leveraged Financing Transactions" below for a further discussion.

Commercial Real Estate

Citi Holdings' commercial real estate (CRE) exposure is split into three categories: assets held at fair value; held to maturity/held for investment; and equity. During the second quarter of 2009, pretax losses of $213 million, net of hedges, were booked on exposures recorded at fair value, $135 million of losses were booked on equity method investments, and $6 million of impairments were booked on HTM positions. Citi Holdings had $28.6 billion in CRE positions at June 30, 2009, which decreased $1.3 billion from March 31, 2009. See "Exposure to Commercial Real Estate" below for a further discussion.

Monoline Insurers Credit Valuation Adjustment

During the second quarter of 2009, Citi Holdings recorded a pretax gain on credit value adjustments (CVA) of approximately $157 million on its exposure to monoline insurers. CVA is calculated by applying forward default

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probabilities, which are derived using the counterparty's current credit spread, to the expected exposure profile. The exposure primarily relates to hedges on super senior subprime exposures that were executed with various monoline insurance companies. See "Direct Exposure to Monolines" below for a further discussion.

Credit Valuation Adjustment on Citi's Debt Liabilities for Which Citi Has Elected the Fair Value Option

Under SFAS 157 (ASC 820-10-35-18), the Company is required to use its own credit spreads in determining the current value for its derivative liabilities and all other liabilities for which it has elected the fair value option. When Citi's credit spreads widen (deteriorate), Citi recognizes a gain on these liabilities because the value of the liabilities has decreased. When Citi's credit spreads narrow (improve), Citi recognizes a loss on these liabilities because the value of the liabilities has increased.

During the second quarter of 2009, Citi Holdings recorded a loss of approximately $156 million on its fair value option liabilities (excluding derivative liabilities) due to the narrowing of the Company's credit spreads.

Credit Valuation Adjustment on Derivative Positions, excluding Monoline insurers

During the second quarter of 2009, Citi Holdings recorded a net gain of approximately $804 million on its derivative positions primarily due to the narrowing of the credit default swap spreads of the Company's counterparties on its derivative assets. See "Derivatives" below for a further discussion.

Accretion on Reclassified Assets

In the fourth quarter of 2008, the Company reclassified $33.3 billion of debt securities from trading securities to HTM investments, $4.7 billion of debt securities from trading securities to AFS, and $15.7 billion of loans from held-for-sale to held-for-investment. All assets were reclassified with an amortized cost equal to the fair value on the date of reclassification. The difference between the amortized cost basis and the expected principal cash flows is treated as a purchase discount and accreted into income over the remaining life of the security or loan. In the second quarter of 2009, the Company recognized approximately $501 million of interest revenue from this accretion.

See, generally, "Managing Global Risk" below for additional information on the risk exposures discussed above.

DIVESTITURES

Joint Venture with Morgan Stanley

Pursuant to a previously disclosed agreement, on June 1, 2009, Citi and Morgan Stanley established a joint venture (JV) that combines the Global Wealth Management platform of Morgan Stanley with Citi's Smith Barney, Quilter and Australia private client networks. Citi sold 100% of these businesses to Morgan Stanley in exchange for a 49% stake in the JV and an upfront cash payment of $2.75 billion. The Brokerage and Asset Management business recorded a pretax gain of approximately $11.1 billion ($6.7 billion after-tax) on this sale. Both Morgan Stanley and Citi will access the JV for retail distribution and each firm's institutional businesses will continue to execute order flow from the JV.

In addition, as previously disclosed, on August 1, 2009, Citi sold its managed futures business to the Morgan Stanley Smith Barney JV. This sale will result in an after-tax gain of approximately $160 million in the third quarter of 2009 and will not impact Citi's 49% ownership stake in the JV.

Sale of Nikko Cordial Securities

On May 1, 2009, Citigroup entered into a definitive agreement to sell its Japanese domestic securities business, conducted principally through Nikko Cordial Securities Inc., to Sumitomo Mitsui Banking Corporation in a transaction with a total cash value to Citi of approximately $7.9 billion (¥774.5 billion). Citi's ownership interests in Nikko Citigroup Limited, Nikko Asset Management Co., Ltd., and Nikko Principal Investments Japan Ltd. were not included in the transaction. Citi expects to recognize an immaterial after-tax gain on the transaction when the transaction closes. The transaction is expected to close by the end of the fourth quarter of 2009, subject to regulatory approvals and customary closing conditions. The results of Nikko Cordial are reflected as Discontinued Operations in the Company's Consolidated Financial Statements.

Sale of NikkoCiti Trust

On July 1, 2009, Citigroup entered into a definitive agreement to sell all of the shares of NikkoCiti Trust and Banking Corporation (NCT) to Nomura Trust & Banking Co., Ltd. for an all cash consideration of $197 million, subject to certain closing purchase price adjustments. The sale is expected to close in the fourth quarter of 2009, subject to regulatory approvals and customary closing conditions.

OTHER ITEMS

Income Taxes

The Company's effective tax rate on continuing operations was 17.1% in the second quarter of 2009 versus 51.2% in the prior-year period. The current quarter includes a tax benefit of $129 million in continuing operations (plus $34 million in discontinued operations) relating to the conclusion of an audit of various issues in the Company's 2003-2005 U.S. federal tax audit. The Company expects to conclude the audit of its U.S. federal consolidated income tax returns for the years 2003-2005 within the next 12 months. The gross uncertain tax position at June 30, 2009 for the items expected to be resolved is approximately $85 million plus gross interest of approximately $8 million. The potential net tax benefit to continuing operations could be approximately $90 million. This is in addition to the $110 million and $163 million benefits booked in the first and second quarters of 2009, respectively, for issues already resolved.

The Company's net deferred tax asset of $41.6 billion at June 30, 2009 decreased by approximately $2.9 billion from December 31, 2008. The principal items reducing the deferred tax asset were approximately $1.4 billion due to an increase in other comprehensive income and approximately $1.2 billion in compensation tax benefits under SFAS 123(R)(ASC 718-740) which reduced *additional paid-in capital* in 2009. Although realization is not assured, the Company believes that the realization of the recognized net deferred tax asset at June 30, 2009 is more likely than not based upon expectations of future taxable income in the jurisdictions in which it operates and available tax planning strategies.

SUBSEQUENT EVENTS

Public and Private Exchange Offers

On July 23, 2009 and July 29, 2009, Citigroup closed its exchange offers with the private and public holders of preferred stock and trust preferred securities, as applicable ($32.8 billion in aggregate liquidation value). In connection with these exchanges, the U.S. Treasury also exchanged $25 billion of aggregate liquidation value of its preferred stock, for a total exchange of $57.8 billion. See "Events in 2009 Public and Private Exchange Offers" above.

Sale of Nikko Asset Management

On July 30, 2009, Citigroup entered into a definitive agreement to sell its entire ownership interest in Nikko Asset Management to The Sumitomo Trust and Banking Co., Ltd. for an all-cash consideration of approximately $795 million (¥75.6 billion). The sale is expected to close in the fourth quarter of 2009, subject to regulatory approvals and customary closing conditions, and is not expected to have a material impact on Citi's net income.

As required by SFAS 165, Subsequent Events, the Company has evaluated subsequent events through August 7, 2009, which is the date its Consolidated Financial Statements were issued.

ACCOUNTING CHANGES AND FUTURE APPLICATION OF ACCOUNTING STANDARDS

See Note 1 to the Consolidated Financial Statements for a discussion of "Accounting Changes" and "Future Application of Accounting Standards."

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SEGMENT, BUSINESS AND PRODUCT INCOME (LOSS) AND REVENUES

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

Citigroup Income (Loss)

In millions of dollars	Second Quarter 2009	Second Quarter 2008	% Change	Six Months 2009	Six Months 2008	% Change
Income from Continuing Operations						
CITICORP						
Regional Consumer Banking						
North America	**$ (15)**	$ 169	NM	**$ 182**	$ 514	(65)%
EMEA	**(110)**	37	NM	**(143)**	56	NM
Latin America	**70**	334	(79)%	**239**	765	(69)
Asia	**272**	451	(40)	**523**	987	(47)
Total	**$ 217**	$ 991	(78)%	**$ 801**	$ 2,322	(66)%
Securities and Banking						
North America	**$ 3**	$ 646	(100)%	**$ 2,570**	$ 2,028	27%
EMEA	**746**	376	98	**2,918**	572	NM
Latin America	**522**	325	61	**921**	626	47
Asia	**596**	306	95	**1,652**	933	77
Total	**$ 1,867**	$ 1,653	13%	**$ 8,061**	$ 4,159	94%
Transaction Services						
North America	**$ 181**	$ 61	NM	**$ 319**	$ 149	NM
EMEA	**350**	299	17%	**676**	577	17%
Latin America	**150**	151	(1)	**310**	292	6
Asia	**293**	278	5	**573**	582	(2)
Total	**$ 974**	$ 789	23%	**$ 1,878**	$ 1,600	17%
Institutional Clients Group	**$ 2,841**	$ 2,442	16%	**$ 9,939**	$ 5,759	73%
Total Citicorp	**$ 3,058**	$ 3,433	(11)%	**$ 10,740**	$ 8,081	33%
CITI HOLDINGS						
Brokerage and Asset Management	**$ 6,814**	$ 267	NM	**$ 6,872**	$ 153	NM
Local Consumer Lending	**(4,193)**	(1,206)	NM	**(5,612)**	(1,081)	NM
Special Asset Pool	**(1,262)**	(4,286)	71%	**(5,237)**	(13,447)	61%
Total Citi Holdings	**$ 1,359**	$ (5,225)	NM	**$ (3,977)**	$ (14,375)	72%
Corporate/Other	**$ (30)**	$ (537)	94%	**$ (682)**	$ (1,221)	44%
Income (Loss) from Continuing Operations	**$ 4,387**	$ (2,329)	NM	**$ 6,081**	$ (7,515)	NM
Discontinued Operations	**$ (142)**	$ (94)		**$ (259)**	$ (35)	
Net Income (Loss) attributable to Noncontrolling Interests	**$ (34)**	$ 72		**$ (50)**	$ 56	

Citigroup's Net Income (Loss)	**$**	**4,279**	$	(2,495)	NM	**$**	**5,872**	$	(7,606)	NM

NM Not meaningful

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Citigroup Revenues

In millions of dollars	Second Quarter 2009	Second Quarter 2008	% Change	Six Months 2009	Six Months 2008	% Change
CITICORP						
Regional Consumer Banking						
North America	**$ 1,761**	$ 2,111	(17)%	**$ 3,850**	$ 4,445	(13)%
EMEA	**394**	508	(22)	**754**	969	(22)
Latin America	**1,819**	2,371	(23)	**3,610**	4,606	(22)
Asia	**1,631**	1,891	(14)	**3,162**	3,835	(18)
Total	**$ 5,605**	$ 6,881	(19)%	**$ 11,376**	$ 13,855	(18)%
Securities and Banking						
North America	**$ 1,898**	$ 3,507	(46)%	**$ 7,142**	$ 7,099	1%
EMEA	**2,555**	1,970	30	**6,776**	3,703	83
Latin America	**1,046**	722	45	**1,844**	1,403	31
Asia	**1,373**	1,207	14	**3,534**	2,919	21
Total	**$ 6,872**	$ 7,406	(7)%	**$ 19,296**	$ 15,124	28%
Transaction Services						
North America	**$ 656**	$ 511	28%	**$ 1,245**	$ 1,017	22%
EMEA	**860**	947	(9)	**1,704**	1,831	(7)
Latin America	**340**	374	(9)	**683**	714	(4)
Asia	**627**	647	(3)	**1,225**	1,334	(8)
Total	**$ 2,483**	$ 2,479		**$ 4,857**	$ 4,896	(1)%
Institutional Clients Group	**$ 9,355**	$ 9,885	(5)%	**$ 24,153**	$ 20,020	21%
Total Citicorp	**$ 14,960**	$ 16,766	(11)%	**$ 35,529**	$ 33,875	5%
CITI HOLDINGS						
Brokerage and Asset Management	**$ 12,339**	$ 2,467	NM	**$ 14,040**	$ 4,857	NM
Local Consumer Lending	**3,930**	6,224	(37)%	**10,383**	13,724	(24)%
Special Asset Pool	**(519)**	(6,612)	92%	**(5,221)**	(21,020)	75%
Total Citi Holdings	**$ 15,750**	$ 2,079	NM	**$ 19,202**	$ (2,439)	NM
Corporate/Other	**$ (741)**	$ (1,307)	43%	**$ (241)**	$ (1,741)	86%
Total Net Revenues	**$ 29,969**	$ 17,538	71%	**$ 54,490**	$ 29,695	83%

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CITICORP

In millions of dollars	Second Quarter 2009	Second Quarter 2008	% Change	Six Months 2009	Six Months 2008	% Change
Net interest revenue	**$ 8,445**	$ 8,634	(2)%	**$ 16,632**	$ 16,664	
Non-interest revenue	**6,515**	8,132	(20)	**18,897**	17,211	10%
Total Revenues, net of interest expense	**$ 14,960**	$ 16,766	(11)%	**$ 35,529**	$ 33,875	5%
Provision for credit losses and for benefits and claims						
Net credit losses	**$ 1,560**	$ 1,289	21%	**$ 2,797**	$ 2,218	26%
Credit reserve build/ (release)	**1,165**	573	NM	**2,105**	1,047	NM
Provision for loan losses	**$ 2,725**	$ 1,862	46%	**$ 4,902**	$ 3,265	50%
Provision for benefits & claims	**15**	2	NM	**27**	3	NM
Provision for unfunded lending commitments	**83**	(75)	NM	**115**	(75)	NM
Total provision for credit losses and for benefits and claims	**$ 2,823**	$ 1,789	58%	**$ 5,044**	$ 3,193	58%
Total operating expenses	**$ 7,849**	$ 9,900	(21)%	**$ 15,046**	$ 19,226	(22)%
Income from continuing operations before taxes	**$ 4,288**	$ 5,077	(16)%	**$ 15,439**	$ 11,456	35%
Provision for income taxes	**1,230**	1,644	(25)	**4,699**	3,375	39
Income from continuing operations	**$ 3,058**	$ 3,433	(11)%	**$ 10,740**	$ 8,081	33%
Net income (loss) attributable to noncontrolling interests	**3**	21	(86)		34	(100)
Citicorp's net income	**$ 3,055**	$ 3,412	(10)%	**$ 10,740**	$ 8,047	33%
Balance Sheet Data (in billions)						
Total EOP assets	**$ 985**	$ 1,160	(15)%			
Average assets	**$ 1,000**	$ 1,307	(23)%	**$ 1,019**	$ 1,343	(24)%
Total EOP deposits	**$ 702**	$ 681	3%			

NM Not meaningful

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REGIONAL CONSUMER BANKING

In millions of dollars	Second Quarter 2009	Second Quarter 2008	% Change	Six Months 2009	Six Months 2008	% Change
Net interest revenue	**$ 3,903**	$ 4,220	(8)%	**$ 7,516**	$ 8,205	(8)%
Non-interest revenue	**1,702**	2,661	(36)	**3,860**	5,650	(32)
Total Revenues, net of interest expense	**$ 5,605**	$ 6,881	(19)%	**$ 11,376**	$ 13,855	(18)%
Total operating expenses	**$ 3,491**	$ 4,194	(17)%	**$ 6,797**	$ 7,976	(15)%
Net credit losses	**$ 1,392**	$ 981	42%	**$ 2,552**	$ 1,844	38%
Credit reserve build/ (release)	**592**	382	55	**1,256**	832	51
Provision for benefits & claims	**15**	2	NM	**27**	3	NM
Provision for loan losses and for benefits and claims	**$ 1,999**	$ 1,365	46%	**$ 3,835**	$ 2,679	43%
Income from continuing operations before taxes	**$ 115**	$ 1,322	(91)%	**$ 744**	$ 3,200	(77)%
Income taxes (benefits)	**(102)**	331	NM	**(57)**	878	NM
Income from continuing operations	**$ 217**	$ 991	(78)%	**$ 801**	$ 2,322	(66)%
Net income (loss) attributable to noncontrolling interests		4	(100)		5	(100)
Net income	**$ 217**	$ 987	(78)%	**$ 801**	$ 2,317	(65)%
Average assets *(in billions of dollars)*	**$ 191**	$ 230	(17)%	**$ 187**	$ 227	(18)%
Return on assets	**0.46%**	1.73%		**0.86%**	2.05%	
Average deposits *(in billions of dollars)*	**$ 268**	$ 272	(1)%			
Net credit losses as a % of average loans	**4.78%**	2.99%				
Revenue by business						
Retail Banking	**$ 3,193**	$ 3,577	(11)%	**$ 6,148**	$ 7,028	(13)%
Citi-Branded Cards	**2,412**	3,304	(27)	**5,228**	6,827	(23)
Total revenues	**$ 5,605**	$ 6,881	(19)%	**$ 11,376**	$ 13,855	(18)%
Income (loss) from continuing operations by business						
Retail Banking	**$ 428**	$ 563	(24)%	**$ 871**	$ 1,263	(31)%
Citi-Branded Cards	**(211)**	428	NM	**(70)**	1,059	NM
Total	**$ 217**	$ 991	(78)%	**$ 801**	$ 2,322	(66)%

NM Not meaningful

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NORTH AMERICA REGIONAL CONSUMER BANKING

In millions of dollars	Second Quarter 2009	Second Quarter 2008	% Change	Six Months 2009	Six Months 2008	% Change
Net interest revenue	**$ 1,150**	$ 887	30%	**$ 2,170**	$ 1,695	28%
Non-interest revenue	**611**	1,224	(50)	**1,680**	2,750	(39)
Total Revenues, net of interest expense	**$ 1,761**	$ 2,111	(17)%	**$ 3,850**	$ 4,445	(13)%
Total operating expenses	**1,337**	$ 1,590	(16)%	**$ 2,692**	$ 3,063	(12)%
Net credit losses	**$ 305**	$ 136	NM	**$ 563**	$ 281	100%
Credit reserve build/(release)	**130**	126	3%	**372**	295	26
Provision for benefits and claims	**15**	2	NM	**27**	2	NM
Provisions for loan losses and for benefits and claims	**$ 450**	$ 264	70%	**$ 962**	$ 578	66%
Income (loss) from continuing operations before taxes	**$ (26)**	$ 257	NM	**$ 196**	$ 804	(76)%
Income taxes (benefits)	**(11)**	88	NM	**14**	290	(95)
Income (loss) from continuing operations	**$ (15)**	$ 169	NM	**$ 182**	$ 514	(65)%
Net income (loss) attributable to noncontrolling interests						
Net income (loss)	**$ (15)**	$ 169	NM	**$ 182**	$ 514	(65)%
Average assets *(in billions of dollars)*	**$ 33**	$ 38	(13)%	**$ 33**	$ 39	(15)%
Return on assets	**(0.18)%**	1.79%		**1.11%**	2.65%	
Average deposits *(in billions of dollars)*	**$ 136**	$ 122	11%			
Net credit losses as a % of average loans	**6.51%**	3.42%				
Revenue by business						
Retail banking	**$ 955**	$ 952		**$ 1,837**	$ 1,802	2%
Citi-branded cards	**806**	1,159	(30)%	**2,013**	2,643	(24)
Total	**$ 1,761**	$ 2,111	(17)%	**$ 3,850**	$ 4,445	(13)%
Income (loss) from continuing operations by business						
Retail banking	**$ 88**	$ 60	47%	**$ 169**	$ 62	NM
Citi-branded cards	**(103)**	109	NM	**13**	452	(97)%
Total	**$ (15)**	$ 169	NM	**$ 182**	$ 514	(65)%

NM Not meaningful

2Q09 vs. 2Q08

Revenues, net of interest expense declined 17%, primarily reflecting higher credit losses flowing through the credit card securitization trusts. *Net interest revenue* was up 30% driven by higher net interest margin in cards as a result of higher interest revenue from pricing actions and lower funding costs, and by the impact of higher deposit and loan volumes in retail banking. Average deposits were 11% higher than the prior year, driven by growth in consumer CDs and commercial deposits. *Non-interest revenue* declined 50%, primarily driven by higher credit losses flowing through the securitization trusts partially offset by other securitization revenue, and by the absence of a prior-year $170 million gain on a cards portfolio sale.

Operating expenses declined 16%, reflecting the benefits from re-engineering efforts, lower marketing costs, and the absence of a $55 million repositioning charge in the second quarter of 2008.

Provisions for loan losses and for benefits and claims increased 70% primarily due to rising net credit losses in both cards and retail banking. The $130 million loan loss reserve build in the second quarter reflected the continued weakness in consumer credit. The cards net credit loss ratio increased 400 basis points to 7.51%, while the retail banking net credit loss ratio increased 174 basis points to 4.85%.

2Q09 YTD vs. 2Q08 YTD

Revenues, net of interest expense declined 13%, primarily reflecting higher credit losses flowing through the credit card securitization trusts. *Net interest revenue* was up 28% driven by the impact of pricing actions and lower funding costs in cards, and by higher deposit and loan volumes in retail banking, with average deposits up 8% from the prior-year period. *Non-interest revenue* declined 39%, driven by higher credit losses flowing through the securitization trusts partially offset by other securitization revenue, and by the absence of a $349 million gain on the sale of Visa shares and a $170 million gain on a cards portfolio sale in the prior-year period.

Operating expenses declined 12%, reflecting the benefits from re-engineering efforts, lower marketing costs, and the absence of $120 million of repositioning charges in the prior-year period, which were partially offset by the absence of a prior-year $159 million Visa litigation reserve release.

Provisions for loan losses and for benefits and claims increased 66% primarily due to rising net credit losses in both cards and retail banking. Continued weakness in consumer credit and trends in the macro-economic environment,

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including rising unemployment and higher bankruptcy filings, drove higher credit costs. The cards net credit loss ratio increased 330 basis points to 6.61%, while the retail banking net credit loss ratio increased 39 basis points to 4.06%.

Recent Legislative Actions

The Credit Card Accountability Responsibility and Disclosure Act of 2009

On May 22, 2009, The Credit Card Accountability Responsibility and Disclosure Act of 2009 (CARD Act) was enacted into law. The CARD Act will affect various credit card practices of card issuers, including Citigroup, such as marketing, underwriting, pricing, billing and disclosure requirements, thus reshaping the way consumers have access to and use their credit cards. Many of the provisions in the CARD Act will take effect in February 2010, although some take effect earlier in August 2009 and some later in August 2010.

Among other things, the CARD Act:

- prohibits a card issuer from increasing a customer's annual percentage rate ("APR") on an existing balance unless the customer has not made a minimum payment within 60 days after the due date for such payment, and requires the card issuer to terminate the increase no later than six months after the date on which it is imposed if the consumer makes the required minimum payment on time during that period;
- requires an issuer to provide a 45-day written notice of an APR increase, or any other significant change to account terms, which notice must include a statement of the customer's right to cancel the account prior to the effective date of the change;
- generally prohibits increasing the APR on new balances during the first year the card account is opened;
- requires that penalty fees (e.g., late payment and over-the-limit fees) be "reasonable and proportional" to the customer's violation of account terms;
- for accounts with different APRs on different balances, requires a card issuer to apply payments made by a customer in excess of the minimum payment to the card balance bearing the highest rate of interest; and
- generally prohibits interest rate increases on outstanding balances, with certain limited exceptions.

Certain provisions of the CARD Act are consistent with Citigroup's existing practices and will not require any changes or modifications. Other provisions, however, such as those that restrict the ability of an issuer to increase APRs on outstanding balances or that establish standards for penalty fees and payment allocation will require Citigroup to make fundamental changes to its credit card business model. The impact of the CARD Act on Citigroup's credit businesses is not fully known at this time. Such impact will ultimately depend upon the successful implementation of changes to Citigroup's business model and the continued regulatory interpretations of the CARD Act, among other considerations.

Mortgage Modification Programs

See "Citi Holdings Local Consumer Lending" below for a description of the Obama administration's Home Affordable Modification Program (HAMP) and Citigroup's mortgage modification programs generally.

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EMEA REGIONAL CONSUMER BANKING

In millions of dollars	Second Quarter 2009	Second Quarter 2008	% Change	Six Months 2009	Six Months 2008	% Change
Net interest revenue	**$ 243**	$ 335	(27)%	**$ 467**	$ 634	(26)%
Non-interest revenue	**151**	173	(13)	**287**	335	(14)
Total Revenues, net of interest expense	**$ 394**	$ 508	(22)%	**$ 754**	$ 969	(22)%
Total operating expenses	**$ 282**	$ 395	(29)%	**$ 538**	$ 770	(30)%
Net credit losses	**$ 121**	$ 48	NM	**$ 210**	$ 95	NM
Credit reserve build/(release)	**158**	15	NM	**230**	31	NM
Provisions for loan losses and for benefits and claims	**$ 279**	$ 63	NM	**$ 440**	$ 126	NM
Income (loss) from continuing operations before taxes	**$ (167)**	$ 50	NM	**$ (224)**	$ 73	NM
Income taxes (benefits)	**(57)**	13	NM	**(81)**	17	NM
Income (loss) from continuing operations	**$ (110)**	$ 37	NM	**$ (143)**	$ 56	NM
Net income (loss) attributable to noncontrolling interests		4	(100)%		6	(100)%
Net income (loss)	**$ (110)**	$ 33	NM	**$ (143)**	$ 50	NM
Average assets *(in billions of dollars)*	**$ 11**	$ 14	(21)%	**$ 11**	$ 14	(21)%
Return on assets	**(4.01)%**	0.95%		**(2.62)%**	0.72%	
Average deposits *(in billions of dollars)*	**$ 9**	$ 12	(25)%			
Net credit losses as a % of average loans	**5.78%**	1.91%				
Revenue by business						
Retail banking	**$ 234**	$ 325	(28)%	**$ 439**	$ 621	(29)%
Citi-branded cards	**160**	183	(13)	**315**	348	(9)
Total	**$ 394**	$ 508	(22)%	**$ 754**	$ 969	(22)%
Income (loss) from continuing operations by business						
Retail banking	**$ (76)**	$ 6	NM	**$ (117)**	$ (2)	NM
Citi-branded cards	**(34)**	31	NM	**(26)**	58	NM
Total	**$ (110)**	$ 37	NM	**$ (143)**	$ 56	NM

NM Not meaningful

2Q09 vs. 2Q08

Revenues, net of interest expense, declined 22%. More than half of the revenue decline is attributable to changes in foreign currency translation (generally referred to throughout this report as "FX translation"). Other drivers included lower wealth management and lending revenues due to lower volumes and spread compression. Investment sales and assets under management declined by 38% and 32%, respectively. *Net interest revenue* was 27% lower than the prior-year period with average loans for retail banking down 22% as a result of a lower risk profile, branch closures, and the impact of FX translation. Average deposits were down 25%, primarily due to FX translation. Retail banking net interest margin declined from 11.0% to 9.8%. *Non-interest revenue* declined 13%, primarily due to the impact of FX translation.

Operating expenses declined 29%, reflecting expense control actions, lower marketing expenditure, and the impact of FX translation. Cost savings were achieved by branch closures, headcount reductions and re-engineering efforts.

Provisions for loan losses and for benefits and claims increased $216 million, to $279 million in the second quarter of 2009. Net credit losses increased from $48 million to $121 million, while the loan loss reserve build increased from $15 million to $158 million. Higher credit costs reflected continued credit deterioration, particularly in UAE, Turkey, Poland and Russia.

2Q09 YTD vs. 2Q08 YTD

Revenues, net of interest expense, declined 22%. Over half of the revenue decline is attributable to the impact of FX translation. Other drivers included lower wealth management and lending revenues due to lower volumes and spread compression. Investment sales and assets under management declined by 47% and 32%, respectively. *Net interest revenue* was 26% lower than the prior year with average loans for retail banking down 21%, average deposits down 25%, and net interest margin decreasing as well. *Non-interest revenue* declined 14%, primarily due to the impact of FX translation.

Operating expenses declined 30%, reflecting expense control actions, lower marketing spend, and the impact of FX translation. Cost savings were achieved by branch closures, headcount reductions and re-engineering efforts.

Provisions for loan losses and for benefits and claims increased $314 million, to $440 million for during the first six months of 2009. Net credit losses increased from $95 million to $210 million, while the loan loss reserve build increased from $31 million to $230 million. Higher credit costs reflected continued credit deterioration across the region.

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LATIN AMERICA REGIONAL CONSUMER BANKING

In millions of dollars	Second Quarter 2009	Second Quarter 2008	% Change	Six Months 2009	Six Months 2008	% Change
Net interest revenue	**$ 1,350**	$ 1,741	(22)%	**$ 2,601**	$ 3,377	(23)%
Non-interest revenue	**469**	630	(26)	**1,009**	1,229	(18)
Total Revenues, net of interest expense	**$ 1,819**	$ 2,371	(23)%	**$ 3,610**	$ 4,606	(22)%
Total operating expenses	**$ 1,039**	$ 1,238	(16)%	**$ 1,950**	$ 2,183	(11)%
Net credit losses	**$ 612**	$ 555	10%	**$ 1,153**	$ 1,021	13%
Credit reserve build/(release)	**154**	157	(2)	**320**	394	(19)
Provision for benefits and claims					1	(100)
Provisions for loan losses and for benefits and claims	**$ 766**	$ 712	8%	**$ 1,473**	$ 1,416	4%
Income from continuing operations before taxes	**$ 14**	$ 421	(97)%	**$ 187**	$ 1,007	(81)%
Income taxes (benefits)	**(56)**	87	NM	**(52)**	242	NM
Income from continuing operations	**$ 70**	$ 334	(79)%	**$ 239**	$ 765	(69)%
Net income (loss) attributable to noncontrolling interests						
Net income	**$ 70**	$ 334	(79)%	**$ 239**	$ 765	(69)%
Average assets *(in billions of dollars)*	**$ 61**	$ 80	(24)%	**$ 59**	$ 77	(23)%
Return on assets	**0.46%**	1.68%		**0.82%**	2.00%	
Average deposits *(in billions of dollars)*	**$ 36**	$ 42	(14)%			
Net credit losses as a % of average loans	**8.83%**	6.91%				
Revenue by business						
Retail banking	**$ 981**	$ 1,060	(7)%	**$ 1,874**	$ 2,113	(11)%
Citi-branded cards	**838**	1,311	(36)	**1,736**	2,493	(30)
Total	**$ 1,819**	$ 2,371	(23)%	**$ 3,610**	$ 4,606	(22)%
Income (loss) from continuing operations by business						
Retail banking	**$ 150**	$ 149	1%	**$ 330**	$ 461	(28)%
Citi-branded cards	**(80)**	185	NM	**(91)**	304	NM
Total	**$ 70**	$ 334	(79)%	**$ 239**	$ 765	(69)%

NM Not meaningful

2Q09 vs. 2Q08

Revenues, net of interest expense, declined 23%, mainly due to the impact of FX translation, lower cards receivables and spread compression, partially offset by higher business volumes in retail banking. *Net interest revenue* was 22% lower than the prior year caused by the decrease in cards receivables as well as lower spreads resulting from a lower risk profile, partially offset by higher business volumes in retail banking. Average deposits were down 14%, due primarily to the impact of FX translation. *Non-interest revenue* declined 26%, primarily due to the decline in cards fees as well as the impact of FX translation.

Operating expenses declined 16%, reflecting the benefits from re-engineering efforts and the impact of FX translation.

Provisions for loan losses and for benefits and claims increased 8% as a result of continued losses, especially in the cards business, which were partially offset by the impact of FX translation. Cards net credit loss rates increased from 11.4% to 16.2%. Rising losses were particularly apparent in the Mexico cards portfolio.

2Q09 YTD vs. 2Q08 YTD

Revenues, net of interest expense, declined 22% driven by the impact of FX translation, lower volumes and spread compression in the cards business. *Net interest revenue* was 23% lower than the prior year with average credit cards loans down 23%, and net interest margin decreasing as well due to the cards spread compression impact. *Non-interest revenue* declined 18%, primarily due to the decline in cards fees as well as the impact of FX translation.

Operating expenses declined 11%, reflecting the benefits from re-engineering efforts and the impact of FX translation. The prior-year period also included a $257 million expense benefit related to a legal vehicle restructuring in Mexico.

Provisions for loan losses and for benefits and claims increased 4% as result of deteriorating credit conditions, especially in the cards business, which were partially offset by the impact of FX translation. Cards net credit loss rates increased from 10.9% to 16.1%. Credit deterioration was particularly apparent in the Mexico cards portfolio.

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ASIA REGIONAL CONSUMER BANKING

In millions of dollars	Second Quarter 2009	Second Quarter 2008	% Change	Six Months 2009	Six Months 2008	% Change
Net interest revenue	**$ 1,160**	$ 1,257	(8)%	**$ 2,278**	$ 2,499	(9)%
Non-interest revenue	**471**	634	(26)	**884**	1,336	(34)
Total Revenues, net of interest expense	**$ 1,631**	$ 1,891	(14)%	**$ 3,162**	$ 3,835	(18)%
Total operating expenses	**$ 833**	$ 971	(14)%	**$ 1,617**	$ 1,960	(18)%
Net credit losses	**$ 354**	$ 242	46%	**$ 626**	$ 447	40%
Credit reserve build/(release)	**150**	84	79	**334**	112	NM
Provisions for loan losses and for benefits and claims	**$ 504**	$ 326	55%	**$ 960**	$ 559	72%
Income from continuing operations before taxes	**$ 294**	$ 594	(51)%	**$ 585**	$ 1,316	(56)%
Income taxes (benefits)	**22**	143	(85)	**62**	329	(81)
Income from continuing operations	**$ 272**	$ 451	(40)%	**$ 523**	$ 987	(47)%
Net income (loss) attributable to noncontrolling interests					(1)	100
Net income	**$ 272**	$ 451	(40)%	**$ 523**	$ 988	(47)%
Average assets *(in billions of dollars)*	**$ 86**	$ 98	(12)%	**$ 85**	$ 97	(12)%
Return on assets	**1.27%**	1.85%		**1.24%**	2.05%	
Average deposits *(in billions of dollars)*	**$ 88**	$ 97	(9)%			
Net credit losses as a % of average loans	**2.30%**	1.32%				
Revenue by business						
Retail banking	**$ 1,023**	$ 1,240	(18)%	**$ 1,998**	$ 2,492	(20)%
Citi-branded cards	**608**	651	(7)	**1,164**	1,343	(13)
Total	**$ 1,631**	$ 1,891	(14)%	**$ 3,162**	$ 3,835	(18)%
Income (loss) from continuing operations by business						
Retail banking	**$ 266**	$ 348	(24)%	**$ 489**	$ 742	(34)%
Citi-branded cards	**6**	103	(94)	**34**	245	(86)
Total	**$ 272**	$ 451	(40)%	**$ 523**	$ 987	(47)%

NM Not meaningful

2Q09 vs. 2Q08

Revenue, net of interest expense declined 14% driven by a 35% decline in investment sales and the impact of FX translation. *Net interest revenue* was 8% lower than the prior-year period. Average loans and deposits were down 16% and 9%, respectively, and net interest margin decreased as well, in each case primarily due to the impact of FX translation. *Non-interest revenue* declined 26%, primarily due to the decline in investment sales.

