CITIGROUP INC
Form 10-Q
May 05, 2011

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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, 2011

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	**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 March 31, 2011: 29,206,440,560

Available on the web at www.citigroup.com

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CITIGROUP INC.

FIRST QUARTER 2011 FORM 10-Q

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OVERVIEW

Introduction

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

Throughout this report, "Citigroup", "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, 2010 (2010 Annual Report on Form 10-K). Additional information about Citigroup is available on the company's Web site at *www.citigroup.com*. Citigroup's recent annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, as well as its other filings with the SEC are available free of charge through the company's Web site by clicking on the "Investors" page and selecting "All SEC Filings." The SEC's Web site also contains periodic and current reports, proxy and information statements, and other information regarding Citi at *www.sec.gov*.

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

Within this Form 10-Q, please refer to the tables of contents on pages 2 and 80 for page references to Management's Discussion and Analysis of Financial Condition and Results of Operations and Notes to Consolidated Financial Statements, respectively.

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

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

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

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

FIRST QUARTER 2011 EXECUTIVE SUMMARY

Citigroup

Citigroup reported first quarter of 2011 net income of $3.0 billion, or $0.10 per diluted share. Citigroup's income declined $1.4 billion from the first quarter of 2010, but more than doubled from the prior quarter.

Citigroup revenues, net of interest expense, were $19.7 billion, down $5.7 billion, or 22%, from the first quarter of 2010. Net interest revenues of $12.2 billion were 16% lower than the prior-year period, largely due to declining loan balances in *Local Consumer Lending* within Citi Holdings. Net interest revenues also included a $245 million pre-tax charge during the first quarter 2011 to increase reserves related to customer refunds in Japan Consumer Finance. Non-interest revenues were $7.5 billion, down 31% from the prior-year period, principally driven by lower *Securities and Banking* revenues, negative credit valuation adjustments (CVA), and a $709 million net charge resulting from the transfer of certain assets in the *Special Asset Pool* from held-to-maturity to trading assets (see " Citi Holdings *Special Asset Pool* Reclassification of HTM Securities to Trading" and Note 11 to the Consolidated Financial Statements).

Citicorp

Citicorp net income of $4.1 billion declined 19% from the prior-year period, but was up 69% from the prior quarter. Year-over-year, lower revenues and increased expenses were partially offset by improvement in credit costs. Citicorp's international operations accounted for 72% of first quarter 2011 net income.

Citicorp revenues were $16.5 billion, down $2.0 billion, or 11%, from the first quarter of 2010. Net interest revenues of $9.5 billion declined 4% from the prior-year period, principally driven by North America *Regional Consumer Banking* and *Securities and Banking*. Non-interest revenues declined 19% to $7.0 billion, largely due to the decline in *Securities and Banking* revenues, including negative CVA.

Regional Consumer Banking revenues of $7.9 billion were 2% lower year-over-year, mostly due to lower cards balances in North America, the impact of The Credit Card Accountability Responsibility and Disclosure Act (CARD Act), and continued spread compression in Asia and Latin America. Average retail banking loans increased 11% year-over-year to $121.4 billion, and average deposits increased 6% to $307.0 billion, both driven by Latin America and Asia. Citi-branded cards average loans declined 2% year-over-year to $110.3 billion, as growth in Latin America and Asia was offset by lower balances in North America. Cards purchase sales grew 8% from the prior-year period to $64.9 billion, and international investment sales increased 5% to $25.4 billion.

Securities and Banking revenues declined 25% year-over-year, driven principally by lower revenues in fixed income markets and CVA of negative $229 million in the current quarter (compared to positive $285 million in the prior-year period). Excluding CVA, fixed income markets revenues decreased 22% year-over-year, largely due to declines in revenues from rates and currencies and credit and securitized products, and equity markets revenues were 9% lower mainly driven by lower trading revenues related to principal positions. Investment banking revenues were down 19% from the prior-year period, primarily reflecting lower revenues from municipal and investment grade debt underwriting.

Transaction Services revenues were $2.6 billion, up 5% from the prior-year period, driven by growth in Latin America and Asia. Average deposits and other customer liabilities grew 11% year-over-year to $355 billion, with growth in every region. Strong growth in business volumes was partially offset by continued spread compression.

Citicorp end of period loans increased 10% year-over-year to $418 billion, with 6% growth in consumer loans and 16% growth in corporate loans.

Citi Holdings

Citi Holdings net loss of $608 million was 31% less than the net loss of $886 million in the first quarter of 2010, and down 40% from the net loss of $1.0 billion in the prior quarter, as continued improvement in credit costs and lower expenses more than offset the decline in revenues, as discussed below.

Citi Holdings revenues declined 50% to $3.3 billion from the prior-year period. Net interest revenues declined 40% year-over-year to $2.6 billion, largely driven by lower loan balances in *Local Consumer Lending* and the higher reserve build related to customer refunds in Japan Consumer Finance during the current quarter. Non-interest revenues declined 70% to $653 million from the prior-year period, reflecting the $709 million net pre-tax charge related to the asset transfer in *Special Asset Pool*, lower positive marks on subprime related direct exposures, and a repurchase reserve build of $122 million related to North America residential real estate in *Local Consumer Lending*, partially offset by gains on private equity investments.

Citi Holdings assets declined 33% from the first quarter of 2010 to $337 billion at the end of the first quarter of 2011. The decline reflected $106 billion in asset sales and business dispositions, $49 billion in net run-off and amortization, and $10 billion in net cost of credit and net asset marks. Sequentially, Citi Holdings assets declined 6% from $359 billion in the fourth quarter of 2010. At the end of the first quarter of 2011, Citi Holdings assets comprised approximately 17% of total Citigroup GAAP assets and 31% of risk-weighted assets.

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Credit Costs

Citigroup total provisions for credit losses and for benefits and claims of $3.2 billion declined $5.4 billion, or 63%, from the prior-year period. Net credit losses of $6.3 billion were down $2.1 billion, or 25%, from the first quarter of 2010. Consumer net credit losses declined $2.6 billion, or 32%, to $5.4 billion, driven by continued improvement in credit in North America Citi-branded cards in Citicorp, and retail partner cards and residential real estate lending in Citi Holdings. Corporate net credit losses increased $485 million to $849 million year-over-year, primarily due to higher cost of loan sales as well as losses from loans to specific counterparties for which reserves had previously been established and were released in the current quarter.

The net release of allowance for loan losses and unfunded lending commitments was $3.3 billion in the first quarter of 2011, compared to $53 million in the first quarter of 2010. The $2.0 billion net Consumer reserve release was mainly driven by retail partner cards and North America Citi-branded cards. The $1.4 billion net Corporate reserve release reflected releases for the overall portfolio, as credit trends continued to improve, as well as the release of previously established reserves for specific loans that offset charge-offs taken in the current quarter.

Operating Expenses

Citigroup expenses increased $808 million, or 7%, year-over-year to $12.3 billion, reflecting higher legal and related costs, the impact of foreign exchange and inflation, continued investment spending and increased business volumes, partially offset by a decline in Citi Holdings as well as productivity saves across the firm.

Citicorp expenses of $9.6 billion grew 12% from the prior-year period. More than half of the increase in Citicorp expenses was due to higher investment spending, with the remainder roughly split between the impact of foreign exchange in the translation of local currency results into U.S. dollars for reporting purposes (as used throughout this Form 10-Q, FX translation) and inflation and higher legal and related costs. Higher expenses from increased business volumes were generally offset by continued productivity saves.

Citi Holdings expenses were down 22% year-over-year to $2.0 billion, principally due to the continued decline in assets and therefore lower operating costs.

Citigroup continues to expect variability in its operating expenses during the remaining quarters of 2011 as it continues investing in Citicorp while rationalizing Citi Holdings. Certain expenses, particularly legal costs and the impact of foreign exchange, will remain difficult to predict.

Capital and Loan Loss Reserve Positions

Citigroup's Tier 1 Capital ratio was 13.3% at quarter-end, and its Tier 1 Common ratio was 11.3%.

Citigroup's total allowance for loan losses was $36.6 billion at quarter-end, or 5.79%, of total loans, down from $48.7 billion, or 6.80%, in the prior-year period. The decline in the total allowance for loan losses reflected asset sales, lower non-accrual loans, and overall improvement in the credit quality of the loan portfolio.

The Consumer allowance for loan losses was $32.7 billion, or 7.47%, of total Consumer loans, at quarter-end, compared to $41.4 billion, or 7.84%, at March 31, 2010.

Citigroup's non-accrual loans of $14.8 billion declined 48% from the prior-year period. At the end of the first quarter of 2011, the allowance for loan losses was 247% of non-accrual loans.

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RESULTS OF OPERATIONS

SUMMARY OF SELECTED FINANCIAL DATA

Citigroup Inc. and Consolidated Subsidiaries

In millions of dollars, except per-share amounts, ratios and direct staff	First Quarter 2011	2010	% Change
Net interest revenue	**$ 12,224**	$ 14,561	(16)%
Non-interest revenue	**7,502**	10,860	(31)
Revenues, net of interest expense	**$ 19,726**	$ 25,421	(22)%
Operating expenses	**12,326**	11,518	7
Provisions for credit losses and for benefits and claims	**3,184**	8,618	(63)
Income from continuing operations before income taxes	**$ 4,216**	$ 5,285	(20)%
Income taxes	**1,185**	1,036	14
Income from continuing operations	**$ 3,031**	$ 4,249	(29)%
Income from discontinued operations, net of taxes(1)	**40**	211	(81)
Net income before attribution of noncontrolling interests	**$ 3,071**	$ 4,460	(31)%
Net income attributable to noncontrolling interests	**72**	32	NM
Citigroup's net income	**$ 2,999**	$ 4,428	(32)%
Less: Preferred dividends Basic	**$ 4**	$	
Less: Dividends and undistributed earnings allocated to participating securities, applicable to Basic EPS	**35**	28	
Income allocated to unrestricted common shareholders for basic EPS	**$ 2,960**	$ 4,400	(33)%
Add: Incremental dividends and undistributed earnings allocated to participating securities, applicable to Diluted EPS	**1**		
Income allocated to unrestricted common shareholders for diluted EPS	**$ 2,961**	$ 4,400	(33)%
Earnings per share			
Basic			
Income from continuing operations	**$ 0.10**	$ 0.15	(33)%
Net income	**0.10**	0.15	(33)
Diluted			
Income from continuing operations	**$ 0.10**	$ 0.14	(29)%
Net income	**0.10**	0.15	(33)
At March 31:			
Total assets	**$ 1,947,815**	$ 2,002,213	(3)%
Total deposits	**865,863**	827,914	5
Long-term debt	**376,541**	439,274	(14)
Mandatorily redeemable securities of subsidiary trusts (included in long-term debt)	**17,940**	21,682	(17)
Common stockholders' equity	**170,725**	151,109	13
Total stockholders' equity	**171,037**	151,421	13
Direct staff *(in thousands)*	**260**	263	(1)
Ratios:			
Return on average common stockholders' equity(2)	**7.3%**	12.0%	
Return on average total stockholders' equity(2)	**7.3**	12.0	

Tier 1 Common(3)		**11.34%**		9.11%
Tier 1 Capital		**13.26**		11.28
Total Capital		**16.98**		14.88
Leverage(4)		**7.00**		6.16
Common stockholders' equity to assets		**8.76%**		7.55%
Total stockholders' equity to assets		**8.78**		7.56
Book value per common share	**$**	**5.85**	$	5.28
Tangible book value per share(5)	**$**	**4.69**	$	4.09
Ratio of earnings to fixed charges and preferred stock dividends		**1.70x**		1.82x

(1) Discontinued operations primarily reflects the sale of Nikko Cordial Securities, the sale of Citigroup's German retail banking operations, the sale of CitiCapital's equipment finance unit to General Electric, and the announced sale of the Egg Banking PLC credit card business. See Note 2 to the Consolidated Financial Statements.

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

(3) As defined by the banking regulators, the Tier 1 Common ratio represents Tier 1 Capital less qualifying perpetual preferred stock, qualifying noncontrolling interests in subsidiaries and qualifying mandatorily redeemable securities of subsidiary trusts divided by risk-weighted assets.

(4) The Leverage ratio represents Tier 1 Capital divided by adjusted average total assets.

(5) Tangible book value per share is a non-GAAP financial measure for SEC purposes. For additional information and a reconciliation of this measure to the most directly comparable GAAP measure, see "Capital Resources and Liquidity Capital Resources Tangible Common Equity" below.

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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)

	First Quarter		
In millions of dollars	2011	2010	% Change
Income (loss) from continuing operations			
CITICORP			
Regional Consumer Banking			
North America	**$ 551**	$ 15	NM
EMEA	**49**	24	NM
Latin America	**484**	367	32%
Asia	**461**	567	(19)
Total	**$ 1,545**	$ 973	59%
Securities and Banking			
North America	**$ 458**	$ 1,422	(68)%
EMEA	**765**	1,021	(25)
Latin America	**272**	269	1
Asia	**210**	469	(55)
Total	**$ 1,705**	$ 3,181	(46)%
Transaction Services			
North America	**$ 113**	$ 161	(30)%
EMEA	**278**	303	(8)
Latin America	**170**	152	12
Asia	**284**	319	(11)
Total	**$ 845**	$ 935	(10)%
Institutional Clients Group	**$ 2,550**	$ 4,116	(38)%
Total Citicorp	**$ 4,095**	$ 5,089	(20)%
CITI HOLDINGS			
Brokerage and Asset Management	**$ (10)**	$ 76	NM
Local Consumer Lending	**(599)**	(1,829)	67%
Special Asset Pool	**62**	878	(93)
Total Citi Holdings	**$ (547)**	$ (875)	37%
Corporate/Other	**$ (517)**	$ 35	NM
Income from continuing operations	**$ 3,031**	$ 4,249	(29)%

Discontinued operations	**$**	**40**	$	211	NM
Net income attributable to noncontrolling interests		**72**		32	NM
Citigroup's net income	**$**	**2,999**	$	4,428	(32)%

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CITIGROUP REVENUES

In millions of dollars	First Quarter 2011	2010	% Change
CITICORP			
Regional Consumer Banking			
North America	**$ 3,334**	$ 3,801	(12)%
EMEA	**398**	405	(2)
Latin America	**2,309**	2,076	11
Asia	**1,901**	1,800	6
Total	**$ 7,942**	$ 8,082	(2)%
Securities and Banking			
North America	**$ 2,328**	$ 3,553	(34)%
EMEA	**2,059**	2,515	(18)
Latin America	**582**	607	(4)
Asia	**1,043**	1,328	(21)
Total	**$ 6,012**	$ 8,003	(25)%
Transaction Services			
North America	**$ 610**	$ 639	(5)%
EMEA	**836**	833	
Latin America	**408**	344	19
Asia	**696**	621	12
Total	**$ 2,550**	$ 2,437	5%
Institutional Clients Group	**$ 8,562**	$ 10,440	(18)%
Total Citicorp	**$ 16,504**	$ 18,522	(11)%
CITI HOLDINGS			
Brokerage and Asset Management	**$ 137**	$ 340	(60)%
Local Consumer Lending	**3,153**	4,670	(32)
Special Asset Pool	**(7)**	1,540	NM
Total Citi Holdings	**$ 3,283**	$ 6,550	(50)
Corporate/Other	**$ (61)**	$ 349	NM
Total net revenues	**$ 19,726**	$ 25,421	(22)%

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CITICORP

Citicorp is the Company's global bank for consumers and businesses and represents Citi's core franchise. Citicorp is focused on providing best-in-class products and services to customers and leveraging Citigroup's unparalleled global network. Citicorp is physically present in approximately 100 countries, many for over 100 years, and offers services in over 160 countries and jurisdictions. Citi believes this global network provides a strong foundation for servicing the broad financial services needs of large multinational clients and for meeting the needs of retail, private banking, commercial, public sector and institutional clients around the world. Citigroup's global footprint provides coverage of the world's emerging economies, which Citi believes represent a strong area of growth. At March 31, 2011, Citicorp had approximately $1.3 trillion of assets and $784 billion of deposits, representing approximately 68% of Citi's total assets and approximately 91% of its deposits.

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

In millions of dollars	First Quarter 2011	2010	% Change
Net interest revenue	**$ 9,506**	$ 9,870	(4)%
Non-interest revenue	**6,998**	8,652	(19)
Total revenues, net of interest expense	**$ 16,504**	$ 18,522	(11)%
Provisions for credit losses and for benefits and claims			
Net credit losses	**$ 2,318**	$ 3,142	(26)%
Credit reserve build (release)	**(1,258)**	(360)	NM
Provision for loan losses	**$ 1,060**	$ 2,782	(62)%
Provision for benefits and claims	**44**	44	
Provision for unfunded lending commitments	**4**	(7)	NM
Total provisions for credit losses and for benefits and claims	**$ 1,108**	$ 2,819	(61)%
Total operating expenses	**$ 9,601**	$ 8,595	12%
Income from continuing operations before taxes	**$ 5,795**	$ 7,108	(18)%
Provisions for income taxes	**1,700**	2,019	(16)
Income from continuing operations	**$ 4,095**	$ 5,089	(20)%
Net income attributable to noncontrolling interests	**11**	21	(48)
Citicorp's net income	**$ 4,084**	$ 5,068	(19)
Balance sheet data *(in billions of dollars)*			
Total EOP assets	**$ 1,330**	$ 1,236	8%
EOP Loans:			
Consumer	**235**	221	6
Corporate	**183**	158	16
Average assets	**1,323**	1,233	7
Total EOP deposits	**784**	730	7

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REGIONAL CONSUMER BANKING

Regional Consumer Banking (RCB) consists of Citigroup's four *RCB* businesses that provide traditional banking services to retail customers. *RCB* also contains Citigroup's branded cards business and Citi's local commercial banking business. *RCB* is a globally diversified business with over 4,200 branches in 39 countries around the world. At March 31, 2011, *RCB* had $333 billion of assets and $314 billion of deposits.

	First Quarter		
In millions of dollars	**2011**	**2010**	**% Change**
Net interest revenue	**$ 5,752**	$ 5,917	(3)%
Non-interest revenue	**2,190**	2,165	1
Total revenues, net of interest expense	**$ 7,942**	$ 8,082	(2)%
Total operating expenses	**$ 4,482**	$ 3,998	12%
Net credit losses	**$ 2,108**	$ 3,040	(31)%
Credit reserve build (release)	**(862)**	(180)	NM
Provisions for unfunded lending commitments			
Provision for benefits and claims	**44**	44	
Provisions for credit losses and for benefits and claims	**$ 1,290**	$ 2,904	(56)%
Income from continuing operations before taxes	**$ 2,170**	$ 1,180	84%
Income taxes	**625**	207	NM
Income from continuing operations	**$ 1,545**	$ 973	59%
Net income (loss) attributable to noncontrolling interests	**(2)**	(5)	60
Net income	**$ 1,547**	$ 978	58%
Average assets *(in billions of dollars)*	**$ 327**	$ 308	6%
Return on assets	**1.92%**	1.29%	
Total EOP assets	**$ 333**	$ 313	6
Average deposits *(in billions of dollars)*	**307.0**	289.2	6
Net credit losses as a percentage of	**3.69%**	5.57%	

average loans					
Revenue by business					
Retail banking	**$**	**3,907**	$	3,814	2%
Citi-branded cards		**4,035**		4,268	(5)
Total	**$**	**7,942**	$	8,082	(2)%
Income from continuing operations by business					
Retail banking	**$**	**681**	$	799	(15)%
Citi-branded cards		**864**		174	NM
Total	**$**	**1,545**	$	973	59%

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NORTH AMERICA REGIONAL CONSUMER BANKING

North America Regional Consumer Banking (NA RCB) provides traditional banking and Citi-branded card services to retail customers and small to mid-size businesses in the U.S. *NA RCB*'s approximate 1,000 retail bank branches and 13.0 million retail customer accounts are largely concentrated in the greater metropolitan areas of New York, Los Angeles, San Francisco, Chicago, Miami, Washington, D.C., Boston, Philadelphia, and certain larger cities in Texas. At March 31, 2011, *NA RCB* had $33.0 billion of retail banking and residential real estate loans and $143.6 billion of average deposits. In addition, *NA RCB* had 21.1 million Citi-branded credit card accounts, with $73.2 billion in outstanding card loan balances.

	First Quarter		
In millions of dollars	**2011**	**2010**	**% Change**
Net interest revenue	**$ 2,624**	$ 2,954	(11)%
Non-interest revenue	**710**	847	(16)
Total revenues, net of interest expense	**$ 3,334**	$ 3,801	(12)%
Total operating expenses	**$ 1,689**	$ 1,621	4%
Net credit losses	**$ 1,440**	$ 2,157	(33)%
Credit reserve build (release)	**(649)**	4	NM
Provisions for benefits and claims	**6**	8	(25)
Provisions for loan losses and for benefits and claims	**$ 797**	$ 2,169	(63)%
Income from continuing operations before taxes	**$ 848**	$ 11	NM
Income taxes (benefits)	**297**	(4)	NM
Income from continuing operations	**$ 551**	$ 15	NM
Net income attributable to noncontrolling interests			
Net income	**$ 551**	$ 15	NM
Average assets *(in billions of dollars)*	**$ 120**	$ 121	(1)%
Average deposits *(in billions of dollars)*	**144**	144	
Net credit losses as a percentage of average loans	**5.52%**	7.85%	

Revenue by business					
Retail banking	**$**	**1,187**	$	1,280	(7)%
Citi-branded cards		**2,147**		2,521	(15)
Total	**$**	**3,334**	$	3,801	(12)%
Income (loss) from continuing operations by business					
Retail banking	**$**	**91**	$	165	(45)%
Citi-branded cards		**460**		(150)	NM
Total	**$**	**551**	$	15	NM

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Not meaningful

1Q11 vs. 1Q10

NA RCB revenues, net of interest expense, decreased 12% to $3.3 billion mainly due to lower volumes in branded cards and the net impact of the Credit Card Accountability Responsibility and Disclosure Act (CARD Act) on cards revenues, as well as lower mortgage-related revenues.

Net interest revenue was down 11% to $2.6 billion driven primarily by lower volumes in cards, with average loans down 7% from the prior-year quarter. In addition, cards net interest revenue was negatively impacted by the CARD Act.

Non-interest revenue decreased 16% to $710 million from the prior-year quarter mainly due to lower gains from mortgage loan sales and lower net mortgage servicing revenues.

Operating expenses increased 4% to $1.7 billion from the prior-year quarter, primarily driven by higher marketing costs and technology spending. Management currently anticipates that, assuming credit continues to improve in *NA RCB* (see below), it will further increase investment spending in its *NA RCB* businesses.

Provisions for loan losses and for benefits and claims decreased $1.4 billion, or 63%, primarily due to a net loan loss reserve release of $649 million in the current quarter and lower net credit losses in the Citi-branded cards portfolio. Cards net credit losses were down $732 million, or 35%, from the prior-year quarter, and the net credit loss ratio decreased 325 basis points to 7.42%.

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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. Remaining activities in respect of Western Europe retail banking and cards are included in Citi Holdings. The countries in which *EMEA RCB* has the largest presence are Poland, Turkey, Russia and the United Arab Emirates. At March 31, 2011, *EMEA RCB* had 297 retail bank branches with 3.6 million customer accounts, $4.7 billion in retail banking loans and $9.7 billion in average deposits. In addition, the business had 2.5 million Citi-branded card accounts with $2.9 billion in outstanding card loan balances.

	First Quarter		
In millions of dollars	**2011**	2010	% Change
Net interest revenue	**$ 228**	$ 248	(8)%
Non-interest revenue	**170**	157	8
Total revenues, net of interest expense	**$ 398**	$ 405	(2)%
Total operating expenses	**$ 308**	$ 282	9%
Net credit losses	**$ 49**	$ 97	(49)%
Provision for unfunded lending commitments			
Credit reserve build (release)	**(33)**	(10)	NM
Provisions for loan losses	**$ 16**	$ 87	(82)%
Income from continuing operations before taxes	**$ 74**	$ 36	NM
Income taxes	**25**	12	
Income from continuing operations	**$ 49**	$ 24	NM
Net income attributable to noncontrolling interests			
Net income	**$ 49**	$ 24	NM
Average assets *(in billions of dollars)*	**$ 10**	$ 10	
Return on assets	**1.99%**	0.97%	
Average deposits *(in billions of dollars)*	**$ 10**	$ 10	
Net credit losses as a percentage of average loans	**2.69%**	4.98%	

Revenue by business

Retail banking	$	**219**	$	222	(1)%
Citi-branded cards		**179**		183	(2)
Total	$	**398**	$	405	(2)%
Income (loss) from continuing operations by business					
Retail banking	$	**4**	$	(9)	NM
Citi-branded cards		**45**		33	36%
Total	$	**49**	$	24	NM

NM
Not meaningful

1Q11 vs. 1Q10

Revenues, net of interest expense declined 2% to $398 million from the prior-year period due to lower lending revenues on the continued liquidation of non-strategic customer portfolios, unrest in Middle East markets and lower contribution from an equity investment in Turkey.

Net interest revenue was $228 million, or 8%, lower than the prior-year period due to the continued decline in the non-strategic portfolio, lower retail bank average loans and spread compression in the cards portfolio.

Non-interest revenue increased by 8% to $170 million, reflecting higher investment sales and cards fees offset by a lower contribution from an equity investment in Turkey. Investment sales grew 43% year-over-year and assets under management grew 20%.

Operating expenses increased 9% to $308 million, reflecting account acquisition-focused investment spending, expansion of the sales force and higher regulatory expenses.

Provisions for loan losses decreased 82% to $16 million. *Net credit losses* decreased 49% to $49 million, while the loan loss reserve release increased from $10 million in the first quarter of 2010 to $33 million in the first quarter of 2011, reflecting the ongoing improvement in credit quality during the period.

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LATIN AMERICA REGIONAL CONSUMER BANKING

Latin America Regional Consumer Banking (LATAM RCB) provides traditional banking and Citi-branded card services to retail customers and small to mid-size businesses, with the largest presence in Mexico and Brazil. *LATAM RCB* includes branch networks throughout *Latin America* as well as Banco Nacional de Mexico, or Banamex, Mexico's second largest bank, with over 1,700 branches. At March 31, 2011, *LATAM RCB* had 2,196 retail branches, with 26.6 million customer accounts, $23.5 billion in retail banking loan balances and $45.6 billion in average deposits. In addition, the business had 12.7 million Citi-branded card accounts with $13.5 billion in outstanding loan balances.

	First Quarter		
In millions of dollars	**2011**	**2010**	**% Change**
Net interest revenue	**$ 1,574**	$ 1,458	8%
Non-interest revenue	**735**	618	19
Total revenues, net of interest expense	**$ 2,309**	$ 2,076	11%
Total operating expenses	**$ 1,365**	$ 1,175	16%
Net credit losses	**$ 407**	$ 509	(20)%
Credit reserve build (release)	**(146)**	(136)	(7)
Provision for benefits and claims	**38**	36	6
Provisions for loan losses and for benefits and claims	**$ 299**	$ 409	(27)%
Income from continuing operations before taxes	**$ 645**	$ 492	31%
Income taxes	**161**	125	29
Income from continuing operations	**$ 484**	$ 367	32%
Net (loss) attributable to noncontrolling interests	**(2)**	(5)	60
Net income	**$ 486**	$ 372	31%
Average assets *(in billions of dollars)*	**$ 79**	$ 72	10%
Return on assets	**2.49%**	2.10%	
Average deposits *(in billions of dollars)*	**$ 46**	$ 40	15
Net credit losses as a percentage of average loans	**4.60%**	6.75%	
Revenue by business			
Retail banking	**$ 1,348**	$ 1,196	13%

Citi-branded cards		**961**		880	9
Total	**$**	**2,309**	$	2,076	11%
Income from continuing operations by business					
Retail banking	**$**	**305**	$	234	30%
Citi-branded cards		**179**		133	35
Total	**$**	**484**	$	367	32%

1Q11 vs. 1Q10

Revenues, net of interest expense increased 11% to $2.3 billion, driven by higher loan and deposit volumes as well as the impact of FX translation.

Net interest revenue increased 8% to $1.6 billion, driven by higher loan volumes, primarily in the retail business, and the impact of FX translation, which was partially offset by spread compression.

Non-interest revenue increased 19% to $735 million, driven by higher cards fee income from increased customer activity as purchase sales increased by 25%.

Operating expenses increased 16% to $1.4 billion as compared to the prior-year period, primarily driven by new investments and the impact of FX translation. Higher operating expenses also reflected an increase in business volumes, partially offset by productivity saves.

Provisions for loan losses and for benefits and claims decreased 27% to $299 million, reflecting a $102 million, or 20%, decrease in net credit losses in spite of the incremental $5.3 billion loan volumes and changes in FX rates. This progress was driven mainly by improved portfolio quality in Mexico cards. Additionally, loan loss reserve releases of $146 million were $10 million higher than the previous year, driven by retail banking loan losses.

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ASIA REGIONAL CONSUMER BANKING

Asia Regional Consumer Banking (Asia RCB) provides traditional banking and Citi-branded card services to retail customers and small to mid-size businesses, with the largest Citi presence in South Korea, Japan, Taiwan, Singapore, Australia, Hong Kong, India and Indonesia. At March 31, 2011, *Asia RCB* had 707 retail branches, 16.2 million retail banking accounts, $108.1 billion in average customer deposits, and $64.1 billion in retail banking loans. In addition, the business had 15.4 million Citi-branded card accounts with $20.0 billion in outstanding loan balances.

	First Quarter		
In millions of dollars	**2011**	**2010**	**% Change**
Net interest revenue	**$ 1,326**	$ 1,257	5%
Non-interest revenue	**575**	543	6
Total revenues, net of interest expense	**$ 1,901**	$ 1,800	6%
Total operating expenses	**$ 1,120**	$ 920	22%
Net credit losses	**$ 212**	$ 277	(23)%
Credit reserve build (release)	**(34)**	(38)	11
Provisions for loan losses and for benefits and claims	**$ 178**	$ 239	(26)%
Income from continuing operations before taxes	**$ 603**	$ 641	(6)%
Income taxes	**142**	74	92
Income from continuing operations	**$ 461**	$ 567	(19)%
Net income attributable to noncontrolling interests			
Net income	**$ 461**	$ 567	(19)%
Average assets *(in billions of dollars)*	**$ 118**	$ 105	12%
Return on assets	**1.58%**	2.19%	
Average deposits *(in billions of dollars)*	**$ 108**	$ 96	13
Net credit losses as a percentage of average loans	**1.04%**	1.57%	
Revenue by business			
Retail banking	**$ 1,153**	$ 1,116	3%
Citi-branded cards	**748**	684	9

Total	**$**	**1,901**	$	1,800	6%
Income from continuing operations by business					
Retail banking	**$**	**281**	$	409	(31)%
Citi-branded cards		**180**		158	14
Total	**$**	**461**	$	567	(19)%

1Q11 vs. 1Q10

Revenues, net of interest expense increased 6% to $1.9 billion, driven by higher cards purchase sales, investment sales, loan and deposit volumes, and the impact of FX translation. This was partially offset by lower spreads and a $70 million charge for the anticipated repurchase of certain securities.

Net interest revenue increased 5% to $1.3 billion, mainly due to higher lending and deposit volumes and the impact of FX translation, partially offset by lower spreads.

Non-interest revenue increased 6% to $575 million, primarily due to higher investment revenues, higher cards purchase sales, and the impact of FX translation, partially offset by the charge for the anticipated repurchase of certain securities and cards partnership payments.

Operating expenses increased 22% to $1.1 billion, due to continued investment spending, incremental legal and related expenses, and the impact of FX translation. Higher operating expenses also reflected an increase in business volumes, partially offset by productivity saves.

Provisions for loan losses and for benefits and claims decreased 26% to $178 million, mainly due to a 23% decline in net credit losses. These declines were partially offset by the impact of FX translation. The decrease in provision for loan losses and for benefits and claims also reflected continued credit quality improvement across the region, particularly in India, partially offset by increasing volumes.

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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 with a full range of products and services, including cash management, trade finance and services, securities services, trading, underwriting, lending and advisory services, around the world. *ICG*'s international presence is supported by trading floors in approximately 75 countries and a proprietary network within *Transaction Services* in over 95 countries. At March 31, 2011, *ICG* had $997 billion of assets and $470 billion of deposits.

	First Quarter		
In millions of dollars	**2011**	**2010**	**% Change**
Commissions and fees	**$ 1,132**	$ 1,108	2%
Administration and other fiduciary fees	**744**	721	3
Investment banking	**793**	953	(17)
Principal transactions	**2,260**	3,307	(32)
Other	**(121)**	398	NM
Total non-interest revenue	**$ 4,808**	$ 6,487	(26)%
Net interest revenue (including dividends)	**3,754**	3,953	(5)
Total revenues, net of interest expense	**$ 8,562**	$ 10,440	(18)%
Total operating expenses	**5,119**	4,597	11
Net credit losses	**210**	102	NM
Provision (release) for unfunded lending commitments	**4**	(7)	NM
Credit reserve build (release)	**(396)**	(180)	NM
Provisions for loan losses and benefits and claims	**$ (182)**	$ (85)	NM
Income from continuing operations before taxes	**$ 3,625**	$ 5,928	(39)%
Income taxes	**1,075**	1,812	(41)
Income from continuing operations	**$ 2,550**	$ 4,116	(38)%
Net income attributable to noncontrolling interests	**13**	26	(50)
Net income	**$ 2,537**	$ 4,090	(38)%
Average assets *(in billions of dollars)*	**$ 996**	$ 925	8%
Return on assets	**1.03%**	1.79%	
Revenues by region			
North America	**$ 2,938**	$ 4,192	(30)%
EMEA	**2,895**	3,348	(14)
Latin America	**990**	951	4
Asia	**1,739**	1,949	(11)
Total	**$ 8,562**	$ 10,440	(18)%
Income from continuing operations by region			
North America	**$ 571**	$ 1,583	(64)%
EMEA	**1,043**	1,324	(21)
Latin America	**442**	421	5
Asia	**494**	788	(37)
Total	**$ 2,550**	$ 4,116	(38)%

Average loans by region *(in billions of dollars)*			
North America	**$ 66**	$ 68	(3)%
EMEA	**42**	37	14
Latin America	**24**	22	9
Asia	**44**	30	47
Total	**$ 176**	$ 157	12%

NM
Not meaningful

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SECURITIES AND BANKING

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

	First Quarter		
In millions of dollars	**2011**	**2010**	**% Change**
Net interest revenue	**$ 2,324**	$ 2,565	(9)%
Non-interest revenue	**3,688**	5,438	(32)
Revenues, net of interest expense	**$ 6,012**	$ 8,003	(25)%
Total operating expenses	**3,802**	3,437	11
Net credit losses	**204**	101	NM
Provisions for unfunded lending commitments	**4**	(7)	NM
Credit reserve build (release)	**(397)**	(162)	NM
Provisions for loan losses and benefits and claims	**$ (189)**	$ (68)	NM
Income before taxes and noncontrolling interests	**$ 2,399**	$ 4,634	(48)%
Income taxes	**694**	1,453	(52)
Income from continuing operations	**1,705**	3,181	(46)
Net income attributable to noncontrolling interests	**9**	21	(57)
Net income	**$ 1,696**	$ 3,160	(46)%
Average assets *(in billions of dollars)*	**$ 875**	$ 827	6%
Return on assets	**0.79%**	1.55%	
Revenues by region			
North America	**$ 2,328**	$ 3,553	(34)%
EMEA	**2,059**	2,515	(18)
Latin America	**582**	607	(4)
Asia	**1,043**	1,328	(21)
Total revenues	**$ 6,012**	$ 8,003	(25)%
Net income from continuing operations by region			
North America	**$ 458**	$ 1,422	(68)%
EMEA	**765**	1,021	(25)
Latin America	**272**	269	1
Asia	**210**	469	(55)
Total net income from continuing operations	**$ 1,705**	$ 3,181	(46)%
Securities and Banking revenue details			
Total investment banking	**$ 851**	$ 1,057	(19)%
Lending	**244**	243	
Equity markets	**1,070**	1,213	(12)
Fixed income markets	**3,795**	5,380	(29)
Private bank	**515**	494	4
Other *Securities and Banking*	**(463)**	(384)	(21)

Total *Securities and Banking* revenues	**$**	**6,012**	$	8,003	(25)%

NM Not meaningful

1Q11 vs. 1Q10

Revenues, net of interest expense of $6.0 billion decreased 25% as compared to the prior-year period, primarily driven by lower fixed income markets revenues and negative CVA. CVA decreased $0.5 billion to negative $0.2 billion, mainly due to a greater narrowing of Citigroup spreads in the first quarter of 2011 compared to the first quarter of 2010. Fixed income markets revenues decreased 22% to $4.0 billion (excluding CVA, net of hedges, of negative $0.2 billion and positive $0.3 billion in the current quarter and prior-year period, respectively), reflecting weaker results in rates and currencies, credit products, and securitized products. Investment banking revenues declined 19% to $851 million, primarily reflecting lower revenues from municipal and investment grade debt underwriting. Equity markets declined 9% to $1.1 billion (excluding CVA, net of hedges, of negative $34 million and negative $5 million in the current quarter and prior-year period, respectively), driven by lower trading revenues related to principal positions, partially offset by growth in cash equities. The declines in these businesses were

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slightly offset by a 5% growth in private bank revenues, to $520 million (excluding CVA, net of hedges, of negative $5 million and negative $2 million in the current quarter and prior-year period, respectively).

Operating expenses increased 11% to $3.8 billion. Excluding a litigation reserve release in the prior-year period, operating expenses increased 5%, mainly due to continued investment spending, higher business volumes and the impact of FX translation, partially offset by productivity savings.

Provisions for loan losses and for benefits and claims decreased by $121 million to negative $189 million, mainly due to continued improvement in the corporate credit portfolio and net releases for specific counterparties.

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TRANSACTION SERVICES

Transaction Services is composed of Treasury and Trade Solutions (TTS) and Securities and Fund Services (SFS). TTS provides comprehensive cash management and trade finance and services for corporations, financial institutions and public sector entities worldwide. SFS 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 in TTS and SFS, as well as from trade loans and fees for transaction processing and fees on assets under custody and administration in SFS.

	First Quarter		
In millions of dollars	**2011**	**2010**	**% Change**
Net interest revenue	**$ 1,430**	$ 1,388	3%
Non-interest revenue	**1,120**	1,049	7
Total revenues, net of interest expense	**$ 2,550**	$ 2,437	5%
Total operating expenses	**1,317**	1,160	14
Provisions (releases) for credit losses and for benefits and claims	**7**	(17)	NM
Income before taxes and noncontrolling interests	**$ 1,226**	$ 1,294	(5)%
Income taxes	**381**	359	6
Income from continuing operations	**845**	935	(10)
Net income attributable to noncontrolling interests	**4**	5	(20)
Net income	**$ 841**	$ 930	(10)%
Average assets *(in billions of dollars)*	**$ 121**	$ 98	23%
Return on assets	**2.82%**	3.85%	
Revenues by region			
North America	**$ 610**	$ 639	(5)%
EMEA	**836**	833	
Latin America	**408**	344	19
Asia	**696**	621	12
Total revenues	**$ 2,550**	$ 2,437	5%
Income from continuing operations by region			
North America	**$ 113**	$ 161	(30)%
EMEA	**278**	303	(8)
Latin America	**170**	152	12
Asia	**284**	319	(11)
Total net income from continuing operations	**$ 845**	$ 935	(10)%

Key indicators *(in billions of dollars)*			
Average deposits and other customer liability balances	**$ 355**	$ 319	11%
EOP assets under custody *(in trillions of dollars)*	**13.0**	11.8	10

NM Not meaningful

1Q11 vs. 1Q10

Revenues, net of interest expense, grew 5% to $2.6 billion compared to the prior-year period, as strong growth in both TTS and SFS, driven by *Latin America* and *Asia,* more than offset spread compression. Average customer liability balances and assets under custody were up 11% and 10%, to $355 million and $13 trillion, respectively, from the first quarter of 2010.

Treasury and Trade Solutions revenue increased 3%, driven by stronger performances in the trade and cards businesses as well as increased balances, partially offset by spread compression.

Securities and Fund Services revenues increased 9%, driven by higher asset valuations, inflows, and business volumes.

Operating expenses increased 14% to $1.3 billion, due to continued investment spending primarily in operations and technology to support business expansion.

Provisions for loan losses and for benefits and claims increased $24 million from the prior-year period, primarily reflecting a reserve release in the prior-year period.

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CITI HOLDINGS

Citi Holdings contains businesses and portfolios of assets that Citigroup has determined are not central to its core Citicorp businesses. Consistent with its strategy, Citi intends to exit these businesses as quickly as practicable in an economically rational manner through business divestitures, portfolio run-offs and asset sales. Citi Holdings' GAAP assets of $337 billion have been reduced by $166 billion from March 31, 2010, and $490 billion from the peak in the first quarter of 2008, and represented approximately 17% of Citi's assets as of March 31, 2011. Citi Holdings' risk-weighted assets of approximately $305 billion represented approximately 31% of Citi's risk-weighted assets as of March 31, 2011.

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

	First Quarter		
In millions of dollars	**2011**	**2010**	**% Change**
Net interest revenue	**$ 2,630**	$ 4,375	(40)%
Non-interest revenue	**653**	2,175	(70)
Total revenues, net of interest expense	**$ 3,283**	$ 6,550	(50)%
Provisions for credit losses and for benefits and claims			
Net credit losses	**$ 3,950**	$ 5,241	(25)%
Credit reserve build (release)	**(2,112)**	340	NM
Provision for loan losses	**$ 1,838**	$ 5,581	(67)%
Provision for benefits and claims	**216**	243	(11)
Provision (release) for unfunded lending commitments	**21**	(26)	NM
Total provisions for credit losses and for benefits and claims	**$ 2,075**	$ 5,798	(64)%
Total operating expenses	**$ 2,019**	$ 2,573	(22)
Loss from continuing operations before taxes	**$ (811)**	$ (1,821)	55%
Benefits for income taxes	**(264)**	(946)	72
Loss from continuing operations	**$ (547)**	$ (875)	37%
Net income attributable to noncontrolling interests	**61**	11	NM
Citi Holdings net loss	**$ (608)**	$ (886)	31%
Balance sheet data *(in billions of dollars)*			
Total EOP assets	**$ 337**	$ 503	(33)%
Total EOP deposits	**$ 77**	$ 86	(10)%

NM Not meaningful

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BROKERAGE AND ASSET MANAGEMENT

Brokerage and Asset Management (BAM), which constituted approximately 8% of Citi Holdings by assets as of March 31, 2011, consists of Citi's global retail brokerage and asset management businesses. At March 31, 2011, *BAM* had approximately $27 billion of assets, primarily consisting of Citi's investment in, and assets related to, the Morgan Stanley Smith Barney joint venture (MSSB JV). As more fully described in Forms 8-K, filed with the SEC on January 14, 2009 and June 3, 2009, Morgan Stanley has options to purchase Citi's remaining stake in the MSSB JV over three years starting in 2012.

	First Quarter		
In millions of dollars	**2011**	**2010**	**% Change**
Net interest revenue	**$ (46)**	$ (65)	
Non-interest revenue	**183**	405	(55)%
Total revenues, net of interest expense	**$ 137**	$ 340	(60)%
Total operating expenses	**$ 174**	$ 237	(36)%
Net credit losses	**$ 1**	$ 11	(91)%
Credit reserve build (release)	**(1)**	(7)	86
Provision for unfunded lending commitments			
Provision for benefits and claims	**8**	9	(11)
Provisions for credit losses and for benefits and claims	**$ 8**	$ 13	(38)%
Income (loss) from continuing operations before taxes	**$ (45)**	$ 54	NM
Income taxes (benefits)	**(35)**	(22)	(59)%
Income (loss) from continuing operations	**$ (10)**	$ 76	NM
Net income (loss) attributable to noncontrolling interests	**2**	(5)	NM
Net income (loss)	**$ (12)**	$ 81	NM
EOP assets *(in billions of dollars)*	**$ 27**	$ 31	(13)%
EOP deposits *(in billions of dollars)*	**58**	59	(2)

NM Not meaningful

1Q11 vs. 1Q10

Revenues, net of interest expense decreased 60% to $137 million versus the prior-year period, mainly driven by the absence of the $78 million pretax gains on sales related to the Habitat and Colfondos businesses (*LATAM* asset management businesses) in the first quarter of 2010, and lower revenues from the MSSB JV.

Operating expenses decreased 36% to $174 million from the prior-year period, mainly driven by lower legal settlements and reserves associated with Smith Barney.

Provisions for credit losses and for benefits and claims decreased 38% to $8 million, mainly due to lower net credit losses.

Assets decreased 13% versus the prior year, to $27 million, mostly driven by the sales of the Citi private equity business and the run-off of tailored loan portfolios.

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LOCAL CONSUMER LENDING

Local Consumer Lending (LCL), which constituted approximately 70% of Citi Holdings assets as of March 31, 2011, includes a portion of Citigroup's North American mortgage business, retail partner cards, Western European cards and retail banking, CitiFinancial North America and other local Consumer finance businesses globally. At March 31, 2011, *LCL* had $237 billion of assets ($212 billion in *North America*). Approximately $120 billion of assets in *LCL* as of March 31, 2011 consisted of U.S. mortgages in the Company's CitiMortgage and CitiFinancial operations. The North American assets consist of residential mortgages (residential first mortgages and home equity loans), retail partner card loans, personal loans, commercial real estate (CRE), and other consumer loans and assets.

	First Quarter		
In millions of dollars	**2011**	**2010**	**% Change**
Net interest revenue	**$ 2,617**	$ 4,020	(35)%
Non-interest revenue	**536**	650	(18)
Total revenues, net of interest expense	**$ 3,153**	$ 4,670	(32)%
Total operating expenses	**$ 1,763**	$ 2,165	(19)%
Net credit losses	**$ 3,279**	$ 4,938	(34)%
Credit reserve build (release)	**(1,110)**	386	NM
Provision for benefits and claims	**208**	234	(11)
Provision for unfunded lending commitments			
Provisions for credit losses and for benefits and claims	**$ 2,377**	$ 5,558	(57)%
Loss from continuing operations before taxes	**$ (987)**	$ (3,053)	68%
Benefits for income taxes	**(388)**	(1,224)	68
Loss from continuing operations	**$ (599)**	$ (1,829)	67%
Net income attributable to noncontrolling interests			
Net loss	**$ (599)**	$ (1,829)	67%
Average assets *(in billions of dollars)*	**$ 246**	$ 355	(31)%
Net credit losses as a percentage of average loans	**6.15%**	6.30%	

NM Not meaningful

1Q11 vs. 1Q10

Revenues, net of interest expense decreased 32% to $3.2 billion from the prior-year period. *Net interest revenue* decreased 35% to $2.6 billion, primarily due to the impact of lower loan balances from portfolio run-off and continued asset sales, as well as the increase in reserves related to Japan Consumer Finance described below. *Non-interest revenue* declined 18% to $536 million, primarily due to the higher mortgage repurchase reserve charge ($122 million) in the current quarter.

Operating expenses decreased 19% to $1.8 billion, primarily due to the impact of divestitures, lower volumes and productivity saves.

Provisions for credit losses and for benefits and claims decreased 57% to $2.4 billion, reflecting a net $1.1 billion credit reserve release in the current quarter compared to a $400 million build in the prior-year quarter. Net credit losses were also lower year-over-year, driven by improvement in retail partner cards, U.S. mortgages and international portfolios.

Assets declined 32% from the prior-year period, to $237 million, primarily driven by portfolio run-off and the impact of asset sales and divestitures.

Japan Consumer Finance

During the first quarter of 2011, *LCL* recorded an additional charge of approximately $245 million (pretax) to increase its reserves related to customer refunds for the charging of gray zone interest in the Japan Consumer Finance business. For additional information on gray zone interest and Citi's Japan Consumer Finance business, see "Management's Discussion and Analysis Citi Holdings *Local Consumer Lending*" in Citigroup's 2010 Annual Report on Form 10-K. The increase in reserves during the first quarter reflected the recent trends in the market, including the previously disclosed bankruptcy of Takefuji, one of Japan's largest consumer finance companies.

Citi continues to monitor and evaluate these developments and the potential impact to both currently and previously outstanding loans in this business, and its reserves related thereto. However, as previously disclosed, the trend in the type, number and amount of refund claims remains volatile, and accordingly, the potential full amount of losses and their impact on Citi, including its reserves related thereto, is subject to significant uncertainties and continues to be difficult to predict.

SPECIAL ASSET POOL

Special Asset Pool (SAP), which constituted approximately 22% of Citi Holdings by assets as of March 31, 2011, consists of a portfolio of securities, loans and other assets that Citigroup intends to actively reduce over time through asset sales and portfolio run-off. At March 31, 2011, *SAP* had $73 billion of assets. *SAP* assets have declined by $255 billion, or 78%, from peak levels in 2007, reflecting cumulative write-downs, asset sales and portfolio run-off.

	First Quarter		
In millions of dollars	**2011**	**2010**	**% Change**
Net interest revenue	**$ 59**	$ 420	(86)%
Non-interest revenue	**(66)**	1,120	NM
Revenues, net of interest expense	**$ (7)**	$ 1,540	NM
Total operating expenses	**$ 82**	$ 135	(39)%
Net credit losses	**$ 670**	$ 292	NM
Provision (releases) for unfunded lending commitments	**21**	(26)	NM
Credit reserve builds (releases)	**(1,001)**	(39)	NM
Provisions for credit losses and for benefits and claims	**$ (310)**	$ 227	NM
Income from continuing operations before taxes	**$ 221**	$ 1,178	(81)%
Income taxes	**159**	300	(47)
Net income from continuing operations	**$ 62**	$ 878	(93)%
Net income attributable to noncontrolling interests	**59**	16	NM
Net income	**$ 3**	$ 862	(100)%
EOP assets *(in billions of dollars)*	**$ 73**	$ 126	(42)%

NM Not meaningful

1Q11 vs. 1Q10

Revenues, net of interest expense decreased $1.5 billion versus the prior-year period, driven by a $709 million pretax, net loss from the movement of $12.7 billion of securities out of *Investments* held-to-maturity (HTM) during the first quarter of 2011, composed of the transfer of $10.0 billion of HTM securities to *Trading account assets* and the sale of $2.7 billion of HTM securities (Citi recognized a corresponding receivable from these unsettled sales as of March 31, 2011). See "Reclassification of HTM Securities to Trading" below. This loss was partially offset by positive marks of $501 million on private equity investments in the first quarter of 2011. First quarter of 2010 revenues included positive marks of $804 million on sub-prime related direct exposures.

Operating expenses decreased 39% to $82 million, mainly driven by a decrease in transaction expenses and lower volumes.

Provisions for credit losses and for benefits and claims decreased $537 million from the prior-year period, driven by increased releases of loan loss reserves of $962 million, partially offset by higher net credit losses of $378 million. Net credit losses more than doubled year-over-year, reflecting higher costs of loan sales and higher net credit losses on loans for which specific FAS 114 reserves had previously been established, which were released during the current quarter.

