CITIGROUP INC
Form 10-Q
May 03, 2013

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-Q

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

For the quarterly period ended March 31, 2013

Commission file number 1-9924

Citigroup Inc.

(Exact name of registrant as specified in its charter)

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

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

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

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

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

Large accelerated filer ý	Accelerated filer o	Non-accelerated filer o (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 March 31, 2013: 3,042,884,600

Available on the web at www.citigroup.com

CITIGROUP INC
FIRST QUARTER 2013 FORM 10-Q

OVERVIEW

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

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

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

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

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

Within this Form 10-Q, please refer to the tables of contents on pages 2 and 102 for page references to Management's Discussion and Analysis of Financial Condition and Results of Operations and Notes to Consolidated Financial Statements, respectively.

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

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

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

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

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

EXECUTIVE SUMMARY

First Quarter of 2013 Summary Results

During the first quarter of 2013, Citi benefitted from growth in its core businesses in Citicorp, including seasonally strong results in its markets businesses within *Securities and Banking* and year-over-year growth in loans and deposits (for additional information, see "Balance Sheet Review" and "Capital Resources and Liquidity Funding and Liquidity," respectively, below) as well as an improved credit environment. Despite this growth, Citi's results for the first quarter of 2013 also reflected a continued challenging operating environment, with spread compression(1) globally impacting its *Global Consumer Banking* and *Transaction Services* businesses, and continued elevated legal and related expenses as Citi continues to work through "legacy" legal issues.

Citigroup

Citigroup reported first quarter of 2013 net income of $3.8 billion, or $1.23 per diluted share. Citi's reported net income increased by 30%, or $877 million, from the first quarter of 2012. Results for the first quarter of 2013 included a net negative credit valuation adjustment (CVA) on derivatives (counterparty and own-credit, excluding monolines), net of hedges, and debt valuation adjustment (DVA) on Citi's fair value option debt of $(319) million ($(198) million after-tax), compared to $(1,288) million ($(800) million after-tax) in the first quarter of 2012, as Citi's credit spreads improved during the quarter. First quarter of 2012 results also included a net gain of $477 million on minority investments ($308 million after-tax).(2)

Excluding CVA/DVA in both periods and the gain on minority investments in the first quarter 2012,(3) Citi reported net income of $4.0 billion in the first quarter of 2013, or $1.29 per diluted share, an increase of 16% compared to $1.11 per diluted share in the prior-year period. The year-over-year increase in earnings per share (excluding CVA/DVA and minority investments) primarily reflected higher revenues and lower net credit losses, partially offset by higher legal and related expenses, a lower loan loss reserve release and a higher effective tax rate as compared to the prior-year period (for additional information, see "Income Taxes" below).

Citi's revenues, net of interest expense, were $20.5 billion in the first quarter of 2013, up 6% versus the prior-year period. Excluding CVA/DVA and the gain on minority investments in the first quarter 2012, revenues were $20.8 billion, up 3% from the first quarter of 2012, as revenues in Citicorp and Citi Holdings grew by 2% and 15%, respectively, compared to the prior-year period. Net interest revenues of $11.9 billion were 1% lower than the prior-year period, largely driven by the ongoing impact of spread compression in *Transaction Services* in Citicorp, which Citi expects will likely continue to negatively impact net interest revenues in the near term. Non-interest revenues were $8.6 billion, up 15% from the prior-year period, driven by the lower CVA/DVA and growth in *Securities and Banking* revenues, partially offset by the absence of the gains on minority investments in the first quarter of 2012. Excluding CVA/DVA in both periods and the gain on minority investments in the first quarter of 2012, non-interest revenues of $8.9 billion were 8% higher than the prior-year period.

Operating Expenses

Citigroup expenses increased 1% versus the prior-year period to $12.4 billion driven by higher legal and related expenses in Citi Holdings (see below) and higher repositioning charges. Citi incurred higher legal and related expenses of $710 million (compared to $545 million in the prior-year period, but down from approximately $1.3 billion in the fourth quarter of 2012) and higher repositioning charges of $148 million (compared to $66 million in the prior-year period, but down from approximately $1.0 billion in the fourth quarter of 2012 as a result of the restructuring efforts announced in December 2012). Excluding legal and related expenses, repositioning charges and the impact of foreign exchange translation into U.S. dollars for reporting purposes (as used throughout this report, FX translation(4)), which lowered reported expenses by approximately $0.2 billion in the first quarter of 2013 as compared to the prior-year period, Citi's operating expenses were $11.5 billion versus $11.6 billion in the prior-year period.

Citicorp's expenses were $10.9 billion, down 2% from the prior-year period, largely reflecting lower legal and related expenses. Citicorp legal and related expenses were $66 million in the first quarter of 2013, compared to $378 million in the prior-year period and $735 million in the fourth quarter of 2012. Citi Holdings expenses increased 23% to $1.5 billion from the prior-year period, principally due to higher legacy legal and related expenses in the *Special Asset Pool*. Citi Holdings legal and related expenses were $644 million in the first quarter of 2013, compared to $167 million in the prior-year period and $551 million in the fourth quarter of 2012.

(1)

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

(2)

In the first quarter of 2012, Citi recorded a net pretax gain on minority investments of $477 million ($308 million after-tax), which included pretax gains of $1.1 billion and $542 million on the sales of Citi's remaining stake in Housing Development Finance Corporation Ltd. (HDFC) and its stake in Shanghai Pudong Development Bank (SPDB), respectively, offset by a pretax impairment charge relating to Akbank T.A.S. of $1.2 billion, all within *Corporate/Other*.

(3)

Citigroup's results of operations, excluding the impact of CVA/DVA and gains/(losses) on minority investments, are non-GAAP financial measures. Citi believes the presentation of its results of operations excluding the impact of CVA/DVA and gains/(losses) on minority investments provides a more meaningful depiction of the underlying fundamentals of its businesses impacted by these amounts.

(4)

For the impact of FX translation on first quarter of 2013 results of operations for each of *EMEA Regional Consumer Banking (RCB), Latin America RCB, Asia RCB* and *Transaction Services*, see the table accompanying the discussion of each respective business' results of operations below.

Credit Costs and Loan Loss Reserve Positions

Citi's total provisions for credit losses and for benefits and claims of $2.5 billion declined 16% from the prior-year period. Net credit losses of $3.0 billion were down 25% from the first quarter of 2012. Consumer net credit losses declined 28% to $2.9 billion reflecting improvements in mortgages in Citi Holdings *Local Consumer Lending* and *North America* Citi-branded cards and Citi retail services in Citicorp. Corporate net credit losses were $45 million in the first quarter of 2013, compared to a recovery of $83 million in first quarter of 2012.

The net release of allowance for loan losses and unfunded lending commitments was $652 million in the first quarter of 2013, 44% lower than the prior-year period, with $662 million related to Consumer and the remainder in Corporate. Of the $652 million net reserve release, $301 million was attributable to Citicorp, compared to a $589 million release in the prior-year period. The decline in the Citicorp reserve release principally reflected lower releases in *North America RCB*. The $351 million net reserve release in Citi Holdings included a reserve release of $375 million related to North America mortgages, and was down from $576 million in the prior-year period, which included approximately $350 million of reserve releases related to previously deferred principal balances on modified mortgages recorded in *Local Consumer Lending*.

Citigroup's total allowance for loan losses was $23.7 billion at quarter end, or 3.7% of total loans, compared to $29.0 billion, or 4.5%, at the end of the prior-year period. The decline in the total allowance for loan losses reflected asset sales, lower non-accrual loans, and overall continued improvement in the credit quality of Citi's loan portfolios.