Operating expenses declined 14%, reflecting the benefits from re-engineering efforts and the impact of FX translation.

Provisions for loan losses and for benefits and claims increased 55% mainly due to deteriorating credit conditions, partially offset by FX translation. Rising losses were particularly apparent in the card portfolios in India and Korea.

2Q09 YTD vs. 2Q08 YTD

Revenue, net of interest expense declined 18% driven by a 51% decline in investment sales and the impact of FX translation. *Net interest revenue* was 9% lower than the prior-year period. Average loans were down 17% and deposits were down 13%, respectively, and net interest margin decreased as well. *Non-interest revenue* declined 34%, primarily due to the decline in investment sales.

Operating expenses declined 18%, reflecting the benefits from re-engineering efforts and the impact of FX translation.

Provisions for loan losses and for benefits and claims increased 72% mainly due to higher net credit losses in India and Korea.

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INSTITUTIONAL CLIENTS GROUP (ICG)

	Second Quarter		%	Six Months		%
In millions of dollars	2009	2008	Change	2009	2008	Change
Commissions and Fees	**$ 466**	$ 690	(32)%	**$ 884**	$ 1,429	(38)%
Administration and Other Fiduciary Fees	**1,262**	1,433	(12)	**2,510**	2,833	(11)
Investment banking	**1,242**	1,396	(11)	**2,182**	2,265	(4)
Principal transactions	**1,081**	1,954	(45)	**8,231**	4,958	66
Other	**762**	(2)	NM	**1,230**	76	NM
Total non-interest revenue	**$ 4,813**	$ 5,471	(12)%	**$ 15,037**	$ 11,561	30%
Net interest revenue (including dividends)	**4,542**	4,414	3	**9,116**	8,459	8
Total revenues, net of interest expenses	**$ 9,355**	$ 9,885	(5)%	**$ 24,153**	$ 20,020	21%
Total operating expenses	**4,358**	5,706	(24)	**8,249**	11,250	(27)
Net credit losses	**168**	308	(45)	**245**	374	(34)
Provisions for unfunded lending commitments	**83**	(75)	NM	**115**	(75)	NM
Credit reserve build/ (release)	**573**	191	NM	**849**	215	NM
Provision for credit losses	**$ 824**	$ 424	94%	**$ 1,209**	$ 514	NM
Income from continuing operations before taxes	**$ 4,173**	$ 3,755	11%	**$ 14,695**	$ 8,256	78%
Income taxes (benefits)	**1,332**	1,313	1	**4,756**	2,497	90
Income from continuing operations	**$ 2,841**	$ 2,442	16%	**$ 9,939**	$ 5,759	73%
Net income (loss) attributable to noncontrolling interests	**3**	17	(82)		29	(100)
Net income	**$ 2,838**	$ 2,425	17%	**$ 9,939**	$ 5,730	73%
Average assets *(in billions of dollars)*	**$ 809**	$ 1,077	(25%)	**$ 832**	$ 1,117	(26)%
Return on assets	**1.41%**	0.91%		**2.41%**	1.03%	
Revenue by region:						
North America	**$ 2,554**	$ 4,018	(36)%	**$ 8,387**	$ 8,116	3%
EMEA	**3,415**	2,917	17	**8,480**	5,534	53
Latin America	**1,386**	1,096	26	**2,527**	2,117	19
Asia	**2,000**	1,854	8	**4,759**	4,253	12
Total	**$ 9,355**	$ 9,885	(5)%	**$ 24,153**	$ 20,020	21%
Income (loss) from continuing operations by region:						
North America	**$ 184**	$ 707	(74)%	**$ 2,889**	$ 2,177	33%
EMEA	**1,096**	675	62	**3,594**	1,149	NM
Latin America	**672**	476	41	**1,231**	918	34
Asia	**889**	584	52	**2,225**	1,515	47
Total	**$ 2,841**	$ 2,442	16%	**$ 9,939**	$ 5,759	73%
Average loans by region *(in billions)*:						
North America	**$ 43**	$ 48	(10)%			
EMEA	**47**	54	(13)			
Latin America	**20**	25	(20)			
Asia	**28**	37	(24)			
Total	**$ 138**	$ 164	(16)%			

NM Not meaningful

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SECURITIES AND BANKING

In millions of dollars	Second Quarter 2009	Second Quarter 2008	% Change	Six Months 2009	Six Months 2008	% Change
Net interest revenue	**$ 3,087**	$ 3,100		**$ 6,255**	$ 5,850	7%
Non-interest revenue	**3,785**	4,306	(12)%	**13,041**	9,274	41
Revenues, net of interest expense	**$ 6,872**	$ 7,406	(7)%	**$ 19,296**	$ 15,124	28%
Operating expenses	**3,270**	4,371	(25)	**6,087**	8,655	(30)
Net credit losses	**171**	305	(44)	**245**	370	(34)
Provision for unfunded lending commitments	**83**	(75)	NM	**115**	(75)	NM
Credit reserve build (release)	**565**	183	NM	**843**	206	NM
Provision for credit losses	**819**	413	98	**1,203**	501	NM
Income before taxes and noncontrolling interest	**$ 2,783**	$ 2,622	6%	**$ 12,006**	$ 5,968	NM
Income taxes	**916**	969	(5)	**3,945**	1,809	NM
Income from continuing operations	**1,867**	1,653	13	**8,061**	4,159	94%
Net income attributable to noncontrolling interests		8	(100)	**1**	12	(92)
Net income	**$ 1,867**	$ 1,645	13%	**$ 8,060**	$ 4,147	94%
Average assets *(in billions of dollars)*	**$ 749**	$ 1,004	(25)%	**$ 772**	$ 1,044	(26)%
Return on assets	**1.00%**	0.66%		**2.11%**	0.80%	
Revenues by region:						
North America	**$ 1,898**	$ 3,507	(46)%	**$ 7,142**	$ 7,099	1%
EMEA	**2,555**	1,970	30	**6,776**	3,703	83
Latin America	**1,046**	722	45	**1,844**	1,403	31
Asia	**1,373**	1,207	14	**3,534**	2,919	21
Total revenues	**$ 6,872**	$ 7,406	(7)%	**$ 19,296**	$ 15,124	28%
Net income (loss) from continuing operations by region:						
North America	**$ 3**	$ 646	(100)%	**$ 2,570**	$ 2,028	27%
EMEA	**746**	376	98	**2,918**	572	NM
Latin America	**522**	325	61	**921**	626	47
Asia	**596**	306	95	**1,652**	933	77
Total net income from continuing operations	**$ 1,867**	$ 1,653	13%	**$ 8,061**	$ 4,159	94%
Securities and Banking						
Revenue details:						
Net Investment Banking	**$ 1,160**	$ 1,335	(13)%	**$ 2,142**	$ 2,165	(1)%
Lending	**(928)**	(155)	NM	**(1,257)**	764	NM
Equity markets	**1,101**	1,526	(28)	**2,705**	2,687	1
Fixed income markets	**5,573**	4,439	26	**15,794**	9,171	72
Private bank	**477**	593	(20)	**976**	1,226	(20)
Other Securities and Banking	**(511)**	(332)	(54)	**(1,064)**	(889)	(20)
Total Securities and Banking Revenues	**$ 6,872**	$ 7,406	(7)%	**$ 19,296**	$ 15,124	28%

NM Not meaningful

2Q09 vs. 2Q08

Revenues, net of interest expense decreased 7% primarily due to revenue marks of negative $777 million and lending revenues of negative $928 million, due mainly to losses on credit default swap hedges, which offset strong trading results in fixed income markets revenues. Investment banking revenues were down 13% from the second quarter of 2008, a quarter driven by stronger M&A and equity volumes, due primarily to lower advisory and equity underwriting revenues. Equity markets revenues were down 28% from the prior-year period, primarily driven by net negative revenue marks of $694 million due to the narrowing in Citigroup credit spreads, partially offset by the narrowing of counterparty spreads. Private bank revenues were down 20% on lower assets under management, decreased investment sales and lower average lending volumes. Fixed income markets revenues were up 26% driven by strong results across most fixed income categories reflecting favorable positioning and sustained client activity.

Operating expenses decreased 25% driven by headcount reductions, repositioning charges recorded in the second quarter of 2008 and reductions in other operating expenses.

Provision for credit losses and for benefits and claims increased by 98% mainly due to increased credit reserve builds and provisions for unfunded lending commitments, partially offset by lower net credit losses.

2Q09 YTD vs. 2Q08 YTD

Revenues, net of interest expense increased 28% mainly due to an increase in fixed income markets of $6.6 billion to $15.8 billion, mostly in the first quarter of 2009, reflecting strong trading results, offset by a decrease in lending revenues to a negative $1.3 billion mainly from losses on credit default swap hedges.

Operating expenses decreased 30% driven by lower compensation due to headcount reductions and benefits from re-engineering and expense management.

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Provision for credit losses and for benefits and claims increased $0.5 billion to $1.2 billion mainly from increased credit reserve builds.

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TRANSACTION SERVICES

In millions of dollars	Second Quarter 2009	Second Quarter 2008	% Change	Six Months 2009	Six Months 2008	% Change
Net interest revenue	**$ 1,455**	$ 1,314	11%	**$ 2,861**	$ 2,609	10%
Non-interest revenue	**1,028**	1,165	(12)	**1,996**	2,287	(13)
Revenues, net of interest expense	**$ 2,483**	$ 2,479		**$ 4,857**	$ 4,896	(1)%
Operating expenses	**1,088**	1,335	(19)%	**2,162**	2,595	(17)
Provision for credit losses and for benefits and claims	**5**	11	(55)	**6**	13	(54)
Income before taxes and noncontrolling interest	**$ 1,390**	$ 1,133	23%	**$ 2,689**	$ 2,288	18%
Income taxes	**416**	344	21	**811**	688	18
Income from continuing operations	**974**	789	23	**1,878**	1,600	17
Net income (loss) attributable to noncontrolling interests	**3**	9	(67)	**(1)**	17	NM
Net income	**$ 971**	$ 780	24%	**$ 1,879**	$ 1,583	19%
Average assets *(in billions of dollars)*	**$ 60**	$ 73	(18)%	**$ 60**	$ 73	(18)%
Return on assets	**6.49%**	4.30%		**6.32%**	4.36%	
Revenues by region:						
North America	**$ 656**	$ 511	28%	**$ 1,245**	$ 1,017	22%
EMEA	**860**	947	(9)	**1,704**	1,831	(7)
Latin America	**340**	374	(9)	**683**	714	(4)
Asia	**627**	647	(3)	**1,225**	1,334	(8)
Total revenues	**$ 2,483**	$ 2,479		**$ 4,857**	$ 4,896	(1)%
Net income (loss) from continuing operations by region:						
North America	**$ 181**	$ 61	NM	**$ 319**	$ 149	NM
EMEA	**350**	299	17%	**676**	577	17%
Latin America	**150**	151	(1)	**310**	292	6
Asia	**293**	278	5	**573**	582	(2)
Total net income from continuing operations	**$ 974**	$ 789	23%	**$ 1,878**	$ 1,600	17%
Key Indicators *(in billions of dollars)*						
Average deposits and other customer liability balances	**$ 288**	$ 275	5%			
EOP assets under custody *(in trillions of dollars)*	**$ 11.1**	$ 12.8	(13)			

NM Not meaningful

2Q09 vs. 2Q08

Revenues, net of interest expense were $2.5 billion, in line with the prior-year period as clients remained actively engaged. Growth in deposits and increasing spreads were offset by the impact of FX translation and declines in assets under custody. Average deposits increased by 5%, driven by growth in North America and Asia. Assets under custody declined by 13% from the prior-year period, primarily due to lower equity markets.

Operating expenses declined by 19% driven by headcount reduction, re-engineering efforts, expense management initiatives and the impact of FX translation.

2Q09 YTD vs. 2Q08 YTD

Revenues, net of interest expense of $4.9 billion decreased slightly from the prior-year period driven primarily by the impact of FX translation, as well as by lower volumes and asset under custody valuations.

Operating expenses declined 17% driven by headcount reduction and re-engineering benefits, as well as the impact of FX translation.

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CITI HOLDINGS

In millions of dollars	Second Quarter 2009	Second Quarter 2008	% Change	Six Months 2009	Six Months 2008	% Change
Net interest revenue	**$ 4,495**	$ 5,929	(24)%	**$ 9,878**	$ 11,526	(14)%
Non-interest revenue	**11,255**	(3,850)	NM	**9,324**	(13,965)	NM
Total Revenues, net of interest expense	**$ 15,750**	$ 2,079	NM	**$ 19,202**	$ (2,439)	NM
Provision for credit losses and for benefits and claims						
Net credit losses	**$ 6,795**	$ 3,021	NM	**$ 12,840**	$ 5,729	NM
Credit reserve build/ (release)	**2,711**	2,100	29%	**4,405**	3,566	24%
Provision for loan losses	**$ 9,506**	$ 5,121	86%	**$ 17,245**	$ 9,295	86%
Provision for benefits & claims	**294**	258	14	**613**	532	15
Provision for unfunded lending commitments	**52**	(68)	NM	**80**	(68)	NM
Total provision for credit losses and for benefits and claims	**$ 9,852**	$ 5,311	86%	**$ 17,938**	$ 9,759	84%
Total operating expenses	**$ 3,827**	$ 5,316	(28)%	**$ 8,215**	$ 11,270	(27)%
Income (loss) from continuing operations before taxes	**$ 2,071**	$ (8,548)	NM	**$ (6,951)**	$ (23,468)	70%
Provision (benefits) for income taxes	**712**	(3,323)	NM	**(2,974)**	(9,093)	67
Income (loss) from continuing operations	**$ 1,359**	$ (5,225)	NM	**$ (3,977)**	$ (14,375)	72%
Net income (loss) attributable to noncontrolling interests	**(37)**	52	NM	**(50)**	22	NM
Citi Holding's net income (loss)	**$ 1,396**	$ (5,277)	NM	**$ (3,927)**	$ (14,397)	73%
Balance Sheet Data (in billions)						
Total EOP assets	**$ 649**	$ 833	(22)%			
Average assets	**$ 677**	$ 852	(21)%			
Total EOP deposits	**$ 88**	$ 84	5%			

NM Not meaningful

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BROKERAGE AND ASSET MANAGEMENT

In millions of dollars	Second Quarter 2009	2008	% Change	Six Months 2009	2008	% Change
Net interest revenue	**$ 168**	$ 230	(27)%	**$ 516**	$ 409	26%
Non-interest revenue	**12,171**	2,237	NM	**13,524**	4,448	NM
Total Revenues, net of interest expense	**$ 12,339**	$ 2,467	NM	**$ 14,040**	$ 4,857	NM
Total operating expenses	**$ 1,096**	$ 2,002	(45)%	**$ 2,642**	$ 4,452	(41)%
Net credit losses	**$ 1**	$		**$ 3**	$ 10	(70)%
Credit reserve build/(release)	**3**	9	(67)%	**46**	10	NM
Provision for benefits and claims	**34**	45	(24)	**75**	97	(23)
Provisions for loan losses and for benefits and claims	**$ 38**	$ 54	(30)%	**$ 124**	$ 117	6%
Income from continuing operations before taxes	**$ 11,205**	$ 411	NM	**$ 11,274**	$ 288	NM
Income taxes (benefits)	**4,391**	144	NM	**4,402**	135	NM
Income from continuing operations	**$ 6,814**	$ 267	NM	**$ 6,872**	$ 153	NM
Net income (loss) attributable to noncontrolling interests	**6**	49	(88)%	**(11)**	38	NM
Net income	**$ 6,808**	$ 218	NM	**$ 6,883**	$ 115	NM
EOP assets *(in billions of dollars)*	**$ 56**	$ 65	(14)%			
EOP deposits *(in billions of dollars)*	**$ 56**	$ 50	12			

NM Not meaningful

2Q09 vs. 2Q08

Revenues, net of interest expense increased $9.9 billion due to an $11.1 billion pretax gain on sale ($6.7 billion after-tax) on the Morgan Stanley Smith Barney joint venture transaction, which closed on June 1, 2009. Excluding the gain, revenues declined $1.2 billion driven by the absence of one month of Smith Barney revenues as well as the impact of market conditions on Smith Barney transactional and fee-based revenue relative to the prior year.

Operating expenses decreased 45% from the prior-year period, primarily driven by lower revenue-driven expenses in Smith Barney, a one month absence of Smith Barney expenses, lower variable compensation and re-engineering efforts, particularly in retail alternative investments.

Provisions for loan losses and for benefits and claims decreased by 30% mainly reflecting lower provisions for benefits and claims.

2Q09 YTD vs. 2Q08 YTD

Revenues, net of interest expense increased $9.2 billion due to an $11.1 billion pre-tax gain on sale ($6.7 billion after-tax) on the Morgan Stanley Smith Barney joint venture transaction which closed on June 1, 2009. Excluding the gain, revenue declined $1.9 billion driven by the absence of one month of Smith Barney revenues as well as the impact of market conditions on Smith Barney transactional and fee-based revenue relative to the prior year.

Operating expenses decreased $1.8 billion, or 41%, primarily driven by lower revenue-driven expenses in Smith Barney, a one month absence of Smith Barney expenses, lower variable compensation and re-engineering efforts, particularly in retail alternative investments.

Provisions for loan losses and for benefits and claims increased by 6% due to reserve builds in Smith Barney for SFAS 114 (ASC 310-10-35) impaired loans and lending to address client liquidity needs related to auction rate securities holdings, partially offset by lower provisions for benefits and claims.

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LOCAL CONSUMER LENDING

In millions of dollars	Second Quarter 2009	Second Quarter 2008	% Change	Six Months 2009	Six Months 2008	% Change
Net interest revenue	**$ 3,387**	$ 4,807	(30)%	**$ 7,277**	$ 9,403	(23)%
Non-interest revenue	**543**	1,417	(62)	**3,106**	4,321	(28)
Total Revenues, net of interest expense	**$ 3,930**	$ 6,224	(37)%	**$ 10,383**	$ 13,724	(24)%
Total operating expenses	**$ 2,524**	$ 3,046	(17)%	**$ 5,135**	$ 6,247	(18)%
Net credit losses	**$ 5,156**	$ 2,982	73%	**$ 9,688**	$ 5,629	72%
Credit reserve build/(release)	**2,812**	1,862	51	**4,399**	3,156	39
Provision for benefits and claims	**260**	213	22	**538**	435	24
Provisions for loan losses and for benefits and claims	**$ 8,228**	$ 5,057	63%	**$ 14,625**	$ 9,220	59%
Loss from continuing operations before taxes	**$ (6,822)**	$ (1,879)	NM	**$ (9,377)**	$ (1,743)	NM
Income taxes (benefits)	**(2,629)**	(673)	NM	**(3,765)**	(662)	NM
Loss from continuing operations	**$ (4,193)**	$ (1,206)	NM	**$ (5,612)**	$ (1,081)	NM
Net income attributable to noncontrolling interests	**5**	8	(38)%	**10**	12	(17)%
Net loss	**$ (4,198)**	$ (1,214)	NM	**$ (5,622)**	$ (1,093)	NM
Average assets *(in billions of dollars)*	**$ 398**	$ 478	(17)%	**$ 403**	$ 479	(16)%
Net credit losses as a % of average loans	**6.26%**	3.16%				

NM Not meaningful

2Q09 vs. 2Q08

Revenues, net of interest expense decreased 37% mainly due to a decline in net interest revenue, higher net credit losses flowing through the securitization trusts in North America and a special FDIC assessment. *Net interest revenue* was 30% lower than the prior year driven by lower balances (due to run-off and credit tightening) and spread compression due largely to higher non-accrual loans, the FDIC special assessment and the impact of loan modifications. Average loans were down 13%, with North America (ex Cards) down 11%, North America Cards down 20%, and International down 21%. *Non-interest revenue* declined 62%, primarily due to higher credit costs flowing through the securitization trusts in North America and lower securitization gains. Non-interest revenue was also negatively impacted by $266 million of losses on credit default swap hedges.

Operating expenses decreased 17% primarily due to re-engineering actions, lower volumes and marketing expenses and the absence of a $85 million repositioning charge in the prior-year quarter. The declines in expenses were partially offset by higher other real estate owned assets (OREO) and collections costs.

Provisions for loan losses and for benefits and claims increased by 63%, reflecting higher reserve builds of $1.0 billion and increased net credit losses of $2.2 billion driven by deteriorating economic conditions globally. The reserve builds in the 2009 second quarter were mainly driven by increases for residential mortgage loans in North America as well as increases in EMEA. Net credit losses were higher versus the prior year across all businesses. The net credit reserve build for residential mortgages was driven by increases in first and second mortgages as well as continued deterioration in the housing market. Credit costs in North America also reflected a continued increase in credit losses in credit cards and commercial real estate. International credit costs reflected continued deterioration in CitiFinancial Japan, the U.K., Greece and Spain. The net credit loss ratio increased 310 basis points from the prior-year quarter with North America (ex Cards) up 267 basis points to 4.98%, International up 422 basis points to 9.69% and North America Cards up 707 basis points to 14.83%.

2Q09 YTD vs. 2Q08 YTD

Revenues, net of interest expense decreased 24% due to a decline in net interest revenue, higher net credit losses flowing through the securitization trusts in North America and a special FDIC assessment. *Net interest revenue* was 23% lower than the prior year driven by lower balances (due to run-off and credit tightening) and spread compression due largely to higher non-accrual loans, the FDIC special assessment and the impact of loan modifications. *Non-interest revenue* declined 28%, primarily due to higher credit costs flowing through the securitization trusts in North America and lower securitization gains. Non-interest revenue was also negatively impacted by $266 million of losses on credit default swap hedges. Year-to-date non-interest revenue also included a $1.1 billion pretax gain on the sale of the Company's remaining stake in Redecard as compared to a prior-year pretax gain on sale of Redecard of $663 million.

Operating expenses decreased 18% primarily due to re-engineering actions, lower volumes and marketing expenses and the absence of prior-year repositioning charges. The declines in expenses were partially offset by higher OREO and collections costs.

Provisions for loan losses and for benefits and claims increased by 59%, reflecting higher reserve builds of $1.2 billion and increased net credit losses of $4.1 billion driven by deteriorating economic conditions globally. The reserve builds in 2009 were mainly driven by increases for residential mortgage loans and retail partners cards in North America as well as increases in EMEA; net credit losses were higher versus the prior year across all businesses.

Assets declined 16%, primarily driven by lower loans due to run-off and the impact of credit tightening.

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Mortgage Modifications and Recent Legislative Actions

Citigroup Mortgage Modification Programs

The Company has instituted a variety of programs to assist borrowers with financial difficulties to stay in their homes. These programs include modifying the original loan terms, reducing interest rates, extending the remaining loan duration and/or waiving a portion of the remaining principal balance. Each borrower's financial situation is evaluated individually. If a borrower meets certain criteria (for example, based on verifiable cash reserves and the level of debt to income), Citi works to develop a modification program suited to the needs of the borrower's situation.

In addition, Citi expects a significant number of loan modifications will be offered under the U.S. Treasury's Home Affordable Modification Program (HAMP), which was rolled out in the second quarter.

During the second quarter of 2009, Citi observed declines in mortgage delinquencies for loans that were delinquent in the 90 day to 179 day bucket. Well over half of these declines were attributable to loss mitigation and modification initiatives that the Company has put in place, including the loan modification programs described above. The future loss rates associated with these loan modification programs (both for those loans that qualify under HAMP and for those made under Citi's loan modification programs) could have an impact on the Company's future delinquency trends and loan loss reserving actions.

Home Affordable Modification Program

On March 4, 2009, the U.S. Treasury (UST) announced details of the Obama administration's Home Affordable Modification Program (HAMP). HAMP is designed to reduce the monthly mortgage payments to a 31% housing debt ratio by lowering the interest rate, extending the term of the loan and forbearing principal of certain eligible borrowers who have defaulted on their mortgages, or who are at risk of imminent default due to economic hardship. In order to be entitled to loan modifications, borrowers must complete a three-month trial period, and must be current at the end of the trial period. During the trial period, the original terms of the loans remain in effect pending final modification.

With respect to interest rate reductions, if the reduced interest rate is equal to or greater than the Freddie Mac Survey Rate at the time of modification, the reduced rate is permanent. If the reduced rate is less than the Freddie Mac Survey Rate at the time of modification, the rate will remain in effect for a period of five years. After five years, the interest rate may increase annually to a rate capped at the Freddie Mac Survey Rate at the time of original modification. The financial impact of interest rate reductions are shared between participating financial institutions, including Citi's wholly-owned subsidiary, CitiMortgage Inc., and the UST.

Under HAMP, investors and servicers of mortgages are entitled to receive certain payments from the UST based on the completion of loan modifications and continued borrower performance under the modified terms. To date, Citi has not recorded any fees under HAMP, as the trial period began in June 2009. During the trial period, the borrower continues to owe interest at the original contractual rate and recognizes interest to the extent permitted under Citi's nonaccrual policy. In addition, the Company does not record charge-offs while the loans are in the trial period if at least one payment under the trial period terms has been made.

The Credit Card Accountability Responsibility and Disclosure Act of 2009

See "Citicorp North America Retail Consumer Banking" above for a description of The Credit Card Accountability Responsibility and Disclosure Act of 2009 (CARD Act) and the potential impact of the CARD Act on Citigroup's credit card businesses.

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SPECIAL ASSET POOL

In millions of dollars	Second Quarter 2009	2008	% Change	Six Months 2009	2008	% Change
Net interest revenue	**$ 940**	$ 892	5%	**$ 2,085**	$ 1,714	22%
Non-interest revenue	**(1,459)**	(7,504)	81	**(7,306)**	(22,734)	68
Total Revenues, net of interest expense	**$ (519)**	$ (6,612)	92%	**$ (5,221)**	$ (21,020)	75%
Total operating expenses	**$ 207**	$ 268	(23)%	**$ 438**	$ 571	(23)%
Net credit losses	**$ 1,638**	$ 39	NM	**$ 3,149**	$ 90	NM
Provision for unfunded lending commitments	**52**	(68)	NM	**80**	(68)	NM
Credit reserve builds (release)	**(104)**	229	NM	**(40)**	400	NM
Provisions for credit losses and for benefits and claims	**$ 1,586**	$ 200	NM	**$ 3,189**	$ 422	NM
(Loss) from continuing operations before taxes	**$ (2,312)**	$ (7,080)	67%	**$ (8,848)**	$ (22,013)	60%
Income taxes (benefits)	**(1,050)**	(2,794)	62	**(3,611)**	(8,566)	58
(Loss) from continuing operations	**$ (1,262)**	$ (4,286)	71%	**$ (5,237)**	$ (13,447)	61%
Net income (loss) attributable to noncontrolling interests	**(48)**	(5)	NM	**(49)**	(28)	(75)
Net (loss)	**$ (1,214)**	$ (4,281)	72%	**$ (5,188)**	$ (13,419)	61%
EOP assets *(in billions of dollars)*	**201**	299	(33)%			

NM Not meaningful

2Q09 vs. 2Q08

Revenues, net of interest expense increased 92% primarily due to favorable net revenue marks relative to the prior-year quarter. Revenue in the current quarter included positive marks of $613 million on subprime-related direct exposures and $804 million positive CVA on derivative positions, excluding monoline insurers, partially offset by $967 million other revenue write-downs and losses. Revenue in the current quarter was also negatively impacted by $1.1 billion of losses related to hedges of various asset positions.

Operating expenses declined 23%, mainly driven by lower volumes and lower transaction expenses.

Provisions for credit losses and for benefits and claims increased by $1.4 billion primarily driven by $1.6 billion in write-offs, partially offset by a lower loan loss reserve of $213 million. The net $104 million net credit reserve release in the second quarter of 2009 was driven by a $750 million release for specific counterparties, partially offset by builds for specific counterparties.

2Q09 YTD vs. 2Q08 YTD

Revenues, net of interest expense increased 75% primarily due to favorable net revenue relative to the prior period. Revenue year-to-date included a $1.1 billion positive CVA on derivative positions, offset by negative revenue of $1.7 billion on subprime-related direct exposures and $1.1 billion of negative marks for private equity positions. Revenue year-to-date was also negatively impacted by $2.9 billion related to CVA on fair value option liabilities and monolines, Alt-A mortgages, CRE, and leveraged finance commitments.

Operating expenses declined 23% mainly driven by lower volumes and lower transaction expenses.

Provisions for credit losses and for benefits and claims increased by $2.8 billion primarily driven by the $3.1 billion increase in write-offs over the period. Significant write-offs included exposures in Lyondell Basell. The net $40 million net credit reserve release in the current period was driven by a $2.1 billion release for specific counterparties (including Lyondell Basell), partially offset by builds for specific counterparties.

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CORPORATE/OTHER

	Second Quarter		Six Months	
In millions of dollars	**2009**	**2008**	**2009**	**2008**
Net interest revenue	**$ (111)**	$ (577)	**$ (755)**	$ (1,116)
Non-interest revenue	**(630)**	(730)	**514**	(625)
Total Revenues, net of interest expense	**$ (741)**	$ (1,307)	**$ (241)**	$ (1,741)
Total operating expenses	**323**	(2)	**423**	95
Provisions for loan losses and for benefits and claims	**1**		**1**	
(Loss) from continuing operations before taxes	**$ (1,065)**	$ (1,305)	**$ (665)**	$ (1,836)
Income taxes (benefits)	**(1,035)**	(768)	**17**	(615)
(Loss) from continuing operations	**$ (30)**	$ (537)	**$ (682)**	$ (1,221)
Income (loss) from discontinued operations, net of taxes	**(142)**	(94)	**(259)**	(35)
Net (loss) before attribution of noncontrolling interests	**$ (172)**	$ (631)	**$ (941)**	$ (1,256)
Net Income (loss) attributable to noncontrolling interests		(1)		
Net (loss)	**$ (172)**	$ (630)	**$ (941)**	$ (1,256)

2Q09 vs. 2Q08

Revenues, net of interest expense increased primarily due to lower intersegment eliminations, partially offset by hedging activities.

Operating Expenses increased due to lower intersegment eliminations.

Income Taxes (benefits) decreased due to higher tax benefits held at Corporate in the current year.

2Q09 YTD vs 2Q08 YTD

Revenues, net of interest expense increased due to lower intersegment eliminations, hedging activities, and the impact of changes in U.S. dollar rates.

Operating Expenses increased due to lower intersegment eliminations.

TARP AND OTHER REGULATORY PROGRAMS

Issuance of $45 Billion of Preferred Stock and Warrants to Purchase Common Stock under TARP

On October 28, 2008 and December 31, 2008, Citigroup raised $25 billion and $20 billion, respectively, through the sale of preferred stock and warrants to purchase common stock to the UST as part of the UST's Troubled Asset Relief Program (TARP) Capital Purchase Program. All of the proceeds were treated as Tier 1 Capital for regulatory capital purposes.

As part of the public and private exchange offers, the aggregate $25 billion of preferred stock issued to the UST in October 2008 was exchanged for interim securities and a warrant. The warrant will terminate, and the interim securities will automatically convert into Citigroup common stock, following shareholder approval of the increase in the Company's authorized common stock. See "Events in 2009 Public and Private Exchange Offers" above. In addition, as part of the public and private exchange offers, the aggregate $20 billion of preferred stock issued to the UST in December 2008 was exchanged for newly issued 8% trust preferred securities. See "Events in 2009 Public and Private Exchange Offers" above.

For a discussion of the accounting impact of the exchange offers, see "Events in 2009 Public and Private Exchange Offers" above.

The warrant issued to the UST in October 2008 has a term of 10 years, an exercise price of $17.85 per share and is exercisable for approximately 210.1 million shares of common stock, which will be reduced by one-half if Citigroup raises an additional $25 billion through the issuance of Tier 1-qualifying perpetual preferred or common stock by December 31, 2009. The value ascribed to the warrant, or $1.3 billion out of the $25 billion in cash proceeds, on a relative fair value basis, was recorded in Citigroup's stockholders' equity and resulted in an increase in *Additional paid-in capital*. The warrant issued to the UST in December 2008 has a term of 10 years, an exercise price of $10.61 per share and is exercisable for approximately 188.5 million shares of common stock. The value ascribed to the warrant, or $0.5 billion out of the $20 billion in cash proceeds, on a relative fair value basis, was recorded in Citigroup's stockholders' equity and resulted in an increase in *Additional paid-in capital*.

The fair value for the warrants was calculated using the Black-Scholes option pricing model. The valuation was based on the Citigroup stock price, stock volatility, dividend yield, and the risk free rate on the measurement date for both the issuances.

FDIC's Temporary Liquidity Guarantee Program

Under the terms of the FDIC's Temporary Liquidity Guarantee Program (TLGP), the FDIC will guarantee, until the earlier of either its maturity or June 30, 2012 (for qualifying debt issued before April 1, 2009) or December 31, 2012 (for qualifying debt issued on or after April 1, 2009 through October 31, 2009), certain qualifying senior unsecured debt issued by certain Citigroup entities between October 31, 2008 and October 31, 2009 in amounts up to 125% of the qualifying debt for each qualifying entity. The FDIC charges Citigroup a fee ranging from 50 to 150 basis points in accordance with a prescribed fee schedule for any qualifying debt issued with the FDIC guarantee.

As to any entity participating in the TLGP, the TLGP regulations grant discretion to the FDIC, after consultation with the participating entity's appropriate Federal banking agency, to determine that the entity will no longer be permitted to continue to participate in the TLGP. If the FDIC makes that determination, it will inform the entity that it will no longer be provided the protections of the TLGP. Such a determination will not affect the guarantee of prior debt issuances under the TLGP.

As of June 30, 2009, Citigroup and its affiliates had issued a total of $44.7 billion of long-term debt that is covered under the FDIC guarantee, with $6.35 billion maturing in 2010, $14.75 billion maturing in 2011 and $23.5 billion maturing in 2012.