Assets declined 42% to $73 million versus the prior-year period, primarily due to asset sales and amortization and prepayments.

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Reclassification of HTM Securities to Trading

As discussed further in Note 11 to the Consolidated Financial Statements, during the first quarter of 2011, the Company determined that it no longer had the intent to hold $12.7 billion of HTM securities to maturity. Accordingly, the Company reclassified $10.0 billion carrying value of mortgage-backed, other asset-backed, state and municipal, and corporate debt securities from *Investments* held-to-maturity to *Trading account assets*. The Company also sold an additional $2.7 billion of such HTM securities, recognizing a corresponding receivable from the unsettled sales as of March 31, 2011. As a result of these actions, the Company recorded a pretax net loss of $709 million ($427 million after tax) in the Consolidated Statement of Income for the three months ended March 31, 2011. Through April 29, 2011, the Company has sold $10.6 billion of the $12.7 billion of HTM securities.

Citigroup reclassified and sold these securities as part of its overall efforts to mitigate the risk-weighted asset implications arising from significant new regulatory capital requirements which, although not yet fully implemented or formally adopted, are nonetheless currently being used to assess the regulatory capital status of the Company and other large U.S. banking organizations. If retained, the $12.7 billion of securities would have had an overall disproportionately higher risk-weighting under these new requirements compared to the remainder of Citi Holdings assets.

The following table provides details of the composition of *SAP* assets as of March 31, 2011.

	Assets within Special Asset Pool as of March 31, 2011		
In billions of dollars	Carrying value of assets	Face value	Carrying value as % of face value
Securities in available-for-sale (AFS)			
Corporates	$ 5.0	$ 5.0	99%
Prime and non-U.S. mortgage-backed securities (MBS)	1.4	1.6	83
Auction rate securities (ARS)	1.8	2.2	81
Other securities	0.1	0.2	79
Total securities in AFS	$ 8.3	$ 9.0	91%
Securities in held-to-maturity (HTM)			
Prime and non-U.S. MBS	$ 4.8	$ 5.8	83%
Alt-A mortgages	4.2	7.9	53
Corporates	2.6	2.7	97
Other securities(1)	2.3	2.7	82
Total securities in HTM	$ 13.9	$ 19.1	73%
Loans, leases and letters of credit (LCs) in held-for-investment (HFI)/held-for-sale (HFS)(2)			
Corporates	$ 5.0	$ 5.2	96%
Commercial real estate (CRE)	2.8	2.9	97
Other(3)	1.3	1.2	107
Loan loss reserves	(1.0)		NM
Total loans, leases and LCs in HFI/HFS	$ 8.1	$ 9.3	87%
Mark to market (trading)			
Subprime securities	$ 0.2	$ 2.2	9%
Other securities(4)	18.8	37.4	50
Derivatives	4.0	NM	NM
Loans, leases and LCs	2.3	3.2	73
Repurchase agreements	3.3	NM	NM
Total mark to market (trading)	$ 28.6	NM	NM

Highly leveraged finance commitments	**$**	**0.8**	**$ 1.2**	**67%**
Equities (excludes ARS in AFS)		**8.4**	**NM**	**NM**
Consumer and other(5)		**4.7**	**NM**	**NM**
Total	**$**	**72.8**		

(1) Includes assets previously held by structured investment vehicles (SIVs) ($1.6 billion of asset-backed securities, collateralized debt obligations (CDOs)/collateralized loan obligations (CLOs) and government bonds).

(2) HFS accounts for approximately $1.0 billion of the total.

(3) Includes $0.2 billion of subprime and $0.4 billion of leases.

(4) Includes $4.6 billion of Alt-A, $4.4 billion of Corporate securities, $4.1 billion of ARS and $3.2 billion of Prime MBS.

(5) Includes $1.2 billion of small business banking and finance loans and $0.8 billion of personal loans.

Excludes Discontinued Operations.

Totals may not sum due to rounding.

NM Not meaningful

Note: Assets previously held by the Citi-advised SIVs have been allocated to the corresponding asset categories above. *SAP* had total CRE exposures of $5.6 billion at March 31, 2011, which included unfunded commitments of $1.8 billion. *SAP* had total subprime assets of $1.5 billion at March 31, 2011, including assets of $0.8 billion of subprime-related direct exposures and $0.7 billion of trading account positions, which includes securities purchased from CDO liquidations.

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CORPORATE/OTHER

Corporate/Other includes global staff functions (including finance, risk, human resources, legal and compliance) and other corporate expense, global operations and technology, residual Corporate Treasury and Corporate items. At March 31, 2011, this segment had approximately $281 billion of assets, or 14% of Citigroup's total assets, consisting primarily of Citi's liquidity portfolio, including $80 billion of cash and deposits with banks, and $153 billion of liquid available-for-sale securities.

	First Quarter	
In millions of dollars	**2011**	**2010**
Net interest revenue	**$ 88**	$ 316
Non-interest revenue	**(149)**	33
Total revenues, net of interest expense	**$ (61)**	$ 349
Total operating expenses	**$ 706**	$ 350
Provisions for loan losses and for benefits and claims	**1**	1
Loss from continuing operations before taxes	**$ (768)**	$ (2)
Benefits for income taxes	**(251)**	(37)
Income loss from continuing operations	**$ (517)**	$ 35
Income (loss) from discontinued operations, net of taxes	**40**	211
Net income (loss) before attribution of noncontrolling interests	**$ (477)**	$ 246
Net income (loss) attributable to noncontrolling interests		
Net loss	**$ (477)**	$ 246

1Q11 vs. 1Q10

Revenues, net of interest expense declined $410 million to a negative $61 million, primarily due to lower investment yields in Treasury and net losses on hedging activities.

Operating Expenses increased $356 million to $706 million, primarily due to legal and related expenses.

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SEGMENT BALANCE SHEET AT MARCH 31, 2011

In millions of dollars	Regional Consumer Banking	Institutional Clients Group	Subtotal Citicorp	Citi Holdings	Corporate/Other, Discontinued Operations and Consolidating Eliminations	Total Citigroup Consolidated
Assets						
Cash and due from banks	$ 7,769	$ 17,717	$ 25,486	$ 1,845	$ 511	$ 27,842
Deposits with banks	9,870	71,075	80,945	3,403	79,255	163,603
Federal funds sold and securities borrowed or purchased under agreements to resell	90	257,347	257,437	3,683		261,120
Brokerage receivables	3	28,984	28,987	10,607	1,307	40,901
Trading account assets	11,790	284,014	295,804	27,306		323,110
Investments	35,063	99,886	134,949	39,067	153,241	327,257
Loans, net of unearned income						
Consumer	234,908		234,908	206,305		441,213
Corporate		183,401	183,401	12,522		195,923
Loans, net of unearned income	$ 234,908	$ 183,401	$ 418,309	$ 218,827		$ 637,136
Allowance for loan losses	(12,592)	(3,005)	(15,597)	(20,971)		(36,568)
Total loans, net	$ 222,316	$ 180,396	$ 402,712	$ 197,856		$ 600,568
Goodwill	10,884	10,976	21,860	4,479		26,339
Intangible assets (other than MSRs)	2,198	928	3,126	4,154		7,280
Mortgage servicing rights (MSRs)	2,232	80	2,312	2,378		4,690
Other assets	30,331	45,737	76,068	39,634	46,731	162,433
Assets of discontinued operations				2,672		2,672
Total assets	$ 332,546	$ 997,140	$ 1,329,686	$ 337,084	$ 281,045	$ 1,947,815
Liabilities and equity						
Total deposits	$ 313,727	$ 470,262	$ 783,989	$ 77,066	$ 4,808	$ 865,863
Federal funds purchased and securities loaned or sold under agreements to repurchase	5,620	182,118	187,738	1	86	187,825
Brokerage payables	152	50,168	50,320	1	73	50,394
Trading account liabilities	43	144,501	144,544	1,802		146,346
Short-term borrowings	421	57,320	57,741	1,652	19,229	78,622
Long-term debt	2,340	77,373	79,713	14,214	282,614	376,541
Other liabilities	17,572	28,078	45,650	9,785	13,357	68,792
Liabilities of discontinued operations				39		39
Net inter-segment funding (lending)	(7,329)	(12,680)	(20,009)	232,524	(212,515)	
Total Citigroup stockholders' equity					171,037	171,037
Noncontrolling interest					2,356	2,356
Total equity					173,393	173,393
Total liabilities and equity	$ 332,546	$ 997,140	$ 1,329,686	$ 337,084	$ 281,045	$ 1,947,815

The supplemental information presented above reflects Citigroup's consolidated GAAP balance sheet by reporting segment as of March 31, 2011. The respective segment information depicts the assets and liabilities managed by each segment as of such date. While this presentation is not defined by GAAP, Citi believes that these non-GAAP financial measures enhance investors' understanding of the balance sheet components managed by the underlying business segments, as well as the beneficial inter-relationship of the asset and liability dynamics of the balance sheet components among Citi's business segments.

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CAPITAL RESOURCES AND LIQUIDITY

CAPITAL RESOURCES

Overview

Citi generates capital through earnings from its operating businesses. However, Citi may augment, and during the financial crisis did augment, its capital through issuances of common stock, convertible preferred stock, preferred stock and equity issued through awards under employee benefit plans. Citi also augmented its regulatory capital through the issuance of subordinated debt underlying trust preferred securities, although the treatment of such instruments as regulatory capital will be phased out under Basel III and the Financial Reform Act (see "Capital Resources and Liquidity Capital Resources Regulatory Capital Standards Developments" and the "Risk Factors" section of Citi's 2010 Annual Report on Form 10-K). Further, the impact of future events on Citi's business results, such as corporate and asset dispositions, as well as changes in regulatory and accounting standards, also affects Citi's capital levels.

Capital is used primarily to support assets in Citi's businesses and to absorb market, credit or operational losses. Capital may be used for other purposes, such as to pay dividends or repurchase common stock. However, Citi's ability to pay regular quarterly cash dividends of more than $0.01 per share, or to redeem or repurchase equity securities or trust preferred securities, is currently restricted (which such restriction may be waived) due to Citi's agreements with certain U.S. government entities, generally for so long as the U.S. government continues to hold any Citi trust preferred securities acquired in connection with the exchange offers consummated in 2009.

For an overview of Citigroup's capital management framework, including Citi's Finance and Asset and Liability Committee (FinALCO), see "Capital Resources and Liquidity Capital Resources Overview" in Citigroup's 2010 Annual Report on Form 10-K.

Capital Ratios

Citigroup is subject to the risk-based capital guidelines issued by the Federal Reserve Board. Historically, capital adequacy has been measured, in part, based on two risk-based capital ratios, the Tier 1 Capital and Total Capital (Tier 1 Capital + Tier 2 Capital) ratios. Tier 1 Capital consists of the sum of "core capital elements," such as qualifying common stockholders' equity, as adjusted, qualifying noncontrolling interests, and qualifying mandatorily redeemable securities of subsidiary trusts, principally reduced by goodwill, other disallowed intangible assets, and disallowed deferred tax assets. Total Capital also includes "supplementary" Tier 2 Capital elements, such as qualifying subordinated debt and a limited portion of the allowance for credit losses. Both measures of capital adequacy are stated as a percentage of risk-weighted assets.

In 2009, the U.S. banking regulators developed a new measure of capital termed "Tier 1 Common," which is defined as Tier 1 Capital less non-common elements, including qualifying perpetual preferred stock, qualifying noncontrolling interests, and qualifying mandatorily redeemable securities of subsidiary trusts. For more detail on all of these capital metrics, see "Components of Capital Under Regulatory Guidelines" below.

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

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

To be "well capitalized" under current federal bank regulatory agency definitions, a bank holding company must have a Tier 1 Capital ratio of at least 6%, a Total Capital ratio of at least 10%, and a Leverage ratio of at least 3%, and not be subject to a Federal Reserve Board directive to maintain higher capital levels. The following table sets forth Citigroup's regulatory capital ratios as of March 31, 2011 and December 31, 2010:

Citigroup Regulatory Capital Ratios

At period end	Mar. 31, 2011	Dec. 31, 2010
Tier 1 Common	**11.34%**	10.75%
Tier 1 Capital	**13.26**	12.91
Total Capital (Tier 1 Capital + Tier 2 Capital)	**16.98**	16.59
Leverage ratio	**7.00**	6.60

As noted in the table above, Citigroup was "well capitalized" under the current federal bank regulatory agency definitions as of March 31, 2011 and December 31, 2010.

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Components of Capital Under Regulatory Guidelines

In millions of dollars	March 31, 2011	December 31, 2010
Tier 1 Common		
Citigroup common stockholders' equity	**$ 170,725**	$ 163,156
Less: Net unrealized losses on securities available-for-sale, net of tax(1)	**(1,655)**	(2,395)
Less: Accumulated net losses on cash flow hedges, net of tax	**(2,498)**	(2,650)
Less: Pension liability adjustment, net of tax(2)	**(4,068)**	(4,105)
Less: Cumulative effect included in fair value of financial liabilities attributable to the change in own credit worthiness, net of tax(3)	**94**	164
Less: Disallowed deferred tax assets(4)	**34,093**	34,946
Less: Intangible assets:		
Goodwill	**26,486**	26,152
Other disallowed intangible assets	**5,128**	5,211
Other	**(686)**	(698)
Total Tier 1 Common	**$ 112,459**	$ 105,135
Qualifying perpetual preferred stock	**$ 312**	$ 312
Qualifying mandatorily redeemable securities of subsidiary trusts	**17,813**	18,003
Qualifying noncontrolling interests	**926**	868
Other		1,875
Total Tier 1 Capital	**$ 131,510**	$ 126,193
Tier 2 Capital		
Allowance for credit losses(5)	**$ 12,740**	$ 12,627
Qualifying subordinated debt(6)	**23,155**	22,423
Net unrealized pretax gains on available-for-sale equity securities(1)	**983**	976
Total Tier 2 Capital	**$ 36,878**	$ 36,026
Total Capital (Tier 1 Capital and Tier 2 Capital)	**$ 168,388**	$ 162,219
Risk-weighted assets (RWA)(7)	**$ 991,607**	$ 977,629

(1) 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 net unrealized pretax gains on available-for-sale equity securities with readily determinable fair values.

(2) The Federal Reserve Board granted interim capital relief for the impact of ASC 715-20, *Compensation Retirement Benefits Defined Benefits Plans* (formerly SFAS 158).

(3)
The impact of including Citigroup's own credit rating in valuing financial liabilities for which the fair value option has been elected is excluded from Tier 1 Capital, in accordance with risk-based capital guidelines.

(4)
Of Citi's approximately $51 billion of net deferred tax assets at March 31, 2011, approximately $13 billion of such assets were includable without limitation in regulatory capital pursuant to risk-based capital guidelines, while approximately $34 billion of such assets exceeded the limitation imposed by these guidelines and, as "disallowed deferred tax assets," were deducted in arriving at Tier 1 Capital. Citigroup's approximately $4 billion of other net deferred tax assets primarily represented approximately $1 billion of deferred tax effects of unrealized gains and losses on available-for-sale debt securities and approximately $3 billion of deferred tax effects of the pension liability adjustment, which are permitted to be excluded prior to deriving the amount of net deferred tax assets subject to limitation under the guidelines.

(5)
Includable up to 1.25% of risk-weighted assets. Any excess allowance for credit losses is deducted in arriving at risk-weighted assets.

(6)
Includes qualifying subordinated debt in an amount not exceeding 50% of Tier 1 Capital.

(7)
Includes risk-weighted credit equivalent amounts, net of applicable bilateral netting agreements, of $64.2 billion for interest rate, commodity and equity derivative contracts, foreign exchange contracts, and credit derivatives as of March 31, 2011, compared with $62.1 billion as of December 31, 2010. Market risk equivalent assets included in risk-weighted assets amounted to $60.9 billion at March 31, 2011 and $51.4 billion at December 31, 2010. Risk-weighted assets also include the effect of certain other off-balance-sheet exposures, such as unused lending commitments and letters of credit, and reflect deductions such as certain intangible assets and any excess allowance for credit losses.

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Common Stockholders' Equity

Citigroup's common stockholders' equity increased during the three months ended March 31, 2011 by $7.5 billion to $170.7 billion, and represented 8.8% of total assets as of March 31, 2011. The table below summarizes the change in Citigroup's common stockholders' equity during the first quarter of 2011:

In billions of dollars	
Common stockholders' equity, December 31, 2010	**$ 163.2**
Net income(1)	**3.0**
Employee benefit plans and other activities(2)	**0.3**
Conversion of ADIA Upper DECs equity units purchase contract to common stock	**1.9**
Net change in accumulated other comprehensive income (loss), net of tax(1)	**2.3**
Common stockholders' equity, March 31, 2011	**$ 170.7**

(1) Numbers reflect the net impact of the transfer of certain assets in *SAP* from *Investments* held-to-maturity to *Trading account assets* during the first quarter of 2011. See "Citi Holdings *Special Asset Pool*" above and Note 11 to the Consolidated Financial Statements.

(2) As of March 31, 2011, $6.7 billion of stock repurchases remained under Citi's authorized repurchase programs. No material repurchases were made in the first quarter of 2011 and the year ended December 31, 2010.

Tangible Common Equity and Tangible Book Value Per Share

Tangible common equity (TCE), as defined by Citigroup, represents *Common equity* less *Goodwill* and *Intangible assets* (other than *Mortgage Servicing Rights* (MSRs)), and related net deferred tax assets. Other companies may calculate TCE in a manner different from that of Citigroup. Citi's TCE was $136.9 billion at March 31, 2011 and $129.4 billion at December 31, 2010.

The TCE ratio (TCE divided by risk-weighted assets) was 13.8% at March 31, 2011 and 13.2% at December 31, 2010.

TCE and tangible book value per share, as well as related ratios, are capital adequacy metrics used and relied upon by investors and industry analysts; however, they are non-GAAP financial measures for SEC purposes. A reconciliation of Citigroup's total stockholders' equity to TCE and book value per share to tangible book value per share, follows:

In millions at period end, except ratios and per share data	**Mar. 31, 2011**	**Dec. 31, 2010**
Total Citigroup stockholders' equity	**$ 171,037**	$ 163,468
Less:		
Preferred stock	**312**	312
Common equity	**$ 170,725**	$ 163,156
Less:		
Goodwill	**26,339**	26,152
Intangible assets (other than MSRs)	**7,280**	7,504
Goodwill related to Assets for Disc Ops held for sale	**147**	
Intangible assets (other than MSRs) related to Assets for Disc Ops held for sale	**18**	
Related net deferred tax assets	**53**	56
Tangible common equity (TCE)	**$ 136,888**	$ 129,444
Tangible assets		
GAAP assets	**$ 1,947,815**	$ 1,913,902
Less:		
Goodwill	**26,339**	26,152

Intangible assets (other than MSRs)		**7,280**		7,504
Goodwill related to Assets for Disc Ops held for sale		**147**		
Intangible assets (other than MSRs) related to Assets for Disc Ops held for sale		**18**		
Related deferred tax assets		**358**		359
Tangible assets (TA)	**$**	**1,913,673**	$	1,879,887
Risk-weighted assets (RWA)	**$**	**991,607**	$	977,629
TCE/TA ratio		**7.15%**		6.89%
TCE/RWA ratio		**13.80%**		13.24%
Common shares outstanding (CSO)		**29,206.4**		29,058.4
Book value per share (common equity/CSO)	**$**	**5.85**	$	5.61
Tangible book value per share (TCE/CSO)	**$**	**4.69**	$	4.45

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Capital Resources of Citigroup's Depository Institutions

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

The following table sets forth the capital ratios of Citibank, N.A., Citi's primary subsidiary depository institution, as of March 31, 2011 and December 31, 2010.

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

In billions of dollars at period end, except ratios	**Mar. 31, 2011**	**Dec. 31, 2010**
Tier 1 Common	**$ 106.4**	$ 103.9
Tier 1 Capital	**107.1**	104.6
Total Capital (Tier 1 Capital + Tier 2 Capital)	**120.3**	117.7
Tier 1 Common ratio	**15.13%**	15.07%
Tier 1 Capital ratio	**15.23**	15.17
Total Capital ratio	**17.11**	17.06
Leverage ratio	**9.36**	8.88

There are various legal and regulatory limitations on the ability of Citigroup's subsidiary depository institutions to pay dividends to Citigroup and its non-bank subsidiaries. In determining the declaration of dividends, each depository institution must also consider its effect on applicable risk-based capital and Leverage ratio requirements, as well as policy statements of the federal regulatory agencies that indicate that banking organizations should generally pay dividends out of current operating earnings. Citigroup did not receive any dividends from its subsidiary depository institutions during the first quarter of 2011. See also "Funding and Liquidity Liquidity Transfer Between Entities" below.

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Impact of Changes on Capital Ratios

The following table presents the estimated sensitivity of Citigroup's and Citibank, N.A.'s capital ratios to changes of $100 million in Tier 1 Common, Tier 1 Capital or Total Capital (numerator), or changes of $1 billion in risk-weighted assets or adjusted average total assets (denominator), based on financial information as of March 31, 2011. This information is provided for the purpose of analyzing the impact that a change in Citigroup's or Citibank, N.A.'s financial position or results of operations could have on these ratios. These sensitivities only consider a single change to either a component of capital, risk-weighted assets, or adjusted average total assets. Accordingly, an event that affects more than one factor may have a larger basis point impact than is reflected in this table.

	Tier 1 Common ratio		Tier 1 Capital ratio		Total Capital ratio		Leverage ratio	
	Impact of $100 million change in Tier 1 Common	Impact of $1 billion change in risk-weighted assets	Impact of $100 million change in Tier 1 Capital	Impact of $1 billion change in risk-weighted assets	Impact of $100 million change in Total Capital	Impact of $1 billion change in risk-weighted assets	Impact of $100 million change in Tier 1 Capital	Impact of $1 billion change in adjusted average total assets
Citigroup	1.0 bps	1.1 bps	1.0 bps	1.3 bps	1.0 bps	1.7 bps	0.5 bps	0.4 bps
Citibank, N.A.	1.4 bps	2.2 bps	1.4 bps	2.2 bps	1.4 bps	2.4 bps	0.9 bps	0.8 bps

Broker-Dealer Subsidiaries

At March 31, 2011, Citigroup Global Markets Inc., a broker-dealer registered with the SEC that is an indirect wholly owned subsidiary of Citigroup Global Markets Holdings Inc., had net capital, computed in accordance with the SEC's net capital rule, of $7.9 billion, which exceeded the minimum requirement by $7.2 billion.

In addition, certain of Citi's other broker-dealer subsidiaries are subject to regulation in the countries in which they do business, including requirements to maintain specified levels of net capital or its equivalent. Citigroup's broker-dealer subsidiaries were in compliance with their capital requirements at March 31, 2011.

Regulatory Capital Standards Developments

The prospective regulatory capital standards for financial institutions are currently subject to significant debate, rulemaking activity and uncertainty, both in the U.S. and internationally. For a discussion of these developments, see "Capital Resources and Liquidity Capital Resources Regulatory Capital Standards Developments" in Citi's 2010 Annual Report on Form 10-K.

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FUNDING AND LIQUIDITY

Overview

Citi's funding and liquidity objectives generally are to maintain ample liquidity to fund its existing asset base as well as grow its core businesses in Citicorp, while at the same time maintain sufficient excess liquidity, structured appropriately, so that it can operate under a wide variety of market conditions, including market disruptions for both short- and long-term periods.

Due to various constraints that limit the free transfer of liquidity or capital between Citi-affiliated entities (as discussed below), Citigroup's primary liquidity objectives are established by entity, and in aggregate, across:

(i) the non-bank, which is largely composed of the parent holding company (Citigroup), Citigroup Funding Inc. (CFI) and Citi's broker-dealer subsidiaries (collectively referred to in this section as "non-bank"); and

(ii) Citi's bank subsidiaries, such as Citibank, N.A.

At an aggregate level, Citigroup's goal is to ensure that there is sufficient funding in amount and tenor to ensure that aggregate liquidity resources are available for these entities. The liquidity framework requires that entities be self-sufficient or net providers of liquidity in their designated stress tests and have excess cash capital. For additional information on Citigroup's liquidity management and stress testing, see "Capital Resources and Liquidity Funding and Liquidity" in Citi's 2010 Annual Report on Form 10-K.

Citi's primary sources of funding include (i) deposits via Citi's bank subsidiaries, which are Citi's most stable and lowest-cost source of long-term funding, (ii) long-term debt (including trust preferred securities and other long-term collateralized financing) issued at the non-bank level and certain bank subsidiaries, and (iii) stockholders' equity. These sources are supplemented by short-term borrowings, primarily in the form of commercial paper and secured financing (securities loaned or sold under agreements to repurchase) at the non-bank level.

As referenced above, Citigroup works to ensure that the structural tenor of these funding sources is sufficiently long in relation to the tenor of its asset base. In fact, the key goal of Citi's asset-liability management is to ensure that there is excess tenor in the liability structure so as to provide excess liquidity to fund the assets. The excess liquidity resulting from a longer-term tenor profile can effectively offset potential downward pressures on liquidity that may occur under stress. This excess funding is held in the form of aggregate liquidity resources, as described below.

Aggregate Liquidity Resources

	Non-bank			Significant bank entities			Total		
In billions of dollars	**Mar. 31, 2011**	**Dec.31, 2010**	**Mar. 31, 2010**	**Mar. 31, 2011**	**Dec. 31, 2010**	**Mar. 31, 2010**	**Mar. 31, 2011**	**Dec.31, 2010**	**Mar. 31, 2010**
Cash at major central banks	**$ 12.1**	$ 22.7	$ 9.5	**$ 85.5**	$ 82.1	$ 108.9	**$ 97.6**	$ 104.8	$ 118.4
Unencumbered liquid securities	**83.4**	71.8	72.8	**167.6**	145.3	128.7	**251.0**	217.1	201.5
Total	**$ 95.5**	$ 94.5	$ 82.3	**$ 253.1**	$ 227.4	$ 237.6	**$ 348.6**	$ 321.9	$ 319.9

As noted in the table above, Citigroup's aggregate liquidity resources totaled $348.6 billion at March 31, 2011, compared with $321.9 billion at December 31, 2010 and $319.9 billion at March 31, 2010. These amounts are as of period-end, and may increase or decrease intra-period in the ordinary course of business. During the quarter ended March 31, 2011, the intra-quarter amounts did not fluctuate materially from the quarter-end amounts noted above.

At March 31, 2011, Citigroup's non-bank "cash box" totaled $95.5 billion, compared with $94.5 billion at December 31, 2010 and $82.3 billion at March 31, 2010. This amount includes the liquidity portfolio and "cash box" held in the United States as well as government bonds and cash held by Citigroup's broker-dealer entities in the United Kingdom and Japan.

Citigroup's bank subsidiaries had an aggregate of approximately $85.5 billion of cash on deposit with major central banks (including the U.S. Federal Reserve Bank, European Central Bank, Bank of England, Swiss National Bank, Bank of Japan, the Monetary Authority of Singapore, and the Hong Kong Monetary Authority) at March 31, 2011, compared with $82.1 billion at December 31, 2010 and $108.9 billion at March 31, 2010.

Citigroup's bank subsidiaries also have significant additional liquidity resources through unencumbered highly liquid government and government-backed securities. These securities are available for sale or secured funding through private markets or by pledging to the major central banks. The liquidity value of these liquid securities was $167.6 billion at March 31, 2011, compared with $145.3 billion at December 31, 2010 and $128.7 billion at March 31, 2010. Significant amounts of cash and liquid securities are also available in other Citigroup entities.

In addition to the highly liquid securities noted above, Citigroup's bank subsidiaries also maintain additional unencumbered securities and loans, which are currently pledged to the U.S. Federal Home Loan Banks (FHLB) and the U.S. Federal Reserve Bank's discount window.

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Deposits

Citi's deposit base stood at $866 billion at March 31, 2011, as compared with $845 billion at December 31, 2010 and $828 billion at March 31, 2010. Deposits can be interest bearing or non-interest bearing. Of the $866 billion of deposits at March 31, 2011, $144 billion were non-interest bearing, compared to $133 billion at December 31, 2010 and $112 billion at March 31, 2010. The remainder, or $722 billion, were interest-bearing, compared to $712 billion at December 31, 2010 and $716 billion at March 31, 2010.

Year-over-year, deposits grew by $38 billion, or 5%, largely due to FX translation and higher deposit volumes in *Transaction Services* and *Regional Consumer Banking*. The $21 billion, or 3%, increase in deposits from the fourth quarter of 2010 was primarily due to increased balances in *Transaction Services* and FX translation.

Citigroup continued to focus on maintaining a geographically diverse retail and corporate deposit base during the first quarter of 2011. At March 31, 2011, approximately 65% of deposits were located outside of the United States. In addition, as of March 31, 2011, interest-bearing deposits payable by Citigroup's foreign and domestic banking subsidiaries constituted 58% and 26% of total deposits, respectively, while non-interest-bearing deposits constituted 7% and 9%, respectively.

Long-Term Debt

Long-term debt is an important funding source because of its multi-year maturity structure. At March 31, 2011, long-term debt outstanding for Citigroup was as follows:

In billions of dollars	Non-bank	Bank	Total Citigroup(1)
Long-term debt(2)(3)	$ 267.4	$ 109.1(4)	$ 376.5

(1) Total long-term debt at March 31, 2011 included $67.6 billion of long-term debt related to consolidated VIEs.

(2) Original maturities of one year or more.

(3) Of this amount, approximately $56.5 billion is guaranteed by the FDIC under the Temporary Liquidity Guarantee Program (TLGP) with $18.5 billion maturing in 2011 and $38.0 billion maturing in 2012.

(4) At March 31, 2011, collateralized advances from the FHLB were $17.5 billion.

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

In billions of dollars	1Q10	2Q10	3Q10	4Q10	1Q11
Unsecured long-term debt issued	$ 1.3	$ 5.3(1)	$ 7.6	$ 5.9(2)	$ 6.8(3)
Unsecured long-term debt issued on a local country level	1.7	0.9	2.1	2.2	1.3
Trust preferred securities	2.3				
Secured debt and securitizations	2.0			2.5	
Total	$ 7.3	$ 6.2	$ 9.7	$ 10.6	$ 8.1

(1) Includes issuance of $1.9 billion of senior debt during the second quarter of 2010 pursuant to the remarketing of $1.9 billion of Citigroup Capital XXX trust preferred securities held by ADIA to enable the execution of a forward stock purchase contract in September 2010.

(2) Includes the issuance of $1.9 billion of senior debt during the fourth quarter of 2010 pursuant to the remarketing of $1.9 billion of Citigroup Capital XXXI trust preferred securities held by ADIA to enable the execution of a forward stock purchase contract in March 2011.

(3) Includes $0.5 billion of long-term FHLB issuance.

During the first quarter of 2011, Citi issued approximately $6.3 billion of long-term debt, excluding FHLB issuances. Citi continues to expect to refinance an aggregate of approximately $20 billion of its maturing long-term debt during 2011, meaning it currently anticipates approximately $14 billion of issuance during the remainder of 2011. However, Citi continually reviews its funding and liquidity needs, and may adjust its expected issuances due to market conditions or regulatory requirements, among other factors.

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The table below shows the aggregate annual maturities of Citi's long-term debt obligations:

In billions of dollars	Expected Long-Term Debt Maturities as of March 31, 2011 2011(1)	2012	2013	2014	2015	Thereafter	Total
Senior/subordinated debt	$ 41.3	$ 63.3	$ 29.2	$ 24.5	$ 15.9	$ 88.4	$ 262.6
Local country maturities	6.2	5.2	3.8	2.3	1.7	5.0	24.2
Trust preferred securities						17.9	17.9
Securitized debt and securitizations	11.2	23.1	6.4	8.1	5.4	12.9	67.1
FHLB borrowings	12.5	**0.5**	2.5			3.0	18.5
Total long-term debt	$ 71.2	$ 92.1	$ 41.9	$ 34.9	$ 23.0	$ 127.2	$ 390.3

(1) Includes $13.8 billion of first quarter 2011 maturities.

Structural Liquidity and Cash Capital

The structural liquidity ratio, which is defined as the sum of deposits, long-term debt and stockholders' equity as a percentage of total assets, measures whether Citi's asset base is funded by sufficiently long-dated liabilities. Citi's structural liquidity ratio was 73% at March 31, 2011, 73% at December 31, 2010, and 71% at March 31, 2010.

Another measure of Citi's structural liquidity is cash capital. Cash capital is a more detailed measure of the ability to fund the structurally illiquid portion of Citigroup's balance sheet. Cash capital measures the amount of long-term funding or core customer deposits, long-term debt and equity available to fund illiquid assets. Illiquid assets generally include loans (net of securitization adjustments), securities haircuts and other assets (i.e., goodwill, intangibles, fixed assets). At March 31, 2011, both the non-bank and the aggregate bank subsidiaries had cash capital in excess of Citi's liquidity requirements. In addition, as of March 31, 2011, the non-bank maintained liquidity to meet all maturing obligations in excess of a one-year period without access to the unsecured wholesale markets.

Short-Term Borrowings

As referenced above, Citi supplements its primary sources of funding with short-term borrowings. Short-term borrowings generally include (i) secured financing (securities loaned or sold under agreements to repurchase) and (ii) short-term borrowings consisting of commercial paper and borrowings from banks and other market participants.

Secured Financing

Secured financing is primarily conducted through Citi's broker-dealer subsidiaries to facilitate customer matched-book activity and to efficiently fund a portion of the trading inventory. Secured financing appears as a liability on Citi's Consolidated Balance Sheet ("Securities Loaned or Sold Under Agreements to Repurchase"). As of March 31, 2011, secured financing was $187.8 billion and averaged approximately $214 billion during the quarter. Secured financing at March 31, 2011 decreased by $20.1 billion from $207.9 billion at March 31, 2010 and by $1.8 billion from $189.6 billion at December 31, 2010. Year over year, reverse repos and securities borrowing increased by $26.8 billion, and increased by $14.5 billion as compared to the fourth quarter of 2010.

For additional information on Citi's secured financing activities, including the collateralization of such activity, see "Capital Resources and Liquidity Funding and Liquidity" in Citigroup's 2010 Annual Report on Form 10-K.

Commercial Paper

At March 31, 2011 and December 31, 2010, commercial paper outstanding for Citigroup's non-bank entities and bank subsidiaries, respectively, was as follows:

In millions of dollars	March 31, 2011	December 31, 2010

Commercial paper				
Bank	**$**	**15,096**	$	14,987
Non-bank		**9,481**		9,670
Total	**$**	**24,577**	$	24,657

(1) At March 31, 2011 and December 31, 2010, collateralized advances from the FHLBs were $9 billion and $10 billion, respectively.

Other Short-Term Borrowings

At March 31, 2011, Citi's other short-term borrowings were $54.0 billion, compared with $54.1 billion at December 31, 2010 and $78.5 billion at March 31, 2010. This amount included $41.7 billion of borrowings from banks and other market participants, which includes borrowings from the FHLB. The average balance of borrowings from banks and other market participants for the quarter ended March 31, 2011 was approximately $42 billion. Other short-term borrowings also included $11.8 billion of broker borrowings at March 31, 2011, which averaged approximately $12 billion during the first quarter of 2011.

See Note 15 to the Consolidated Financial Statements for further information on Citigroup's and its affiliates' outstanding long-term debt and short-term borrowings.

Liquidity Transfer Between Entities

Liquidity is generally transferable within the non-bank, subject to regulatory restrictions (if any) and standard legal terms. Similarly, the non-bank can generally transfer excess liquidity into Citi's bank subsidiaries, such as Citibank, N.A. In addition, Citigroup's bank subsidiaries, including Citibank, N.A., can lend to the Citigroup parent and broker-dealer only in accordance with Section 23A of the Federal Reserve Act. As of March 31, 2011, the amount available for lending under Section 23A was approximately $25 billion, provided the funds are collateralized appropriately.

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Credit Ratings

Citigroup's ability to access the capital markets and other sources of funds, as well as the cost of these funds and its ability to maintain certain deposits, is dependent on its credit ratings. The table below indicates the current ratings for Citigroup and Citibank, N.A.

Citigroup's Debt Ratings as of March 31, 2011

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

(1) As a result of the Citigroup guarantee, the ratings of, and changes in ratings for, CFI are the same as those of Citigroup.

Potential Impact of Ratings Downgrades

Ratings downgrades by Fitch, Moody's or S&P could have material impacts on funding and liquidity through cash obligations, reduced funding capacity, and due to collateral triggers. Because of the current credit ratings of Citigroup, a one-notch downgrade of its senior debt/long-term rating may or may not impact Citigroup's commercial paper/short-term rating by one notch.

As of March 31, 2011, Citi currently estimates that a one-notch downgrade of both the senior debt/long-term rating of Citigroup and a one-notch downgrade of Citigroup's commercial paper/short-term rating could result in the assumed loss of unsecured commercial paper ($8.7 billion) and tender option bonds funding ($0.3 billion), as well as derivative triggers and additional margin requirements ($0.5 billion). Other funding sources, such as secured financing and other margin requirements for which there are no explicit triggers, could also be adversely affected.

As set forth in the table above, the aggregate liquidity resources of Citigroup's non-bank entities stood at approximately $96 billion as of March 31, 2011, in part as a contingency for such an event, and a broad range of mitigating actions are currently included in Citigroup's detailed contingency funding plans. These mitigating factors include, but are not limited to, accessing surplus funding capacity from existing clients, tailoring levels of secured lending, adjusting the size of select trading books, and collateralized borrowings from significant bank subsidiaries.

Citi currently believes that a more severe ratings downgrade scenario, such as a two-notch downgrade of the senior debt/long-term rating of Citigroup, accompanied by a one-notch downgrade of Citigroup's commercial paper/short-term rating, could result in an additional $1.7 billion in funding requirements in the form of cash obligations and collateral.

Further, as of March 31, 2011, a one-notch downgrade of the senior debt/long-term ratings of Citibank, N.A. could result in an approximate $4.7 billion funding requirement in the form of collateral and cash obligations. Because of the current credit ratings of Citibank, N.A., a one-notch downgrade of its senior debt/long-term rating is unlikely to have any impact on its commercial paper/short-term rating. Citi's significant bank entities, including Citibank, N.A., had aggregate liquidity resources of $253.1 billion at March 31, 2011, and also have detailed contingency funding plans that encompass a broad range of mitigating actions.

For additional information on Citigroup's credit ratings, see "Capital Resources and Liquidity Funding and Liquidity Credit Ratings" and the "Risk Factors" section in Citi's 2010 Annual Report on Form 10-K.

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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 more fully described in Citigroup's 2010 Annual Report on Form 10-K.

CREDIT RISK

Loan and Credit Overview

As of March 31, 2011, Citigroup's aggregate loan portfolio was $637.1 billion, down from $648.8 billion in the fourth quarter of 2010 and $721.8 billion in the prior-year period. Citi's total allowance for loan losses totaled $36.6 billion at March 31, 2011, a coverage ratio of 5.79% of total loans, down from 6.31% at December 31, 2010 and 6.80% at March 31, 2010.

Net credit losses of $6.3 billion during the first quarter of 2011 decreased $2.1 billion from year-ago levels. The decrease consisted of a net decrease of $2.6 billion for Consumer loans (mainly a $1.7 billion decrease in *LCL* and a $932 million decrease in *RCB*) partially offset by an increase of $485 million for Corporate loans, ($108 million in *ICG* and approximately $380 million in *SAP*). The increase in net credit losses for Corporate loans during the first quarter of 2011 was due to the higher cost of loans sales, as well as losses from loans to specific counterparties for which reserves had previously been established and were released in the current quarter.

Consumer non-accrual loans (excluding credit card receivables) totaled $9.3 billion at March 31, 2011, compared to $10.8 billion at December 31, 2010 and $15.6 billion at March 31, 2010. For total Consumer loans, the 90 days or more past due delinquency rate was 2.68% at March 31, 2011, compared to 2.99% at December 31, 2010 and 4.02% a year ago. The 30 to 89 days past due Consumer loan delinquency rate was 2.56% at March 31, 2011, compared to 2.92% at December 31, 2010 and 3.21% a year ago. During the first quarter of 2011, early- and later-stage delinquencies improved on a dollar and rate basis across most of the Consumer loan portfolios, driven by improvement in North America mortgages, both in residential first mortgages and home equity loans, Citi-branded cards in Citicorp and retail partner cards in Citi Holdings. The improvement in residential first mortgages was driven by continued asset sales and loans moving from trial to permanent modification under Citi's modification programs.

Corporate non-accrual loans were $5.5 billion at March 31, 2011, compared to $8.6 billion at December 31, 2010 and $12.9 billion a year ago. The decrease in non-accrual loans from the prior quarter was mainly due to the recapitalization of Maltby Acquisitions Limited (Maltby), the holding company that controls EMI Group Ltd., during the first quarter of 2011, which resulted in Citi's acquisition of 100% of Maltby's share capital, as well as loan sales, write-offs and paydowns.

During the first quarter of 2011, Citi had a net release of $3.3 billion from its credit reserves and allowance for unfunded lending commitments, compared to a net release of $2.3 billion in the fourth quarter of 2010 and a net release of $53 million in the first quarter of 2010. The release consisted of a net release of $2.0 billion for Consumer loans (mainly an $862 million release in *RCB* and a $1.1 billion release in *LCL)* and a net release of $1.4 billion for Corporate loans, principally related to previously established reserves for specific loans that offset charge-offs taken in the current quarter ($391 million in *ICG* and approximately $1.0 billion in *SAP*). Despite the reserve release during the quarter for Consumer loans, the coincident months of net credit loss coverage for the Consumer portfolio increased from 17.2 months in the fourth quarter of 2010 to 18.1 months at March 31, 2011, and increased from the year-ago level of 15.5 months.

During the first quarter of 2011, Citi's overall mortgage foreclosure inventory continued to increase. As previously disclosed, to date, this increase has been offset in part by Citi's continued loan sales and conversions of trial modifications to permanent modifications (see "U.S. Consumer Mortgage Lending Consumer Mortgage Quarterly Trends Delinquencies and Net Credit Losses" below). To the extent these actions do not offset Citi's continued backlog in its foreclosure inventory, Citi's foreclosure inventory will further increase, which has broader implications for Citigroup's U.S. Consumer mortgage portfolios. Specifically, if Citigroup is unable to take possession of the underlying assets and sell the properties on a timely basis, growth in foreclosure inventory could:

- increase the amount of 180+ day delinquencies in Citigroup's mortgage statistics;

increase Consumer non-accrual loans (90+ day delinquencies);

create a dampening effect on Citi's net interest margin as non-accrual assets build on the balance sheet;

negatively impact the amount ultimately realized for property subject to foreclosure (thereby increasing the "severity" risk, given the continued pressure on home prices in particular markets); and

cause additional costs to be incurred in collecting these assets as well as pursuant to potential governmental actions in the foreclosure area.

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Loans Outstanding

In millions of dollars	1st Qtr. 2011	4th Qtr. 2010	3rd Qtr. 2010	2nd Qtr. 2010	1st Qtr. 2010
Consumer loans					
In U.S. offices					
Mortgage and real estate(1)	**$ 147,301**	$ 151,469	$ 158,986	$ 171,102	$ 180,334
Installment, revolving credit, and other	**26,346**	28,291	29,455	61,867	69,111
Cards	**113,763**	122,384	120,781	125,337	127,818
Commercial and industrial	**4,929**	5,021	4,952	5,540	5,386
Lease financing	**2**	2	3	6	7
	$ 292,341	$ 307,167	$ 314,177	$ 363,852	$ 382,656
In offices outside the U.S.					
Mortgage and real estate(1)	**$ 53,030**	$ 52,175	$ 50,692	$ 47,921	$ 49,421
Installment, revolving credit, and other	**38,624**	38,024	39,755	38,115	44,541
Cards	**36,848**	40,948	39,466	37,510	38,191
Commercial and industrial	**19,632**	18,584	17,653	16,420	14,828
Lease financing	**626**	665	639	677	771
	$ 148,760	$ 150,396	$ 148,205	$ 140,643	$ 147,752
Total consumer loans	**$ 441,101**	$ 457,563	$ 462,382	$ 504,495	$ 530,408
Unearned income	**112**	69	722	951	1,061
Consumer loans, net of unearned income	**$ 441,213**	$ 457,632	$ 463,104	$ 505,446	$ 531,469
Corporate loans					
In U.S. offices					
Commercial and industrial	**$ 15,426**	$ 14,334	$ 11,750	$ 11,656	$ 15,558
Loans to financial institutions	**29,361**	29,813	29,518	31,450	31,279
Mortgage and real estate(1)	**19,397**	19,693	21,479	22,453	21,283
Installment, revolving credit, and other	**13,712**	12,640	16,182	14,812	15,792
Lease financing	**1,395**	1,413	1,255	1,244	1,239
	$ 79,291	$ 77,893	$ 80,184	$ 81,615	$ 85,151
In offices outside the U.S.					
Commercial and industrial	**$ 71,381**	$ 69,718	$ 67,531	$ 63,355	$ 62,854
Installment, revolving credit, and other	**13,551**	11,829	10,586	11,174	10,956
Mortgage and real estate(1)	**6,086**	5,899	6,272	7,301	9,771
Loans to financial institutions	**22,965**	22,620	24,019	20,646	19,003
Lease financing	**511**	531	568	582	663
Governments and official institutions	**2,838**	3,644	3,179	3,306	3,373
	$ 117,332	$ 114,241	$ 112,155	$ 106,364	$ 106,620
Total corporate loans	**$ 196,623**	$ 192,134	$ 192,339	$ 187,979	$ 191,771
Unearned income	**(700)**	(972)	(1,132)	(1,259)	(1,436)
Corporate loans, net of unearned income	**$ 195,923**	$ 191,162	$ 191,207	$ 186,720	$ 190,335
Total loans net of unearned income	**$ 637,136**	$ 648,794	$ 654,311	$ 692,166	$ 721,804
Allowance for loan losses on drawn exposures	**(36,568)**	(40,655)	(43,674)	(46,197)	(48,746)

Total loans net of unearned income and allowance for credit losses	**$ 600,568**	$ 608,139	$ 610,637	$ 645,969	$ 673,058
Allowance for loan losses as a percentage of total loans net of unearned income(2)	**5.79%**	6.31%	6.73%	6.72%	6.80%
Allowance for consumer loan losses as a percentage of total consumer loans net of unearned income(2)	**7.47%**	7.77%	8.16%	7.87%	7.84%
Allowance for corporate loan losses as a percentage of total corporate loans net of unearned income(2)	**1.99%**	2.76%	3.22%	3.59%	3.90%

(1) Loans secured primarily by real estate.

(2) All periods exclude loans which are carried at fair value.

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Details of Credit Loss Experience

In millions of dollars	1st Qtr. 2011	4th Qtr. 2010	3rd Qtr. 2010	2nd Qtr. 2010	1st Qtr. 2010
Allowance for loan losses at beginning of period	**$ 40,655**	$ 43,674	$ 46,197	$ 48,746	$ 36,033
Provision for loan losses					
Consumer	**$ 3,444**	$ 4,858	$ 5,345	$ 6,672	$ 8,244
Corporate	**(545)**	(219)	321	(149)	122
	$ 2,899	$ 4,639	$ 5,666	$ 6,523	$ 8,366
Gross credit losses					
Consumer					
In U.S. offices	**$ 4,704**	$ 5,231	$ 5,727	$ 6,379	$ 6,846
In offices outside the U.S.	**1,429**	1,620	1,701	1,774	1,797
Corporate					
In U.S. offices	**291**	677	806	563	404
In offices outside the U.S.	**707**	256	265	290	155
	$ 7,131	$ 7,784	$ 8,499	$ 9,006	$ 9,202
Credit recoveries					
Consumer					
In U.S. offices	**$ 396**	$ 314	$ 341	$ 345	$ 323
In offices outside the U.S.	**317**	347	350	318	300
Corporate					
In U.S. offices	**51**	159	78	307	177
In offices outside the U.S.	**98**	110	71	74	18
	$ 862	$ 930	$ 840	$ 1,044	$ 818
Net credit losses					
In U.S. offices	**$ 4,548**	$ 5,435	$ 6,114	$ 6,290	$ 6,750
In offices outside the U.S.	**1,721**	1,419	1,545	1,672	1,634
Total	**$ 6,269**	$ 6,854	$ 7,659	$ 7,962	$ 8,384
Other net(1)(2)(3)(4)(5)	**$ (717)**	$ (804)	$ (530)	$ (1,110)	$ 12,731
Allowance for loan losses at end of period(6)	**$ 36,568**	$ 40,655	$ 43,674	$ 46,197	$ 48,746
Allowance for loan losses as a % of total loans	**5.79%**	6.31%	6.73%	6.72%	6.80%
Allowance for unfunded lending commitments(7)	**$ 1,105**	$ 1,066	$ 1,102	$ 1,054	$ 1,122
Total allowance for loan losses and unfunded	**$ 37,673**	$ 41,721	$ 44,776	$ 47,251	$ 49,868

lending commitments

Net consumer credit losses	**$**	**5,420**	$	6,190	$	6,737	$	7,490	$	8,020
As a percentage of average consumer loans		**4.89%**		5.35%		5.78%		5.75%		6.04%
Net corporate credit losses	**$**	**849**	$	664	$	922	$	472	$	364
As a percentage of average corporate loans		**0.45%**		0.35%		0.49%		0.25%		0.19%
Allowance for loan losses at end of period(8)										
Citicorp	**$**	**15,597**	$	17,075	$	17,371	$	17,524	$	18,503
Citi Holdings		**20,971**		23,580		26,303		28,673		30,243
Total Citigroup	**$**	**36,568**	$	40,655	$	43,674	$	46,197	$	48,746
Allowance by type										
Consumer(9)	**$**	**32,726**	$	35,445	$	37,607	$	39,578	$	41,422
Corporate		**3,842**		5,210		6,067		6,619		7,324
Total Citigroup	**$**	**36,568**	$	40,655	$	43,674	$	46,197	$	48,746

(1) The first quarter of 2011 includes a reduction of approximately $560 million related to the sale or transfers to held-for-sale of various U.S. loan portfolios and a reduction of $240 million related to the announced sale of the Egg Banking PLC credit card business.

(2) The fourth quarter of 2010 includes a reduction of approximately $600 million related to the sale or transfers to held-for-sale of various U.S. loan portfolios.

(3) The third quarter of 2010 includes a reduction of approximately $54 million related to the announced sale of The Student Loan Corporation (the allowance was transferred to assets held-for-sale). Additionally, the third quarter of 2010 includes a reduction of approximately $950 million related to the sale or transfer to held-for-sale of various U.S. loan portfolios.

(4) The second quarter of 2010 includes a reduction of approximately $237 million related to the transfers to held-for-sale of the Canada cards portfolio and an auto portfolio. Additionally, second quarter of 2010 includes a reduction of approximately $480 million related to the sale or transfers to held-for-sale of U.S. real estate lending loans.

(5) The first quarter of 2010 primarily includes $13.4 billion related to the impact of consolidating entities in connection with Citi's adoption of SFAS 166/167 on January 1, 2010 and reductions of approximately $640 million related to the sale or transfer to held-for-sale of U.S. and U.K. real estate lending loans.