The Consumer allowance for loan losses was $20.9 billion, or 5.3% of total Consumer loans, at quarter end, compared to $26.0 billion, or 6.3% of total loans, at March 31, 2012. Total non-accrual assets decreased 9% to $11.1 billion as compared to March 31, 2012. Corporate non-accrual loans declined 16% to $2.5 billion, reflecting continued credit improvement. Consumer non-accrual loans declined 5%, to $8.1 billion, versus the prior-year period.

Capital

Citigroup's Tier 1 Capital and Tier 1 Common ratios were 13.1% and 11.8% as of March 31, 2013, respectively, each reflecting the final U.S. market risk capital rules (Basel II.5) which became effective on January 1, 2013 (for additional information, see "Capital Resources and Liquidity Capital Resources" below). Citi's estimated Tier 1 Common ratio under Basel III was 9.3% at the end of the first quarter of 2013, up from an estimated 8.7% at year-end 2012.(5)

Citicorp(6)

Citicorp net income increased 17% from the prior-year period to $4.6 billion. CVA/DVA in *Securities and Banking* was $(310) million ($(192) million after-tax), compared to $(1.4) billion ($(854) million after-tax) in the prior-year period. Excluding CVA/DVA and the gain on minority investments in the first quarter of 2012, Citicorp net income increased 7% from the prior-year period to $4.8 billion, as revenue growth, lower expenses and lower net credit losses were partially offset by lower loan loss reserve releases and a higher effective tax rate.

Citicorp revenues, net of interest expense, were $19.6 billion in the first quarter of 2013, up 6% versus the prior-year period. Excluding CVA/DVA and the gain on minority investments in the first quarter of 2012, Citicorp revenues were $19.9 billion in the quarter, a 2% increase versus the prior-year period, as growth in *Securities and Banking* revenues was partially offset by a decline in *Transaction Services* revenues. *Global Consumer Banking* (*GCB)* revenues of $10.0 billion were flat versus the prior-year period, as were *Corporate/Other* revenues of $(7) million, excluding the gain on minority investments in the first quarter of 2012.

North America RCB revenues of $5.1 billion declined 1% from the prior-year period, driven by a 3% decline in retail banking revenues with total cards revenues (Citi-branded cards and Citi retail services) flat versus the prior-year period. The decline in retail banking revenues was driven by spread compression, which more than offset growth in loans and deposits. *North America RCB* average retail loans of $43 billion grew 7% and average deposits of $164 billion grew 10%, both versus the prior-year period. Cards revenues remained flat, as improved net interest spreads were offset by lower average loans. Average card loans of $106 billion declined 4% versus the prior-year period, driven by increased payment rates resulting from ongoing consumer deleveraging, and card purchase sales of $54 billion were roughly flat. Citi retail services revenues were also negatively impacted by higher contractual partner payments due to the impact of improving credit trends. Quarter-over-quarter, revenues in *North America RCB* declined 4% due to lower mortgage gain on sale margins as well as seasonally lower cards revenues.

International *GCB* revenues (consisting of *Asia RCB*, *Latin America RCB* and *EMEA RCB*) grew 1% versus the prior-year period as reported, and 3% on a constant dollar basis (excluding the impact of FX translation), driven by 6% revenue growth in *Latin America RCB* and 2% revenue growth in *EMEA RCB*. *Asia RCB* revenues declined by 1% versus the prior-year period, primarily reflecting ongoing spread compression in certain markets and the continued impact of regulatory actions in certain countries, most notably Korea. While international

GCB revenues continued to reflect spread compression in certain markets, as well as the impact of regulatory changes, particularly in Asia, most underlying business metrics continued to improve. International *GCB* average retail loans increased 4% versus the prior-year period, investment sales grew 24%, average card loans grew 3%, and card purchase sales grew 7%,

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(5) Citi's estimated Basel III Tier 1 Common ratio and related metrics are non-GAAP financial measures. For additional information on Citi's estimated Basel III Tier 1 Common ratio, including the calculation of the ratio, see "Capital Resources and Liquidity Capital Resources" below.

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

although average deposits declined 1%, all excluding the impact of FX translation.

Securities and Banking revenues were $7.0 billion in the first quarter of 2013, up 31% from the prior-year period, including the benefit of lower CVA/DVA. Excluding CVA/DVA, *Securities and Banking* revenues of $7.3 billion increased 8% from the prior-year period, as a decline in equity and fixed income markets revenues was more than offset by growth in investment banking and Private Bank revenues, as well as lower mark-to-market losses on hedges related to accrual loans in lending.

Fixed income markets revenues of $4.6 billion, excluding CVA/DVA,(7) decreased 3% from the prior-year period as rates and currencies revenues declined from a strong performance in the prior-year period, partially offset by growth in credit-related and securitized product revenues. Equity markets revenues of $826 million in the first quarter of 2013, excluding CVA/DVA, declined 10% from the prior-year period, driven in part by lower volatility that impacted derivatives performance.

Investment banking revenues rose 22% from the prior-year period to $1.1 billion, driven by higher revenues in all major products. Private Bank revenues of $629 million, excluding CVA/DVA, increased 5% from the prior-year period, driven by growth in *North America* and *Asia*. Lending revenues increased to $309 million from $12 million in the prior-year period, reflecting $(24) million mark-to-market losses on hedges related to accrual loans as credit spreads tightened during the first quarter of 2013 (compared to a $(344) million loss in the prior-year period). Excluding the mark-to-market impact on hedges related to accrual loans, lending revenues declined 7% to $333 million versus the prior year, primarily related to loan sale activity.

Transaction Services revenues declined 4% on a reported basis to $2.6 billion versus the prior-year period, and declined 2% excluding the impact of FX translation. *Treasury and Trade Solutions* revenues declined 5% on a reported basis and 3% excluding the impact of FX translation as the impact of spread compression globally was only partially offset by loan and deposit growth. *Securities and Fund Services* revenues declined 1% on a reported basis, but increased 2% excluding the impact of FX translation, as higher settlement volumes and fees offset lower net interest spreads.

Citicorp end of period loans increased 5% from the prior-year period to $539 billion, with 1% growth in Consumer loans and 9% growth in Corporate loans. Consumer loan growth was driven by 12% growth in *Latin America RCB* and 8% growth in *EMEA RCB*, partially offset by a 2% decline in *North America RCB* and flat end of period loans in *Asia RCB*.

Citi Holdings(8)

During the first quarter of 2013, Citi made progress on its goal of reducing the negative impact of Citi Holdings on its overall results of operations. Citi Holdings net loss was $794 million in the first quarter of 2013, compared to a net loss of $1.0 billion in the first quarter of 2012. Excluding CVA/DVA,(9) Citi Holdings net loss decreased to $788 million compared to a net loss of $1.1 billion in the prior-year period, as growth in revenues and lower credit costs were partially offset by higher expenses. Expenses increased 23% from the prior-year period reflecting higher legal and related costs, principally recorded in the *Special Asset Pool*. Excluding legal and related costs, expenses declined 18% versus the prior-year period.

Citi Holdings revenues increased 2% to $901 million from $882 million in the prior-year period. Excluding CVA/DVA, Citi Holdings revenues increased 15% to $910 million versus the prior-year period, as higher revenues in the *Special Asset Pool* were partially offset by a decline in *Local Consumer Lending* driven by the continued decline in loan balances.