In addition, as of June 30, 2009, Citigroup, through its subsidiaries, also had $27.7 billion in outstanding commercial paper and interbank deposits backed by the FDIC. The FDIC also charges a fee ranging from 50 to 150 basis points in connection with the issuance of those instruments.

FDIC Increased Deposit Insurance

On October 4, 2008, the FDIC increased the insurance it provides on U.S. deposits in most banks and savings associations located in the United States, including Citibank, N.A., from $100,000 to $250,000 per depositor, per insured bank.

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U.S. Government Loss-Sharing Agreement

Background

On January 15, 2009, Citigroup entered into a definitive agreement with the UST, the FDIC and the Federal Reserve Bank of New York (collectively, the USG) on losses arising on a $301 billion portfolio of Citigroup assets (valued as of November 21, 2008, other than as set forth in note 1 to the table below). As shown in the table below, as a result of receipt of principal repayment and charge-offs, the total asset pool has declined by approximately $35 billion to approximately $266.4 billion from the original $301 billion.

As consideration for the loss-sharing agreement, Citigroup issued approximately $7.1 billion in preferred stock to the UST and the FDIC, as well as a warrant exercisable for common stock to the UST. Of the issuance, $3.617 billion, representing the total fair value of the issued shares and warrant, was treated as Tier 1 Capital.

As part of the public and private exchange offers, the approximately $7.1 billion of preferred stock issued to the UST and FDIC in consideration for the loss-sharing agreement was exchanged for newly issued 8% trust preferred securities. See "Events in 2009 Public and Private Exchange Offers" above. The warrant issued to the UST as consideration for the loss-sharing agreement has a term of 10 years, an exercise price of $10.61 per share and is exercisable for approximately 66.5 million shares of common stock. The fair value of the warrant of $88 million was recorded as a credit to *Additional paid-in capital* at the time of issuance.

Terms of Agreement

The loss-sharing agreement extends for 10 years for residential assets and five years for non-residential assets. Under the agreement, a "loss" on a portfolio asset is defined to include a charge-off or a realized loss upon collection, through a permitted disposition or exchange, or upon a foreclosure or short-sale loss, but not merely through a change in Citigroup's fair value accounting for the asset or the creation or increase of a related loss reserve. Once a loss is recognized under the agreement, the aggregate amount of qualifying losses across the portfolio in a particular period is netted against the aggregate recoveries and gains across the portfolio, all on a pretax basis.

The resulting net loss amount on the portfolio is the basis of the loss-sharing agreement between Citigroup and the USG. Citigroup will bear the first $39.5 billion of such net losses, which amount was determined using (i) an agreed-upon $29 billion of first losses, (ii) Citigroup's then-existing reserve with respect to the portfolio of approximately $9.5 billion, and (iii) an additional $1.0 billion as an agreed-upon amount in exchange for excluding the effects of certain hedge positions from the portfolio. Net losses, if any, on the portfolio after Citigroup's losses exceed the $39.5 billion first-loss amount will be borne 90% by the USG and 10% by Citigroup in the following manner:

first, until the UST has paid $5 billion in aggregate, 90% by the UST and 10% by Citigroup;

second, until the FDIC has paid $10 billion in aggregate, 90% by the FDIC and 10% by Citigroup; and

third, 90% by the Federal Reserve Bank of New York and 10% by Citigroup.

Approximately $2.5 billion of GAAP losses on the asset pool were recorded in the second quarter of 2009, bringing the GAAP losses on the portfolio to date to approximately $5.3 billion (i.e., for the period of November 21, 2008 through June 30, 2009). These losses count towards Citigroup's $39.5 billion first-loss position.

The Federal Reserve Bank of New York will implement its loss-sharing obligations under the agreement by making a loan, after Citigroup's first-loss position and the obligations of the UST and FDIC have been exhausted, in an amount equal to the then aggregate value of the remaining covered asset pool (after reductions for charge-offs, pay-downs and realized losses) as determined in accordance with the agreement. Following the loan, as losses are incurred on the remaining covered asset pool, Citigroup will be required to immediately repay 10% of such losses to the Federal Reserve Bank of New York. The loan is non-recourse to Citigroup, other than with respect to the repayment obligation in the preceding sentence and interest on the loan. The loan is recourse only to the remaining covered asset pool, which is the sole collateral to secure the loan. The loan will bear interest at the overnight index swap rate plus 300 basis points.

The covered asset pool includes U.S.-based exposures and transactions that were originated prior to March 14, 2008. Pursuant to the terms of the agreement, the composition of the covered asset pool, the amount of Citigroup's first-loss position and the premium paid for loss coverage are subject to final confirmation by the USG of, among other things, the qualification of assets under the asset eligibility criteria, expected losses and reserves. See "Events in 2009 Loss-Sharing Agreement."

The USG has a 120-day confirmation period to review the composition of the asset pool from the date that Citi submitted its revised asset pool. The revised asset pool was submitted by Citigroup on April 15, 2009. The advisor to the USG has been conducting its review of the assets and it is thus currently expected that the USG will complete its review by August 13, 2009. The final composition of the asset pool will be established within 90 days after the USG completes its review.

The agreement includes guidelines for governance and asset management with respect to the covered asset pool, including reporting requirements and notice and approval rights of the USG at certain thresholds. If covered losses exceed $19 billion, the USG may increase the required reporting or alter the thresholds for notice and approval. If covered losses exceed $27 billion, the USG has the right to change the asset manager for the covered asset pool, among other things.

Accounting and Regulatory Capital Treatment

Citigroup accounts for the loss-sharing agreement as an indemnification agreement pursuant to the guidance in FASB Statement No. 141 (revised 2007), *Business Combinations* (ASC 805-20-30-18). Citigroup recorded an asset of $3.617 billion (equal to the fair value of the consideration issued to the USG, described above) in *Other assets* on the Consolidated Balance Sheet. The asset will be amortized as an *Other operating expense* in the Consolidated Statement of Income on a straight-line basis over the coverage periods of 10 years for residential assets and five years for non-residential assets, based on the relative initial principal amounts of each

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group. During the quarter ended June 30, 2009, Citigroup recorded $120 million as an *Other operating expense*.

Under indemnification accounting, recoveries (gains), if any, will be recognized in the Consolidated Statement of Income in the same future periods that cumulative losses recorded under U.S. GAAP on the covered assets exceed the $39.5 billion first-loss amount. The Company will recognize and measure an indemnification asset on the same basis that it recognizes losses on the covered assets in the Consolidated Statement of Income. For example, for a covered loan classified as held-for-investment and reported in the balance sheet at amortized cost, the Company would recognize and measure an indemnification asset due from the USG at the same time related loan loss reserves are recorded for that loan equal to 90% of the amount of the loan loss reserve, subject to the first-loss limitation.

Under indemnification accounting, recoveries (gains) may be recorded at times when such amounts are not contractually receivable from the USG based on the definition of covered losses in the loss-sharing agreement. Such amounts may or may not thereafter become contractually receivable, depending upon whether or not they become covered "losses" (see above for definition of covered "loss"). Indemnification accounting matches the amount and timing of the recording of recoveries with the amount and timing of the recognition of losses based on the U.S. GAAP accounting for the covered assets, as opposed to the amount and timing of recognition as defined in the loss-sharing agreement. The indemnification asset amount recorded will be adjusted, as appropriate, to take into consideration additional revenue and expense amounts related to the covered assets specifically defined as recoverable or non-recoverable in the loss-sharing program. As of June 30, 2009, the Company has recognized cumulative U.S. GAAP losses on the covered assets that are substantially below our first-loss amount and, therefore, no additional indemnification asset has been recognized as of such time.

The fair value of the warrant issued to the UST, which remains outstanding is $88 million and was recorded as a credit to *Additional paid-in capital* at the time of issuance.

The covered assets are risk-weighted at 20% for purposes of calculating the Tier 1 Capital ratio at June 30, 2009.

The following table summarizes the assets that were part of the covered asset pool agreed to between Citigroup and the USG as of January 16, 2009, with their values as of November 21, 2008 (except as set forth in the note to the table below), and the balances as of June 30, 2009, reflecting changes in the balances of assets that remained qualified, plus approximately $10 billion of new replacement assets that Citi substituted for non-qualifying assets. The $266.4 billion of covered assets at June 30, 2009 are recorded in Citi Holdings within Local Consumer Lending ($183.2 billion) and Special Asset Pool ($83.2 billion). The asset pool, as revised, remains subject to the USG's final review process, anticipated to be completed by August 13, 2009, with final composition of the asset pool established within 90 days after the USG's completion of its review.

Assets

In billions of dollars	June 30, 2009	November 21, 2008(1)(2)
Loans:		
First mortgages	$ 86.0	$ 98.0
Second mortgages	52.0	55.4
Retail auto loans	12.9	16.2
Other consumer loans	18.4	19.7
Total consumer loans	$ 169.3	$ 189.3
CRE loans	$ 11.4	$ 12.0
Highly leveraged finance loans	1.3	2.0
Other corporate loans	12.2	14.0
Total corporate loans	$ 24.9	$ 28.0
Securities:		
Alt-A	$ 9.5	$ 11.4
SIVs	5.9	6.1
CRE	1.6	1.4
Other	9.0	11.2
Total securities	$ 26.0	$ 30.1

Unfunded lending commitments (ULC)				
Second mortgages	$	**19.6**	$	**22.4**
Other consumer loans		**2.6**		**3.6**
Highly leveraged finance		**0.0**		**0.1**
CRE		**4.2**		**5.5**
Other commitments		**19.8**		**22.0**
Total ULC	$	**46.2**	$	**53.6**
Total covered assets	$	**266.4**	$	**301.0**

(1) As a result of the initial confirmation process (conducted between November 21, 2008 and January 15, 2009), the covered asset pool includes approximately $99 billion of assets considered "replacement" assets (assets that were added to the pool to replace assets that were in the pool as of November 21, 2008 but were later determined not to qualify). Loss-sharing on qualifying losses incurred on these replacement assets was effective beginning January 15, 2009, instead of November 21, 2008.

(2) Reclassified to conform to the current period's presentation.

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Implementation and Management of TARP Programs

After Citigroup received the TARP capital, it established a Special TARP Committee composed of senior executives to approve, monitor and track how the funds are utilized. Citi is required to adhere to the following objectives as a condition of the USG's capital investment:

- Expand the flow of credit to U.S. consumers and businesses on competitive terms to promote the sustained growth and vitality of the U.S. economy.
- Work diligently, under existing programs, to modify the terms of residential mortgages as appropriate to strengthen the health of the U.S. housing market.

The Committee has established specific guidelines, which are consistent with the objectives and spirit of the program. Pursuant to these guidelines, Citi will use TARP capital only for those purposes expressly approved by the Committee. TARP capital will not be used for compensation and bonuses, dividend payments, lobbying or government relations activities, or any activities related to marketing, advertising and corporate sponsorship. TARP capital will be used exclusively to support assets and not for expenses.

Committee approval is the final stage in a four-step review process to evaluate proposals from Citi businesses for the use of TARP capital, considering the risk, the potential financial impact and returns.

On May 12, 2009, Citi published its quarterly report summarizing its TARP spending initiatives for the first quarter of 2009 (the report is available at www.citigroup.com). The report states that the Committee has authorized $44.75 billion in initiatives backed by TARP capital which has subsequently been increased to $50.8 billion. As of June 30, 2009, the Company has deployed approximately $15.1billion of funds under the approved initiatives.

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MANAGING GLOBAL RISK

Citigroup's risk management framework balances strong corporate oversight with well-defined independent risk management functions for each business and region, as well as cross-business product expertise. The Citigroup risk management framework is described in Citigroup's 2008 Annual Report on Form 10-K.

DETAILS OF CREDIT LOSS EXPERIENCE

In millions of dollars	**2nd Qtr. 2009**	1st Qtr. 2009	4th Qtr. 2008	3rd Qtr. 2008	2nd Qtr. 2008
Allowance for loan losses at beginning of period	**$ 31,703**	$ 29,616	$ 24,005	$ 20,777	$ 18,257
Provision for loan losses					
Consumer	**$ 10,010**	$ 8,010	$ 8,592	$ 7,831	$ 6,194
Corporate	**2,223**	1,905	3,579	1,112	789
	$ 12,233	$ 9,915	$ 12,171	$ 8,943	$ 6,983
Gross credit losses					
Consumer(1)					
In U.S. offices	**$ 4,694**	$ 4,124	$ 3,610	$ 3,073	$ 2,584
In offices outside the U.S.	**2,305**	1,936	1,818	1,914	1,798
Corporate					
In U.S. offices	**1,216**	1,176	364	156	190
In offices outside the U.S.	**558**	424	756	200	197
	$ 8,773	$ 7,660	$ 6,548	$ 5,343	$ 4,769
Credit recoveries					
Consumer					
In U.S. offices	**$ 131**	$ 136	$ 132	$ 137	$ 145
In offices outside the U.S.	**261**	213	219	252	289
Corporate					
In U.S. offices	**20**	1	2	3	2
In offices outside the U.S.	**6**	28	52	31	23
	$ 418	$ 378	$ 405	$ 423	$ 459
Net credit losses					
In U.S. offices	**$ 5,759**	$ 5,163	$ 3,840	$ 3,089	$ 2,627
In offices outside the U.S.	**2,596**	2,119	2,303	1,831	1,683
Total	**$ 8,355**	$ 7,282	$ 6,143	$ 4,920	$ 4,310
Other net(2)(3)(4)(5)(6)	**$ 359**	$ (546)	$ (417)	$ (795)	$ (153)
Allowance for loan losses at end of period	**$ 35,940**	$ 31,703	$ 29,616	$ 24,005	$ 20,777
Allowance for loan losses as a % of total loans	**5.60%**	4.82%	4.27%	3.35%	2.78%
Allowance for unfunded lending commitments(7)	**$ 1,082**	$ 947	$ 887	$ 957	$ 1,107
Total allowance for loan losses and unfunded lending commitments	**$ 37,022**	$ 32,650	$ 30,503	$ 24,962	$ 21,884
Net consumer credit losses	**$ 6,607**	$ 5,711	$ 5,077	$ 4,598	$ 3,948

As a percentage of average consumer loans	**5.88%**	4.95%	4.12%	3.57%	2.95%
Net corporate credit losses/(recoveries)	**$ 1,748**	$ 1,571	$ 1,066	$ 322	$ 362
As a percentage of average corporate loans	**0.89%**	0.79%	0.60%	0.19%	0.16%
Allowance for loan losses at end of period(8)					
Citicorp	**$ 10,046**	$ 8,520	$ 7,684	$ 6,651	$ 6,143
Citi Holdings	**25,894**	23,183	21,932	17,354	14,634
Total Citigroup	**$ 35,940**	$ 31,703	$ 29,616	$ 24,005	$ 20,777

(1) Included in the allowance for loan losses are reserves for Troubled Debt Restructurings (TDRs) of $3,810 million, $2,760 million, $2,180 million, $1,443 million, and $882 million as of June 30, 2009, March 31, 2009, December 31, 2008, September 30, 2008, and June 30, 2008, respectively.

(2) The second quarter of 2009 primarily includes increases to the credit loss reserves primarily related to FX translation.

(3) The first quarter of 2009 primarily includes reductions to the credit loss reserves of $213 million related to securitizations and reductions of approximately $320 million primarily related to FX translation.

(4) The fourth quarter of 2008 primarily includes reductions to the credit loss reserves of approximately $400 million primarily related to FX translation.

(5) The third quarter of 2008 primarily includes reductions to the credit loss reserves of $23 million related to securitizations, reductions of $244 million related to the sale of Citigroup's German Retail Banking Operation and reductions of approximately $500 million related to FX translation.

(6) 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.

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

(8) Allowance for Credit losses represents management's estimate of probable losses inherent in the portfolio. Attribution of the allowance is made for analytical purposes only, and the entire allowance is available to absorb probable credit losses inherent in the portfolio.

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NON-PERFORMING ASSETS (NON-ACCRUAL LOANS, OTHER REAL ESTATE OWNED AND OTHER REPOSSESSED ASSETS)

The table below summarizes the Company's non-accrual loans. These are loans in which the borrower has fallen behind in interest payments, or for corporate loans where the Company has determined that the payment of interest or principal is doubtful, and are now considered impaired. In situations where the Company reasonably expects that only a portion of the principal and interest owed will ultimately be collected, all payments received are reflected as a reduction of principal and not as interest income.

Non-accrual loans

In millions of dollars	2nd Qtr. 2009	1st Qtr. 2009	4th Qtr. 2008	3rd Qtr. 2008	2nd Qtr. 2008
Citicorp	**$ 5,314**	$ 3,829	$ 3,193	$ 2,408	$ 2,438
Citi Holdings	**22,932**	22,282	19,104	11,135	9,188
Total Non-accrual loans (NAL)	**$ 28,246**	$ 26,111	$ 22,297	$ 13,543	$ 11,626
Corporate non-accrual loans(1)					
North America	**$ 3,499**	$ 3,789	$ 2,660	$ 851	$ 544
EMEA	**7,690**	6,479	6,330	1,406	1,557
Latin America	**230**	300	229	125	74
Asia	**1,013**	639	513	357	40
	$ 12,432	$ 11,207	$ 9,732	$ 2,739	$ 2,215
Citicorp	$ 3,045	$ 1,825	$ 1,364	$ 605	$ 280
Citi Holdings	$ 9,387	$ 9,382	$ 8,368	$ 2,134	$ 1,935
	$ 12,432	$ 11,207	$ 9,732	$ 2,739	$ 2,215
Consumer non-accrual loans(1)(2)					
North America	**$ 12,154**	$ 11,687	$ 9,617	$ 7,941	$ 6,400
EMEA	**1,356**	1,128	948	904	856
Latin America	**1,520**	1,338	1,290	1,343	1,441
Asia	**784**	751	710	616	714
	$ 15,814	$ 14,904	$ 12,565	$ 10,804	$ 9,411
Citicorp	$ 2,269	$ 2,004	$ 1,829	$ 1,803	$ 2,158
Citi Holdings	13,545	12,900	10,736	9,001	7,253
	$ 15,814	$ 14,904	$ 12,565	$ 10,804	$ 9,411

(1) Excludes purchased distressed loans as they are accreting interest in accordance with Statement of Position 03-3, "Accounting for Certain Loans on Debt Securities Acquired in a Transfer" (SOP 03-3/ASC 310-30). The carrying value of these loans was $1.509 billion at June 30, 2009, $1.328 billion at March 31, 2009, $1.510 billion at December 31, 2008, $1.550 billion at September 30, 2008, and $1.891 billion at June 30, 2008.

(2) Includes the impact of the deterioration in the U.S. consumer real estate market.

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

OREO	2nd Qtr. 2009	1st Qtr. 2009	4th Qtr. 2008	3rd Qtr. 2008	2nd Qtr. 2008
Citicorp	**$ 291**	$ 307	$ 371	$ 425	$ 512
Citi Holdings	**664**	854	1,022	1,092	1,010
Corporate/Other	**14**	41	40	85	88
Total OREO	**$ 969**	$ 1,202	$ 1,433	$ 1,602	$ 1,610
North America	**$ 789**	$ 1,115	$ 1,349	$ 1,525	$ 1,528
EMEA	**97**	65	66	61	63
Latin America	**29**	20	16	14	17
Asia	**54**	2	2	2	2
	$ 969	$ 1,202	$ 1,433	$ 1,602	$ 1,610
Other repossessed assets(1)	**$ 72**	$ 78	$ 78	$ 81	$ 94

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

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There is no industry-wide definition of non-performing assets. As such, analysis against the industry is not always comparable. The table below represents the Company's view of non-performing assets. As a general rule, unsecured consumer loans are charged off at 120 days past due and credit card loans are charged off at 180 days contractually past due. Consumer loans secured with non-real-estate collateral are written down to the estimated value of the collateral, less costs to sell, at 120 days past due. Consumer real-estate secured loans are written down to the estimated value of the property, less costs to sell, when they are 180 days contractually past due. Impaired corporate loans and leases are written down to the extent that principal is judged to be uncollectible.

Non-performing assets Total Citigroup	**2nd Qtr. 2009**	**1st Qtr. 2009**	**4th Qtr. 2008**	**3rd Qtr. 2008**	**2nd Qtr. 2008**
Corporate non-accrual loans	**$ 12,432**	$ 11,207	$ 9,732	$ 2,739	$ 2,215
Consumer non-accrual loans	**15,814**	14,904	12,565	10,804	9,411
Non-accrual loans (NAL)	**$ 28,246**	$ 26,111	$ 22,297	$ 13,543	$ 11,626
OREO	**$ 969**	$ 1,202	$ 1,433	$ 1,602	$ 1,610
Other repossessed assets	**72**	78	78	81	94
Non-performing assets (NPA)	**$ 29,287**	$ 27,391	$ 23,808	$ 15,226	$ 13,330
NAL as a % of total loans	**4.40%**	3.97%	3.21%	1.89%	1.56%
NPA as a % of total assets	**1.59%**	1.50%	1.23%	0.74%	0.63%
Allowance for loan losses as a % of NAL(1)	**127%**	121%	133%	177%	179%

(1) The $6.403 billion of non-accrual loans transferred from the held-for-sale portfolio to the held-for-investment portfolio during the fourth quarter of 2008 were marked to market at the transfer date and, therefore, no allowance was necessary at the time of the transfer. $2.426 billion of the par value of the loans reclassified was written off prior to transfer.

Non-performing assets Total Citicorp	**2nd Qtr. 2009**	**1st Qtr. 2009**	**4th Qtr. 2008**	**3rd Qtr. 2008**	**2nd Qtr. 2008**
Non-accrual loans (NAL)	**$ 5,314**	$ 3,829	$ 3,193	$ 2,408	$ 2,438
OREO	**$ 291**	$ 307	$ 371	$ 425	$ 512
Other repossessed assets	**N/A**	N/A	N/A	N/A	N/A
Non-performing assets (NPA)	**$ 5,605**	$ 4,136	$ 3,564	$ 2,833	$ 2,950
NPA as a % of total assets	**0.57%**	0.43%	0.36%	0.24%	0.25%
Allowance for loan losses as a % of NAL	**189%**	223%	241%	276%	252%
Non-performing assets Total Citi Holdings					
Non-accrual loans (NAL)	**$ 22,932**	$ 22,282	$ 19,104	$ 11,135	$ 9,188
OREO	**$ 664**	854	1,022	1,092	1,010
Other repossessed assets	**N/A**	N/A	N/A	N/A	N/A
Non-performing assets (NPA)	**$ 23,596**	$ 23,136	$ 20,126	$ 12,227	$ 10,198
NPA as a % of total assets	**3.64%**	3.49%	2.81%	1.58%	1.22%
Allowance for loan losses as a % of NAL	**113%**	104%	115%	156%	159%

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

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U.S. Subprime-Related Direct Exposure in Citi Holdings Special Asset Pool

The following table summarizes Citigroup's U.S. subprime-related direct exposures in Citi Holdings at June 30, 2009 and March 31, 2009:

In billions of dollars	March 31, 2009 exposures	Second Quarter 2009 write-ups (downs)(1)	Second Quarter 2009 Other(2)	June 30, 2009 exposures
Direct ABS CDO super senior exposures:				
Gross ABS CDO super senior exposures (A)	$ 15.2			$ 14.5
Hedged exposures (B)	6.6			6.3
Net ABS CDO super senior exposures:				
ABCP/CDO(3)	7.6	$ 0.6	$ (0.9)	7.3
High grade	0.6	0.1	(0.1)	0.7
Mezzanine	0.3	(0.1)(4)	0.0	0.2
Total net ABS CDO super senior exposures (A-B=C)	$ 8.5	$ 0.6	$ (0.9)(5)	$ 8.3
Lending and structuring exposures:				
CDO warehousing/unsold tranches of ABS CDOs	$ 0.0	$ (0.0)	$ 0.0	$ 0.0
Subprime loans purchased for sale or securitization	1.1	(0.0)	(0.1)	1.0
Financing transactions secured by subprime	0.5	(0.0)(4)	(0.2)	0.4
Total lending and structuring exposures (D)	$ 1.7	$ (0.0)	$ (0.3)	$ 1.4
Total net exposures (C+D)(6)	$ 10.2	$ 0.6	$ (1.2)	$ 9.6
Credit adjustment on hedged counterparty exposures (E)(7)		$ 0.2		
Total net write-ups (downs) (C+D+E)		$ 0.8		

Note: Table may not foot or cross-foot due to roundings.

(1) Includes net profits and losses associated with liquidations.

(2) Reflects sales, transfers and repayment or liquidations of principal.

(3) Consists of older-vintage, high-grade ABS CDOs.

(4) Includes $7 million recorded in credit costs.

(5) A portion of the underlying securities was purchased in liquidations of CDOs and reported as *Trading account assets*. As of June 30, 2009, $156 million relating to deals liquidated was held in the trading books.

(6) Composed of net CDO super-senior exposures and gross lending and structuring exposures.

(7) SFAS 157 (ASC 820-10) adjustment related to counterparty credit risk.

The Company had approximately $9.6 billion in net U.S. subprime-related direct exposures in the Special Asset Pool at June 30, 2009. The exposure consisted of (a) approximately $8.3 billion of net exposures in the super senior tranches (i.e., the most senior tranches) of CDOs, which are collateralized by asset-backed securities, derivatives on asset-backed securities, or both (ABS CDOs), and (b) approximately $1.4 billion of exposures in its lending and structuring business.

Direct ABS CDO Super Senior Exposures

The net $8.3 billion in ABS CDO super senior exposures as of June 30, 2009 is collateralized primarily by subprime residential mortgage-backed securities (RMBS), derivatives on RMBS, or both. These exposures include $7.3 billion in the super senior tranches of ABS CDOs initially issued as commercial paper (ABCP) and approximately $0.9 billion of other super senior tranches of ABS CDOs.

Citigroup's CDO super senior subprime direct exposures are Level 3 assets. The valuation of the high-grade and mezzanine ABS CDO positions uses trader prices based on the underlying assets of each high-grade and mezzanine ABS CDO. Unlike the ABCP- and CDO-squared positions, the high-grade and mezzanine positions are now largely hedged through the ABX and bond short positions, which are, by necessity, trader priced. This results in closer symmetry in the way these long and short positions are valued by the Company. Citigroup intends to use trader marks to value this portion of the portfolio going forward so long as it remains largely hedged.

The valuation of the ABCP- and CDO-squared positions are subject to valuation based on significant unobservable inputs. Fair value of these exposures is based on estimates of future cash flows from the mortgage loans underlying the assets of the ABS CDOs. To determine the performance of the underlying mortgage loan portfolios, the Company estimates the prepayments, defaults and loss severities based on a number of macroeconomic factors, including housing price changes, unemployment rates, interest rates, and borrower and loan attributes, such as age, credit scores, documentation status, loan-to-value (LTV) ratios and debt-to-income (DTI) ratios. The model is calibrated using available mortgage loan information including historical loan performance. In addition, the methodology estimates the impact of geographic concentration of mortgages and the impact of reported fraud in the origination of subprime mortgages. An appropriate discount rate is then applied to the cash flows generated for each ABCP- and CDO-squared tranche, in order to estimate its fair value under current market conditions.

When necessary, the valuation methodology used by Citigroup is refined and the inputs used for purposes of estimation are modified, in part, to reflect ongoing market developments. More specifically, the inputs of home price appreciation (HPA) assumptions and delinquency data were updated along with discount rates that are based upon a weighted average combination of implied spreads from single-name ABS bond prices and ABX indices, as well as CLO spreads under current market conditions. The housing-price changes are estimated using a forward-looking projection, which incorporated the Loan Performance Index. In addition,

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the Company's mortgage default model also uses recent mortgage performance data, a period of sharp home price declines and high levels of mortgage foreclosures.

The valuation as of June 30, 2009 assumes a cumulative decline in U.S. housing prices from peak to trough of 32.3%. This rate assumes declines of 10% and 3% in 2009 and 2010, respectively, the remainder of the 32.3% decline having already occurred before the end of 2008.

In addition, the discount rates were based on a weighted average combination of the implied spreads from single-name ABS bond prices, ABX indices and CLO spreads, depending on vintage and asset types. To determine the discount margin, the Company applies the mortgage default model to the bonds underlying the ABX indices and other referenced cash bonds and solves for the discount margin that produces the current market prices of those instruments.

The primary drivers that currently impact the model valuations are the discount rates used to calculate the present value of projected cash flows and projected mortgage loan performance. In valuing its direct ABCP- and CDO-squared super senior exposures, the Company has made its best estimate of the key inputs that should be used in its valuation methodology. However, the size and nature of these positions as well as current market conditions are such that changes in inputs such as the discount rates used to calculate the present value of the cash flows can have a significant impact on the reported value of these exposures. For instance, each 10 basis point change in the discount rate used generally results in an approximate $24 million change in the fair value of the Company's direct ABCP- and CDO-squared super senior exposures as of June 30, 2009. This applies to both decreases in the discount rate (which would increase the value of these assets and decrease reported write-downs) and increases in the discount rate (which would decrease the value of these assets and increase reported write-downs).

Estimates of the fair value of the CDO super senior exposures depend on market conditions and are subject to further change over time. In addition, while Citigroup believes that the methodology used to value these exposures is reasonable, the methodology is subject to continuing refinement, including as a result of market developments. Further, any observable transactions in respect of some or all of these exposures could be employed in the fair valuation process in accordance with and in the manner called for by SFAS 157 (ASC 820-10).

Lending and Structuring Exposures

The $1.4 billion of subprime-related exposures includes approximately $1.0 billion of actively managed subprime loans purchased for resale or securitization at a discount to par during 2007 and approximately $0.4 billion of financing transactions with customers secured by subprime collateral. These amounts represent the fair value as determined using observable inputs and other market data. The majority of the change from the March 31, 2009 balances reflects sales, transfers and liquidations.

The Special Asset Pool also has trading positions, both long and short, in U.S. subprime RMBS and related products, including ABS CDOs, which are not included in the figures above. The exposure from these positions is actively managed and hedged, although the effectiveness of the hedging products used may vary with material changes in market conditions.

Exposure to Commercial Real Estate

The Company, through its business activities and as a capital markets participant, incurs exposures that are directly or indirectly tied to the commercial real estate market. These exposures are represented primarily by the following three categories:

(1) *Assets held at fair value* include: $5.1 billion, of which approximately $4.3 billion are securities, loans and other items linked to commercial real estate (CRE) that are carried at fair value as trading account assets, $0.1 billion of loans which are held-for-sale, and approximately $0.7 billion which are securities backed by CRE carried at fair value as available-for-sale (AFS) investments. Changes in fair value for these trading account assets are reported in current earnings, while AFS investments are reported in OCI with other-than-temporary impairments reported in current earnings.

The majority of these exposures are classified as Level 3 in the fair-value hierarchy. Weakening activity in the trading markets for some of these instruments resulted in reduced liquidity, thereby decreasing the observable inputs for such valuations, and could have an adverse impact on how these instruments are valued in the future if such conditions persist.

(2) *Assets held at amortized cost* include approximately $2.0 billion of securities classified as held-to-maturity (HTM) and $24.0 billion of loans and commitments. The HTM securities were classified as such during the fourth quarter of 2008 and were previously classified as either trading or AFS. They are accounted for at amortized cost, subject to other-than-temporary impairment. Loans and commitments are recorded at amortized cost, less loan loss reserves. The impact from changes in credit is reflected in the calculation of the allowance for loan losses and in net credit losses.

(3) *Equity and other investments* include approximately $4.5 billion of equity and other investments such as limited partner fund investments which are accounted for under the equity method, which recognizes gains or losses based on the investor's share of the net income of the investee.

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Direct Exposure to Monolines

Through Citi Holdings Special Asset Pool, the Company has exposure to various monoline bond insurers (Monolines), listed in the table below, from hedges on certain investments and from trading positions. The hedges are composed of credit default swaps and other hedge instruments. The Company recorded a reduction of $157 million CVA related to exposure to Monolines during the second quarter of 2009, bringing the total CVA balance to $5.2 billion.

The following table summarizes the market value of the Company's direct exposures to and the corresponding notional amounts of transactions with the various Monolines as well as the aggregate credit valuation adjustment associated with these exposures as of June 30, 2009 and March 31, 2009.

	June 30, 2009		March 31, 2009	
In millions of dollars	Fair-value exposure	Notional amount of transactions	Fair-value exposure	Notional amount of transactions
Direct subprime ABS CDO super senior Ambac	**$ 4,525**	**$ 5,328**	$ 4,649	$ 5,352
***Trading assets* non-subprime:**				
MBIA	**$ 2,123**	**$ 3,868**	$ 2,209	$ 4,567
FSA	**128**	**1,108**	294	1,119
Assured	**126**	**466**	147	454
Radian	**19**	**150**	39	150
Ambac		**407**	19	821
Subtotal trading assets non-subprime	**$ 2,396**	**$ 5,999**	$ 2,708	$ 7,111
Total gross fair-value direct exposure	**$ 6,921**		$ 7,357	
Credit valuation adjustment	**(5,213)**		(5,370)	
Total net fair-value direct exposure	**$ 1,708**		$ 1,987	

The fair-value exposure, net of payable and receivable positions, represents the market value of the contract as of June 30, 2009 and March 31, 2009, respectively, excluding the CVA. The notional amount of the transactions, including both long and short positions, is used as a reference value to calculate payments. The CVA is a downward adjustment to the fair-value exposure to a counterparty to reflect the counterparty's creditworthiness in respect of the obligations in question.

Credit valuation adjustments are based on credit spreads and on estimates of the terms and timing of the payment obligations of the Monolines. Timing in turn depends on estimates of the performance of the transactions to which the Company's exposure relates, estimates of whether and when liquidation of such transactions may occur and other factors, each considered in the context of the terms of the Monolines' obligations.

As of June 30, 2009 and March 31, 2009, the Company had $6.3 billion and $6.6 billion, respectively, in notional amount of hedges against its direct subprime ABS CDO super senior positions. Of those amounts, $5.3 billion and $5.4 billion, respectively, were purchased from Monolines and are included in the notional amount of transactions in the table above.

With respect to Citi's trading assets, there were $2.4 billion and $2.7 billion of fair-value exposure to Monolines as of June 30, 2009 and March 31, 2009, respectively. Trading assets include trading positions, both long and short, in U.S. subprime RMBS and related products, including ABS CDOs.