(6) Included in the allowance for loan losses are reserves for loans which have been modified subject to troubled debt restructurings (TDRs) of $8,417 million, $7,609 million, $7,090 million, $7,320 million, and $6,926 million as of March 31, 2011, December 31, 2010, September 30, 2010, June 30, 2010 and March 31, 2010, respectively.

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

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(8) Allowance for loan losses represents management's best estimate of probable losses inherent in the portfolio, as well as probable losses related to large individually evaluated impaired loans and TDRs. Attribution of the allowance is made for analytical purposes only, and the entire allowance is available to absorb probable credit losses inherent in the overall portfolio.

(9) Included in the first quarter of 2011 Consumer loan loss reserve is $16.8 billion related to Citi's global credit card portfolio.

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Impaired Loans, Non-Accrual Loans and Assets, and Renegotiated Loans

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

Impaired Loans:

Corporate loans are identified as impaired when they are placed on non-accrual status; that is, when it is determined that the payment of interest or principal is doubtful.

Consumer impaired loans include: (i) Consumer loans modified in troubled debt restructurings (TDRs) where a long-term concession has been granted to a borrower in financial difficulty; and (ii) non-accrual Consumer (commercial market) loans.

Consumer impaired loans exclude smaller-balance homogeneous loans that have not been modified and are carried on a non-accrual basis, as well as substantially all loans modified for periods of 12 months or less.

Non-Accrual Loans and Assets:

Corporate and Consumer (commercial market) non-accrual status is based on the determination that payment of interest or principal is doubtful. These loans are also included in Impaired Loans.

Consumer non-accrual status is based on aging, i.e., the borrower has fallen behind in payments.

North America branded and retail partner cards are not included, as under industry standards, they accrue interest until charge-off.

Renegotiated Loans:

Both Corporate and Consumer loans whose terms have been modified in a TDR.

Includes both accrual and non-accrual TDRs.

Impaired Loans

Impaired loans are those where Citigroup believes it is probable that it will not collect all amounts due according to the original contractual terms of the loan. Impaired loans include Corporate and Consumer (commercial market) non-accrual loans as well as smaller-balance homogeneous loans whose terms have been modified due to the borrower's financial difficulties and Citigroup has granted a concession to the borrower. Such modifications may include interest rate reductions and/or principal forgiveness.

Valuation allowances for impaired loans are determined in accordance with ASC 310-10-35 and estimated considering all available evidence including, as appropriate, the present value of the expected future cash flows discounted at the loan's original contractual effective rate, the secondary market value of the loan and the fair value of collateral less disposal costs.

As of March 31, 2011, Consumer smaller-balance homogenous loans included in short-term modification programs amounted to approximately $5.0 billion. The allowance for loan losses for these loans is materially consistent with the requirements of ASC 310-10-35.

The following table presents information about impaired loans:

In millions of dollars	**March 31, 2011**	Dec. 31, 2010
Non-accrual corporate loans		
Commercial and industrial	**$ 1,943**	$ 5,125
Loans to financial institutions	**1,094**	1,258
Mortgage and real estate	**1,826**	1,782
Lease financing	**42**	45
Other	**576**	400
Total non-accrual corporate loans	**$ 5,481**	$ 8,610
Impaired consumer loans(1)		
Mortgage and real estate	**$ 18,953**	$ 17,677
Installment and other	**3,343**	3,745
Cards	**6,276**	5,906
Total impaired consumer loans	**$ 28,572**	$ 27,328
Total(2)(3)	**$ 34,053**	$ 35,938
Non-accrual corporate loans with valuation allowances	**$ 3,031**	$ 6,324
Impaired consumer loans with valuation allowances	**27,360**	25,949
Non-accrual corporate valuation allowance	**$ 898**	$ 1,689
Impaired consumer valuation allowance	**8,605**	7,735
Total valuation allowances(4)	**$ 9,503**	$ 9,424

(1) Prior to 2008, Citi's financial accounting systems did not separately track impaired smaller-balance, homogeneous Consumer loans whose terms were modified due to the borrowers' financial difficulties and it was determined that a concession was granted to the borrower. Smaller-balance Consumer loans modified since January 1, 2008 amounted to $27.8 billion and $26.6 billion at March 31, 2011 and December 31, 2010, respectively. However, information derived from Citi's risk management systems indicates that the amounts of outstanding modified loans, including those modified prior to 2008, approximated $29.2 billion and $28.2 billion at March 31, 2011 and December 31, 2010, respectively.

(2) Excludes deferred fees/costs.

(3) Excludes loans purchased for investment purposes.

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

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Non-Accrual Loans and Assets

The table below summarizes Citigroup's non-accrual loans as of the periods indicated. Non-accrual loans are loans in which the borrower has fallen behind in interest payments or, for Corporate and Consumer (commercial market) loans, where Citi has determined that the payment of interest or principal is doubtful and which are therefore considered impaired. In situations where Citi reasonably expects that only a portion of the principal and/or interest owed will ultimately be collected, all payments received are reflected as a reduction of principal and not as interest income. There is no industry-wide definition of non-accrual assets, however, and as such, analysis across the industry is not always comparable.

Corporate non-accrual loans may still be current on interest payments but are considered non-accrual as Citi has determined that the future payment of interest and/or principal is doubtful. Consistent with industry conventions, Citi generally accrues interest on credit card loans until such loans are charged-off, which typically occurs at 180 days contractual delinquency. As such, the non-accrual loan disclosures in this section do not include U.S. credit card loans.

Non-accrual loans

In millions of dollars	**1st Qtr. 2011**	**4th Qtr. 2010**	**3rd Qtr. 2010**	**2nd Qtr. 2010**	**1st Qtr. 2010**
Citicorp	**$ 5,102**	$ 4,909	$ 4,928	$ 4,510	$ 5,024
Citi Holdings	**9,710**	14,498	17,491	20,302	23,544
Total non-accrual loans (NAL)	**$ 14,812**	$ 19,407	$ 22,419	$ 24,812	$ 28,568
Corporate NAL(1)					
North America	**$ 1,997**	$ 2,112	$ 3,299	$ 4,411	$ 5,660
EMEA(2)	**2,427**	5,327	5,473	5,508	5,834
Latin America	**606**	701	658	570	608
Asia	**451**	470	517	547	830
	$ 5,481	$ 8,610	$ 9,947	$ 11,036	$ 12,932
Citicorp	**$ 3,256**	$ 3,081	$ 2,961	$ 2,573	$ 2,975
Citi Holdings	**2,225**	5,529	6,986	8,463	9,957
	$ 5,481	$ 8,610	$ 9,947	$ 11,036	$ 12,932
Consumer NAL(1)					
North America	**$ 7,068**	$ 8,540	$ 9,978	$ 11,289	$ 12,966
EMEA	**667**	662	758	690	790
Latin America	**1,034**	1,019	1,150	1,218	1,246
Asia	**562**	576	586	579	634
	$ 9,331	$ 10,797	$ 12,472	$ 13,776	$ 15,636
Citicorp	**$ 1,846**	$ 1,828	$ 1,967	$ 1,937	$ 2,049
Citi Holdings	**7,485**	8,969	10,505	11,839	13,587
	$ 9,331	$ 10,797	$ 12,472	$ 13,776	$ 15,636

(1) Excludes purchased distressed loans as they are generally accreting interest until write-off. The carrying value of these loans was $453 million at March 31, 2011, $469 million at December 31, 2010, $568 million at September 30, 2010, $672 million at June 30, 2010, and $804 million at March 31, 2010.

(2)

Reflects the recapitalization of Maltby Acquisitions Limited, the holding company that controls EMI Group Ltd., during the first quarter of 2011.

[Statement continues on the next page]

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Non-Accrual Loans and Assets (continued)

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

Non-Accrual Assets

OREO *(in millions of dollars)*	**1st Qtr. 2011**	**4th Qtr. 2010**	**3rd Qtr. 2010**	**2nd Qtr. 2010**	**1st Qtr. 2010**
Citicorp	**$ 776**	$ 826	$ 879	$ 866	$ 881
Citi Holdings	**787**	863	855	800	632
Corporate/Other	**14**	14	7	7	8
Total OREO	**$ 1,577**	$ 1,703	$ 1,741	$ 1,673	$ 1,521
North America	**$ 1,331**	$ 1,440	$ 1,470	$ 1,422	$ 1,291
EMEA	**140**	161	164	146	134
Latin America	**52**	47	53	49	51
Asia	**54**	55	54	56	45
	$ 1,577	$ 1,703	$ 1,741	$ 1,673	$ 1,521
Other repossessed assets	**$ 21**	$ 28	$ 38	$ 55	$ 64

Non-accrual assets (NAA) Total Citigroup	**1st Qtr. 2011**	**4th Qtr. 2010**	**3rd Qtr. 2010**	**2nd Qtr. 2010**	**1st Qtr. 2010**
Corporate NAL	**$ 5,481**	$ 8,610	$ 9,947	$ 11,036	$ 12,932
Consumer NAL	**9,331**	10,797	12,472	13,776	15,636
NAL	**$ 14,812**	$ 19,407	$ 22,419	$ 24,812	$ 28,568
OREO	**$ 1,577**	$ 1,703	$ 1,741	$ 1,673	$ 1,521
Other repossessed assets	**21**	28	38	55	64
NAA	**$ 16,410**	$ 21,138	$ 24,198	$ 26,540	$ 30,153
NAL as a percentage of total loans	**2.32%**	2.99%	3.43%	3.58%	3.96%
NAA as a percentage of total assets	**0.84%**	1.10%	1.22%	1.37%	1.51%
Allowance for loan losses as a percentage of NAL(1)	**247%**	209%	195%	186%	171%

NAA Total Citicorp	**1st Qtr. 2011**	**4th Qtr. 2010**	**3rd Qtr. 2010**	**2nd Qtr. 2010**	**1st Qtr. 2010**
NAL	**$ 5,102**	$ 4,909	$ 4,928	$ 4,510	$ 5,024
OREO	**776**	826	879	866	881
Other repossessed assets	**N/A**	N/A	N/A	N/A	N/A
NAA	**$ 5,878**	$ 5,735	$ 5,807	$ 5,376	$ 5,905
NAA as a percentage of total assets	**0.44%**	0.45%	0.45%	0.44%	0.48%
Allowance for loan losses as a percentage of NAL(1)	**306%**	348%	352%	389%	368%
NAA Total Citi Holdings					
NAL	**$ 9,710**	$ 14,498	$ 17,491	$ 20,302	$ 23,544
OREO	**787**	863	855	800	632
Other repossessed assets	**N/A**	N/A	N/A	N/A	N/A
NAA	**$ 10,497**	$ 15,361	$ 18,346	$ 21,102	$ 24,176
NAA as a percentage of total assets	**3.11%**	4.28%	4.36%	4.54%	4.81%
Allowance for loan losses as a percentage of NAL(1)	**216%**	163%	150%	141%	128%

(1) The allowance for loan losses includes the allowance for credit card ($16.8 billion at March 31, 2011) and purchased distressed loans, while the non-accrual loans exclude credit card balances and purchased distressed loans, as these generally continue to accrue interest until write-off.

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

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Renegotiated Loans

The following table presents Citi's renegotiated loans, which represent loans modified in TDRs.

In millions of dollars	Mar. 31, 2011	Dec. 31, 2010
Corporate renegotiated loans(1)		
In U.S. offices		
Commercial and industrial(2)	$ 199	$ 240
Mortgage and real estate(3)	298	61
Other	608	699
	$ 1,105	$ 1,000
In offices outside the U.S.		
Commercial and industrial(2)	$ 213	$ 207
Mortgage and real estate(3)	77	90
Other	8	18
	$ 298	$ 315
Total corporate renegotiated loans	$ 1,403	$ 1,315
Consumer renegotiated loans(4)(5)(6)(7)		
In U.S. offices		
Mortgage and real estate	$ 18,900	$ 17,717
Cards	5,099	4,747
Installment and other	1,656	1,986
	$ 25,655	$ 24,450
In offices outside the U.S.		
Mortgage and real estate	$ 931	$ 927
Cards	1,178	1,159
Installment and other	1,649	1,875
	$ 3,758	$ 3,961
Total consumer renegotiated loans	$ 29,413	$ 28,411

(1) Includes $705 million and $553 million of non-accrual loans included in the non-accrual assets table above, at March 31, 2011 and December 31, 2010, respectively. The remaining loans are accruing interest.

(2) In addition to modifications reflected as TDRs at March 31, 2011, Citi also modified $59 million and $362 million of commercial loans risk rated "Substandard Non-Performing" or worse (asset category defined by banking regulators) in U.S. offices and in offices outside the U.S., respectively. These modifications were not considered TDRs because the modifications did not involve a concession (a required element of a TDR for accounting purposes).

(3) In addition to modifications reflected as TDRs, at March 31, 2011, Citi also modified $161 million and $118 million of commercial real estate loans risk rated "Substandard Non-Performing" or worse (asset category defined by banking regulators) in U.S. offices and in offices outside the U.S., respectively. These modifications were not considered TDRs because the modifications did not involve a

concession (a required element of a TDR for accounting purposes).

(4) Includes $2,242 million and $2,751 million of non-accrual loans included in the non-accrual assets table above at March 31, 2011 and December 31, 2010, respectively. The remaining loans are accruing interest.

(5) Includes $18 million and $22 million of commercial real estate loans at March 31, 2011 and December 31, 2010, respectively.

(6) Includes $165 million and $177 million of commercial loans at March 31, 2011 and December 31, 2010, respectively.

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

In certain circumstances, Citigroup modifies certain of its Corporate loans involving a non-troubled borrower. These modifications are subject to Citi's normal underwriting standards for new loans and are made in the normal course of business to match customers' needs with available Citi products or programs (these modifications are not included in the table above). In other cases, loan modifications involve a troubled borrower to whom Citi may grant a concession (modification). Modifications involving troubled borrowers may include extension of maturity date, reduction in the stated interest rate, rescheduling of future cash flows, reduction in the face amount of the debt, or reduction of past accrued interest. In cases where Citi grants a concession to a troubled borrower, Citi accounts for the modification as a TDR under ASC 310-40 and the related allowance under ASC 310-10-35.

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North America Consumer Mortgage Lending

Overview

Citi's *North America* Consumer mortgage portfolio consists of both residential first mortgages and home equity loans. Home equity loans include both fixed rate home equity loans and loans extended under home equity lines of credit which are typically in junior lien positions. As of March 31, 2011, the residential first mortgage portfolio totaled approximately $98 billion, while the home equity loan portfolio was approximately $48 billion. Although the majority of the Consumer mortgage portfolio is recorded in *LCL* within Citi Holdings, there are $22 billion of residential first mortgages and $4 billion of home equity loans reported in Citicorp.

Citi's residential first mortgage portfolio includes $9.2 billion of loans with FHA or VA guarantees. These portfolios consist of loans originated to low-to-moderate-income borrowers with lower FICO (Fair Isaac Corporation) scores and generally have higher loan-to-value ratios (LTVs). Losses on FHA loans are borne by the sponsoring agency, provided that the insurance has not been breached as a result of an origination defect. The VA establishes a loan-level loss cap, beyond which Citi is liable for loss. FHA and VA loans have high delinquency rates but, given the guarantees, Citi has experienced negligible credit losses on these loans. The residential first mortgage portfolio also includes $1.5 billion of loans with LTVs above 80%, which have insurance through private mortgage insurance (PMI) companies, and $1.6 billion of loans subject to long-term standby commitments (LTSC), with U.S. government-sponsored entities (GSEs), for which Citi has limited exposure to credit losses. Citi's home equity loan portfolio also includes $0.5 billion of loans subject to LTSCs with GSEs, for which Citi has limited exposure to credit losses. Citi's allowance for loan loss calculations takes into consideration the impact of these guarantees.

Consumer Mortgage Quarterly Trends Delinquencies and Net Credit Losses

The following charts detail the quarterly trends in delinquencies and net credit losses for Citi's residential first mortgage and home equity loan portfolios in *North America*. As set forth in the charts below, delinquencies of 90 days or more in both residential first mortgages and home equity loans continued to improve during the first quarter of 2011.

For residential first mortgages, delinquencies of 90 days or more were down for the fifth consecutive quarter, and were down more than 50% from the year-ago period. Net credit losses increased slightly from the fourth quarter of 2010 due to lower recoveries, but were down approximately 24% from the year-ago period. The sequential decline in residential first mortgage delinquencies was mostly due to Citi's continued asset sales and trial modifications converting into permanent modifications. During the first quarter of 2011, Citi sold approximately $1.1 billion in delinquent first mortgages, and has sold approximately $6 billion of delinquent mortgages since the beginning of 2010. In addition, over the past eight quarters, Citi has converted approximately $5.3 billion of trial modifications under Citi's loan modification programs to permanent modifications, more than three-quarters of which were pursuant to the U.S. Treasury's Home Affordable Modification Program (HAMP). For information on Citi's loan modification programs regarding mortgages, see "Consumer Loan Modification Programs" below.

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Note: Includes loans for Canada and Puerto Rico. Excludes loans that are guaranteed by U.S. government agencies.

Note: Includes loans for Canada and Puerto Rico.

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Consumer Mortgage FICO and LTV

Data appearing in the tables below have been sourced from Citigroup's risk systems and, as such, may not reconcile with disclosures elsewhere generally due to differences in methodology or variations in the manner in which information is captured. The data has been reclassified to conform to the current period's presentation. Citi has noted such variations in instances where it believes they could be material to reconcile to the information presented elsewhere.

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

A portion of loans in the U.S. Consumer mortgage portfolio currently require a payment to satisfy only the current accrued interest for the payment period, or an interest-only payment. As of March 31, 2011, Citi's home equity loan portfolio included approximately $26 billion of home equity lines of credit (HELOCs) that are still within their revolving period and have not commenced amortization. The interest-only payment feature during the revolving period is standard for the HELOC product across the industry. The residential first mortgage portfolio contains approximately $16 billion of ARMs that are currently required to make an interest-only payment. These loans will be required to make a fully amortizing payment upon expiration of their interest-only payment period, and most will do so within a few years of origination. Borrowers that are currently required to make an interest-only payment cannot select a lower payment that would negatively amortize the loan. Residential first mortgages with this payment feature are primarily to high-credit-quality borrowers that have on average significantly higher origination and refreshed FICO scores than other loans in the residential first mortgage portfolio.

Loan Balances

Residential First Mortgages Loan Balances. As a consequence of the economic environment and the decrease in housing prices, LTV and FICO scores have generally deteriorated since origination, although the negative FICO migration has generally stabilized. On a refreshed basis, approximately 33% of residential first mortgages had a LTV ratio above 100%, compared to approximately 0% at origination. Approximately 27% of residential first mortgages had FICO scores less than 620 on a refreshed basis, compared to 16% at origination.

Balances: March 31, 2011 Residential First Mortgages

At Origination	FICO≥660	620≤FICO<660	FICO<620
LTV ≤ 80%	**58%**	**6%**	**7%**
80% < LTV ≤ 100%	**13%**	**7%**	**9%**
LTV > 100%	**NM**	**NM**	**NM**

Refreshed	FICO≥660	620≤FICO<660	FICO<620
LTV ≤ 80%	**27%**	**4%**	**8%**
80% < LTV ≤ 100%	**17%**	**3%**	**8%**
LTV > 100%	**18%**	**4%**	**11%**

Note: NM Not meaningful. Residential first mortgages table excludes loans in Canada and Puerto Rico. Table excludes loans guaranteed by U.S. government agencies, loans recorded at fair value and loans subject to LTSCs. Table also excludes $1 billion from At Origination balances and $0.4 billion from Refreshed balances for which FICO or LTV data was unavailable. Balances exclude deferred fees/costs. Refreshed FICO scores based on updated credit scores obtained from Fair Isaac Corporation. Refreshed LTV ratios are derived from data at origination updated using mainly the Core Logic Housing Price Index (HPI) or the Federal Housing Finance Agency Price Index.

Home Equity Loan Balances. In the home equity loan portfolio, the majority of loans are in the higher FICO categories. Economic conditions and the decrease in housing prices generally caused a migration towards lower FICO scores and higher LTV ratios, although the negative migration slowed. Approximately 45% of home equity loans had refreshed LTVs above 100%, compared to approximately 0% at origination. Approximately 17% of home equity loans had FICO scores less than 620 on a refreshed basis, compared to 4% at origination.

Balances: March 31, 2011 Home Equity Loans

At Origination	FICO≥660	620≤FICO<660	FICO<620
LTV ≤ 80%	**54%**	**2%**	**2%**
80% < LTV ≤ 100%	**37%**	**3%**	**2%**

LTV > 100%	**NM**	**NM**	**NM**

Refreshed	**FICO≥660**	**620≤FICO<660**	**FICO<620**
LTV ≤ 80%	**25%**	**2%**	**3%**
80% < LTV ≤ 100%	**18%**	**2%**	**5%**
LTV > 100%	**32%**	**4%**	**9%**

Note: NM Not meaningful. Home equity loans table excludes loans in Canada and Puerto Rico. Table excludes loans subject to LTSCs. Table also excludes $2.1 billion from At Origination balances and $0.3 billion from Refreshed balances for which FICO or LTV data was unavailable. Balances exclude deferred fees/costs. Refreshed FICO scores are based on updated credit scores obtained from Fair Isaac Corporation. Refreshed LTV ratios are derived from data at origination updated using mainly the Core Logic Housing Price Index (HPI) or the Federal Housing Finance Agency Price Index.

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Delinquencies

The tables below provide delinquency statistics for loans 90 or more days past due (90+DPD) as a percentage of outstandings in each of the FICO/LTV combinations, in both the residential first mortgage and home equity loan portfolios, at March 31, 2011. For example, loans with FICO ≥ 660 and LTV ≤ 80% at origination have a 90+DPD rate of 3.1%.

As evidenced by the tables below, loans with FICO scores of less than 620 continue to exhibit significantly higher delinquencies than in any other FICO band. Similarly, loans with LTVs greater than 100% have higher delinquencies than LTVs of less than or equal to 100%. The dollar balances and percentages of loans 90+DPD have declined for both the residential first mortgage and home equity loan portfolios from December 31, 2010.

Delinquencies: 90+DPD Rates Residential First Mortgages

At Origination	FICO≥660	620≤FICO<660	FICO<620
LTV ≤ 80%	3.1%	7.6%	9.6%
80% < LTV ≤ 100%	5.9%	9.8%	12.3%
LTV > 100%	NM	NM	NM

Refreshed	FICO≥660	620≤FICO<660	FICO<620
LTV ≤ 80%	0.2%	2.9%	12.0%
80% < LTV ≤ 100%	0.5%	5.0%	15.8%
LTV > 100%	1.1%	8.4%	19.8%

Note: NM Not meaningful. 90+DPD are based on balances referenced in the tables above.

Delinquencies: 90+DPD Rates Home Equity Loans

At Origination	FICO≥660	620≤FICO<660	FICO<620
LTV ≤ 80%	1.7%	4.0%	5.6%
80% < LTV ≤100%	3.3%	5.5%	6.1%
LTV > 100%	NM	NM	NM

Refreshed	FICO≥660	620≤FICO<660	FICO<620
LTV ≤ 80%	0.1%	1.7%	9.5%
80% < LTV ≤ 100%	0.1%	2.3%	10.4%
LTV > 100%	0.3%	3.4%	15.1%

Note: NM Not meaningful. 90+DPD are based on balances referenced in the tables above.

Origination Channel, Geographic Distribution and Origination Vintage

The following tables detail Citi's residential first mortgage and home equity loan portfolios by origination channels, geographic distribution and origination vintage.

By Origination Channel

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

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

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

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

Residential First Mortgages: March 31, 2011

As of March 31, 2011, approximately 50% of the residential first mortgage portfolio was originated through third-party channels. Given that loans originated through correspondents have historically exhibited higher 90+DPD delinquency rates than retail originated mortgages, Citi terminated business with a number of correspondent sellers in 2007 and 2008. During 2008, Citi also severed relationships with a number of brokers, maintaining only those who have produced strong, high-quality and profitable volume. 90+DPD delinquency amounts have generally improved from December 31, 2010.

CHANNEL *($ in billions)*	**Residential First Mortgages**	**Channel % Total**	**90+DPD %**	***FICO < 620**	***LTV > 100%**
Retail	**$ 41.0**	**49.6%**	**4.3%**	**$ 11.9**	**$ 8.9**
Broker	**$ 13.3**	**16.1%**	**4.7%**	**$ 2.2**	**$ 5.5**
Correspondent	**$ 28.3**	**34.3%**	**7.5%**	**$ 8.6**	**$ 12.9**

* Refreshed FICO and LTV.

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

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Home Equity Loans: March 31, 2011

For home equity loans, approximately 43% of the loans were originated through third-party channels. As these loans have demonstrated a higher incidence of delinquencies, Citi no longer originates home equity loans through third-party channels. 90+DPD delinquency amounts marginally improved from December 31, 2010.

CHANNEL *($ in billions)*	**Home Equity**	**Channel % Total**	**90+DPD %**	***FICO < 620**	***LTV > 100%**
Retail	$ 26.6	57.0%	1.9%	$ 4.3	$ 7.6
Broker	$ 10.7	23.0%	3.5%	$ 1.7	$ 6.5
Correspondent	$ 9.3	20.0%	3.2%	$ 2.0	$ 6.9

* Refreshed FICO and LTV.

Note: Excludes Canada and Puerto Rico, deferred fees/costs and loans subject to LTSCs.

By State

Approximately half of Citi's U.S. Consumer mortgage portfolio is located in five states: California, New York, Florida, Illinois and Texas. These states represent 50% of Citi's residential first mortgages and 56% of home equity loans.

With respect to residential first mortgages, Florida and Illinois had above average 90+DPD delinquency rates as of March 31, 2011. Florida has 58% of its residential first mortgage portfolio with refreshed LTV > 100%, compared to 33% overall for residential first mortgages. Illinois has 45% of its loan portfolio with refreshed LTV > 100%. Texas, despite having 39% of its portfolio with FICO < 620, had a lower delinquency rate relative to the overall portfolio. Texas had 7% of its loan portfolio with refreshed LTV > 100%.

In the home equity loan portfolio, Florida continued to experience above-average delinquencies at 4.1% as of March 31, 2011, with approximately 67% of its loans with refreshed LTV > 100%, compared to 45% overall for the home equity loan portfolio.

By Vintage

For Citigroup's combined U.S. Consumer mortgage portfolio (residential first mortgages and home equity loans), as of March 31, 2011, approximately half of the portfolio consisted of 2006 and 2007 vintages, which demonstrate above average delinquencies. In residential first mortgages, approximately 39% of the portfolio is of 2006 and 2007 vintages, which had 90+DPD rates well above the overall portfolio rate, at 7.1% for 2006 and 7.7% for 2007. In home equity loans, 58% of the portfolio is of 2006 and 2007 vintages, which again had higher delinquencies compared to the overall portfolio rate, at 3.2% for 2006 and 2.8% for 2007.

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FICO and LTV Trend Information U.S. Consumer Mortgage Lending

Residential First Mortgages (in billions of dollars)

Home Equity (in billions of dollars)

Note: Residential first mortgages chart/table excludes loans in Canada and Puerto Rico, loans guaranteed by U.S. government agencies, loans recorded at fair value and loans subject to LTSCs. Balances exclude deferred fees/costs. Balances based on refreshed FICO and LTV ratios. Chart/table also excludes balances for which FICO or LTV data was unavailable ($0.4 billion in 1Q10, $0.4 billion in 2Q10, $0.4 billion in 3Q10, $0.4 billion in 4Q10, and $0.4 billion in 1Q11).

Note: Home equity loan chart/table excludes loans in Canada and Puerto Rico, and loans subject to LTSCs. Balances exclude deferred fees/costs. Balances based on refreshed FICO and LTV ratios. Chart/table also excludes balances for which FICO or LTV data was unavailable ($0.3 billion in 1Q10, $0.3 billion in 2Q10, $0.3 billion in 3Q10, $0.3 billion in 4Q10, and $0.3 billion in 1Q11).

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As of March 31, 2011, the residential first mortgage portfolio was approximately $82 billion, a reduction of $13 billion, or 14%, from March 31, 2010. Residential first mortgages with refreshed FICO scores below 660 and refreshed LTV above 100% were $12.4 billion as of March 31, 2011, $3.9 billion, or 24%, lower than the balance as of March 31, 2010. Similarly, the home equity loan portfolio was approximately $46 billion as of March 31, 2011, a reduction of $8 billion, or 14%, from March 31, 2010. Home equity loans with refreshed FICO scores below 660 and refreshed LTV above 100% were $6.2 billion as of March 31, 2011, $1.4 billion, or 18%, lower than the balance as of March 31, 2010. Across both portfolios, 90+ DPD rates have generally improved since March 31, 2010 across each of the FICO/LTV segments outlined above, particularly those segments with refreshed FICO scores below 660.

North America Cards

Overview

Citi's *North America* cards portfolio consists of its Citi-branded and retail partner cards portfolios reported in Citicorp *Regional Consumer Banking* and Citi Holdings *Local Consumer Lending*, respectively. As of March 31, 2011, the Citi-branded portfolio totaled $73 billion, while the retail partner cards portfolio was $41 billion.

Beginning as early as 2008, Citi actively pursued loss mitigation measures, such as stricter underwriting standards for new accounts and closing high-risk accounts, in each of its Citi-branded and retail partner cards portfolios. As a result of these efforts, higher risk customers have either had their available lines of credit reduced or their accounts closed. On a net basis, the end-of-period total drawn (credit card loans outstanding) and undrawn (unused lines) exposure to credit card customers was down 7% in Citi-branded cards and 6% in retail partner cards, each versus the prior-year period levels.

See "Consumer Loan Modification Programs" below for a discussion of Citi's modification programs for card loans.

Cards Quarterly Trends Delinquencies and Net Credit Losses

The following charts detail the quarterly trends in delinquencies and net credit losses for Citigroup's *North America* Citi-branded and retail partner cards portfolios, which continued to reflect the improving credit quality of these portfolios during the first quarter of 2011. In Citi-branded cards, delinquencies declined for the fifth consecutive quarter and net credit losses declined for the fourth consecutive quarter. In retail partner cards, delinquencies declined for the fifth consecutive quarter while net credit losses declined for the seventh consecutive quarter. For both portfolios, early-stage delinquencies also continued to show improvement on both a dollar and a rate basis.

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Note: Includes Puerto Rico.

Note: Includes Canada, Puerto Rico and Installment Lending.

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North America Cards FICO Information

During the first quarter of 2011, the cards businesses in the U.S. began using a more updated FICO model to score customer accounts for substantially all of their loans. The change was made to incorporate a more recent version of FICO in order to improve the predictive strength of the score and to enhance Citi's ability to manage risk. This change resulted in an increase in the percentage of balances with FICO scores equal to or greater than 660 and conversely lowering the percentage of balances with FICO scores lower than 620, primarily in the Citi-branded portfolio and to a lesser extent in the retail partner cards portfolio. Without the change in FICO model, the percentages in the table below would have been the same as the respective percentages as of December 31, 2010.

As set forth in the table below, approximately 83% of the Citi-branded portfolio had FICO credit scores of at least 660 on a refreshed basis as of March 31, 2011, while 71% of the retail partner cards portfolio had scores of 660 or above.

Balances: March 31, 2011

Refreshed	Citi-Branded	Retail Partner
FICO ≥ 660	**83%**	**71%**
620 ≤ FICO < 660	**9%**	**13%**
FICO < 620	**8%**	**16%**

Note: Based on balances of $111 billion (decreased from $119 billion at December 31, 2010). Balances include interest and fees. Excludes Canada, Puerto Rico and Installment and Classified portfolios. Excludes balances where FICO was unavailable ($0.5 billion for Citi-branded, $1.6 billion for retail partner cards).

The table below provides delinquency statistics for loans 90+DPD for both the Citi-branded and retail partner cards portfolios as of March 31, 2011. As customers roll through the delinquency buckets, they materially damage their credit score and may ultimately go to charge-off. Loans 90+DPD are more likely to be associated with low refreshed FICO scores, both because low scores are indicative of repayment risk and because their delinquency has been reported by Citigroup to the credit bureaus. Loans with FICO scores less than 620, which constituted 8% of the Citi-branded portfolio as of March 31, 2011, have a 90+DPD rate of 21.2%. In the retail partner cards portfolio, loans with FICO scores less than 620 constituted 16% of the portfolio as of March 31, 2011 and have a 90+DPD rate of 19.1%.

90+DPD Delinquency Rate: March 31, 2011

Refreshed	Citi-Branded 90+DPD%	Retail Partner 90+DPD%
FICO ≥ 660	**0.1%**	**0.2%**
620 ≤ FICO <660	**1.5%**	**1.2%**
FICO < 620	**21.2%**	**19.1%**

Note: Based on balances of $111 billion (decreased from $119 billion at December 31, 2010). Balances include interest and fees. Excludes Canada, Puerto Rico and Installment and Classified portfolios. Excludes balances where FICO was unavailable ($0.5 billion for Citi-branded, $1.6 billion for retail partner cards).

U.S. Installment and Other Revolving Loans

The U.S. Installment portfolio consists of Consumer loans in the following businesses: consumer finance, retail banking, auto, student lending and cards. Other Revolving consists of Consumer loans (ready credit and checking plus products) in the Consumer retail banking business. Commercial-related loans are not included. As of March 31, 2011, the U.S. Installment portfolio totaled approximately $23 billion, while the U.S. Other Revolving portfolio was approximately $800 million.

Substantially all of the U.S. Installment portfolio is reported in *LCL* within Citi Holdings. As of March 31, 2011, approximately 43% of the Installment portfolio had FICO scores less than 620 on a refreshed basis. On a refreshed basis, loans with FICO scores of less than 620 exhibit significantly higher delinquencies than in any other FICO band and will drive the majority of the losses. The 90+DPD delinquency rate for Installment loans with FICO score less than 620 on a refreshed basis was 7.9% at March 31, 2011.

For information on Citi's loan modification programs regarding Installment loans, see "Consumer Loan Modification Programs" below.

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CONSUMER LOAN DETAILS

Consumer Loan Delinquency Amounts and Ratios

In millions of dollars, except EOP loan amounts in billions	Total loans(6) Mar. 2011	90+ days past due(1) Mar. 2011	Dec. 2010	Mar. 2010	30-89 days past due(1) Mar. 2011	Dec. 2010	Mar. 2010
Citicorp(2)(3)							
Total	**$ 234.9**	**$ 2,983**	$ 3,114	$ 3,982	**$ 3,362**	$ 3,555	$ 4,400
Ratio		**1.27%**	1.35%	1.80%	**1.44%**	1.54%	1.99%
Retail banking							
Total	**$ 125.3**	**$ 811**	$ 773	$ 827	**$ 1,145**	$ 1,148	$ 1,306
Ratio		**0.65%**	0.66%	0.75%	**0.92%**	0.98%	1.18%
North America	**33.0**	**241**	228	142	**185**	212	236
Ratio		**0.75%**	0.76%	0.45%	**0.58%**	0.71%	0.75%
EMEA	**4.7**	**86**	96	116	**143**	136	203
Ratio		**1.83%**	2.18%	2.37%	**3.04%**	3.09%	4.14%
Latin America	**23.5**	**249**	224	323	**326**	267	391
Ratio		**1.06%**	1.04%	1.66%	**1.39%**	1.24%	2.02%
Asia	**64.1**	**235**	225	246	**491**	533	476
Ratio		**0.37%**	0.37%	0.45%	**0.77%**	0.87%	0.87%
Citi-branded cards							
Total	**$ 109.6**	**$ 2,172**	$ 2,341	$ 3,155	**$ 2,217**	$ 2,407	3,094
Ratio		**1.98%**	2.05%	2.86%	**2.02%**	2.11%	2.81%
North America	**73.2**	**1,432**	1,597	2,304	**1,327**	1,539	2,145
Ratio		**1.96%**	2.06%	2.97%	**1.81%**	1.99%	2.76%
EMEA	**2.9**	**60**	58	77	**78**	72	113
Ratio		**2.07%**	2.07%	2.66%	**2.69%**	2.57%	3.90%
Latin America	**13.5**	**445**	446	510	**454**	456	475
Ratio		**3.30%**	3.33%	4.21%	**3.36%**	3.40%	3.93%
Asia	**20.0**	**235**	240	264	**358**	340	361
Ratio		**1.18%**	1.18%	1.51%	**1.79%**	1.67%	2.06%
Citi Holdings *Local Consumer Lending*(2)(4)(5)							
Total	**$ 207.1**	**$ 8,541**	$ 10,225	$ 16,808	**$ 7,624**	$ 9,462	$ 12,236
Ratio		**4.33%**	4.76%	5.66%	**3.86%**	4.41%	4.12%
International	**18.1**	**571**	657	953	**815**	848	1,059
Ratio		**3.15%**	3.00%	3.44%	**4.50%**	3.87%	3.82%
North America retail partner cards	**41.3**	**1,310**	1,610	2,385	**1,515**	1,751	2,374
Ratio		**3.17%**	3.47%	4.38%	**3.67%**	3.77%	4.36%
North America (excluding cards)	**147.7**	**6,660**	7,958	13,470	**5,294**	6,863	8,803
Ratio		**4.83%**	5.43%	6.27%	**3.84%**	4.68%	4.10%
Total Citigroup (excluding	**$ 442.0**	**$ 11,524**	$ 13,339	$ 20,790	**$ 10,986**	$ 13,017	$ 16,636

Special Asset Pool)						
Ratio	**2.67%**	2.99%	4.02%	**2.54%**	2.92%	3.21%

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

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

(3) The 90+ days and 30-89 days past due and related ratios for *North America Regional Consumer Banking* exclude U.S. mortgage loans that are guaranteed by U.S. government sponsored agencies since the potential loss predominantly resides within the U.S. agencies. The amounts excluded for loans 90+ days past due and (end-of-period loans) are $352 million ($0.9 billion) and $235 million and ($0.8) billion at March 31, 2011 and December 31, 2010, respectively. The amount excluded for loans 30-89 days past due (end-of-period loans have the same adjustment as above) is $52 million and $30 million as of March 31, 2011 and December 31, 2010, respectively.

(4) The 90+ days and 30-89 days past due and related ratios for *North America LCL* (excluding cards) exclude U.S. mortgage loans that are guaranteed by U.S. government sponsored agencies since the potential loss predominantly resides within the U.S. agencies. The amounts excluded for loans 90+ days past due and (end-of-period loans) for each period are $4.9 billion ($8.3 billion), $5.2 billion ($8.4 billion), and $5.2 billion ($9.0 billion) as of March 31, 2011, December 31, 2010, and March 31, 2010, respectively. The amounts excluded for loans 30-89 days past due (end-of-period loans have the same adjustment as above) for each period are $1.4 billion, $1.6 billion, and 1.2 billion as of March 31, 2011, December 31, 2010, and March 31, 2010, respectively.

(5) The March 31, 2011, December 31, 2010 and March 31, 2010 loans 90+ days past due and 30-89 days past due and related ratios for *North America* (excluding Cards) exclude $1.5 billion, $1.7 billion and $2.9 billion, respectively, of loans that are carried at fair value.

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

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Consumer Loan Net Credit Losses and Ratios

In millions of dollars, except average loan amounts in billions	Average loans(1) 1Q11	Net credit losses(2) 1Q11	4Q10	1Q10
Citicorp				
Total	**$ 231.7**	**$ 2,108**	$ 2,528	$ 3,040
Ratio		**3.69%**	4.44%	5.57%
Retail banking				
Total	**$ 121.4**	**$ 277**	$ 343	$ 289
Ratio		**0.93%**	1.18%	1.07%
North America	**31.9**	**88**	97	73
Ratio		**1.12%**	1.30%	0.92%
EMEA	**4.5**	**23**	44	47
Ratio		**2.07%**	4.06%	3.81%
Latin America	**22.5**	**103**	123	91
Ratio		**1.86%**	2.29%	1.99%
Asia	**62.5**	**63**	79	78
Ratio		**0.41%**	0.52%	0.59%
Citi-branded cards				
Total	**$ 110.3**	**$ 1,831**	$ 2,185	$ 2,751
Ratio		**6.73%**	7.84%	9.96%
North America	**73.9**	**1,352**	1,671	2,084
Ratio		**7.42%**	8.80%	10.67%
EMEA	**2.9**	**26**	29	50
Ratio		**3.64%**	4.11%	6.99%
Latin America	**13.4**	**304**	328	418
Ratio		**9.20%**	10.01%	14.01%
Asia	**20.1**	**149**	157	199
Ratio		**3.01%**	3.19%	4.53%
Citi Holdings *Local Consumer Lending*				
Total	**$ 216.3**	**$ 3,279**	$ 3,618	$ 4,938
Ratio		**6.15%**	6.21%	6.30%
International	**18.9**	**341**	376	612
Ratio		**7.32%**	6.32%	8.27%
North America retail partner cards	**43.8**	**1,111**	1,352	1,932
Ratio		**10.29%**	11.71%	13.72%
North America (excluding cards)	**153.6**	**1,827**	1,890	2,394
Ratio		**4.82%**	4.64%	4.20%
Total Citigroup (excluding *Special Asset Pool*)	**$ 448.0**	**$ 5,387**	$ 6,146	$ 7,978
Ratio		**4.88%**	5.34%	6.00%

(1)

Average loans include interest and fees on credit cards.

(2) The ratios of net credit losses are calculated based on average loans, net of unearned income.

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Consumer Loan Modification Programs

Citigroup has instituted a variety of long-term and short-term modification programs to assist its mortgage, credit card (Citi-branded and retail partner cards) and installment loan borrowers with financial difficulties. These programs, include modifying the original loan terms, reducing interest rates, reducing or waiving fees, extending the remaining loan duration and/or waiving a portion of the remaining principal balance. At March 31, 2011, Citi's significant modification programs consisted of the U.S. Treasury's Home Affordable Modification Program (HAMP), as well as short-term and long-term modification programs in the U.S., as set forth in the tables below. For a more detailed description of these significant modification programs, see "Managing Global Risk Credit Risk Consumer Loans Modification Programs" in Citi's 2010 Annual Report on Form 10-K.

The policy for re-aging modified U.S. Consumer loans to current status varies by product. Generally, one of the conditions to qualify for these modifications is that a minimum number of payments (typically ranging from one to three) be made. Upon modification, the loan is re-aged to current status. However, re-aging practices for certain open-ended Consumer loans, such as credit cards, are governed by Federal Financial Institutions Examination Council (FFIEC) guidelines. For open-ended Consumer loans subject to FFIEC guidelines, one of the conditions for the loan to be re-aged to current status is that at least three consecutive minimum monthly payments, or the equivalent amount, must be received. In addition, under FFIEC guidelines, the number of times that such a loan can be re-aged is subject to limitations (generally once in 12 months and twice in five years). Furthermore, Federal Housing Administration (FHA) and Department of Veterans Affairs (VA) loans are modified under those respective agencies' guidelines, and payments are not always required in order to re-age a modified loan to current.

HAMP and Other Long-Term Programs. Long-term modification programs or TDRs occur when the terms of a loan have been modified due to the borrower's financial difficulties and a long-term concession has been granted to the borrower. Substantially all long-term programs in place provide interest rate reductions. See Note 1 to the Consolidated Financial Statements in Citi's 2010 Annual Report on Form 10-K for a discussion of the allowance for loan losses for such modified loans.

The following table presents Citigroup's Consumer loan TDRs as of March 31, 2011 and December 31, 2010. These TDRs are predominantly concentrated in the U.S. HAMP loans whose terms are contractually modified after successful completion of the trial period are included in the balances below.

	Accrual		**Non-accrual**	
In millions of dollars	**Mar. 31, 2011**	**Dec. 31, 2010**	**Mar. 31, 2011**	**Dec. 31, 2010**
Mortgage and real estate	**$ 16,844**	$ 15,140	**$ 1,831**	$ 2,290
Cards	**6,240**	5,869	**37**	38
Installment and other	**2,664**	3,015	**230**	271

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Long-Term Modification Programs Summary

The following table sets forth, as of March 31, 2011, information relating to Citi's significant long-term U.S. mortgage, credit card and installment loan modification programs:

In millions of dollars	Program balance	Program start date(1)	Average interest rate reduction	Average % payment relief	Average tenor of modified loans	Deferred principal	Principal forgiveness
U.S. Consumer mortgage lending							
HAMP	$ 3,776	3Q09	4%	41%	31 years	$ 462	$ 3
Citi Supplemental	1,876	4Q09	3	23	27 years	84	1
HAMP Re-age	399	1Q10	N/A	N/A	24 years	8	
2nd FDIC	550	2Q09	5	45	21 years	33	6
FHA/VA	3,573		2	20	28 years		
CFNA AOT	3,769		3	23	29 years		
RL	960	4Q10	2	14	30 years		
2 MP	194	4Q10	5	55	21 years	10	
Other	3,076		4	42	27 years	48	47
***North America* cards**							
Paydown	2,787		16		5 years		
CCG	1,816		12		5 years		
Interest Reversal Paydown	433		20		5 years		
U.S. installment loans							
CFNA AOT	790		7	33	9 years		

(1) Provided if program was introduced after 2008.

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Short-Term Programs. Citigroup has also instituted short-term programs (primarily in the U.S.) to assist borrowers experiencing temporary hardships. These programs include short-term (12 months or less) interest rate reductions and deferrals of past due payments. See Note 1 to the Consolidated Financial Statements in Citi's 2010 Annual Report on Form 10-K for a discussion of the allowance for loan losses for such modified loans.

The following table presents the amounts of gross loans modified under short-term interest rate reduction programs in the U.S. as of March 31, 2011:

	March 31, 2011	
In millions of dollars	**Accrual**	**Non-accrual**
Cards	**$ 2,200**	**$**
Mortgage and real estate	**1,607**	**78**
Installment and other	**965**	**118**

Short-Term Modification Programs Summary

The following table sets forth, as of March 31, 2011, information related to Citi's significant short-term U.S. credit cards, mortgage, and installment loan modification programs:

In millions of dollars	**Program balance**	**Program start date(1)**	**Average interest rate reduction**	**Average time period for reduction**
UPP	$ 2,200		20%	12 months
Mortgage Temporary AOT	1,677	1Q09	3	8 months
Installment Temporary AOT	1,083	1Q09	4	7 months

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(1)
Provided if program was introduced after 2008.

Payment deferrals that do not continue to accrue interest (extensions) primarily occur in the U.S. residential mortgage business. Under an extension, payments that are contractually due are deferred to a later date, thereby extending the maturity date by the number of months of payments being deferred. Extensions assist delinquent borrowers who have experienced short-term financial difficulties that have been resolved by the time the extension is granted. An extension can only be offered to borrowers who are past due on their monthly payments but have since demonstrated the ability and willingness to pay as agreed. Other payment deferrals continue to accrue interest and are not deemed to offer concessions to the customer. Other types of concessions are not material.

Impact of Modification Programs

Citi considers various metrics in analyzing the success of U.S. modification programs. Payment behavior of customers during the modification (both short-term and long-term) is monitored. For short-term modifications, performance is also measured for an additional period of time after the expiration of the concession. Balance reductions and annualized loss rates are also important metrics that are monitored. Based on actual experience, program terms, including eligibility criteria, interest charged and loan tenor, may be refined. The main objective of the modification programs is to reduce the payment burden for the borrower and improve the net present value of Citi's expected cash flows.

Mortgage Modification Programs

With respect to long-term mortgage modification programs, for modifications in the "Other" category (as noted in the "Long-Term Modification Programs Summary" table above), as of March 31 2011, generally at 24 months after modification, the total balance reduction has been approximately 30% (as a percentage of the balance at the time of modification), consisting of approximately 20% of paydowns and 10% of net credit losses.

Regarding HAMP, 12 months after modification, Citi continues to experience re-default rates of approximately 15% of the number of active HAMP-modified loans as of March 31, 2011. The CSM program has less vintage history and limited loss data but is tracking to Citi's expectations and is currently exhibiting re-default rates of less than 25% of active modified loans as of March 31, 2011 at 12 months after modification.

From inception through March 31, 2011, approximately $10 billion of residential first mortgages have been enrolled in the HAMP trial period, while $4 billion have successfully completed the trial period. As of March 31, 2011, 35% of the loan units in the HAMP trial period were successfully modified, 14% were modified under the Citi Supplemental program, 5% were in HAMP or Citi Supplemental trial, 2% subsequently received other Citi modifications, 12% received HAMP Re-Age, and 32% have not received any modification from Citi to date.

For modifications under CFNA's long-term AOT program, as of March 31 2011, the total balance reduction has been approximately 13% (as a percentage of the balance at the time of modification) 24 months after modification, consisting of approximately 5% of paydowns and 8% of net credit losses.

The short-term AOT program has less vintage history and limited loss data. As of March 31 2011, 12 months after modification, the total balances reduction has been 4%, with approximately half coming from paydowns and the remaining from net credit losses.

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Cards Modification Programs

Generally, as of March 31 2011, at 36 months after modification, the total balance reduction for long-term card modification programs is approximately 81% (as a percentage of the balance at the time of modification), consisting of approximately 47% of paydowns and 34% of net credit losses. In addition, these net credit losses have been approximately 40% lower, depending upon the individual program and vintage, than those of similar card accounts that were not modified.

For short-term modifications, as of March 31 2011, 24 months after starting a short-term modification, balances are typically reduced by approximately 64% (as a percentage of the balance at the time of modification), consisting of approximately 25% of paydowns and 39% of net credit losses. In addition, these net credit losses have been approximately 25% 33% lower, depending upon the individual program and vintage, than those of similar accounts that were not modified.

As previously disclosed, Citigroup implemented certain changes to its credit card modification programs beginning in the fourth quarter of 2010, including revisions to the eligibility criteria for such programs. These programs are continually evaluated and additional changes may occur in 2011, depending upon factors such as program performance and overall credit conditions. As a result of these changes, as well as the overall improving portfolio trends, in the first quarter of 2011, the overall volume of new entrants to Citi's card modification programs (both long- and short-term) decreased by 8% compared to the fourth quarter of 2010. New entrants to Citi's short-term card modification programs decreased by approximately 35% in the first quarter of 2011 as compared to the prior quarter. Citi considered these changes to its cards modification programs and their potential effect on net credit losses in determining the loan loss reserves as of March 31, 2011.

Installment Loan Modification Programs

With respect to the long-term CFNA AOT program, thirty-six months after modification, the total balance reduction is approximately 68%, consisting of approximately 19% of paydowns and 49% of net credit losses. The short-term Temporary AOT program has less vintage history and limited loss data. In this program, twelve months after modification the total balance reduction is approximately 16% (as a percentage of the balance at the time of modification), consisting of approximately 5% of paydowns and 11% of net credit losses.

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Consumer Mortgage Representations and Warranties

The majority of Citi's exposure to representation and warranty claims relates to its U.S. Consumer mortgage business.