Special Asset Pool revenues, excluding CVA/DVA, were $(129) million in the first quarter of 2013, compared to $(482) million in the prior-year period, predominantly reflecting lower asset marks and lower funding costs. *Local Consumer Lending* revenues of $1.1 billion declined 20% from the prior year primarily due to the 21% decline in average assets. *Brokerage and Asset Management* revenues were $(17) million, compared to $(48) million in the prior year, reflecting lower funding costs given the decline in assets. Net interest revenues increased 6% to $753 million versus the prior-year period, driven by improvements in *Special Asset Pool* and *Brokerage and Asset Management* revenues reflecting lower funding costs partially offset by a decline in *Local Consumer Lending* reflecting the lower loan balances. Non-interest revenues, excluding CVA/DVA, were $157 million versus $85 million in the prior year, reflecting lower asset marks within the *Special Asset Pool* offset by lower revenues in *Local Consumer Lending* reflecting the declining assets as well as higher repurchase reserve builds.

Citi Holdings end of period assets declined 29% from the prior year to $149 billion at the end of the first quarter of 2013. At the end of the quarter, Citi Holdings assets comprised approximately 8% of total Citigroup GAAP assets, 14% of risk-weighted assets (as defined under current regulatory guidelines), and 22% of estimated risk-weighted assets under Basel III. *Local Consumer Lending* continued to represent the largest segment within Citi Holdings, with $122 billion of assets as of the end of first quarter of 2013, of which approximately 70% or $86 billion were related to mortgages in North America real estate lending.

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

(8) Citi Holdings includes *Local Consumer Lending, Special Asset Pool* and *Brokerage and Asset Management*. See "Citi Holdings" below for additional information on the results of operations for each of the businesses in Citi Holdings.

(9) CVA/DVA in Citi Holdings, recorded in the *Special Asset Pool*, was $(9) million in the first quarter of 2013, compared to $88 million in the prior-year period.

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RESULTS OF OPERATIONS

SUMMARY OF SELECTED FINANCIAL DATA Page 1

Citigroup Inc. and Consolidated Subsidiaries

In millions of dollars, except per-share amounts and ratios		First Quarter 2013		2012	% Change
Net interest revenue	$	**11,884**	$	11,947	(1)%
Non-interest revenue		**8,607**		7,459	15
Total revenues, net of interest expense	$	**20,491**	$	19,406	6%
Operating expenses		**12,398**		12,319	1
Provisions for credit losses and for benefits and claims		**2,540**		3,019	(16)
Income from continuing operations before income taxes	$	**5,553**	$	4,068	37%
Income taxes		**1,588**		1,006	58
Income from continuing operations	$	**3,965**	$	3,062	29%
Income (loss) from discontinued operations, net of taxes(1)		**(67)**		(5)	NM
Net income before attribution of noncontrolling interests	$	**3,898**		3,057	28%
Net income attributable to noncontrolling interests		**90**		126	(29)
Citigroup's net income	$	**3,808**	$	2,931	30%
Less:					
Preferred dividends Basic	$	**4**	$	4	%
Dividends and undistributed earnings allocated to employee restricted and deferred shares that contain nonforfeitable rights to dividends, applicable to Basic EPS		**72**		54	33
Income allocated to unrestricted common shareholders for Basic EPS	$	**3,732**	$	2,873	30%
Add: Interest expense, net of tax, on convertible securities and adjustment of undistributed earnings allocated to employee restricted and deferred shares that contain nonforfeitable rights to dividends, applicable to diluted EPS				4	NM
Income allocated to unrestricted common shareholders for diluted EPS	$	**3,732**	$	2,877	30%
Earnings per share					
Basic					
Income from continuing operations		**1.25**		0.98	28
Net income		**1.23**		0.98	26
Diluted					
Income from continuing operations	$	**1.25**	$	0.96	30%
Net income		**1.23**		0.95	29
Dividends declared per common share		**0.01**		0.01	

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

SUMMARY OF SELECTED FINANCIAL DATA Page 2

Citigroup Inc. and Consolidated Subsidiaries

In millions of dollars, except per-share amounts, ratios and direct staff	First Quarter 2013	First Quarter 2012	% Change
At March 31:			
Total assets	**$ 1,881,734**	$ 1,944,423	(3)%
Total deposits	**933,762**	906,012	3
Long-term debt	**234,326**	311,079	(25)
Citigroup common stockholders' equity	**190,222**	181,508	5
Total Citigroup stockholders' equity	**193,359**	181,820	6
Direct staff *(in thousands)*	**257**	263	(2)
Ratios			
Return on average assets	**0.82%**	0.62%	
Return on average common stockholders' equity(3)	**8.21**	6.53	
Return on average total stockholders' equity(3)	**8.08**	6.52	
Efficiency ratio	**61**	63	
Tier 1 Common(4)(5)	**11.84%**	12.50%	
Tier 1 Capital(5)	**13.09**	14.26	
Total Capital(5)	**16.09**	17.64	
Leverage(6)	**7.78**	7.55	
Citigroup common stockholders' equity to assets	**10.11%**	9.33%	
Total Citigroup stockholders' equity to assets	**10.28**	9.35	
Dividend payout ratio(2)	**0.8**	1.1	
Book value per common share	**62.51**	61.90	
Ratio of earnings to fixed charges and preferred stock dividends	**2.26x**	1.71x	

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(1) Discontinued operations for the first quarter of 2013 includes a carve-out of Citi's liquid strategies business within Citi Capital Advisors, the sale of which is to occur pursuant to two separate transactions, the first of which closed in February 2013. Discontinued operations for the first quarters of 2013 and 2012 also reflect the sale of the Egg Banking PLC credit card business. For additional information, see Note 2 to the Consolidated Financial Statements.

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

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

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

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

(6)

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

SEGMENT AND BUSINESS INCOME (LOSS) AND REVENUES

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

CITIGROUP INCOME

In millions of dollars	First Quarter 2013	First Quarter 2012	% Change
Income (loss) from continuing operations			
CITICORP			
Global Consumer Banking			
North America	**$ 1,113**	$ 1,297	(14)%
EMEA	**7**	(13)	NM
Latin America	**414**	392	6
Asia	**417**	501	(17)
Total	**$ 1,951**	$ 2,177	(10)%
Securities and Banking			
North America	**$ 1,152**	$ 187	NM
EMEA	**445**	514	(13)%
Latin America	**312**	324	(4)
Asia	**446**	311	43
Total	**$ 2,355**	$ 1,336	76%
Transaction Services			
North America	**$ 129**	$ 126	2%
EMEA	**223**	300	(26)
Latin America	**164**	174	(6)
Asia	**254**	297	(14)
Total	**$ 770**	$ 897	(14)%
Institutional Clients Group	**$ 3,125**	$ 2,233	40%
Corporate/Other	**$ (322)**	$ (331)	3%
Total Citicorp	**$ 4,754**	$ 4,079	17%
CITI HOLDINGS			
Brokerage and Asset Management	**$ (79)**	$ (137)	42%
Local Consumer Lending	**(293)**	(633)	54
Special Asset Pool	**(417)**	(247)	(69)
Total Citi Holdings	**$ (789)**	$ (1,017)	22%
Income from continuing operations	**$ 3,965**	$ 3,062	29%
Discontinued operations	**$ (67)**	$ (5)	NM
Net income attributable to noncontrolling interests	**90**	126	(29)%
Citigroup's net income	**$ 3,808**	$ 2,931	30%