The notional amount of transactions related to the remaining non-subprime trading assets as of June 30, 2009 was $6.0 billion. The $6.0 billion notional amount of transactions comprised $955 million primarily in interest-rate swaps with a corresponding fair value exposure of $2.1 million net payable. The remaining notional amount of $5.0 billion was in the form of credit default swaps and total return swaps with a fair value exposure of $2.4 billion.

The notional amount of transactions related to the remaining non-subprime trading assets at March 31, 2009 was $7.1 billion with a corresponding fair value exposure of $2.7 billion. The $7.1 billion notional amount of transactions comprised $2.1 billion primarily in interest-rate swaps with a corresponding fair value exposure of $10 million. The remaining notional amount of $5.0 billion was in the form of credit default swaps and total return swaps with a fair value of $2.7 billion.

The Company has purchased mortgage insurance from various monoline mortgage insurers on first mortgage loans. The notional amount of this insurance protection was approximately $316 million and $300 million as of June 30, 2009 and March 31, 2009, respectively, with nominal pending claims against this notional amount.

In addition, Citigroup has indirect exposure to Monolines in various other parts of its businesses. Indirect exposure includes circumstances in which the Company is not a contractual counterparty to the Monolines, but instead owns securities which may benefit from embedded credit enhancements provided by a Monoline. For example, corporate or municipal bonds in the trading business may be insured by the Monolines. The previous table does not capture this type of indirect exposure to the Monolines.

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Highly Leveraged Financing Transactions

Highly leveraged financing commitments are agreements that provide funding to a borrower with higher levels of debt (measured by the ratio of debt capital to equity capital of the borrower) than is generally the case for other companies. In recent years through mid-2008, highly leveraged financing had been commonly employed in corporate acquisitions, management buy-outs and similar transactions.

In these financings, debt service (that is, principal and interest payments) absorbs a significant portion of the cash flows generated by the borrower's business. Consequently, the risk that the borrower may not be able to meet its debt obligations is greater. Due to this risk, the interest rates and fees charged for this type of financing are generally higher than for other types of financing.

Prior to funding, highly leveraged financing commitments are assessed for impairment in accordance with SFAS 5 (ASC 450-20-25), and losses are recorded when they are probable and reasonably estimable. For the portion of loan commitments that relates to loans that will be held for investment, loss estimates are made based on the borrower's ability to repay the facility according to its contractual terms. For the portion of loan commitments that relates to loans that will be held-for-sale, loss estimates are made in reference to current conditions in the resale market (both interest rate risk and credit risk are considered in the estimate). Loan origination, commitment, underwriting and other fees are netted against any recorded losses.

Citigroup generally manages the risk associated with highly leveraged financings it has entered into by seeking to sell a majority of its exposures to the market prior to or shortly after funding. In certain cases, all or a portion of a highly leveraged financing to be retained is hedged with credit derivatives or other hedging instruments. Thus, when a highly leveraged financing is funded, Citigroup records the resulting loan as follows:

- the portion that Citigroup will seek to sell is recorded as a loan held-for-sale in *Other assets* on the Consolidated Balance Sheet, and measured at the lower of cost or market (LOCOM); and

- the portion that will be retained is recorded as a loan held-for-investment in *Loans* and measured at amortized cost less a reserve for loan losses.

Due to the dislocation of the credit markets and the reduced market interest in higher-risk/higher-yield instruments since the latter half of 2007, liquidity in the market for highly leveraged financings has been limited. This has resulted in the Company's recording pretax write-downs on funded and unfunded highly leveraged finance exposures of $237 million in the second quarter of 2009, bringing the cumulative write-downs for the first half of 2009 to $484 million.

Citigroup's exposures to highly leveraged financing commitments totaled $8.5 billion at June 30, 2009 ($8.1 billion funded and $0.4 billion in unfunded commitments), reflecting a decrease of $1.0 billion from March 31, 2009.

In 2008, the Company completed the transfer of approximately $12.0 billion of loans to third parties, of which $8.5 billion relates to highly leveraged loan commitments. In these transactions, the third parties purchased subordinate interests backed by the transferred loans. These subordinate interests absorb first loss on the transferred loans and provide the third parties with control of the loans. The Company retained senior debt securities backed by the transferred loans. These transactions were accounted for as sales of the transferred loans. The loans were removed from the balance sheet and the retained securities are classified as AFS securities on the Company's Consolidated Balance Sheet.

In addition, the Company purchased protection on the senior debt securities from the third-party subordinate interest holders via total return swaps (TRS). The counterparty credit risk in the TRS is protected through margin agreements that provide for both initial margin and additional margin at specified triggers. Due to the initial cash margin received, the existing margin requirements on the TRS, and the substantive subordinate investments made by third parties, the Company believes that the transactions largely mitigate the Company's risk related to the transferred loans.

The Company's sole remaining exposure to the transferred loans are the senior debt securities, which have an amortized cost basis of $6.7 billion and fair value of $6.3 billion at June 30, 2009, and the receivables under the TRS, which have a fair value of $0.4 billion at June 30, 2009. The change in the value of the retained senior debt securities that are classified as AFS securities are recorded in AOCI as they are deemed temporary. The offsetting change in the TRS are recorded as cash flow hedges within AOCI. See Note 14 to the Consolidated Financial Statements for additional information.

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DERIVATIVES

Presented below are the notional and the mark-to-market receivables and payables for Citigroup's derivative exposures as of June 30, 2009 and December 31, 2008:

Notionals(1)

	Trading derivatives(2)(3)		Non-trading Derivatives(3)	
In millions of dollars	**June 30, 2009**	**December 31, 2008**	**June 30, 2009**	**December 31, 2008**
Interest rate contracts				
Swaps	**$ 15,307,390**	$ 15,096,293	**$ 303,754**	$ 306,501
Futures and forwards	**3,724,252**	2,619,952	**101,832**	118,440
Written options	**3,063,580**	2,963,280	**18,850**	20,255
Purchased options	**3,227,193**	3,067,443	**50,726**	38,344
Total interest rate contract notionals	**$ 25,322,415**	$ 23,746,968	**$ 475,162**	$ 483,540
Foreign exchange contracts				
Swaps	**$ 914,889**	$ 882,327	**$ 55,642**	$ 62,491
Futures and forwards	**2,042,436**	2,165,377	**32,399**	40,694
Written options	**435,498**	483,036	**6,473**	3,286
Purchased options	**453,971**	539,164	**474**	676
Total foreign exchange contract notionals	**$ 3,846,794**	$ 4,069,904	**$ 94,988**	$ 107,147
Equity contracts				
Swaps	**$ 90,794**	$ 98,315	**$**	$
Futures and forwards	**13,557**	17,390		
Written options	**463,668**	507,327		
Purchased options	**442,601**	471,532		
Total equity contract notionals	**$ 1,010,620**	$ 1,094,564	**$**	$
Commodity and other contracts				
Swaps	**$ 27,451**	$ 44,020	**$**	$
Futures and forwards	**84,905**	60,625		
Written options	**30,663**	31,395		
Purchased options	**30,254**	32,892		
Total commodity and other contract notionals	**$ 173,273**	$ 168,932	**$**	$
Credit derivatives(4)				
Citigroup as the Guarantor:				
Credit default swaps	**$ 1,363,683**	$ 1,441,117	**$**	$
Total return swaps	**1,950**	1,905		
Credit default options	**55**	258		
Citigroup as the Beneficiary:				
Credit default swaps	**1,450,451**	1,560,087		
Total return swaps	**22,997**	27,359	**6,668**	8,103
Credit default options	**150**	135		
Total credit derivatives	**$ 2,839,286**	$ 3,030,861	**$ 6,668**	$ 8,103
Total derivative notionals	**$ 33,192,388**	$ 32,111,229	**$ 576,818**	$ 598,790

See the following page for footnotes to this table.

[Table continues on the following page.]

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Mark-to-Market (MTM) Receivables/Payables

In millions of dollars	Derivatives receivables MTM June 30, 2009	Derivatives receivables MTM December 31, 2008	Derivatives payables MTM June 30, 2009	Derivatives payables MTM December 31, 2008
Trading derivatives(2)				
Interest rate contracts	**$ 486,623**	$ 667,597	**$ 466,686**	$ 654,178
Foreign exchange contracts	**87,813**	153,197	**92,241**	160,628
Equity contracts	**24,444**	35,717	**45,070**	57,292
Commodity and other contracts	**21,331**	23,924	**20,447**	22,473
Credit derivatives:(4)				
Citigroup as the Guarantor	**16,191**	5,890	**117,127**	198,233
Citigroup as the Beneficiary	**134,467**	222,461	**16,217**	5,476
Cash collateral paid/received	**55,356**	63,866	**51,227**	65,010
Total	**$ 826,225**	$ 1,172,652	**$ 809,015**	$ 1,163,290
Less: Netting agreements and market value adjustments	**(753,067)**	(1,057,363)	**(745,467)**	(1,046,505)
Net receivables/payables	**$ 73,158**	$ 115,289	**$ 63,548**	$ 116,785
Non-trading derivatives				
Interest rate contracts	**$ 7,847**	$ 14,755	**$ 7,019**	$ 7,742
Foreign exchange contracts	**3,398**	2,408	**4,006**	3,746
Credit Derivatives	**370**			
Total	**$ 11,615**	$ 17,163	**$ 11,025**	$ 11,488

(1) Includes the notional amounts for long and short derivative positions. The notional amounts are presented based on the derivatives classification on the Consolidated Balance Sheet.

(2) Trading Derivatives include proprietary positions, as well as hedging derivatives instruments that do not qualify for hedge accounting in accordance with SFAS No. 133, *"Accounting for Derivative Instruments and Hedging Activities"* (SFAS 133/ASC 815).

(3) Reclassified to conform to the current period's presentation.

(4) Credit Derivatives are arrangements designed to allow one party (the "beneficiary") to transfer the credit risk of a "reference asset" to another party (the "guarantor"). These arrangements allow a guarantor to assume the credit risk associated with the reference assets without directly purchasing it. The Company has entered into credit derivatives positions for purposes such as risk management, yield enhancement, reduction of credit concentrations, and diversification of overall risk.

Fair Valuation Adjustments for Derivatives

The fair value adjustments applied by the Company to its derivative carrying values consist of the following items:

Liquidity adjustments are applied to items in Level 2 or Level 3 of the fair-value hierarchy (see Note 17 to the Consolidated Financial Statements) to ensure that the fair value reflects the price at which the entire position could be liquidated. The liquidity reserve is based on the bid/offer spread for an instrument, adjusted to take into account the size of the position.

Credit valuation adjustments (CVA) are applied to over-the-counter derivative instruments, in which the base valuation generally discounts expected cash flows using LIBOR interest rate curves. Because not all counterparties have the same credit risk as that implied by the relevant LIBOR curve, a CVA is necessary to incorporate the market view of both counterparty credit risk and the Company's own credit risk in the valuation.

The Company's CVA methodology comprises two steps. First, the exposure profile for each counterparty is determined using the terms of all individual derivative positions and a Monte Carlo simulation or other quantitative analysis to generate a series of expected cash flows at future points in time. The calculation of this exposure profile considers the effect of credit risk mitigants, including pledged cash or other collateral and any legal right of offset that exists with a counterparty through arrangements such as netting agreements. Individual derivative contracts that are subject to an enforceable master netting agreement with a counterparty are aggregated for this purpose, since it is those aggregate net cash flows that are subject to nonperformance risk. This process identifies specific, point in time future cash flows that are subject to nonperformance risk, rather than using the current recognized net asset or liability as a basis to measure the CVA. Second, market-based views of default probabilities derived from observed credit spreads in the credit default swap market, are applied to the expected future cash flows determined in step one. Own-credit CVA is determined using Citi-specific CDS spreads for the relevant tenor. Generally, counterparty CVA is determined using CDS spread indices for each credit rating and tenor. For certain identified facilities where individual analysis is practicable (for example, exposures to monoline counterparties) counterparty-specific CDS spreads are used.

The CVA adjustment is designed to incorporate a market view of the credit risk inherent in the derivative portfolio as required by SFAS 157 (ASC 820-10). However, most derivative instruments are negotiated bilateral contracts and are not commonly transferred to third parties. Derivative instruments are normally settled contractually, or if terminated early, are terminated at a value negotiated bilaterally between the counterparties. Therefore, the CVA (both counterparty and own-credit) may not be realized upon a settlement or termination in the normal course of business. In addition, all or a portion of the credit valuation adjustments may be reversed or otherwise adjusted in future periods in the event of changes in the credit risk of Citi or its counterparties, or changes in the credit mitigants (collateral and netting agreements) associated with the derivative instruments. Historically, Citigroup's credit spreads have moved in tandem

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with general counterparty credit spreads, thus providing offsetting CVAs affecting revenue. However, in the first quarter of 2009, Citigroup's credit spreads widened and counterparty credit spreads generally narrowed, each of which positively affected revenues.

The table below summarizes pretax gains (losses) related to changes in CVAs on derivative instruments for the quarters ended June 30, 2009 and 2008:

	Credit valuation adjustment gain (loss)	
In millions of dollars	**2009**	**2008**
Non-monoline counterparties	**$ 4,381**	$ 405
Citigroup (own)	**(2,980)**	(299)
Net non-monoline CVA	**$ 1,401**	$ 106
Monoline counterparties	**157**	(2,428)
Total CVA derivative instruments	**$ 1,558**	$ (2,322)

The table below summarizes pretax gains (losses) related to changes in CVAs on derivative instruments for the six months ended June 30, 2009 and 2008:

	Credit valuation adjustment gain (loss)	
In millions of dollars	**2009**	**2008**
Non-monoline counterparties	**$ 4,533**	$ (1,385)
Citigroup (own)	**(357)**	1,214
Net non-monoline CVA	**$ 4,176**	$ (171)
Monoline counterparties	**(934)**	(3,919)
Total CVA derivative instruments	**$ 3,242**	$ (4,090)

The table below summarizes the CVA applied to the fair value of derivative instruments as of June 30, 2009 and December 31, 2008.

	Credit valuation adjustment Contra liability (contra asset)	
In millions of dollars	**June 30, 2009**	**December 31, 2008**
Non-monoline counterparties	**$ (3,733)**	$ (8,266)
Citigroup (own)	**3,289**	3,611
Net non-monoline CVA	**$ (444)**	$ (4,655)
Monoline counterparties	**(5,213)**	(4,279)
Total CVA derivative instruments	**$ (5,657)**	$ (8,934)

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

Own-credit adjustments for non-derivative liabilities measured at fair value under the fair-value option. See Note 17 to the Consolidated Financial Statements for further information.

The effect of counterparty credit risk embedded in non-derivative instruments. General spread widening has negatively affected the market value of a range of financial instruments. Losses on non-derivative instruments, such as bonds and loans, related to counterparty credit risk are not included in the table above.

Credit Derivatives

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

Credit derivatives generally require that the seller of credit protection make payments to the buyer upon the occurrence of pre-defined events (settlement triggers). These settlement triggers are defined by the form of the derivative and the referenced credit and are generally limited to the market standard of failure to pay on indebtedness and bankruptcy of the reference credit and, in a more limited range of transactions, debt restructuring. Credit derivative transactions referring to emerging market reference credits will also typically include additional settlement triggers to cover the acceleration of indebtedness and the risk of repudiation or a payment moratorium. In certain transactions on a portfolio of referenced credits or asset-backed securities, the seller of protection may not be required to make payment until a specified amount of losses has occurred with respect to the portfolio and/or may only be required to pay for losses up to a specified amount.

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The following tables summarize the key characteristics of the Company's credit derivative portfolio by activity, counterparty and derivative form as of June 30, 2009 and December 31, 2008:

June 30, 2009:

	Fair values		Notionals	
In millions of dollars	**Receivable**	**Payable**	**Beneficiary**	**Guarantor**
By Activity:				
Credit portfolio	**$ 1,391**	**$ 164**	**$ 52,135**	**$**
Dealer/client	**149,637**	**133,180**	**1,428,131**	**1,365,688**
Total by Activity	**$ 151,028**	**$ 133,344**	**$ 1,480,266**	**$ 1,365,688**
By Industry/Counterparty:				
Bank	**$ 83,725**	**$ 82,057**	**$ 936,852**	**$ 899,598**
Broker-dealer	**35,842**	**33,912**	**339,239**	**322,349**
Monoline	**7,007**	**89**	**9,925**	**123**
Non-financial	**291**	**262**	**3,780**	**4,805**
Insurance and other financial institutions	**24,163**	**17,024**	**190,470**	**138,813**
Total by Industry/Counterparty	**$ 151,028**	**$ 133,344**	**$ 1,480,266**	**$ 1,365,688**
By Instrument:				
Credit default swaps and options	**$ 147,947**	**$ 132,288**	**$ 1,450,601**	**$ 1,363,738**
Total return swaps and other	**3,081**	**1,056**	**29,665**	**1,950**
Total by Instrument	**$ 151,028**	**$ 133,344**	**$ 1,480,266**	**$ 1,365,688**

December 31, 2008(1):

	Fair values		Notionals	
In millions of dollars	**Receivable**	**Payable**	**Beneficiary**	**Guarantor**
By Activity:				
Credit portfolio	$ 3,257	$ 15	$ 71,131	$
Dealer/client	225,094	203,694	1,524,553	1,443,280
Total by Activity	$228,351	$203,709	$1,595,684	$1,443,280
By Industry/Counterparty:				
Bank	$128,042	$121,811	$ 996,248	$ 943,949
Broker-dealer	59,321	56,858	403,501	365,664
Monoline	6,886	91	9,973	139
Non-financial	4,874	2,561	5,608	7,540
Insurance and other financial institutions	29,228	22,388	180,354	125,988
Total by Industry/Counterparty	$228,351	$203,709	$1,595,684	$1,443,280
By Instrument:				
Credit default swaps and options	$221,159	$203,220	$1,560,222	$1,441,375
Total return swaps and other	7,192	489	35,462	1,905
Total by Instrument	$228,351	$203,709	$1,595,684	$1,443,280

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

The fair values shown are prior to the application of any netting agreements, cash collateral, and market or credit value adjustments.

The Company actively participates in trading a variety of credit derivatives products as both an active two-way market-maker for clients and to manage credit risk. The majority of this activity was transacted with other financial intermediaries, including both banks and broker-dealers. The Company 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 Company actively monitors its counterparty credit risk in credit derivative contracts. Approximately 88% of the gross receivables as of June 30, 2009 are from counterparties with which the Company maintains collateral agreements. A majority of the Company's top 15 counterparties (by receivable balance owed to the Company) are banks, financial institutions or other dealers. Contracts with these counterparties do not include ratings-based termination events. However, counterparty rating downgrades may have an incremental effect by lowering the threshold at which the Company may call for additional collateral. A number of the remaining significant counterparties are monolines.

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MARKET RISK MANAGEMENT PROCESS

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

Interest Rate Exposure

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

	June 30, 2009		**March 31, 2009**		**June 30, 2008**	
In millions of dollars	**Increase**	**Decrease**	**Increase**	**Decrease**	**Increase**	**Decrease**
U.S. dollar						
Instantaneous change	**$ (1,767)**	**$ 1,935**	$ (1,654)	$ 1,543	$ (1,236)	$ 1,170
Gradual change	**$ (1,005)**	**$ 936**	$ (888)	$ 660	$ (756)	$ 633
Mexican peso						
Instantaneous change	**$ (21)**	**$ 21**	$ (20)	$ 20	$ (24)	$ 24
Gradual change	**$ (15)**	**$ 15**	$ (14)	$ 14	$ (19)	$ 19
Euro						
Instantaneous change	**$ (29)**	**$ 21**	$ 11	$ (12)	$ (71)	$ 71
Gradual change	**$ (35)**	**$ 35**	$ 12	$ (12)	$ (51)	$ 51
Japanese yen						
Instantaneous change	**$ 215**	**NM**	$ 195	NM	$ 131	NM
Gradual change	**$ 122**	**NM**	$ 122	NM	$ 73	NM
Pound sterling						
Instantaneous change	**$ (11)**	**$ 11**	$ 1	$ (5)	$ 13	$ (13)
Gradual change	**$ (14)**	**$ 14**	$ (1)	$ 1	$ 15	$ (15)

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

The changes in the U.S. dollar interest rate exposures from March 31, 2009 to June 30, 2009 are related to customer-related asset and liability mix, the impact of the Morgan Stanley Smith Barney joint venture, as well as Citigroup's view of prevailing interest rates.

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

	Scenario 1	**Scenario 2**	**Scenario 3**	**Scenario 4**	**Scenario 5**	**Scenario 6**
Overnight rate change (bp)		**100**	**200**	**(200)**	**(100)**	
10-year rate change (bp)	**(100)**		**100**	**(100)**		**100**
Impact to net interest revenue *(in millions of dollars)*	$ 1	$ (853)	$ (1,711)	$ 686	$ 812	$ (89)

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Value at Risk

For Citigroup's major trading centers, the aggregate pretax value at risk (VAR) in the trading portfolios was $277 million, $292 million, and $255 million at June 30, 2009, March 31, 2009, and June 30, 2008, respectively. Daily exposures averaged $260 million during the second quarter of 2009 and ranged from $224 million to $290 million. The following table summarizes VAR to Citigroup trading portfolios at June 30, 2009, March 31, 2009, and June 30, 2008, including the total VAR, the specific risk only component of VAR, and general market factors only VAR, along with the quarterly averages:

In million of dollars	June 30, 2009	Second Quarter 2009 Average	March 31, 2009	First Quarter 2009 Average	June 30, 2008	Second Quarter 2008 Average
Interest rate	**$ 226**	**$ 217**	$ 239	$ 272	$ 288	$ 301
Foreign exchange	**84**	**61**	38	73	47	49
Equity	**65**	**94**	144	97	95	79
Commodity	**36**	**38**	34	22	45	51
Diversification benefit	**(134)**	**(150)**	(163)	(173)	(220)	(188)
Total All market risk factors, including general and specific risk	**$ 277**	**$ 260**	$ 292	$ 291	$ 255	$ 292
Specific risk only component	**$ 18**	**$ 20**	$ 14	$ 19	$ 15	$ 7
Total General market factors only	**$ 259**	**$ 240**	$ 278	$ 272	$ 240	$ 285

The specific risk only component represents the level of equity and debt issuer-specific risk embedded in VAR. Citigroup's specific risk model conforms to the 4x-multiplier treatment and is subject to extensive annual hypothetical back-testing.

The table below provides the range of VAR in each type of trading portfolio that was experienced during the quarters ended:

	June 30, 2009		March 31, 2009		June 30, 2008	
In millions of dollars	Low	High	Low	High	Low	High
Interest rate	**$ 193**	**$ 240**	$ 209	$ 320	$ 268	$ 339
Foreign exchange	**31**	**91**	29	140	33	81
Equity	**50**	**153**	47	167	63	181
Commodity	**26**	**50**	12	34	40	60

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OPERATIONAL RISK MANAGEMENT PROCESS

Operational risk is the risk of loss resulting from inadequate or failed internal processes, systems or human factors, or from external events. It includes the reputation and franchise risk associated with business practices or market conduct in which the Company is involved. Operational risk is inherent in Citigroup's global business activities and, as with other risk types, is managed through an overall framework designed to balance strong corporate oversight with well-defined independent risk management. This framework includes:

- recognized ownership of the risk by the businesses;
- oversight by independent risk management; and
- independent review by Audit and Risk Review (ARR).

The goal is to keep operational risk at appropriate levels relative to the characteristics of our businesses, the markets in which we operate, our capital and liquidity, and the competitive, economic and regulatory environment. Notwithstanding these controls, Citigroup incurs operational losses.

Framework

To monitor, mitigate and control operational risk, Citigroup maintains a system of comprehensive policies and has established a consistent, value-added framework for assessing and communicating operational risk and the overall effectiveness of the internal control environment across Citigroup. An Operational Risk Council has been established to provide oversight for operational risk across Citigroup. The Council's membership includes senior members of the Chief Risk Officer's organization covering multiple dimensions of risk management with representatives of the Business and Regional Chief Risk Officers' organizations and the Business Management Group. The Council's focus is on further advancing operational risk management at Citigroup with focus on proactive identification and mitigation of operational risk and related incidents. The Council works with the business segments and the control functions to help ensure a transparent, consistent and comprehensive framework for managing operational risk globally.

Each major business segment must implement an operational risk process consistent with the requirements of this framework. The process for operational risk management includes the following steps:

- identify and assess key operational risks;
- establish key risk indicators;
- produce a comprehensive operational risk report; and
- prioritize and assure adequate resources to actively improve the operational risk environment and mitigate emerging risks.

The operational risk standards facilitate the effective communication and mitigation of operational risk both within and across businesses. As new products and business activities are developed, processes are designed, modified or sourced through alternative means and operational risks are considered. Information about the businesses' operational risk, historical losses, and the control environment is reported by each major business segment and functional area, and summarized for senior management and the Citigroup Board of Directors.

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Measurement and Basel II

To support advanced capital modeling and management, the businesses are required to capture relevant operational risk capital information. An enhanced version of the risk capital model for operational risk has been developed and implemented across the major business segments as a step toward readiness for Basel II capital calculations. The risk capital calculation is designed to qualify as an "Advanced Measurement Approach" under Basel II. It uses a combination of internal and external loss data to support statistical modeling of capital requirement estimates, which are then adjusted to reflect qualitative data regarding the operational risk and control environment.

Information Security and Continuity of Business

Information security and the protection of confidential and sensitive customer data are a priority of Citigroup. The Company has implemented an Information Security Program that complies with the Gramm-Leach-Bliley Act and other regulatory guidance. The Information Security Program is reviewed and enhanced periodically to address emerging threats to customers' information.

The Corporate Office of Business Continuity, with the support of senior management, continues to coordinate global preparedness and mitigate business continuity risks by reviewing and testing recovery procedures.

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COUNTRY AND CROSS-BORDER RISK

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

	June 30, 2009								December 31, 2008	
	Cross-Border Claims on Third Parties									
In billions of U.S. dollars	Banks	Public	Private	Total	Trading and Short-Term Claims(1)	Investments in and Funding of Local Franchises	Total Cross-Border Outstandings	Commitments(2)	Total Cross-Border Outstandings	Commitments(2)
Germany	**$ 7.9**	**$ 4.0**	**$ 8.2**	**$ 20.1**	**$ 18.4**	**$ 13.4**	**$ 33.5**	**$ 52.1**	$ 29.9	$ 48.6
France	**9.9**	**5.1**	**10.0**	**25.0**	**21.1**	**0.2**	**25.2**	**73.3**	21.4	66.4
India	**1.1**		**7.6**	**8.7**	**5.7**	**14.5**	**23.2**	**1.5**	28.0	1.6
South Korea	**2.1**	**1.1**	**4.1**	**7.3**	**7.1**	**12.8**	**20.1**	**14.2**	22.0	15.7
Netherlands	**5.0**	**1.4**	**12.8**	**19.2**	**14.9**		**19.2**	**69.5**	17.7	67.4
United Kingdom	**7.6**		**10.2**	**17.8**	**15.1**		**17.8**	**132.1**	26.3	128.3
Canada	**1.5**	**0.6**	**3.7**	**5.8**	**4.2**	**9.5**	**15.3**	**32.4**	16.1	36.1
Cayman Islands	**0.1**		**14.7**	**14.8**	**13.2**		**14.8**	**6.9**	22.1	8.2
Australia	**1.4**	**0.3**	**1.5**	**3.2**	**2.3**	**9.3**	**12.5**	**23.6**	12.5	24.8
Italy	**0.9**	**6.9**	**2.4**	**10.2**	**7.8**	**1.9**	**12.1**	**21.1**	14.7	20.2

(1) Included in total cross-border claims on third parties.

(2) Commitments (not included in total cross-border outstandings) include legally binding cross-border letters of credit and other commitments and contingencies as defined by the FFIEC. Effective March 31, 2006, the FFIEC revised the definition of commitments to include commitments to local residents to be funded with local currency local liabilities.

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INTEREST REVENUE/EXPENSE AND YIELDS

Average Rates- Interest Revenue, Interest Expense, and Net Interest Margin

In millions of dollars	2nd Qtr. 2009	1st Qtr. 2009(1)	2nd Qtr. 2008(1)	Change 2Q09 vs. 2Q08
Interest Revenue(2)	**$ 19,671**	**$ 20,583**	$ 27,337	(28)%
Interest Expense(3)	**6,842**	**7,657**	13,351	(49)
Net Interest Revenue(2)(3)	**$ 12,829**	**$ 12,926**	$ 13,986	(8)%
Interest Revenue Average Rate	**4.97%**	**5.31%**	6.21%	(124) bps
Interest Expense Average Rate	**1.94%**	**2.16%**	3.29%	(135) bps
Net Interest Margin (NIM)	**3.24%**	**3.33%**	3.17%	7 bps
Interest Rate Benchmarks:				
Federal Funds Rate End of Period	**0.00-0.25%**	**0.00-0.25%**	2.00%	(175+) bps
2 Year U.S. Treasury Note Average Rate	**1.02%**	**0.90%**	2.42%	(140)bps
10 Year U.S. Treasury Note Average Rate	**3.32%**	**2.74%**	3.88%	(56) bps
10 Year vs. 2 Year Spread	**230 bps**	**184 bps**	146 bps	

(1) Reclassified to conform to the current period's presentation and to exclude discontinued operations.

(2) Excludes taxable equivalent adjustment (based on the U.S. Federal statutory tax rate of 35%) of $82 million, $97 million, and $65 million for the second quarter of 2009, the first quarter of 2009, and the second quarter of 2008, respectively.

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

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

During the second quarter of 2009, the yields across both the interest earning assets as well as the interest earning liabilities dropped significantly from the same period in 2008. The lower cost of funds compared to prior year more than offset the lower asset yields, resulting is slightly higher NIM.

Net interest margin decreased compared to the first quarter of 2009, driven mainly by lower yields on the consumer loan portfolio both domestically as well as internationally. The second quarter of 2009 NIM also includes the one-time FDIC special assessment of $333 million, which negatively impacted NIM by 8bps. This charge was included in interest expense on deposits.

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

In millions of dollars	Average Volume 2nd Qtr. 2009	Average Volume 1st Qtr. 2009	Average Volume 2nd Qtr. 2008	Interest Revenue 2nd Qtr. 2009	Interest Revenue 1st Qtr. 2009	Interest Revenue 2nd Qtr. 2008	% Average Rate 2nd Qtr. 2009	% Average Rate 1st Qtr. 2009	% Average Rate 2nd Qtr. 2008
Assets									
Deposits with banks(5)	**$ 168,631**	$ 169,142	$ 62,582	**$ 377**	$ 436	$ 761	**0.90%**	1.05%	4.89%
Federal funds sold and securities borrowed or purchased under agreements to resell(6)									
In U.S. offices	**$ 131,522**	$ 128,004	$ 182,672	**$ 515**	$ 550	$ 1,326	**1.57%**	1.74%	2.92%
In offices outside the U.S.(5)	**61,382**	52,431	55,762	**279**	335	1,044	**1.82**	2.59	7.53
Total	**$ 192,904**	$ 180,435	$ 238,434	**$ 794**	$ 885	$ 2,370	**1.65%**	1.99%	4.00%
Trading account assets(7)(8)									
In U.S. offices	**$ 134,334**	$ 147,516	$ 241,068	**$ 1,785**	$ 1,984	$ 3,249	**5.33%**	5.45%	5.42%
In offices outside the U.S.(5)	**120,468**	108,451	160,687	**1,136**	967	1,385	**3.78**	3.62	3.47
Total	**$ 254,802**	$ 255,967	$ 401,755	**$ 2,921**	$ 2,951	$ 4,634	**4.60%**	4.68%	4.64%
Investments(1)									
In U.S. offices									
Taxable	**$ 123,181**	$ 121,901	$ 110,977	**$ 1,674**	$ 1,480	$ 1,105	**5.45%**	4.92%	4.00%
Exempt from U.S. income tax	**16,293**	14,574	13,089	**247**	118	138	**6.08**	3.28	4.24
In offices outside the U.S.(5)	**118,891**	106,950	97,456	**1,514**	1,578	1,305	**5.11**	5.98	5.39
Total	**$ 258,365**	$ 243,425	$ 221,522	**$ 3,435**	$ 3,176	$ 2,548	**5.33%**	5.29%	4.63%
Loans (net of unearned income)(9)									
Consumer loans									
In U.S. offices	**$ 306,273**	$ 322,986	$ 346,975	**$ 5,410**	$ 6,051	$ 6,976	**7.09%**	7.60%	8.09%
In offices outside the U.S.(5)	**153,352**	149,341	182,294	**3,236**	3,512	4,782	**8.46**	9.54	10.55
Total consumer loans	**$ 459,625**	$ 472,327	$ 529,269	**$ 8,646**	$ 9,563	$ 11,758	**7.55%**	8.21%	8.94%
Corporate loans									
In U.S. offices	**$ 79,074**	$ 80,482	$ 75,372	**$ 844**	$ 780	$ 757	**4.28%**	3.93%	4.04%
In offices outside the U.S.(5)	**117,242**	118,906	149,960	**2,439**	2,512	3,426	**8.34**	8.57	9.19
Total corporate loans	**$ 196,316**	$ 199,388	$ 225,332	**$ 3,283**	$ 3,292	$ 4,183	**6.71%**	6.70%	7.47%
Total loans	**$ 655,941**	$ 671,715	$ 754,601	**$ 11,929**	$ 12,855	$ 15,941	**7.29%**	7.76%	8.50%
Other interest-earning Assets	**$ 57,416**	$ 51,631	$ 92,988	**$ 215**	$ 280	$ 1,083	**1.50%**	2.20%	4.68%
Total interest-earning Assets	**$ 1,588,059**	$ 1,572,315	$ 1,771,882	**$ 19,671**	$ 20,583	$ 27,337	**4.97%**	5.31%	6.21%
Non-interest-earning assets(7)	**262,840**	315,573	367,459						
Total Assets from discontinued operations	**$ 19,048**	$ 20,083	$ 56,520						
Total assets	**$ 1,869,947**	$ 1,907,971	$ 2,195,861						

(1) Interest revenue excludes the taxable equivalent adjustments (based on the U.S. federal statutory tax rate of 35%) of $82 million, $97 million, and $65 million for the second quarter of 2009, the first quarter of 2009, and the second quarter of 2008, 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.

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

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

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

(8) Interest expense on *Trading account liabilities* of the 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 liabilitie*s, respectively.

(9) Includes cash-basis loans.

Reclassified to conform to the current period's presentation.