Representation and Warranties

As of March 31, 2011, Citi services loans previously sold as follows:

	March 31, 2011(1)	
In millions	Number of loans	Unpaid principal balance
Vintage sold:		
2005 and prior	**0.9**	**$ 89,204**
2006	**0.2**	**32,032**
2007	**0.2**	**40,333**
2008	**0.3**	**48,250**
2009	**0.3**	**54,004**
2010	**0.3**	**51,659**
2011	**0.1**	**32,335**
Indemnifications(2)	**0.8**	**96,243**
Total	**3.2**	**$ 444,060**

(1) Excludes the fourth quarter of 2010 sale of servicing rights on 0.1 million loans with unpaid principal balances of approximately $28,745 million. Citi continues to be exposed to representation and warranty claims on those loans.

(2) Represents loans serviced by CitiMortgage pursuant to prior acquisitions of mortgage servicing rights which are covered by indemnification agreements from third parties in favor of CitiMortgage.

In addition, since 2000, Citi has sold $95 billion of loans to private investors, of which $49 billion were sold through securitizations. As of March 31, 2011, $36 billion of these loans (including $14 billion sold through securitizations) continue to be serviced by Citi and are included in the $444 billion of serviced loans above.

When selling a loan, Citi (through its CitiMortgage business) makes various representations and warranties relating to, among other things, the following:

- Citi's ownership of the loan;
- the validity of the lien securing the loan;
- the absence of delinquent taxes or liens against the property securing the loan;
- the effectiveness of title insurance on the property securing the loan;
- the process used in selecting the loans for inclusion in a transaction;

the loan's compliance with any applicable loan criteria established by the buyer; and

the loan's compliance with applicable local, state and federal laws.

The specific representations and warranties made by Citi depend on the nature of the transaction and the requirements of the buyer. Market conditions and credit-rating agency requirements may also affect representations and warranties and the other provisions to which Citi may agree in loan sales.

Repurchases or "Make-Whole" Payments

In the event of a breach of these representations and warranties, Citi may be required to either repurchase the mortgage loans (generally at unpaid principal balance plus accrued interest) with the identified defects, or indemnify ("make-whole") the investors for their losses. Citi's representations and warranties are generally not subject to stated limits in amount or time of coverage. However, contractual liability arises only when the representations and warranties are breached and generally only when a loss results from the breach.

For the quarters ended March 31, 2011 and 2010, 72% and 77%, respectively, of Citi's repurchases and make-whole payments were attributable to misrepresentation of facts by either the borrower or a third party (e.g., income, employment, debts, FICO, etc.), appraisal issues (e.g., an error or misrepresentation of value), or program requirements (e.g., a loan that does not meet investor guidelines, such as contractual interest rate). To date, there has not been a meaningful difference in incurred or estimated loss for each type of defect.

In the case of a repurchase, Citi will bear any subsequent credit loss on the mortgage loan and the loan is typically considered a credit-impaired loan and accounted for under SOP 03-3, "Accounting for Certain Loans and Debt Securities, Acquired in a Transfer" (now incorporated into ASC 310-30, *Receivables Loans and Debt Securities Acquired with Deteriorated Credit Quality*). These repurchases have not had a material impact on Citi's non-performing loan statistics because credit-impaired purchased SOP 03-3 loans are not included in non-accrual loans, since they generally continue to accrue interest until write-off.

The unpaid principal balance of loans repurchased due to representation and warranty claims for the three months ended March 31, 2011 and 2010, respectively, was as follows:

In millions of dollars	**March 31,2011 Unpaid principal balance**	**March 31, 2010 Unpaid principal balance**
GSEs	**$ 73**	$ 87
Private investors	**1**	4
Total	**$ 74**	$ 91

As evidenced in the table above, to date, Citi's repurchases have primarily been from the U.S. government sponsored entities (GSEs). In addition, Citi recorded make-whole payments of $93 million and $23 million for the quarters ended March 31, 2011 and 2010, respectively.

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Repurchase Reserve

Citi has recorded a reserve for its exposure to losses from the obligation to repurchase previously sold loans (referred to as the repurchase reserve) that is included in *Other liabilities* in the Consolidated Balance Sheet. In estimating the repurchase reserve, Citi considers reimbursements estimated to be received from third-party correspondent lenders and indemnification agreements relating to previous acquisitions of mortgage servicing rights. Citi aggressively pursues collection from any correspondent lender that it believes has the financial ability to pay. The estimated reimbursements are based on Citi's analysis of its most recent collection trends and the financial solvency of the correspondents.

In the case of a repurchase of a credit-impaired SOP 03-3 loan, the difference between the loan's fair value and unpaid principal balance at the time of the repurchase is recorded as a utilization of the repurchase reserve. Make-whole payments to the investor are also treated as utilizations and charged directly against the reserve. The repurchase reserve is estimated when Citi sells loans (recorded as an adjustment to the gain on sale, which is included in *Other revenue* in the Consolidated Statement of Income) and is updated quarterly. Any change in estimate is recorded in *Other revenue*.

The repurchase reserve is calculated by individual sales vintage (i.e., the year the loans were sold) and is based on various assumptions. While substantially all of Citi's current loan sales are with GSEs, with which Citi has considerable historical experience, these assumptions contain a level of uncertainty and risk that, if different from actual results, could have a material impact on the reserve amounts. The most significant assumptions used to calculate the reserve levels are as follows:

Loan documentation requests: Assumptions regarding future expected loan documentation requests exist as a means to predict future repurchase claim trends. These assumptions are based on recent historical trends as well as anecdotal evidence and general industry knowledge about the current repurchase environment (e.g., the level of staffing and focus by the GSEs to "put" more loans back to servicers). These factors are considered in the forecast of expected future repurchase claims and changes in these trends could have a positive or negative impact on Citi's repurchase reserve. During 2010, loan documentation requests increased compared to prior periods. In the first quarter of 2011, however, Citi observed a large decrease compared to prior periods, although the level of requests continues to be elevated and will likely remain volatile.

Repurchase claims as a percentage of loan documentation requests: Given that loan documentation requests are an indicator of future repurchase claims, an assumption is made regarding the conversion rate from loan documentation requests to repurchase claims. This assumption is also based on historical performance and, if actual rates differ in the future, could also impact repurchase reserve levels. This percentage was generally stable during 2010 and in the first quarter of 2011.

Claims appeal success rate: This assumption represents Citi's expected success at rescinding a claim by satisfying the demand for more information, disputing the claim validity, etc. This assumption is also based on recent historical successful appeals rates. These rates could fluctuate based on changes in the validity or composition of claims. During the second half of 2010, Citi's appeal success rate improved from the levels seen in prior periods. In the first quarter of 2011, this assumption was stable compared to prior periods. In Citi's recent experience, approximately half of the repurchase claims have been successfully appealed and have resulted in no loss to Citi.

Estimated loss given repurchase or make-whole: The assumption of the estimated loss amount per repurchase or make-whole payment, or loss severity, is applied separately for each sales vintage to capture volatile housing price highs and lows. The assumption is based on actual and expected losses of recent repurchases/make-whole payments calculated for each sales vintage year, which are impacted by factors such as macroeconomic indicators, including overall housing values. Since the second quarter of 2010, loss severity has increased, including during the first quarter of 2011.

As set forth in the table below, during the first quarter of 2011, the increased loss severity estimates primarily contributed to the change in estimate for the repurchase reserve amounting to $122 million. The activity in the repurchase reserve for the three months ended March 31, 2011 and 2010 was as follows:

In millions of dollars	**Mar. 31, 2011**	**Mar. 31, 2010**

Balance, beginning of period	**$**	**969**	$	482
Additions for new sales		**4**		5
Change in estimate		**122**		
Utilizations		**(151)**		(37)
Balance, end of period	**$**	**944**	$	450

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As referenced above, the repurchase reserve is calculated by sales vintage. To date, the majority of Citi's repurchases have been from the 2006 through 2008 sales vintages, which also represented the vintages with the largest loss severity. An insignificant percentage of repurchases have been from vintages prior to 2006, and Citi continues to believe that this percentage will continue to decrease, as those vintages are later in the credit cycle. Although still early in the credit cycle, Citi has also experienced lower repurchases and loss severity from 2009 and 2010 sales vintages.

Sensitivity of Repurchase Reserve

As discussed above, the repurchase reserve estimation process is subject to numerous estimates and judgments. The assumptions used to calculate the repurchase reserve contain a level of uncertainty and risk that, if different from actual results, could have a material impact on the reserve amounts. For example, Citi estimates that if there were a simultaneous 10% adverse change in each of the significant assumptions noted above, the repurchase reserve would increase by approximately $384 million as of March 31, 2011. This potential change is hypothetical and intended to indicate the sensitivity of the repurchase reserve to changes in the key assumptions. Actual changes in the key assumptions may not occur at the same time or to the same degree (i.e., an adverse change in one assumption may be offset by an improvement in another). Citi does not believe it has sufficient information to estimate a range of reasonably possible loss (as defined under ASC 450) relating to its Consumer representations and warranties.

Representation and Warranty Claims By Claimant

The representation and warranty claims by claimant for the three-month periods ended March 31, 2011 and 2010, respectively, were as follows:

	March 31, 2011		March 31, 2010	
Dollars in millions	**Number of claims**	**Original principal balance**	**Number of claims**	**Original principal balance**
GSEs	**3,191**	**$ 715**	2,785	$ 582
Private investors	**595**	**115**	158	39
Mortgage insurers(1)	**157**	**36**	42	10
Total	**3,943**	**$ 866**	2,985	$ 631

(1) Represents the insurer's rejection of a claim for loss reimbursement that has yet to be resolved. To the extent that mortgage insurance will not cover the claim on a loan, Citi may have to make the GSE or private investor whole.

The number of unresolved claims by type of claimant as of March 31, 2011 and December 31, 2010, respectively, was as follows:

	March 31, 2011		December 31, 2010	
Dollars in millions	**Number of claims(1)**	**Original principal balance**	**Number of claims**	**Original principal balance**
GSEs	**4,661**	**$ 1,058**	4,334	$ 954
Private investors	**475**	**103**	163	30
Mortgage insurers	**90**	**22**	76	17
Total	**5,226**	**$ 1,183**	4,583	$ 1,001

(1) For GSEs, the response to the repurchase claim is required within 90 days of the claim receipt. If Citi does not respond within 90 days, the claim would then be discussed between Citi and the GSE. For private investors, the time period for responding is governed by the individual sale agreement. If the specified timeframe is exceeded, the investor may choose to initiate legal action.

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***Securities and Banking*-Sponsored Private Label Residential Mortgage Securitizations Representations and Warranties**

Over the years, *S&B* has been a sponsor of private-label mortgage-backed securitizations. Mortgage securitizations sponsored by Citi's *S&B* business represent a much smaller portion of Citi's mortgage business than Citi's Consumer business discussed above.

During the period 2005 through 2008, *S&B* sponsored approximately $66 billion in private-label mortgage-backed securitization transactions, of which approximately $27 billion remained outstanding at March 31, 2011. These outstanding transactions are backed by loan collateral composed of approximately $7.1 billion prime, $5.7 billion Alt-A and $13.9 billion subprime residential mortgage loans. Citi estimates the actual cumulative losses to date incurred by the issuing trusts on the $66 billion total transactions referenced above have been approximately $7.3 billion. The mortgages included in these securitizations were purchased from parties outside of *S&B*, and fewer than 3% of the mortgages currently outstanding were originated by Citi. In addition, fewer than 10% of the currently outstanding mortgage loans underlying these securitization transactions are serviced by Citi. The loans serviced by Citi are included in the $444 billion of residential mortgage loans referenced under "Consumer Mortgage Representations and Warranties" above.

In connection with such transactions, representations and warranties (representations) relating to the mortgage loans included in each trust issuing the securities were made either by (1) Citi, or (2) in a relatively small number of cases, third-party sellers (Selling Entities, which were also often the originators of the loans). These representations were generally made or assigned to the issuing trust.

The representations in these securitization transactions generally related to, among other things, the following:

- the absence of fraud on the part of the mortgage loan borrower, the seller or any appraiser, broker or other party involved in the origination of the mortgage loan (which was sometimes wholly or partially limited to the knowledge of the representation provider);
- whether the mortgage property was occupied by the borrower as his or her principal residence;
- the mortgage loan's compliance with applicable federal, state and local laws;
- whether the mortgage loan was originated in conformity with the originator's underwriting guidelines; and
- the detailed data concerning the mortgage loans that was included on the mortgage loan schedule.

The specific representations relating to the mortgage loans in each securitization may vary, however, depending on various factors such as the Selling Entity, rating agency requirements and whether the mortgage loans were considered prime, Alt-A or subprime in credit quality.

In the event of a breach of its representations, Citi may be required either to repurchase the mortgage loans with the identified defects (generally at unpaid principal balance plus accrued interest) or indemnify the investors for their losses.

For securitizations in which Citi made representations, these representations typically were similar to those provided to Citi by the Selling Entities, with the exception of certain limited representations required by rating agencies. These latter representations overlapped in some cases with the representations described above.

In cases where Citi made representations and also received those representations from the Selling Entity for that loan, if Citi is the subject of a claim based on breach of those representations in respect of that loan, it may have a contractual right to pursue a similar (back-to-back) claim against the Selling Entity. If only the Selling Entity made representations, then only the Selling Entity should be responsible for a claim based on breach of these representations in respect of that loan. (This discussion only relates to contractual claims based on breaches of representations.)

However, in some cases where Citi made representations and received similar representations from Selling Entities, including a majority of such cases involving subprime and Alt-A collateral, Citi believes that those Selling Entities appear to be in bankruptcy, liquidation or financial distress. In those cases, in the event that claims for breaches of representations were to be made against Citi, the Selling Entities' financial condition may effectively preclude Citi from obtaining back-to-back recoveries against them.

In addition to securitization transactions, during the period 2005 through March 31, 2011, *S&B* sold approximately $8.2 billion in whole loan mortgages, primarily to private investors. These loans were generally sold on a "servicer released" basis and, as a result, *S&B* is not able to determine the current outstanding balances of these loans. The majority of these loans were sold with limited or no representations by *S&B*, or with limited representations that expire after a certain period of time (typically six months to one year), a portion of which have already expired.

To date, *S&B* has received only a small number of claims based on breaches of representations relating to the mortgage loans included in its securitization transactions or whole loan sales. Citi continues to monitor this claim activity closely.

In addition to the activities described above, *S&B* engages in other residential mortgage-related activities, including underwriting of residential mortgage-backed securities. *S&B* participated in the underwriting of the above-referenced *S&B*-sponsored securitizations, as well as underwritings of other residential mortgage-backed securities sponsored and issued by third parties. For additional information on litigation claims relating to these activities, see Note 23 to the Consolidated Financial Statements.

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CORPORATE LOAN DETAILS

Corporate Credit Portfolio

The following table represents the Corporate credit portfolio (excluding Private Banking), before consideration of collateral, by maturity at March 31, 2011. The Corporate portfolio is broken out by direct outstandings that include drawn loans, overdrafts, interbank placements, bankers' acceptances, leases, and unfunded commitments that include unused commitments to lend, letters of credit and financial guarantees.

	At March 31, 2011				At December 31, 2010			
In billions of dollars	Due within 1 year	Greater than 1 year but within 5 years	Greater than 5 years	Total exposure	Due within 1 year	Greater than 1 year but within 5 years	Greater than 5 years	Total exposure
Direct outstandings	**$ 197**	**$ 47**	**$ 10**	**$ 254**	$ 191	$ 43	$ 8	$ 242
Unfunded lending commitments	**178**	**105**	**19**	**302**	174	94	19	287
Total	**$ 375**	**$ 152**	**$ 29**	**$ 556**	$ 365	$ 137	$ 27	$ 529

Portfolio Mix

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

	March 31, 2011	December 31, 2010
North America	**46%**	47%
EMEA	**29**	28
Latin America	**8**	7
Asia	**17**	18
Total	**100%**	100%

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

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

These factors may adversely affect the ability of some obligors to perform and thus increase the risk of lending activities to these obligors. Citigroup also has incorporated climate risk assessment criteria for certain obligors, as necessary. Internal obligor ratings equivalent to BBB and above are considered investment grade. Ratings below the equivalent of the BBB category are considered non-investment grade.

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The following table presents the Corporate credit portfolio by facility risk rating at March 31, 2011 and December 31, 2010, as a percentage of the total portfolio:

	Direct outstandings and unfunded commitments	
	March 31, 2011	December 31, 2010
AAA/AA/A	**56%**	56%
BBB	**26**	26
BB/B	**13**	13
CCC or below	**4**	5
Unrated	**1**	
Total	**100%**	100%

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

	Direct outstandings and unfunded commitments	
	March 31, 2011	December 31, 2010
Public sector	**21%**	19%
Transportation and industrial	**16**	16
Petroleum, energy, chemical and metal	**15**	15
Banks/broker-dealers	**13**	14
Consumer retail and health	**12**	12
Technology, media and telecom	**8**	8
Insurance and special purpose vehicles	**5**	5
Real estate	**3**	4
Hedge funds	**3**	3
Other industries(1)	**4**	4
Total	**100%**	100%

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

Credit Risk Mitigation

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

At March 31, 2011 and December 31, 2010, $49.5 billion and $49.0 billion, respectively, of credit risk exposures were economically hedged. Citigroup's expected loss model used in the calculation of its loan loss reserve does not include the favorable impact of credit derivatives and other risk mitigants. In addition, the reported amounts of direct outstandings and unfunded commitments in this report do not reflect the impact of these hedging transactions. At March 31, 2011 and December 31, 2010, the credit protection was economically hedging underlying credit exposure with the following risk rating distribution, respectively:

Rating of Hedged Exposure

	March 31, 2011	December 31, 2010

AAA/AA/A	**51%**	53%
BBB	**34**	32
BB/B	**13**	11
CCC or below	**2**	4
Total	**100%**	100%

At March 31, 2011 and December 31, 2010, the credit protection was economically hedging underlying credit exposures with the following industry distribution:

Industry of Hedged Exposure

	March 31, 2011	December 31, 2010
Petroleum, energy, chemical and metal	**24%**	24%
Transportation and industrial	**21**	19
Consumer retail and health	**18**	19
Public sector	**12**	13
Technology, media and telecom	**11**	10
Banks/broker-dealers	**8**	7
Insurance and special purpose vehicles	**5**	4
Other industries(1)	**1**	4
Total	**100%**	100%

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

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EXPOSURE TO COMMERCIAL REAL ESTATE

ICG and the *SAP*, through their business activities and as capital markets participants, incur exposures that are directly or indirectly tied to the commercial real estate (CRE) market, and *LCL* and *RCB* hold loans that are collateralized by CRE. These exposures are represented primarily by the following three categories:

(1) *Assets held at fair value* included approximately $5.4 billion at March 31, 2011, of which approximately $4.3 billion are securities, loans and other items linked to CRE that are carried at fair value as trading account assets, approximately $0.7 billion are securities backed by CRE carried at fair value as available-for-sale (AFS) investments, approximately $0.3 billion are other exposures classified as other assets and investments and approximately $0.1 billion are loans held-for-sale. Changes in fair value for trading account assets are reported in current earnings, while AFS investments are reported in *Accumulated other comprehensive income (loss)* with credit-related other-than-temporary impairments reported in current earnings.

The majority of these exposures are classified as Level 3 in the fair value hierarchy. Over the last several years, weakened activity in the trading markets for some of these instruments resulted in reduced liquidity, thereby decreasing the observable inputs for such valuations, and could continue to have an adverse impact on how these instruments are valued in the future. See Note 19 to the Consolidated Financial Statements.

(2) *Assets held at amortized cost* included approximately $1.5 billion of securities classified as held-to-maturity (HTM) and approximately $27.1 billion of loans and commitments, each as of March 31, 2011. HTM securities 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* included approximately $3.6 billion of equity and other investments (such as limited partner fund investments) at March 31, 2011 that 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.

The following table provides a summary of Citigroup's global CRE funded and unfunded exposures at March 31, 2011 and December 31, 2010:

In billions of dollars	**March 31, 2011**	**December 31, 2010**
Institutional Clients Group		
CRE exposures carried at fair value (including AFS securities)	**$ 3.8**	$ 4.4
Loans and unfunded commitments	**18.0**	17.5
HTM securities	**1.5**	1.5
Equity method investments	**3.4**	3.5
Total *ICG*	**$ 26.7**	$ 26.9
Special Asset Pool		
CRE exposures carried at fair value (including AFS)	**$ 1.1**	$ 0.8
Loans and unfunded commitments	**4.3**	5.1
HTM securities		0.1
Equity method investments	**0.2**	0.2
Total *SAP*	**$ 5.6**	$ 6.2
Regional Consumer Banking		
Loans and unfunded commitments	**$ 2.8**	$ 2.7
Local Consumer Lending		

Loans and unfunded commitments	**$**	**2.0**	$	4.0
Brokerage and Asset Management				
CRE exposures carried at fair value	**$**	**0.5**	$	0.5
Total Citigroup	**$**	**37.6**	$	40.3

The above table represents the vast majority of Citi's direct exposure to CRE. There may be other transactions that have indirect exposures to CRE that are not reflected in this table.

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MARKET RISK

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

Interest Rate Exposure (IRE) for Non-Trading Portfolios

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

	March 31, 2011		**December 31, 2010**		**March 31, 2010**	
In millions of dollars	**Increase**	**Decrease**	**Increase**	**Decrease**	**Increase**	**Decrease**
U.S. dollar						
Instantaneous change	**$ 139**	**NM**	$ (105)	NM	$ (488)	NM
Gradual change	**36**	**NM**	25	NM	(110)	NM
Mexican peso						
Instantaneous change	**$ 93**	**$(93)**	$ 181	$(181)	$ 42	$(42)
Gradual change	**59**	**$(59)**	107	$(107)	21	$(21)
Euro						
Instantaneous change	**$ 38**	**NM**	$ (10)	NM	$ (56)	NM
Gradual change	**23**	**NM**	(8)	NM	(50)	NM
Japanese yen						
Instantaneous change	**$ 83**	**NM**	$ 93	NM	$ 148	NM
Gradual change	**49**	**NM**	52	NM	97	NM
Pound sterling						
Instantaneous change	**$ 13**	**NM**	$ 33	NM	$ (3)	NM
Gradual change	**5**	**NM**	21	NM	(5)	NM

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

The changes in the U.S. dollar IRE from the previous quarter reflect changes in the customer-related asset and liability mix, asset sales, the expected impact of market rates on customer behavior and purchases in the liquidity portfolio. The changes from the prior-year quarter primarily reflected modeling of mortgages and deposits based on lower rates, pricing changes due to the CARD Act, debt issuance and swapping activities, offset by repositioning of the liquidity portfolio.

Certain trading-oriented businesses within Citi have accrual-accounted positions. The U.S. dollar IRE associated with these businesses is ($142) million for a 100 basis point instantaneous increase in interest rates.

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

	Scenario 1	**Scenario 2**	**Scenario 3**	**Scenario 4**	**Scenario 5**	**Scenario 6**
Overnight rate change (bps)	$	$ 100	$ 200	$ (200)	$ (100)	$
10-year rate change (bps)	(100)		100	(100)		100

Impact to net interest revenue *(in millions of dollars)*	$	(258)	$	50	$	33	NM	NM	$	(109)

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

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Value at Risk for Trading Portfolios

For Citigroup's major trading centers, the aggregate pretax value at risk (VAR) in the trading portfolios was $204 million, $191 million, $226 million, and $172 million at March 31, 2011, December 31, 2010, September 30, 2010 and March 31, 2010, respectively. Daily Citigroup trading VAR averaged $195 million and ranged from $157 million to $224 million during the first quarter of 2011.

The following table summarizes VAR for Citigroup trading portfolios at March 31, 2011, December 31, 2010, and March 31, 2010, including the total VAR, the specific risk-only component of VAR, the isolated general market factor VARs, along with the quarterly averages.

In million of dollars	March 31, 2011	First Quarter 2011 Average	December 31, 2010(2)	Fourth Quarter 2010 Average	March 31, 2010	First Quarter 2010 Average
Interest rate	**$ 256**	**$ 233**	$ 235	$ 267	$ 201	$ 193
Foreign exchange	**62**	**53**	52	62	53	51
Equity	**34**	**49**	56	46	49	73
Commodity	**27**	**23**	19	27	17	18
Diversification benefit	**(175)**	**(163)**	(171)	(185)	(148)	(135)
Total All market risk factors, including general and specific risk	**$ 204**	**$ 195**	$ 191	$ 217	$ 172	$ 200
Specific risk-only component(1)	**$ 16**	**$ 15**	$ 8	$ 17	$ 15	$ 21
Total General market factors only	**$ 188**	**$ 180**	$ 183	$ 200	$ 157	$ 180

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

(2) On April 30, 2010, Citigroup concluded its implementation of exponentially weighted market factor volatilities for interest rate and FX positions to the VAR calculation. This methodology uses the higher of short- and long-term annualized volatilities. This enhancement resulted in a 31% increase in *S&B* VAR, and a 24% increase in Citigroup consolidated VAR, reported at June 30, 2010.

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

	March 31, 2011		December 31, 2010		March 31, 2010	
In millions of dollars	Low	High	Low	High	Low	High
Interest rate	**$ 187**	**$ 274**	$ 229	$ 315	$ 171	$ 228
Foreign exchange	**34**	**81**	31	98	37	78
Equity	**29**	**74**	31	75	47	111
Commodity	**16**	**36**	18	39	15	20

The following table provides the VAR for *S&B* for the first quarter of 2011 and the fourth quarter of 2010:

In millions of dollars	March 31, 2011	December 31, 2010
Total All market risk factors, including general and specific risk	**$ 113**	$ 159
Average during quarter	**$ 149**	$ 160
High during quarter	**174**	186
Low during quarter	**107**	139

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INTEREST REVENUE/EXPENSE AND YIELDS

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

In millions of dollars	1st Qtr. 2011	4th Qtr. 2010	1st Qtr. 2010	Change 1Q11 vs. 1Q10
Interest revenue	**$ 18,322**	$ 18,999	$ 20,994	**(13)%**
Interest expense	**5,974**	6,069	6,291	**(5)**
Net interest revenue(1)(2)	**$ 12,348**	$ 12,930	$ 14,703	**(16)%**
Interest revenue average rate	**4.32%**	4.37%	4.77%	**(45)bps**
Interest expense average rate	**1.60**	1.58	1.60	
Net interest margin	**2.91%**	2.97%	3.34%	**(43)bps**
Interest-rate benchmarks				
Federal Funds rate end of period	**0.00-0.25%**	0.00-0.25%	0.00-0.25%	
Federal Funds rate average rate	**0.00-0.25%**	0.00-0.25%	0.00-0.25%	
Two-year U.S. Treasury note average rate	**0.69%**	0.49%	0.92%	**(23)bps**
10-year U.S. Treasury note average rate	**3.46%**	2.88%	3.72%	**(26)bps**
10-year vs. two-year spread	**277bps**	239bps	280bps	

(1) Net interest revenue includes the taxable equivalent adjustments (based on the U.S. federal statutory tax rate of 35%) of $124 million, $124 million, and $142 million for the three-months ended March 31, 2011, December 31, 2010 and March 31, 2010, respectively.

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

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

During the first quarter of 2011, Citi's NIM decreased by approximately 6 basis points, primarily due to the continued run-off and sales of higher yielding assets in Citi Holdings, such as the announced sale of Egg Banking PLC credit card business. Year-over-year, NIM decreased by approximately 43 basis points, driven by lower investment yields, repositioning of certain portfolios in Citicorp towards a lower risk profile and the continued run-off and sales of higher yielding assets in Citi Holdings.

Citi currently expects NIM to remain under pressure in the second quarter of 2011, but believes it should begin to stabilize during the second half of the year. NIM will also be negatively impacted by the increase in Citi's FDIC assessment, which became effective in the second quarter of 2011 and will increase the cost of deposits. Citi currently anticipates the additional FDIC assessment to be approximately $550 million annually.

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

Taxable Equivalent Basis

	Average volume			Interest revenue			% Average rate		
In millions of dollars	1st Qtr. 2011	4th Qtr. 2010	1st Qtr. 2010	1st Qtr. 2011	4th Qtr. 2010	1st Qtr. 2010	1st Qtr. 2011	4th Qtr. 2010	1st Qtr. 2010
Assets									
Deposits with banks(5)	**$ 179,510**	$ 169,230	$ 166,378	**$ 459**	$ 353	$ 290	**1.04%**	0.83%	0.71%
Federal funds sold and securities borrowed or purchased under agreements to resell(6)									
In U.S. offices	**$ 151,041**	$ 149,828	$ 160,033	**$ 392**	$ 410	$ 471	**1.05%**	1.09%	1.19%
In offices outside the U.S.(5)	**104,170**	94,704	78,052	**446**	406	281	**1.74**	1.70	1.46
Total	**$ 255,211**	$ 244,532	$ 238,085	**$ 838**	$ 816	$ 752	**1.33%**	1.32%	1.28%
Trading account assets(7)(8)									
In U.S. offices	**$ 132,016**	$ 128,721	$ 131,776	**$ 1,133**	$ 1,158	$ 1,096	**3.48%**	3.57%	3.37%
In offices outside the U.S.(5)	**144,408**	154,332	152,403	**900**	1,033	803	**2.53**	2.66	2.14
Total	**$ 276,424**	$ 283,053	$ 284,179	**$ 2,033**	$ 2,191	$ 1,899	**2.98%**	3.07%	2.71%
Investments									
In U.S. offices									
Taxable	**$ 175,870**	$ 186,878	$ 150,858	**$ 950**	$ 1,014	$ 1,389	**2.19%**	2.15%	3.73%
Exempt from U.S. income tax	**12,996**	13,849	15,570	**318**	302	275	**9.92**	8.65	7.16
In offices outside the U.S.(5)	**131,540**	132,206	144,892	**1,285**	1,319	1,547	**3.96**	3.96	4.33
Total	**$ 320,406**	$ 332,933	$ 311,320	**$ 2,553**	$ 2,635	$ 3,211	**3.23%**	3.14%	4.18%
Loans (net of unearned income)(9)									
In U.S. offices	**$ 376,710**	$ 386,691	$ 479,384	**$ 7,445**	$ 7,836	$ 9,523	**8.02%**	8.04%	8.06%
In offices outside the U.S.(5)	**262,320**	259,815	258,488	**4,843**	4,988	5,163	**7.49**	7.62	8.10
Total	**$ 639,030**	$ 646,506	$ 737,872	**$ 12,288**	$ 12,824	$ 14,686	**7.80%**	7.87%	8.07%
Other interest-earning assets	**$ 49,493**	$ 49,787	$ 45,894	**$ 151**	$ 180	$ 156	**1.24%**	1.43%	1.38%
Total interest-earning assets	**$ 1,720,074**	$ 1,726,041	$ 1,783,728	**$ 18,322**	$ 18,999	$ 20,994	**4.32%**	4.37%	4.77%

Non-interest-earning assets(7)	**$ 231,083**	$ 224,859	$ 229,344
Total assets from discontinued operations	**2,672**	31,286	
Total assets	**$ 1,953,829**	$ 1,982,186	$ 2,013,072

(1) Net interest revenue includes the taxable equivalent adjustments (based on the U.S. federal statutory tax rate of 35%) of $124 million, $124 million, and $142 million for the three-months ended March 31, 2011, December 31, 2010 and March 31, 2010, respectively.

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

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

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

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

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

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

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

(9) Includes cash-basis loans.

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

Taxable Equivalent Basis

	Average volume			Interest expense			% Average rate		
In millions of dollars	1st Qtr. 2011	4th Qtr. 2010	1st Qtr. 2010	1st Qtr. 2011	4th Qtr. 2010	1st Qtr. 2010	1st Qtr. 2011	4th Qtr. 2010	1st Qtr. 2010
Liabilities									
Deposits									
In U.S. offices									
Savings deposits(5)	**$ 192,298**	$ 196,185	$ 178,266	**$ 391**	$ 509	$ 458	**0.82%**	1.03%	1.04%
Other time deposits	**32,859**	38,287	54,391	**109**	71	143	**1.35**	0.74	1.07
In offices outside the U.S.(6)	**490,525**	491,493	481,002	**1,514**	1,545	1,479	**1.25**	1.25	1.25
Total	**$ 715,682**	$ 725,965	$ 713,659	**$ 2,014**	$ 2,125	$ 2,080	**1.14%**	1.16%	1.18%
Federal funds purchased and securities loaned or sold under agreements to repurchase(7)									
In U.S. offices	**$ 118,314**	$ 119,434	$ 120,695	**$ 175**	$ 193	$ 179	**0.60%**	0.64%	0.60%
In offices outside the U.S.(6)	**97,302**	85,907	79,447	**562**	493	475	**2.34**	2.28	2.42
Total	**$ 215,616**	$ 205,341	$ 200,142	**$ 737**	$ 686	$ 654	**1.39%**	1.33%	1.33%
Trading account liabilities(8)(9)									
In U.S. offices	**$ 34,861**	$ 36,382	$ 32,642	**$ 51**	$ 72	$ 44	**0.59%**	0.79%	0.55%
In offices outside the U.S.(6)	**45,914**	43,832	46,905	**33**	30	19	**0.29**	0.27	0.16
Total	**$ 80,775**	$ 80,214	$ 79,547	**$ 84**	$ 102	$ 63	**0.42%**	0.50%	0.32%
Short-term borrowings									
In U.S. offices	**$ 94,028**	$ 98,138	$ 152,785	**$ 69**	$ 136	$ 204	**0.30%**	0.55%	0.54%
In offices outside the U.S.(6)	**40,229**	39,789	27,659	**101**	77	72	**1.02**	0.77	1.06
Total	**$ 134,257**	$ 137,927	$ 180,444	**$ 170**	$ 213	$ 276	**0.51%**	0.61%	0.62%
Long-term debt(10)									
In U.S. offices	**$ 347,559**	$ 350,265	$ 397,113	**$ 2,772**	$ 2,730	$ 3,005	**3.23%**	3.09%	3.07%
	20,290	19,821	25,955	**197**	213	213	**3.94**	4.26	3.33

In offices outside the U.S.(6)									
Total	**$ 367,849**	$ 370,086	$ 423,068	**$ 2,969**	$ 2,943	$ 3,218	**3.27%**	3.15%	3.08%
Total interest-bearing liabilities	**$ 1,514,179**	$ 1,519,533	$ 1,596,860	**$ 5,974**	$ 6,069	$ 6,291	**1.60%**	1.58%	1.60%
Demand deposits in U.S. offices	**18,815**	17,762	16,675						
Other non-interest-bearing liabilities(8)	**251,663**	249,684	247,365						
Total liabilities from discontinued operations	**39**	29,256							
Total liabilities	**$ 1,784,696**	$ 1,816,235	$ 1,860,900						
Citigroup equity(11)	**$ 166,777**	$ 163,703	$ 149,993						
Noncontrolling interest	**$ 2,356**	$ 2,248	$ 2,179						
Total stockholders' equity(11)	**$ 169,133**	$ 165,951	$ 152,172						
Total liabilities and stockholders' equity	**$ 1,953,829**	$ 1,982,186	$ 2,013,072						
Net interest revenue as a percentage of average interest-earning assets(12)									
In U.S. offices	**$ 985,985**	$ 999,169	$ 1,084,673	**$ 6,831**	$ 6,729	8,802	**2.81%**	2.67%	3.29%
In offices outside the U.S.(6)	**734,089**	726,872	699,055	**5,517**	6,201	5,901	**3.05**	3.38	3.42
Total	**$ 1,720,074**	$ 1,726,041	$ 1,783,728	**$ 12,348**	$ 12,930	$ 14,703	**2.91%**	2.97%	3.34%

(1) Net interest revenue includes the taxable equivalent adjustments (based on the U.S. federal statutory tax rate of 35%) of $124 million, $124 million, and $142 million for the three-months ended March 31, 2011, December 31, 2010 and March 31, 2010, respectively.

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

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

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

(5) Savings deposits consist of Insured Money Market accounts, NOW accounts, and other savings deposits. The interest expense includes FDIC deposit insurance fees and charges.

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

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

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

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

(10) Excludes hybrid financial instruments and beneficial interests in consolidated VIEs that are classified as *Long-term debt*, as these obligations are accounted for at fair value with changes recorded in *Principal transactions*.

(11) Includes stockholders' equity from discontinued operations.

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

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

	1st Qtr. 2011 vs. 4th Qtr. 2010 Increase (decrease) due to change in:			1st Qtr. 2011 vs. 1st Qtr. 2010 Increase (decrease) due to change in:		
In millions of dollars	Average volume	Average rate	Net change	Average volume	Average rate	Net change
Deposits with banks(4)	**$ 22**	**$ 84**	**$ 106**	$ 24	$ 145	$ 169
Federal funds sold and securities borrowed or purchased under agreements to resell						
In U.S. offices	**$ 3**	**$ (21)**	**$ (18)**	$ (25)	$ (54)	$ (79)
In offices outside the U.S.(4)	**41**	**(1)**	**40**	105	60	165
Total	**$ 44**	**$ (22)**	**$ 22**	$ 80	$ 6	$ 86
Trading account assets(5)						
In U.S. offices	**$ 29**	**$ (54)**	**$ (25)**	$ 2	$ 35	$ 37
In offices outside the U.S.(4)	**(64)**	**(69)**	**(133)**	(44)	141	97
Total	**$ (35)**	**$ (123)**	**$ (158)**	$ (42)	$ 176	$ 134
Investments(1)						
In U.S. offices	**$ (79)**	**$ 31**	**$ (48)**	$ 203	$ (599)	$ (396)
In offices outside the U.S.(4)	**(7)**	**(27)**	**(34)**	(136)	(126)	(262)
Total	**$ (86)**	**$ 4**	**$ (82)**	$ 67	$ (725)	$ (658)
Loans (net of unearned income)(6)						
In U.S. offices	**$ (200)**	**$ (191)**	**$ (391)**	$ (2,029)	$ (49)	$ (2,078)
In offices outside the U.S.(4)	**48**	**(193)**	**(145)**	76	(396)	(320)
Total	**$ (152)**	**$ (384)**	**$ (536)**	$ (1,953)	$ (445)	$ (2,398)
Other interest-earning assets	**$ (1)**	**$ (28)**	**$ (29)**	$ 12	$ (17)	$ (5)
Total interest revenue	**$ (208)**	**$ (469)**	**$ (677)**	$ (1,812)	$ (860)	$ (2,672)

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

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

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

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

(5)

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

(6) Includes cash-basis loans.

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

	1st Qtr. 2011 vs. 4th Qtr. 2010 Increase (decrease) due to change in:			1st Qtr. 2011 vs. 1st Qtr. 2010 Increase (decrease) due to change in:		
In millions of dollars	Average volume	Average rate	Net change	Average volume	Average rate	Net change
Deposits						
In U.S. offices	**$ (22)**	**$ (58)**	**$ (80)**	$ (19)	$ (82)	$ (101)
In offices outside the U.S.(4)	**(3)**	**(28)**	**(31)**	29	6	35
Total	**$ (25)**	**$ (86)**	**$ (111)**	$ 10	$ (76)	$ (66)
Federal funds purchased and securities loaned or sold under agreements to repurchase						
In U.S. offices	**$ (2)**	**$ (16)**	**$ (18)**	$ (4)	$	$ (4)
In offices outside the U.S.(4)	**66**	**3**	**69**	104	(17)	87
Total	**$ 64**	**$ (13)**	**$ 51**	$ 100	$ (17)	$ 83
Trading account liabilities(5)						
In U.S. offices	**$ (3)**	**$ (18)**	**$ (21)**	$ 3	$ 4	$ 7
In offices outside the U.S.(4)	**1**	**2**	**3**		14	14
Total	**$ (2)**	**$ (16)**	**$ (18)**	$ 3	$ 18	$ 21
Short-term borrowings						
In U.S. offices	**$ (5)**	**$ (62)**	**$ (67)**	$ (62)	$ (73)	$ (135)
In offices outside the U.S.(4)	**1**	**23**	**24**	32	(3)	29
Total	**$ (4)**	**$ (39)**	**$ (43)**	$ (30)	$ (76)	$ (106)
Long-term debt						
In U.S. offices	**$ (21)**	**$ 63**	**$ 42**	$ (389)	$ 156	$ (233)
In offices outside the U.S.(4)	**5**	**(21)**	**(16)**	(51)	35	(16)
Total	**$ (16)**	**$ 42**	**$ 26**	$ (440)	$ 191	$ (249)
Total interest expense	**$ 17**	**$ (112)**	**$ (95)**	$ (357)	$ 40	$ (317)
Net interest revenue	**$ (225)**	**$ (357)**	**$ (582)**	$ (1,455)	$ (900)	$ (2,355)

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

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

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

(4)

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

(5)

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

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COUNTRY AND CROSS-BORDER RISK

As required by SEC rules, the table below shows all countries where total FFIEC cross-border outstandings exceed 0.75% of total Citigroup assets:

	March 31, 2011								December 31, 2010	
	Cross-Border Claims on Third Parties									
In billions of U.S. dollars	Banks	Public	Private	Total	Trading and short-term claims	Investments in and funding of local franchises(1)	Total cross-border outstandings	Commitments(2)	Total cross-border outstandings	Commitments(2)
France	**$ 12.1**	**$ 9.3**	**$ 11.7**	**$ 33.1**	**$ 24.8**	**$**	**$ 33.1**	**$ 57.8**	$ 35.8	$ 53.9
Germany	**8.9**	**15.4**	**3.8**	**28.1**	**21.8**	**1.4**	**29.5**	**42.5**	26.0	43.9
India	**3.8**	**0.8**	**5.5**	**10.1**	**9.0**	**18.2**	**28.3**	**5.5**	28.3	4.5
Cayman Islands	**0.2**		**20.2**	**20.4**	**20.0**		**20.4**	**4.5**	19.7	3.2
Brazil	**3.5**		**6.0**	**9.5**	**9.6**	**9.2**	**18.7**	**26.3**	16.2	22.1
United Kingdom	**6.3**	**0.2**	**11.1**	**17.6**	**15.4**		**17.6**	**103.9**	17.4	104.4
South Korea	**1.0**	**1.8**	**1.7**	**4.5**	**4.4**	**9.6**	**14.1**	**22.7**	15.8	22.6
Mexico	**0.5**	**0.2**	**2.9**	**3.6**	**2.3**	**9.7**	**13.3**	**18.6**	16.8	15.2

(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. The FFIEC definition of commitments includes commitments to local residents to be funded with local currency local liabilities.

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DERIVATIVES

See Note 18 to the Consolidated Financial Statements for a discussion and disclosures related to Citigroup's derivative activities. The following discussions relate to the Derivative Obligor Information, the Fair Valuation for Derivatives and Credit Derivatives activities.

Fair Valuation Adjustments for Derivatives

The fair value adjustments applied by Citigroup 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 19 to the Consolidated Financial Statements for more details) 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 Citi's own credit risk in the valuation.

Citigroup 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 credit default swap (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. 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.

The table below summarizes the CVA applied to the fair value of derivative instruments as of March 31, 2011 and December 31, 2010:

	Credit valuation adjustment contra-liability (contra-asset)	
In millions of dollars	**March 31, 2011**	**December 31, 2010**
Non-monoline counterparties	**$ (2,289)**	$ (3,015)
Citigroup (own)	**1,057**	1,285
Net non-monoline CVA	**$ (1,232)**	$ (1,730)
Monoline counterparties(1)	**(1)**	(1,548)
Total CVA derivative instruments	**$ (1,233)**	$ (3,278)

(1) The reduction in CVA on derivative instruments with monoline counterparties includes $1.4 billion of utilizations/releases in the first quarter of 2011.

The table below summarizes pretax gains (losses) related to changes in credit valuation adjustments on derivative instruments, net of hedges:

	Credit valuation adjustment gain (loss)	
In millions of dollars	**First Quarter 2011**	**First Quarter 2010**
CVA on derivatives, excluding monolines	**$ (143)**	$ 314
CVA related to monoline counterparties	**179**	398
Total CVA derivative instruments	**$ 36**	$ 712

The credit valuation adjustment 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 19 to the Consolidated Financial Statements for further information.

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

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Credit Derivatives

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

Credit derivatives generally require that the seller of credit protection make payments to the buyer upon the occurrence of predefined events (settlement triggers). These settlement triggers, which are defined by the form of the derivative and the referenced credit, are generally limited to the market standard of failure to pay indebtedness and bankruptcy (or comparable events) 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 Citi's credit derivatives portfolio by counterparty and derivative form as of March 31, 2011 and December 31, 2010:

March 31, 2011

	Fair values		Notionals	
In millions of dollars	**Receivable**	**Payable**	**Beneficiary**	**Guarantor**
By industry/counterparty				
Bank	**$ 38,078**	**$ 34,546**	**$ 915,674**	**$ 862,230**
Broker-dealer	**14,476**	**14,899**	**316,682**	**305,104**
Monoline	**17**		**317**	
Non-financial	**64**	**59**	**1,323**	**1,591**
Insurance and other financial institutions	**8,647**	**8,438**	**176,669**	**134,717**
Total by industry/counterparty	**$ 61,282**	**$ 57,942**	**$ 1,410,665**	**$ 1,303,642**
By instrument				
Credit default swaps and options	**$ 61,124**	**$ 56,434**	**$ 1,384,297**	**$ 1,302,176**
Total return swaps and other	**158**	**1,508**	**26,368**	**1,466**
Total by instrument	**$ 61,282**	**$ 57,942**	**$ 1,410,665**	**$ 1,303,642**
By rating				
Investment grade	**$ 20,679**	**$ 17,261**	**$ 630,087**	**$ 565,984**
Non-investment grade(1)	**40,603**	**40,681**	**780,578**	**737,658**
Total by rating	**$ 61,282**	**$ 57,942**	**$ 1,410,665**	**$ 1,303,642**
By maturity				
Within 1 year	**$ 1,790**	**$ 1,700**	**$ 181,552**	**$ 173,583**
From 1 to 5 years	**33,967**	**33,165**	**970,199**	**890,511**
After 5 years	**25,525**	**23,077**	**258,914**	**239,548**
Total by maturity	**$ 61,282**	**$ 57,942**	**$ 1,410,665**	**$ 1,303,642**

December 31, 2010

	Fair values		Notionals	
In millions of dollars	**Receivable**	**Payable**	**Beneficiary**	**Guarantor**
By industry/counterparty				
Bank	$ 37,586	$ 35,727	$ 820,211	$ 784,080
Broker-dealer	15,428	16,239	319,625	312,131
Monoline	1,914	2	4,409	
Non-financial	93	70	1,277	1,463
Insurance and other financial institutions	10,108	7,760	177,171	125,442
Total by industry/counterparty	$ 65,129	$ 59,798	$ 1,322,693	$ 1,223,116
By instrument				
Credit default swaps and options	$ 64,840	$ 58,225	$ 1,301,514	$ 1,221,211
Total return swaps and other	289	1,573	21,179	1,905
Total by instrument	$ 65,129	$ 59,798	$ 1,322,693	$ 1,223,116

By rating								
Investment grade	$	20,480	$	17,281	$	598,179	$	532,283
Non-investment grade(1)		44,649		42,517		724,514		690,833
Total by rating	$	65,129	$	59,798	$	1,322,693	$	1,223,116
By maturity								
Within 1 year	$	1,716	$	1,817	$	164,735	$	162,075
From 1 to 5 years		33,853		34,298		935,632		853,808
After 5 years		29,560		23,683		222,326		207,233
Total by maturity	$	65,129	$	59,798	$	1,322,693	$	1,223,116

(1)
Also includes not rated credit derivative instruments.

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

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

Citi actively monitors its counterparty credit risk in credit derivative contracts. Approximately 92% and 89% of the gross receivables are from counterparties with which Citi maintains collateral agreements as of March 31, 2011 and December 31, 2010, respectively. A majority of Citi's top 15 counterparties (by receivable balance owed to the company) are banks, financial institutions or other dealers. Contracts with these counterparties do not include ratings-based termination events. However, counterparty ratings downgrades may have an incremental effect by lowering the threshold at which Citigroup may call for additional collateral.

INCOME TAXES

Deferred Tax Assets

Deferred taxes assets (DTAs) are recorded for the future consequences of events that have been recognized in the financial statements or tax returns, based upon enacted tax laws and rates. DTAs are recognized subject to management's judgment that realization is more likely than not. For additional information, see "Significant Accounting Policies and Significant Estimates Income Taxes" in Citi's 2010 Annual Report on Form 10-K.

At March 31, 2011, Citigroup had recorded net DTAs of approximately $51.1 billion, a decrease of $1 billion from $52.1 billion at December 31, 2010.

Although realization is not assured, Citi believes that the realization of the recognized net deferred tax asset of $51.1 billion at March 31, 2011 is more likely than not based on expectations as to future taxable income in the jurisdictions in which the DTAs arise, and based on available tax planning strategies as defined in ASC 740, *Income Taxes,* that could be implemented if necessary to prevent a carryforward from expiring.

The following table summarizes Citi's net DTAs balance at March 31, 2011 and December 31, 2010:

Jurisdiction/Component

In billions of dollars	DTAs balance March 31, 2011	DTAs balance December 31, 2010
U.S. federal	**$ 41.1**	$ 41.6
State and local	**4.3**	4.6
Foreign	**5.7**	5.9
Total	**$ 51.1**	$ 52.1

Approximately $13 billion of the net deferred tax asset is included in Tier 1 Capital and Tier 1 Common regulatory capital.

DISCLOSURE CONTROLS AND PROCEDURES

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

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

Citigroup's management, with the participation of its CEO and CFO, has evaluated the effectiveness of Citigroup's disclosure controls and procedures (as defined in Rule 13a-15(e) under the Exchange Act) as of March 31, 2011 and, based on that evaluation, the CEO and CFO have concluded that at that date Citigroup's disclosure controls and procedures were effective.

FORWARD-LOOKING STATEMENTS

Certain statements in this Form 10-Q including but not limited to statements included within the Management's Discussion and Analysis of Financial Condition and Results of Operations, are "forward-looking statements" within the meaning of the rules and regulations of the SEC. In addition, Citigroup also may make forward-looking statements in its other documents filed or furnished with the SEC, and its management may make forward-looking statements orally to analysts, investors, representatives of the media and others.

Generally, forward-looking statements are not based on historical facts but instead represent only Citigroup's and management's beliefs regarding future events. Such statements may be identified by words such as *believe, expect, anticipate, intend, estimate, may increase, may fluctuate*, and similar expressions, or future or conditional verbs such as *will, should, would* and *could*.