NM Not meaningful

CITIGROUP REVENUES

In millions of dollars	First Quarter 2013	2012	% Change
CITICORP			
Global Consumer Banking			
North America	**$ 5,110**	$ 5,166	(1)%
EMEA	**368**	369	
Latin America	**2,575**	2,473	4
Asia	**1,960**	1,998	(2)
Total	**$ 10,013**	$ 10,006	%
Securities and Banking			
North America	**$ 2,970**	$ 1,442	NM
EMEA	**1,873**	1,959	(4)%
Latin America	**770**	723	7
Asia	**1,365**	1,218	12
Total	**$ 6,978**	$ 5,342	31%
Transaction Services			
North America	**$ 626**	$ 639	(2)%
EMEA	**861**	873	(1)
Latin America	**447**	442	1
Asia	**672**	751	(11)
Total	**$ 2,606**	$ 2,705	(4)%
Institutional Clients Group	**$ 9,584**	$ 8,047	19%
Corporate/Other	**$ (7)**	$ 471	NM
Total Citicorp	**$ 19,590**	$ 18,524	6%
CITI HOLDINGS			
Brokerage and Asset Management	**$ (17)**	$ (48)	65%
Local Consumer Lending	**1,056**	1,324	(20)%
Special Asset Pool	**(138)**	(394)	65%
Total Citi Holdings	**$ 901**	$ 882	2%
Total Citigroup net revenues	**$ 20,491**	$ 19,406	6%

NM Not meaningful

CITICORP

Citicorp is Citigroup's global bank for consumers and businesses and represents Citi's core franchises. Citicorp is focused on providing best-in-class products and services to customers and leveraging Citigroup's unparalleled global network, including many of the world's emerging economies. Citicorp is physically present in approximately 100 countries, many for over 100 years, and offers services in over 160 countries and jurisdictions. Citi believes this global network provides a strong foundation for servicing the broad financial services needs of its large multinational clients and for meeting the needs of retail, private banking, commercial, public sector and institutional clients around the world. At March 31, 2013, Citicorp had $1.7 trillion of assets and $868 billion of deposits, representing 92% of Citi's total assets and 93% of its deposits.

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

	First Quarter		%
In millions of dollars except as otherwise noted	**2013**	**2012**	**Change**
Net interest revenue	**$ 11,131**	$ 11,238	(1)%
Non-interest revenue	**$ 8,459**	7,286	16
Total revenues, net of interest expense	**$ 19,590**	$ 18,524	6%
Provisions for credit losses and for benefits and claims			
Net credit losses	**$ 2,031**	$ 2,221	(9)%
Credit reserve build (release)	**(319)**	(577)	45
Provision for loan losses	**$ 1,712**	$ 1,644	4%
Provision for benefits and claims	**63**	58	9
Provision for unfunded lending commitments	**18**	(12)	NM
Total provisions for credit losses and for benefits and claims	**$ 1,793**	$ 1,690	6%
Total operating expenses	**$ 10,896**	$ 11,102	(2)%
Income from continuing operations before taxes	**$ 6,901**	$ 5,732	20%
Provisions for income taxes	**2,147**	1,653	30
Income from continuing operations	**$ 4,754**	$ 4,079	17%
Income (loss) from discontinued operations, net of taxes	**(67)**	(5)	NM
Noncontrolling interests	**85**	124	(31)
Net income	**$ 4,602**	$ 3,950	17%
Balance sheet data *(in billions of dollars)*			
Total end-of-period (EOP) assets	**$ 1,733**	$ 1,735	%
Average assets	**1,734**	1,689	3
Return on average assets	**1.08%**	0.94%	
Efficiency ratio (Operating expenses/Total revenues)	**56%**	60%	
Total EOP loans	**$ 539**	$ 514	5
Total EOP deposits	**868**	843	3

NM Not meaningful

GLOBAL CONSUMER BANKING

Global Consumer Banking (GCB) consists of Citigroup's four geographical *Regional Consumer Banking (RCB)* businesses that provide traditional banking services to retail customers through retail banking, commercial banking, Citi-branded cards and Citi retail services. *GCB* is a globally diversified business with 3,916 branches in 39 countries around the world. For the quarter ended March 31, 2013, *GCB* had $400 billion of average assets and $330 billion of average deposits. Citi's strategy is to focus on the top 150 cities globally that it believes have the highest growth potential in consumer banking. Consistent with this strategy, as announced in the fourth quarter of 2012 as part of its repositioning efforts, Citi intends to optimize its branch footprint and further concentrate its presence in major metropolitan areas. As of March 31, 2013, Citi had consumer banking operations in approximately 120, or 80%, of these cities.

In millions of dollars except as otherwise noted	First Quarter 2013	2012	% Change
Net interest revenue	**$ 7,356**	$ 7,366	%
Non-interest revenue	**2,657**	2,640	1
Total revenues, net of interest expense	**$ 10,013**	$ 10,006	%
Total operating expenses	**$ 5,340**	$ 5,220	2%
Net credit losses	**$ 1,992**	$ 2,278	(13)%
Credit reserve build (release)	**(342)**	(734)	53
Provisions for unfunded lending commitments	**15**	(1)	NM
Provision for benefits and claims	**63**	58	9%
Provisions for credit losses and for benefits and claims	**$ 1,728**	$ 1,601	8%
Income from continuing operations before taxes	**$ 2,945**	$ 3,185	(8)%
Income taxes	**994**	1,008	(1)
Income from continuing operations	**$ 1,951**	$ 2,177	(10)%
Noncontrolling interests	**5**	1	NM
Net income	**$ 1,946**	$ 2,176	(11)%
Balance Sheet data *(in billions of dollars)*			
Average assets	**$ 400**	$ 386	4%
Return on assets	**1.97%**	2.27%	
Efficiency ratio	**53%**	52%	
Total EOP assets	**403**	390	3
Average deposits	**330**	319	4
Net credit losses as a percentage of average loans	**2.78%**	3.19%	
Revenue by business			
Retail banking	**$ 4,535**	$ 4,549	%
Cards(1)	**5,478**	5,457	
Total	**$ 10,013**	$ 10,006	%
Income from continuing operations by business			
Retail banking	**$ 726**	$ 828	(12)%
Cards(1)	**1,225**	1,349	(9)
Total	**$ 1,951**	$ 2,177	(10)%

Foreign Currency (FX) Translation Impact

Total revenue as reported	**$**	**10,013**	$	10,006	%
Impact of FX translation(2)				(71)	
Total revenues ex-FX	**$**	**10,013**	$	9,935	1%
Total operating expenses as reported	**$**	**5,340**	$	5,220	2%
Impact of FX translation(2)				(63)	
Total operating expenses ex-FX	**$**	**5,340**	$	5,157	4%
Total provisions for LLR & PBC as reported	**$**	**1,728**	$	1,601	8%
Impact of FX translation(2)				(19)	
Total provisions for LLR & PBC ex-FX	**$**	**1,728**	$	1,582	9%
Net income as reported	**$**	**1,946**	$	2,176	(11)%
Impact of FX translation(2)				2	
Net income ex-FX	**$**	**1,946**	$	2,178	(11)%

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

(2) Reflects the impact of foreign exchange (FX) translation into U.S. dollars at the current exchange rate for all periods presented.

NM Not meaningful

NORTH AMERICA REGIONAL CONSUMER BANKING

North America Regional Consumer Banking (NA RCB) provides traditional banking and Citi-branded cards and Citi retail services to retail customers and small to mid-size businesses in the U.S. *NA RCB*'s approximate 980 retail bank branches as of March 31, 2013 are largely concentrated in the greater metropolitan areas of New York, Los Angeles, San Francisco, Chicago, Miami, Washington, D.C., Boston, Philadelphia, Dallas, Houston, San Antonio and Austin. As announced in the fourth quarter of 2012, as part of its repositioning efforts, Citi expects to optimize its branch network in *North America* and further concentrate its presence in major metropolitan areas. At March 31, 2013, *NA RCB* had approximately 12.2 million customer accounts, $43.1 billion of retail banking loans and $166.8 billion of deposits. In addition, *NA RCB* had approximately 101.2 million Citi-branded and Citi retail services credit card accounts, with $104.6 billion in outstanding card loan balances.