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

	Average Volume			Interest Expense			% Average Rate		
In millions of dollars	2nd Qtr. 2009	1st Qtr. 2009	2nd Qtr. 2008	2nd Qtr. 2009	1st Qtr. 2009	2nd Qtr. 2008	2nd Qtr. 2009	1st Qtr. 2009	2nd Qtr. 2008
Liabilities									
Deposits									
In U. S. offices									
Savings deposits(5)	**$ 167,713**	$ 164,977	$ 163,923	**$ 999**	$ 633	$ 683	**2.39%**	1.56%	1.68%
Other time deposits	**57,869**	61,283	57,911	**278**	416	614	**1.93**	2.75	4.26
In offices outside the U.S.(6)	**428,188**	408,840	488,304	**1,563**	1,799	3,785	**1.46**	1.78	3.12
Total	**$ 653,770**	$ 635,100	$ 710,138	**$ 2,840**	$ 2,848	$ 5,082	**1.74%**	1.82%	2.88%
Federal funds purchased and securities loaned or sold under agreements to repurchase(7)									
In U.S. offices	**$ 133,948**	$ 152,256	$ 195,879	**$ 288**	$ 316	$ 1,299	**0.86%**	0.84%	2.67%
In offices outside the U.S.(6)	**74,346**	68,184	84,448	**643**	788	1,648	**3.47**	4.69	7.85
Total	**$ 208,294**	$ 220,440	$ 280,327	**$ 931**	$ 1,104	$ 2,947	**1.79%**	2.03%	4.23%
Trading account liabilities(8)(9)									
In U.S. offices	**$ 19,592**	$ 20,712	$ 29,764	**$ 50**	$ 93	$ 413	**1.02%**	1.82%	5.58%
In offices outside the U.S.(6)	**36,652**	31,101	45,054	**19**	15	37	**0.21**	0.20	0.33
Total	**$ 56,244**	$ 51,813	$ 74,818	**$ 69**	$ 108	$ 450	**0.49%**	0.85%	2.42%
Short-term borrowings									
In U.S. offices	**$ 136,200**	$ 148,673	$ 152,356	**$ 209**	$ 367	$ 814	**0.62%**	1.00%	2.15%
In offices outside the U.S.(6)	**35,299**	35,214	59,531	**106**	96	147	**1.20**	1.11	0.99
Total	**$ 171,499**	$ 183,887	$ 211,887	**$ 315**	$ 463	$ 961	**0.74%**	1.02%	1.82%
Long-term debt(10)									
In U.S. offices	**$ 296,324**	$ 309,670	$ 315,686	**$ 2,427**	$ 2,820	$ 3,454	**3.29%**	3.69%	4.40%
In offices outside the U.S.(6)	**29,318**	34,058	37,585	**260**	314	457	**3.56**	3.74	4.89
Total	**$ 325,642**	$ 343,728	$ 353,271	**$ 2,687**	$ 3,134	$ 3,911	**3.31%**	3.70%	4.45%
Total interest-bearing liabilities	**$ 1,415,449**	$ 1,434,968	$ 1,630,441	**$ 6,842**	$ 7,657	$ 13,351	**1.94%**	2.16%	3.29%
Demand deposits in U.S. offices	**25,039**	15,383	13,402						
Other non-interest-bearing liabilities(8)	**267,055**	300,614	378,465						
Total liabilities from discontinued operations	**12,122**	11,698	32,229						
Total liabilities	**$ 1,719,665**	$ 1,762,663	$ 2,054,537						
Citigroup equity(11)	**$ 148,448**	$ 143,297	$ 135,010						
Noncontrolling Interest	**1,834**	2,011	6,314						
Total Equity	**$ 150,282**	$ 145,308	$ 141,324						
Total Liabilities and Equity	**$ 1,869,947**	$ 1,907,971	$ 2,195,861						
Net interest revenue as a percentage of average interest-earning assets(12)									
In U.S. offices	**$ 944,819**	$ 970,429	$ 1,036,000	**$ 6,452**	$ 6,643	6,631	**2.74%**	2.78%	2.57%
In offices outside the U.S.(6)	**643,240**	601,886	735,882	**6,377**	6,283	7,355	**3.98**	4.23	4.02

Total	**$ 1,588,059**	$ 1,572,315	$ 1,771,882	**$ 12,829**	$ 12,926	$ 13,986	**3.24%**	3.33%	3.17%

(1) Interest revenue excludes the taxable equivalent adjustments (based on the U.S. federal statutory tax rate of 35%) of $82 million, $97 million, and $65 million for the second quarter of 2009, the first quarter of 2009, and the second quarter of 2008, 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.

(5) Savings deposits consist of Insured Money Market Rate accounts, NOW accounts, and other savings deposits. The second quarter of 2009 interest expense includes the one-time FDIC special assessment of $333 million.

(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) and Interest expense excludes the impact of FIN 41(ASC 210-20-45).

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

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

(10) Excludes hybrid financial instruments and beneficial interests in consolidated VIEs that are classified as long-term debt as these obligations are accounted for at fair value with changes recorded in Principal Transactions. In addition, the majority of the funding provided by Corporate Treasury to CitiCapital operations is excluded from this line.

(11) Includes stockholders' equity from discontinued operations.

(12) Includes allocations for capital and funding costs based on the location of the asset.

Reclassified to conform to the current period's presentation.

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

In millions of dollars	Average Volume Six Months 2009	Average Volume Six Months 2008	Interest Revenue Six Months 2009	Interest Revenue Six Months 2008	% Average Rate Six Months 2009	% Average Rate Six Months 2008
Assets						
Deposits with banks(5)	**$ 168,887**	$ 61,952	**$ 813**	$ 1,537	**0.97%**	4.99%
Federal funds sold and securities borrowed or purchased under agreements to resell(6)						
In U.S. offices	**$ 129,763**	$ 180,046	**$ 1,065**	$ 3,072	**1.66%**	3.43%
In offices outside the U.S.(5)	**56,907**	78,460	**614**	2,464	**2.18**	6.32
Total	**$ 186,670**	$ 258,506	**$ 1,679**	$ 5,536	**1.81%**	4.31%
Trading account assets(7)(8)						
In U.S. offices	**$ 140,925**	$ 247,612	**$ 3,769**	$ 6,883	**5.39%**	5.59%
In offices outside the U.S.(5)	**114,460**	166,454	**2,103**	2,542	**3.71**	3.07
Total	**$ 255,385**	$ 414,066	**$ 5,872**	$ 9,425	**4.64%**	4.58%
Investments(1)						
In U.S. offices						
Taxable	**$ 122,541**	$ 107,726	**$ 3,154**	$ 2,284	**5.19%**	4.26%
Exempt from U.S. income tax	**15,434**	13,060	**365**	297	**4.77**	4.57
In offices outside the U.S.(5)	**112,921**	98,609	**3,092**	2,654	**5.52**	5.41
Total	**$ 250,896**	$ 219,395	**$ 6,611**	$ 5,235	**5.31%**	4.80%
Loans (net of unearned income)(9)						
Consumer loans						
In U.S. offices	**$ 314,630**	$ 349,900	**$ 11,461**	$ 14,158	**7.35%**	8.14%
In offices outside the U.S.(5)	**151,347**	180,186	**6,748**	9,420	**8.99**	10.51
Total consumer loans	**$ 465,977**	$ 530,086	**$ 18,209**	$ 23,578	**7.88%**	8.94%
Corporate loans						
In U.S. offices	**$ 79,778**	$ 75,778	**$ 1,624**	$ 1,751	**4.11%**	4.65%
In offices outside the U.S.(5)	**118,074**	153,034	**4,951**	7,026	**8.46**	9.23
Total corporate loans	**$ 197,852**	$ 228,812	**$ 6,575**	$ 8,777	**6.70%**	7.71%
Total loans	**$ 663,829**	$ 758,898	**$ 24,784**	$ 32,355	**7.53%**	8.57%
Other interest-earning assets	**$ 54,524**	$ 105,473	**$ 495**	$ 2,410	**1.83%**	4.59%
Total interest-earning assets	**$ 1,580,191**	$ 1,818,290	**$ 40,254**	$ 56,498	**5.14%**	6.25%
Non-interest-earning assets(7)	**289,207**	384,383				
Total assets from discontinued operations	**19,566**	57,945				
Total assets	**$ 1,888,964**	$ 2,260,618				

(1) Interest revenue excludes the taxable equivalent adjustments (based on the U.S. federal statutory tax rate of 35%) of $179 million and $113 million for the first six months of 2009 and 2008, 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.

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

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

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

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

(9) Includes cash-basis loans.

Reclassified to conform to the current period's presentation.

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

In millions of dollars	Average Volume Six Months 2009	Average Volume Six Months 2008	Interest Expense Six Months 2009	Interest Expense Six Months 2008	% Average Rate Six Months 2009	% Average Rate Six Months 2008
Liabilities						
Deposits						
In U. S. offices						
Savings deposits(5)	**$ 166,345**	$ 164,434	**$ 1,632**	$ 1,723	**1.98%**	2.11%
Other time deposits	**59,576**	61,352	**694**	1,391	**2.35**	4.56
In offices outside the U.S.(6)	**418,514**	497,266	**3,362**	8,162	**1.62**	3.30
Total	**$ 644,435**	$ 723,052	**$ 5,688**	$ 11,276	**1.78%**	3.14%
Federal funds purchased and securities loaned or sold under agreements to repurchase(7)						
In U.S. offices	**$ 143,102**	$ 202,879	**$ 604**	$ 3,334	**0.85%**	3.30%
In offices outside the U.S.(6)	**71,265**	101,132	**1,431**	3,504	**4.05**	6.97
Total	**$ 214,367**	$ 304,011	**$ 2,035**	$ 6,838	**1.91%**	4.52%
Trading account liabilities(8)(9)						
In U.S. offices	**$ 20,152**	$ 33,739	**$ 143**	$ 683	**1.43%**	4.07%
In offices outside the U.S.(6)	**33,877**	48,673	**34**	96	**0.20**	0.40
Total	**$ 54,029**	$ 82,412	**$ 177**	$ 779	**0.66%**	1.90%
Short-term borrowings						
In U.S. offices	**$ 142,437**	$ 159,988	**$ 576**	$ 1,966	**0.82%**	2.47%
In offices outside the U.S.(6)	**35,257**	58,909	**202**	343	**1.16**	1.17
Total	**$ 177,694**	$ 218,897	**$ 778**	$ 2,309	**0.88%**	2.12%
Long-term debt(10)						
In U.S. offices	**$ 302,997**	$ 307,517	**$ 5,247**	$ 7,285	**3.49%**	4.76%
In offices outside the U.S.(6)	**31,688**	38,641	**574**	937	**3.65**	4.88
Total	**$ 334,685**	$ 346,158	**$ 5,821**	$ 8,222	**3.51%**	4.78%
Total interest-bearing liabilities	**$ 1,425,210**	$ 1,674,530	**$ 14,499**	$ 29,424	**2.05%**	3.53%
Demand deposits in U.S. offices	**20,214**	13,180				
Other non-interest bearing liabilities(8)	**283,835**	405,821				
Total liabilities from discontinued operations	**11,910**	31,285				
Total liabilities	**$ 1,741,169**	$ 2,124,816				
Total Citigroup equity(11)	**$ 145,873**	$ 130,983				
Noncontrolling interest	**1,922**	4,819				
Total Equity	**$ 147,795**	$ 135,802				
Total liabilities and stockholders' equity	**$ 1,888,964**	$ 2,260,618				

Net interest revenue as a percentage of average interest-earning assets(12)						
In U.S. offices	**$ 957,624**	$ 1,050,297	**$ 13,095**	$ 12,763	**2.76%**	2.44%
In offices outside the U.S.(6)	**622,567**	767,993	**12,660**	14,311	**4.10**	3.75
Total	**$ 1,580,191**	$ 1,818,290	**$ 25,755**	$ 27,074	**3.29%**	2.99%

(1) Interest revenue the taxable equivalent adjustments (based on the U.S. federal statutory tax rate of 35%) of $179 million and $133 million for the first six months of 2009 and 2008, 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.

(5) Savings deposits consist of Insured Money Market Rate accounts, NOW accounts, and other savings deposits. The second quarter of 2009 interest expense includes the one-time FDIC special assessment of $333 million.

(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) and interest expense excludes the impact of FIN 41(ASC 210-20-45).

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

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

(10) Excludes hybrid financial instruments and beneficial interests in consolidated VIEs that are classified as long-term debt as these obligations are accounted for at fair value with changes recorded in Principal Transactions. In addition, the majority of the funding provided by Corporate Treasury to CitiCapital is excluded from this line.

(11) Includes stockholders' equity from discontinued operations.

(12) Includes allocations for capital and funding costs based on the location of the asset.

Reclassified to conform to the current period's presentation.

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

In millions of dollars	2nd Qtr. 2009 vs. 1st Qtr. 2009 Increase (Decrease) Due to Change in: Average Volume	Average Rate	Net Change	2nd Qtr. 2009 vs. 2nd Qtr. 2008 Increase (Decrease) Due to Change in: Average Volume	Average Rate	Net Change
Deposits with banks(4)	**$ (1)**	**$ (58)**	**$ (59)**	$ 579	$ (963)	$ (384)
Federal funds sold and securities borrowed or purchased under agreements to resell						
In U.S. offices	**$ 15**	**$ (50)**	**$ (35)**	$ (307)	$ (504)	$ (811)
In offices outside the U.S.(4)	**51**	**(107)**	**(56)**	96	(861)	(765)
Total	**$ 66**	**$ (157)**	**$ (91)**	$ (211)	$ (1,365)	$ (1,576)
Trading account assets(5)						
In U.S. offices	**$ (175)**	**$ (24)**	**$ (199)**	$ (1,419)	$ (45)	$ (1,464)
In offices outside the U.S.(4)	**111**	**58**	**169**	(370)	121	(249)
Total	**$ (64)**	**$ 34**	**$ (30)**	$ (1,789)	$ 76	$ (1,713)
Investments(1)						
In U.S. offices	**$ 36**	**$ 287**	**$ 323**	$ 169	$ 509	$ 678
In offices outside the U.S.(4)	**165**	**(229)**	**(64)**	275	(66)	209
Total	**$ 201**	**$ 58**	**$ 259**	$ 444	$ 443	$ 887
Loans consumer						
In U.S. offices	**$ (305)**	**$ (336)**	**$ (641)**	$ (769)	$ (797)	$ (1,566)
In offices outside the U.S.(4)	**93**	**(369)**	**(276)**	(693)	(853)	(1,546)
Total	**$ (212)**	**$ (705)**	**$ (917)**	$ (1,462)	$ (1,650)	$ (3,112)
Loans corporate						
In U.S. offices	**$ (14)**	**$ 78**	**$ 64**	$ 38	$ 49	$ 87
In offices outside the U.S.(4)	**(35)**	**(38)**	**(73)**	(700)	(287)	(987)
Total	**$ (49)**	**$ 40**	**$ (9)**	$ (662)	$ (238)	$ (900)
Total loans	**$ (261)**	**$ (665)**	**$ (926)**	$ (2,124)	$ (1,888)	$ (4,012)
Other interest-earning assets	**$ 29**	**$ (94)**	**$ (65)**	$ (313)	$ (555)	$ (868)
Total interest revenue	**$ (30)**	**$ (882)**	**$ (912)**	$ (3,414)	$ (4,252)	$ (7,666)

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

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

(3)

Detailed average volume, interest revenue and interest expense exclude discontinued operations.

(4)

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

(5)

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

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

In millions of dollars	2nd Qtr. 2009 vs. 1st Qtr. 2009 Increase (Decrease) Due to Change in: Average Volume	Average Rate	Net Change	2nd Qtr. 2009 vs. 2nd Qtr. 2008 Increase (Decrease) Due to Change in: Average Volume	Average Rate	Net Change
Deposits						
In U.S. offices	**$ (3)**	**$ 231**	**$ 228**	$ 22	$ (42)	$ (20)
In offices outside the U.S.(4)	**82**	**(318)**	**(236)**	(420)	(1,802)	(2,222)
Total	**$ 79**	**$ (87)**	**$ (8)**	$ (398)	$ (1,844)	$ (2,242)
Federal funds purchased and securities loaned or sold under agreements to repurchase						
In U.S. offices	**$ (39)**	**$ 11**	**$ (28)**	$ (322)	$ (689)	$ (1,011)
In offices outside the U.S.(4)	**66**	**(211)**	**(145)**	(178)	(827)	(1,005)
Total	**$ 27**	**$ (200)**	**$ (173)**	$ (500)	$ (1,516)	$ (2,016)
Trading account liabilities(5)						
In U.S. offices	**$ (5)**	**$ (38)**	**$ (43)**	$ (107)	$ (256)	$ (363)
In offices outside the U.S.(4)	**3**	**1**	**4**	(6)	(12)	(18)
Total	**$ (2)**	**$ (37)**	**$ (39)**	$ (113)	$ (268)	$ (381)
Short-term borrowings						
In U.S. offices	**$ (28)**	**$ (130)**	**$ (158)**	$ (78)	$ (527)	$ (605)
In offices outside the U.S.(4)		**10**	**10**	(69)	28	(41)
Total	**$ (28)**	**$ (120)**	**$ (148)**	$ (147)	$ (499)	$ (646)
Long-term debt						
In U.S. offices	**$ (118)**	**$ (275)**	**$ (393)**	$ (201)	$ (826)	$ (1,027)
In offices outside the U.S.(4)	**(42)**	**(12)**	**(54)**	(89)	(108)	(197)
Total	**$ (160)**	**$ (287)**	**$ (447)**	$ (290)	$ (934)	$ (1,224)
Total interest expense	**$ (84)**	**$ (731)**	**$ (815)**	$ (1,448)	$ (5,061)	$ (6,509)
Net interest revenue	**$ 54**	**$ (151)**	**$ (97)**	$ (1,966)	$ 809	$ (1,157)

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

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

(3) Detailed average volume, interest revenue and interest expense exclude discontinued operations.

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

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

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

	Six Months 2009 vs. Six Months 2008 Increase (Decrease) Due to Change in:		
In millions of dollars	Average Volume	Average Rate	Net Change(2)
Deposits at interest with banks(4)	$ 1,195	$ (1,919)	$ (724)
Federal funds sold and securities borrowed or purchased under agreements to resell			
In U.S. offices	$ (702)	$ (1,305)	$ (2,007)
In offices outside the U.S.(4)	(546)	(1,304)	(1,850)
Total	$ (1,248)	$ (2,609)	$ (3,857)
Trading account assets(5)			
In U.S. offices	$ (2,862)	$ (252)	$ (3,114)
In offices outside the U.S.(4)	(892)	453	(439)
Total	$ (3,754)	$ 201	$ (3,553)
Investments(1)			
In U.S. offices	$ 397	$ 541	$ 938
In offices outside the U.S.(4)	392	46	438
Total	$ 789	$ 587	$ 1,376
Loans consumer			
In U.S. offices	$ (1,356)	$ (1,341)	$ (2,697)
In offices outside the U.S.(4)	(1,392)	(1,280)	(2,672)
Total	$ (2,748)	$ (2,621)	$ (5,369)
Loans corporate			
In U.S. offices	$ 89	$ (216)	$ (127)
In offices outside the U.S.(4)	(1,504)	(571)	(2,075)
Total	$ (1,415)	$ (787)	$ (2,202)
Total loans	$ (4,163)	$ (3,408)	$ (7,571)
Other interest-earning assets	$ (852)	$ (1,063)	$ (1,915)
Total interest revenue	$ (8,033)	$ (8,211)	$ (16,244)
Deposits			
In U.S. offices	$ 2	$ (790)	$ (788)
In offices outside the U.S.(4)	(1,136)	(3,664)	(4,800)
Total	$ (1,134)	$ (4,454)	$ (5,588)
Federal funds purchased and securities loaned or sold under agreements to repurchase			
In U.S. offices	$ (775)	$ (1,955)	$ (2,730)
In offices outside the U.S.(4)	(855)	(1,218)	(2,073)

Total	$ (1,630)	$ (3,173)	$ (4,803)
Trading account liabilities(5)			
In U.S. offices	$ (207)	$ (333)	$ (540)
In offices outside the U.S.(4)	(24)	(38)	(62)
Total	$ (231)	$ (371)	$ (602)
Short-term borrowings			
In U.S. offices	$ (195)	$ (1,195)	$ (1,390)
In offices outside the U.S.(4)	(136)	(5)	(141)
Total	$ (331)	$ (1,200)	$ (1,531)
Long-term debt			
In U.S. offices	$ (106)	$ (1,932)	$ (2,038)
In offices outside the U.S.(4)	(151)	(212)	(363)
Total	$ (257)	$ (2,144)	$ (2,401)
Total interest expense	$ (3,583)	$ (11,342)	$ (14,925)
Net interest revenue	$ (4,450)	$ 3,131	$ (1,319)

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

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

(3) Detailed average volume, interest revenue and interest expense exclude discontinued operations.

(4) 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 the 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.

CAPITAL RESOURCES AND LIQUIDITY

CAPITAL RESOURCES

Overview

Capital is generally generated by earnings from operating businesses. This is augmented through issuances of common stock, convertible preferred stock, preferred stock, subordinated debt underlying trust preferred securities, and equity issued through awards under employee benefit plans. Capital is used primarily to support assets in the Company's businesses and to absorb expected and unexpected market, credit, or operational losses. The Company's potential further uses of capital, particularly to pay dividends and repurchase common stock, became severely restricted during the latter half of 2008 and during 2009, to date, as explained more fully in the Company's 2008 Annual Report on Form 10-K, its Quarterly Report on Form 10-Q for the quarter ended March 31, 2009, and as discussed in this MD&A.

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

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

Certain of the capital measures discussed in this section, including Tier 1 Common, Tangible Common Equity (TCE) and related ratios, are non-GAAP financial measures. See "Components of Capital Under Regulatory Guidelines" and "Tangible Common Equity" below for additional information on these measures, including a reconciliation of these measures to the most directly comparable GAAP measures.

Exchange Offers

Upon completion of the public and private exchange offers (see "Events in 2009 Public and Private Exchange Offers" above), an aggregate of approximately $58 billion in aggregate liquidation value of outstanding preferred stock and trust preferred securities, including an aggregate $25 billion liquidation value of preferred stock held by the UST, was exchanged for Citigroup common stock and/or interim securities convertible into Citi common stock. In addition, an additional approximately $27.1 billion in aggregate liquidation value of preferred stock held by the USG was exchanged for newly issued 8% trust preferred securities. As a result of these exchanges, Citigroup's Tier 1 Common will increase by approximately $64 billion and its Tier 1 Common ratio will increase to approximately 9%, each based on June 30, 2009 levels. In addition, the Company's TCE will increase by approximately $60 billion to approximately $100 billion. See "Events in 2009 Public and Private Exchange Offers" and "Subsequent Events" above for an additional discussion of the capital impact of the exchange offers on Citi.

Future business results of the Company, including events such as corporate dispositions, will continue to affect the Company's capital levels. Moreover, changes that the FASB has adopted regarding off-balance sheet assets, consolidation and sale treatment will have an incremental impact on Citi's capital ratios. For more information on this, see Note 1 "Future Application of Accounting Standards" and Note 15 to the Consolidated Financial Statements, including "Funding, Liquidity Facilities and Subordinate Interests."

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Capital Ratios

Citigroup is subject to risk-based capital guidelines issued by the Federal Reserve Board (FRB). Capital adequacy is measured, in part, based on two risk-based capital ratios, the Tier 1 and Total Capital (Tier 1 + Tier 2 Capital) ratios. Tier 1 Capital consists of core capital, while Total Capital also includes other items such as subordinated debt and allowance for credit losses. Both measures of capital adequacy are stated as a percentage of risk-weighted assets.

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

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

To be "well capitalized" under federal bank regulatory agency definitions, a bank holding company must have a Tier 1 Capital ratio of at least 6%, a Total Capital ratio of at least 10%, and a Leverage Ratio of at least 3%, and not be subject to an FRB directive to maintain higher capital levels. As noted in the table below, Citigroup was "well capitalized" under these federal bank regulatory agency definitions as of June 30, 2009 and December 31, 2008.

In addition, in conjunction with the conclusion of the Supervisory Capital Assessment Program (SCAP), the results of which were released by the USG on May 7, 2009, the banking regulators developed a new measure of capital called Tier 1 Common defined as Tier 1 Capital less non-common elements including qualifying perpetual preferred stock, qualifying noncontrolling interests in subsidiaries and qualifying mandatorily redeemable securities of subsidiary trusts.

The following table sets forth Citigroup's regulatory capital ratios as of June 30, 2009 and December 31, 2008.

Citigroup Regulatory Capital Ratios

	Jun. 30, 2009	**Dec. 31, 2008**
Tier 1 Common	**2.75%**	2.30%
Tier 1 Capital	**12.74**	11.92
Total Capital (Tier 1 and Tier 2)	**16.62**	15.70
Leverage(1)	**6.92**	6.08

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

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Components of Capital Under Regulatory Guidelines

In millions of dollars	Jun. 30, 2009	Dec. 31, 2008(1)
Tier 1 Common		
Citigroup common stockholders' equity	**$ 78,001**	$ 70,966
Less: Net unrealized losses on securities available-for-sale, net of tax(2)	**(7,055)**	(9,647)
Less: Accumulated net losses on cash flow hedges, net of tax	**(3,665)**	(5,189)
Less: Pension liability adjustment, net of tax(3)	**(2,611)**	(2,615)
Less: Cumulative effect included in fair value of financial liabilities attributable to the change in own credit worthiness, net of tax(4)	**2,496**	3,391
Less: Disallowed deferred tax assets(5)	**24,448**	23,520
Less: Intangible assets:		
Goodwill(6)	**26,111**	27,132
Other disallowed intangible assets(6)	**10,023**	10,607
Other	**(893)**	(840)
Total Tier 1 Common	**$ 27,361**	$ 22,927
Qualifying perpetual preferred stock	**$ 74,301**	$ 70,664
Qualifying mandatorily redeemable securities of subsidiary trusts	**24,034**	23,899
Qualifying noncontrolling interests	**1,082**	1,268
Total Tier 1 Capital	**$ 126,778**	$ 118,758
Tier 2 Capital		
Allowance for credit losses(7)	**$ 12,769**	$ 12,806
Qualifying subordinated debt(8)	**25,208**	24,791
Net unrealized pretax gains on available-for- sale equity securities(2)	**669**	43
Total Tier 2 Capital	**$ 38,646**	$ 37,640
Total Capital (Tier 1 and Tier 2)	**$ 165,424**	$ 156,398
Risk-Weighted Assets(9)	**$ 995,414**	$ 996,247

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

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

(3) The FRB granted interim capital relief for the impact of adopting SFAS 158 (ASC 715-20-65).

(4) The impact of including Citigroup's own credit rating in valuing liabilities for which the fair value option has been elected is excluded from Tier 1 Capital, in accordance with risk-based capital guidelines.

(5)

Of the Company's approximately $42 billion of net deferred tax assets at June 30, 2009, approximately $13 billion of such assets were includable without limitation in regulatory capital pursuant to risk-based capital guidelines, while approximately $24 billion of such assets exceeded the limitation imposed by these guidelines and, as "disallowed deferred tax assets," were deducted in arriving at Tier 1 Capital. The Company's other approximately $5 billion of net deferred tax assets at June 30, 2009 primarily represented the deferred tax effects of unrealized gains and losses on available-for-sale debt securities, which are permitted to be excluded prior to deriving the amount of net deferred tax assets subject to limitation under the guidelines. The Company had approximately $24 billion of disallowed deferred tax assets at December 31, 2008.

(6) Includes goodwill/intangible assets of discontinued operations held for sale.

(7) Includable up to 1.25% of risk-weighted assets. Any excess allowance is deducted in arriving at risk-weighted assets.

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

(9) Includes risk-weighted credit equivalent amounts, net of applicable bilateral netting agreements, of $76.9 billion for interest rate, commodity, and equity derivative contracts, foreign-exchange contracts, and credit derivatives as of June 30, 2009, compared with $102.9 billion as of December 31, 2008. Market-risk-equivalent assets included in risk-weighted assets amounted to $78.2 billion at June 30, 2009 and $101.8 billion at December 31, 2008. Risk-weighted assets also include the effect of certain other off-balance sheet exposures, such as unused lending commitments and letters of credit, and reflect deductions for certain intangible assets and any excess allowance for credit losses.

Recent Actions Impacting Citigroup's Risk-Weighted Assets

All three of Citigroups's primary credit card securitization trusts Master Trust, Omni Trust and Broadway Trust had bonds placed on ratings watch with negative implications by rating agencies during the first and second quarters of 2009. As a result of the ratings watch status, certain actions were taken by Citi with respect to each of the trusts. In general, the actions subordinated certain senior interests in the trust assets that were retained by Citi, which effectively placed these interests below investor interests in terms of priority of payment.

With respect to the Master Trust, in the first quarter of 2009, Citi subordinated a portion of its "seller's interest", which represents a senior interest in trust receivables, thus making those cash flows available to pay investor coupon each month. In addition, during the second quarter of 2009, a subordinated note with a $3 billion principal amount was issued by the Master Trust and retained by Citibank (South Dakota), N.A., in order to provide additional credit support for the senior note classes. The note is classified as a held-to-maturity investment security.

With respect to the Omni Trust, in the second quarter of 2009, subordinated notes with a principal amount of $2 billion were issued by the trust and retained by Citibank (South Dakota), N.A., in order to provide additional credit support for the senior note classes. The notes are classified as Trading account assets. These notes are in addition to a $265 million subordinated note issued by Omni Trust and retained by Citibank (South Dakota), N.A. in the fourth quarter of 2008 for the same purpose of providing additional credit support for senior noteholders.

With respect to the Broadway Trust, subordinated notes with a principal amount of $82 million were issued by the trust and retained by Citibank, N.A., in order to provide additional credit support for the senior note classes. The notes are classified as Trading account assets.

As a result of these actions, based on the applicable regulatory capital rules, Citigroup included the sold assets of the Master and Omni Trusts (commencing with the first quarter of 2009) and the Broadway Trust (commencing with the second quarter of 2009) in its risk-weighted assets for purposes of calculating its risk-based capital ratios. The effect of this change increased Citigroup's risk-weighted assets by approximately $82 billion, and decreased Citigroup's Tier 1 Capital ratio by approximately 100 bps, each as of March 31, 2009, with respect to the Master and Omni Trusts. The inclusion of the Broadway Trust increased Citigroup's risk-weighted assets by an additional approximately $900 million at June 30, 2009. All bond ratings for each of the trusts have been

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affirmed by the rating agencies, and no downgrades occurred as of June 30, 2009.

Common Equity

Citigroup's common stockholders' equity increased by approximately $7.0 billion to $78 billion, and represented 4.2% of total assets as of June 30, 2009, from $71 billion and 3.7% at December 31, 2008.

The table below summarizes the change in Citigroup's common stockholders' equity during the first six months of 2009:

In billions of dollars	
Common equity, December 31, 2008	**$ 71.0**
Net income	**5.9**
Employee benefit plans and other activities	**0.1**
Dividends	**(2.6)**
Net change in Accumulated other comprehensive income (loss), net of tax	**3.6**
Common equity, June 30, 2009	**$ 78.0**

As of June 30, 2009, $6.7 billion of stock repurchases remained under authorized repurchase programs after no material repurchases were made in 2008 and the first six months of 2009. Under various of its agreements with the USG, the Company is restricted from repurchasing common stock, subject to certain exceptions, including in the ordinary course of business as part of employee benefit programs. In addition, in accordance with its recent exchange agreements with the USG, Citigroup agreed not to pay a quarterly common stock dividend exceeding $0.01 per share per quarter for so long as the USG holds any debt or equity security of Citigroup (or any affiliate thereof) acquired by the USG in connection with the public and private exchange offers (without the consent of the USG). See "Events in 2009 Public and Private Exchange Offers" above. Any such dividend on Citi's outstanding common stock would need to be made in compliance with Citi's obligations to any remaining outstanding preferred stock.

Tangible Common Equity

Citigroup's management believes TCE is useful because it is a measure utilized by regulators and market analysts in evaluating a company's financial condition and capital strength. TCE, as defined by Citigroup, represents *Common equity* less *Goodwill* and *Intangible assets* (*excluding MSRs*) net of the *related net deferred tax liabilities*. Other companies may calculate TCE in a manner different from Citigroup. TCE was $40.0 billion at June 30, 2009 and $31.1 billion at December 31, 2008.

The TCE ratio (TCE divided by risk-weighted assets, see "Components of Capital Under Regulatory Guidelines" above) was 4.0% at June 30, 2009 and 3.1% at December 31, 2008. A reconciliation of Citigroup's total stockholders' equity to TCE follows:

In millions of dollars, except ratio	**June 30, 2009**	**December 31, 2008**
Total Citigroup Stockholders' Equity	**$ 152,302**	$ 141,630
Less:		
Preferred Stock	**74,301**	70,664
Common Equity	**$ 78,001**	$ 70,966
Less:		
Goodwill as reported	**25,578**	27,132
Intangible Assets (other than MSRs) as reported	**10,098**	14,159
Goodwill and Intangible Assets recorded as Assets of Discontinued Operations Held for Sale	**3,618**	
Less: Related Net Deferred Tax Liabilities	**1,296**	1,382
Tangible Common Equity (TCE)	**$ 40,003**	$ 31,057
Tangible Assets		
GAAP Assets	**$ 1,848,533**	$ 1,938,470
Less:		

Goodwill as reported	**25,578**	27,132
Intangible Assets (other than MSRs) as reported	**10,098**	14,159
Goodwill and Intangible Assets recorded as Assets of Discontinued Operations Held for Sale	**3,618**	
Related deferred tax assets	**1,283**	1,285
Tangible Assets (TA)(1)	**$ 1,807,956**	$ 1,895,894
Risk-Weighted Assets (RWA) under *"Components of Capital Under Regulatory Guidelines"*	**$ 995,414**	$ 996,247
TCE/TA RATIO	**2.2%**	1.6%
TCE RATIO (TCE/RWA)	**4.0%**	3.1%

(1) GAAP Assets less Goodwill and Intangible Assets excluding MSRs, and the related deferred tax assets.

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Capital Resources of Citigroup's Depository Institutions

Citigroup's subsidiary depository institutions in the U.S. are subject to risk-based capital guidelines issued by their respective primary federal bank regulatory agencies, which are similar to the FRB's guidelines. To be "well capitalized" under federal bank regulatory agency definitions, Citigroup's depository institutions must have a Tier 1 Capital ratio of at least 6%, a Total Capital (Tier 1 + Tier 2 Capital) ratio of at least 10% and a Leverage ratio of at least 5%, and not be subject to a regulatory directive to meet and maintain higher capital levels.