Such statements are based on management's current expectations and are subject to uncertainty and changes in circumstances. Actual results may differ materially from those included in these statements due to a variety of factors, including without limitation the precautionary statements included in this Form 10-Q, the factors listed and described under "Risk Factors" in Citi's 2010 Annual Report on Form 10-K, and the factors described below:

- the impact of the ongoing implementation of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (Financial Reform Act) on Citi's business activities and practices, costs of operations and overall results of operations;

- the impact of increases in FDIC insurance premiums on Citi's earnings, net interest margin (NIM) and competitive position, in the U.S. and globally;

- Citi's ability to maintain, or the increased cost of maintaining, adequate capital in light of changing regulatory capital requirements pursuant to the Financial Reform Act, the capital standards adopted by the Basel Committee on Banking Supervision (including as implemented by U.S. regulators) or otherwise;

- disruption to, and potential adverse impact to the results of operations of, certain areas of Citi's derivatives business structures and practices as result of the central clearing, exchange trading and "push-out" provisions of the Financial Reform Act;

- the potential negative impacts to Citi of regulatory requirements aimed at facilitation of the orderly resolution of large financial institutions, as required under the Financial Reform Act;

risks arising from Citi's extensive operations outside the U.S., including the continued volatile political environment in certain emerging markets and with respect to certain sovereigns with which Citi does business or invests, and Citi's ability to comply with conflicting or inconsistent regulations;

the impact of recently enacted and potential future regulations on Citi's ability and costs to participate in securitization transactions;

a reduction in Citi's or its subsidiaries' credit ratings, including in response to the passage of the Financial Reform Act, and the potential impact on Citi's funding and liquidity, borrowing costs and access to the capital markets, among other factors;

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the impact of restrictions imposed on proprietary trading and funds-related activities by the Financial Reform Act, including the potential negative impact on Citi's market-making activities and its global competitive position with respect to its trading activities;

increased compliance costs and possible changes to Citi's practices and operations with respect to a number of its U.S. Consumer businesses as a result of the Financial Reform Act and the establishment of the new Bureau of Consumer Financial Protection;

the continued impact of The Credit Card Accountability Responsibility and Disclosure Act of 2009 as well as other regulatory requirements on Citi's credit card businesses and business models;

the exposure of Citi, as originator of residential mortgage loans, servicer or seller of such loans, sponsor of residential mortgage-backed securitization transactions, or in other capacities, to government sponsored enterprises (GSEs), investors, mortgage insurers, or other third parties as a result of representations and warranties made in connection with the transfer, sale or securitization of such loans;

the outcome of inquiries and proceedings by governmental entities or state attorneys general, or judicial and regulatory decisions, regarding practices in the residential mortgage industry, including among other things the processes followed for foreclosing residential mortgages and mortgage transfer and securitization processes, and any potential impact on Citi's results of operations or financial condition;

the continued uncertainty about the sustainability and pace of the economic recovery, including continued disruption in the global financial markets and the potential impact on consumer credit, on Citi's businesses and results of operations;

Citi's ability to maintain adequate liquidity in light of changing liquidity standards in the U.S. or abroad, and the impact of maintaining adequate liquidity on Citi's NIM;

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

the potential negative impact on the value of Citi's DTAs if corporate tax rates in the U.S., or certain foreign jurisdictions, are decreased;

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

Citi's ability to continue to wind down Citi Holdings at the same pace or level as in the past and its ability to reduce risk-weighted assets and limit its expenses as a result;

Citi's ability to continue to control expenses, particularly as it continues to invest in the businesses in Citicorp with the continued uncertainty of FX translation and legal and regulatory expenses from quarter to quarter;

Citi's ability to hire and retain qualified employees as a result of regulatory uncertainty regarding compensation practices or otherwise;

Citi's ability to predict or estimate the outcome or exposure of the extensive legal and regulatory proceedings to which it is subject, and the potential for the "whistleblower" provisions of the Financial Reform Act to further increase Citi's number of, and exposure to, legal and regulatory proceedings;

potential future changes in key accounting standards utilized by Citi and their impact on how Citi records and reports its financial condition and results of operations;

the accuracy of Citi's assumptions and estimates, including in determining credit loss reserves, litigation and regulatory exposures, mortgage representation and warranty claims and the fair value of certain assets, used to prepare its financial statements;

Citi's ability to maintain effective risk management processes and strategies to protect against losses, which can be increased by concentration of risk, particularly with Citi's counter parties in the financial sector;

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

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

the continued volatility and uncertainty relating to Citi's Japan Consumer Finance business, including the type, number and amount of customer refund claims received;

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

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FINANCIAL STATEMENTS AND NOTES

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CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF INCOME (Unaudited)

Citigroup Inc. and Subsidiaries

In millions of dollars, except per-share amounts	Three Months Ended March 31, 2011	2010
Revenues		
Interest revenue	**$ 18,200**	$ 20,852
Interest expense	**5,976**	6,291
Net interest revenue	**$ 12,224**	$ 14,561
Commissions and fees	**$ 3,368**	$ 3,645
Principal transactions	**3,167**	4,116
Administration and other fiduciary fees	**1,097**	1,022
Realized gains (losses) on sales of investments	**580**	538
Other than temporary impairment losses on investments		
Gross impairment losses	**(1,733)**	(550)
Less: Impairments recognized in OCI	**26**	43
Net impairment losses recognized in earnings	**$ (1,707)**	$ (507)
Insurance premiums	**$ 672**	$ 748
Other revenue	**325**	1,298
Total non-interest revenues	**$ 7,502**	$ 10,860
Total revenues, net of interest expense	**$ 19,726**	$ 25,421
Provisions for credit losses and for benefits and claims		
Provision for loan losses	**$ 2,899**	$ 8,366
Policyholder benefits and claims	**260**	287
Provision for unfunded lending commitments	**25**	(35)
Total provisions for credit losses and for benefits and claims	**$ 3,184**	$ 8,618
Operating expenses		
Compensation and benefits	**$ 6,409**	$ 6,162
Premises and equipment	**825**	830
Technology/communication	**1,214**	1,199
Advertising and marketing	**397**	302
Other operating	**3,481**	3,025
Total operating expenses	**$ 12,326**	$ 11,518
Income from continuing operations before income taxes	**$ 4,216**	$ 5,285
Provision for income taxes	**1,185**	1,036
Income from continuing operations	**$ 3,031**	$ 4,249

Discontinued operations				
Income (loss) from discontinued operations	**$**	**60**	$	(5)
Gain on sale		**4**		94
Provision (benefit) for income taxes		**24**		(122)
Income from discontinued operations, net of taxes	**$**	**40**	$	211
Net income before attribution of noncontrolling interests	**$**	**3,071**	$	4,460
Net income attributable to noncontrolling interests		**72**		32
Citigroup's net income	**$**	**2,999**	$	4,428
Basic earnings per share(1)				
Income from continuing operations	**$**	**0.10**	$	0.15
Income from discontinued operations, net of taxes				0.01
Net income	**$**	**0.10**	$	0.15
Weighted average common shares outstanding		**29,043.5**		28,444.3
Diluted earnings per share(1)				
Income from continuing operations	**$**	**0.10**	$	0.14
Income from discontinued operations, net of taxes				0.01
Net income	**$**	**0.10**	$	0.15
Adjusted weighted average common shares outstanding		**29,965.8**		29,333.5

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

See Notes to the Consolidated Financial Statements.

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CONSOLIDATED BALANCE SHEET

Citigroup Inc. and Subsidiaries

In millions of dollars, except shares	March 31, 2011 (Unaudited)	December 31, 2010
Assets		
Cash and due from banks (including segregated cash and other deposits)	**$ 27,842**	$ 27,972
Deposits with banks	**163,603**	162,437
Federal funds sold and securities borrowed or purchased under agreements to resell (including $98,566 and $87,512 as of March 31, 2011 and December 31, 2010, respectively, at fair value)	**261,120**	246,717
Brokerage receivables	**40,901**	31,213
Trading account assets (including $128,020 and $117,554 pledged to creditors at March 31, 2011 and December 31, 2010, respectively)	**323,110**	317,272
Investments (including $14,988 and $12,546 pledged to creditors at March 31, 2011 and December 31, 2010, respectively, and $303,981 and $281,174 as of March 31, 2011 and December 31, 2010, respectively, at fair value)	**327,257**	318,164
Loans, net of unearned income		
Consumer (including $1,489 and $1,745 as of March 31, 2011 and December 31, 2010, respectively, at fair value)	**441,213**	457,632
Corporate (including $2,862 and $2,627 as of March 31, 2011 and December 31, 2010, respectively, at fair value)	**195,923**	191,162
Loans, net of unearned income	**$ 637,136**	$ 648,794
Allowance for loan losses	**(36,568)**	(40,655)
Total loans, net	**$ 600,568**	$ 608,139
Goodwill	**26,339**	26,152
Intangible assets (other than MSRs)	**7,280**	7,504
Mortgage servicing rights (MSRs)	**4,690**	4,554
Other assets (including $13,758 and $19,319 as of March 31, 2011 and December 31, 2010, respectively, at fair value)	**162,433**	163,778
Assets of discontinued operations held for sale	**2,672**	
Total assets	**$ 1,947,815**	$ 1,913,902

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

	March 31, 2011	December 31, 2010
Assets of consolidated VIEs that can only be used to settle obligations of consolidated VIEs		
Cash and due from banks	**$ 1,506**	$ 799
Trading account assets	**3,804**	6,509
Investments	**7,809**	7,946
Loans, net of unearned income		
Consumer (including $1,462 and $1,718 as of March 31, 2011 and December 31, 2010, respectively, at fair value)	**106,363**	117,768
Corporate (including $336 and $425 as of March 31, 2011 and December 31, 2010, respectively, at fair value)	**21,766**	23,537
Loans, net of unearned income	**$ 128,129**	$ 141,305
Allowance for loan losses	**(9,432)**	(11,346)

Total loans, net	**$**	**118,697**	$	129,959
Other assets		**1,203**		680
Total assets of consolidated VIEs that can only be used to settle obligations of consolidated VIEs	**$**	**133,019**	$	145,893

[Statement continues on the next page.]

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CONSOLIDATED BALANCE SHEET
(Continued)

Citigroup Inc. and Subsidiaries

In millions of dollars, except shares		March 31, 2011 (Unaudited)		December 31, 2010
Liabilities				
Non-interest-bearing deposits in U.S. offices	**$**	**81,839**	$	78,268
Interest-bearing deposits in U.S. offices (including $846 and $665 as of March 31, 2011 and December 31, 2010, respectively, at fair value)		**222,613**		225,731
Non-interest-bearing deposits in offices outside the U.S.		**61,851**		55,066
Interest-bearing deposits in offices outside the U.S. (including $719 and $600 as of March 31, 2011 and December 31, 2010, respectively, at fair value)		**499,560**		485,903
Total deposits	**$**	**865,863**	$	844,968
Federal funds purchased and securities loaned or sold under agreements to repurchase (including $112,461 and $121,193 as of March 31, 2011 and December 31, 2010, respectively, at fair value)		**187,825**		189,558
Brokerage payables		**50,394**		51,749
Trading account liabilities		**146,346**		129,054
Short-term borrowings (including $1,914 and $2,429 as of March 31, 2011 and December 31, 2010, respectively, at fair value)		**78,622**		78,790
Long-term debt (including $26,278 and $25,997 as of March 31, 2011 and December 31, 2010, respectively, at fair value)		**376,541**		381,183
Other liabilities (including $7,716 and $9,710 as of March 31, 2011 and December 31, 2010, respectively, at fair value)		**68,792**		72,811
Liabilities of discontinued operations held for sale		**39**		
Total liabilities	**$**	**1,774,422**	$	1,748,113
Stockholders' equity				
Preferred stock ($1.00 par value; authorized shares: 30 million), issued shares: **12,038 at March 31, 2011**, at aggregate liquidation value	**$**	**312**	$	312
Common stock ($0.01 par value; authorized shares: 60 billion), issued shares: **29,318,448,574 at March 31, 2011** and 29,224,016,234 at December 31, 2010		**293**		292
Additional paid-in capital		**102,740**		101,024
Retained earnings		**82,554**		79,559
Treasury stock, at cost: **2011 112,008,014 shares** and 2010 165,655,721 shares		**(878)**		(1,442)
Accumulated other comprehensive income (loss)		**(13,984)**		(16,277)
Total Citigroup stockholders' equity	**$**	**171,037**	$	163,468
Noncontrolling interest		**2,356**		2,321
Total equity	**$**	**173,393**	$	165,789
Total liabilities and equity	**$**	**1,947,815**	$	1,913,902

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

	March 31, 2011	December 31, 2010
Liabilities of consolidated VIEs for which creditors or beneficial interest holders do not have recourse to the general credit of Citigroup		

Short-term borrowings	**$**	**22,665**	$	22,046
Long-term debt (including $3,025 and $3,942 as of March 31, 2011 and December 31, 2010, respectively, at fair value)		**67,381**		69,710
Other liabilities		**553**		813
Total liabilities of consolidated VIEs for which creditors or beneficial interest holders do not have recourse to the general credit of Citigroup	**$**	**90,599**	$	92,569

See Notes to the Consolidated Financial Statements.

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CONSOLIDATED STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY (Unaudited)

Citigroup Inc. and Subsidiaries

In millions of dollars, except shares in thousands	Three months ended March 31, 2011	2010
Preferred stock at aggregate liquidation value		
Balance, beginning of year	**$ 312**	$ 312
Balance, end of period	**$ 312**	$ 312
Common stock and additional paid-in capital		
Balance, beginning of year	**$ 101,316**	$ 98,428
Employee benefit plans	**(157)**	(3,506)
Issuance of new common stock		
Conversion of ADIA Upper Decs Equity Units Purchase Contract to common stock	**1,875**	1,875
Other	**(1)**	(83)
Balance, end of period	**$ 103,033**	$ 96,714
Retained earnings		
Balance, beginning of year	**$ 79,559**	$ 77,440
Adjustment to opening balance, net of taxes(1)		(8,442)
Adjusted balance, beginning of period	**$ 79,559**	$ 68,998
Citigroup's net income	**2,999**	4,428
Common dividends(2)		6
Preferred dividends	**(4)**	
Balance, end of period	**$ 82,554**	$ 73,432
Treasury stock, at cost		
Balance, beginning of year	**$ (1,442)**	$ (4,543)
Issuance of shares pursuant to employee benefit plans	**564**	3,364
Treasury stock acquired(3)		(1)
Other		2
Balance, end of period	**$ (878)**	$ (1,178)
Accumulated other comprehensive income (loss)		
Balance, beginning of year	**$ (16,277)**	$ (18,937)
Net change in unrealized gains and losses on investment securities, net of taxes	**740**	1,182
Net change in cash flow hedges, net of taxes	**152**	223
Net change in foreign currency translation adjustment, net of taxes	**1,364**	(279)
Pension liability adjustment, net of taxes(4)	**37**	(48)
Net change in *Accumulated other comprehensive income (loss)*	**$ 2,293**	$ 1,078
Balance, end of period	**$ (13,984)**	$ (17,859)
Total Citigroup common stockholders' equity (shares outstanding: 29,206,441 at March 31, 2011 and 29,058,360 at December 31, 2010)	**$ 170,725**	$ 151,109
Total Citigroup stockholders' equity	**$ 171,037**	$ 151,421

Noncontrolling interest				
Balance, beginning of year	**$**	**2,321**	$	2,273
Initial origination of a noncontrolling interest				(10)
Transactions between noncontrolling-interest shareholders and the related consolidated subsidiary				(22)
Transactions between Citigroup and the noncontrolling-interest shareholders		**(92)**		
Net income attributable to noncontrolling-interest shareholders		**72**		32
Dividends paid to noncontrolling-interest shareholders				(54)
Accumulated other comprehensive income net change in unrealized gains and losses on investment securities, net of tax		**(2)**		12
Accumulated other comprehensive income net change in FX translation adjustment, net of tax		**31**		(5)
All other		**26**		132
Net change in noncontrolling interests	**$**	**35**	$	85
Balance, end of period	**$**	**2,356**	$	2,358
Total equity	**$**	**173,393**	$	153,779
Comprehensive income (loss)				
Net income (loss) before attribution of noncontrolling interests	**$**	**3,071**	$	4,460
Net change in *Accumulated other comprehensive income (loss) before attribution of noncontrolling interest*		**2,322**		1,085
Total comprehensive income (loss) before attribution of noncontrolling interest	**$**	**5,393**	$	5,545
Comprehensive income (loss) attributable to the noncontrolling interests	**$**	**101**	$	39
Comprehensive income (loss) attributable to Citigroup	**$**	**5,292**	$	5,506

(1) The adjustment to the opening balance for *Retained earnings* in 2010 represents the cumulative effect of initially adopting ASC 810, *Consolidation* (SFAS 167). See Note 1 to the Consolidated Financial Statements.

(2) Common dividends in 2010 represent a reversal of dividends accrued on forfeitures of previously issued but unvested employee stock awards related to employees who have left Citigroup.

(3) All open market repurchases were transacted under an existing authorized share repurchase plan and relate to customer fails/errors.

(4) Reflects adjustments to the funded status of pension and postretirement plans, which is the difference between the fair value of the plan assets and the projected benefit obligation. See Note 8 to the Consolidated Financial Statements.

See Notes to the Consolidated Financial Statements.

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CONSOLIDATED STATEMENT OF CASH FLOWS (Unaudited)

Citigroup Inc. and Subsidiaries

	Three Months Ended March 31,	
In millions of dollars	**2011**	**2010**
Cash flows from operating activities of continuing operations		
Net income before attribution of noncontrolling interests	**$ 3,071**	$ 4,460
Net income attributable to noncontrolling interests	**72**	32
Citigroup's net income	**$ 2,999**	$ 4,428
Income from discontinued operations, net of taxes	**36**	147
Gain on sale, net of taxes	**4**	64
Income from continuing operations excluding noncontrolling interests	**$ 2,959**	$ 4,217
Adjustments to reconcile net income to net cash provided by operating activities of continuing operations		
Amortization of deferred policy acquisition costs and present value of future profits	**$ 62**	$ 102
(Additions)/reductions to deferred policy acquisition costs	**(25)**	1,994
Depreciation and amortization	**671**	623
Provision for credit losses	**2,924**	8,331
Change in trading account assets	**4,162**	(13,110)
Change in trading account liabilities	**17,292**	5,236
Change in federal funds sold and securities borrowed or purchased under agreements to resell	**(14,403)**	(12,326)
Change in federal funds purchased and securities loaned or sold under agreements to repurchase	**(1,733)**	53,630
Change in brokerage receivables net of brokerage payables	**(11,043)**	(6,172)
Realized gains from sales of investments	**(580)**	(538)
Change in loans held-for-sale	**(629)**	(1,444)
Other, net	**1,382**	(5,125)
Total adjustments	**$ (1,920)**	$ 31,201
Net cash provided by operating activities of continuing operations	**$ 1,039**	$ 35,418
Cash flows from investing activities of continuing operations		
Change in deposits with banks	**$ (1,166)**	$ 3,889
Change in loans	**5,624**	25,536
Proceeds from sales and securitizations of loans	**1,824**	1,252
Purchases of investments	**(105,554)**	(95,504)
Proceeds from sales of investments	**35,185**	32,962
Proceeds from maturities of investments	**47,361**	45,904
Capital expenditures on premises and equipment and capitalized software	**(688)**	(278)
Proceeds from sales of premises and equipment, subsidiaries and affiliates, and repossessed assets	**422**	637
Net cash (used in) provided by investing activities of continuing operations	**$ (16,992)**	$ 14,398
Cash flows from financing activities of continuing operations		
Dividends paid	**$ (4)**	$
Issuance of common stock		
Conversion of ADIA Upper Decs equity units purchase contract to common stock	**1,875**	1,875
Treasury stock acquired		(1)
Stock tendered for payment of withholding taxes	**(220)**	(126)
Issuance of long-term debt	**8,190**	7,331
Payments and redemptions of long-term debt	**(14,189)**	(16,682)
Change in deposits	**20,908**	(7,989)
Change in short-term borrowings	**(1,068)**	(33,885)

Net cash provided by (used in) financing activities of continuing operations	**$**	**15,492**	$	(49,477)
Effect of exchange rate changes on cash and cash equivalents	**$**	**331**	$	(185)
Discontinued operations				
Net cash provided by discontinued operations	**$**		$	52
Change in cash and due from banks	**$**	**(130)**	$	206
Cash and due from banks at beginning of period		**27,972**		25,472
Cash and due from banks at end of period	**$**	**27,842**	$	25,678
Supplemental disclosure of cash flow information for continuing operations				
Cash paid during the period for income taxes	**$**	**874**	$	1,802
Cash paid during the period for interest	**$**	**4,608**	$	5,711
Non-cash investing activities				
Transfers to OREO and other repossessed assets	**$**	**432**	$	669
Transfers to trading account assets from investments (held-to-maturity)	**$**	**12,700**		

See Notes to the Consolidated Financial Statements.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF PRESENTATION

The accompanying unaudited Consolidated Financial Statements as of March 31, 2011 and for the three-month periods ended March 31, 2011 and 2010 include the accounts of Citigroup Inc. (Citigroup) and its subsidiaries (collectively, the Company). In the opinion of management, all adjustments, consisting of normal recurring adjustments, necessary for a fair presentation have been reflected. The accompanying Unaudited Consolidated Financial Statements should be read in conjunction with the Consolidated Financial Statements and related notes included in Citigroup's Annual Report on Form 10-K for the fiscal year ended December 31, 2010 (2010 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.

Significant Accounting Policies

The Company's accounting policies are fundamental to understanding management's discussion and analysis of results of operations and financial condition. The Company has identified six policies as being significant because they require management to make subjective and/or complex judgments about matters that are inherently uncertain. These policies relate to Valuations of Financial Instruments, Allowance for Credit Losses, Securitizations, Goodwill, Income Taxes and Legal Reserves. The Company, in consultation with the Audit Committee of the Board of Directors, has reviewed and approved these significant accounting policies, which are further described under "Significant Accounting Policies and Significant Estimates" and Note 1 to the Consolidated Financial Statements in the Company's 2010 Annual Report on Form 10-K.

Principles of Consolidation

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

Repurchase and Resale Agreements

Securities sold under agreements to repurchase (repos) and securities purchased under agreements to resell (reverse repos) generally do not constitute a sale for accounting purposes of the underlying securities, and so are treated as collateralized financing transactions. Where certain conditions are met under ASC 860-10, *Transfers and Servicing* (formerly FASB Statement No. 166, *Accounting for Transfers of Financial Assets*), the Company accounts for certain repurchase agreements and securities lending agreements as sales. The key distinction resulting in these agreements being accounted for as sales is a reduction in initial margin or restriction in daily maintenance margin. At March 31, 2011 and December 31, 2010, a nominal amount of these transactions were accounted for as sales that reduced trading account assets.

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ACCOUNTING CHANGES

Change in Accounting for Embedded Credit Derivatives

In March 2010, the FASB issued ASU 2010-11, *Scope Exception Related to Embedded Credit Derivatives*. The ASU clarifies that certain embedded derivatives, such as those contained in certain securitizations, CDOs and structured notes, should be considered embedded credit derivatives subject to potential bifurcation and separate fair value accounting. The ASU allows any beneficial interest issued by a securitization vehicle to be accounted for under the fair value option at transition on July 1, 2010.

The Company has elected to account for certain beneficial interests issued by securitization vehicles under the fair value option that are included in the table below. Beneficial interests previously classified as held-to-maturity (HTM) were reclassified to available-for-sale (AFS) on June 30, 2010, because as of that reporting date, the Company did not have the intent to hold the beneficial interests until maturity.

The following table also shows the gross gains and gross losses that make up the pretax cumulative-effect adjustment to retained earnings for reclassified beneficial interests, recorded on July 1, 2010:

		July 1, 2010 Pretax cumulative effect adjustment to Retained earnings		
In millions of dollars at June 30, 2010	**Amortized cost**	**Gross unrealized losses recognized in AOCI(1)**	**Gross unrealized gains recognized in AOCI**	**Fair value**
Mortgage-backed securities				
Prime	**$ 390**	**$**	**$ 49**	**$ 439**
Alt-A	**550**		**54**	**604**
Subprime	**221**		**6**	**227**
Non-U.S. residential	**2,249**		**38**	**2,287**
Total mortgage-backed securities	**$ 3,410**	**$**	**$ 147**	**$ 3,557**
Asset-backed securities				
Auction rate securities	**$ 4,463**	**$ 401**	**$ 48**	**$ 4,110**
Other asset-backed	**4,189**	**19**	**164**	**4,334**
Total asset-backed securities	**$ 8,652**	**$ 420**	**$ 212**	**$ 8,444**
Total reclassified debt securities	**$ 12,062**	**$ 420**	**$ 359**	**$ 12,001**

(1) All reclassified debt securities with gross unrealized losses were assessed for other-than-temporary-impairment as of June 30, 2010, including an assessment of whether the Company intends to sell the security. For securities that the Company intends to sell, impairment charges of $176 million were recorded in earnings in the second quarter of 2010.

Beginning July 1, 2010, the Company elected to account for these beneficial interests under the fair value option for various reasons, including:

- To reduce the operational burden of assessing beneficial interests for bifurcation under the guidance in the ASU;

- Where bifurcation would otherwise be required under the ASU, to avoid the complicated operational requirements of bifurcating the embedded derivatives from the host contracts and accounting for each separately. The Company reclassified substantially all beneficial interests where bifurcation would otherwise be required under the ASU; and

To permit more economic hedging strategies while minimizing volatility in reported earnings.

Credit Quality and Allowance for Credit Losses Disclosures

In July 2010, the FASB issued ASU No. 2010-20, *Disclosures about Credit Quality of Financing Receivables and Allowance for Credit Losses.* The ASU requires a greater level of disaggregated information about the allowance for credit losses and the credit quality of financing receivables. The period-end balance disclosure requirements for loans and the allowance for loans losses were effective for reporting periods ending on or after December 15, 2010 and were included in the Company's 2010 Annual Report on Form 10-K, while disclosures for activity during a reporting period in the loan and allowance for loan losses accounts are effective for reporting periods beginning on or after December 15, 2010 and are included in this quarterly report (see Notes 12 and 13 to the Consolidated Financial Statements). The FASB has deferred the troubled debt restructuring (TDR) disclosure requirements that were part of this ASU to be concurrent with the effective date of recently issued guidance for identifying a TDR (discussed below), in the third quarter of 2011.

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FUTURE APPLICATION OF ACCOUNTING STANDARDS

Troubled Debt Restructurings (TDRs)

In April 2011, the FASB issued ASU 2011-02 to clarify the guidance for accounting for troubled debt restructurings (TDRs). The ASU clarifies the guidance on a creditor's evaluation of whether it has granted a concession and whether a debtor is experiencing financial difficulties, such as:

- Creditors cannot assume that debt extensions at or above a borrower's original contractual rate do not constitute troubled debt restructurings.
- If a borrower doesn't have access to funds at a market rate for debt with characteristics similar to the restructured debt, that may indicate that the creditor has granted a concession.
- A borrower that is not currently in default may still be considered to be experiencing financial difficulty when payment default is considered "probable in the foreseeable future."

The guidance will be effective for the Company's third quarter 2011 Form 10-Q and is to be applied retrospectively to restructurings occurring on or after January 1, 2011. The Company is currently evaluating the potential impact of adopting the ASU.

Loss-Contingency Disclosures

In July 2010, the FASB issued a second exposure draft proposing expanded disclosures regarding loss contingencies. This proposal increases the number of loss contingencies subject to disclosure and requires substantial quantitative and qualitative information to be provided about those loss contingencies. The proposal will have no impact on the Company's accounting for loss contingencies.

Potential Amendments to Current Accounting Standards

In January 2011, the FASB issued the Proposed Accounting Standards Update *Balance Sheet (Topic 210): Offsetting*, to propose a framework for offsetting financial assets and liabilities. This proposal would prohibit netting most derivative contracts covered by ISDA master netting agreements and also prohibit netting most repurchase/resale agreements under standard industry agreements that are allowed to be netted today and would result in a significant gross-up of assets and liabilities on the balance sheet.

The FASB and IASB are currently working on several joint projects, including amendments to existing accounting standards governing financial instruments and lease accounting. Upon completion of the standards, the Company will need to re-evaluate its accounting and disclosures. The FASB is proposing sweeping changes to the classification and measurement of financial instruments, hedging and impairment guidance. The FASB is also working on a project that would require all leases to be capitalized on the balance sheet. These projects will have significant impacts for the Company. However, due to ongoing deliberations of the standard-setters, the Company is currently unable to determine the effect of future amendments or proposals.

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2. DISCONTINUED OPERATIONS

Sale of Egg Banking PLC Credit Card Business

On March 1, 2011, the Company announced that Egg Banking PLC (Egg), an indirect subsidiary which is part of the Citi Holdings segment, entered into a definitive agreement that will result in the divestiture of Citi's UK credit card business to Barclays PLC. The sale closed on April 28, 2011.

This sale is reported as discontinued operations for the first quarter of 2011 only. Prior periods were not reclassified due to the immateriality of the impact in those periods. The total gain on sale of Egg will be recognized upon closing.

Total assets of $2.7 billion associated with the sale of the Egg credit card business are included in *Assets of discontinued operations held for sale* on the Consolidated Balance Sheet.

The following is a summary as of March 31, 2011 of the assets and liabilities of *Discontinued operations held for sale* on the Consolidated Balance Sheet for the operations related to Egg:

In millions of dollars	March 31, 2011
Assets	
Deposits at interest with banks	$ 16
Loans, net of unearned income	2,665
Allowance for loan losses	(240)
Total loans, net	$ 2,425
Goodwill	147
Intangibles	18
Other assets	66
Total assets	$ 2,672
Liabilities	
Deposits	$ 13
Other liabilities	26
Total liabilities	$ 39

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

In millions of dollars	Three Months Ended March 31, 2011
Total revenues, net of interest expense	$ 126
Income from discontinued operations	$ 61
Loss on sale	
Provision for income taxes	21
Income from discontinued operations, net of taxes	$ 40

In millions of dollars	Three Months Ended March 31, 2011
Cash flows from operating activities	$
Cash flows from investing activities	

Cash flows from financing activities		
Net cash provided by discontinued operations	**$**	

Combined Results for Discontinued Operations

The following is summarized financial information for the Egg cards business, Nikko Cordial business, German retail banking operations and CitiCapital business. The SLC business, which was sold on December 31, 2010, is not included as this sale was reported as discontinued operations for the third and fourth quarters of 2010 only due to the immateriality of the impact of that presentation in other periods. The Nikko Cordial business, which was sold on October 1, 2009, the German retail banking operation, which was sold on December 5, 2008, and the CitiCapital business, which was sold on July 31, 2008, continue to have minimal residual costs associated with the sales.

In millions of dollars	**Three Months Ended March 31, 2011**	**2010**
Total revenues, net of interest expense	**$ 130**	$ 117
Income (loss) from discontinued operations	**$ 60**	$ (5)
Gain on sale	**4**	94
Provision (benefit) for income taxes	**24**	(122)
Income from discontinued operations, net of taxes	**$ 40**	$ 211

In millions of dollars	**Three Months Ended March 31, 2011**	**2010**
Cash flows from operating activities	**$**	$ (135)
Cash flows from investing activities		186
Cash flows from financing activities		1
Net cash provided by (used in) discontinued operations	**$**	$ 52

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3. BUSINESS SEGMENTS

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

The *Regional Consumer Banking* segment includes a global, full-service Consumer franchise delivering a wide array of banking, credit card lending, and investment services through a network of local branches, offices and electronic delivery systems.

The Company's *ICG* segment is composed of *Securities and Banking* and *Transaction Services* and provides corporations, governments, institutions and investors in approximately 100 countries with a broad range of banking and financial products and services.

The Citi Holdings segment is composed of the *Brokerage and Asset Management, Local Consumer Lending* and *Special Asset Pool.*

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

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

	Revenues, net of interest expense(1)		**Provision (benefit) for income taxes**		**Income (loss) from continuing operations(1)(2)**		**Identifiable assets**	
In millions of dollars, except identifiable assets in billions	**Three Months Ended March 31,**							
	2011	**2010**	**2011**	**2010**	**2011**	**2010**	**Mar. 31, 2011**	**Dec. 31, 2010**
Regional Consumer Banking	**$ 7,942**	$ 8,082	**$ 625**	$ 207	**$ 1,545**	$ 973	**$ 333**	$ 331
Institutional Clients Group	**8,562**	10,440	**1,075**	1,812	**2,550**	4,116	**997**	953
Subtotal Citicorp	**$ 16,504**	$ 18,522	**$ 1,700**	$ 2,019	**$ 4,095**	$ 5,089	**$ 1,330**	$ 1,284
Citi Holdings	**3,283**	6,550	**(264)**	(946)	**(547)**	(875)	**337**	359
Corporate/Other	**(61)**	349	**(251)**	(37)	**(517)**	35	**281**	271
Total	**$ 19,726**	$ 25,421	**$ 1,185**	$ 1,036	**$ 3,031**	$ 4,249	**$ 1,948**	$ 1,914

(1) Includes Citicorp total revenues, net of interest expense, in *North America* of $6.3 billion and $8.0 billion; in *EMEA* of $3.3 billion and $3.8 billion; in *Latin America* of $3.3 billion and $3.0 billion; and in *Asia* of $3.6 billion and $3.7 billion for the three-months ended March 31, 2011 and 2010 respectively. Regional numbers exclude Citi Holdings and *Corporate/Other*, which largely operate within the U.S.

(2) Includes pretax provisions (credits) for credit losses and for benefits and claims in the *Regional Consumer Banking* results of $1.3 billion and $2.9 billion; in the *ICG* results of $(0.2) billion and $(0.1) billion; and in the Citi Holdings results of $2.1 billion and $5.8 billion for the three-months ended March 31, 2011 and 2010, respectively.

4. INTEREST REVENUE AND EXPENSE

For the three months ended March 31, 2011 and 2010, respectively, interest revenue and expense consisted of the following:

In millions of dollars	Three Months Ended March 31, 2011	2010
Interest revenue		
Loan interest, including fees	**$ 12,286**	$ 14,673
Deposits with banks	**459**	290
Federal funds sold and securities purchased under agreements to resell	**838**	752
Investments, including dividends	**2,456**	3,109
Trading account assets(1)	**2,010**	1,872
Other interest	**151**	156
Total interest revenue	**$ 18,200**	$ 20,852
Interest expense		
Deposits(2)	**$ 2,014**	$ 2,080
Federal funds purchased and securities loaned or sold under agreements to repurchase	**737**	654
Trading account liabilities(1)	**84**	63
Short-term borrowings	**170**	276
Long-term debt	**2,971**	3,218
Total interest expense	**$ 5,976**	$ 6,291
Net interest revenue	**$ 12,224**	$ 14,561
Provision for loan losses	**2,899**	8,366
Net interest revenue after provision for loan losses	**$ 9,325**	$ 6,195

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

(2) Includes deposit insurance fees and charges of $220 million and $223 million for the three months ended March 31, 2011 and 2010, respectively.

5. COMMISSIONS AND FEES

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

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

In millions of dollars	Three Months Ended March 31, 2011	2010
Credit cards and bank cards	**$ 865**	$ 965
Trading-related	**691**	599

Investment banking	**647**	845
Transaction services	**374**	347
Checking-related	**225**	273
Other Consumer	**217**	312
Primerica		91
Loan servicing	**146**	139
Corporate finance	**128**	96
Other	**75**	(22)
Total commissions and fees	**$ 3,368**	$ 3,645

6. PRINCIPAL TRANSACTIONS

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

In millions of dollars	Three Months Ended March 31, 2011	2010
Regional Consumer Banking	**$ 93**	$ 159
Institutional Clients Group	**2,260**	3,307
Subtotal Citicorp	**$ 2,353**	$ 3,466
Local Consumer Lending	**(17)**	(124)
Brokerage and Asset Management	**12**	(26)
Special Asset Pool	**632**	1,147
Subtotal Citi Holdings	**$ 627**	$ 997
Corporate/Other	**187**	(347)
Total Citigroup	**$ 3,167**	$ 4,116

In millions of dollars	Three Months Ended March 31, 2011	2010
Interest rate contracts(1)	**$ 1,624**	$ 1,374
Foreign exchange contracts(2)	**787**	241
Equity contracts(3)	**428**	565
Commodity and other contracts(4)	**(25)**	109
Credit derivatives(5)	**353**	1,827
Total Citigroup	**$ 3,167**	$ 4,116

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

(2) Includes revenues from foreign exchange spot, forward, option and swap contracts, as well as translation gains and losses.

(3) Includes revenues from common, preferred and convertible preferred stock, convertible corporate debt, equity-linked notes, and exchange-traded and OTC equity options and warrants.

(4) Primarily includes revenues from crude oil, refined oil products, natural gas, and other commodities trades.

(5) Includes revenues from structured credit products.

7. INCENTIVE PLANS

Stock-Based Incentive Compensation

The Company has adopted a number of equity compensation plans under which it currently administers award programs involving grants of stock options, restricted or deferred stock awards, and stock payments. The award programs are used to attract, retain and motivate officers, employees and non-employee directors, to provide incentives for their contributions to the long-term performance and growth of the Company, and to align their interests with those of stockholders. Certain of these equity issuances also increase the Company's stockholders' equity. The plans and award programs are administered by the Personnel and Compensation Committee of the Citigroup Board of Directors (the Committee), which is composed entirely of independent non-employee directors. Since April 19, 2005, all equity awards have been pursuant to stockholder-approved plans.

Stock Award and Stock Option Programs

The Company recognized compensation expense related to stock award and stock option programs of $454 million for the three months ended March 31, 2011. The Company granted 366 million shares as equity awards in the first quarter of 2011, of which 36 million shares were issued as immediately-vested stock payments, some of which are subject to sales restrictions, as described below.

On February 14, 2011, 29 million stock options were granted to certain employees. In general, the options vest one-third per year for three years, and have a six-year life. The strike price of these options is $4.91.

Annual incentive awards made in January 2011 to certain executive officers and highly compensated employees were made in the form of long-term restricted stock (LTRS), with terms prescribed by the Emergency Economic Stabilization Act of 2008, as amended (EESA). The senior executive officers and next 20 most highly compensated employees for 2010 (the 2010 Top 25) were eligible for LTRS awards. LTRS awards vest in full after three years of service and there are no provisions for early vesting of LTRS in the event of retirement, involuntary termination of employment or change in control, but early vesting will occur upon death or disability. Other executive officers and employees received annual incentive awards in January 2011 in the form of deferred stock awards under the Company's Capital Accumulation Program (CAP). Generally, CAP awards granted in January 2011 vest ratably over three- or four-year periods.

Annual incentive awards made in January 2011 to executive officers (in the form of LTRS or under CAP) have an additional performance-based vesting condition. If Citigroup has pretax net losses during any of the years of the deferral period, the Committee may exercise its discretion to eliminate or reduce the number of shares in the award that are considered attributable to that year. The compensation cost associated with these awards is remeasured each period until the performance-based vesting condition is resolved.

All CAP and LTRS awards made in January 2011 provide for a clawback that applies if the awards were based on earnings that were misstated or on materially inaccurate performance metric criteria, or if the participant knowingly provided inaccurate information relating to financial statements or performance metrics, or materially violated risk limits or balance sheet or working capital or regulatory capital guidance. For European Union (EU) participants who are "identified staff," this clawback is in addition to the EU clawback described below.

CAP awards made in January 2011 to "identified staff" in the EU have several features that differ from the generally applicable CAP provisions described above. "Identified staff" are those Citigroup employees whose compensation is subject to various banking regulations on sound incentive compensation policies in the EU. These CAP awards vest in full after three years of service, are subject to a six-month sale restriction after vesting, and are subject to cancellation if there is reasonable evidence that participant engaged in misconduct or committed material error, in either case in connection with his or her employment, or Citigroup or the participant's business unit has suffered a material downturn in its financial performance or a material failure of risk management. The compensation cost associated with these awards is remeasured each period until they are no longer subject to cancellation upon material downturn in financial performance or a material failure of risk management.

A portion of the immediately vested cash incentive compensation awarded in January 2011 to selected highly compensated employees was delivered in immediately-vested stock payments. In the EU, this stock was subject to sales restrictions of at least six months.

Generally, shares subject to unvested restricted and deferred stock awards are eligible to receive dividends or dividend equivalent payments during their applicable vesting periods. However, pursuant to the provisions of the Company's 2009 Stock Incentive Plan applicable to awards with performance vesting criteria, the CAP and LTRS stock awards with performance-based vesting conditions described above are not eligible to receive or accrue dividends or dividend equivalents during their vesting periods.

Profit Sharing Plan

On February 14, 2011, the Committee approved grants of awards under the 2011 Key Employee Profit Sharing Plan (KEPSP) to certain executive officers, which may entitle participants to profit-sharing payments based on an initial performance measurement period of January 1, 2011 to December 31, 2012. Generally, if a participant remains employed and all other conditions to vesting and payment are satisfied, the participant will be entitled to an initial payment in 2013, as well as a holdback payment in 2014 that may be reduced based on performance during the subsequent holdback period (generally, January 1, 2013 through December 31, 2013). If the vesting and performance conditions are satisfied, a participant's initial payment will equal two-thirds of the product of the cumulative pretax income for the initial performance period and the participant's applicable percentage. The initial payment will be paid after January 20, 2013, but no later than March 15, 2013.

The participant's holdback payment, if any, will equal the product of (a) the lesser of cumulative pretax income of Citicorp (Citigroup less Citi Holdings) for the initial performance period and cumulative pretax income of Citicorp for the initial performance period and the holdback period combined, and (b) the participant's applicable percentage, less the initial payment; provided that the holdback payment may not be less than zero. The holdback payment, if any, will be paid after January 20, 2014, but no later than March 15, 2014. The holdback payment, if any, will be credited with notional interest during the holdback period. It is intended that the initial payment and holdback payment will be paid in cash; however, awards may be paid in Citi common stock if required by regulatory authority. Regulators have required that U.K. participants receive 50% of their initial payment and 50% of their holdback payment, if any, in shares of Citi common stock that will be subject to a six-month sale restriction.

In addition to the vesting and performance conditions described above, nonvested or undelivered KEPSP payments are subject to forfeiture or reduction if a participant (a) received a payment based on materially inaccurate financial statements (including, but not limited to, statements of earnings, revenues or gains) or any other materially inaccurate performance metric criteria; (b) knowingly engaged in providing inaccurate information (including such participant's knowingly failing to timely correct inaccurate information) relating to financial statements or performance metrics; or (c) materially violated any risk limits established by senior management and/or risk management, or any balance sheet or working capital guidance provided by a business head, or (d) is terminated on account of gross misconduct.

Independent risk function employees were not eligible to participate in the KEPSP as the independent risk function participates in the determination of whether payouts will be made under the KEPSP.

The Company recognized $86 million of expense related to all KEPSP plans for the three months ended March 31, 2011.

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8. RETIREMENT BENEFITS

The Company has several non-contributory defined benefit pension plans covering certain U.S. employees and has various defined benefit pension and termination indemnity plans covering employees outside the United States. The U.S. qualified defined benefit plan provides benefits under a cash balance formula. However, employees satisfying certain age and service requirements remain covered by a prior final average pay formula under that plan. Effective January 1, 2008, the U.S. qualified pension plan was frozen for most employees. Accordingly, no additional compensation-based contributions were credited to the cash balance portion of the plan for existing plan participants after 2007. However, certain employees covered under the prior final pay plan formula continue to accrue benefits. The Company also offers postretirement health care and life insurance benefits to certain eligible U.S. retired employees, as well as to certain eligible employees outside the United States.

The following table summarizes the components of net (benefit) expense recognized in the Consolidated Statement of Income for the Company's U.S. qualified and nonqualified pension plans, postretirement plans and plans outside the United States.

Net (Benefit) Expense

	Three Months Ended March 31,							
	Pension plans				Postretirement benefit plans			
	U.S. plans		Non-U.S. plans		U.S. plans		Non-U.S. plans	
In millions of dollars	2011	2010	2011	2010	2011	2010	2011	2010
Qualified Plans								
Benefits earned during the year	**$ 4**	$ 4	**$ 42**	$ 41	**$**	$	**$ 6**	$ 6
Interest cost on benefit obligation	**155**	159	**85**	84	**15**	14	**26**	26
Expected return on plan assets	**(222)**	(211)	**(94)**	(94)	**(2)**	(2)	**(25)**	(25)
Amortization of unrecognized								
Prior service cost (benefit)			**1**	1	**(1)**			
Net actuarial loss	**17**	11	**14**	14	**3**	1	**5**	5
Curtailment loss			**3**					
Net qualified (benefit) expense	**$ (46)**	$ (37)	**$ 51**	$ 46	**$ 15**	$ 13	**$ 12**	$ 12
Nonqualified (benefit) expense	**$ 10**	$ 11	**$**	$	**$**	$	**$**	$
Total net (benefit) expense	**$ (36)**	$ (26)	**$ 51**	$ 46	**$ 15**	$ 13	**$ 12**	$ 12

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 Employee Retirement Income Security Act of 1974, as amended, if appropriate to its tax and cash position and the plans' funded position. For the U.S. plans, at March 31, 2011, there were no minimum required cash contributions and no discretionary cash or non-cash contributions are currently planned. For the non-U.S. plans, the Company contributed $38 million during the first quarter of 2011 and expects to contribute an additional $155 million during the year. For the non-U.S. postretirement plans, the Company expects to contribute $71 million during 2011. These estimates are subject to change, since contribution decisions are affected by various factors, such as market performance and regulatory requirements. In addition, management has the ability to change funding policy.

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9. EARNINGS PER SHARE

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

In millions, except per-share amounts	2011	2010
Income from continuing operations before attribution of noncontrolling interests	**$ 3,031**	$ 4,249
Noncontrolling interests from continuing operations	**72**	32
Net income from continuing operations (for EPS purposes)	**$ 2,959**	$ 4,217
Income from discontinued operations, net of taxes	**40**	211
Citigroup's net income	**$ 2,999**	$ 4,428
Preferred dividends	**(4)**	
Net income available to common shareholders	**$ 2,995**	$ 4,428
Dividends and undistributed earnings allocated to participating securities	**(35)**	(28)
Net income allocated to common shareholders for basic EPS	**$ 2,960**	$ 4,400
Effect of dilutive securities	**1**	
Net income allocated to common shareholders for diluted EPS	**$ 2,961**	$ 4,400
Weighted-average common shares outstanding applicable to basic EPS	**29,043.5**	28,444.3
Effect of dilutive securities		
TDECs	**876.2**	882.8
Options	**24.7**	
Other employee plans	**20.7**	5.7
Convertible securities	**0.7**	0.7
Adjusted weighted-average common shares outstanding applicable to diluted EPS	**29,965.8**	29,333.5
Basic earnings per share(1)		
Income from continuing operations	**$ 0.10**	$ 0.15
Discontinued operations		0.01
Net income	**$ 0.10**	$ 0.15
Diluted earnings per share(1)		
Income from continuing operations	**$ 0.10**	$ 0.14

Discontinued operations				0.01
Net income	**$**	**0.10**	$	0.15

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

During the first quarters of 2011 and 2010, weighted-average options to purchase 97.2 million and 395.8 million shares of common stock, respectively, were outstanding but not included in the computation of earnings per common share, because the weighted-average exercise prices of $19.20 and $11.64, respectively, were greater than the average market price of the Company's common stock.

Warrants issued to the U.S. Treasury as part of the Troubled Asset Relief Program (TARP) and the loss-sharing agreement (each of which were subsequently sold to the public in January 2011), with exercise prices of $17.85 and $10.61 for approximately 210 million and 255 million shares of common stock, respectively, were not included in the computation of earnings per common share in the first quarters of 2011 and 2010, because the exercise price was greater than the average market price of the Company's common stock.

In addition, performance-based equity awards of approximately 5 million shares were not included in the first quarters of 2011 and 2010 earnings per share calculation, because the performance targets under the terms of the awards were not met.

Equity units convertible into approximately 88 million shares and 177 million shares of Citigroup common stock held by the Abu Dhabi Investment Authority (ADIA) were not included in the computation of earnings per common share in the first quarters of 2011 and 2010, respectively, because the exercise price of $31.83 was greater than the average market price of the Company's common stock.

10. TRADING ACCOUNT ASSETS AND LIABILITIES

Trading account assets and *Trading account liabilities*, at fair value, consisted of the following at March 31, 2011 and December 31, 2010:

In millions of dollars		March 31, 2011(1)		December 31, 2010
Trading account assets				
Mortgage-backed securities(2)				
U.S. government-sponsored agency guaranteed	**$**	**28,906**	$	27,127
Prime		**4,341**		1,514
Alt-A		**6,151**		1,502
Subprime		**1,847**		2,036
Non-U.S. residential		**968**		1,052
Commercial		**2,042**		1,301
Total mortgage-backed securities	**$**	**44,255**	$	34,532
U.S. Treasury and federal agency securities				
U.S. Treasury	**$**	**14,511**	$	20,168
Agency obligations		**2,362**		3,418
Total U.S. Treasury and federal agencies	**$**	**16,873**	$	23,586
State and municipal securities	**$**	**6,041**	$	7,493
Foreign government securities		**88,902**		88,311
Corporate		**57,479**		52,726
Derivatives(3)		**47,145**		50,213
Equity securities		**37,831**		37,436
Asset-backed securities(2)		**7,555**		7,759
Other debt securities		**17,029**		15,216
Total trading account assets	**$**	**323,110**	$	317,272
Trading account liabilities				
Securities sold, not yet purchased	**$**	**86,265**	$	69,324
Derivatives(3)		**60,081**		59,730
Total trading account liabilities	**$**	**146,346**	$	129,054

(1) Includes the securities reclassified from *Investments* HTM to *Trading account assets*. See Note 11 to the Consolidated Financial Statements.

(2) The Company invests in mortgage-backed securities and asset-backed securities. Mortgage securitizations are generally considered VIEs. The Company's maximum exposure to loss from these VIEs is equal to the carrying amount of the securities, which is reflected in the table above. For mortgage-backed and asset-backed securitizations in which the Company has other involvement, information is provided in Note 17 to the Consolidated Financial Statements.

(3) Presented net, pursuant to master netting agreements. See Note 18 to the Consolidated Financial Statements for a discussion regarding the accounting and reporting for derivatives.

11. INVESTMENTS

Overview

In millions of dollars	March 31, 2011	December 31, 2010
Securities available-for-sale	**$ 294,917**	$ 274,572
Debt securities held-to-maturity(1)	**15,484**	29,107
Non-marketable equity securities carried at fair value(2)	**9,064**	6,602
Non-marketable equity securities carried at cost(3)	**7,792**	7,883
Total investments	**$ 327,257**	$ 318,164

(1) Recorded at amortized cost less impairment on securities that have credit-related impairment.