	First Quarter		%
In millions of dollars, except as otherwise noted	**2013**	**2012**	**Change**
Net interest revenue	**$ 4,152**	$ 4,094	1%
Non-interest revenue	**958**	1,072	(11)
Total revenues, net of interest expense	**$ 5,110**	$ 5,166	(1)%
Total operating expenses	**$ 2,429**	$ 2,340	4%
Net credit losses	**$ 1,255**	$ 1,629	(23)%
Credit reserve build (release)	**(370)**	(841)	56
Provisions for benefits and claims	**14**	14	
Provision for unfunded lending commitments			
Provisions for credit losses and for benefits and claims	**$ 899**	$ 802	12%
Income from continuing operations before taxes	**$ 1,782**	$ 2,024	(12)%
Income taxes	**669**	727	(8)
Income from continuing operations	**$ 1,113**	$ 1,297	(14)%
Noncontrolling interests			
Net income	**$ 1,113**	$ 1,297	(14)%
Balance Sheet data *(in billions of dollars)*			
Average assets	**$ 176**	$ 169	4%
Return on average assets	**2.56%**	3.09%	
Efficiency ratio	**48%**	45%	
Average deposits	**163.8**	149.4	10
Net credit losses as a percentage of average loans	**3.40%**	4.32%	
Revenue by business			
Retail banking	**$ 1,573**	$ 1,629	(3)%
Citi-branded cards	**2,026**	2,046	(1)
Citi retail services	**1,511**	1,491	1
Total	**$ 5,110**	$ 5,166	(1)%
Income from continuing operations by business			
Retail banking	**$ 229**	$ 334	(31)%
Citi-branded cards	**448**	592	(24)
Citi retail services	**436**	371	18
Total	**$ 1,113**	$ 1,297	(14)%

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1Q13 vs. 1Q12

Net income decreased 14%, mainly driven by a $471 million reduction in loan loss reserve releases and higher expenses, partially offset by a $374 million reduction in net credit losses.

Revenues decreased 1%, as higher volumes in retail banking were offset by significant continued spread compression. Cards spreads have started to recover but were offset by lower volumes.

Retail banking revenues declined 3% despite a 26% increase in mortgage originations, 7% growth in average retail loans and 10% growth in average deposits. In addition, deposit mix improved as average checking balances increased 17%. However, these trends were offset by spread compression in both mortgage gain-on-sale margins, particularly in the retail channel, and in the deposit portfolio. Citi expects higher mortgage volumes to continue through the third quarter of 2013, but expects spread compression to continue to negatively impact revenues during the remainder of 2013.

Cards revenues were flat, as improved net interest spreads, benefitting from both higher yields and lower funding costs, were offset by lower average loan balances. In Citi-branded cards, average loans declined 5% and net interest revenue declined 1%, reflecting continued increased payment rates resulting from consumer deleveraging, and purchase sales were flat. In Citi retail services, net interest revenues increased 5% due to improved spreads, partially offset by a 2% decline in average loans as well as declining non-interest revenues, driven by improving credit and the resulting impact on contractual partner payments. Citi expects cards revenues could continue to be negatively impacted by higher payment rates for consumers, reflecting ongoing economic uncertainty and deleveraging as well as Citi's shift to higher credit quality borrowers.

Expenses increased 4%, primarily due to higher repositioning charges and higher volume-related mortgage origination costs, partially offset by efficiency savings.

Provisions increased 12%, as lower net credit losses in the cards portfolio and in retail banking were offset by continued lower loan loss reserve releases ($370 million compared to $841 million in the prior-year period). Assuming no downturn in the U.S. economic environment, Citi believes credit trends have largely stabilized in the cards portfolios.

EMEA REGIONAL CONSUMER BANKING

EMEA Regional Consumer Banking (EMEA RCB) provides traditional banking and Citi-branded card services to retail customers and small to mid-size businesses, primarily in Central and Eastern Europe, the Middle East and Africa. The countries in which *EMEA RCB* has the largest presence are Poland, Turkey, Russia and the United Arab Emirates. As part of Citi's previously announced repositioning efforts, since the fourth quarter of 2012, Citi closed its consumer branch network in Pakistan and announced it had agreed to sell its consumer operations in Romania and Turkey. At March 31, 2013, *EMEA RCB* had 222 retail bank branches with 3.9 million customer accounts, $5.2 billion in retail banking loans and $13.1 billion in deposits. In addition, the business had 2.8 million Citi-branded card accounts with $2.8 billion in outstanding card loan balances.

	First Quarter		%
In millions of dollars, except as otherwise noted	**2013**	**2012**	**Change**
Net interest revenue	**$ 246**	$ 253	(3)%
Non-interest revenue	**122**	116	5%
Total revenues, net of interest expense	**$ 368**	$ 369	%
Total operating expenses	**$ 344**	$ 359	(4)%
Net credit losses	**$ 29**	$ 29	%
Credit reserve build (release)	**(11)**	(5)	NM
Provision for unfunded lending commitments	**1**	(1)	NM
Provisions for credit losses	**$ 19**	$ 23	(17)%
Income from continuing operations before taxes	**$ 5**	$ (13)	NM
Income taxes (benefits)	**(2)**		%
Income (loss) from continuing operations	**$ 7**	$ (13)	NM
Noncontrolling interests	**3**	1	NM
Net income (loss)	**$ 4**	$ (14)	NM
Balance Sheet data *(in billions of dollars)*			
Average assets	**$ 10**	$ 9	11%
Return on average assets	**0.16%**	(0.63)%	
Efficiency ratio	**93%**	97%	
Average deposits	**13.0**	12.5	4
Net credit losses as a percentage of average loans	**1.47%**	1.62%	
Revenue by business			
Retail banking	**$ 215**	$ 216	%
Citi-branded cards	**153**	153	
Total	**$ 368**	$ 369	%
Income (loss) from continuing operations by business			
Retail banking	**$ (8)**	$ (26)	69%
Citi-branded cards	**15**	13	15%
Total	**$ 7**	$ (13)	NM
Foreign Currency (FX) Translation Impact			
Total revenue as reported	**$ 368**	$ 369	%
Impact of FX translation(1)		(8)	

Total revenues ex-FX	**$**	**368**	$	361	2%
Total operating expenses as reported	**$**	**344**	$	359	(4)%
Impact of FX translation(1)				(8)	
Total operating expenses ex-FX	**$**	**344**	$	351	(2)%
Provisions for credit losses as reported	**$**	**19**	$	23	(17)%
Impact of FX translation(1)					
Provisions for credit losses ex-FX	**$**	**19**	$	23	(17)%
Net income (loss) as reported	**$**	**4**	$	(14)	NM
Impact of FX translation(1)				1	
Net income (loss) ex-FX	**$**	**4**	$	(13)	NM

(1) Reflects the impact of foreign exchange (FX) translation into U.S. dollars at the current exchange rate for all periods presented.

NM Not meaningful

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

1Q13 vs. 1Q12

Net income of $4 million compared to a net loss of $14 million in the prior-year period and was mainly due to lower operating expenses and higher loan loss reserve releases.