At June 30, 2009, all of Citigroup's subsidiary depository institutions were "well capitalized" under federal bank regulatory agency definitions, including Citigroup's primary depository institution, Citibank, N.A., as noted in the following table:

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

In billions of dollars	Jun. 30, 2009	Dec. 31, 2008
Tier 1 Capital	$ 94.3	$ 71.0
Total Capital (Tier 1 and Tier 2)	112.5	108.4
Tier 1 Capital Ratio	14.58%	9.94%
Total Capital Ratio (Tier 1 and Tier 2)	17.40	15.18
Leverage Ratio(1)	8.23	5.82

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

Citibank, N.A. had a net loss of $1.5 billion for the first six months of 2009.

In addition, during the first six months of 2009, Citibank, N.A. received capital contributions from its parent company of $27.5 billion.

Total subordinated notes issued to Citicorp Holdings Inc. that were outstanding at June 30, 2009 and December 31, 2008, and included in Citibank, N.A.'s Tier 2 Capital, amounted to $9.5 billion and $28.2 billion, respectively, reflecting the redemption of $18.7 billion of subordinated notes in the first six months of 2009.

The significant events in the latter half of 2008 and the first six months of 2009 impacting the capital of Citigroup also affected, or could affect, Citibank, N.A. Citibank, N.A. is subject to separate banking regulation and examination.

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The following table presents the estimated sensitivity of Citigroup's and Citibank, N.A.'s capital ratios to changes of $100 million of Tier 1 or Total Capital (numerator), or changes of $1 billion in risk-weighted assets or adjusted average total assets (denominator) based on financial information as of June 30, 2009. This information is provided solely for the purpose of analyzing the impact that a change in the Company's financial position or results of operations could have on these ratios. These sensitivities only consider a single change to either a component of capital, risk-weighted assets or adjusted average total assets. Accordingly, an event that affects more than one factor may have a larger basis-point impact than is reflected in this table.

	Tier 1 Common Ratio		Tier 1 Capital Ratio		Total Capital Ratio		Leverage Ratio	
	Impact of $100 million change in Tier 1 Common	Impact of $1 billion change in risk-weighted assets	Impact of $100 million change in Tier 1 Capital	Impact of $1 billion change in risk-weighted assets	Impact of $100 million change in total capital	Impact of $1 billion change in risk-weighted assets	Impact of $100 million change in Tier 1 Capital	Impact of $1 billion change in adjusted average total assets
Citigroup	1.0 bps	0.3 bps	1.0 bps	1.3 bps	1.0 bps	1.7 bps	0.6 bps	0.4 bps
Citibank, N.A.			1.5 bps	2.3 bps	1.5 bps	2.7 bps	0.9 bps	0.7 bps

Broker-Dealer Subsidiaries

At June 30, 2009, Citigroup Global Markets Inc., an indirect wholly-owned subsidiary of Citigroup Global Markets Holdings Inc., had net capital, computed in accordance with the SEC's net capital rule, of $8.1 billion, which exceeded the minimum requirement by $7.5 billion.

In addition, certain of the Company's broker-dealer subsidiaries are subject to regulation in the other countries in which they do business, including requirements to maintain specified levels of net capital or its equivalent. The Company's broker-dealer subsidiaries were in compliance with their capital requirements at June 30, 2009. The requirements applicable to these subsidaries in the U.S. and in particular other jurisdictions are subject to political debate and potential change in light of recent events.

Regulatory Capital Standards Developments

Citigroup supports the move to a new set of risk-based capital standards, published on June 26, 2004 (and subsequently amended in November 2005) by the Basel Committee on Banking Supervision, consisting of central banks and bank supervisors from 13 countries. The international version of the Basel II framework will allow Citigroup to leverage internal risk models used to measure credit, operational, and market risk exposures to drive regulatory capital calculations.

On December 7, 2007, the U.S. banking regulators published the rules for large banks to comply with Basel II in the U.S. These rules require Citigroup, as a large and internationally active bank, to comply with the most advanced Basel II approaches for calculating credit and operational risk capital requirements. The U.S. implementation timetable consists of a parallel calculation period under the current regulatory capital regime (Basel I) and Basel II, starting anytime between April 1, 2008, and April 1, 2010 followed by a three-year transition period, typically starting 12 months after the beginning of parallel reporting. The U.S. regulators have reserved the right to change how Basel II is applied in the U.S. following a review at the end of the second year of the transitional period, and to retain the existing prompt corrective action and leverage capital requirements applicable to banking organizations in the U.S.

The Company intends to implement Basel II within the timeframe required by the final rules.

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FUNDING

Overview

Because Citigroup is a bank holding company, substantially all of its net earnings are generated within its operating subsidiaries. These subsidiaries make funds available to Citigroup, primarily in the form of dividends. Certain subsidiaries' dividend-paying abilities may be limited by covenant restrictions in credit agreements, regulatory requirements and/or rating-agency requirements that also impact their capitalization levels.

As discussed in more detail in the Company's 2008 Annual Report on Form 10-K, global financial markets faced unprecedented disruption in the latter part of 2008. Citigroup and other U.S. financial services firms are currently benefiting from government programs that are improving markets and providing Citigroup and other institutions with significant current funding capacity and significant liquidity support. See "TARP and Other Regulatory Programs" above.

In addition to the above programs, since the middle of 2007, the Company has taken a series of actions to reduce potential funding risks related to short-term market dislocations. The amount of commercial paper outstanding was reduced and the weighted-average maturity was extended, the parent company liquidity portfolio (a portfolio of cash and highly liquid securities) and broker-dealer "cash box" (unencumbered cash deposits) were increased substantially, and the amount of unsecured overnight bank borrowings was reduced.

As of June 30, 2009, the parent company liquidity portfolio and broker-dealer "cash box" totaled $65.0 billion as compared with $66.8 billion at December 31, 2008 and $64.8 billion at June 30, 2008. In addition, as of June 30, 2009, Citigroup's bank subsidiaries had an aggregate of approximately $110 billion of cash on deposit with major Central Banks (including the U.S. Federal Reserve Bank of New York, the European Central Bank, Bank of England, Swiss National Bank and Bank of Japan). This compares with approximately $72 billion at December 31, 2008. These amounts are in addition to cash deposited from the broker-dealer "cash box" noted above. Citigroup's bank subsidiaries also have significant additional liquidity resources through unencumbered highly liquid securities and other assets available for secured funding through private markets or that are, or could be, pledged to the major Central Banks and the U.S. Federal Home Loan Banks.

These actions to reduce funding risks, the reduction of the balance sheet and the substantial support provided by U.S. government programs have allowed the combined parent and broker-dealer entities to maintain sufficient liquidity to meet all maturing unsecured debt obligations due within a one-year time horizon, without accessing the unsecured markets.

Citigroup's funding sources are diversified across funding types and geography, a benefit of its global franchise. Funding for Citigroup and its major operating subsidiaries includes a geographically diverse retail and corporate deposit base of approximately $804.7 billion at June 30, 2009. These deposits are diversified across products and regions, with approximately two-thirds of them outside of the U.S. This diversification provides the Company with an important and low-cost source of funding. A significant portion of these deposits has been, and is currently expected to be, long term and stable, and is considered to be core.

During the quarter ended June 30, 2009, the Company's deposit base increased by $42 billion compared to March 31, 2009, approximately half of which was due to FX translation. On a volume basis, deposit increases were noted in Regional Consumer Banking, particularly in North America, and in Global Transaction Services due to growth in all regions and strength in Treasury and Trade Solutions. These increases were partially offset by declines in Securities and Banking related to reduction of higher cost wholesale deposits.

Banking Subsidiaries

There are various legal limitations on the ability of Citigroup's subsidiary depository institutions to extend credit, pay dividends or otherwise supply funds to Citigroup and its non-bank subsidiaries. Currently, the approval of the Office of the Comptroller of the Currency, in the case of national banks, or the Office of Thrift Supervision, in the case of federal savings banks, is required if total dividends declared in any calendar year exceed amounts specified by the applicable agency's regulations. State-chartered depository institutions are subject to dividend limitations imposed by applicable state law.

In determining the declaration of dividends, each depository institution must also consider its effect on applicable risk-based capital and leverage ratio requirements, as well as policy statements of the federal regulatory agencies that indicate that banking organizations should generally pay dividends out of current operating earnings. Citigroup did not receive any dividends from its banking subsidiaries during the second quarter of 2009.

Non-Banking Subsidiaries

Citigroup receives dividends from its non-bank subsidiaries. These non-bank subsidiaries, including Citigroup Global Market Holdings Inc. (CGMHI), are generally not subject to regulatory restrictions on dividends. However, the ability of CGMHI to declare dividends can be restricted by capital considerations of its broker-dealer subsidiaries.

CGMHI's consolidated balance sheet is liquid, with the vast majority of its assets consisting of marketable securities and collateralized short-term financing agreements arising from securities transactions. CGMHI monitors and evaluates the adequacy of its capital and borrowing base on a daily basis to maintain liquidity and to ensure that its capital base supports the regulatory capital requirements of its subsidiaries.

Some of Citigroup's non-bank subsidiaries, including CGMHI, have credit facilities with Citigroup's subsidiary depository institutions, including Citibank, N.A. Borrowings under these facilities must be secured in accordance with Section 23A of the Federal Reserve Act. There are various legal restrictions on the extent to which a bank holding company and certain of its non-bank subsidiaries can borrow or obtain credit from Citigroup's subsidiary depository institutions or engage in certain other transactions with them. In general, these restrictions require that transactions be on arm's length terms and be secured by designated amounts of

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specified collateral. See Note 12 to the Consolidated Financial Statements.

At June 30, 2009, long-term debt and commercial paper outstanding for Citigroup, CGMHI, Citigroup Funding Inc. (CFI) and other Citigroup subsidiaries, collectively, were as follows:

In billions of dollars	Citigroup parent company	CGMHI(1)	CFI(1)	Other Citigroup Subsidiaries
Long-term debt	$ 192.3	$ 15.1	$ 44.1	$ 96.5(2)
Commercial paper	$	$	$ 27.9	$ 0.6

(1)
Citigroup guarantees all of CFI's debt and CGMHI's publicly issued securities.

(2)
At June 30, 2009, approximately $38.5 billion relates to collateralized advances from the Federal Home Loan Bank.

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

In billions of dollars	4Q08	1Q09	2Q09	Total
Debt issued under TLGP guarantee	$ 5.8	$ 21.9	$ 17.0	**$ 44.7**
Debt issued without TLGP guarantee	0.8	2.5	17.5(1)	**20.8**
Total	$ 6.6	$ 24.4	$ 34.5	**$ 65.5**

(1)
Includes $8.5 billion issued through the U.S. Government sponsored Department of Education Conduit Facility, and $1 billion issued by Citibank Pty. Ltd. Australia and guaranteed by the Commonwealth of Australia.

See "TARP and Other Regulatory Programs FDIC Temporary Liquidity Guarantee Program" regarding FDIC guarantees of certain long-term debt and commercial paper and interbank deposits. See also Note 12 to the Consolidated Financial Statements for further detail on Citigroup's (and its affiliates') long-term debt and commercial paper outstanding.

Credit Ratings

Citigroup's ability to access the capital markets and other sources of wholesale funds is currently significantly subject to government funding and liquidity support. Any ability to access the capital markets or other sources of funds, as well as the cost of these funds and its ability to maintain certain deposits, is highly dependent on its credit ratings. The table below indicates the current ratings for Citigroup.

On November 24, 2008, Fitch Ratings lowered Citigroup Inc.'s and Citibank, N.A.'s senior debt rating to "A+" from "AA-." In doing so, Fitch removed the rating from "Watch Negative" and applied a "Stable Outlook."

On February 27, 2009, Moody's Investors Service lowered Citigroup Inc.'s senior debt rating to "A3" from "A2" and Citibank, N.A.'s long-term rating to "A1" from "Aa3." In doing so, Moody's removed the ratings from "Under Review for possible downgrade" and applied a "Stable Outlook."

On December 19, 2008, Standard & Poor's lowered Citigroup Inc.'s senior debt rating to "A" from "AA-" and Citibank, N.A.'s long-term rating to "A+" from "AA." In doing so, Standard & Poor's removed the rating from "CreditWatch Negative" and applied a "Stable Outlook." On December 19, 2008, Standard & Poor's also lowered the short-term and commercial paper ratings of Citigroup and Citibank, N.A. to "A-1" from "A-1+". On February 27, 2009, Standard & Poor's placed the ratings of Citigroup Inc. and its subsidiaries on "Negative Outlook." On May 4, 2009, Standard & Poor's placed the ratings of Citigroup Inc. and its subsidiaries on "Credit Watch Negative." On May 8, 2009, Standard & Poor's affirmed the ratings of Citigroup Inc. and its subsidiaries. In doing so, Standard & Poor's removed the rating from "Credit Watch

Negative" and applied a "Stable Outlook."

As a result of the Citigroup guarantee, changes in ratings and ratings outlooks for Citigroup Funding Inc. are the same as those of Citigroup noted above.

Citigroup's Debt Ratings as of June 30, 2009

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

Ratings downgrades by Fitch Ratings, Moody's Investors Service or Standard & Poor's have had and could continue to have impacts on funding and liquidity, and could also have further explicit impact on liquidity due to collateral triggers and other cash requirements. Because of the current credit ratings of Citigroup Inc., a one-notch downgrade of its senior debt/long-term rating would likely impact Citigroup Inc.'s commercial paper/short-term rating. As of June 30, 2009, a one-notch downgrade of the senior debt/long-term rating of Citigroup Inc., accompanied by a one-notch downgrade of Citigroup Inc.'s commercial paper/short-term rating, would result in an approximately $12.2 billion funding requirement in the form of collateral and cash obligations. Further, as of June 30, 2009, a one-notch downgrade of the senior debt/long-term ratings of Citibank, N.A. would result in an approximately $4.2 billion funding requirement in the form of collateral and cash obligations. Because of the credit ratings of Citibank, N.A., a one-notch downgrade of its senior debt/long-term rating is unlikely to have any impact on its commercial paper/short-term rating.

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LIQUIDITY

Citigroup's liquidity management is structured to optimize the free flow of funds through the Company's legal and regulatory structure. Principal constraints relate to legal and regulatory limitations, sovereign risk and tax considerations. Consistent with these constraints, Citigroup's primary objectives for liquidity management are established by entity and in aggregate across three main operating entities as follows:

- Parent Holding Company
- Broker Dealer Entities
- Bank Entities

Within this construct, there is a funding framework for the Company's activities. The primary benchmark for the Parent and Broker Dealer Entities is that on a combined basis, Citigroup maintains sufficient liquidity to meet all maturing unsecured debt obligations due within a one-year time horizon without accessing the unsecured markets. The resulting "short-term ratio" is monitored on a daily basis.

Starting in the latter part of 2008, serious credit and other market disruptions caused significant potential constraints on liquidity for financial institutions. Citigroup and other U.S. financial services firms are currently benefiting from government programs that are providing Citigroup and other institutions with significant liquidity support. See "TARP and Other Regulatory Programs" above.

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OFF-BALANCE SHEET ARRANGEMENTS

Citigroup and its subsidiaries are involved with several types of off-balance sheet arrangements, including special purpose entities (SPEs), primarily in connection with securitization activities in Regional Consumer Banking and Local Consumer Lending. Citigroup and its subsidiaries use SPEs principally to obtain liquidity and favorable capital treatment by securitizing certain of Citigroup's financial assets, assisting clients in securitizing their financial assets and creating investment products for clients. For further information about the Company's securitization activities and involvement in SPEs, see Note 15 to the Consolidated Financial Statements.

The following tables describe certain characteristics of assets owned by certain identified significant unconsolidated variable interest entities (VIEs) as of June 30, 2009. These VIEs and the Company's exposure to the VIEs are described in Note 15 to the Consolidated Financial Statements. See also Note 1 to the Consolidated Financial Statements, "Elimination of QSPEs and Changes in the Consolidation Model for Variable Interest Entities."

			Credit rating distribution			
Citi-Administered Asset-Backed Commercial Paper Conduits	**Total assets (in billions)**	**Weighted average life**	**AAA**	**AA**	**A**	**BBB/BBB+ and below**
	$ 44.7	4.3 years	41%	43%	13%	3%

Asset class	**% of total portfolio**
Student loans	29%
Trade receivables	9%
Credit cards and consumer loans	6%
Portfolio finance	12%
Commercial loans and corporate credit	17%
Export finance	17%
Auto	6%
Residential mortgage	4%
Total	100%

Collateralized Debt and Loan Obligations	**Total assets (in billions)**	**Weighted average life**	**Credit rating distribution** A or higher	BBB	BB/B	CCC	Unrated
Collateralized debt obligations (CDOs)	$ 15.9	4.0 years	27%	14%	13%	38%	8%
Collateralized loan obligations (CLOs)	$ 20.7	5.5 years	1%	0%	53%	4%	42%

			Credit rating distribution		
Municipal Securities Tender Option Bond Trusts (TOB)	**Total assets (in billions)**	**Weighted average life**	**AAA/Aaa**	**AA/Aa1 AA-/Aa3**	**Less than AA-/Aa3**
Customer TOB trusts (not consolidated)	$ 8.3	12.1 years	13%	85%	2%
Proprietary TOB trusts (consolidated and non-consolidated)	$ 19.5	17.4 years	11%	81%	8%
QSPE TOB trusts (not consolidated)	$ 0.8	31.9 years	82%	18%	0%

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FAIR VALUATION

For a discussion of fair value of assets and liabilities, see Note 17 and Note 18 to the Consolidated Financial Statements.

CONTROLS AND PROCEDURES

Disclosure

The Company's management, with the participation of the Company's CEO and CFO, has evaluated the effectiveness of the Company's disclosure controls and procedures (as defined in Rule 13a-15(e) under the Exchange Act) as of June 30, 2009 and, based on that evaluation, the CEO and CFO have concluded that at that date the Company's disclosure controls and procedures were effective.

Financial Reporting

There were no changes in the Company's internal control over financial reporting (as defined in Rule 13a-15(f) under the Exchange Act) during the fiscal quarter ended June 30, 2009 that materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

FORWARD-LOOKING STATEMENTS

When describing future business conditions in this Form 10-Q, including, but not limited to, descriptions in the section titled "Management's Discussion and Analysis," the Company makes certain statements that are "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. The Company's actual results may differ materially from those included in the forward-looking statements, which are indicated 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."

These forward-looking statements are based on management's current expectations and involve external risks and uncertainties including, but not limited to, those described under "Risk Factors" in Citigroup's 2008 Annual Report on Form 10-K. Other risks and uncertainties disclosed herein include, but are not limited to:

- the effect that an ownership change (as defined in Section 382 of the Internal Revenue Code) could have on the Company's ability to utilize its deferred tax assets, a portion of which is included in the Company's TCE, to offset future taxable income;
- the realization of the recognized net deferred tax asset at June 30, 2009;
- the impact of The Card Accountability, Responsibility and Disclosure Act of 2009 (CARD Act) on the Company's credit card businesses;
- the effectiveness of Citi's loan modification programs (both Citi-instituted programs and the Obama administration's Home Affordable Modification Program (HAMP)) and their impact on Citi's future delinquency trends and loan loss reserves;
- the impact that FASB-adopted changes regarding off-balance sheet assets, consolidation and sale treatment could have on Citi's financial statements and capital ratios;
- the effectiveness of the hedging products used in connection with the Special Asset Pool's trading positions in U.S. subprime RMBS and related products, including ABS CDOs, in the event of material changes in market conditions; and

the outcome of legal, regulatory and other proceedings.

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Citigroup Inc.

**CONSOLIDATED FINANCIAL STATEMENTS
AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

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CONSOLIDATED FINANCIAL STATEMENTS

CITIGROUP INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF INCOME (Unaudited)

In millions of dollars, except per share amounts	Three months ended June 30 2009	2008(1)	Six months ended June 30, 2009	2008(1)
Revenues				
Interest revenue	**$ 19,671**	$ 27,337	**$ 40,254**	$ 56,498
Interest expense	**6,842**	13,351	**14,499**	29,424
Net interest revenue	**$ 12,829**	$ 13,986	**$ 25,755**	$ 27,074
Commissions and fees	**$ 5,437**	$ 5,799	**$ 9,605**	$ 7,140
Principal transactions	**433**	(5,802)	**4,103**	(12,434)
Administration and other fiduciary fees	**1,472**	2,197	**3,078**	4,398
Realized gains (losses) on sales of investments	**535**	29	**1,292**	226
Other-than-temporary impairment losses on investments(2)				
Gross impairment losses	**(2,329)**	(168)	**(3,708)**	(484)
Less: Impairments recognized in OCI	**1,634**		**2,265**	
Net impairment losses recognized in earnings	**$ (695)**	$ (168)	**$ (1,443)**	$ (484)
Insurance premiums	**745**	847	**1,500**	1,690
Other revenue	**9,213**	650	**10,600**	2,085
Total non-interest revenues	**$ 17,140**	$ 3,552	**$ 28,735**	$ 2,621
Total revenues, net of interest expense	**$ 29,969**	$ 17,538	**$ 54,490**	$ 29,695
Provisions for credit losses and for benefits and claims				
Provision for loan losses	**$ 12,233**	$ 6,983	**$ 22,148**	$ 12,560
Policyholder benefits and claims	**308**	260	**640**	535
Provision for unfunded lending commitments	**135**	(143)	**195**	(143)
Total provisions for credit losses and for benefits and claims	**$ 12,676**	$ 7,100	**$ 22,983**	$ 12,952
Operating expenses				
Compensation and benefits	**$ 6,359**	$ 8,692	**$ 12,594**	$ 17,254
Premises and equipment	**1,091**	1,347	**2,174**	2,641
Technology/communication	**1,154**	1,519	**2,296**	3,019
Advertising and marketing	**351**	616	**685**	1,217
Restructuring	**(32)**	(44)	**(45)**	(29)
Other operating	**3,076**	3,084	**5,980**	6,489
Total operating expenses	**$ 11,999**	$ 15,214	**$ 23,684**	$ 30,591
Income (loss) from continuing operations before income taxes	**$ 5,294**	$ (4,776)	**$ 7,823**	$ (13,848)
Provision (benefit) for income taxes	**907**	(2,447)	**1,742**	(6,333)
Income (loss) from continuing operations	**$ 4,387**	$ (2,329)	**$ 6,081**	$ (7,515)

Discontinued operations								
Income (loss) from discontinued operations	**$**	**(279)**	$	337	**$**	**(431)**	$	391
Gain (loss) on sale		**14**		(517)		**2**		(517)
Provision (benefit) for income taxes		**(123)**		(86)		**(170)**		(91)
Income (loss) from discontinued operations, net of taxes	**$**	**(142)**	$	(94)	**$**	**(259)**	$	(35)
Net income (loss) before attribution of noncontrolling interests	**$**	**4,245**	$	(2,423)	**$**	**5,822**	$	(7,550)
Net Income (loss) attributable to noncontrolling interests		**(34)**		72		**(50)**		56
Citigroup's net income (loss)	**$**	**4,279**	$	(2,495)	**$**	**5,872**	$	(7,606)
Basic earnings per share(3)								
Income (loss) from continuing operations	**$**	**0.51**	$	(0.53)	**$**	**0.36**	$	(1.56)
Income (loss) from discontinued operations, net of taxes		**(0.02)**		(0.02)		**(0.05)**		(0.01)
Net income (loss)	**$**	**0.49**	$	(0.55)	**$**	**0.31**	$	(1.57)
Weighted average common shares outstanding		**5,399.5**		5,287.4		**5,392.3**		5,186.5
Diluted earnings per share(3)								
Income (loss) from continuing operations	**$**	**0.51**	$	(0.53)	**$**	**0.36**	$	(1.56)
Income (loss) from discontinued operations, net of taxes		**(0.02)**		(0.02)		**(0.05)**		(0.01)
Net income (loss)	**$**	**0.49**	$	(0.55)	**$**	**0.31**	$	(1.57)
Adjusted weighted average common shares outstanding		**5,967.8**		5,776.8		**5,960.6**		5,676.3

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

(2) For the three and six months ended June 30, 2009, OTTI losses on investments are accounted for in accordance FSP FAS 115-2 (ASC 320-10-65-1) (see "Accounting Changes" in Note 1 to the Consolidated Financial Statements).

(3) The Company adopted FSP EITF 03-6-1 (ASC 260-10-45 to 65) on January 1, 2009. All prior periods have been restated to conform to the current presentation. The Diluted EPS calculation for 2008 utilizes Basic shares and Income available to common shareholders (Basic) due to the negative Income available to common shareholders. Using actual Diluted shares and Income available to common shareholders (Diluted) would result in anti-dilution.

See Notes to the Consolidated Financial Statements.

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CITIGROUP INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEET

In millions of dollars, except shares	June 30, 2009 (Unaudited)	December 31, 2008
Assets		
Cash and due from banks (including segregated cash and other deposits)	**$ 26,915**	$ 29,253
Deposits with banks	**182,577**	170,331
Federal funds sold and securities borrowed or purchased under agreements to resell (including $73,755 and $70,305 as of June 30, 2009 and December 31, 2008, respectively, at fair value)	**179,503**	184,133
Brokerage receivables	**34,598**	44,278
Trading account assets (including $125,977 and $148,703 pledged to creditors at June 30, 2009 and December 31, 2008, respectively)	**325,037**	377,635
Investments (including $32,159 and $14,875 pledged to creditors at June 30, 2009 and December 31, 2008, respectively)	**266,757**	256,020
Loans, net of unearned income		
Consumer (including $32 and $36 at June 30, 2009 and December 31, 2008, respectively, at fair value)	**447,652**	481,387
Corporate (including $1,799 and $2,696 at June 30, 2009 and December 31, 2008, respectively, at fair value)	**194,038**	212,829
Loans, net of unearned income	**$ 641,690**	$ 694,216
Allowance for loan losses	**(35,940)**	(29,616)
Total loans, net	**$ 605,750**	$ 664,600
Goodwill	**25,578**	27,132
Intangible assets (other than MSRs)	**10,098**	14,159
Mortgage servicing rights (MSRs)	**6,770**	5,657
Other assets (including $19,300 and $21,372 as of June 30, 2009 and December 31, 2008 respectively, at fair value)	**165,538**	165,272
Assets of discontinued operations held for sale	**19,412**	
Total assets	**$ 1,848,533**	$ 1,938,470
Liabilities		
Deposits		
Non-interest-bearing deposits in U.S. offices	**$ 82,854**	$ 60,070
Interest-bearing deposits in U.S. offices (including $998 and $1,335 at June 30, 2009 and December 31, 2008, respectively, at fair value)	**228,576**	229,906
Total U.S. deposits	**$ 311,430**	$ 289,976
Non-interest-bearing deposits in offices outside the U.S.	**40,389**	37,412
Interest-bearing deposits in offices outside the U.S. (including $1,109 and $1,271 at June 30, 2009 and December 31, 2008, respectively, at fair value)	**452,917**	446,797
Total international deposits	**$ 493,306**	$ 484,209
Total deposits	**$ 804,736**	$ 774,185
Federal funds purchased and securities loaned or sold under agreements to repurchase (including $116,133 and $138,866 as of June 30, 2009 and December 31, 2008, respectively, at fair value)	**172,016**	205,293
Brokerage payables	**52,696**	70,916
Trading account liabilities	**119,312**	167,478
Short-term borrowings (including $3,358 and $17,607 at June 30, 2009 and December 31, 2008, respectively, at fair value)	**101,894**	126,691

Long-term debt (including $24,690 and $27,263 at June 30, 2009 and December 31, 2008, respectively, at fair value)	**348,046**	359,593
Other liabilities (including $12,667 and $11,889 as of June 30, 2009 and December 31, 2008, respectively, at fair value)	**83,291**	90,292
Liabilities of discontinued operations held for sale	**12,374**	
Total liabilities	**$ 1,694,365**	$ 1,794,448
Citigroup stockholders' equity		
Preferred stock ($1.00 par value; authorized shares: 30 million), issued shares: **835,632 at June 30, 2009**, at aggregate liquidation value	**$ 74,301**	$ 70,664
Common stock ($0.01 par value; authorized shares: 15 billion), issued shares: **5,671,743,807 at June 30, 2009** and December 31, 2008.	**57**	57
Additional paid-in capital	**16,663**	19,165
Retained earnings	**88,874**	86,521
Treasury stock, at cost: **June 30, 2009 164,026,833 shares** and December 31, 2008 221,675,719 shares	**(5,950)**	(9,582)
Accumulated other comprehensive income (loss)	**(21,643)**	(25,195)
Total Citigroup stockholders' equity	**$ 152,302**	$ 141,630
Noncontrolling interest	**1,866**	2,392
Total equity	**$ 154,168**	$ 144,022
Total liabilities and equity	**$ 1,848,533**	$ 1,938,470

See Notes to the Consolidated Financial Statements.

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CITIGROUP INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (Unaudited)

In millions of dollars, except shares in thousands	Six Months Ended June 30, 2009	Six Months Ended June 30, 2008
Preferred stock at aggregate liquidation value		
Balance, beginning of period	$ 70,664	$
Issuance of preferred stock	3,637	27,424
Balance, end of period	$ 74,301	$ 27,424
Common stock and additional paid-in capital		
Balance, beginning of period	$ 19,222	$ 18,062
Employee benefit plans	(3,892)	(2,695)
Issuance of Common stock		4,911
Issuance of shares for Nikko Cordial acquisition		(3,500)
Issuance of TARP-related warrants	88	
Reset of convertible preferred stock conversion price	1,285	
Other	17	(127)
Balance, end of period	$ 16,720	$ 16,651
Retained earnings		
Balance, beginning of period	$ 86,521	$ 121,769
Adjustment to opening balance, net of tax(1)	413	
Adjusted balance, beginning of period	$ 86,934	$ 121,769
Net income (loss)	5,872	(7,606)
Common dividends(2)	(37)	(3,429)
Preferred dividends	(2,502)	(444)
Preferred stock Series H discount accretion	(108)	
Reset of convertible preferred stock conversion price	(1,285)	
Balance, end of period	$ 88,874	$ 110,290
Treasury stock, at cost		
Balance, beginning of period	$ (9,582)	$ (21,724)
Issuance of shares pursuant to employee benefit plans	3,617	3,941
Treasury stock acquired(3)	(2)	(6)
Issuance of shares for Nikko Cordial acquisition		7,858
Other	17	20
Balance, end of period	$ (5,950)	$ (9,911)
Accumulated other comprehensive income (loss)		
Balance, beginning of period	$ (25,195)	$ (4,660)
Adjustment to opening balance, net of tax(1)	(413)	
Adjusted balance, beginning of period	$ (25,608)	$ (4,660)
Net change in unrealized gains and losses on investment securities, net of tax	3,005	(3,715)
Net change in cash flow hedges, net of tax	1,524	(760)
Net change in FX translation adjustment, net of tax	(568)	1,111
Pension liability adjustment, net of tax	4	(25)
Net change in Accumulated other comprehensive income (loss)	$ 3,965	$ (3,389)

Balance, end of period	$ (21,643)	$ (8,049)
Total Citigroup common stockholders' equity (shares outstanding: 5,507,717 at June 30, 2009 and 5,450,068 at December 31, 2008)	$ 78,001	$ 108,981
Total Citigroup stockholders' equity	$ 152,302	$ 136,405
Noncontrolling interests		
Balance, beginning of period	$ 2,392	$ 5,308
Initial origination of a noncontrolling interests		1,409
Transactions between noncontrolling interest shareholders and the related consolidating subsidiary	(134)	(2,237)
Transactions between Citigroup and the noncontrolling interest shareholders	(359)	(261)
Net income attributable to noncontrolling interest shareholders	(50)	56
Dividends paid to noncontrolling interest shareholders	(16)	(61)
Accumulated other comprehensive income Net change in unrealized gains and losses on investments securities, net of tax	1	(12)
Accumulated other comprehensive income Net change in FX translation adjustment, net of tax	(31)	126
All other	63	187
Net change in noncontrolling interests	$ (526)	$ (793)
Balance, end of period	$ 1,866	$ 4,515
Total equity	$ 154,168	$ 140,920

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Comprehensive income (loss)		
Net income (loss) before attribution of noncontrolling interests	**$ 5,822**	**$ (7,550)**
Net change in accumulated other comprehensive income (loss)	**3,935**	**(3,275)**
Total comprehensive income (loss)	**$ 9,757**	**$ (10,825)**
Comprehensive income (loss) attributable to the noncontrolling interest	**(80)**	**170**
Comprehensive income (loss) attributable to Citigroup	**$ 9,837**	**$ (10,995)**

(1) The adjustment to the opening balances for Retained earnings and Accumulated other comprehensive income (loss) represents the cumulative effect of initially adopting FSP FAS 115-2 (ASC 320-10-65-1). See Note 1 to the Consolidated Financial Statements for further disclosure.

(2) Common dividends declared were $0.01 per share in the first quarter of 2009 and $0.32 per share in the first and second quarters of 2008.

(3) All open market repurchases were transacted under an existing authorized share repurchase plan.

See Notes to the Consolidated Financial Statements.