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

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

Securities Available-for-Sale

The amortized cost and fair value of securities available-for-sale (AFS) at March 31, 2011 and December 31, 2010 were as follows:

	March 31, 2011				December 31, 2010			
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 AFS								
Mortgage-backed securities(1)								
U.S. government-sponsored agency guaranteed	**$ 32,953**	**$ 360**	**$ 374**	**$ 32,939**	$ 23,433	$ 425	$ 235	$ 23,623
Prime	**1,588**	**2**	**4**	**1,586**	1,985	18	177	1,826
Alt-A	**20**	**1**		**21**	46	2		48
Subprime					119	1	1	119
Non-U.S. residential	**300**	**1**		**301**	315	1		316
Commercial	**514**	**19**	**6**	**527**	592	21	39	574
Total mortgage-backed securities(1)	**$ 35,375**	**$ 383**	**$ 384**	**$ 35,374**	$ 26,490	$ 468	$ 452	$ 26,506
U.S. Treasury and federal agency securities								
U.S. Treasury	**56,052**	**201**	**71**	**56,182**	58,069	435	56	58,448
Agency obligations	**56,151**	**306**	**76**	**56,381**	43,294	375	55	43,614
Total U.S. Treasury and federal agency securities	**$ 112,203**	**$ 507**	**$ 147**	**$ 112,563**	$ 101,363	$ 810	$ 111	$ 102,062
State and municipal	**15,394**	**48**	**2,566**	**12,876**	15,660	75	2,500	13,235
Foreign government	**101,261**	**603**	**519**	**101,345**	99,110	984	415	99,679
Corporate	**15,571**	**305**	**49**	**15,827**	15,910	319	59	16,170
Asset-backed securities(1)	**9,333**	**47**	**39**	**9,341**	9,085	31	68	9,048

Other debt securities	**1,859**	**19**	**62**	**1,816**	1,948	24	60	1,912
Total debt securities AFS	**$ 290,996**	**$ 1,912**	**$ 3,766**	**$ 289,142**	$ 269,566	$ 2,711	$ 3,665	$ 268,612
Marketable equity securities AFS	**$ 3,590**	**$ 2,376**	**$ 191**	**$ 5,775**	$ 3,791	$ 2,380	$ 211	$ 5,960
Total securities AFS	**$ 294,586**	**$ 4,288**	**$ 3,957**	**$ 294,917**	$ 273,357	$ 5,091	$ 3,876	$ 274,572

(1) The Company invests in mortgage-backed and asset-backed securities. These securitizations are generally considered VIEs. The Company's maximum exposure to loss from these VIEs is equal to the carrying amount of the securities, which is reflected in the table above. For mortgage-backed and asset-backed securitizations in which the Company has other involvement, information is provided in Note 17 to the Consolidated Financial Statements.

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

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The table below shows the fair value of AFS securities that have been in an unrealized loss position for less than 12 months or for 12 months or longer as of March 31, 2011 and December 31, 2010:

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
March 31, 2011						
Securities AFS						
Mortgage-backed securities						
U.S. government-sponsored agency guaranteed	**$ 17,635**	**$ 338**	**$ 12**	**$ 36**	**$ 17,647**	**$ 374**
Prime	**13**		**101**	**4**	**114**	**4**
Alt-A	**1**		**9**		**10**	
Subprime						
Non-U.S. residential			**68**		**68**	
Commercial	**42**		**41**	**6**	**83**	**6**
Total mortgage-backed securities	**$ 17,691**	**$ 338**	**$ 231**	**$ 46**	**$ 17,922**	**$ 384**
U.S. Treasury and federal agency securities						
U.S. Treasury	**21,939**	**34**	**711**	**37**	**22,650**	**71**
Agency obligations	**14,438**	**76**			**14,438**	**76**
Total U.S. Treasury and federal agency securities	**$ 36,377**	**$ 110**	**$ 711**	**$ 37**	**$ 37,088**	**$ 147**
State and municipal	**41**	**2**	**11,023**	**2,564**	**11,064**	**2,566**
Foreign government	**41,169**	**343**	**10,521**	**176**	**51,690**	**519**
Corporate	**1,345**	**28**	**653**	**21**	**1,998**	**49**
Asset-backed securities	**2,221**	**32**	**88**	**7**	**2,309**	**39**
Other debt securities	**11**		**574**	**62**	**585**	**62**
Marketable equity securities AFS	**63**	**2**	**1,829**	**189**	**1,892**	**191**
Total securities AFS	**$ 98,918**	**$ 855**	**$ 25,630**	**$ 3,102**	**$ 124,548**	**$ 3,957**
December 31, 2010						
Securities AFS						
Mortgage-backed securities						
U.S. government-sponsored agency guaranteed	$ 8,321	$ 214	$ 38	$ 21	$ 8,359	$ 235
Prime	89	3	1,506	174	1,595	177
Alt-A	10				10	
Subprime	118	1			118	1
Non-U.S. residential			135		135	
Commercial	81	9	53	30	134	39
Total mortgage-backed securities	$ 8,619	$ 227	$ 1,732	$ 225	$ 10,351	$ 452
U.S. Treasury and federal agency securities						
U.S. Treasury	9,229	21	725	35	9,954	56
Agency obligations	9,680	55			9,680	55
Total U.S. Treasury and federal agency securities	$ 18,909	$ 76	$ 725	$ 35	$ 19,634	$ 111
State and municipal	626	60	11,322	2,440	11,948	2,500
Foreign government	32,731	271	6,609	144	39,340	415
Corporate	1,128	30	860	29	1,988	59
Asset-backed securities	2,533	64	14	4	2,547	68

Other debt securities			559	60	559	60
Marketable equity securities AFS	68	3	2,039	208	2,107	211
Total securities AFS	$ 64,614	$ 731	$ 23,860	$ 3,145	$ 88,474	$ 3,876

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The following table presents the amortized cost and fair value of debt securities AFS by contractual maturity dates as of March 31, 2011 and December 31, 2010:

In millions of dollars	March 31, 2011 Amortized Cost	March 31, 2011 Fair value	December 31, 2010 Amortized cost	December 31, 2010 Fair value
Mortgage-backed securities(1)				
Due within 1 year	$	$	$	$
After 1 but within 5 years	**309**	**311**	403	375
After 5 but within 10 years	**1,099**	**1,085**	402	419
After 10 years(2)	**33,967**	**33,978**	25,685	25,712
Total	**$ 35,375**	**$ 35,374**	$ 26,490	$ 26,506
U.S. Treasury and federal agencies				
Due within 1 year	**$ 29,747**	**$ 29,761**	$ 36,411	$ 36,443
After 1 but within 5 years	**69,572**	**69,898**	52,558	53,118
After 5 but within 10 years	**11,411**	**11,400**	10,604	10,647
After 10 years(2)	**1,473**	**1,504**	1,790	1,854
Total	**$ 112,203**	**$ 112,563**	$ 101,363	$ 102,062
State and municipal				
Due within 1 year	**$ 11**	**$ 11**	$ 9	$ 9
After 1 but within 5 years	**174**	**176**	145	149
After 5 but within 10 years	**211**	**211**	230	235
After 10 years(2)	**14,998**	**12,478**	15,276	12,842
Total	**$ 15,394**	**$ 12,876**	$ 15,660	$ 13,235
Foreign government				
Due within 1 year	**$ 34,901**	**$ 34,879**	$ 41,856	$ 41,387
After 1 but within 5 years	**59,441**	**59,431**	49,983	50,739
After 5 but within 10 years	**6,088**	**6,103**	6,143	6,264
After 10 years(2)	**831**	**932**	1,128	1,289
Total	**$ 101,261**	**$ 101,345**	$ 99,110	$ 99,679
All other(3)				
Due within 1 year	**$ 9,018**	**$ 8,978**	$ 2,162	$ 2,164
After 1 but within 5 years	**10,277**	**10,285**	17,838	17,947
After 5 but within 10 years	**2,804**	**2,915**	2,610	2,714
After 10 years(2)	**4,664**	**4,806**	4,333	4,305
Total	**$ 26,763**	**$ 26,984**	$ 26,943	$ 27,130
Total debt securities AFS	**$ 290,996**	**$ 289,142**	$ 269,566	$ 268,612

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

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

(3)
Includes corporate, asset-backed and other debt securities.

The following table presents interest and dividends on all investments for the three-month periods ended March 31, 2011 and 2010:

In millions of dollars	**Three months ended March 31, 2011**	**March 31, 2010**
Taxable interest	**$ 2,166**	$ 2,868
Interest exempt from U.S. federal income tax	**221**	173
Dividends	**69**	68
Total interest and dividends	**$ 2,456**	$ 3,109

The following table presents realized gains and losses on all investments for the three-month periods ended March 31, 2011 and 2010. The gross realized investment losses exclude losses from other-than-temporary impairment:

In millions of dollars	**Three months ended March 31, 2011**	**March 31, 2010**
Gross realized investment gains	**$ 680**	$ 593
Gross realized investment losses(1)	**(100)**	(55)
Net realized gains	**$ 580**	$ 538

(1)
During the first quarter of 2010, the Company sold four corporate debt securities that were classified as held-to-maturity. These sales were in response to a significant deterioration in the creditworthiness of the issuers. The securities sold had a carrying value of $413 million, and the Company recorded a realized loss of $49 million.

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Debt Securities Held-to-Maturity

During the first quarter of 2011, the Company determined that it no longer had the intent to hold $12.7 billion of HTM securities to maturity. As a result, the Company reclassified $10.0 billion carrying value of mortgage-backed, other asset-backed, state and municipal, and corporate debt securities from *Investments* held-to-maturity to *Trading account assets*. The Company also sold an additional $2.7 billion of such HTM securities, recognizing a corresponding receivable from the unsettled sales as of March 31, 2011. As a result of these actions, a net pretax loss of $709 million ($427 million after tax) was recognized in the Consolidated Statement of Income for the three months ended March 31, 2011, composed of gross unrealized gains of $311 million included in *Other revenue*, gross unrealized losses of $1,387 million included in *Other-than-temporary-impairment losses on investments*, and net realized gains of $367 million included in *Realized gains (losses) on sales of investments*. Prior to the reclassification, unrealized losses totalling $1,656 million pretax ($1,012 million after tax) had been reflected in AOCI (see table below) and have now been reflected in the Consolidated Statement of Income, as detailed above.

Citigroup reclassified and sold the securities as part of its overall efforts to mitigate its risk-weighted assets (RWA) in order to comply with significant new regulatory capital requirements which, although not yet implemented or formally adopted, are nonetheless currently being used to assess the forecasted capital adequacy of the Company and other large U.S. banking organizations. These regulatory capital changes, which were largely unforeseen when the Company initially reclassified the debt securities from *Trading account assets* and *Investments* available-for-sale to *Investments* held-to-maturity in the fourth quarter of 2008 (see footnote 1 to the table immediately below) include: (i) the U.S. Basel II credit and operational risk capital standards; (ii) the Basel Committee's agreed-upon, and the U.S. proposed, revisions to the market risk capital rules, which significantly increased the risk weightings for certain trading book positions; (iii) the Basel Committee's substantial issuance of Basel III, which raised the quantity and quality of required regulatory capital and materially increased RWA for securitization exposures; and (iv) certain regulatory capital-related provisions in The Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010.

The Company has the intent to sell the debt securities reclassified to *Trading account assets* in the near term. Through April 29, 2011, the Company has sold $10.6 billion of the $12.7 billion of HTM securities. The carrying value and fair value of debt securities at the date of reclassification or sale were as follows:

In millions of dollars	Amortized cost(2)	Net unrealized loss recognized in AOCI	Carrying value(3)	Gross gains	Gross losses	Fair value
Total held-to-maturity debt securities transferred to *Trading account assets* or sold(1)						
Mortgage-backed securities						
Prime	$ 3,410	$ 528	$ 2,882	$ 131	$ 131	$ 2,882
Alt-A	5,357	896	4,461	605	188	4,878
Subprime	240	7	233	5	36	202
Non-U.S. residential	317	75	242	76	2	316
Commercial	117	18	99	22		121
Total mortgage-backed securities	$ 9,441	$ 1,524	$ 7,917	$ 839	$ 357	$ 8,399
State and municipal	900	8	892	68	7	953
Corporate	3,569	115	3,454	396	41	3,809
Asset-backed securities	456	9	447	50	2	495
Total held-to-maturity debt securities transferred to *Trading account assets* or sold(1)	$ 14,366	$ 1,656	$ 12,710	$ 1,353	$ 407	$ 13,656

(1)

During the fourth quarter of 2008, $6.647 billion and $6.063 billion carrying value of these debt securities were transferred from *Trading account assets* and Investments available-for-sale to Investments held-to-maturity, respectively. The transfer of these debt securities from *Trading account assets* was in response to the significant deterioration in market conditions, which was especially acute during the fourth quarter of 2008.

(2)

For securities transferred to held-to-maturity from *Trading account assets* in 2008, amortized cost is defined as the fair value amount of the securities at the date of transfer plus any accretion income and less any impairments recognized in earnings subsequent to transfer. For securities transferred to held-to-maturity from available-for-sale in 2008, amortized cost is defined as the original purchase cost, plus or minus any accretion or amortization of a purchase discount or premium, less any impairment recognized in earnings.

(3)

Held-to-maturity 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 in the financial statements.

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The carrying value and fair value of securities held-to-maturity (HTM) at March 31, 2011 and December 31, 2010 were as follows:

In millions of dollars	Amortized cost(1)	Net unrealized loss recognized in AOCI	Carrying value(2)	Gross unrealized gains	Gross unrealized losses	Fair value
March 31, 2011						
Debt securities held-to-maturity						
Mortgage-backed securities(3)						
Prime	$ 1,142	$ 219	$ 923	$ 113	$ 3	$ 1,033
Alt-A	6,047	1,890	4,157	274	80	4,351
Subprime	441	50	391	1	46	346
Non-U.S. residential	4,786	744	4,042	228	58	4,212
Commercial	765		765	1	77	689
Total mortgage-backed securities	$ 13,181	$ 2,903	$ 10,278	$ 617	$ 264	$ 10,631
State and municipal	1,587	118	1,469	62	120	1,411
Corporate	2,504	9	2,495		138	2,357
Asset-backed securities(3)	1,294	52	1,242	21	45	1,218
Total debt securities held-to-maturity	$ 18,566	$ 3,082	$ 15,484	$ 700	$ 567	$ 15,617
December 31, 2010						
Debt securities held-to-maturity						
Mortgage-backed securities(3)						
Prime	$ 4,748	$ 794	$ 3,954	$ 379	$ 11	$ 4,322
Alt-A	11,816	3,008	8,808	536	166	9,178
Subprime	708	75	633	9	72	570
Non-U.S. residential	5,010	793	4,217	259	72	4,404
Commercial	908	21	887	18	96	809
Total mortgage-backed securities	$ 23,190	$ 4,691	$ 18,499	$ 1,201	$ 417	$ 19,283
State and municipal	2,523	127	2,396	11	104	2,303
Corporate	6,569	145	6,424	447	267	6,604
Asset-backed securities(3)	1,855	67	1,788	57	54	1,791
Total debt securities held-to-maturity	$ 34,137	$ 5,030	$ 29,107	$ 1,716	$ 842	$ 29,981

(1) For securities transferred to HTM from *Trading account assets* in 2008, amortized cost is defined as the fair value amount of the securities at the date of transfer plus any accretion income and less any impairments recognized in earnings subsequent to transfer. For securities transferred to HTM from AFS in 2008, amortized cost is defined as the original purchase cost, plus or minus any accretion or amortization of a purchase discount or premium, less any impairment recognized in earnings.

(2) HTM securities are carried on the Consolidated Balance Sheet at amortized cost less any unrealized gains and losses recognized in AOCI. The changes in the value of these securities are not reported on the financial statements, except for other-than-temporary impairments. For HTM securities, only the credit loss component of the impairment is recognized in earnings, while the remainder of the impairment is recognized in AOCI.

(3) The Company invests in mortgage-backed and asset-backed securities. These securitizations are generally considered VIEs. The Company's maximum exposure to loss from these VIEs is equal to the carrying amount of the securities, which is reflected in the table above. For mortgage-backed and asset-backed securitizations in which the Company has other involvement, information is provided in Note 17 to the Consolidated Financial Statements.

The Company has the positive intent and ability to hold these securities to maturity absent any unforeseen further significant changes in circumstances, including with regard to regulatory capital requirements.

The net unrealized losses classified in AOCI relate to debt securities reclassified from AFS investments to HTM investments. Additionally, for HTM securities that have suffered credit impairment, declines in fair value for reasons other than credit losses are recorded in AOCI. The AOCI balance was $3.1 billion as of March 31, 2011, compared to $5.0 billion as of December 31, 2010. The AOCI balance for HTM securities is amortized over the remaining life of the related securities as an adjustment of yield in a manner consistent with the accretion of discount on the same debt securities. This will have no impact on the Company's net income because the amortization of the unrealized holding loss reported in equity will offset the effect on interest income of the accretion of the discount on these securities.

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

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The table below shows the fair value of investments in HTM that have been in an unrecognized loss position for less than 12 months or for 12 months or longer as of March 31, 2011 and December 31, 2010:

In millions of dollars	Less than 12 months Fair value	Less than 12 months Gross unrecognized losses	12 months or longer Fair value	12 months or longer Gross unrecognized losses	Total Fair value	Total Gross unrecognized losses
March 31, 2011						
Debt securities held-to-maturity						
Mortgage-backed securities	$	$	**$ 7,225**	**$ 264**	**$ 7,225**	**$ 264**
State and municipal			**872**	**120**	**872**	**120**
Corporate			**2,250**	**138**	**2,250**	**138**
Asset-backed securities			**747**	**45**	**747**	**45**
Total debt securities held-to-maturity	$	$	**$ 11,094**	**$ 567**	**$ 11,094**	**$ 567**
December 31, 2010						
Debt securities held-to-maturity						
Mortgage-backed securities	$ 339	$ 30	$ 14,410	$ 387	$ 14,749	$ 417
State and municipal	24		1,273	104	1,297	104
Corporate	1,584	143	1,579	124	3,163	267
Asset-backed securities	159	11	494	43	653	54
Total debt securities held-to-maturity	$ 2,106	$ 184	$ 17,756	$ 658	$ 19,862	$ 842

Excluded from the gross unrecognized losses presented in the above table are the $3.1 billion and $5.0 billion of gross unrealized losses recorded in AOCI mainly related to the HTM securities that were reclassified from AFS investments as of March 31, 2011 and December 31, 2010, respectively. Virtually all of these unrealized losses relate to securities that have been in a loss position for 12 months or longer at both March 31, 2011 and December 31, 2010.

The following table presents the carrying value and fair value of HTM debt securities by contractual maturity dates as of March 31, 2011 and December 31, 2010:

In millions of dollars	March 31, 2011 Carrying value	March 31, 2011 Fair value	December 31, 2010 Carrying value	December 31, 2010 Fair value
Mortgage-backed securities				
Due within 1 year	**$**	**$**	$ 21	$ 23
After 1 but within 5 years	**361**	**325**	321	309
After 5 but within 10 years	**425**	**388**	493	434
After 10 years(1)	**9,492**	**9,918**	17,664	18,517
Total	**$ 10,278**	**$ 10,631**	$ 18,499	$ 19,283
State and municipal				
Due within 1 year	**$ 6**	**$ 6**	$ 12	$ 12
After 1 but within 5 years	**52**	**46**	55	55
After 5 but within 10 years	**29**	**32**	86	85
After 10 years(1)	**1,382**	**1,327**	2,243	2,151
Total	**$ 1,469**	**$ 1,411**	$ 2,396	$ 2,303
All other(2)				
Due within 1 year	**$ 62**	**$ 65**	$ 351	$ 357

After 1 but within 5 years		**324**		**310**		1,344		1,621
After 5 but within 10 years		**2,329**		**2,202**		4,885		4,765
After 10 years(1)		**1,022**		**998**		1,632		1,652
Total	**$**	**3,737**	**$**	**3,575**	$	8,212	$	8,395
Total debt securities held-to-maturity	**$**	**15,484**	**$**	**15,617**	$	29,107	$	29,981

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

(2) Includes corporate and asset-backed securities.

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Evaluating Investments for Other-Than-Temporary Impairments

The Company conducts and documents periodic reviews of all securities with unrealized losses to evaluate whether the impairment is other than temporary.

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

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

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

Factors considered in determining whether a loss is temporary include:

- the length of time and the extent to which fair value has been below cost;
- the severity of the impairment;
- the cause of the impairment and the financial condition and near-term prospects of the issuer;
- activity in the market of the issuer that may indicate adverse credit conditions; and
- the Company's ability and intent to hold the investment for a period of time sufficient to allow for any anticipated recovery.

The Company's review for impairment generally entails:

- identification and evaluation of investments that have indications of possible impairment;
- analysis of individual investments that have fair values less than amortized cost, including consideration of the length of time the investment has been in an unrealized loss position and the expected recovery period;
- discussion of evidential matter, including an evaluation of factors or triggers that could cause individual investments to qualify as having other-than-temporary impairment and those that would not support other-than-temporary impairment; and
- documentation of the results of these analyses, as required under business policies.

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

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

For debt securities, a critical component of the evaluation for OTTI is the identification of credit impaired securities, where management does not expect to receive cash flows sufficient to recover the entire amortized cost basis of the security. For securities purchased and classified as AFS with the expectation of receiving full principal and interest cash flows as of the date of purchase, this analysis considers the likelihood of receiving all contractual principal and interest. For securities reclassified out of the trading category in the fourth quarter of 2008, the analysis considers the likelihood of receiving the expected principal and interest cash flows anticipated as of the date of reclassification in the fourth quarter of 2008. The extent of the Company's analysis regarding credit quality and the stress on assumptions used in the analysis have been refined for securities where the current fair value or other characteristics of the security warrant. The paragraphs below describe the Company's process for identifying credit impairment in security types with the most significant unrealized losses as of March 31, 2011.

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Mortgage-backed securities

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

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

The key assumptions for mortgage-backed securities as of March 31, 2011 are in the table below:

	March 31, 2011
Prepayment rate(1)	**3%-8% CRR**
Loss severity(2)	**45%-85%**

(1) Conditional Repayment Rate (CRR) represents the annualized expected rate of voluntary prepayment of principal for mortgage-backed securities over a certain period of time.

(2) Loss severity rates are estimated considering collateral characteristics and generally range from 45%-60% for prime bonds, 50%-85% for Alt-A bonds, and 65%-85% for subprime bonds.

The valuation as of March 31, 2011 assumes that U.S. housing prices will decrease 4% in 2011, 1% in 2012, remain flat in 2013 and increase 3% per year from 2014 onwards, while unemployment decreases to 8.5% by the fourth quarter of 2011.

In addition, cash flow projections are developed using more stressful parameters. Management assesses the results of those stress tests (including the severity of any cash shortfall indicated and the likelihood of the stress scenarios actually occurring based on the underlying pool's characteristics and performance) to assess whether management expects to recover the amortized cost basis of the security. If cash flow projections indicate that the Company does not expect to recover its amortized cost basis, the Company recognizes the estimated credit loss in earnings.

State and municipal securities

Citigroup's AFS state and municipal bonds consist mainly of bonds that are financed through Tender Option Bond programs. The process for identifying credit impairment for bonds in this program as well as for bonds that were previously financed in this program is largely based on third-party credit ratings. Individual bond positions must meet minimum ratings requirements, which vary based on the sector of the bond issuer.

Citigroup monitors the bond issuer and insurer ratings on a daily basis. The average portfolio rating, ignoring any insurance, is Aa3/AA-. In the event of a downgrade of the bond below Aa3/AA-, the subject bond is specifically reviewed for potential shortfall in contractual principal and interest. Citigroup has not recorded any credit impairments on bonds held as part of the Tender Option Bond program or on bonds that were previously held as part of the Tender Option Bond program.

The remainder of Citigroup's AFS state and municipal bonds are specifically reviewed for credit impairment based on instrument-specific estimates of cash flows, probability of default and loss given default.

Because Citigroup does not intend to sell the AFS state and municipal bond securities or expect to be required to sell them prior to recovery, the unrealized losses associated with the AFS state and municipal bond portfolio (other than credit-related losses) remain classified in *Accumulated other comprehensive income* and are not reclassified into earnings as other-than-temporary impairment.

Recognition and Measurement of OTTI

The following table presents the total OTTI recognized in earnings during the three months ended March 31, 2011:

OTTI on Investments	**Three months ended March 31, 2011**		
In millions of dollars	**AFS**	**HTM**	**Total**
Impairment losses related to securities that the Company does not intend to sell nor will likely be required to sell:			
Total OTTI losses recognized during the three months ended March 31, 2011	**$ 45**	**$ 118**	**$ 163**
Less: portion of OTTI loss recognized in AOCI (before taxes)	**26**		**26**
Net impairment losses recognized in earnings for securities that the Company does not intend to sell nor will likely be required to sell	**$ 19**	**$ 118**	**$ 137**
OTTI losses recognized in earnings for securities that the Company intends to sell or more-likely-than-not will be required to sell before recovery	**183**	**1,387**	**1,570**
Total impairment losses recognized in earnings	**$ 202**	**$ 1,505**	**$ 1,707**

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The following is a three month roll-forward of the credit-related impairments recognized in earnings for AFS and HTM debt securities held as of March 31, 2011 that the Company does not intend to sell nor likely will be required to sell:

In millions of dollars	Cumulative OTTI Credit Losses Recognized in Earnings December 31, 2010 balance	Credit impairments recognized in earnings on securities not previously impaired	Credit impairments recognized in earnings on securities that have been previously impaired	Reductions due to sales of credit impaired securities sold or matured	March 31, 2011 balance
AFS debt securities					
Mortgage-backed securities					
Prime	**$ 292**	$	$	$	**$ 292**
Alt-A	**2**				**2**
Commercial real estate	**2**				**2**
Total mortgage-backed securities	**$ 296**	$	$	$	**$ 296**
State and municipal	**3**				**3**
U.S. Treasury	**48**	18			**66**
Foreign government	**159**				**159**
Corporate	**154**	1			**155**
Asset-backed securities	**10**				**10**
Other debt securities	**52**				**52**
Total OTTI credit losses recognized for AFS debt securities	**$ 722**	$ 19	$	$	**$ 741**
HTM debt securities					
Mortgage-backed securities					
Prime	**$ 308**	$	$ 2	$	**$ 310**
Alt-A	**3,149**	3	89		**3,241**
Subprime	**232**	1	21		**254**
Non-U.S. residential	**96**				**96**
Commercial real estate	**10**				**10**
Total mortgage-backed securities	**$ 3,795**	$ 4	$ 112	$	**$ 3,911**
State and municipal	**7**	2			**9**
Corporate	**351**				**351**
Asset-backed securities	**113**				**113**
Other debt securities	**5**				**5**
Total OTTI credit losses recognized for HTM debt securities	**$ 4,271**	$ 6	$ 112	$	**$ 4,389**

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Investments in Alternative Investment Funds that Calculate Net Asset Value per Share

The Company holds investments in certain alternative investment funds that calculate net asset value (NAV) per share, including hedge funds, private equity funds, fund of funds and real estate funds. The Company's investments include co-investments in funds that are managed by the Company and investments in funds that are managed by third parties. Investments in funds are generally classified as non-marketable equity securities carried at fair value.

The fair values of these investments are estimated using the NAV per share of the Company's ownership interest in the funds, where it is not probable that the Company will sell an investment at a price other than NAV.

In millions of dollars at March 31, 2011	Fair value	Unfunded commitments	Redemption frequency (if currently eligible)	Redemption notice period
Hedge funds	$ 928	$ 9	Monthly, quarterly, annually	10-95 days
Private equity funds(1)(2)	3,034	2,294		
Real estate funds(3)	365	163		
Total	$ 4,327(4)	$ 2,466		

(1) Includes investments in private equity funds carried at cost with a carrying value of $222 million.

(2) Private equity funds include funds that invest in infrastructure, leveraged buyout transactions, emerging markets and venture capital.

(3) This category includes several real estate funds that invest primarily in commercial real estate in the U.S., Europe and Asia. These investments can never be redeemed with the funds. Distributions from each fund will be received as the underlying investments in the funds are liquidated. It is estimated that the underlying assets of the fund will be liquidated over a period of several years as market conditions allow.

(4) Included in the total fair value of investments above is $1.5 billion of fund assets that are valued using NAVs provided by third-party asset managers.

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12. LOANS

Citigroup loans are reported in two categories Consumer and Corporate. These categories are classified primarily according to the segment and sub-segment that manages the loans.

Consumer Loans

Consumer loans represent loans and leases managed primarily by the *Regional Consumer Banking* and *Local Consumer Lending* businesses. The following table provides information by loan type:

In millions of dollars	March 31, 2011	December 31, 2010
Consumer loans		
In U.S. offices		
Mortgage and real estate(1)	**$ 147, 301**	$ 151,469
Installment, revolving credit, and other	**26,346**	28,291
Cards	**113,763**	122,384
Commercial and industrial	**4,929**	5,021
Lease financing	**2**	2
	$ 292,341	$ 307,167
In offices outside the U.S.		
Mortgage and real estate(1)	**$ 53,030**	$ 52,175
Installment, revolving credit, and other	**38,624**	38,024
Cards	**36,848**	40,948
Commercial and industrial	**19,632**	18,584
Lease financing	**626**	665
	$ 148,760	$ 150,396
Total Consumer loans	**$ 441,101**	$ 457,563
Net unearned income	**112**	69
Consumer loans, net of unearned income	**$ 441,213**	$ 457,632

(1) Loans secured primarily by real estate.

During the three months ended March 31, 2011, the Company sold and/or reclassified $6.9 billion of Consumer loans. The Company did not have significant purchases of Consumer loans during the three months ended March 31, 2011.

Citigroup has a comprehensive risk management process to monitor, evaluate and manage the principal risks associated with its Consumer loan portfolio. Included in the loan table above are lending products whose terms may give rise to additional credit issues. Credit cards with below-market introductory interest rates and interest-only loans are examples of such products. However, these products are not material to Citigroup's financial position and are closely managed via credit controls that mitigate their additional inherent risk.

Credit quality indicators that are actively monitored include:

Delinquency Status

Delinquency status is carefully monitored and considered a key indicator of credit quality. Substantially all of the U.S. residential first mortgage loans use the MBA method of reporting delinquencies, which considers a loan delinquent if a monthly payment has not been received by the end of the day immediately preceding the loan's next due date. All other loans use the OTS method of reporting delinquencies, which considers a loan delinquent if a monthly payment has not been received by the close of business on the loan's next due date. As a general rule, residential first mortgages, home equity loans and installment loans are classified as non-accrual when loan payments are 90 days contractually past due. Credit cards and unsecured revolving loans generally accrue interest until payments are 180 days past due. Commercial market loans are placed on a cash (non-accrual) basis when it is determined, based on actual experience and a forward-looking assessment of the collectability of the loan in full, that the payment of interest or principal is doubtful or when interest or principal is 90 days past due.

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The following tables provides details on Citigroup's Consumer loan delinquency and non-accrual loans as of March 31, 2011 and December 31, 2010:

Consumer Loan Delinquency and Non-Accrual Details at March 31, 2011

In millions of dollars	30-89 days past due(1)	≥ 90 days past due(2)	90 days past due and accruing	Total non-accrual	Total current(3)(4)	Total loans(4)
In *North America* offices						
Residential first mortgages	$ 3,420	$ 4,679	$ 5,005	$ 4,686	$ 82,234	$ 97,048
Home equity loans(5)	935	1,150		1,132	45,523	47,608
Credit cards	2,842	2,742	$ 2,742		108,913	114,497
Installment and other	1,105	888	352	966	25,557	27,550
Commercial market loans	19	184		284	7,371	7,574
Total	$ 8,321	$ 9,643	$ 8,099	$ 7,068	$ 269,598	$ 294,277
In offices outside *North America*						
Residential first mortgages	$ 665	$ 536	$ 8	$ 768	$ 43,415	$ 44,616
Home equity loans(5)		1		1	8	9
Credit cards	1,084	891	612	554	37,923	39,898
Installment and other	838	269	77	653	30,987	32,094
Commercial market loans	78	184		287	30,057	30,319
Total	$ 2,665	$ 1,881	$ 697	$ 2,263	$ 142,390	$ 146,936
Total Citigroup	$ 10,986	$ 11,524	$ 8,796	$ 9,331	$ 411,988	$ 441,213

(1) Excludes $1.5 billion of residential first mortgages that are guaranteed by U.S. government agencies.

(2) Excludes $5.2 billion of residential first mortgages that are guaranteed by U.S. government agencies.

(3) Loans less than 30 days past due are considered current.

(4) Includes $1.5 billion of residential first mortgages recorded at fair value.

(5) Fixed rate home equity loans and loans extended under home equity lines of credit which are typically in junior lien positions.

Consumer Loan Delinquency and Non-Accrual Details at December 31, 2010

In millions of dollars	30-89 days past due(1)	≥ 90 days past due(2)	90 days past due and accruing	Total non-accrual	Total current(3)(4)	Total loans(4)

In *North America* offices						
Residential first mortgages	$ 4,311	$ 5,668	$ 5,405	$ 5,679	$ 81,597	$ 98,579
Home equity loans(5)	1,137	1,279		1,273	43,814	46,230
Credit cards	3,290	3,207	3,207		117,496	123,993
Installment and other	1,500	1,126	344	1,014	29,665	32,291
Commercial market loans	172	157		574	9,952	10,281
Total	$ 10,410	$ 11,437	$ 8,956	$ 8,540	$ 282,524	$ 311,374
In offices outside *North America*						
Residential first mortgages	$ 657	$ 573	$	$ 774	$ 41,852	$ 43,082
Home equity loans(5)	2	4		6	188	194
Credit cards	1,116	974	409	564	40,806	42,896
Installment and other	823	291	41	635	30,790	31,904
Commercial market loans	61	186	1	278	27,935	28,182
Total	$ 2,659	$ 2,028	$ 451	$ 2,257	$ 141,571	$ 146,258

(1) Excludes $1.6 billion of residential first mortgages that are guaranteed by U.S. government agencies.

(2) Excludes $5.4 billion of residential first mortgages that are guaranteed by U.S. government agencies.

(3) Loans less than 30 days past due are considered current.

(4) Includes $1.7 billion of residential first mortgages recorded at fair value.

(5) Fixed rate home equity loans and loans extended under home equity lines of credit which are typically in junior lien positions.

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Consumer Credit Scores (FICOs)

In the U.S., independent credit agencies rate an individual's risk for assuming debt based on the individual's credit history and assign every consumer a credit score. These scores are often called "FICO scores" because most credit bureau scores used in the U.S. are produced from software developed by Fair Isaac Corporation. Scores range from a high of 900 (which indicates high credit quality) to 300. These scores are continually updated by the agencies based upon an individual's credit actions (e.g., taking out a loan, missed or late payments, etc.). The following table provides details on the FICO scores attributable to Citi's U.S. Consumer loan portfolio as of March 31, 2011 and December 31, 2010 (note that commercial market loans are not included since they are business based and FICO scores are not a primary driver in their credit evaluation). FICO scores are updated monthly for substantially all of the portfolio, or, otherwise, on a quarterly basis. During the first quarter of 2011, the cards businesses in the U.S. began using a more updated FICO model version to score customer accounts for substantially all of their loans. The change was made to incorporate a more recent version of FICO in order to improve the predictive strength of the score and to enhance Citi's ability to manage risk. This change resulted in an increase in the percentage of balances with FICO scores equal to or greater than 660 and conversely lowered the percentage of balances with FICO scores lower than 620.

FICO Score Distribution in U.S. Portfolio(1)(2) *In millions of dollars*		**March 31, 2011 FICO**	
	Less than 620	**≥ 620 but less than 660**	**Equal to or greater than 660**
Residential first mortgages	**$ 23,025**	**$ 8,816**	**$ 51,767**
Home equity loans	**7,168**	**3,361**	**32,058**
Credit cards	**11,929**	**11,194**	**87,650**
Installment and other	**9,611**	**3,280**	**9,971**
Total	**$ 51,733**	**$ 26,651**	**$ 181,446**

(1) Excludes loans guaranteed by U.S. government agencies, loans subject to LTSCs, and loans recorded at fair value.

(2) Excludes balances where FICO was not available. Such amounts are not material.

FICO Score Distribution in U.S. Portfolio(1)(2) *In millions of dollars*		**December 31, 2010 FICO**	
	Less than 620	**≥ 620 but less than 660**	**Equal to or greater than 660**
Residential first mortgages	$ 24,794	$ 9,095	$ 50,589
Home equity loans	7,531	3,413	33,363
Credit cards	18,341	12,592	88,332
Installment and other	11,320	3,760	10,743
Total	$ 61,986	$ 28,860	$ 183,027

(1) Excludes loans guaranteed by U.S. government agencies, loans subject to LTSCs, and loans recorded at fair value.

(2)
Excludes balances where FICO was not available. Such amounts are not material.

Residential First Mortgage Loan to Values (LTVs)

Loan to value (LTV) ratios are important credit indicators for U.S. mortgage loans. These ratios (loan balance divided by appraised value) are calculated at origination and updated by applying market price data. The following table provides details on the LTV ratios attributable to Citi's U.S. Consumer mortgage portfolios as of March 31, 2011 and December 31, 2010. LTVs are updated monthly using the most recent Core Logic HPI data available for substantially all of the portfolio applied at the Metropolitan Statistical Area level, if available; otherwise at the state level. The remainder of the portfolio is updated in a similar manner using the Office of Federal Housing Enterprise Oversight indices.

LTV Distribution in U.S. Portfolio(1)(2)	**March 31, 2011**		
In millions of dollars	**LTV**		
	Less than or equal to 80%	**> 80% but less than or equal to 100%**	**Greater than 100%**
Residential first mortgages	**$ 32,412**	**$ 23,541**	**$ 27,619**
Home equity loans	**11,808**	**9,892**	**20,751**
Total	**$ 44,220**	**$ 33,433**	**$ 48,370**

(1)
Excludes loans guaranteed by U.S. government agencies, loans subject to LTSCs, and loans recorded at fair value.

(2)
Excludes balances where LTV was not available. Such amounts are not material.

LTV Distribution in U.S. Portfolio(1)(2)	**December 31, 2010**		
In millions of dollars	**LTV**		
	Less than or equal to 80%	**> 80% but less than or equal to 100%**	**Greater than 100%**
Residential first mortgages	$ 32,408	$ 25,311	$ 26,636
Home equity loans	12,698	10,940	20,670
Total	$ 45,106	$ 36,251	$ 47,306

(1)
Excludes loans guaranteed by U.S. government agencies, loans subject to LTSCs, and loans recorded at fair value.

(2)
Excludes balances where LTV was not available. Such amounts are not material.

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Impaired Consumer Loans

Impaired loans are those where Citigroup believes it is probable that it will not collect all amounts due according to the original contractual terms of the loan. Impaired Consumer loans include non-accrual commercial market loans as well as smaller-balance homogeneous loans whose terms have been modified due to the borrower's financial difficulties and Citigroup has granted a concession to the borrower. These modifications may include interest rate reductions and/or principal forgiveness. Impaired Consumer loans exclude smaller-balance homogeneous loans that have not been modified and are carried on a non-accrual basis, as well as substantially all loans modified pursuant to Citi's short-term modification programs (i.e., for periods of 12 months or less). At March 31, 2011, loans included in these short-term programs amounted to $5 billion.

Valuation allowances for impaired Consumer loans are determined in accordance with ASC 310-10-35 considering all available evidence including, as appropriate, the present value of the expected future cash flows discounted at the loan's original contractual effective rate, the secondary market value of the loan and the fair value of collateral less disposal costs.

The following table presents information about total impaired Consumer loans at and for the periods ending March 31, 2011 and December 31, 2010, respectively:

Impaired Consumer Loans

In millions of dollars	**At and for the period ended Mar. 31, 2011** Recorded investment(1)(2)	Unpaid principal balance	Related specific allowance(3)	Average carrying value(4)	Interest income recognized	**Dec. 31, 2010** Recorded investment(1)
Mortgage and real estate						
Residential first mortgages	**$ 17,298**	**$ 18,448**	**$ 3,229**	**$ 15,191**	**$ 201**	$ 16,225
Home equity loans	**1,377**	**1,435**	**780**	**1,147**	**12**	1,205
Credit cards	**6,277**	**6,361**	**3,190**	**5,507**	**97**	5,906
Installment and other						
Individual installment and other	**2,894**	**2,941**	**1,311**	**3,530**	**71**	3,286
Commercial market loans	**726**	**967**	**95**	**847**	**9**	706
Total**(5)**	**$ 28,572**	**$ 30,152**	**$ 8,605**	**$ 26,222**	**$ 390**	$ 27,328

(1) Recorded investment in a loan includes accrued credit card interest, and excludes net deferred loan fees and costs, unamortized premium or discount and direct write-downs.

(2) $936 million of residential first mortgages, $6 million of home equity loans and $271 million of commercial market loans do not have a specific allowance.

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

(4) Average carrying value does not include related specific allowance.

(5) Prior to 2008, the Company's financial accounting systems did not separately track impaired smaller-balance, homogeneous Consumer loans whose terms were modified due to the borrowers' financial difficulties and it was determined that a concession was granted to the borrower. Smaller-balance consumer loans modified since January 1, 2008 amounted to $27.8 billion and $26.6 billion at March 31, 2011 and December 31, 2010, respectively. However, information derived from Citi's risk management systems indicates that the amounts of outstanding modified loans, including those modified prior to 2008, approximated $29.2 billion and $28.2 billion

at March 31, 2011 and December 31, 2010, respectively.

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Corporate Loans

Corporate loans represent loans and leases managed by *ICG* or the *Special Asset Pool*. The following table presents information by corporate loan type:

In millions of dollars	March 31, 2011	December 31, 2010
Corporate		
In U.S. offices		
Commercial and industrial	**$ 15,426**	$ 14,334
Loans to financial institutions	**29,361**	29,813
Mortgage and real estate(1)	**19,397**	19,693
Installment, revolving credit and other(2)	**13,712**	12,640
Lease financing	**1,395**	1,413
	$ 79,291	$ 77,893
In offices outside the U.S.		
Commercial and industrial	**$ 71,381**	$ 69,718
Installment, revolving credit and other(2)	**13,551**	11,829
Mortgage and real estate(1)	**6,086**	5,899
Loans to financial institutions	**22,965**	22,620
Lease financing	**511**	531
Governments and official institutions	**2,838**	3,644
	$ 117,332	$ 114,241
Total Corporate loans	**$ 196,623**	$ 192,134
Net unearned income	**(700)**	(972)
Corporate loans, net of unearned income	**$ 195,923**	$ 191,162

(1) Loans secured primarily by real estate.

(2) Includes loans not otherwise separately categorized.

During the three months ended March 31, 2011, the Company sold and/or reclassified $2.1 billion of held-for-investment Corporate loans. The Company did not have significant purchases of loans classified as held for investment during the three months ended March 31, 2011.

Corporate loans are identified as impaired and placed on a cash (non-accrual) basis when it is determined, based on actual experience and a forward-looking assessment of the collectability of the loan in full, that the payment of interest or principal is doubtful or when interest or principal is 90 days past due, except when the loan is well collateralized and in the process of collection. Any interest accrued on impaired corporate loans and leases is reversed at 90 days and charged against current earnings, and interest is thereafter included in earnings only to the extent actually received in cash. When there is doubt regarding the ultimate collectability of principal, all cash receipts are thereafter applied to reduce the recorded investment in the loan. While Corporate loans are generally managed based on their internally assigned risk rating (see further discussion below), the following tables present delinquency information by Corporate loan type as of March 31, 2011 and December 31, 2010:

Corporate Loan Delinquency and Non-Accrual Details at March 31, 2011

In millions of dollars	30-89 days past due and	≥ 90 days past due and	Total past due and	Total non-accrual(2)	Total current(3)	Total loans

	accruing(1)	accruing(1)	accruing			
Commercial and industrial	$ 104	$ 26	$ 130	$ 1,943	$ 82,601	$ 84,674
Financial institutions				1,094	50,761	51,855
Mortgage and real estate	454	108	562	1,826	22,976	25,364
Leases	9	1	10	42	1,854	1,906
Other	204	57	261	576	28,425	29,262
Loans at fair value						2,862
Total	$ 771	$ 192	$ 963	$ 5,481	$ 186,617	$ 195,923

(1) Corporate loans that are greater than 90 days past due are generally classified as non-accrual.

(2) Citi generally does not manage Corporate loans on a delinquency basis. Non-accrual loans generally include those loans that are ≥ 90 days past due or those loans for which Citi believes, based on actual experience and a forward-looking assessment of the collectability of the loan in full that the payment or interest or principal is doubtful.

(3) Loans less than 30 days past due are considered current.

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Corporate Loan Delinquency and Non-Accrual Details at December 31, 2010

In millions of dollars	30-89 days past due and accruing(1)	≥ 90 days past due and accruing(1)	Total past due and accruing	Total non-accrual(2)	Total current(3)	Total loans
Commercial and industrial	$ 94	$ 39	$ 133	$ 5,125	$ 76,862	$ 82,120
Financial institutions	2		2	1,258	50,648	51,908
Mortgage and real estate	376	20	396	1,782	22,892	25,070
Leases	9		9	45	1,890	1,944
Other	100	52	152	400	26,941	27,493
Loans at fair value						2,627
Total	$ 581	$ 111	$ 692	$ 8,610	$ 179,233	$ 191,162

(1) Corporate loans that are greater than 90 days past due are generally classified as non-accrual.

(2) Citi generally does not manage Corporate loans on a delinquency basis. Non-accrual loans generally include those loans that are ≥ 90 days past due or those loans for which Citi believes, based on actual experience and a forward-looking assessment of the collectability of the loan in full, that the payment of interest or principal is doubtful.

(3) Loans less than 30 days past due are considered current.

Citigroup has a comprehensive risk management process to monitor, evaluate and manage the principal risks associated with its Corporate loan portfolio. As part of its risk management process, Citi assigns risk ratings to its Corporate loans, which are reviewed at least annually. The ratings scale generally corresponds to the ratings as defined by S&P and Moody's, with investment grade facilities generally exhibiting no evident weakness in creditworthiness and non-investment grade facilities exhibiting a range of deterioration in the obligor's creditworthiness or vulnerability to adverse changes in business, financial or other economic conditions.

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Corporate Loans Credit Quality Indicators at March 31, 2011 and December 31, 2010

In millions of dollars	Recorded investment in loans(1) March 31, 2011	Recorded investment in loans(1) December 31, 2010
Investment grade(2)		
Commercial and industrial	**$ 55,508**	$ 51,042
Financial institutions	**47,074**	47,310
Mortgage and real estate	**8,174**	8,119
Leases	**1,106**	1,204
Other	**22,446**	21,844
Total investment grade	**$ 134,308**	$ 129,519
Non-investment grade(2)		
Accrual		
Commercial and industrial	**$ 27,222**	$ 25,992
Financial institutions	**3,687**	3,412
Mortgage and real estate	**3,617**	3,329
Leases	**758**	695
Other	**5,332**	4,316
Non-accrual		
Commercial and industrial	**1,943**	5,125
Financial institutions	**1,094**	1,258
Mortgage and real estate	**1,826**	1,782
Leases	**42**	45
Other	**576**	400
Total non-investment grade	**$ 46,097**	$ 46,354
Private Banking loans managed on a delinquency basis(2)	**$ 12,656**	$ 12,662
Loans at fair value	**2,862**	2,627
Corporate loans, net of unearned income	**$ 195,923**	$ 191,162

(1) Recorded investment in a loan includes accrued interest, net of deferred loan fees and costs, unamortized premium or discount, and less any direct write-downs.

(2) Held-for-investment loans accounted for on an amortized cost basis.

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

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The following tables present non-accrual loan information by Corporate loan type at and for the periods ended March 31, 2011 and December 31, 2010, respectively:

Non-Accrual Corporate Loans

	At and for the period ended March 31, 2011				
In millions of dollars	Recorded investment(1)	Principal balance	Related specific allowance	Average carrying value(2)	Interest income recognized
Non-accrual corporate loans					
Commercial and industrial	$ 1,943	$ 2,717	$ 371	$ 4,807	$ 8
Loans to financial institutions	1,094	1,668	90	895	
Mortgage and real estate	1,826	2,423	257	2,079	3
Lease financing	42	50		51	1
Other	576	1,185	180	937	1
Total non-accrual Corporate loans	$ 5,481	$ 8,043	$ 898	$ 8,769	$ 13

Non-Accrual Corporate Loans

	At and for the period ended Dec. 31, 2010				
In millions of dollars	Recorded investment(1)	Principal balance	Related specific allowance	Average carrying value(2)	Interest income recognized
Non-accrual corporate loans					
Commercial and industrial	$ 5,125	$ 8,021	$ 843	$ 6,016	$ 28
Loans to financial institutions	1,258	1,835	259	883	1
Mortgage and real estate	1,782	2,328	369	2,474	7
Lease financing	45	71		55	4
Other	400	948	218	1,205	25
Total non-accrual Corporate loans	$ 8,610	$ 13,203	$ 1,689	$ 10,633	$ 65

	March 31, 2011		December 31, 2010	
In millions of dollars	Recorded investment(1)	Related specific allowance	Recorded investment(1)	Related specific allowance
Non-accrual Corporate loans with valuation allowances				
Commercial and industrial	$ 857	$ 371	$ 4,257	$ 843
Loans to financial institutions	661	90	818	259
Mortgage and real estate	1,074	257	1,008	369
Lease financing				
Other	439	180	241	218
Total non-accrual Corporate loans with specific allowance	$ 3,031	$ 898	$ 6,324	$ 1,689
Non-accrual Corporate loans without specific allowance				
Commercial and industrial	$ 1,086		$ 868	
Loans to financial institutions	433		440	
Mortgage and real estate	752		774	
Lease financing	42		45	
Other	137		159	
Total non-accrual Corporate loans without specific allowance	$ 2,450	N/A	$ 2,286	N/A

(1) Recorded investment in a loan includes accrued interest, net deferred loan fees and costs, unamortized premium or discount, less any direct write-downs.

(2) Average carrying value does not include related specific allowance.

N/A Not Applicable

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Included in the Corporate and Consumer loan tables above are purchased distressed loans, which are loans that have evidenced significant credit deterioration subsequent to origination but prior to acquisition by Citigroup. In accordance with SOP 03-3, the difference between the total expected cash flows for these loans and the initial recorded investments is recognized in income over the life of the loans using a level yield. Accordingly, these loans have been excluded from the impaired loan information presented above. In addition, per SOP 03-3, subsequent decreases to the expected cash flows for a purchased distressed loan require a build of an allowance so the loan retains its level yield. However, increases in the expected cash flows are first recognized as a reduction of any previously established allowance and then recognized as income prospectively over the remaining life of the loan by increasing the loan's level yield. Where the expected cash flows cannot be reliably estimated, the purchased distressed loan is accounted for under the cost recovery method.

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13. ALLOWANCE FOR CREDIT LOSSES

In millions of dollars	Three Months Ended March 31, 2011	2010
Allowance for loan losses at beginning of period	**$ 40,655**	$ 36,033
Gross credit losses	**(7,131)**	(9,202)
Gross recoveries	**862**	818
Net credit (losses) recoveries (NCLs)	**$ (6,269)**	$ (8,384)
NCLs	**$ 6,269**	$ 8,384
Net reserve builds (releases)	**(3,482)**	(882)
Net specific reserve builds (releases)	**112**	864
Total provision for credit losses	**$ 2,899**	$ 8,366
Other, net(1)	**(717)**	12,731
Allowance for loan losses at end of period	**$ 36,568**	$ 48,746
Allowance for credit losses on unfunded lending commitments at beginning of period(2)	**$ 1,066**	$ 1,157
Provision for unfunded lending commitments	**25**	(35)
Allowance for credit losses on unfunded lending commitments at end of period(2)	**$ 1,105**	$ 1,122
Total allowance for loans, leases, and unfunded lending commitments	**$ 37,673**	$ 49,868

(1) The first quarter of 2011 primarily includes reductions of approximately $560 million related to the sale or transfer to held-for-sale of various U.S. loan portfolios and a reduction of approximately $240 million related to the sale of the Egg Banking PLC credit cards business.