Revenues increased 2%, with growth across the major products due to higher volumes, partially offset by losses resulting from the sale of Citi's consumer operations in Romania. Net interest revenue was flat, as spread compression was offset by growth in average deposits of 5%, average retail loans of 14% and average cards loans of 1%. Interest rate caps on credit cards, particularly in Poland, the continued liquidation of a higher yielding non-strategic retail banking portfolio and the continued low interest rate environment were the main contributors to the lower spreads. Citi expects spread compression to continue to negatively impact revenues in this business during the remainder of 2013. Non-interest revenue increased 7%, mainly reflecting higher investment fees and card fees due to increased sales volume, partially offset by a loss on the sale of certain businesses. Cards purchase sales increased 8% and investment sales increased 13%.

Expenses declined 2%, primarily due to efficiency savings and lower repositioning charges, partially offset by continued investment spending on new internal operating platforms.

Provisions decreased $4 million due to higher loan loss reserve releases. Net credit losses were flat and reflected stabilizing credit quality and the move toward lower-risk customers. Assuming the underlying core portfolio continues to grow during the remainder of 2013, Citi believes credit costs in *EMEA RCB* could begin to rise.

LATIN AMERICA REGIONAL CONSUMER BANKING

Latin America Regional Consumer Banking (Latin America RCB) provides traditional banking and Citi-branded card services to retail customers and small to mid-size businesses, with the largest presence in Mexico and Brazil. *Latin America RCB* includes branch networks throughout *Latin America* as well as Banco Nacional de Mexico, or Banamex, Mexico's second-largest bank, with over 1,700 branches. As part of Citi's previously announced repositioning efforts, since the fourth quarter of 2012, Citi sold its Paraguay consumer business and closed 14 retail branches in Brazil. At March 31, 2013, *Latin America RCB* had 2,139 retail branches, with approximately 31.6 million customer accounts, $30.3 billion in retail banking loans and $49.1 billion in deposits. In addition, the business had approximately 12.9 million Citi-branded card accounts with $14.9 billion in outstanding loan balances.

	First Quarter		%
In millions of dollars, except as otherwise noted	**2013**	**2012**	**Change**
Net interest revenue	**$ 1,731**	$ 1,691	2%
Non-interest revenue	**844**	782	8
Total revenues, net of interest expense	**$ 2,575**	$ 2,473	4%
Total operating expenses	**$ 1,439**	$ 1,371	5%
Net credit losses	**$ 502**	$ 430	17%
Credit reserve build	**36**	113	(68)
Provision for benefits and claims	**49**	44	11%
Provisions for loan losses and for benefits and claims (LLR & PBC)	**$ 587**	$ 587	
Income from continuing operations before taxes	**$ 549**	$ 515	7%
Income taxes	**135**	123	10
Income from continuing operations	**$ 414**	$ 392	6%
Noncontrolling interests	**2**		
Net income	**$ 412**	$ 392	5%
Balance Sheet data *(in billions of dollars)*			
Average assets	**$ 86**	$ 82	5%
Return on average assets	**1.94%**	1.92%	
Efficiency ratio	**56%**	55%	
Average deposits	**46.4**	46.0	1
Net credit losses as a percentage of average loans	**4.62%**	4.31%	
Revenue by business			
Retail banking	**$ 1,547**	$ 1,474	5%
Citi-branded cards	**1,028**	999	3
Total	**$ 2,575**	$ 2,473	4%
Income from continuing operations by business			
Retail banking	**$ 248**	$ 216	15%
Citi-branded cards	**166**	176	(6)
Total	**$ 414**	$ 392	6%
Foreign Currency (FX) Translation Impact			
Total revenue as reported	**$ 2,575**	$ 2,473	4%
Impact of FX translation(1)		(38)	

Total revenues ex-FX	**$**	**2,575**	$	2,435	6%
Total operating expenses as reported	**$**	**1,439**	$	1,371	5%
Impact of FX translation(1)				(31)	
Total operating expenses ex-FX	**$**	**1,439**	$	1,340	7%
Provisions for LLR & PBC as reported	**$**	**587**	$	587	%
Impact of FX translation(1)				(21)	
Provisions for LLR & PBC ex-FX	**$**	**587**	$	566	4%
Net income as reported	**$**	**412**	$	392	5%
Impact of FX translation(1)				(1)	
Net income ex-FX	**$**	**412**	$	391	5%

(1) Reflects the impact of foreign exchange (FX) translation into U.S. dollars at the current exchange rate for all periods presented.

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

1Q13 vs. 1Q12

Net income increased 5% as higher revenues were partially offset by higher operating expenses and credit costs.

Revenues increased 6%, primarily due to growth in the region generally, and particularly in Mexico, mostly related to Mexico personal loans and credit cards, partially offset by spread compression. Average retail loans grew 15% and average card loans grew 7%, while average deposits grew 1%. Net interest revenue increased 4% due to increased volumes, partially offset by continued spread compression. Citi expects spread compression to continue to negatively impact revenues in this business during the remainder of 2013. Non-interest revenue increased 10%, primarily due to increased business volumes in the private pension fund and insurance businesses. Both card purchase sales and investment sales grew 9%. Despite the growth year-over-year, Citi expects volume growth could begin to slow, particularly in Mexico, due to slowing economic growth in the region. In addition, the Mexican government is considering various legislative reforms which could, among other things, require expanded lending requirements for banks, lower interest rates and reform the tax code. This legislation has not yet been proposed, and thus the impact on Citi's businesses in Mexico and/or on Banamex is not certain. For information on the potential impact from foreign exchange controls, see "Managing Global Risk Cross-Border Risk" below.

Expenses increased 7% on increased volume-related costs, mandatory salary increases in certain countries and higher transactional and marketing costs.

Provisions increased 4%, primarily due to higher net credit losses, partially offset by lower loan loss reserve builds. Net credit losses increased, primarily in the Mexico card portfolios, reflecting both portfolio seasoning and volume growth. Citi believes that net credit losses in *Latin America* could trend higher in the second quarter of 2013, as these loan portfolios continue to mature, after which they are expected to trend slightly lower.

ASIA REGIONAL CONSUMER BANKING

Asia Regional Consumer Banking (Asia RCB) provides traditional banking and Citi-branded card services to retail customers and small to mid-size businesses, with the largest Citi presence in Korea, Australia, Singapore, Hong Kong, Taiwan, Japan, India, Malaysia and Indonesia. As part of Citi's previously announced repositioning efforts, since the fourth quarter of 2012, Citi closed 15 retail branches in Korea and 5 retail branches in Hong Kong. At March 31, 2013, *Asia RCB* had 574 retail branches, 16.9 million customer accounts, $69.4 billion in retail banking loans and $106.8 billion in deposits. In addition, the business had approximately 16.1 million Citi-branded card accounts with $19.4 billion in outstanding loan balances.