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CITIGROUP INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF CASH FLOWS (Unaudited)

In millions of dollars	Six Months Ended June 30, 2009	2008(1)
Cash flows from operating activities of continuing operations		
Net income (loss) before attribution of noncontrolling interests	**$ 5,822**	$ (7,550)
Net income (loss) attributable to noncontrolling interests	**(50)**	56
Citigroup's net income (loss)	**$ 5,872**	$ (7,606)
Income (loss) from discontinued operations, net of taxes	**(261)**	278
Gain (loss) on sale, net of taxes	**2**	(313)
Income (loss) from continuing operations excluding noncontrolling interests	**$ 6,131**	$ (7,571)
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities of continuing operations		
Amortization of deferred policy acquisition costs and present value of future profits	**196**	167
Additions to deferred policy acquisition costs	**(221)**	(222)
Depreciation and amortization	**859**	1,410
Provision for credit losses	**22,343**	12,628
Change in trading account assets	**48,322**	33,545
Change in trading account liabilities	**(47,786)**	7,386
Change in federal funds sold and securities borrowed or purchased under agreements to resell	**1,324**	53,897
Change in federal funds purchased and securities loaned or sold under agreements to repurchase	**(31,804)**	(58,136)
Change in brokerage receivables net of brokerage payables	**(7,763)**	6,348
Net losses (gains) from sales of investments	**(1,231)**	258
Change in loans held-for-sale	**(820)**	16,340
Other, net	**(10,287)**	(12,902)
Total adjustments	**$ (26,868)**	$ 60,719
Net cash provided by (used in) operating activities of continuing operations	**$ (20,737)**	$ 53,148
Cash flows from investing activities of continuing operations		
Change in deposits at interest with banks	**$ (12,689)**	$ 1,421
Change in loans	**(86,734)**	(134,903)
Proceeds from sales and securitizations of loans	**127,034**	142,939
Purchases of investments	**(120,361)**	(213,470)
Proceeds from sales of investments	**47,441**	59,265
Proceeds from maturities of investments	**57,536**	131,466
Capital expenditures on premises and equipment	**(615)**	(1,509)
Proceeds from sales of premises and equipment, subsidiaries and affiliates, and repossessed assets	**4,845**	2,216
Net cash provided by (used in) investing activities of continuing operations	**$ 16,457**	$ (12,575)
Cash flows from financing activities of continuing operations		
Dividends paid	**$ (2,539)**	$ (3,873)
Issuance of common stock		4,961
Issuance (redemptions) of preferred stock		27,424
Treasury stock acquired	**(2)**	(6)
Stock tendered for payment of withholding taxes	**(108)**	(325)
Issuance of long-term debt	**60,205**	49,878
Payments and redemptions of long-term debt	**(66,652)**	(57,780)

Change in deposits		**30,552**		(22,588)
Change in short-term borrowings		**(20,497)**		(32,043)
Net cash (used in) provided by financing activities of continuing operations	**$**	**959**	$	(34,352)
Effect of exchange rate changes on cash and cash equivalents	**$**	**171**	$	212
Net cash from discontinued operations	**$**	**812**	$	185
Change in cash and due from banks	**$**	**(2,338)**	$	6,618
Cash and due from banks at beginning of period	**$**	**29,253**	$	38,206
Cash and due from banks at end of period	**$**	**26,915**	$	44,824
Supplemental disclosure of cash flow information for continuing operations				
Cash (received) paid during the period for income taxes	**$**	**(585)**	$	915
Cash paid during the period for interest	**$**	**15,084**	$	30,856
Non-cash investing activities				
Transfers to repossessed assets	**$**	**1,363**	$	1,505

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

See Notes to the Consolidated Financial Statements.

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CITIBANK, N.A. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEET

In millions of dollars, except shares	June 30, 2009 (Unaudited)	December 31, 2008
Assets		
Cash and due from banks	**$ 20,387**	$ 22,107
Deposits with banks	**171,639**	156,774
Federal funds sold and securities purchased under agreements to resell	**18,297**	41,613
Trading account assets (including $1,100 and $12,092 pledged to creditors at June 30, 2009 and December 31, 2008, respectively)	**153,031**	197,052
Investments (including $1,707 and $3,028 pledged to creditors at June 30, 2009 and December 31, 2008, respectively)	**190,070**	165,914
Loans, net of unearned income	**525,265**	555,198
Allowance for loan losses	**(22,881)**	(18,273)
Total loans, net	**$ 502,384**	$ 536,925
Goodwill	**9,908**	10,148
Intangible assets	**8,582**	7,689
Premises and equipment, net	**5,005**	5,331
Interest and fees receivable	**6,764**	7,171
Other assets	**79,333**	76,316
Total assets	**$ 1,165,400**	$ 1,227,040
Liabilities		
Non-interest-bearing deposits in U.S. offices	**$ 86,285**	$ 59,808
Interest-bearing deposits in U.S. offices	**176,284**	180,737
Non-interest-bearing deposits in offices outside the U.S.	**36,655**	33,769
Interest-bearing deposits in offices outside the U.S.	**456,793**	480,984
Total deposits	**$ 756,017**	$ 755,298
Trading account liabilities	**57,215**	110,599
Purchased funds and other borrowings	**107,693**	116,333
Accrued taxes and other expenses	**8,070**	8,192
Long-term debt and subordinated notes	**85,904**	113,381
Other liabilities	**39,774**	40,797
Total liabilities	**$ 1,054,673**	$ 1,144,600
Citibank stockholder's equity		
Capital stock ($20 par value) outstanding shares: 37,534,553 in each period	**$ 751**	$ 751
Surplus	**102,263**	74,767
Retained earnings	**20,780**	21,735
Accumulated other comprehensive income (loss)(1)	**(13,964)**	(15,895)
Total Citibank stockholder's equity	**$ 109,830**	$ 81,358
Noncontrolling interest	**897**	1,082
Total equity	**$ 110,727**	$ 82,440
Total liabilities and equity	**$ 1,165,400**	$ 1,227,040

(1) Amounts at June 30, 2009 and December 31, 2008 include the after-tax amounts for net unrealized gains (losses) on investment securities of ($6.680) billion and ($8.008) billion, respectively, for FX translation of ($4.128) billion and ($3.964) billion, respectively, for cash flow hedges of ($2.509) billion and ($3.247) billion, respectively, and for pension liability adjustments of ($647) million and ($676) million, respectively.

See Notes to the Consolidated Financial Statements.

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CITIGROUP INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

1. BASIS OF PRESENTATION

The accompanying Unaudited Consolidated Financial Statements as of June 30, 2009 and for the three- and six-month periods ended June 30, 2009 include the accounts of Citigroup Inc. (Citigroup) and its subsidiaries (collectively, the Company). In the opinion of management, all adjustments, consisting of normal recurring adjustments, necessary for a fair presentation, have been reflected. The accompanying Unaudited Consolidated Financial Statements should be read in conjunction with the Consolidated Financial Statements and related notes included in Citigroup's 2008 Annual Report on Form 10-K.

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

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

Certain reclassifications have been made to the prior-period's financial statements to conform to the current period's presentation. As noted above, the Notes to Consolidated Financial Statements are unaudited, including any reclassifications to December 31, 2008 balances related to the new Citicorp/Citi Holdings organizational structure.

FASB Launches Accounting Standards Codification

The FASB has issued FASB Statement No. 168, *The "FASB Accounting Standards Codification " and the Hierarchy of Generally Accepted Accounting Principles*. Statement 168 establishes the FASB Accounting Standards Codification (Codification or ASC) as the single source of authoritative U.S. generally accepted accounting principles (GAAP) recognized by the FASB to be applied by nongovernmental entities. Rules and interpretive releases of the Securities and Exchange Commission (SEC) under authority of federal securities laws are also sources of authoritative GAAP for SEC registrants. The Codification supersedes all existing non-SEC accounting and reporting standards. All other nongrandfathered, non-SEC accounting literature not included in the Codification will become nonauthoritative.

Following the Codification, the Board will not issue new standards in the form of Statements, FASB Staff Positions or Emerging Issues Task Force Abstracts. Instead, it will issue Accounting Standards Updates, which will serve to update the Codification, provide background information about the guidance and provide the basis for conclusions on the changes to the Codification.

GAAP is not intended to be changed as a result of the FASB's Codification project, but it will change the way the guidance is organized and presented. As a result, these changes will have a significant impact on how companies reference GAAP in their financial statements and in their accounting policies for financial statements issued for interim and annual periods ending after September 15, 2009. Citigroup has begun the process of implementing the Codification in this quarterly report by providing references to the Codification topics alongside references to the existing standards.

Significant Accounting Policies

The Company's accounting policies are fundamental to understanding management's discussion and analysis of results of operations and financial condition. The Company has identified six policies as being significant because they require management to make subjective and/or complex judgments about matters that are inherently uncertain. These policies relate to Valuations of Financial Instruments, Allowance for Credit Losses, Securitizations, Goodwill, Income Taxes and Legal Reserves. The Company, in consultation with the Audit and Risk Management Committee of the Board of Directors, has reviewed and approved these significant accounting policies, which are further described in the Company's 2008 Annual Report on Form 10-K.

ACCOUNTING CHANGES

Interim Disclosures about Fair Value of Financial Instruments

In April 2009, the FASB issued FSP FAS 107-1 and APB 28-1, "Interim Disclosures about Fair Value of Financial Instruments," (ASC 825-10-65-1). This FSP requires disclosing qualitative and quantitative information about the fair value of all financial instruments on a quarterly basis, including methods and significant assumptions used to estimate fair value during the period. These disclosures were previously only done annually. The disclosures required by this FSP are effective for the quarter ended June 30, 2009. This FSP has no effect on how Citigroup accounts for these instruments.

Other-Than-Temporary Impairments on Investment Securities

In April 2009, the FASB issued FSP FAS 115-2 and FAS 124-2, "Recognition and Presentation of Other-Than-Temporary Impairments" (FSP FAS 115-2/ASC 320-10-65-1), which amends the recognition guidance for other-than-temporary impairments (OTTI) of debt securities and expands the financial statement disclosures for OTTI on debt and equity securities. Citigroup adopted the FSP in the first quarter of 2009.

As a result of the FSP, the Company's Consolidated Statement of Income reflects the full impairment (that is, the difference between the security's amortized cost basis and fair value) on debt securities that the Company intends to sell or would more-likely-than-not be required to sell before the expected recovery of the amortized cost basis. For available-for-sale (AFS) and held-to-maturity (HTM) debt securities that management has no intent to sell and believes that it more-likely-than-not will not be required to sell prior to recovery, only the credit loss component of the impairment is recognized in earnings, while the rest of the fair value loss is recognized in *Accumulated Other Comprehensive Income* (AOCI). The credit loss component recognized in earnings is identified as the amount of principal cash flows not expected to be received over the remaining term of the security as projected using the Company's cash flow projections using its base assumptions. As a result of the adoption of the FSP, Citigroup's income in the first and second quarters of 2009 was higher by $631 million and $1,634 million on a pretax basis $391 million and $1,013 million on an after-tax basis), respectively.

The cumulative effect of the change included an increase in the opening balance of *Retained earnings* at January 1, 2009 of $665 million on a pretax basis ($413 million after-tax).

See Note 10 to the Consolidated Financial Statements, Investments, for disclosures related to the Company's investment securities and OTTI.

Measurement of Fair Value in Inactive Markets

In April 2009, the FASB issued FSP FAS 157-4, "Determining Fair Value When the Volume and Level of Activity for the Asset or Liability Have Significantly Decreased and Identifying Transactions That Are Not Orderly" (ASC 820-10-65-4). The FSP reaffirms that fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date under current market conditions. The FSP also reaffirms the need to use judgment in determining if a formerly active market has become inactive and in determining fair values when the market has become inactive. The adoption of the FSP had no effect on the Company's Consolidated Financial Statements.

Revisions to the Earnings per Share Calculation

In June 2008, the FASB issued FSP EITF 03-6-1, "Determining Whether Instruments Granted in Share-Based Payment Transactions Are Participating Securities" (ASC 260-10-45 to 65). Under the FSP, unvested share-based payment awards that contain nonforfeitable rights to dividends are considered to be a separate class of common stock and included in the EPS calculation using the "two-class method." Citigroup's restricted and deferred share awards meet the definition of a participating security. In accordance with the FSP, restricted and deferred shares are now included in the basic EPS calculation.

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The following table shows the effect of adopting the FSP on Citigroup's basic and diluted EPS for 2008 and 2009:

	1Q08	2Q08	3Q08	4Q08	Full Year 2008	1Q09
Basic and Diluted Earnings per Share(1)						
As reported	$(1.02)	$(0.54)	$(0.60)	$(3.40)	$ (5.59)	N/A
Two-class method	$(1.03)	$(0.55)	$(0.61)	$(3.40)	$ (5.61)	$(0.18)

N/A Not Applicable

(1) Diluted EPS is the same as Basic EPS for all periods presented due to the net loss available to common shareholders. Using actual diluted shares would result in anti-dilution.

Additional Disclosures for Derivative Instruments

On January 1, 2009, the Company adopted SFAS No. 161, *Disclosures about Derivative Instruments and Hedging Activities, an amendment to SFAS 133* (SFAS 161/ASC 815-10-65-1). The standard requires enhanced disclosures about derivative instruments and hedged items that are accounted for under SFAS 133 (ASC 815-10) and related interpretations. No comparative information for periods prior to the effective date is required. See Note 16 to the Consolidated Financial Statements, Derivatives Activities, for disclosures related to the Company's hedging activities and derivative instruments. SFAS 161 (ASC 815-10-65-1) had no impact on how Citigroup accounts for these instruments.

Business Combinations

In December 2007, the FASB issued Statement No. 141(revised), *Business Combinations* (SFAS 141(R)/ASC 805-10), which is designed to improve the relevance, representational faithfulness, and comparability of the information that a reporting entity provides in its financial reports about a business combination and its effects. The Statement replaces SFAS 141, *Business Combinations*. SFAS 141(R) (ASC 805-10) retains the fundamental requirements in SFAS 141 that the acquisition method of accounting (which Statement 141 called the purchase method) be used for all business combinations and for an acquirer to be identified for each business combination. SFAS 141(R) (ASC 805-10) also retains the guidance in SFAS 141 for identifying and recognizing intangible assets separately from goodwill. The most significant changes in SFAS 141(R) (ASC 805-10) are: (1) acquisition costs and restructuring costs will now be expensed; (2) stock consideration will be measured based on the quoted market price as of the acquisition date instead of the date the deal is announced; and (3) the acquirer will record a 100% step-up to fair value for all assets and liabilities, including the noncontrolling interest portion, and goodwill is recorded as if a 100% interest was acquired.

Citigroup adopted SFAS 141(R) (ASC 805-10) on January 1, 2009, and the standard is applied prospectively.

Noncontrolling Interests in Subsidiaries

In December 2007, the FASB issued Statement No. 160, *Noncontrolling Interests in Consolidated Financial Statements* (SFAS 160/ASC 810-10-65-1), which establishes standards for the accounting and reporting of noncontrolling interests in subsidiaries (previously called minority interests) in consolidated financial statements and for the loss of control of subsidiaries. Upon adoption, SFAS 160 (ASC 810-10-65-1) requires that the equity interest of noncontrolling shareholders, partners, or other equity holders in subsidiaries be presented as a separate item in Citigroup's stockholders' equity, rather than as a liability. After the initial adoption, when a subsidiary is deconsolidated, any retained noncontrolling equity investment in the former subsidiary must be measured at fair value at the date of deconsolidation.

The gain or loss on the deconsolidation of the subsidiary is measured using the fair value of the remaining investment, rather than the previous carrying amount of that retained investment.

Citigroup adopted SFAS 160 (ASC 810-10-65-1) on January 1, 2009. As a result, $2.392 billion of noncontrolling interests was reclassified from *Other liabilities* to Citigroup's Stockholders' equity.

Sale with Repurchase Financing Agreements

In February 2008, the FASB issued FASB Staff Position (FSP) FAS 140-3, "Accounting for Transfers of Financial Assets and Repurchase Financing Transactions" (ASC 860-10-40). This FSP provides implementation guidance on whether a security transfer with a contemporaneous repurchase financing involving the transferred financial asset must be evaluated as one linked transaction or two separate de-linked transactions.

The FSP requires the recognition of the transfer and the repurchase agreement as one linked transaction, unless all of the following criteria are met: (1) the initial transfer and the repurchase financing are not contractually contingent on one another; (2) the initial transferor has full recourse upon default, and the repurchase agreement's price is fixed and not at fair value; (3) the financial asset is readily obtainable in the marketplace and the transfer and repurchase financing are executed at market rates; and (4) the maturity of the repurchase financing is before the maturity of the financial asset. The scope of this FSP is limited to transfers and subsequent repurchase financings that are entered into contemporaneously or in contemplation of one another. Citigroup adopted the FSP on January 1, 2009. The impact of adopting this FSP was not material.

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The following accounting pronouncements became effective for Citigroup on January 1, 2009. The impact of adopting these pronouncements did not have a material impact on Citigroup's Consolidated Financial Statements.

Determining Whether an Instrument (or Embedded Feature) Is Indexed to an Entity's Own Stock

EITF Issue 07-5, "Determining Whether an Instrument (or Embedded Feature) Is Indexed to an Entity's Own Stock" (ASC 815-40).

Transition Guidance for Conforming Changes to Issue No. 98-5

EITF Issue 08-4, "Transition Guidance for Conforming Changes to Issue No. 98-5" (ASC 470-20-65-2).

Equity Method Investment Accounting Considerations

EITF Issue 08-6, "Equity Method Investment Accounting Considerations" (ASC 323-10).

Accounting for Defensive Intangible Assets

EITF Issue 08-7, "Accounting for Defensive Intangible Assets" (ASC 350-30).

Determination of the Useful Life of Intangible Assets

FSP FAS 142-3 "Determination of the Useful Life of Intangible Assets" (ASC 350-30).

FUTURE APPLICATION OF ACCOUNTING STANDARDS

Fair Value Disclosures about Pension Plan Assets

In December 2008, the FASB issued FSP FAS 132(R)-1, "Employers' Disclosures about Postretirement Benefit Plan Assets" (ASC 715-20-65-2). This FSP requires that information about plan assets be disclosed, on an annual basis, based on the fair value disclosure requirements of SFAS 157 (ASC 820-10). Citigroup will be required to separate plan assets into the three fair value hierarchy levels and provide a rollforward of the changes in fair value of plan assets classified as Level 3 in Citigroup's annual Consolidated Financial Statements.

The disclosures about plan assets required by this FSP are effective for fiscal years ending after December 15, 2009. This FSP will have no effect on the Company's accounting for plan benefits and obligations.

Loss-Contingency Disclosures

In June 2008, the FASB issued an exposure draft proposing expanded disclosures regarding loss contingencies accounted for under FASB Statement No. 5, *Accounting for Contingencies* (ASC 450-10 to 20, and SFAS 141(R) (ASC 805-10). This proposal increases the number of loss contingencies subject to disclosure and requires substantial quantitative and qualitative information to be provided about those loss contingencies. The proposed effective date is December 31, 2009, but will have no effect on the Company's accounting for loss contingencies.

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

In May 2009, the FASB issued SFAS No. 166, *Accounting for Transfers of Financial Assets, an amendment of FASB Statement No. 140* (SFAS 166), that will eliminate Qualifying Special Purpose Entities (QSPEs) from the guidance in SFAS 140, *Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities* (ASC 860). This change will have a significant impact on Citigroup's Consolidated Financial Statements as the Company will lose sales treatment for certain assets previously sold to QSPEs, as well as for certain future sales, and for certain transfers of portions of assets that do not meet the definition of participating interests. SFAS 166 is effective for fiscal years that begin after November 15, 2009.

Simultaneously, the FASB issued SFAS No. 167, *Amendments to FASB Interpretation No. 46(R)* (SFAS 167), which details three key changes to the consolidation model in FASB Interpretation No. 46 (Revised December 2003), "Consolidation of Variable Interest Entities" (FIN 46(R)/ASC 810-10). First, former QSPEs will now be included in the scope of SFAS 167. In addition, the FASB has changed the method of analyzing which party to a variable interest entity (VIE) should consolidate the VIE (known as the primary beneficiary) to a qualitative determination of which party to the VIE has power combined with potentially significant benefits and losses, instead of the current quantitative risks and rewards model. The entity that has power has the ability to direct the activities of the VIE that most significantly impact the VIE's economic performance. Finally, the new standard

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requires that the primary beneficiary analysis be re-evaluated whenever circumstances change. The current rules require reconsideration of the primary beneficiary only when specified reconsideration events occur.

As a result of implementing these new accounting standards, Citigroup expects to be required to consolidate certain of the VIEs and former QSPEs with which it currently has involvement. An ongoing evaluation of the application of these new requirements could, with the resolution of certain uncertainties, result in the identification of additional VIEs and QSPEs, other than those presented below, needing to be consolidated. It is not currently anticipated, however, that any such newly identified VIEs and QSPEs would have a significant impact on Citigroup's Consolidated Financial Statements or capital position.

In accordance with SFAS 167, Citigroup is currently evaluating two approaches for consolidating all of the VIEs and QSPEs that it expects to consolidate. The first approach would require initially measuring the assets, liabilities, and noncontrolling interests of the VIEs and QSPEs at their carrying values (the amounts at which the assets, liabilities, and noncontrolling interests would have been carried in the Consolidated Financial Statements, if Citigroup were to be designated as the primary beneficiary). The second approach under consideration would be to elect the fair value option, in which all of the financial assets and liabilities of certain designated VIEs and QSPEs would be recorded at fair value upon adoption of SFAS 167 and continue to be marked to market thereafter, with changes in fair value reported in earnings.

While this review has not yet been completed, Citigroup's tentative approach would be to consolidate all of the VIEs and QSPEs that it expects to consolidate at carrying value, except for Local Consumer Lending private label residential mortgages, for which the fair value option would be elected. The following tables present the pro forma impact of adopting these new accounting standards applying this tentative approach. The actual impact of adopting these new accounting requirements could, however, be significantly different, should Citigroup change from this methodology. For instance, if Citigroup were to consolidate its off-balance sheet credit card securitization vehicles applying the fair value option, an associated allowance for loan losses would not be established upon adoption of SFAS 167, with an offsetting charge to *Retained earnings*. Rather, the charge to *Retained earnings* would be affected by the difference between the fair value of the assets and liabilities that Citigroup would consolidate, which would result in a lesser charge to *Retained earnings* than under the carrying value approach.

The pro forma impact of these impending changes on incremental GAAP assets and resulting risk-weighted assets for those VIEs and former QSPEs that are currently expected to be consolidated for accounting purposes as of January 1, 2010 (based on financial information as of June 30, 2009), reflecting Citigroup's present understanding of the new requirements, and assuming continued application of existing risk-based capital rules, would be as follows:

	Incremental	
In billions of dollars	**GAAP assets**	**Risk-weighted assets(1)**
Credit cards	**$ 85.5**	**$ 0.5**
Commercial paper conduits	**44.5**	
Student loans	**14.2**	**4.1**
Private label consumer mortgages	**9.2**	**5.3**
Investment funds	**3.3**	**0.5**
Commercial mortgages	**1.3**	**1.3**
Muni bonds	**0.7**	**0.1**
Mutual fund deferred sales commissions	**0.6**	**0.4**
Total	**$ 159.3**	**$ 12.2**

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(1) Citigroup undertook certain actions during the first and second quarters of 2009 in support of its off-balance sheet credit card securitization vehicles. As a result of these actions, Citigroup included approximately $82 billion of incremental risk-weighted assets in its risk-based capital ratios as of March 31, 2009, and an additional approximately $900 million as of June 30, 2009. See Note 15 to the Consolidated Financial Statements.

The above table reflects: (i) the estimated portion of the assets of former QSPEs to which Citigroup, acting as principal, has transferred assets and received sales treatment as of June 30, 2009 (totaling approximately $747.0 billion), and (ii) the estimated assets of significant unconsolidated VIEs as of June 30, 2009 with which Citigroup is involved (totaling approximately $238.4 billion) that would be required to be consolidated under the new accounting standards. Due to the variety of transaction structures and the level of Citigroup involvement in individual former QSPEs and VIEs, only a portion of the former QSPEs and VIEs with which the Company is involved is expected to be consolidated.

In addition, the cumulative effect of adopting these new accounting standards as of January 1, 2010, based on financial information as of June 30, 2009, would result in an estimated aggregate after-tax charge to *Retained earnings* of approximately $8.3 billion, reflecting the net effect of an overall pretax charge to *Retained earnings* (primarily relating to the establishment of loan loss reserves and the reversal of residual interests held) of approximately $13.3 billion and the recognition of related deferred tax assets amounting to approximately $5.0 billion.

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The pro forma impact on certain of Citigroup's regulatory capital ratios of adopting these new accounting standards (based on financial information as of June 30, 2009), and assuming the continued application of the existing risk-based capital rules, would be as follows:

	As of June 30, 2009		
	As Reported	**Pro Forma**	**Impact**
Tier 1 Capital	**12.74%**	**11.40%**	**(134) bps**
Total Capital	**16.62%**	**15.30%**	**(132) bps**

The actual impact of adopting the new accounting standards on January 1, 2010 could differ, as financial information changes from the June 30, 2009 estimates and as several uncertainties in the application of these new standards are resolved.

Investment Company Audit Guide (SOP 07-1)

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

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2. DISCONTINUED OPERATIONS

Sale of Nikko Cordial

On May 1, 2009, Citigroup entered into a definitive agreement to sell its Japanese domestic securities business, conducted principally through Nikko Cordial Securities Inc., to Sumitomo Mitsui Banking Corporation in a transaction with a total cash value to Citi of approximately $7.9 billion (¥774.5 billion). Citi's ownership interests in Nikko Citigroup Limited, Nikko Asset Management Co., Ltd., and Nikko Principal Investments Japan Ltd. were not included in the transaction. The transaction is expected to close by the end of the fourth quarter of 2009, subject to regulatory approvals and customary closing conditions.

The Nikko Cordial operations had total assets and total liabilities as of June 30, 2009, of $19.4 billion and $12.4 billion, respectively.

Results for all of the Nikko Cordial businesses sold are reported as *Discontinued operations* for all periods presented. The assets and liabilities of the businesses being sold are included in *Assets of discontinued operations held for sale* and *Liabilities of discontinued operations held for sale* on the Consolidated Balance Sheet.

The following is a summary as of June 30, 2009 of the assets and liabilities of *Discontinued operations* held for sale on the Consolidated Balance Sheet for the operations related to the Nikko Cordial businesses to be sold:

In millions of dollars	**June 30, 2009**
Assets	
Cash due from banks	**$ 800**
Deposits at interest with banks	**443**
Federal funds sold and securities borrowed or purchased under agreements to resell	**3,306**
Brokerage receivables	**1,711**
Trading account assets	**6,185**
Investments	**486**
Goodwill	**533**
Intangibles	**3,085**
Other assets	**2,863**
Total assets	**$ 19,412**
Liabilities	
Federal funds purchased and securities loaned or sold under agreements to repurchase sold under agreements to repurchase	**$ 1,473**
Brokerage payables	**2,488**
Trading account liabilities	**2,289**
Short term borrowings	**4,300**
Other Liabilities	**1,824**
Total liabilities	**$ 12,374**

Summarized financial information for discontinued operations, including cash flows, related to the sale of Nikko Cordial follows:

	Three Months Ended June 30,		**Six Months Ended June 30,**	
In millions of dollars	**2009**	**2008**	**2009**	**2008**
Total revenues, net of interest expense	**$ 112**	$ 539	**$ 380**	$ 823
Income (loss) from discontinued operations	**$ (248)**	$ 105	**$ (382)**	$ (5)
Provision (benefit) for income taxes and noncontrolling interest, net of taxes	**(83)**	43	**(133)**	(10)
Income (loss) from discontinued operations, net of taxes	**$ (165)**	$ 62	**$ (249)**	$ 5

In millions of dollars	Six Months Ended June 30, 2009	Six Months Ended June 30, 2008
Cash flows from operating activities	**$ 4,129**	$ (1,535)
Cash flows from investing activities	**(5,472)**	(3,229)
Cash flows from financing activities	**2,126**	5,134
Net cash provided by (used in) discontinued operations	**$ 783**	$ 370

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Sale of Citigroup's German Retail Banking Operations

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

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

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

In millions of dollars	Three Months Ended June 30, 2009	Three Months Ended June 30, 2008	Six Months Ended June 30, 2009	Six Months Ended June 30, 2008
Total revenues, net of interest expense	**$ 30**	$ 575	**$ 36**	$ 1,154
Income (loss) from discontinued operations	**$ (20)**	$ 189	**$ (39)**	$ 348
Gain (loss) on sale(1)			**(41)**	
Provision (benefit) for income taxes and noncontrolling interest, net of taxes	**(41)**	67	**(48)**	123
Income (loss) from discontinued operations, net of taxes	**$ 21**	$ 122	**$ (32)**	$ 225

(1) First half of 2009 activity represents transactions related to a transitional service agreement between Citigroup and Credit Mutuel as well as adjustments against the gain on sale for the final settlement which occurred in April 2009.

In millions of dollars	Six Months Ended June 30, 2009	Six Months Ended June 30, 2008
Cash flows from operating activities	**$ 8**	$ (2,116)
Cash flows from investing activities		432
Cash flows from financing activities	**(8)**	1,498
Net cash provided by (used in) discontinued operations	**$**	$ (186)

CitiCapital

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

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

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

In millions of dollars	Three Months Ended June 30, 2009	Three Months Ended June 30, 2008	Six Months Ended June 30, 2009	Six Months Ended June 30, 2008
Total revenues, net of interest expense	**$ 21**	$ (281)	**$ 30**	$ (82)
Income (loss) from discontinued operations	**$ (11)**	$ 43	**$ (10)**	$ 47
Gain (loss) on sale(1)	**14**	(517)	**14**	(517)

Provision (benefit) for income taxes and noncontrollinginterest, net of taxes		**1**		(196)		**1**		(204)
Income (loss) from discontinued operations, net of taxes	**$**	**2**	$	(278)	**$**	**3**	$	(266)

(1)
The $3 million in income from discontinued operations for the first half of 2009 relates to a transitional service agreement.

In millions of dollars	**Six Months Ended June 30, 2009**	**2008**
Cash flows from operating activities	$	$ (287)
Cash flows from investing activities		349
Cash flows from financing activities		(61)
Net cash provided by (used in) discontinued operations	$	$ 1

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Combined Results for Discontinued Operations

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

	Three Months Ended June 30,		Six Months Ended June 30,	
In millions of dollars	2009	2008	2009	2008
Total revenues, net of interest expense	**$ 163**	$ 833	**$ 446**	$ 1,895
Income (loss) from discontinued operations	**$ (279)**	$ 337	**$ (431)**	$ 391
Gain (loss) on sale	**14**	(517)	**2**	(517)
Provision (benefit) for income taxes and noncontrolling interest, net of taxes	**(123)**	(86)	**(170)**	(91)
Income from discontinued operations, net of taxes	**$ (142)**	$ (94)	**$ (259)**	$ (35)

Cash Flows from Discontinued Operations

	Six Months Ended June 30,	
In millions of dollars	2009	2008
Cash flows from operating activities	**$ 4,137**	$ (3,938)
Cash flows from investing activities	**(5,443)**	(2,448)
Cash flows from financing activities	**2,118**	6,571
Net cash provided by (used in) discontinued operations	**$ 812**	$ 185

3. BUSINESS SEGMENTS

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

	Revenues, net of interest expense		Provision (benefit) for income taxes		Income (loss) from continuing operations(1)		Identifiable assets(2)	
In millions of dollars, except identifiable assets in billions	Three Months Ended June 30, 2009	2008	2009	2008	2009	2008	Jun. 30, 2009	Dec. 31, 2008
Regional Consumer Banking	**$ 5,605**	$ 6,881	**$ (102)**	$ 331	**$ 217**	$ 991	**$ 198**	$ 200
Institutional Clients Group	**9,355**	9,885	**1,332**	1,313	**2,841**	2,442	**787**	802
Subtotal Citicorp	**14,960**	16,766	**1,230**	1,644	**3,058**	3,433	**985**	1,002
Citi Holdings	**15,750**	2,079	**712**	(3,323)	**1,359**	(5,225)	**649**	715
Corporate/Other	**(741)**	(1,307)	**(1,035)**	(768)	**(30)**	(537)	**213**	221
Total	**$ 29,969**	$ 17,538	**$ 907**	$ (2,447)	**$ 4,387**	$ (2,329)	**$ 1,847**	$ 1,938

	Revenues, net of interest expense		Provision (benefit) for income taxes		Income (loss) from continuing operations(1)	
	Six Months Ended June 30,					
In millions of dollars	2009	2008	2009	2008	2009	2008
Regional Consumer Banking	**$ 11,376**	$ 13,855	**$ (57)**	$ 878	**$ 801**	$ 2,322
Institutional Clients Group	**24,153**	20,020	**4,756**	2,497	**9,939**	5,759
Subtotal Citicorp	**35,529**	33,875	**4,699**	3,375	**10,740**	8,081

Citi Holdings	**19,202**	(2,439)	**(2,974)**	(9,093)	**(3,977)**	(14,375)
Corporate/Other	**(241)**	(1,741)	**17**	(615)	**(682)**	(1,221)
Total	**$ 54,490**	$ 29,695	**$ 1,742**	$ (6,333)	**$ 6,081**	$ (7,515)

(1) Includes pretax provisions for credit losses and for benefits and claims in Regional Consumer Banking results of $2.0 billion and $1.4 billion, in ICG results of $0.8 billion and $0.4 billion in Citi Holdings results of $9.9 billion and $5.3 billion for the second quarters of 2009 and 2008, respectively. Includes pretax provisions for credit losses and for benefits and claims in Regional Consumer Banking results of $3.8 billion and $2.7 billion, ICG results of $1.2 billion and $0.5 billion in Citi Holdings results of $17.9 billion and $9.8 billion for the six months of 2009 and 2008, respectively.

(2) Identifiable assets at June 30, 2009 include assets of discontinued operations held for sale of $19.4 billion recorded in Corporate/Other.

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4. INTEREST REVENUE AND EXPENSE

For the three- and six-month periods ended June 30, 2009 and 2008, interest revenue and expense consisted of the following:

	Three Months Ended June 30,		Six Months Ended June 30,	
In millions of dollars	2009	2008(1)	2009	2008(1)
Interest revenue				
Loan interest, including fees	**$ 11,929**	$ 15,941	**$ 24,784**	$ 32,355
Deposits at interest with banks	**377**	761	**813**	1,537
Federal funds sold and securities purchased under agreements to resell	**794**	2,370	**1,679**	5,536
Investments, including dividends	**3,435**	2,548	**6,611**	5,235
Trading account assets(2)	**2,921**	4,634	**5,872**	9,425
Other interest	**215**	1,083	**495**	2,410
Total interest revenue	**$ 19,671**	$ 27,337	**$ 40,254**	$ 56,498
Interest expense				
Deposits	**$ 2,840**	$ 5,082	**$ 5,688**	$ 11,276
Federal funds purchased and securities loaned or sold under agreements to repurchase	**931**	2,947	**2,035**	6,838
Trading account liabilities(2)	**69**	450	**177**	779
Short-term borrowing	**315**	961	**778**	2,309
Long-term debt	**2,687**	3,911	**5,821**	8,222
Total interest expense	**$ 6,842**	$ 13,351	**$ 14,499**	$ 29,424
Net interest revenue	**$ 12,829**	$ 13,986	**$ 25,755**	$ 27,074
Provision for loan losses	**12,233**	6,983	**22,148**	12,560
Net interest revenue after provision for loan losses	**$ 596**	$ 7,003	**$ 3,607**	$ 14,514

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

(2) Interest expense on trading account liabilities of the ICG is reported as a reduction of interest revenue for *Trading account assets*.