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

Allowance for Credit Losses and Investment in Loans at March 31, 2011

In millions of dollars	Corporate	Consumer	Total
Allowance for loan losses at beginning of period			
Beginning balance	**$ 5,210**	**$ 35,445**	**$ 40,655**
Charge-offs	**(998)**	**(6,133)**	**(7,131)**
Recoveries	**149**	**713**	**862**
Replenishment of net charge-offs	**849**	**5,420**	**6,269**
Net reserve builds (releases)	**(600)**	**(2,882)**	**(3,482)**
Net specific reserve builds (releases)	**(794)**	**906**	**112**
Other	**26**	**(743)**	**(717)**
Ending balance	**$ 3,842**	**$ 32,726**	**$ 36,568**

Allowance for loan losses			
Determined in accordance with ASC 450-20	$ 2,882	$ 24,092	$ 26,974
Determined in accordance with ASC 310-10-35	898	8,605	9,503
Determined in accordance with ASC 310-30	62	29	91
Total allowance for loan losses	**$ 3,842**	**$ 32,726**	**$ 36,568**
Loans, net of unearned income			
Loans collectively evaluated for impairment in accordance with ASC 450-20	$ 187,555	$ 410,940	$ 598,495
Loans individually evaluated for impairment in accordance with ASC 310-10-35	5,266	28,572	33,838
Loans acquired with deteriorated credit quality in accordance with ASC 310-30	240	213	453
Loans held at fair value	2,862	1,488	4,350
Total loans, net of unearned income	**$ 195,923**	**$ 441,213**	**$ 637,136**

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14. GOODWILL AND INTANGIBLE ASSETS

Goodwill

The changes in *Goodwill* during the first three months of 2011 were as follows:

In millions of dollars		
Balance at December 31, 2010	**$**	**26,152**
Foreign exchange translation	$	345
Smaller acquisitions/divestitures, purchase accounting adjustments and other		(11)
Discontinued operations		(147)
Balance at March 31, 2011	**$**	**26,339**

During the first quarter of 2011, no goodwill was written off due to impairment and no interim impairment test on goodwill was performed. Goodwill is tested for impairment annually during the third quarter at the reporting unit level and between annual tests if an event occurs or circumstances change that would more likely than not reduce the fair value of a reporting unit below its carrying amount. There were no triggering events during the first quarter of 2011 for any reporting unit and an interim goodwill impairment test was not required.

While no goodwill was written off during the first quarter of 2011, the Company will continue to monitor the *Local Consumer Lending Cards* reporting unit for triggering events in the interim as the goodwill present in this reporting unit may be sensitive to further deterioration as the valuation of the reporting unit is particularly dependent upon economic conditions that affect consumer credit risk and behavior. The fair value as a percentage of allocated book value for *Local Consumer Lending Cards* is 121%, based on the results of the goodwill impairment test performed during the third quarter of 2010. Small deterioration in the assumptions used in the valuations, in particular the discount rate, expected recovery, and expected loss rates, could significantly affect Citigroup's impairment evaluation and, hence, results. If the future were to differ adversely from management's best estimate of key economic assumptions, and associated cash flows were to decrease by a small margin, the Company could potentially experience future material impairment charges with respect to the $4.412 billion of goodwill remaining in its *Local Consumer Lending Cards* reporting unit. Any such charges, by themselves, would not negatively affect the Company's Tier 1 Common, Tier 1 Capital or Total Capital regulatory ratios, its Tangible Common Equity or the Company's liquidity position.

The following tables present the Company's goodwill balances by reporting unit and by segment at March 31, 2011:

In millions of dollars **Reporting unit(1)**		**Goodwill**
North America Regional Consumer Banking	**$**	**2,513**
EMEA Regional Consumer Banking		**337**
Asia Regional Consumer Banking		**6,206**
Latin America Regional Consumer Banking		**1,828**
Securities and Banking		**9,401**
Global Transaction Services		**1,575**
Brokerage and Asset Management		**68**
Local Consumer Lending Cards		**4,411**
Total	**$**	**26,339**
By Segment		
Regional Consumer Banking	**$**	**10,884**
Institutional Clients Group		**10,976**

Citi Holdings		**4,479**
Total	**$**	**26,339**

(1) *Local Consumer Lending Other* is excluded from the table as there is no goodwill allocated to such unit.

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Intangible Assets

The components of intangible assets were as follows:

In millions of dollars	March 31, 2011 Gross carrying amount	March 31, 2011 Accumulated amortization	March 31, 2011 Net carrying amount	December 31, 2010 Gross carrying amount	December 31, 2010 Accumulated amortization	December 31, 2010 Net carrying amount
Purchased credit card relationships	**$ 7,801**	**$ 5,162**	**$ 2,639**	$ 7,796	$ 5,048	$ 2,748
Core deposit intangibles	**1,426**	**960**	**466**	1,442	959	483
Other customer relationships	**693**	**203**	**490**	702	195	507
Present value of future profits	**243**	**119**	**124**	241	114	127
Indefinite-lived intangible assets	**565**		**565**	550		550
Other(1)	**4,707**	**1,711**	**2,996**	4,723	1,634	3,089
Intangible assets (excluding MSRs)	**$ 15,435**	**$ 8,155**	**$ 7,280**	$ 15,454	$ 7,950	$ 7,504
Mortgage servicing rights (MSRs)	**4,690**		**4,690**	4,554		4,554
Total intangible assets	**$ 20,125**	**$ 8,155**	**$ 11,970**	$ 20,008	$ 7,950	$ 12,058

(1) Includes contract-related intangible assets.

The changes in intangible assets during the first three months of 2011 were as follows:

In millions of dollars	Net carrying amount at December 31, 2010	Acquisitions/ divestitures	Amortization	Impairments	FX and other(1)	Discontinued Operations	Net carrying amount at March 31, 2011
Purchased credit card relationships	$ 2,748	$	$ (110)	$	$ 1	$	**$ 2,639**
Core deposit intangibles	483		(24)		7		**466**
Other customer relationships	507		(14)		(3)		**490**
Present value of future profits	127		(3)				**124**
Indefinite-lived intangible assets	550				15		**565**
Other	3,089	8	(88)		5	(18)	**2,996**
Intangible assets (excluding MSRs)	$ 7,504	$ 8	$ (239)	$	$ 25	$ (18)	**$ 7,280**
Mortgage servicing rights (MSRs)(2)	4,554						**4,690**
Total intangible assets	$ 12,058						**$ 11,970**

(1) Includes foreign exchange translation and purchase accounting adjustments.

(2) See Note 17 to the Consolidated Financial Statements for the roll-forward of MSRs.

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15. DEBT

Short-Term Borrowings

Short-term borrowings consist of commercial paper and other borrowings with weighted average interest rates at March 31, 2011 and December 31, 2010 as follows:

In millions of dollars	March 31, 2011	December 31, 2010
Commercial paper		
Bank	**$ 15,096**	$ 14,987
Non-bank	**9,481**	9,670
	$ 24,577	$ 24,657
Other borrowings(1)	**54,045**	54,133
Total	**$ 78,622**	$ 78,790

(1) At March 31, 2011 and December 31, 2010, collateralized advances from the Federal Home Loan Banks were $9 billion and $10 billion, respectively.

Borrowings under bank lines of credit may be at interest rates based on LIBOR, CD rates, the prime rate, or bids submitted by the banks. Citigroup pays commitment fees for its lines of credit.

Some of Citigroup's non-bank subsidiaries have credit facilities with Citigroup's subsidiary depository institutions, including Citibank, N.A. Borrowings under these facilities must be secured in accordance with Section 23A of the Federal Reserve Act.

Citigroup Global Markets Holdings Inc. (CGMHI) has substantial borrowing agreements consisting of facilities that CGMHI has been advised are available, but where no contractual lending obligation exists. These arrangements are reviewed on an ongoing basis to ensure flexibility in meeting CGMHI's short-term requirements.

Long-Term Debt

In millions of dollars	March 31, 2011	December 31, 2010
Citigroup parent company	**$ 190,872**	$ 191,944
Bank(1)	**109,127**	113,234
Non-bank	**76,542**	76,005
Total(2)(3)	**$ 376,541**	$ 381,183

(1) At March 31, 2011 and December 31, 2010, collateralized advances from the Federal Home Loan Banks were $17.5 billion and $18.2 billion, respectively.

(2) Of this amount, approximately $58.3 billion is guaranteed by the FDIC under the TLGP with $20.3 billion maturing in 2011 and $38.0 billion maturing in 2012.

(3)

Includes Principal-Protected Trust Securities (Safety First Trust Securities) with carrying values of $354 million issued by Safety First Trust Series 2007-3, 2007-4, 2008-1, 2008-2, 2008-3, 2008-4, 2008-5, 2008-6, 2009-1, 2009-2, and 2009-3 at March 31, 2011 and $364 million issued by Safety First Trust Series 2007-2, 2007-3, 2007-4, 2008-1, 2008-2, 2008-3, 2008-4, 2008-5, 2008-6, 2009-1, 2009-2, and 2009-3 (collectively, the Safety First Trusts) at December 31, 2010. Citigroup Funding Inc. (CFI) owns all of the voting securities of the Safety First Trusts. The Safety First Trusts have no assets, operations, revenues or cash flows other than those related to the issuance, administration and repayment of the Safety First Trust Securities and the Safety First Trusts' common securities. The Safety First Trusts' obligations under the Safety First Trust Securities are fully and unconditionally guaranteed by CFI, and CFI's guarantee obligations are fully and unconditionally guaranteed by Citigroup.

CGMHI has committed long-term financing facilities with unaffiliated banks. At March 31, 2011, CGMHI had drawn down the full $900 million available under these facilities, of which $150 million is guaranteed by Citigroup. Generally, a bank can terminate these facilities by giving CGMHI one-year prior notice.

Long-term debt at March 31, 2011 and December 31, 2010 includes $17,940 million and $18,131 million, respectively, of junior subordinated debt. The Company has formed statutory business trusts under the laws of the State of Delaware. The trusts exist for the exclusive purposes of (i) issuing trust securities representing undivided beneficial interests in the assets of the trust; (ii) investing the gross proceeds of the trust securities in junior subordinated deferrable interest debentures (subordinated debentures) of their parent; and (iii) engaging in only those activities necessary or incidental thereto. Citigroup owns all of the voting securities of these subsidiary trusts, and the subsidiary trusts' obligations are fully and unconditionally guaranteed by Citigroup. Upon approval from the Federal Reserve Board, Citigroup generally has the right to redeem the junior subordinated debentures, as set forth in the table below.

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The following table summarizes the financial structure of each of the Company's subsidiary trusts at March 31, 2011:

Trust securities with distributions guaranteed by Citigroup *In millions of dollars, except share amounts*	**Issuance date**	**Securities issued**	**Liquidation value**	**Coupon rate**	**Common shares issued to parent**	**Junior subordinated debentures owned by trust** Amount(1)	Maturity	Redeemable by issuer beginning
Citigroup Capital III	Dec. 1996	194,053	$ 194	7.625%	6,003	$ 200	Dec. 1, 2036	Not redeemable
Citigroup Capital VII	July 2001	35,885,898	897	7.125%	1,109,874	925	July 31, 2031	July 31, 2006
Citigroup Capital VIII	Sept. 2001	43,651,597	1,091	6.950%	1,350,050	1,125	Sept. 15, 2031	Sept. 17, 2006
Citigroup Capital IX	Feb. 2003	33,874,813	847	6.000%	1,047,675	873	Feb. 14, 2033	Feb. 13, 2008
Citigroup Capital X	Sept. 2003	14,757,823	369	6.100%	456,428	380	Sept. 30, 2033	Sept. 30, 2008
Citigroup Capital XI	Sept. 2004	18,387,128	460	6.000%	568,675	474	Sept. 27, 2034	Sept. 27, 2009
Citigroup Capital XII	Mar. 2010	92,000,000	2,300	8.500%	25	2,300	Mar. 30, 2040	Mar. 30, 2015
Citigroup Capital XIII	Sept. 2010	89,840,000	2,246	7.875%	25	2,246	Oct. 30, 2040	Oct. 30, 2015
Citigroup Capital XIV	June 2006	12,227,281	306	6.875%	40,000	307	June 30, 2066	June 30, 2011
Citigroup Capital XV	Sept. 2006	25,210,733	630	6.500%	40,000	631	Sept. 15, 2066	Sept. 15, 2011
Citigroup Capital XVI	Nov. 2006	38,148,947	954	6.450%	20,000	954	Dec. 31, 2066	Dec. 31, 2011
Citigroup Capital XVII	Mar. 2007	28,047,927	701	6.350%	20,000	702	Mar. 15, 2067	Mar. 15, 2012
Citigroup Capital XVIII	June 2007	99,901	160	6.829%	50	160	June 28, 2067	June 28, 2017
Citigroup Capital XIX	Aug. 2007	22,771,968	569	7.250%	20,000	570	Aug. 15, 2067	Aug. 15, 2012
Citigroup Capital XX	Nov. 2007	17,709,814	443	7.875%	20,000	443	Dec. 15, 2067	Dec. 15, 2012
Citigroup Capital XXI	Dec. 2007	2,345,801	2,346	8.300%	500	2,346	Dec. 21, 2077	Dec. 21, 2037
Citigroup Capital XXXII	Nov. 2007	1,875,000	1,875	6.935%	10	1,875	Sept. 15, 2042	Sept. 15, 2014
Citigroup Capital XXXIII	July 2009	3,025,000	3,025	8.000%	100	3,025	July 30, 2039	July 30, 2014
Adam Capital Trust III	Dec. 2002	17,500	18	3 mo. LIB +335 bp.	542	18	Jan. 7, 2033	Jan. 7, 2008
Adam Statutory Trust III	Dec. 2002	25,000	25	3 mo. LIB +325 bp.	774	26	Dec. 26, 2032	Dec. 26, 2007
Adam Statutory Trust IV	Sept. 2003	40,000	40	3 mo. LIB +295 bp.	1,238	41	Sept. 17, 2033	Sept. 17, 2008
Adam Statutory Trust V	Mar. 2004	35,000	35	3 mo. LIB +279 bp.	1,083	36	Mar. 17, 2034	Mar. 17, 2009
Total obligated			$ 19,531			$ 19,657		

(1) Represents the proceeds received from the Trust at the date of issuance.

In each case, the coupon rate on the subordinated debentures is the same as that on the trust securities. Distributions on the trust securities and interest on the subordinated debentures are payable quarterly, except for Citigroup Capital III, Citigroup Capital XVIII and Citigroup Capital XXI on which distributions are payable semiannually.

On September 29, 2010, Citigroup modified Citigroup Capital Trust XXXIII by redeeming $2.234 billion of those securities which were then-owned by the U.S. Treasury Department. Citigroup replaced those securities with Citigroup Capital Trust XIII in the amount of $2.246 billion with a coupon of 7.875%, payable quarterly. The U.S. Treasury Department then sold all of its holdings of trust preferred securities of Citigroup Capital Trust XIII to the public.

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16. CHANGES IN ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)

Changes in each component of *Accumulated other comprehensive income (loss)* for the three-month periods ended March 31, 2011 and 2010 are as follows:

Three months ended March 31, 2011:

In millions of dollars	Net unrealized gains (losses) on investment securities	Foreign currency translation adjustment, net of hedges	Cash flow hedges	Pension liability adjustments	Accumulated other comprehensive income (loss)
Balance, December 31, 2010	**$ (2,395)**	**$ (7,127)**	**$ (2,650)**	**$ (4,105)**	**$ (16,277)**
Change in net unrealized gains (losses) on investment securities, net of taxes(1)	**740**				**740**
Foreign currency translation adjustment, net of taxes(2)		**1,364**			**1,364**
Cash flow hedges, net of taxes(3)			**152**		**152**
Pension liability adjustment, net of taxes(4)				**37**	**37**
Change	**$ 740**	**$ 1,364**	**$ 152**	**$ 37**	**$ 2,293**
Balance, March 31, 2011	**$ (1,655)**	**$ (5,763)**	**$ (2,498)**	**$ (4,068)**	**$ (13,984)**

Three months ended March 31, 2010:

In millions of dollars	Net unrealized gains (losses) on investment securities	Foreign currency translation adjustment, net of hedges	Cash flow hedges	Pension liability adjustments	Accumulated other comprehensive income (loss)
Balance, December 31, 2009	**$ (4,347)**	**$ (7,947)**	**$ (3,182)**	**$ (3,461)**	**$ (18,937)**
Change in net unrealized gains (losses) on investment securities, net of taxes(1)	1,182				1,182
Foreign currency translation adjustment, net of taxes(2)		(279)			(279)
Cash flow hedges, net of taxes(3)			223		223
Pension liability adjustment, net of taxes(4)				(48)	(48)
Change	$ 1,182	$ (279)	$ 223	$ (48)	$ 1,078
Balance, March 31, 2010	**$ (3,165)**	**$ (8,226)**	**$ (2,959)**	**$ (3,509)**	**$ (17,859)**

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(1) The after tax realized gains (losses) on sales and impairments of securities during the three months ended March 31, 2011 and March 31, 2010 were $(686) million and $28 million, respectively. For details of the unrealized gains and losses on Citigroup's available-for-sale and held-to-maturity securities, and the net gains (losses) included in income, see Note 11 to the Consolidated Financial Statements.

(2) Reflects, among other items: the movements in the British pound, Euro, Japanese yen, Korean won, Polish zloty and Mexican peso against the U.S. dollar, and changes in related tax effects and hedges.

(3)
Primarily driven by Citigroup's pay fixed/receive floating interest rate swap programs that are hedging the floating rates on deposits and long-term debt.

(4)
Reflects adjustments to the funded status of pension and postretirement plans, which is the difference between the fair value of the plan assets and the projected benefit obligation.

17. SECURITIZATIONS AND VARIABLE INTEREST ENTITIES

Uses of SPEs

A special purpose entity (SPE) is an entity designed to fulfill a specific limited need of the company that organized it. The principal uses of SPEs are to obtain liquidity and favorable capital treatment by securitizing certain of Citigroup's financial assets, to assist clients in securitizing their financial assets, and to create investment products for clients. SPEs may be organized in many legal forms including trusts, partnerships or corporations. In a securitization, the company transferring assets to an SPE converts all (or a portion) of those assets into cash before they would have been realized in the normal course of business, through the SPE's issuance of debt and equity instruments, certificates, commercial paper and other notes of indebtedness, which are recorded on the balance sheet of the SPE and not reflected in the transferring company's balance sheet, assuming applicable accounting requirements are satisfied. Investors usually have recourse to the assets in the SPE and often benefit from other credit enhancements, such as a collateral account or over-collateralization in the form of excess assets in the SPE, a line of credit, or from a liquidity facility, such as a liquidity put option or asset purchase agreement. The SPE can typically obtain a more favorable credit rating from rating agencies than the transferor could obtain for its own debt issuances, resulting in less expensive financing costs than unsecured debt. The SPE may also enter into derivative contracts in order to convert the yield or currency of the underlying assets to match the needs of the SPE investors or to limit or change the credit risk of the SPE. Citigroup may be the provider of certain credit enhancements as well as the counterparty to any related derivative contracts. Most of Citigroup's SPEs are now VIEs.

Variable Interest Entities

VIEs are entities that have either a total equity investment that is insufficient to permit the entity to finance its activities without additional subordinated financial support, or whose equity investors lack the characteristics of a controlling financial interest (i.e., ability to make significant decisions through voting rights, and right to receive the expected residual returns of the entity or obligation to absorb the expected losses of the entity). Investors that finance the VIE through debt or equity interests or other counterparties that provide other forms of support, such as guarantees, subordinated fee arrangements, or certain types of derivative contracts, are variable interest holders in the entity.

The variable interest holder, if any, that has a controlling financial interest in a VIE is deemed to be the primary beneficiary and must consolidate the VIE. Citigroup would be deemed to have a controlling financial interest and be the primary beneficiary if it has both of the following characteristics:

- power to direct activities of a VIE that most significantly impact the entity's economic performance; and
- obligation to absorb losses of the entity that could potentially be significant to the VIE or right to receive benefits from the entity that could potentially be significant to the VIE.

The Company must evaluate its involvement in each VIE and understand the purpose and design of the entity, the role the Company had in the entity's design, and its involvement in its ongoing activities. The Company then must evaluate which activities most significantly impact the economic performance of the VIE and who has the power to direct such activities.

For those VIEs where the Company determines that it has the power to direct the activities that most significantly impact the VIE's economic performance, the Company then must evaluate its economic interests, if any, and determine whether it could absorb losses or receive benefits that could potentially be significant to the VIE. When evaluating whether the Company has an obligation to absorb losses that could potentially be significant, it considers the maximum exposure to such loss without consideration of probability. Such obligations could be in various forms, including but not limited to, debt and equity investments, guarantees, liquidity agreements, and certain derivative contracts.

In various other transactions, the Company may act as a derivative counterparty (for example, interest rate swap, cross-currency swap, or purchaser of credit protection under a credit default swap or total return swap where the Company pays the total return on certain assets to the SPE); may act as underwriter or placement agent; may provide administrative, trustee, or other services; or may make a market in debt securities or other instruments issued by VIEs. The Company generally considers such involvement, by itself, not to be variable interests and thus not an indicator of power or potentially significant benefits or losses.

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Citigroup's involvement with consolidated and unconsolidated VIEs with which the Company holds significant variable interests or has continuing involvement through servicing a majority of the assets in a VIE as of March 31, 2011 and December 31, 2010 is presented below:

As of March 31, 2011

				Maximum exposure to loss in significant unconsolidated VIEs(1)				
				Funded exposures(2)		**Unfunded exposures(3)**		
In millions of dollars	**Total involvement with SPE assets**	**Consolidated VIE / SPE assets**	**Significant unconsolidated VIE assets(4)**	**Debt investments**	**Equity investments**	**Funding commitments**	**Guarantees and derivatives**	**Total**
Citicorp								
Credit card securitizations	$ 58,008	$ 58,008	$	$	$	$	$	$
Mortgage securitizations								
U.S. agency-sponsored	179,355		179,355	2,562			26	2,588
Non-agency-sponsored	3,895	1,379	2,516	40				40
Citi-administered asset-backed commercial paper conduits (ABCP)	29,670	19,748	9,922			9,922		9,922
Third-party commercial paper conduits	8,244	282	7,962	440		298		738
Collateralized debt obligations (CDOs)	3,901		3,901	83				83
Collateralized loan obligations (CLOs)	7,644		7,644	63				63
Asset-based financing	17,855	1,387	16,468	5,602		5,111	178	10,891
Municipal securities tender option bond trusts (TOBs)	15,971	7,988	7,983			6,028	65	6,093
Municipal investments	12,108	178	11,930	780	2,588	1,380		4,748
Client intermediation	6,528	1,490	5,038	995	8			1,003
Investment funds	3,983	310	3,673	2	93	64	50	209
Trust preferred securities	19,824		19,824		128			128
Other	5,146	185	4,961	422	36	136	82	676
Total	**$ 372,132**	**$ 90,955**	**$ 281,177**	**$ 10,989**	**$ 2,853**	**$ 22,939**	**$ 401**	**$ 37,182**
Citi Holdings								
Credit card securitizations	$ 28,517	$ 28,187	$ 330	$	$	$	$	$
Mortgage securitizations								
U.S. agency-sponsored	195,465		195,465	2,608			103	2,711
Non-agency-sponsored	20,953	2,426	18,527	163				163
Student loan securitizations	2,838	2,838						
Collateralized debt obligations (CDOs)	8,397	680	7,717	162			114	276
Collateralized loan obligations (CLOs)	13,633		13,633	1,536		7	100	1,643
Asset-based financing	17,989	122	17,867	7,608	3	395		8,006
Municipal investments	4,660		4,660	88	205	91		384
Client intermediation	197	162	35	35				35
Investment funds	1,933	607	1,326	48	25			73
Other	7,710	7,042	668	229	67	86		382
Total	**$ 302,292**	**$ 42,064**	**$ 260,228**	**$ 12,477**	**$ 300**	**$ 579**	**$ 317**	**$ 13,673**
Total Citigroup	**$ 674,424**	**$ 133,019**	**$ 541,405**	**$ 23,466**	**$ 3,153**	**$ 23,518**	**$ 718**	**$ 50,855**

(1) The definition of maximum exposure to loss is included in the text that follows.

(2)

Included in Citigroup's March 31, 2011 Consolidated Balance Sheet.

(3)
Not included in Citigroup's March 31, 2011 Consolidated Balance Sheet.

(4)
A significant unconsolidated VIE is an entity where the Company has any variable interest considered to be significant, regardless of the likelihood of loss or the notional amount of exposure.

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As of December 31, 2010

				Maximum exposure to loss in significant unconsolidated VIEs(1)				
				Funded exposures(2)		Unfunded exposures(3)		
In millions of dollars	Total involvement with SPE assets	Consolidated VIE / SPE assets	Significant unconsolidated VIE assets(4)	Debt investments	Equity investments	Funding commitments	Guarantees and derivatives	Total
Citicorp								
Credit card securitizations	$ 62,061	$ 62,061	$	$	$	$	$	$
Mortgage securitizations								
U.S. agency-sponsored	175,229		175,229	2,402			27	2,429
Non-agency-sponsored	7,352	1,454	5,898	302				302
Citi-administered asset-backed commercial paper conduits (ABCP)	30,941	21,312	9,629			9,629		9,629
Third-party commercial paper conduits	4,845	308	4,537	415		298		713
Collateralized debt obligations (CDOs)	5,379		5,379	103				103
Collateralized loan obligations (CLOs)	6,740		6,740	68				68
Asset-based financing	17,571	1,421	16,150	5,641		5,596	11	11,248
Municipal securities tender option bond trusts (TOBs)	17,047	8,105	8,942			6,454	423	6,877
Municipal investments	12,002	178	11,824	675	2,929	1,478		5,082
Client intermediation	6,612	1,899	4,713	1,312	8			1,320
Investment funds	3,741	259	3,482	2	82	66	19	169
Trust preferred securities	19,776		19,776		128			128
Other	5,085	1,412	3,673	467	32	119	80	698
Total	$ 374,381	$ 98,409	$ 275,972	$ 11,387	$ 3,179	$ 23,640	$ 560	$ 38,766
Citi Holdings								
Credit card securitizations	$ 33,606	$ 33,196	$ 410	$	$	$	$	$
Mortgage securitizations								
U.S. agency-sponsored	207,729		207,729	2,701			108	2,809
Non-agency-sponsored	22,274	2,727	19,547	160				160
Student loan securitizations	2,893	2,893						
Third-party commercial paper conduits	3,365		3,365			252		252
Collateralized debt obligations (CDOs)	8,452	755	7,697	189			141	330
Collateralized loan obligations (CLOs)	12,234		12,234	1,754		29	401	2,184
Asset-based financing	22,756	136	22,620	8,626	3	300		8,929
Municipal investments	4,652		4,652	71	200	136		407
Client intermediation	659	195	464	62			345	407
Investment funds	1,961	627	1,334		70	45		115
Other	8,444	6,955	1,489	276	112	91		479
Total	$ 329,025	$ 47,484	$ 281,541	$ 13,839	$ 385	$ 853	$ 995	$ 16,072
Total Citigroup	$ 703,406	$ 145,893	$ 557,513	$ 25,226	$ 3,564	$ 24,493	$ 1,555	$ 54,838

(1) The definition of maximum exposure to loss is included in the text that follows.

(2)
Included in Citigroup's December 31, 2010 Consolidated Balance Sheet.

(3)
Not included in Citigroup's December 31, 2010 Consolidated Balance Sheet.

(4)
A significant unconsolidated VIE is an entity where the Company has any variable interest considered to be significant, regardless of the likelihood of loss or the notional amount of exposure.

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The previous table does not include:

- certain venture capital investments made by some of the Company's private equity subsidiaries, as the Company accounts for these investments in accordance with the Investment Company Audit Guide;
- certain limited partnerships that are investment funds that qualify for the deferral from the requirements of ASC 810 where the Company is the general partner and the limited partners have the right to replace the general partner or liquidate the funds;
- certain investment funds for which the Company provides investment management services and personal estate trusts for which the Company provides administrative, trustee and/or investment management services;
- VIEs structured by third parties where the Company holds securities in inventory. These investments are made on arm's-length terms;
- certain positions in mortgage-backed and asset-backed securities held by the Company, which are classified as *Trading account assets* or *Investments*, where the Company has no other involvement with the related securitization entity. For more information on these positions, see Notes 10 and 11 to the Consolidated Financial Statements;
- certain representations and warranties exposures in *Securities and Banking* mortgage-backed and asset-backed securitizations, where the Company has no variable interest or continuing involvement as servicer. The outstanding balance of the loans securitized was approximately $25 billion at March 31, 2011, related to transactions sponsored by *Securities and Banking* during the period 2005 to 2008; and
- certain representations and warranties exposures in Consumer mortgage securitizations, where the original mortgage loan balances are no longer outstanding.

The asset balances for consolidated VIEs represent the carrying amounts of the assets consolidated by the Company. The carrying amount may represent the amortized cost or the current fair value of the assets depending on the legal form of the asset (e.g., security or loan) and the Company's standard accounting policies for the asset type and line of business.

The asset balances for unconsolidated VIEs where the Company has significant involvement represent the most current information available to the Company. In most cases, the asset balances represent an amortized cost basis without regard to impairments in fair value, unless fair value information is readily available to the Company. For VIEs that obtain asset exposures synthetically through derivative instruments (for example, synthetic CDOs), the table includes the full original notional amount of the derivative as an asset.

The maximum funded exposure represents the balance sheet carrying amount of the Company's investment in the VIE. It reflects the initial amount of cash invested in the VIE plus any accrued interest and is adjusted for any impairments in value recognized in earnings and any cash principal payments received. The maximum exposure of unfunded positions represents the remaining undrawn committed amount, including liquidity and credit facilities provided by the Company, or the notional amount of a derivative instrument considered to be a variable interest, adjusted for any declines in fair value recognized in earnings. In certain transactions, the Company has entered into derivative instruments or other arrangements that are not considered variable interests in the VIE (e.g., interest rate swaps, cross-currency swaps, or where the Company is the purchaser of credit protection under a credit default swap or total return swap where the Company pays the total return on certain assets to the SPE). Receivables under such arrangements are not included in the maximum exposure amounts.

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Funding Commitments for Significant Unconsolidated VIEs Liquidity Facilities and Loan Commitments

The following table presents the notional amount of liquidity facilities and loan commitments that are classified as funding commitments in the SPE table as of March 31, 2011:

In millions of dollars	Liquidity Facilities	Loan Commitments
Citicorp		
Citi-administered asset-backed commercial paper conduits (ABCP)	**$ 9,922**	**$**
Third-party commercial paper conduits	**298**	
Asset-based financing	**5**	**5,106**
Municipal securities tender option bond trusts (TOBs)	**6,028**	
Municipal investments		**1,380**
Investment Funds		**64**
Other		**136**
Total Citicorp	**$ 16,253**	**$ 6,686**
Citi Holdings		
Third-party commercial paper conduits	**$**	**$**
Collateralized loan obligations (CLOs)		**7**
Asset-based financing		**395**
Municipal investments		**91**
Other		**86**
Total Citi Holdings	**$**	**$ 579**
Total Citigroup funding commitments	**$ 16,253**	**$ 7,265**

Citicorp & Citi Holdings Consolidated VIEs

The Company engages in on-balance-sheet securitizations which are securitizations that do not qualify for sales treatment; thus, the assets remain on the Company's balance sheet. The consolidated VIEs included in the tables below represent hundreds of separate entities with which the Company is involved. In general, the third-party investors in the obligations of consolidated VIEs have legal recourse only to the assets of the VIEs and do not have such recourse to the Company, except where the Company has provided a guarantee to the investors or is the counterparty to certain derivative transactions involving the VIE. In addition, the assets are generally restricted only to pay such liabilities.

Thus, the Company's maximum legal exposure to loss related to consolidated VIEs is significantly less than the carrying value of the consolidated VIE assets due to outstanding third-party financing. Intercompany assets and liabilities are excluded from the table. All assets are restricted from being sold or pledged as collateral. The cash flows from these assets are the only source used to pay down the associated liabilities, which are non-recourse to the Company's general assets.

The following table presents the carrying amounts and classifications of consolidated assets that are collateral for consolidated VIE and SPE obligations.

	March 31, 2011			**December 31, 2010**		
In billions of dollars	**Citicorp**	**Citi Holdings**	**Citigroup**	**Citicorp**	**Citi Holdings**	**Citigroup**
Cash	**$ 0.3**	**$ 1.2**	**$ 1.5**	$ 0.2	$ 0.6	$ 0.8
Trading account assets	**2.9**	**0.9**	**3.8**	4.9	1.6	6.5
Investments	**7.8**	**0.0**	**7.8**	7.9		7.9
Total loans, net	**79.4**	**39.3**	**118.7**	85.3	44.7	130.0
Other	**0.6**	**0.6**	**1.2**	0.1	0.6	0.7
Total assets	**$ 91.0**	**$ 42.0**	**$ 133.0**	$ 98.4	$ 47.5	$ 145.9
Short-term borrowings	**$ 23.1**	**$ 2.0**	**$ 25.1**	$ 23.1	$ 2.2	$ 25.3
Long-term debt	**47.1**	**20.3**	**67.4**	47.6	22.1	69.7

Other liabilities		**0.3**		**0.2**		**0.5**		0.6		0.2	0.8
Total liabilities	**$**	**70.5**	**$**	**22.5**	**$**	**93.0**	$	71.3	$	24.5	$ 95.8

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Citicorp & Citi Holdings Significant Interests in Unconsolidated VIEs Balance Sheet Classification

The following tables present the carrying amounts and classification of significant interests in unconsolidated VIEs:

	March 31, 2011			December 31, 2010		
In billions of dollars	Citicorp	Citi Holdings	Citigroup	Citicorp	Citi Holdings	Citigroup
Trading account assets	**$ 3.1**	**$ 1.7**	**$ 4.8**	$ 3.6	$ 2.7	$ 6.3
Investments	**3.2**	**5.6**	**8.8**	3.8	5.9	9.7
Loans	**5.1**	**3.7**	**8.8**	4.5	4.5	9.0
Other	**2.4**	**2.0**	**4.4**	2.7	2.0	4.7
Total assets	**$ 13.8**	**$ 13.0**	**$ 26.8**	$ 14.6	$ 15.1	$ 29.7
Long-term debt	**$ 0.4**	**$ 0.0**	**$ 0.4**	$ 0.4	$ 0.5	$ 0.9
Other liabilities	**0.0**	**0.1**	**0.1**			
Total liabilities	**$ 0.4**	**$ 0.1**	**$ 0.5**	$ 0.4	$ 0.5	$ 0.9

Credit Card Securitizations

The Company securitizes credit card receivables through trusts that are established to purchase the receivables. Citigroup transfers receivables into the trusts on a non-recourse basis. Credit card securitizations are revolving securitizations; that is, as customers pay their credit card balances, the cash proceeds are used to purchase new receivables and replenish the receivables in the trust. The trusts are treated as consolidated entities, because, as servicer, Citigroup has power to direct the activities that most significantly impact the economic performance of the trusts and also holds a seller's interest and certain securities issued by the trusts, and provides liquidity facilities to the trusts, which could result in potentially significant losses or benefits from the trusts. Accordingly, the transferred credit card receivables are required to remain on the Consolidated Balance Sheet with no gain or loss recognized. The debt issued by the trusts to third parties is included in the Consolidated Balance Sheet.

The Company relies on securitizations to fund a significant portion of its credit card businesses in *North America*. The following table reflects amounts related to the Company's securitized credit card receivables:

	Citicorp		Citi Holdings	
In billions of dollars	March 31, 2011	December 31, 2010	March 31, 2011	December 31, 2010
Principal amount of credit card receivables in trusts	**$ 62.3**	$ 67.5	**$ 30.5**	$ 34.1
Ownership interests in principal amount of trust credit card receivables				
Sold to investors via trust-issued securities	**$ 42.0**	$ 42.0	**$ 14.9**	$ 16.4
Retained by Citigroup as trust-issued securities	**3.8**	3.4	**7.1**	7.1
Retained by Citigroup via non-certificated interests	**16.5**	22.1	**8.5**	10.6
Total ownership interests in principal amount of trust credit card receivables	**$ 62.3**	$ 67.5	**$ 30.5**	$ 34.1

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Credit Card Securitizations Citicorp

The following table summarizes selected cash flow information related to Citicorp's credit card securitizations for the three months ended March 31, 2011 and 2010:

In billions of dollars	**2011**	**2010**
Proceeds from new securitizations	**$**	$
Pay down of maturing notes		(10.5)

Credit Card Securitizations Citi Holdings

The following table summarizes selected cash flow information related to Citi Holdings' credit card securitizations for the three months ended March 31, 2011 and 2010:

In billions of dollars	**2011**	**2010**
Proceeds from new securitizations	**$ 0.9**	$ 1.7
Pay down of maturing notes	**(2.4)**	(9.8)

Managed Loans

After securitization of credit card receivables, the Company continues to maintain credit card customer account relationships and provides servicing for receivables transferred to the trusts. As a result, the Company considers the securitized credit card receivables to be part of the business it manages. As Citigroup consolidates the credit card trusts, all managed securitized card receivables are on-balance sheet.

Funding, Liquidity Facilities and Subordinated Interests

Citigroup securitizes credit card receivables through two securitization trusts Citibank Credit Card Master Trust (Master Trust), which is part of Citicorp, and the Citibank OMNI Master Trust (Omni Trust), which is part of Citi Holdings.

Master Trust issues fixed- and floating-rate term notes as well as commercial paper. Some of the term notes are issued to multi-seller commercial paper conduits. The weighted average maturity of the term notes issued by the Master Trust was 3.1 years as of March 31, 2011 and 3.4 years as of December 31, 2010. The liabilities of the trusts are included in the Consolidated Balance Sheet.

Master Trust Liabilities (at par value)

In billions of dollars	**March 31, 2011**	**December 31, 2010**
Term notes issued to multi-seller CP conduits	**$ 0.2**	$ 0.3
Term notes issued to third parties	**41.8**	41.8
Term notes retained by Citigroup affiliates	**3.8**	3.4
Commercial paper	**0.0**	
Total Master Trust Liabilities	**$ 45.8**	$ 45.5

The Omni Trust issues fixed- and floating-rate term notes, some of which are purchased by multi-seller commercial paper conduits. The Omni Trust also issues commercial paper. No Omni Trust liabilities were funded through the Federal Reserve's Commercial Paper Funding Facility as of March 31, 2011.

The weighted average maturity of the third-party term notes issued by the Omni Trust was 2.0 years as of March 31, 2011 and 1.8 years as of December 31, 2010.

Omni Trust Liabilities (at par value)

In billions of dollars	**March 31, 2011**	**December 31, 2010**
Term notes issued to multi-seller commercial paper conduits	**$ 5.7**	$ 7.2

Term notes issued to third parties		**9.2**		9.2
Term notes retained by Citigroup affiliates		**7.1**		7.1
Commercial paper				
Total Omni Trust Liabilities	**$**	**22.0**	$	23.5

Citibank (South Dakota), N.A. is the sole provider of full liquidity facilities to the commercial paper programs of the Master and Omni Trusts. Both of these facilities, which represent contractual obligations on the part of Citibank (South Dakota), N.A. to provide liquidity for the issued commercial paper, are made available on market terms to each of the trusts. The liquidity facilities require Citibank (South Dakota), N.A. to purchase the commercial paper issued by each trust at maturity, if the commercial paper does not roll over, as long as there are available credit enhancements outstanding, typically in the form of subordinated notes. As there was no Omni trust commercial paper outstanding as of March 31, 2011 and December 31, 2010, there was no liquidity commitment at that time.

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Mortgage Securitizations

The Company provides a wide range of mortgage loan products to a diverse customer base.

Once originated, the Company often securitizes these loans through the use of SPEs. These SPEs are funded through the issuance of Trust Certificates backed solely by the transferred assets. These certificates have the same average life as the transferred assets. In addition to providing a source of liquidity and less expensive funding, securitizing these assets also reduces the Company's credit exposure to the borrowers. These mortgage loan securitizations are primarily non-recourse, thereby effectively transferring the risk of future credit losses to the purchasers of the securities issued by the trust. However, the Company's Consumer business generally retains the servicing rights and in certain instances retains investment securities, interest-only strips and residual interests in future cash flows from the trusts and also provides servicing for a limited number of *Securities and Banking* securitizations. *Securities and Banking* and *Special Asset Pool* do not retain servicing for their mortgage securitizations.

The Company securitizes mortgage loans generally through either a government-sponsored agency, such as Ginnie Mae, FNMA or Freddie Mac (U.S. agency-sponsored mortgages), or private label (Non-agency-sponsored mortgages) securitization. The Company is not the primary beneficiary of its U.S. agency-sponsored mortgage securitizations, because Citigroup does not have the power to direct the activities of the SPE that most significantly impact the entity's economic performance. Therefore, Citi does not consolidate these U.S. agency-sponsored mortgage securitizations. In certain instances, the Company has (1) the power to direct the activities and (2) the obligation to either absorb losses or right to receive benefits that could be potentially significant to its non-agency-sponsored mortgage securitizations and therefore, is the primary beneficiary and consolidates the SPE.

Mortgage Securitizations Citicorp

The following tables summarize selected cash flow information related to mortgage securitizations for the quarters ended March 31, 2011 and 2010:

	2011		**2010**
In billions of dollars	**U.S. agency-sponsored mortgages**	**Non-agency-sponsored mortgages**	**Agency- and non-agency-sponsored mortgages**
Proceeds from new securitizations	**$ 14.7**	**$ 0.1**	$ 11.1
Contractual servicing fees received	**0.1**	**0.0**	0.1
Cash flows received on retained interests and other net cash flows			

Gains (losses) recognized on the securitization of U.S. agency-sponsored mortgages during the first quarter of 2011 were $(1) million. For the quarter ended March 31, 2011, gains (losses) recognized on the securitization of non-agency-sponsored mortgages were $(1) million.

Agency and non-agency mortgage securitization gains (losses) for the quarter ended March 31, 2010 were $3 million and $1 million, respectively.

Key assumptions used in measuring the fair value of retained interests at the date of sale or securitization of mortgage receivables for the quarters ended March 31, 2011 and 2010 are as follows:

	March 31, 2011		**March 31, 2010**
	U.S. agency-sponsored mortgages	**Non-agency-sponsored mortgages**	**Agency- and non-agency-sponsored mortgages**
Discount rate	**1.6% to 28.3%**	**0.4% to 43.2%**	2.2% to 44.8%
Constant prepayment rate	**2.2% to 15.8%**	**1.0% to 31.2%**	3.0% to 28.0%
Anticipated net credit losses	**NM**	**9.2% to 90.0%**	40.0% to 80.0%

NM Not meaningful. Anticipated net credit losses are not meaningful due to U.S. agency guarantees.

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The range in the key assumptions is due to the different characteristics of the interests retained by the Company. The interests retained range from highly rated and/or senior in the capital structure to unrated and/or residual interests.

The effect of adverse changes of 10% and 20% in each of the key assumptions used to determine the fair value of retained interests is disclosed below. The negative effect of each change is calculated independently, holding all other assumptions constant. Because the key assumptions may not in fact be independent, the net effect of simultaneous adverse changes in the key assumptions may be less than the sum of the individual effects shown below.

At March 31, 2011, the key assumptions used to value retained interests and the sensitivity of the fair value to adverse changes of 10% and 20% in each of the key assumptions were as follows:

	March 31, 2011	
	U.S. agency-sponsored mortgages	**Non-agency-sponsored mortgages**
Discount rate	**1.6% to 28.3%**	**0.4% to 43.2%**
Constant prepayment rate	**7.8% to 15.8%**	**1.0% to 31.2%**
Anticipated net credit losses	**NM**	**0.1% to 90.0%**

NM Not meaningful. Anticipated net credit losses are not meaningful due to U.S. agency guarantees.

In millions of dollars	**U.S. agency-sponsored mortgages**	**Non-agency-sponsored mortgages**
Carrying value of retained interests	**$ 2,983**	**$ 711**
Discount rates		
Adverse change of 10%	**$ (110)**	**$ (30)**
Adverse change of 20%	**(212)**	**(58)**
Constant prepayment rate		
Adverse change of 10%	**$ (95)**	**$ (14)**
Adverse change of 20%	**(186)**	**(27)**
Anticipated net credit losses		
Adverse change of 10%	**$ (14)**	**$ (6)**
Adverse change of 20%	**(28)**	**(11)**

Mortgage Securitizations Citi Holdings

The following tables summarize selected cash flow information related to Citi Holdings mortgage securitizations for the quarters ended March 31, 2011 and 2010:

	2011		**2010**
In billions of dollars	**U.S. agency-sponsored mortgages**	**Non-agency-sponsored mortgages**	**Agency- and Non-agency-sponsored mortgages**
Proceeds from new securitizations	**$ 0.3**	**$**	$
Contractual servicing fees received	**0.1**		0.2
Cash flows received on retained interests and other net cash flows			

The Company did not recognize gains (losses) on the securitization of U.S. agency- and non-agency-sponsored mortgages in the quarters ended March 31, 2011 and 2010.

The range in the key assumptions is due to the different characteristics of the interests retained by the Company. The interests retained range from highly rated and/or senior in the capital structure to unrated and/or residual interests.

The effect of adverse changes of 10% and 20% in each of the key assumptions used to determine the fair value of retained interests is disclosed below. The negative effect of each change is calculated independently, holding all other assumptions constant. Because the key assumptions may not in fact be independent, the net effect of simultaneous adverse changes in the key assumptions may be less than the sum of the individual effects shown below.

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At March 31, 2011, the key assumptions used to value retained interests and the sensitivity of the fair value to adverse changes of 10% and 20% in each of the key assumptions were as follows:

	March 31, 2011	
	U.S. agency-sponsored mortgages	**Non-agency-sponsored mortgages**
Discount rate	**13.8%**	**5.3% to 41.5%**
Constant prepayment rate	**11.3%**	**2.0% to 25.9%**
Anticipated net credit losses	**0.1%**	**0.3% to 95.0%**
Weighted average life	**6.5 years**	**0.8-8.5 years**

In millions of dollars	**U.S. agency-sponsored mortgages**	**Non-agency-sponsored mortgages**
Carrying value of retained interests	**$ 2,265**	**$ 668**
Discount rates		
Adverse change of 10%	**$ (93)**	**$ (21)**
Adverse change of 20%	**(180)**	**(37)**
Constant prepayment rate		
Adverse change of 10%	**$ (110)**	**$ (32)**
Adverse change of 20%	**(212)**	**(62)**
Anticipated net credit losses		
Adverse change of 10%	**$ (36)**	**$ (17)**
Adverse change of 20%	**(71)**	**(29)**

NM Not meaningful. Anticipated net credit losses are not meaningful due to U.S. agency guarantees.

Mortgage Servicing Rights

In connection with the securitization of mortgage loans, the Company's U.S. Consumer mortgage business retains the servicing rights, which entitle the Company to a future stream of cash flows based on the outstanding principal balances of the loans and the contractual servicing fee. Failure to service the loans in accordance with contractual requirements may lead to a termination of the servicing rights and the loss of future servicing fees.

The fair value of capitalized mortgage servicing rights (MSRs) was $4.7 billion and $6.4 billion at March 31, 2011 and 2010, respectively. The MSRs correspond to principal loan balances of $444 billion and $542 billion as of March 31, 2011 and 2010, respectively. The following table summarizes the changes in capitalized MSRs for the quarters ended March 31, 2011 and 2010:

In millions of dollars	**2011**	**2010**
Balance, beginning of year	**$ 4,554**	$ 6,530
Originations	**194**	152
Changes in fair value of MSRs due to changes in inputs and assumptions	**172**	90
Other changes(1)	**(230)**	(333)
Balance, as of March 31	**$ 4,690**	$ 6,439

(1)

Represents changes due to customer payments and passage of time.

The market for MSRs is not sufficiently liquid to provide participants with quoted market prices. Therefore, the Company uses an option-adjusted spread valuation approach to determine the fair value of MSRs. This approach consists of projecting servicing cash flows under multiple interest rate scenarios and discounting these cash flows using risk-adjusted discount rates. The key assumptions used in the valuation of MSRs include mortgage prepayment speeds and discount rates. The model assumptions and the MSRs' fair value estimates are compared to observable trades of similar MSR portfolios and interest-only security portfolios, as available, as well as to MSR broker valuations and industry surveys. The cash flow model and underlying prepayment and interest rate models used to value these MSRs are subject to validation in accordance with the Company's model validation policies.

The fair value of the MSRs is primarily affected by changes in prepayments that result from shifts in mortgage interest rates. In managing this risk, the Company economically hedges a significant portion of the value of its MSRs through the use of interest rate derivative contracts, forward purchase commitments of mortgage-backed securities and purchased securities classified as trading.

The Company receives fees during the course of servicing previously securitized mortgages. The amounts of these fees for the quarters ended March 31, 2011 and 2010 were as follows:

In millions of dollars	**2011**	**2010**
Servicing fees	**$ 304**	$ 369
Late fees	**21**	23
Ancillary fees	**28**	39
Total MSR fees	**$ 353**	$ 431

These fees are classified in the Consolidated Statement of Income as *Other revenue*.

Re-securitizations

The Company engages in re-securitization transactions in which debt securities are transferred to a VIE in exchange for new beneficial interests. During the quarter ended March 31, 2011, Citi transferred non-agency (private-label) securities with original loan proceeds of approximately $90 million to re-securitization entities. These securities are backed by either residential or commercial mortgages and are often structured on behalf of clients. For the quarter ended March 31, 2011, Citi recognized losses on the sale of securities to private-label re-securitization entities of approximately $1 million. As of March 31, 2011, the market value of Citi-owned interests in re-securitization transactions structured by Citi totaled approximately $427 million and are recorded in trading assets. Of this amount, approximately $120 million and $307 million relate to senior and subordinated beneficial interests, respectively.

The Company also re-securitizes U.S. government-agency guaranteed mortgage-backed (Agency) securities. For the quarter ended March 31, 2011, Citi transferred agency securities with principal of approximately $9,964 million to re-securitization entities. As of March 31, 2011, the market value of Citi-owned interests in agency re-securitization transactions structured by Citi to date totaled approximately $529 million ($316 million of which relates to re-

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securitization transactions in 2011) and are recorded in trading assets.

As of March 31, 2011, the Company did not consolidate any private-label or agency re-securitization entities.

Citi-Administered Asset-Backed Commercial Paper Conduits

The Company is active in the asset-backed commercial paper conduit business as administrator of several multi-seller commercial paper conduits and also as a service provider to single-seller and other commercial paper conduits sponsored by third parties.

The multi-seller commercial paper conduits are designed to provide the Company's clients access to low-cost funding in the commercial paper markets. The conduits purchase assets from or provide financing facilities to clients and are funded by issuing commercial paper to third-party investors. The conduits generally do not purchase assets originated by the Company. The funding of the conduits is facilitated by the liquidity support and credit enhancements provided by the Company.