In millions of dollars, except as otherwise noted	First Quarter 2013	First Quarter 2012	% Change
Net interest revenue	**$ 1,227**	$ 1,328	(8)%
Non-interest revenue	**733**	670	9
Total revenues, net of interest expense	**$ 1,960**	$ 1,998	(2)%
Total operating expenses	**$ 1,128**	$ 1,150	(2)%
Net credit losses	**$ 206**	$ 190	8%
Credit reserve build (release)	**3**	(1)	NM
Provision for unfunded lending commitments	**14**		
Provisions for credit losses	**$ 223**	$ 189	18
Income from continuing operations before taxes	**$ 609**	$ 659	(8)%
Income taxes	**192**	158	22
Income from continuing operations	**$ 417**	$ 501	(17)%
Noncontrolling interests			
Net income	**$ 417**	$ 501	(17)%
Balance Sheet data *(in billions of dollars)*			
Average assets	**$ 128**	$ 126	2%
Return on average assets	**1.32%**	1.60%	
Efficiency ratio	**58%**	58%	
Average deposits	**107.0**	110.9	(4)
Net credit losses as a percentage of average loans	**0.94%**	0.86%	
Revenue by business			
Retail banking	**$ 1,200**	$ 1,230	(2)%
Citi-branded cards	**760**	768	(1)
Total	**$ 1,960**	$ 1,998	(2)%
Income from continuing operations by business			
Retail banking	**$ 257**	$ 304	(15)%
Citi-branded cards	**160**	197	(19)
Total	**$ 417**	$ 501	(17)%
Foreign Currency (FX) Translation Impact			
Total revenue as reported	**$ 1,960**	$ 1,998	(2)%
Impact of FX translation(1)		(25)	

Total revenues ex-FX	**$**	**1,960**	$	1,973	(1)%
Total operating expenses as reported	**$**	**1,128**	$	1,150	(2)%
Impact of FX translation(1)				(24)	
Total operating expenses ex-FX	**$**	**1,128**	$	1,126	
Provisions for credit losses as reported	**$**	**223**	$	189	18%
Impact of FX translation(1)				2	
Provisions for credit losses ex-FX	**$**	**223**	$	191	17%
Net income as reported	**$**	**417**	$	501	(17)%
Impact of FX translation(1)				2	
Net income ex-FX	**$**	**417**	$	503	(17)%

(1) Reflects the impact of foreign exchange (FX) translation into U.S. dollars at the current exchange rate for all periods presented.

NM Not meaningful

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

1Q13 vs. 1Q12

Net income decreased 17%, primarily due to a higher effective tax rate (see "Income Taxes" below) as well as higher credit costs and lower revenues.

Revenues declined 1%, due to lower net interest revenue, partially offset by higher non-interest revenue. Net interest revenue declined 7%, primarily driven by the ongoing spread compression and lack of volume growth. Average retail deposits declined 2%, partly reflecting an outflow to investment products. Spread compression continued to reflect the low interest environment and ongoing regulatory changes in the region, particularly in Korea as well as in Indonesia, Taiwan and Australia. Spread compression and regulatory changes in the region are expected to continue to have an adverse impact on cards revenue. Non-interest revenue increased 12%, reflecting a 45% increase in investment sales, due to favorable market conditions, and an increase in Citi-branded cards purchase sales. Most underlying business metrics continued to improve in *Asia RCB*, with a 5% increase in cards purchase sales (7% increase excluding Korea) and flat average retail loans (10% increase excluding Korea).

Expenses were flat, as efficiency savings were offset by higher volume-related growth and increased investment spending, including investments in China cards.

Provisions increased 17%, reflecting higher net credit losses, primarily due to increases in Korea consumer and Australia cards. Despite this increase year-over-year, overall credit quality in the region continued to show strength, and Citi believes that net credit losses in *Asia RCB* should generally remain stable, with increases in line with portfolio growth.

INSTITUTIONAL CLIENTS GROUP

Institutional Clients Group (ICG) includes *Securities and Banking* and *Transaction Services*. *ICG* provides corporate, institutional, public sector and high-net-worth clients around the world with a full range of products and services, including cash management, foreign exchange, trade finance and services, securities services, sales and trading of loans and securities, institutional brokerage, underwriting, lending and advisory services. *ICG*'s international presence is supported by trading floors in approximately 75 countries and jurisdictions and a proprietary network within *Transaction Services* in over 95 countries and jurisdictions. At March 31, 2013, *ICG* had approximately $1.1 trillion of assets and $524 billion of deposits.

	First Quarter		%
In millions of dollars, except as otherwise noted	**2013**	**2012**	**Change**
Commissions and fees	**$ 1,179**	$ 1,141	3%
Administration and other fiduciary fees	**694**	696	
Investment banking	**1,085**	811	34
Principal transactions	**2,415**	1,916	26
Other	**359**	(405)	NM
Total non-interest revenue	**$ 5,732**	$ 4,159	38%
Net interest revenue (including dividends)	**3,852**	3,888	(1)
Total revenues, net of interest expense	**$ 9,584**	$ 8,047	19%
Total operating expenses	**$ 4,988**	$ 5,087	(2)%
Net credit losses	**$ 39**	$ (58)	NM
Provision (release) for unfunded lending commitments	**3**	(11)	NM
Credit reserve build	**23**	158	(85)%
Provisions for credit losses	**$ 65**	$ 89	(27)%
Income from continuing operations before taxes	**$ 4,531**	$ 2,871	58%
Income taxes	**1,406**	638	NM
Income from continuing operations	**$ 3,125**	$ 2,233	40%
Noncontrolling interests	**50**	60	(17)
Net income	**$ 3,075**	$ 2,173	42%
Average assets *(in billions of dollars)*	**$ 1,070**	$ 1,018	5%
Return on average assets	**1.17%**	0.86%	
Efficiency ratio	**52%**	63%	
Revenues by region			
North America	**$ 3,596**	$ 2,081	73%
EMEA	**2,734**	2,832	(3)
Latin America	**1,217**	1,165	4
Asia	**2,037**	1,969	3
Total revenues	**$ 9,584**	$ 8,047	19%
Income from continuing operations by region			
North America	**$ 1,281**	$ 313	NM
EMEA	**668**	814	(18)%
Latin America	**476**	498	(4)
Asia	**700**	608	15

Total income from continuing operations	**$**	**3,125**	$	2,233	40%
Average loans by region (*in billions of dollars*)					
North America	**$**	**91**	$	76	20%
EMEA		**53**		51	4
Latin America		**38**		34	12
Asia		**60**		60	
Total average loans	**$**	**242**	$	221	10%

NM Not meaningful

SECURITIES AND BANKING

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

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

In millions of dollars, except as otherwise noted	First Quarter 2013	First Quarter 2012	% Change
Net interest revenue	**$ 2,437**	$ 2,339	4%
Non-interest revenue	**4,541**	3,003	51
Total revenues, net of interest expense	**$ 6,978**	$ 5,342	31%
Total operating expenses	**$ 3,564**	$ 3,701	(4)
Net credit losses	**$ 35**	$ (60)	NM
Provision (release) for unfunded lending commitments	**3**	(17)	NM
Credit reserve build	**34**	135	(75)
Provisions for credit losses	**$ 72**	$ 58	24%
Income before taxes and noncontrolling interests	**$ 3,342**	$ 1,583	NM
Income taxes	**987**	247	NM
Income from continuing operations	**$ 2,355**	$ 1,336	76%
Noncontrolling interests	**44**	56	(21)
Net income	**$ 2,311**	$ 1,280	81%
Average assets *(in billions of dollars)*	**$ 926**	$ 884	5%
Return on average assets	**1.01%**	0.58%	
Efficiency ratio	**51%**	69%	
Revenues by region			
North America	**$ 2,970**	$ 1,442	NM
EMEA	**1,873**	1,959	(4)%
Latin America	**770**	723	7
Asia	**1,365**	1,218	12
Total revenues	**$ 6,978**	$ 5,342	31%
Income from continuing operations by region			
North America	**$ 1,152**	$ 187	NM
EMEA	**445**	514	(13)%
Latin America	**312**	324	(4)
Asia	**446**	311	43

Total income from continuing operations	**$**	**2,355**	$	1,336	76%
Securities and Banking revenue details (excluding CVA/DVA)					
Total investment banking	**$**	**1,063**	$	872	22%
Fixed income markets		**4,623**		4,781	(3)
Equity markets		**826**		916	(10)
Lending		**309**		12	NM
Private bank		**629**		598	5
Other *Securities and Banking*		**(162)**		(461)	65
Total *Securities and Banking* revenues (ex-CVA/DVA)	**$**	**7,288**	$	6,718	8%
CVA/DVA	**$**	**(310)**	$	(1,376)	77%
Total revenues, net of interest expense	**$**	**6,978**	$	5,342	31%

NM Not meaningful

1Q13 vs. 1Q12

Net income increased 81%. Excluding $(310) million of CVA/DVA (see table below), net income increased 17%, primarily driven by an increase in revenues and a decline in expenses, partially offset by a higher effective tax rate (see "Income Taxes" below).