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5. COMMISSIONS AND FEES

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

The following table presents commissions and fees revenue for the three and six months ended June 30, 2009 and 2008:

	Three Months Ended June 30,		Six Months Ended June 30,	
In millions of dollars	**2009**	**2008(1)**	**2009**	**2008(1)**
Loan servicing(2)	**$ 1,367**	$ 1,393	**$ 1,563**	$ 1,107
Credit cards and bank cards	**1,000**	997	**1,977**	1,792
Investment banking	**1,071**	1,186	**1,885**	2,391
Smith Barney	**321**	744	**836**	1,507
ICG trading-related	**475**	600	**822**	1,302
Other Consumer	**324**	320	**612**	635
Transaction services	**327**	364	**643**	717
Checking-related	**249**	298	**512**	585
Other ICG	**80**	114	**188**	244
Primerica	**76**	107	**149**	217
Corporate finance(3)	**171**	(389)	**421**	(3,500)
Other	**(24)**	65	**(3)**	143
Total commissions and fees	**$ 5,437**	$ 5,799	**$ 9,605**	$ 7,140

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

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

(3) Includes write-downs of approximately $237 million for the second quarter of 2009 and $484 million for the six months ended June 30, 2009, and $428 million for the second quarter of 2008 and $3.5 billion for the six months ended June 30, 2008, net of underwriting fees on funded and unfunded highly leveraged finance commitments. Write-downs were recorded on all highly leveraged finance commitments where there was value impairment, regardless of funding date.

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6. RETIREMENT BENEFITS

The Company has several non-contributory defined benefit pension plans covering U.S. employees and has various defined benefit pension and termination indemnity plans covering employees outside the United States. The principal U.S. defined benefit plan, which formerly covered substantially all U.S. employees, is closed to new entrants and, effective January 1, 2008, no longer accrues benefits for most employees. Employees satisfying certain age and service requirements remain covered by a prior final pay formula.

The Company also offers post-retirement health care and life insurance benefits to certain eligible U.S. retired employees, as well as to certain eligible employees outside the United States. For information on the Company's Retirement Benefit Plans and Pension Assumptions, see Citigroup's 2008 Annual Report on Form 10-K.

The following tables summarize the components of the net expense recognized in the Consolidated Statement of Income for the three and six months ended June 30, 2009 and 2008.

Net Expense (Benefit)

	Three Months Ended June 30,							
	Pension Plans				Postretirement Benefit Plans			
	U.S. Plans(1)		Plans Outside U.S.		U.S. Plans		Plans Outside U.S.	
In millions of dollars	**2009**	**2008**	**2009**	**2008**	**2009**	**2008**	**2009**	**2008**
Benefits earned during the period	**$ 6**	$ 7	**$ 34**	$ 52	**$**	$ 1	**$ 6**	$ 12
Interest cost on benefit obligation	**163**	165	**74**	99	**15**	15	**22**	30
Expected return on plan assets	**(229)**	(234)	**(84)**	(122)	**(3)**	(3)	**(20)**	(29)
Amortization of unrecognized:								
Net transition obligation			**(1)**	1				
Prior service cost (benefit)	**(2)**		**2**	1				
Net actuarial loss	**2**		**18**	4			**5**	8
Net expense (benefit)	**$ (60)**	$ (62)	**$ 43**	$ 35	**$ 12**	$ 13	**$ 13**	$ 21

	Six Months Ended June 30,							
	Pension Plans				Postretirement Benefit Plans			
	U.S. Plans(1)		Plans Outside U.S.		U.S. Plans		Plans Outside U.S.	
In millions of dollars	**2009**	**2008**	**2009**	**2008**	**2009**	**2008**	**2009**	**2008**
Benefits earned during the period	**$ 12**	$ 15	**$ 71**	$ 103	**$**	$ 1	**$ 13**	$ 19
Interest cost on benefit obligation	**326**	329	**144**	182	**30**	30	**43**	50
Expected return on plan assets	**(458)**	(467)	**(162)**	(250)	**(5)**	(5)	**(38)**	(57)
Amortization of unrecognized:								
Net transition obligation			**(1)**	1				
Prior service cost (benefit)	**(1)**	(1)	**2**	2				
Net actuarial loss	**2**		**33**	13	**1**		**9**	11
Net expense (benefit)	**$ (119)**	$ (124)	**$ 87**	$ 51	**$ 26**	$ 26	**$ 27**	$ 23

(1) The U.S. plans exclude nonqualified pension plans, for which the net expense was $9 million and $10 million for the three months ended June 30, 2009 and 2008, respectively, and $19 million and $20 million for the first six months of 2009 and 2008, respectively.

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Employer Contributions

Citigroup's pension funding policy for U.S. plans and non-U.S. plans is generally to fund to applicable minimum funding requirements, rather than to the amounts of accumulated benefit obligations. For the U.S. plans, the Company may increase its contributions above the minimum required contribution under the Employee Retirement Income Security Act of 1974 (ERISA), if appropriate to its tax and cash position and the plan's funded position. At June 30, 2009 and December 31, 2008, there were no minimum required contributions and no discretionary cash or non-cash contributions are currently planned for the U.S. plans. For the non-U.S. plans, the Company contributed $79 million during the six months ended June 30, 2009. Citigroup presently anticipates contributing an additional $152 million to fund its non-U.S. plans in the remainder of 2009 for a total of $231 million.

7. RESTRUCTURING

In the fourth quarter of 2008, Citigroup recorded a pretax restructuring expense of $1.581 billion related to the implementation of a Company-wide re-engineering plan. For the three months ended June 30, 2009, Citigroup recorded a pretax net restructuring release of $32 million composed of a gross charge of $25 million and a credit of $57 million due to changes in estimates. The charges related to the 2008 Re-engineering Projects Restructuring Initiative are reported in the Restructuring line on the Company's Consolidated Statement of Income and are recorded in each segment.

In 2007, the Company completed a review of its structural expense base in a Company-wide effort to create a more streamlined organization, reduce expense growth, and provide investment funds for future growth initiatives. As a result of this review, a pretax restructuring charge of $1.4 billion was recorded in *Corporate/Other* during the first quarter of 2007. Additional net charges of $151 million were recognized in subsequent quarters throughout 2007, and net releases of $31 million and $3 million in 2008 and 2009, due to changes in estimates. The charges related to the 2007 Structural Expense Review Restructuring Initiative are reported in the Restructuring line on the Company's Consolidated Statement of Income.

The primary goals of the 2008 Re-engineering Projects Restructuring Initiative and the 2007 Structural Expense Review Restructuring Initiative were:

- eliminate layers of management/improve workforce management;
- consolidate certain back-office, middle-office and corporate functions;
- increase the use of shared services;
- expand centralized procurement; and
- continue to rationalize operational spending on technology.

The implementation of these restructuring initiatives also caused certain related premises and equipment assets to become redundant. The remaining depreciable lives of these assets were shortened, and accelerated depreciation charges began in the second quarter of 2007 and fourth quarter of 2008 for the 2007 and 2008 initiatives, respectively, in addition to normal scheduled depreciation.

The following tables detail the Company's restructuring reserves.

2008 Re-engineering Projects Restructuring Charges

	Severance		Contract termination	Asset	Employee termination	Total
In millions of dollars	SFAS 112(1)	SFAS 146(2)	costs	write-downs(3)	cost	Citigroup
Total Citigroup (pretax)						

Original restructuring charge	**$**	**1,254**	**$**	**79**	**$**	**55**	**$**	**123**	**$**	**19**	**$**	**1,530**
Utilization		**(114)**		**(3)**		**(2)**		**(100)**				**(219)**
Balance at December 31, 2008	**$**	**1,140**	**$**	**76**	**$**	**53**	**$**	**23**	**$**	**19**	**$**	**1,311**
Additional charge	$	14	$	6	$	4	$	5	$		$	29
Foreign exchange		(14)						(12)		(1)		(27)
Utilization		(541)		(76)		(11)		(7)		(5)		(640)
Changes in estimates		(38)		(1)								(39)
Balance at March 31, 2009	**$**	**561**	**$**	**5**	**$**	**46**	**$**	**9**	**$**	**13**	**$**	**634**
Additional charge	$	6	$	17	$	1	$	1	$		$	25
Foreign exchange		26				2		1				29
Utilization		(190)		(19)		(8)		(3)		(1)		(221)
Changes in estimates		(53)		(1)		(1)				(2)		(57)
Balance at June 30, 2009	**$**	**350**	**$**	**2**	**$**	**40**	**$**	**8**	**$**	**10**	**$**	**410**

Note: The total Citigroup charge in the table above does not include a $51 million one-time pension curtailment charge related to this restructuring initiative, which is recorded as part of the Company's *Restructuring* charge in the Consolidated Statement of Income at December 31, 2008.

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2007 Structural Expense Review Restructuring Charges

In millions of dollars	Severance SFAS 112(1)	Severance SFAS 146(2)	Contract termination costs	Asset write-downs(3)	Employee termination cost	Total Citigroup
Total Citigroup (pretax)						
Original restructuring charge	**$ 950**	**$ 11**	**$ 25**	**$ 352**	**$ 39**	**$ 1,377**
Additional charge	**$ 42**	**$ 96**	**$ 29**	**$ 27**	**$ 11**	**$ 205**
Foreign exchange	**19**		**2**			**21**
Utilization	**(547)**	**(75)**	**(28)**	**(363)**	**(33)**	**(1,046)**
Changes in estimates	**(39)**		**(6)**	**(1)**	**(8)**	**(54)**
Balance at December 31, 2007	**$ 425**	**$ 32**	**$ 22**	**$ 15**	**$ 9**	**$ 503**
Additional charge	**$ 10**	**$ 14**	**$ 43**	**$ 6**	**$**	**$ 73**
Foreign exchange	**(11)**		**(4)**			**(15)**
Utilization	**(288)**	**(34)**	**(22)**	**(7)**	**(6)**	**(357)**
Changes in estimates	**(93)**	**(2)**	**(2)**	**(4)**	**(3)**	**(104)**
Balance at December 31, 2008	**$ 43**	**$ 10**	**$ 37**	**$ 10**	**$**	**$ 100**
Foreign exchange	**(1)**		**(1)**			**(2)**
Utilization	**(41)**	**(10)**	**(35)**	**(9)**		**(95)**
Changes in estimates	**(1)**		**(1)**	**(1)**		**(3)**
Balance at March 31, 2009	**$**	**$**	**$**	**$**	**$**	**$**

(1) Accounted for in accordance with SFAS No. 112, *Employer's Accounting for Post Employment Benefits* (SFAS 112/ASC 712-10).

(2) Accounted for in accordance with SFAS No. 146, *Accounting for Costs Associated with Exit or Disposal Activities* (SFAS 146/ASC 420-10).

(3) Accounted for in accordance with SFAS No. 144, *Accounting for the Impairment or Disposal of Long-Lived Assets* (SFAS 144/ASC 360-10).

Note: The 2007 structural expense review restructuring initiative was fully utilized as of March 31, 2009.

The total restructuring reserve balance and total charges as of June 30, 2009 and December 31, 2008 related to the 2008 Re-engineering Projects Restructuring Initiatives are presented below by business in the following tables. These charges are reported in the Restructuring line on the Company's Consolidated Statement of Income and are recorded in each business.

2008 Re-engineering Projects

	For the quarter ended June 30, 2009		
In millions of dollars	Total restructuring reserve balance as of June 30, 2009	Restructuring charges recorded in the three months ended June 30, 2009	Total restructuring charges since inception(1)(2)
Citicorp	$ 198	$ 10	$ 859

Citi Holdings		34		10		246
Corporate/Other		178		5		383
Total Citigroup (pretax)	$	410	$	25	$	1,488

(1) Excludes pension curtailment charges of $51 million recorded during the fourth quarter of 2008.

(2) Amounts shown net of $57 million and $39 million related to changes in estimates recorded during the second quarter and first quarter of 2009, respectively.

	For the year ended December 31, 2008			
In millions of dollars		**Total restructuring reserve balance as of December 31, 2008**		**Total restructuring charges(1)**
Citicorp	$	789	$	890
Citi Holdings		184		267
Corporate/Other		338		373
Total Citigroup (pretax)	$	1,311	$	1,530

(1) Represents the total charges incurred since inception and excludes pension curtailment charges of $51 million recorded during the fourth quarter of 2008.

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8. EARNINGS PER SHARE

The following is a reconciliation of the income and share data used in the basic and diluted earnings per share computations for the three and six months ended June 30, 2009 and 2008:

In millions, except per share amounts	Three Months Ended June 30, 2009	Three Months Ended June 30, 2008(1)	Six Months Ended June 30, 2009	Six Months Ended June 30, 2008(1)
Income (loss) before attribution of noncontrolling interests	**$ 4,387**	$ (2,329)	**$ 6,081**	$ (7,515)
Noncontrolling interest	**(34)**	72	**(50)**	56
Net income (loss) from continuing operations (for EPS purposes)	**$ 4,421**	$ (2,401)	**$ 6,131**	$ (7,571)
Income (loss) from discontinued operations, net of taxes	**(142)**	(94)	**(259)**	(35)
Citigroup's net income (loss)	**$ 4,279**	$ (2,495)	**$ 5,872**	$ (7,606)
Preferred dividends	**(1,495)**	(361)	**(2,716)**	(444)
Impact on the conversion price reset related to the $12.5 billion convertible preferred stock private issuance(2)			**(1,285)**	
Preferred stock Series H discount accretion	**(54)**		**(107)**	
Income (loss) available to common stockholders for basic EPS(3)	**2,730**	(2,856)	**1,764**	(8,050)
Effect of dilutive securities	**270**	270	**540**	336
Income (loss) available to common stockholders for diluted EPS(4)	**$ 3,000**	$ (2,586)	**$ 2,304**	$ (7,714)
Weighted average common shares outstanding applicable to basic EPS	**5,399.5**	5,287.4	**5,392.3**	5,186.5
Effect of dilutive securities:				
Convertible securities	**568.3**	489.2	**568.3**	489.2
Options		0.2		0.6
Adjusted weighted average common shares outstanding applicable to diluted EPS(3)	**5,967.8**	5,776.8	**5,960.6**	5,676.3
Basic earnings per share(3)(4)				
Income (loss) from continuing operations	**$ 0.51**	$ (0.53)	**$ 0.36**	$ (1.56)
Discontinued operations	**(0.02)**	(0.02)	**(0.05)**	(0.01)
Net income (loss)	**$ 0.49**	$ (0.55)	**$ 0.31**	$ (1.57)
Diluted earnings per share(3)(4)				
Income (loss) from continuing operations	**$ 0.51**	$ (0.53)	**$ 0.36**	$ (1.56)
Discontinued operations	**(0.02)**	(0.02)	**(0.05)**	(0.01)
Net income (loss)	**$ 0.49**	$ (0.55)	**$ 0.31**	$ (1.57)

(1) The Company adopted FSP EITF 03-6-1(ASC 260-10-45 to 65) on January 1, 2009. All prior periods have been restated to conform to the current period's presentation.

(2)

The six months ended June 30, 2009 income available to common shareholders includes a reduction of $1,285 million related to the conversion price reset pursuant to Citigroup's prior agreement with the purchasers of $12.5 billion convertible preferred stock issued in a private offering in January 2008. The conversion price was reset from $31.62 per share to $26.35 per share.

(3)

Due to the net loss available to common shareholders for Basic EPS in the three and six months ended June 30, 2008, loss available to common stockholders for basic EPS was used to calculate Diluted earnings per share. Adding back the effect of dilutive securities would result in anti-dilution.

(4)

Due to the net loss available to common shareholders for Diluted EPS in the three and six months ended June 30, 2008, basic shares were used to calculate Diluted earnings per share. Adding dilutive securities to the denominator would result in anti-dilution.

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9. TRADING ACCOUNT ASSETS AND LIABILITIES

Trading account assets and liabilities, at fair value, consisted of the following at June 30, 2009 and December 31, 2008:

In millions of dollars	June 30, 2009	December 31, 2008
Trading account assets		
Trading mortgage-backed securities		
Agency guaranteed	**$ 27,174**	$ 32,981
Prime	**1,051**	1,416
Alt-A	**1,307**	913
Subprime	**10,583**	14,552
Non-U.S. residential	**1,586**	2,447
Commercial	**3,635**	2,501
Total Trading mortgage-backed securities	**$ 45,336**	$ 54,810
U.S. Treasury and Federal Agencies		
U.S. Treasuries	**$ 9,763**	$ 7,370
Agency and direct obligations	**4,290**	4,017
Total U.S. Treasury and Federal Agencies	**$ 14,053**	$ 11,387
State and municipal securities	**$ 6,056**	$ 9,510
Foreign government securities	**57,670**	57,422
Corporate	**55,780**	54,654
Derivatives(1)	**73,158**	115,289
Equity securities	**39,932**	48,503
Other debt securities	**33,052**	26,060
Total trading account assets	**$ 325,037**	$ 377,635
Trading account liabilities		
Securities sold, not yet purchased	**$ 55,764**	$ 50,693
Derivatives(1)	**63,548**	116,785
Total trading account liabilities	**$ 119,312**	$ 167,478

(1) Presented net, pursuant to master netting agreements. See Note 16 to the Consolidated Financial Statements, Derivatives Activities, for a discussion regarding the accounting and reporting for derivatives.

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10. INVESTMENTS

In millions of dollars	June 30, 2009	December 31, 2008
Securities available-for-sale	**$ 191,238**	$ 175,189
Debt securities held-to-maturity(1)	**59,622**	64,459
Non-marketable equity securities carried at fair value(2)	**7,935**	9,262
Non-marketable equity securities carried at cost(3)	**7,962**	7,110
Total investments	**$ 266,757**	$ 256,020

(1) Recorded at amortized cost.

(2) Unrealized gains and losses for non-marketable equity securities carried at fair value are recognized in earnings.

(3) Non-marketable equity securities carried at cost primarily consist of shares issued by the Federal Reserve Bank, Federal Home Loan Bank, foreign central banks and various clearing houses of which Citigroup is a member.

Securities Available-for-Sale

The amortized cost and fair value of securities available-for-sale (AFS) at June 30, 2009 and December 31, 2008 were as follows:

	June 30, 2009				December 31, 2008(1)			
In millions of dollars	Amortized cost	Gross unrealized gains	Gross unrealized losses	Fair value	Amortized cost	Gross unrealized gains	Gross unrealized losses	Fair value
Debt securities available-for-sale:								
Mortgage-backed securities								
U.S. government agency guaranteed	**$ 28,289**	**$ 377**	**$ 225**	**$ 28,441**	$ 23,527	$ 261	$ 67	$ 23,721
Prime	**8,017**	**86**	**2,070**	**6,033**	8,475	3	2,965	5,513
Alt-A	**483**	**52**	**12**	**523**	54		9	45
Subprime	**35**		**18**	**17**	38		21	17
Non-U.S. residential	**286**		**7**	**279**	185	2		187
Commercial	**947**	**3**	**161**	**789**	519		134	385
Total mortgage-backed securities	**$ 38,057**	**$ 518**	**$ 2,493**	**$ 36,082**	$ 32,798	$ 266	$ 3,196	29,868
U.S. Treasury and federal agency securities								
U.S. Treasury	**7,730**	**10**	**129**	**7,611**	3,465	125		3,590
Agency obligations	**16,738**	**35**	**96**	**16,677**	20,237	215	77	20,375
Total U.S. Treasury and federal agency securities	**$ 24,468**	**$ 45**	**$ 225**	**$ 24,288**	$ 23,702	$ 340	$ 77	$ 23,965
State and municipal	**19,890**	**93**	**2,305**	**17,678**	18,156	38	4,370	13,824
Foreign government	**74,590**	**914**	**350**	**75,154**	79,505	945	408	80,042
Corporate	**21,388**	**266**	**333**	**21,321**	10,646	65	680	10,031
Other debt securities	**11,387**	**123**	**620**	**10,890**	11,784	36	224	11,596
Total debt securities available- for-sale	**189,780**	**1,959**	**6,326**	**185,413**	176,591	1,690	8,955	169,326
Marketable equity securities available-for-sale	**4,339**	**2,299**	**813**	**5,825**	5,768	554	459	5,863

Total securities available-for-sale	**$ 194,119**	**$ 4,258**	**$ 7,139**	**$ 191,238**	$ 182,359	$ 2,244	$ 9,414	$ 175,189

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

The Company conducts and documents periodic reviews of all securities with unrealized losses to evaluate whether the impairment is other than temporary. As discussed in more detail below, prior to January 1, 2009, these reviews were conducted pursuant to FASB Staff Position No. 115-1, *The Meaning of Other-Than-Temporary Impairment and Its Application to Certain Investments* (FSP FAS 115-1/ASC 320-10-35). Any unrealized loss identified as other than temporary was recorded directly in the Consolidated Statement of Income. As of January 1, 2009, the Company adopted FSP FAS 115-2 and FAS 124-2 (ASC 320-10-65-1). Accordingly, any credit-related impairment related to debt securities the Company does not plan to sell and is more-likely-than-not not to be required to sell is recognized in the Consolidated Statement of Income, with the non-credit-related impairment recognized in Other Comprehensive Income (OCI). For other impaired debt securities, the entire impairment is recognized in the Consolidated Statement of Income. See Note 1 to the Consolidated Financial Statements for additional information.

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The table below shows the fair value of investments in 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, 2009 and December 31, 2008:

In millions of dollar	Less than 12 months Fair value	Less than 12 months Gross unrealized losses	12 months or longer Fair value	12 months or longer Gross unrealized losses	Total Fair value	Total Gross unrealized losses
June 30, 2009						
Securities available-for-sale						
Mortgage-backed securities						
U.S. government agency guaranteed	**$ 9,754**	**$ 108**	**$ 2,116**	**$ 117**	**$11,870**	**$ 225**
Prime	**5,019**	**2,016**	**256**	**54**	**5,275**	**2,070**
Alt-A	**94**	**2**	**49**	**10**	**143**	**12**
Subprime	**4**	**1**	**13**	**17**	**17**	**18**
Non-U.S. residential	**279**	**7**			**279**	**7**
Commercial	**118**	**55**	**499**	**106**	**617**	**161**
Total mortgage-backed securities	**15,268**	**2,189**	**2,933**	**304**	**18,201**	**2,493**
U.S. Treasury and federal agency securities						
U.S. Treasury	**4,841**	**125**	**49**	**4**	**4,890**	**129**
Agency obligations	**4,306**	**89**	**2,223**	**7**	**6,529**	**96**
Total U.S. Treasury and federal agency securities	**9,147**	**214**	**2,272**	**11**	**11,419**	**225**
State and municipal	**11,084**	**1,297**	**4,500**	**1,008**	**15,584**	**2,305**
Foreign government	**11,563**	**164**	**5,733**	**186**	**17,296**	**350**
Corporate	**2,039**	**84**	**1,947**	**249**	**3,986**	**333**
Other debt securities	**404**	**98**	**4,871**	**522**	**5,275**	**620**
Marketable equity securities available-for-sale	**2,063**	**742**	**134**	**71**	**2,197**	**813**
Total securities available-for-sale	**$ 51,568**	**$ 4,788**	**$22,390**	**$ 2,351**	**$73,958**	**$ 7,139**
December 31, 2008(1)						
Securities available-for-sale						
Mortgage-backed securities						
U.S. government agency guaranteed	$ 5,281	$ 9	$ 432	$ 58	$ 5,713	$ 67
Prime	2,258	1,127	3,108	1,838	5,366	2,965
Alt-A	38	8	5	1	43	9
Subprime			15	21	15	21
Non- U.S. residential	10				10	
Commercial	213	33	233	101	446	134
Total mortgage-backed securities	7,800	1,177	3,793	2,019	11,593	3,196
U.S. Treasury and federal agencies						
U.S. Treasury						
Agency obligations	1,654	76	1	1	1,655	77
Total U.S. Treasury and federal agency securities	1,654	76	1	1	1,655	77
State and municipal	12,827	3,872	3,762	498	16,589	4,370
Foreign government	10,697	201	9,080	207	19,777	408
Corporate	1,985	270	4,393	410	6,378	680
Other debt securities	944	96	303	128	1,247	224
Marketable equity securities available-for-sale	3,254	386	102	73	3,356	459
Total securities available-for-sale	$ 39,161	$ 6,078	$21,434	$ 3,336	$60,595	$ 9,414

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

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The following table presents the amortized cost and fair value of debt securities AFS by contractual maturity dates as of June 30, 2009, and December 31, 2008:

In millions of dollars	June 30, 2009 Amortized cost	June 30, 2009 Fair value	December 31, 2008(1) Amortized cost	December 31, 2008(1) Fair value
Mortgage-backed securities(2)				
Due within 1 year	**$ 18**	**$ 18**	$ 87	$ 80
After 1 but within 5 years	**146**	**142**	639	567
After 5 but within 10 years	**700**	**663**	1,362	1,141
After 10 years(3)	**37,193**	**35,259**	30,710	28,080
Total	**$ 38,057**	**$ 36,082**	$ 32,798	$ 29,868
U.S. Treasury and federal agencies				
Due within 1 year	**$ 7,560**	**$ 7,556**	$ 15,736	$ 15,846
After 1 but within 5 years	**6,609**	**6,593**	5,755	5,907
After 5 but within 10 years	**5,864**	**5,832**	1,902	1,977
After 10 years(3)	**4,435**	**4,307**	309	235
Total	**$ 24,468**	**$ 24,288**	$ 23,702	$ 23,965
State and municipal				
Due within 1 year	**$ 216**	**$ 212**	$ 214	$ 214
After 1 but within 5 years	**129**	**134**	84	84
After 5 but within 10 years	**690**	**703**	411	406
After 10 years(3)	**18,855**	**16,629**	17,447	13,120
Total	**$ 19,890**	**$ 17,678**	$ 18,156	$ 13,824
Foreign government				
Due within 1 year	**$ 29,089**	**$ 28,291**	$ 26,481	$ 26,937
After 1 but within 5 years	**37,851**	**38,045**	45,652	45,462
After 5 but within 10 years	**6,380**	**6,101**	6,771	6,899
After 10 years(3)	**1,270**	**2,717**	601	744
Total	**$ 74,590**	**$ 75,154**	$ 79,505	$ 80,042
All other(4)				
Due within 1 year	**$ 3,152**	**$ 3,152**	$ 4,160	$ 4,319
After 1 but within 5 years	**23,273**	**22,782**	2,662	2,692
After 5 but within 10 years	**2,669**	**2,199**	12,557	11,842
After 10 years(3)	**3,681**	**4,078**	3,051	2,774
Total	**$ 32,775**	**$ 32,211**	$ 22,430	$ 21,627
Total debt securities available-for-sale	**$ 189,780**	**$ 185,413**	$ 176,591	$ 169,326

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

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

(3)

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.

(4)

Includes corporate securities and other debt securities.

The following tables present interest and dividends on investments for the periods ended June 30, 2009 and 2008:

In millions of dollars	Three months ended June 30, 2009	Three months ended June 30, 2008
Taxable interest	**$ 3,115**	$ 2,194
Interest exempt from U.S. federal income tax	**247**	210
Dividends	**73**	144
Total interest and dividends	**$ 3,435**	$ 2,548

In millions of dollars	Six months ended June 30, 2009	Six months ended June 30, 2008
Taxable interest	**$ 6,031**	$ 4,583
Interest exempt from U.S. federal income tax	**462**	399
Dividends	**118**	253
Total interest and dividends	**$ 6,611**	$ 5,235

The following table presents realized gains and losses on investments for the periods ended June 30, 2009 and 2008. The gross realized investment losses exclude losses from other-than-temporary impairment:

In millions of dollars	Three months ended June 30, 2009	Three months ended June 30, 2008	Six months ended June 30, 2009	Six months ended June 30, 2008
Gross realized investment gains	**$ 577**	$ 75	$ 1,358	$ 314
Gross realized investment losses	**(42)**	(46)	(66)	(88)
Net realized gains (losses)	**$ 535**	$ 29	$ 1,292	$ 226

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Debt Securities Held-to-Maturity

The carrying value and fair value of securities held-to-maturity (HTM) at June 30, 2009 and December 31, 2008 were as follows:

In millions of dollars	Amortized cost(1)	Net unrealized loss recognized in OCI	Carrying value(2)	Gross unrecognized gains	Gross unrecognized losses	Fair value
June 30, 2009						
Debt securities held-to-maturity						
Mortgage-backed securities						
U.S. government agency guaranteed	$	$	$	$	$	$
Prime	**6,991**	**1,362**	**5,629**	**5**	**1,000**	**4,634**
Alt-A	**16,309**	**4,902**	**11,407**	**52**	**2,446**	**9,013**
Subprime	**1,122**	**178**	**944**	**3**	**119**	**828**
Non-U.S. residential	**9,702**	**1,195**	**8,507**	**160**	**624**	**8,043**
Commercial	**1,124**	**23**	**1,101**		**392**	**709**
Total mortgage-backed securities	**35,248**	**7,660**	**27,588**	**220**	**4,581**	**23,227**
U.S. Treasury and federal agency securities						
U.S. Treasury						
Agency and direct obligations						
Total U.S. Treasury and federal agency securities						
State and municipal	**3,265**	**142**	**3,123**	**38**	**358**	**2,803**
Corporate	**7,220**	**218**	**7,002**	**187**	**526**	**6,663**
Asset-backed securities	**22,334**	**426**	**21,908**	**647**	**824**	**21,731**
Other debt securities	**5**	**4**	**1**			**1**
Total debt securities held-to-maturity	**$ 68,072**	**$ 8,450**	**$ 59,622**	**$ 1,092**	**$ 6,289**	**$ 54,425**
December 31, 2008(3)						
Debt securities held-to-maturity						
Mortgage-backed securities						
U.S. government agency guaranteed	$	$	$	$	$	$
Prime	7,481	1,436	6,045		623	5,422
Alt-A	16,658	4,216	12,442	23	1,802	10,663
Subprime	1,368	125	1,243	15	163	1,095
Non-U.S. residential	10,496	1,128	9,368	5	397	8,976
Commercial	1,021		1,021		130	891
Total mortgage-backed securities	37,024	6,905	30,119	43	3,115	27,047
U.S. Treasury and federal agency securities						
U.S. Treasury	1		1			1
Agency and direct obligations						
Total U.S. Treasury and federal agency securities	1		1			1
State and municipal	3,371	183	3,188	14	253	2,949
Corporate	6,906	175	6,731	130	305	6,556
Asset-backed securities	22,698	415	22,283	86	555	21,814
Other debt securities	2,478	341	2,137		127	2,010
Total debt securities held-to-maturity	$ 72,478	$ 8,019	$ 64,459	$ 273	$ 4,355	$ 60,377

(1)
For securities transferred to HTM from *Trading account assets*, amortized cost is defined as the fair value amount of the securities at the date of transfer. For securities transferred to HTM from AFS, amortized cost is defined as the original purchase cost, plus or minus any accretion or amortization of interest, less any impairment previously recognized in earnings.

(2)
HTM securities are carried on the Consolidated Balance Sheet at amortized cost and the changes in the value of these securities, other than impairment charges, are not reported on the financial statements.

(3)
Reclassified to conform to the current period's presentation.

The net unrealized losses classified in accumulated other comprehensive income (AOCI) that relate to debt securities reclassified from AFS investments to HTM investments was $8.5 billion as of June 30, 2009, compared to $8.0 billion as of December 31, 2008. This balance is amortized over the remaining life of the related securities as an adjustment of yield in a manner consistent with the accretion of discount on the same transferred debt securities. This will have no impact on the Company's net income because the amortization of the unrealized holding loss reported in equity will offset the effect on interest income of the accretion of the discount on these securities.

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The table below shows the fair value of investments in HTM that have been in an unrealized loss position for less than 12 months or for 12 months or longer as of June 30, 2009 and December 31, 2008:

In millions of dollars	Less than 12 months Fair value	Less than 12 months Gross unrealized losses	12 months or longer Fair value	12 months or longer Gross unrealized losses	Total Fair value	Total Gross unrealized losses
June 30, 2009						
Debt securities held-to-maturity						
Mortgage-backed securities	$ 5,548	$ 1,405	$ 13,244	$ 3,176	$ 18,792	**$ 4,581**
State and municipal	951	358			951	**358**
Corporate	3,997	525	134	1	4,131	**526**
Asset-backed securities	6,132	778	1,397	46	7,529	**824**
Other debt securities						
Total debt securities held-to-maturity	**$ 16,628**	**$ 3,066**	**$ 14,775**	**$ 3,223**	**$ 31,403**	**$ 6,289**
December 31, 2008(1)						
Debt securities held-to-maturity						
Mortgage-backed securities	$ 2,348	$ 631	$ 24,236	$ 2,484	$ 26,584	$ 3,115
State and municipal	2,499	253			2,499	253
Corporate	23		4,107	305	4,130	305
Asset-backed securities	9,051	381	4,164	174	13,215	555
Other debt securities	439		5,246	127	5,685	127
Total debt securities held-to-maturity	**$ 14,360**	**$ 1,265**	**$ 37,753**	**$ 3,090**	**$ 52,113**	**$ 4,355**

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

Excluded from the gross unrealized losses presented in the above table is the $8.5 billion and $8.0 billion of gross unrealized losses recorded in AOCI related to the HTM securities that were reclassified from AFS investments as of June 30, 2009 and December 31, 2008, respectively. Approximately $5.9 billion and $5.2 billion of these unrealized losses relate to securities that have been in a loss position for 12 months or longer at June 30, 2009 and December 31, 2008, respectively.

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The following table presents the carrying value and fair value of debt securities HTM by contractual maturity dates as of June 30, 2009 and December 31, 2008:

	June 30, 2009		December 31, 2008(1)	
In millions of dollars	Carrying value	Fair value	Carrying value	Fair value
Mortgage-backed securities				
Due within 1 year	**$ 2**	**$ 2**	$ 88	$ 65
After 1 but within 5 years	**425**	**274**	363	282
After 5 but within 10 years	**532**	**365**	513	413
After 10 years(2)	**26,629**	**22,586**	29,155	26,287
Total	**$ 27,588**	**$ 23,227**	$ 30,119	$ 27,047
State and municipal				
Due within 1 year	**$ 4**	**$ 3**	$ 86	$ 86
After 1 but within 5 years	**45**	**45**	105	105
After 5 but within 10 years	**1,463**	**1,300**	112	106
After 10 years(2)	**1,611**	**1,455**	2,885	2,652
Total	**$ 3,123**&nbs			