Revenues increased 31%. Excluding CVA/DVA:

Revenues increased 8%, reflecting higher revenues in investment banking, partially offset by lower revenues in fixed income markets and equity markets. Overall, Citi's wallet share continued to improve during the quarter in most products, while maintaining what it believes to be a disciplined risk appetite for the market environment.

Fixed income markets revenues decreased 3%, reflecting lower performance in rates and currencies, partially offset by higher revenues in credit-related and securitized products. Rates and currencies were lower compared to a strong prior-year period that benefitted significantly from long-term refinancing operations (LTRO) activity in *EMEA* as well as lower volatility, partially offset by growth in credit-related and securitized products, particularly in *North America*, which experienced investor demand for yield. Equity markets revenues decreased 10% due to lower volatility that impacted derivatives performance. Cash equity client activity was relatively unchanged despite decreased industry volumes.

Investment banking revenues increased 22%, reflecting growth in all major products and wallet share gains in equity underwriting and advisory. Advisory revenues increased 84%, reflecting improved wallet share resulting from announced volumes during the second half of 2012.

Equity underwriting revenues increased 45%, primarily driven by improved wallet share and an increase in follow-on activity. Debt underwriting revenues rose 5%, driven by improvements in loan underwriting.

Lending revenues increased by $297 million, driven by lower mark-to-market losses on hedges related to accrual loans (see table below) as credit spreads tightened less in the first quarter of 2013 versus the prior-year period. Excluding lending hedges related to accrual loans, lending revenues decreased 7%, primarily related to loan sale activity.

Private Bank revenues increased 5%, driven mainly by growth in *North America* and *Asia*. Managed investments, deposits and lending all reflected improved performance.

Expenses decreased 4%, primarily due to efficiency savings from ongoing re-engineering programs and lower legal and related expenses.

Provisions increased 24% to $72 million, primarily reflecting higher net credit losses due to the absence of a net credit recovery in the prior-year period, partially offset by smaller reserve builds resulting from less portfolio growth.

In millions of dollars	Three Months Ended March 31, 2013	March 31, 2012
***S&B* CVA/DVA**		
Fixed Income Markets	$ (293)	$ (1,087)
Equity Markets	(16)	(283)
Private Bank	(1)	(6)
Total *S&B* CVA/DVA	$ (310)	$ (1,376)
***S&B* Hedges on Accrual Loans gain (loss)(1)**	$ (24)	$ (344)

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

TRANSACTION SERVICES

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

	First Quarter		%
In millions of dollars, except as otherwise noted	**2013**	**2012**	**Change**
Net interest revenue	**$ 1,415**	$ 1,549	(9)%
Non-interest revenue	**1,191**	1,156	3
Total revenues, net of interest expense	**$ 2,606**	$ 2,705	(4)%
Total operating expenses	**1,424**	1,386	3
Provisions (releases) for credit losses	**(7)**	31	NM
Income before taxes and noncontrolling interests	**$ 1,189**	$ 1,288	(8)%
Income taxes	**419**	391	7
Income from continuing operations	**770**	897	(14)
Noncontrolling interests	**6**	4	50
Net income	**$ 764**	$ 893	(14)%
Average assets *(in billions of dollars)*	**$ 144**	$ 134	7%
Return on average assets	**2.15%**	2.68%	
Efficiency ratio	**55%**	51%	
Revenues by region			
North America	**$ 626**	$ 639	(2)%
EMEA	**861**	873	(1)
Latin America	**447**	442	1
Asia	**672**	751	(11)
Total revenues	**$ 2,606**	$ 2,705	(4)%
Income from continuing operations by region			
North America	**$ 129**	$ 126	2%
EMEA	**223**	300	(26)
Latin America	**164**	174	(6)
Asia	**254**	297	(14)
Total income from continuing operations	**$ 770**	$ 897	(14)%
Foreign Currency (FX) Translation Impact			
Total revenue as reported	**$ 2,606**	$ 2,705	(4)%
Impact of FX translation(1)		(41)	
Total revenues ex-FX	**$ 2,606**	$ 2,664	(2)%
Total operating expenses as reported	**$ 1,424**	$ 1,386	3%
Impact of FX translation(1)		(15)	
Total operating expenses ex-FX	**$ 1,424**	$ 1,371	4%

Net income as reported	**$**	**764**	$	893	(14)%
Impact of FX translation(1)				(23)	
Net income ex-FX	**$**	**764**	$	870	(12)%
Key indicators *(in billions of dollars)*					
Average deposits and other customer liability balances as reported	**$**	**415**	$	377	10%
Impact of FX translation(1)				(1)	
Average deposits and other customer liability balances ex-FX	**$**	**415**	$	376	10%
EOP assets under custody(2) *(in trillions of dollars)*	**$**	**13.5**	$	12.5	8%

(1) Reflects the impact of foreign exchange (FX) translation into U.S. dollars at the current exchange rate for all periods presented.

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

NM Not meaningful

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

1Q13 vs. 1Q12

Net income decreased 14%, primarily reflecting lower revenues and higher expenses and a higher effective tax rate on international operations (see "Income Taxes" below).

Revenues decreased 2% as higher deposit balances, trade loans and higher market volumes were more than offset by continued spread compression. Treasury and Trade Solutions revenues declined 3%, driven by spread compression globally, partially offset by continued growth in balances as average deposits increased 10% and average trade loans increased over 20%. Securities and Fund Services revenues increased 2%, as settlement volumes increased 5% and assets under custody increased 8%, partially offset by spread compression on deposits. Despite the underlying volume growth, Citi expects spread compression will continue to negatively impact *Transaction Services* revenues in the near term.

Expenses increased 4%, primarily driven by volume-related growth, partially offset by efficiency savings.

Average deposits and other customer liabilities increased 10%, driven by continued focused deposit building activities as well as continued market demand for U.S. dollar deposits (for additional information on Citi's deposits, see "Capital Resources and Liquidity Funding and Liquidity" below).

CORPORATE/OTHER

Corporate/Other includes unallocated global staff functions (including finance, risk, human resources, legal and compliance), other corporate expenses and unallocated global operations and technology expenses, Corporate Treasury and discontinued operations. At March 31, 2013, this segment had approximately $280 billion of assets, or 15%, of Citigroup's total assets, consisting primarily of Citi's liquidity portfolio (approximately $83 billion of cash and cash equivalents and $143 billion of liquid available-for-sale securities, each as of March 31, 2013). For additional information, see "Balance Sheet Review" and "Capital Resources and Liquidity Funding and Liquidity" below.

	First Quarter		**%**
In millions of dollars	**2013**	**2012**	**Change**
Net interest revenue	**$ (77)**	$ (16)	NM
Non-interest revenue	**70**	487	(86)%
Total revenues, net of interest expense	**$ (7)**	$ 471	NM
Total operating expenses	**$ 568**	$ 795	(29)%
Provisions for loan losses and for benefits and claims			

Loss f