As administrator to the conduits, the Company is generally responsible for selecting and structuring assets purchased or financed by the conduits, making decisions regarding the funding of the conduits, including determining the tenor and other features of the commercial paper issued, monitoring the quality and performance of the conduits' assets, and facilitating the operations and cash flows of the conduits. In return, the Company earns structuring fees from customers for individual transactions and earns an administration fee from the conduit, which is equal to the income from client program and liquidity fees of the conduit after payment of interest costs and other fees. This administration fee is fairly stable, since most risks and rewards of the underlying assets are passed back to the clients and, once the asset pricing is negotiated, most ongoing income, costs and fees are relatively stable as a percentage of the conduit's size.

The conduits administered by the Company do not generally invest in liquid securities that are formally rated by third parties. The assets are privately negotiated and structured transactions that are designed to be held by the conduit, rather than actively traded and sold. The yield earned by the conduit on each asset is generally tied to the rate on the commercial paper issued by the conduit, thus passing interest rate risk to the client. Each asset purchased by the conduit is structured with transaction-specific credit enhancement features provided by the third-party client seller, including over collateralization, cash and excess spread collateral accounts, direct recourse or third-party guarantees. These credit enhancements are sized with the objective of approximating a credit rating of A or above, based on the Company's internal risk ratings.

Substantially all of the funding of the conduits is in the form of short-term commercial paper, with a weighted average life generally ranging from 30 to 60 days. As of March 31, 2011 and December 31, 2010, the weighted average lives of the commercial paper issued by consolidated and unconsolidated conduits were approximately 54 days and 41 days, respectively.

The primary credit enhancement provided to the conduit investors is in the form of transaction-specific credit enhancement described above. In addition, there are generally two additional forms of credit enhancement that protect the commercial paper investors from defaulting assets. First, the subordinate loss notes issued by each conduit absorb any credit losses up to their full notional amount. Second, each conduit has obtained a letter of credit from the Company, which needs to be sized to be at least 8-10% of the conduit's assets. The letters of credit provided by the Company to the consolidated conduits total approximately $1.8 billion. The net result across all multi-seller conduits administered by the Company is that, in the event defaulted assets exceed the transaction-specific credit enhancement described above, any losses in each conduit are allocated in the following order:

- subordinate loss note holders,
- the Company, and
- the commercial paper investors.

The Company also provides the conduits with two forms of liquidity agreements that are used to provide funding to the conduits in the event of a market disruption, among other events. Each asset of the conduit is supported by a transaction-specific liquidity facility in the form of an asset purchase agreement (APA). Under the APA, the Company has agreed to purchase non-defaulted eligible receivables from the conduit at par. Any assets purchased under the APA are subject to increased pricing. The APA is not designed to provide credit support to the conduit, as it generally does not permit the purchase of defaulted or impaired assets and generally reprices the assets purchased to consider potential increased credit risk. The APA covers all assets in the conduits and is considered in the Company's maximum exposure to loss. In addition, the Company provides the conduits with program-wide liquidity in the form of short-term lending commitments. Under these commitments, the Company has agreed to lend to the conduits in the event of a short-term disruption in the commercial paper market, subject to specified conditions. The total notional exposure under the program-wide liquidity agreement for the Company's unconsolidated administered conduit as of March 31, 2011, is $0.6 billion and is considered in the Company's maximum exposure to loss. The Company receives fees for providing both types of liquidity agreements and considers these fees to be on fair market terms.

Finally, the Company is one of several named dealers in the commercial paper issued by the conduits and earns a market-based fee for providing such services. Along with third-party dealers, the Company makes a market in the commercial paper and may from time to time fund commercial paper pending sale to a third party. On specific dates with less liquidity in the market, the Company may hold in inventory commercial paper issued by conduits administered by the Company, as well as conduits administered by third parties. The amount of commercial paper issued by its administered conduits held in inventory fluctuates based on market conditions and activity. As of March 31, 2011, the Company owned none of the commercial paper issued by its unconsolidated administered conduit.

With the exception of the government-guaranteed loan conduit described below, the asset-backed commercial paper conduits were consolidated by the Company. The Company determined that through its role as administrator it had the power to direct the activities that most significantly impacted the entities' economic performance. These powers included its ability to structure and approve the assets purchased by the conduits, its ongoing surveillance and credit mitigation activities, and its liability management. In addition, as a result of all the Company's involvement described above, it was concluded that the Company had an economic interest that could potentially be significant. However, the assets and liabilities of the conduits are separate and apart from those of Citigroup. No assets of any conduit are available to satisfy the creditors of Citigroup or any of its other subsidiaries.

The Company administers one conduit that originates loans to third-party borrowers and those obligations are fully guaranteed primarily by AAA-rated government agencies that support export and development financing programs. The economic performance of this government-guaranteed loan conduit is most significantly impacted by the performance of its underlying assets. The guarantors must approve each loan held by the entity and the guarantors have the ability (through establishment of the servicing terms to direct default mitigation and to purchase defaulted loans) to manage the conduit's loans that become delinquent to improve the economic performance of the conduit. Because the Company does not have the power to direct the activities of this government-guaranteed loan conduit that most significantly impact the economic performance of the entity, it was concluded that the Company should not consolidate the entity. As of March 31, 2011, this unconsolidated government-guaranteed loan conduit held assets of approximately $9.9 billion.

Third-Party Commercial Paper Conduits

The Company also provides liquidity facilities to single- and multi-seller conduits sponsored by third parties. These conduits are independently owned and managed and invest in a variety of asset classes, depending on the nature of the conduit. The facilities provided by the Company typically represent a small portion of the total liquidity facilities obtained by each conduit, and are collateralized by the assets of each conduit. As of March 31, 2011, the notional amount of these facilities was approximately $738 million, of which $440 million was funded under these facilities. The Company is not the party that has the power to direct the activities of these conduits that most significantly impact their economic performance and thus does not consolidate them.

Collateralized Debt and Loan Obligations

A securitized collateralized debt obligation (CDO) is an SPE that purchases a pool of assets consisting of asset-backed securities and synthetic exposures through derivatives on asset-backed securities and issues multiple tranches of equity and notes to investors. A third-party asset manager is typically retained by the CDO to select the pool of assets and manage those assets over the term of the CDO. The Company earns fees for warehousing assets prior to the creation of a CDO, structuring CDOs and placing debt securities with investors. In addition, the Company has retained interests in many of the CDOs it has structured and makes a market in those issued notes.

A cash CDO, or arbitrage CDO, is a CDO designed to take advantage of the difference between the yield on a portfolio of selected assets, typically residential mortgage-backed securities, and the cost of funding the CDO through the sale of notes to investors. "Cash flow" CDOs are vehicles in which the CDO passes on cash flows from a pool of assets, while "market value" CDOs pay to investors the market value of the pool of assets owned by the CDO at maturity. Both types of CDOs are typically managed by a third-party asset manager. In these transactions, all of the equity and notes issued by the CDO are funded, as the cash is needed to purchase the debt securities. In a typical cash CDO, a third-party investment manager selects a portfolio of assets, which the Company funds through a warehouse financing arrangement prior to the creation of the CDO. The Company then sells the debt securities to the CDO in exchange for cash raised through the issuance of notes. The Company's continuing involvement in cash CDOs is typically limited to investing in a portion of the notes or loans issued by the CDO and making a market in those securities, and acting as derivative counterparty for interest rate or foreign currency swaps used in the structuring of the CDO.

A synthetic CDO is similar to a cash CDO, except that the CDO obtains exposure to all or a portion of the referenced assets synthetically through derivative instruments, such as credit default swaps. Because the CDO does not need to raise cash sufficient to purchase the entire referenced portfolio, a substantial portion of the senior tranches of risk is typically passed on to CDO investors in the form of unfunded liabilities or derivative instruments. Thus, the CDO writes credit protection on select referenced debt securities to the Company or third parties and the risk is then passed on to the CDO investors in the form of funded notes or purchased credit protection through derivative instruments. Any cash raised from investors is invested in a portfolio of collateral securities or investment contracts. The collateral is then used to support the obligations of the CDO on the credit default swaps written to counterparties. The Company's continuing involvement in synthetic CDOs generally includes purchasing credit protection through credit default swaps with the CDO, owning a portion of the capital structure of the CDO in the form of both unfunded derivative positions (primarily super-senior exposures discussed below) and funded notes, entering into interest-rate swap and total-return swap transactions with the CDO, lending to the CDO, and making a market in those funded notes.

A securitized collateralized loan obligation (CLO) is substantially similar to the CDO transactions described above, except that the assets owned by the SPE (either cash instruments or synthetic exposures through derivative instruments) are corporate loans and to a lesser extent corporate bonds, rather than asset-backed debt securities.

Where a CDO vehicle issues preferred shares, the preferred shares generally represent an insufficient amount of equity (less than 10%) and create the presumption that the preferred shares are insufficient to finance the entity's activities without subordinated financial support. In addition, although the preferred shareholders generally have full exposure to expected losses on the collateral and uncapped potential to receive expected residual rewards, it is not always clear whether they have the ability to make decisions about the entity that have a significant effect on the entity's financial results because of their limited role in making day-to-day decisions and their limited ability to remove the third-party asset manager. Because one or both of the above conditions will generally be met, we have assumed that, even where a CDO vehicle issued preferred shares, the vehicle should be classified as a VIE.

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Substantially all of the CDOs that the Company is involved with are managed by a third-party asset manager. In general, the third-party asset manager, through its ability to purchase and sell assets or where the reinvestment period of a CDO has expired the ability to sell assets, will have the power to direct the activities of the vehicle that most significantly impact the economic performance of the CDO. However, where a CDO has experienced an event of default, the activities of the third-party asset manager may be curtailed and certain additional rights will generally be provided to the investors in a CDO vehicle, including the right to direct the liquidation of the CDO vehicle.

The Company has retained significant portions of the "super-senior" positions issued by certain CDOs. These positions are referred to as "super-senior" because they represent the most senior positions in the CDO and, at the time of structuring, were senior to tranches rated AAA by independent rating agencies. These positions include facilities structured in the form of short-term commercial paper, where the Company wrote put options ("liquidity puts") to certain CDOs. Under the terms of the liquidity puts, if the CDO was unable to issue commercial paper at a rate below a specified maximum (generally LIBOR + 35 bps to LIBOR + 40 bps), the Company was obligated to fund the senior tranche of the CDO at a specified interest rate. As of March 31, 2011, the Company no longer had exposure to this commercial paper as all of the underlying CDOs had been liquidated.

Since the inception of many CDO transactions, the subordinate tranches of the CDOs have diminished significantly in value and in rating. The declines in value of the subordinate tranches and in the super-senior tranches indicate that the super-senior tranches are now exposed to a significant portion of the expected losses of the CDOs, based on current market assumptions.

The Company does not generally have the power to direct the activities of the vehicle that most significantly impact the economic performance of the CDOs as this power is held by the third-party asset manager of the CDO. As such, those CDOs are not consolidated.

Where: (i) an event of default has occurred for a CDO vehicle, (ii) the Company has the unilateral ability to remove the third-party asset manager without cause or liquidate the CDO, and (iii) the Company has exposure to the vehicle that is potentially significant to the vehicle, the Company will consolidate the CDO. In addition, where the Company is the asset manager of the CDO vehicle and has exposure to the vehicle that is potentially significant, the Company will generally consolidate the CDO.

The Company continues to monitor its involvement in unconsolidated CDOs. If the Company were to acquire additional interests in these vehicles, be provided the right to direct the activities of a CDO (if the Company obtains the unilateral ability to remove the third-party asset manager without cause or liquidate the CDO), or if the CDOs' contractual arrangements were to be changed to reallocate expected losses or residual returns among the various interest holders, the Company may be required to consolidate the CDOs. For cash CDOs, the net result of such consolidation would be to gross up the Company's balance sheet by the current fair value of the subordinate securities held by third parties, whose amounts are not considered material. For synthetic CDOs, the net result of such consolidation may reduce the Company's balance sheet by eliminating intercompany derivative receivables and payables in consolidation.

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Key Assumptions and Retained Interests Citi Holdings

The key assumptions, used for the securitization of CDOs and CLOs during the quarter ended March 31, 2011, in measuring the fair value of retained interests at the date of sale or securitization are as follows:

	CDOs	CLOs
Discount rate	50.3% to 55.3%	4.1% to 4.5%

The effect of two negative changes in discount rates used to determine the fair value of retained interests is disclosed below.

In millions of dollars	CDOs	CLOs
Carrying value of retained interests	$ 14	$ 448
Discount rates		
Adverse change of 10%	$ (1)	$ (4)
Adverse change of 20%	(2)	(7)

Asset-Based Financing

The Company provides loans and other forms of financing to VIEs that hold assets. Those loans are subject to the same credit approvals as all other loans originated or purchased by the Company. Financings in the form of debt securities or derivatives are, in most circumstances, reported in *Trading account assets* and accounted for at fair value through earnings. The Company does not have the power to direct the activities that most significantly impact these VIEs' economic performance and thus it does not consolidate them.

Asset-Based Financing Citicorp

The primary types of Citicorp's asset-based financings, total assets of the unconsolidated VIEs with significant involvement and the Company's maximum exposure to loss at March 31, 2011 are shown below. For the Company to realize that maximum loss, the VIE (borrower) would have to default with no recovery from the assets held by the VIE.

In billions of dollars	Total assets	Maximum exposure
Type		
Commercial and other real estate	$ 1.3	$ 0.2
Hedge funds and equities	7.3	3.0
Airplanes, ships and other assets	7.9	7.7
Total	$ 16.5	$ 10.9

Asset-Based Financing Citi Holdings

The primary types of Citi Holdings' asset-based financings, total assets of the unconsolidated VIEs with significant involvement and the Company's maximum exposure to loss at March 31, 2011 are shown below. For the Company to realize that maximum loss, the VIE (borrower) would have to default with no recovery from the assets held by the VIE.

In billions of dollars	Total assets	Maximum exposure
Type		
Commercial and other real estate	$ 7.3	$ 1.2
Corporate loans	5.6	4.7
Airplanes, ships and other assets	5.0	2.1
Total	$ 17.9	$ 8.0

The following table summarizes selected cash flow information related to asset-based financings for the quarters ended March 31, 2011 and 2010:

In billions of dollars		**2011**		2010
Cash flows received on retained interests and other net cash flows	**$**	**0.5**	$	0.5

The effect of two negative changes in discount rates used to determine the fair value of retained interests is disclosed below.

In millions of dollars		**Asset-based financing**
Carrying value of retained interests	**$**	**4,731**
Value of underlying portfolio		
Adverse change of 10%	$	
Adverse change of 20%		(5)

Municipal Securities Tender Option Bond (TOB) Trusts

The Company sponsors TOB trusts that hold fixed- and floating-rate, tax-exempt securities issued by state or local municipalities. The trusts are typically single-issuer trusts whose assets are purchased from the Company and from the market. The trusts are referred to as Tender Option Bond trusts because the senior interest holders have the ability to tender their interests periodically back to the issuing trust, as described further below.

The TOB trusts fund the purchase of their assets by issuing long-term senior floating rate notes (floaters) and junior residual securities (residuals). Floaters and residuals have a tenor equal to the maturity of the trust, which is equal to or shorter than the tenor of the underlying municipal bond. Residuals are frequently less than 1% of a trust's total funding and entitle their holder to residual cash flows from the issuing trust. Residuals are generally rated based on the long-term rating of the underlying municipal bond. Floaters bear interest rates that are typically reset weekly to a new market rate (based on the SIFMA index: a seven-day high-grade market index of tax-exempt, variable-rate municipal bonds). Floater holders have an option to tender their floaters back to the trust periodically. Floaters have a long-term rating based on the long-term rating of the underlying municipal bond, including any credit enhancement provided by monoline insurance companies, and a short-term rating based on that of the liquidity provider to the trust.

The Company sponsors two kinds of TOB trusts: customer TOB trusts and proprietary TOB trusts. Customer TOB trusts are trusts through which customers finance investments in municipal securities. Residuals are held by customers, and floaters by third-party investors. Proprietary TOB trusts are trusts through which the Company finances its own investments in municipal securities. The Company holds residuals in proprietary TOB trusts.

The Company serves as remarketing agent to the trusts, facilitating the sale of floaters to third parties at inception and facilitating the reset of the floater coupon and tenders of floaters. If floaters are tendered and the Company (in its role as remarketing agent) is unable to find a new investor within a specified period of time, it can declare a failed remarketing (in which case the trust is unwound) or it may choose to buy floaters into its own inventory and may continue to try to sell them to a third-party investor. While the level of the Company's inventory of floaters fluctuates, the Company held $94 million of the floater inventory related to the customer or proprietary TOB programs as of March 31, 2011.

Approximately $0.6 billion of the municipal bonds owned by TOB trusts have a credit guarantee provided by the Company. In all other cases, the assets are either unenhanced or are insured with a monoline insurance company. While the trusts have not encountered any adverse credit events as defined in the underlying trust agreements, certain monoline insurance companies have experienced downgrades. In these cases, the Company has proactively managed the TOB programs by applying additional insurance on the assets or proceeding with orderly unwinds of the trusts.

If a trust is unwound early due to an event other than a credit event on the underlying municipal bond, the underlying municipal bond is sold in the market. If there is an accompanying shortfall in the trust's cash flows to fund the redemption of floaters after the sale of the underlying municipal bond, the trust draws on a liquidity agreement in an amount equal to the shortfall. Liquidity agreements are generally provided to the trust directly by the Company. For customer TOBs where the residual is less than 25% of the trust's capital structure, the Company has a reimbursement agreement with the residual holder under which the residual holder reimburses the Company for any payment made under the liquidity arrangement. Through this reimbursement agreement, the residual holder remains economically exposed to fluctuations in the value of the municipal bond. These reimbursement agreements are actively margined based on changes in the value of the underlying municipal bond to mitigate the Company's counterparty credit risk. In cases where a third party provides liquidity to a proprietary TOB trust, a similar reimbursement arrangement is made whereby the Company (or a consolidated subsidiary of the Company) as residual holder absorbs any losses incurred by the liquidity provider. As of March 31, 2011, liquidity agreements provided with respect to customer TOB trusts, and other non-consolidated, customer-sponsored municipal investment funds, totaled $9.8 billion, offset by reimbursement agreements in place with a notional amount of $8.4 billion. The remaining exposure relates to TOB transactions where the residual owned by the customer is at least 25% of the bond value at the inception of the transaction and no reimbursement agreement is executed. In addition, the Company has provided liquidity arrangements with a notional amount of $20 million for other unconsolidated proprietary TOB trusts described below.

The Company considers the customer and proprietary TOB trusts to be VIEs. Customer TOB trusts are not consolidated by the Company. Because third-party investors hold residual and floater interests in the customer TOB trusts, the Company's involvement includes only its role as remarketing agent and liquidity provider. The Company has concluded that the power over customer TOB trusts is primarily held by the customer residual holder, who may unilaterally cause the sale of the trust's bonds. Because the Company does not hold the residual interest and thus does not have the power to direct the activities that most significantly impact the trust's economic performance, it does not consolidate the customer TOB trusts.

Proprietary TOB trusts generally are consolidated. The Company's involvement with the proprietary TOB trusts includes holding the residual interests as well as the remarketing and liquidity agreements with the trusts. Similar to customer TOB trusts, the Company has concluded that the power over the proprietary TOB trusts is primarily held by the residual holder, who may unilaterally cause the sale of the trust's bonds. Because the Company holds the residual interest and thus has the power to direct the activities that most significantly impact the trust's economic performance, it consolidates the proprietary TOB trusts.

Total assets in proprietary TOB trusts also include $65 million of assets where residuals are held by hedge funds that are consolidated and managed by the Company. The assets and the associated liabilities of these TOB trusts are not consolidated by the hedge funds (and, thus, are not consolidated by the Company) under the application of ASC 946, *Financial Services Investment Companies*, which precludes consolidation of owned investments. The Company consolidates the hedge funds, because the Company holds controlling financial interests in the hedge funds. Certain of the Company's equity investments in the hedge funds are hedged with derivatives transactions executed by the Company with third parties referencing the returns of the hedge fund.

The proceeds from new securitizations from Citi's municipal bond securitizations for the three months ended March 31, 2011 were $0.1 billion.

Municipal Investments

Municipal investment transactions are primarily interests in partnerships that finance the construction and rehabilitation of low-income housing, facilitate lending in new or underserved markets, or finance the construction or operation of renewable municipal energy facilities. The Company generally invests in these partnerships as a limited partner and earns a return primarily through the receipt of tax credits and grants earned from the investments made by the partnership. These entities are generally considered VIEs. The power to direct the activities of these entities is typically held by the general partner. Accordingly, these entities are not consolidated by the Company.

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Client Intermediation

Client intermediation transactions represent a range of transactions designed to provide investors with specified returns based on the returns of an underlying security, referenced asset or index. These transactions include credit-linked notes and equity-linked notes. In these transactions, the VIE typically obtains exposure to the underlying security, referenced asset or index through a derivative instrument, such as a total-return swap or a credit-default swap. In turn the VIE issues notes to investors that pay a return based on the specified underlying security, referenced asset or index. The VIE invests the proceeds in a financial asset or a guaranteed insurance contract (GIC) that serves as collateral for the derivative contract over the term of the transaction. The Company's involvement in these transactions includes being the counterparty to the VIE's derivative instruments and investing in a portion of the notes issued by the VIE. In certain transactions, the investor's maximum risk of loss is limited and the Company absorbs risk of loss above a specified level. The Company does not have the power to direct the activities of the VIEs that most significantly impact their economic performance and thus it does not consolidate them.

The Company's maximum risk of loss in these transactions is defined as the amount invested in notes issued by the VIE and the notional amount of any risk of loss absorbed by the Company through a separate instrument issued by the VIE. The derivative instrument held by the Company may generate a receivable from the VIE (for example, where the Company purchases credit protection from the VIE in connection with the VIE's issuance of a credit-linked note), which is collateralized by the assets owned by the VIE. These derivative instruments are not considered variable interests and any associated receivables are not included in the calculation of maximum exposure to the VIE.

Investment Funds

The Company is the investment manager for certain investment funds that invest in various asset classes including private equity, hedge funds, real estate, fixed income and infrastructure. The Company earns a management fee, which is a percentage of capital under management, and may earn performance fees. In addition, for some of these funds the Company has an ownership interest in the investment funds. The Company has also established a number of investment funds as opportunities for qualified employees to invest in private equity investments. The Company acts as investment manager to these funds and may provide employees with financing on both recourse and non-recourse bases for a portion of the employees' investment commitments.

The Company has determined that a majority of the investment vehicles managed by Citigroup are provided a deferral from the requirements of SFAS 167, *Amendments to FASB Interpretation No. 46 (R)*, because they meet the criteria in Accounting Standards Update No. 2010-10, *Consolidation (Topic 810), Amendments for Certain Investment Funds* (ASU 2010-10) (see Note 1 to the Consolidated Financial Statements). These vehicles continue to be evaluated under the requirements of ASC 810-10, prior to the implementation of SFAS 167 (FIN 46(R), *Consolidation of Variable Interest Entities),* which required that a VIE be consolidated by the party with a variable interest that will absorb a majority of the entity's expected losses or residual returns, or both.

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

Trust Preferred Securities

The Company has raised financing through the issuance of trust preferred securities. In these transactions, the Company forms a statutory business trust and owns all of the voting equity shares of the trust. The trust issues preferred equity securities to third-party investors and invests the gross proceeds in junior subordinated deferrable interest debentures issued by the Company. These trusts have no assets, operations, revenues or cash flows other than those related to the issuance, administration and repayment of the preferred equity securities held by third-party investors. These trusts' obligations are fully and unconditionally guaranteed by the Company.

Because the sole asset of the trust is a receivable from the Company and the proceeds to the Company from the receivable exceed the Company's investment in the VIE's equity shares, the Company is not permitted to consolidate the trusts, even though it owns all of the voting equity shares of the trust, has fully guaranteed the trusts' obligations, and has the right to redeem the preferred securities in certain circumstances. The Company recognizes the subordinated debentures on its Consolidated Balance Sheet as long-term liabilities.

18. DERIVATIVES ACTIVITIES

In the ordinary course of business, Citigroup enters into various types of derivative transactions. These derivative transactions include:

- *Futures and forward contracts,* which are commitments to buy or sell at a future date a financial instrument, commodity or currency at a contracted price and may be settled in cash or through delivery.

- *Swap contracts,* which are commitments to settle in cash at a future date or dates that may range from a few days to a number of years, based on differentials between specified financial indices, as applied to a notional principal amount.

- *Option contracts,* which give the purchaser, for a fee, the right, but not the obligation, to buy or sell within a specified time a financial instrument, commodity or currency at a contracted price that may also be settled in cash, based on differentials between specified indices or prices.

Citigroup enters into these derivative contracts relating to interest rate, foreign currency, commodity, and other market/credit risks for the following reasons:

- *Trading Purposes Customer Needs:* Citigroup offers its customers derivatives in connection with their risk-management actions to transfer, modify or reduce their interest rate, foreign exchange and other market/credit risks or for their own trading purposes. As part of this process, Citigroup considers the customers' suitability for the risk involved and the business purpose for the transaction. Citigroup also manages its derivative-risk positions through offsetting trade activities, controls focused on price verification, and daily reporting of positions to senior managers.

- *Trading Purposes Own Account:* Citigroup trades derivatives for its own account and as an active market maker. Trading limits and price verification controls are key aspects of this activity.

- *Hedging:* Citigroup uses derivatives in connection with its risk-management activities to hedge certain risks or reposition the risk profile of the Company. For example, Citigroup may issue fixed-rate long-term debt and then enter into a receive-fixed, pay-variable-rate interest rate swap with the same tenor and notional amount to convert the interest payments to a net variable-rate basis. This strategy is the most common form of an interest rate hedge, as it minimizes interest cost in certain yield curve environments. Derivatives are also used to manage risks inherent in specific groups of on-balance-sheet assets and liabilities, including investments, loans and deposit liabilities, as well as other interest-sensitive assets and liabilities. In addition, foreign-exchange contracts are used to hedge non-U.S.-dollar-denominated debt, foreign-currency-denominated available-for-sale securities, net investment exposures and foreign-exchange transactions.

Derivatives may expose Citigroup to market, credit or liquidity risks in excess of the amounts recorded on the Consolidated Balance Sheet. Market risk on a derivative product is the exposure created by potential fluctuations in interest rates, foreign-exchange rates and other factors and is a function of the type of product, the volume of transactions, the tenor and terms of the agreement, and the underlying volatility. Credit risk is the exposure to loss in the event of nonperformance by the other party to the transaction where the value of any collateral held is not adequate to cover such losses. The recognition in earnings of unrealized gains on these transactions is subject to management's assessment as to collectability. Liquidity risk is the potential exposure that arises when the size of the derivative position may not be able to be rapidly adjusted in periods of high volatility and financial stress at a reasonable cost.

Information pertaining to the volume of derivative activity is provided in the tables below. The notional amounts, for both long and short derivative positions, of Citigroup's derivative instruments as of March 31, 2011 and December 31, 2010 are presented in the table below.

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Derivative Notionals

	Hedging instruments under ASC 815 (SFAS 133)(1)(2)		Other derivative instruments			
			Trading derivatives		Management hedges(3)	
In millions of dollars	March 31, 2011	December 31, 2010	March 31, 2011	December 31, 2010	March 31, 2011	December 31, 2010
Interest rate contracts						
Swaps	**$ 156,792**	$ 155,972	**$ 29,128,961**	$ 27,084,014	**$ 124,943**	$ 135,979
Futures and forwards			**5,016,649**	4,874,209	**35,412**	46,140
Written options			**3,845,590**	3,431,608	**7,490**	8,762
Purchased options			**3,800,608**	3,305,664	**18,575**	18,030
Total interest rate contract notionals	**$ 156,792**	$ 155,972	**$ 41,791,808**	$ 38,695,495	**$ 186,420**	$ 208,911
Foreign exchange contracts						
Swaps	**$ 29,948**	$ 29,599	**$ 1,158,543**	$ 1,118,610	**$ 29,269**	$ 27,830
Futures and forwards	**70,637**	79,168	**3,108,540**	2,745,922	**26,789**	28,191
Written options	**1,808**	1,772	**679,860**	599,025	**242**	50
Purchased options	**29,858**	16,559	**626,584**	536,032	**201**	174
Total foreign exchange contract notionals	**$ 132,251**	$ 127,098	**$ 5,573,527**	$ 4,999,589	**$ 56,501**	$ 56,245
Equity contracts						
Swaps	**$**	$	**$ 93,902**	$ 67,637	**$**	$
Futures and forwards			**20,676**	19,816		
Written options			**710,453**	491,519		
Purchased options			**704,519**	473,621		
Total equity contract notionals	**$**	$	**$ 1,529,550**	$ 1,052,593	**$**	$
Commodity and other contracts						
Swaps	**$**	$	**$ 22,959**	$ 19,213	**$**	$
Futures and forwards			**137,182**	115,578		
Written options			**76,111**	61,248		
Purchased options			**76,791**	61,776		
Total commodity and other contract notionals	**$**	$	**$ 313,043**	$ 257,815	**$**	$
Credit derivatives(4)						

Protection sold	**$**		$		**$**	**1,303,642**	$	1,223,116	**$**		$	
Protection purchased		**4,855**		4,928		**1,378,993**		1,289,239		**26,817**		28,526
Total credit derivatives	**$**	**4,855**	$	4,928	**$**	**2,682,635**	$	2,512,355	**$**	**26,817**	$	28,526
Total derivative notionals	**$**	**293,898**	$	287,998	**$**	**51,890,563**	$	47,517,847	**$**	**269,738**	$	293,682

(1) The notional amounts presented in this table do not include hedge accounting relationships under ASC 815 (SFAS 133) where Citigroup is hedging the foreign currency risk of a net investment in a foreign operation by issuing a foreign-currency-denominated debt instrument. The notional amount of such debt is $7,496 million and $8,023 million at March 31, 2011 and December 31, 2010, respectively.

(2) Derivatives in hedge accounting relationships accounted for under ASC 815 (SFAS 133) are recorded in either *Other assets/liabilities* or *Trading account assets/liabilities* on the Consolidated Balance Sheet.

(3) Management hedges represent derivative instruments used in certain economic hedging relationships that are identified for management purposes, but for which hedge accounting is not applied. These derivatives are recorded in *Other assets/liabilities* on the Consolidated Balance Sheet.

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

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Derivative Mark-to-Market (MTM) Receivables/Payables

In millions of dollars at March 31, 2011	Derivatives classified in trading account assets/liabilities(1) Assets	Liabilities	Derivatives classified in other assets/liabilities Assets	Liabilities
Derivative instruments designated as ASC 815 (SFAS 133) hedges				
Interest rate contracts	$ 824	$ 71	$ 4,141	$ 2,309
Foreign exchange contracts	241	1,045	2,198	1,854
Total derivative instruments designated as ASC 815 (SFAS 133) hedges	$ 1,065	$ 1,116	$ 6,339	$ 4,163
Other derivative instruments				
Interest rate contracts	$ 410,729	$ 409,145	$ 2,565	$ 2,544
Foreign exchange contracts	83,074	86,670	1,946	572
Equity contracts	18,662	39,560		
Commodity and other contracts	14,201	15,840		
Credit derivatives(2)	61,219	57,492	63	450
Total other derivative instruments	$ 587,885	$ 608,707	$ 4,574	$ 3,566
Total derivatives	$ 588,950	$ 609,823	$ 10,913	$ 7,729
Cash collateral paid/received	45,908	34,673	306	3,643
Less: Netting agreements and market value adjustments	(587,713)	(584,415)	(3,654)	(3,654)
Net receivables/payables	$ 47,145	$ 60,081	$ 7,565	$ 7,718

(1) The trading derivatives fair values are presented in Note 10 to the Consolidated Financial Statements.

(2) The credit derivatives trading assets are composed of $36,276 million related to protection purchased and $24,943 million related to protection sold as of March 31, 2011. The credit derivatives trading liabilities are composed of $24,672 million related to protection purchased and $32,820 million related to protection sold as of March 31, 2011.

In millions of dollars at December 31, 2010	Derivatives classified in trading account assets/liabilities(1) Assets	Liabilities	Derivatives classified in other assets/liabilities Assets	Liabilities
Derivative instruments designated as ASC 815 (SFAS 133) hedges				
Interest rate contracts	$ 867	$ 72	$ 6,342	$ 2,437
Foreign exchange contracts	357	762	1,656	2,603
Total derivative instruments designated as ASC 815 (SFAS 133) hedges	$ 1,224	$ 834	$ 7,998	$ 5,040
Other derivative instruments				
Interest rate contracts	$ 475,805	$ 476,667	$ 2,756	$ 2,474
Foreign exchange contracts	84,144	87,512	1,401	1,433
Equity contracts	16,146	33,434		
Commodity and other contracts	12,608	13,518		
Credit derivatives(2)	65,041	59,461	88	337

Total other derivative instruments	$ 653,744	$ 670,592	$ 4,245	$ 4,244
Total derivatives	$ 654,968	$ 671,426	$ 12,243	$ 9,284
Cash collateral paid/received	50,302	38,319	211	3,040
Less: Netting agreements and market value adjustments	(655,057)	(650,015)	(2,615)	(2,615)
Net receivables/payables	$ 50,213	$ 59,730	$ 9,839	$ 9,709

(1) The trading derivatives fair values are presented in Note 10 to the Consolidated Financial Statements.

(2) The credit derivatives trading assets are composed of $42,403 million related to protection purchased and $22,638 million related to protection sold as of December 31, 2010. The credit derivatives trading liabilities are composed of $23,503 million related to protection purchased and $35,958 million related to protection sold as of December 31, 2010.

All derivatives are reported on the balance sheet at fair value. In addition, where applicable, all such contracts covered by master netting agreements are reported net. Gross positive fair values are netted with gross negative fair values by counterparty pursuant to a valid master netting agreement. In addition, payables and receivables in respect of cash collateral received from or paid to a given counterparty are included in this netting. However, non-cash collateral is not included.

The amount of payables in respect of cash collateral received that was netted with unrealized gains from derivatives was $31 billion as of March 31, 2011 as well as December 31, 2010. The amount of receivables in respect of cash collateral paid that was netted with unrealized losses from derivatives was $39 billion as of March 31, 2011 and $45 billion as of December 31, 2010, respectively.

The amounts recognized in *Principal transactions* in the Consolidated Statement of Income for the three months ended March 31, 2011 and March 31, 2010 related to derivatives not designated in a qualifying hedging relationship as well as the underlying non-derivative instruments are included in the table below. Citigroup presents this disclosure by business classification, showing derivative gains and losses related to its trading activities together with gains and losses related to

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non-derivative instruments within the same trading portfolios, as this represents the way these portfolios are risk managed.

In millions of dollars	Principal transactions gains (losses) for the three months ended March 31, 2011	2010
Interest rate contracts	**$ 1,624**	$ 1,374
Foreign exchange	**787**	241
Equity contracts	**428**	565
Commodity and other contracts	**(25)**	109
Credit derivatives	**353**	1,827
Total Citigroup(1)	**$ 3,167**	$ 4,116

(1) Also see Note 6 to the Consolidated Financial Statements.

The amounts recognized in *Other revenue* in the Consolidated Statement of Income for the three months ended March 31, 2011 and March 31, 2010 related to derivatives not designated in a qualifying hedging relationship and not recorded in *Trading account assets* or *Trading account liabilities* are shown below. The table below does not include the offsetting gains/losses on the hedged items, which amounts are also recorded in *Other revenue*.

In millions of dollars	Gains (losses) included in Other revenue for the three months ended March 31, 2011	2010
Interest rate contracts	**$ (274)**	$ (120)
Foreign exchange	**1,683**	(2,817)
Credit derivatives	**(185)**	
Total Citigroup(1)	**$ 1,224**	$ (2,937)

(1) Non-designated derivatives are derivative instruments not designated in qualifying hedging relationships.

Accounting for Derivative Hedging

Citigroup accounts for its hedging activities in accordance with ASC 815, *Derivatives and Hedging* (formerly SFAS 133). As a general rule, hedge accounting is permitted where the Company is exposed to a particular risk, such as interest-rate or foreign-exchange risk, that causes changes in the fair value of an asset or liability or variability in the expected future cash flows of an existing asset, liability or a forecasted transaction that may affect earnings.

Derivative contracts hedging the risks associated with the changes in fair value are referred to as fair value hedges, while contracts hedging the risks affecting the expected future cash flows are called cash flow hedges. Hedges that utilize derivatives or debt instruments to manage the foreign exchange risk associated with equity investments in non-U.S.-dollar functional currency foreign subsidiaries (net investment in a foreign operation) are called net investment hedges.

If certain hedging criteria specified in ASC 815 are met, including testing for hedge effectiveness, special hedge accounting may be applied. The hedge effectiveness assessment methodologies for similar hedges are performed in a similar manner and are used consistently throughout the hedging relationships. For fair value hedges, the changes in value of the hedging derivative, as well as the changes in value of the related hedged item due to the risk being hedged, are reflected in current earnings. For cash flow hedges and net investment hedges, the changes in value of the hedging derivative are reflected in *Accumulated other comprehensive income (loss)* in Citigroup's stockholders' equity, to the extent the hedge is effective. Hedge ineffectiveness, in either case, is reflected in current earnings.

For asset/liability management hedging, the fixed-rate long-term debt would be recorded at amortized cost under current U.S. GAAP. However, by electing to use ASC 815 (SFAS 133) hedge accounting, the carrying value of the debt is adjusted for changes in the benchmark interest rate, with any such changes in value recorded in current earnings. The related interest-rate swap is also recorded on the balance sheet at fair value, with any changes in fair value reflected in earnings. Thus, any ineffectiveness resulting from the hedging relationship is recorded in current earnings. Alternatively, an economic hedge, which does not meet the ASC 815 hedging criteria, would involve recording only the derivative at fair value on the balance sheet, with its associated changes in fair value recorded in earnings. The debt would continue to be carried at amortized cost and, therefore, current earnings would be impacted only by the interest rate shifts and other factors that cause the change in the swap's value and the underlying yield of the debt. This type of hedge is undertaken when hedging requirements cannot be achieved or management decides not to apply ASC 815 hedge accounting. Another alternative for the Company would be to elect to carry the debt at fair value under the fair value option. Once the irrevocable election is made upon issuance of the debt, the full change in fair value of the debt would be reported in earnings. The related interest rate swap, with changes in fair value, would also be reflected in earnings, and provides a natural offset to the debt's fair value change. To the extent the two offsets are not exactly equal, the difference would be reflected in current earnings. This type of economic hedge is undertaken when the Company prefers to follow this simpler method that achieves generally similar financial statement results to an ASC 815 fair value hedge.

Key aspects of achieving ASC 815 hedge accounting are documentation of hedging strategy and hedge effectiveness at the hedge inception and substantiating hedge effectiveness on an ongoing basis. A derivative must be highly effective in accomplishing the hedge objective of offsetting either changes in the fair value or cash flows of the hedged item for the risk being hedged. Any ineffectiveness in the hedge relationship is recognized in current earnings. The assessment of effectiveness excludes changes in the value of the hedged item that are unrelated to the risks being hedged. Similarly, the assessment of effectiveness may exclude changes in the fair value of a derivative related to time value that, if excluded, are recognized in current earnings.

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Fair Value Hedges

Hedging of benchmark interest rate risk

Citigroup hedges exposure to changes in the fair value of outstanding fixed-rate issued debt and certificates of deposit. The fixed cash flows from those financing transactions are converted to benchmark variable-rate cash flows by entering into receive-fixed, pay-variable interest rate swaps. Some of these fair value hedge relationships use dollar-offset ratio analysis to determine whether the hedging relationships are highly effective at inception and on an ongoing basis, while others use regression.

Citigroup also hedges exposure to changes in the fair value of fixed-rate assets, including available-for-sale debt securities and loans. The hedging instruments used are receive-variable, pay-fixed interest rate swaps. Some of these fair value hedging relationships use dollar-offset ratio analysis to determine whether the hedging relationships are highly effective at inception and on an ongoing basis, while others use regression analysis.

Hedging of foreign exchange risk

Citigroup hedges the change in fair value attributable to foreign-exchange rate movements in available-for-sale securities that are denominated in currencies other than the functional currency of the entity holding the securities, which may be within or outside the U.S. The hedging instrument employed is a forward foreign-exchange contract. In this type of hedge, the change in fair value of the hedged available-for-sale security attributable to the portion of foreign exchange risk hedged is reported in earnings and not *Accumulated other comprehensive income* a process that serves to offset substantially the change in fair value of the forward contract that is also reflected in earnings. Citigroup considers the premium associated with forward contracts (differential between spot and contractual forward rates) as the cost of hedging; this is excluded from the assessment of hedge effectiveness and reflected directly in earnings. The dollar-offset method is used to assess hedge effectiveness. Since that assessment is based on changes in fair value attributable to changes in spot rates on both the available-for-sale securities and the forward contracts for the portion of the relationship hedged, the amount of hedge ineffectiveness is not significant.

The following table summarizes the gains (losses) on the Company's fair value hedges for the three months ended March 31, 2011 and March 31, 2010:

	Gains (losses) on fair value hedges(1) for the Three months ended March 31,	
In millions of dollars	**2011**	**2010**
Gain (loss) on the derivatives in designated and qualifying fair value hedges		
Interest rate contracts	**$ (1,245)**	$ 938
Foreign exchange contracts	**(489)**	(242)
Total gain (loss) on the derivatives in designated and qualifying fair value hedges	**$ (1,734)**	$ 696
Gain (loss) on the hedged item in designated and qualifying fair value hedges		
Interest rate hedges	**$ 1,114**	$ (905)
Foreign exchange hedges	**474**	269
Total gain (loss) on the hedged item in designated and qualifying fair value hedges	**$ 1,588**	$ (636)
Hedge ineffectiveness recognized in earnings on designated and qualifying fair value hedges		
Interest rate hedges	**$ (109)**	$ 33
Foreign exchange hedges	**(5)**	1
Total hedge ineffectiveness recognized in earnings on designated and qualifying fair value hedges	**$ (114)**	$ 34
Net gain (loss) excluded from assessment of the effectiveness of fair value hedges		
Interest rate contracts	**$ (22)**	$
Foreign exchange contracts	**(10)**	26

Total net gain (loss) excluded from assessment of the effectiveness of fair value hedges	**$**	**(32)**	$	26

(1) Amounts are included in *Other revenue* on the Consolidated Statement of Income. The accrued interest income on fair value hedges is excluded from this table.

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Cash Flow Hedges

Hedging of benchmark interest rate risk

Citigroup hedges variable cash flows resulting from floating-rate liabilities and rollover (re-issuance) of short-term liabilities. Variable cash flows from those liabilities are converted to fixed-rate cash flows by entering into receive-variable, pay-fixed interest rate swaps and receive-variable, pay-fixed forward-starting interest rate swaps. These cash-flow hedging relationships use either regression analysis or dollar-offset ratio analysis to assess whether the hedging relationships are highly effective at inception and on an ongoing basis. Since efforts are made to match the terms of the derivatives to those of the hedged forecasted cash flows as closely as possible, the amount of hedge ineffectiveness is not significant.

Hedging of foreign exchange risk

Citigroup locks in the functional currency equivalent cash flows of long-term debt and short-term borrowings that are denominated in a currency other than the functional currency of the issuing entity. Depending on the risk management objectives, these types of hedges are designated as either cash flow hedges of only foreign exchange risk or cash flow hedges of both foreign exchange and interest rate risk, and the hedging instruments used are foreign exchange cross-currency swaps and forward contracts. These cash flow hedge relationships use dollar-offset ratio analysis to determine whether the hedging relationships are highly effective at inception and on an ongoing basis.

Hedging total return

Citigroup generally manages the risk associated with highly leveraged financing it has entered into by seeking to sell a majority of its exposures to the market prior to or shortly after funding. The portion of the highly leveraged financing that is retained by Citigroup is hedged with a total return swap.

The amount of hedge ineffectiveness on the cash flow hedges recognized in earnings for the three months ended March 31, 2011 and March 31, 2010 is not significant.

The pretax change in *Accumulated other comprehensive income (loss)* from cash flow hedges for the three months ended March 31, 2011 and March 31, 2010 is presented below:

	Three Months ended March 31,	
In millions of dollars	**2011**	**2010**
Effective portion of cash flow hedges included in AOCI		
Interest rate contracts	**$ (38)**	$ (241)
Foreign exchange contracts	**(109)**	9
Total effective portion of cash flow hedges included in AOCI	**$ (147)**	$ (232)
Effective portion of cash flow hedges reclassified from AOCI to earnings		
Interest rate contracts	**$ (337)**	$ (370)
Foreign exchange contracts	**(74)**	(178)
Total effective portion of cash flow hedges reclassified from AOCI to earnings(1)	**$ (411)**	$ (548)

(1) Included primarily in *Other revenue* and *Net interest revenue* on the Consolidated Income Statement.

For cash flow hedges, any changes in the fair value of the end-user derivative remaining in *Accumulated other comprehensive income (loss)* on the Consolidated Balance Sheet will be included in earnings of future periods to offset the variability of the hedged cash flows when such cash flows affect earnings. The net loss associated with cash flow hedges expected to be reclassified from *Accumulated other comprehensive income (loss)* within 12 months of March 31, 2011 is approximately $1.5 billion. The maximum length of time over which forecasted cash flows are hedged is 10 years.

The impact of cash flow hedges on AOCI is also shown in Note 16 to the Consolidated Financial Statements.

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Net Investment Hedges

Consistent with ASC 830-20, *Foreign Currency Matters Foreign Currency Transactions (*formerly SFAS 52, *Foreign Currency Translation)*, ASC 815 allows hedging of the foreign currency risk of a net investment in a foreign operation. Citigroup uses foreign currency forwards, options, swaps and foreign currency denominated debt instruments to manage the foreign exchange risk associated with Citigroup's equity investments in several non-U.S. dollar functional currency foreign subsidiaries. Citigroup records the change in the carrying amount of these investments in the *Foreign currency translation adjustment* account within *Accumulated other comprehensive income (loss)*. Simultaneously, the effective portion of the hedge of this exposure is also recorded in the *Foreign currency translation adjustment* account and the ineffective portion, if any, is immediately recorded in earnings.

For derivatives used in net investment hedges, Citigroup follows the forward-rate method from FASB Derivative Implementation Group Issue H8 (now ASC 815-35-35-16 through 35-26), "Foreign Currency Hedges: Measuring the Amount of Ineffectiveness in a Net Investment Hedge." According to that method, all changes in fair value, including changes related to the forward-rate component of the foreign currency forward contracts and the time value of foreign currency options, are recorded in the foreign currency translation adjustment account within *Accumulated other comprehensive income (loss)*.

Foreign currency translation adjustment account. For foreign currency denominated debt instruments that are designated as hedges of net investments, the translation gain or loss that is recorded in the foreign currency translation adjustment account is based on the spot exchange rate between the functional currency of the respective subsidiary and the U.S. dollar, which is the functional currency of Citigroup. To the extent the notional amount of the hedging instrument exactly matches the hedged net investment and the underlying exchange rate of the derivative hedging instrument relates to the exchange rate between the functional currency of the net investment and Citigroup's functional currency (or, in the case of a non-derivative debt instrument, such instrument is denominated in the functional currency of the net investment), no ineffectiveness is recorded in earnings.

The pretax loss recorded in the *Foreign currency translation adjustment* account within *Accumulated other comprehensive income (loss)*, related to the effective portion of the net investment hedges, is $(884) million and $(190) million for the three months ended March 31, 2011 and March 31, 2010, respectively.

Credit Derivatives

A credit derivative is a bilateral contract between a buyer and a seller under which the seller agrees to provide protection to the buyer against the credit risk of a particular entity ("reference entity" or "reference credit"). Credit derivatives generally require that the seller of credit protection make payments to the buyer upon the occurrence of predefined credit events (commonly referred to as "settlement triggers"). These settlement triggers are defined by the form of the derivative and the reference 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, protection may be provided on a portfolio of referenced credits or asset-backed securities. The seller of such 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.

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 a portfolio of reference credits. The Company uses credit derivatives to help mitigate credit risk in its Corporate and Consumer loan portfolios and other cash positions, to take proprietary trading positions, and to facilitate client transactions.

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The range of credit derivatives sold includes credit default swaps, total return swaps, credit options and credit-linked notes.

A credit default swap is a contract in which, for a fee, a protection seller agrees to reimburse a protection buyer for any losses that occur due to a credit event on a reference entity. If there is no credit default event or settlement trigger, as defined by the specific derivative contract, then the protection seller makes no payments to the protection buyer and receives only the contractually specified fee. However, if a credit event occurs as defined in the specific derivative contract sold, the protection seller will be required to make a payment to the protection buyer.

A total return swap transfers the total economic performance of a reference asset, which includes all associated cash flows, as well as capital appreciation or depreciation. The protection buyer receives a floating rate of interest and any depreciation on the reference asset from the protection seller and, in return, the protection seller receives the cash flows associated with the reference asset plus any appreciation. Thus, according to the total return swap agreement, the protection seller will be obligated to make a payment anytime the floating interest rate payment and any depreciation of the reference asset exceed the cash flows associated with the underlying asset. A total return swap may terminate upon a default of the reference asset subject to the provisions of the related total return swap agreement between the protection seller and the protection buyer.

A credit option is a credit derivative that allows investors to trade or hedge changes in the credit quality of the reference asset. For example, in a credit spread option, the option writer assumes the obligation to purchase or sell the reference asset at a specified "strike" spread level. The option purchaser buys the right to sell the reference asset to, or purchase it from, the option writer at the strike spread level. The payments on credit spread options depend either on a particular credit spread or the price of the underlying credit-sensitive asset. The options usually terminate if the underlying assets default.

A credit-linked note is a form of credit derivative structured as a debt security with an embedded credit default swap. The purchaser of the note writes credit protection to the issuer, and receives a return which will be negatively affected by credit events on the underlying reference credit. If the reference entity defaults, the purchaser of the credit-linked note may assume the long position in the debt security and any future cash flows from it, but will lose the amount paid to the issuer of the credit-linked note. Thus the maximum amount of the exposure is the carrying amount of the credit-linked note. As of March 31, 2011 and December 31, 2010, the amount of credit-linked notes held by the Company in trading inventory was immaterial.

The following tables summarize the key characteristics of the Company's credit derivative portfolio as protection seller as of March 31, 2011 and December 31, 2010:

In millions of dollars as of March 31, 2011	Maximum potential amount of future payments	Fair value payable(1)
By industry/counterparty		
Bank	**$ 862,230**	**$ 18,336**
Broker-dealer	**305,104**	**8,966**
Non-financial	**1,591**	**48**
Insurance and other financial institutions	**134,717**	**5,470**
Total by industry/counterparty	**$ 1,303,642**	**$ 32,820**
By instrument		
Credit default swaps and options	**$ 1,302,176**	**$ 32,657**
Total return swaps and other	**1,466**	**163**
Total by instrument	**$ 1,303,642**	**$ 32,820**
By rating		
Investment grade	**$ 565,984**	**$ 6,508**
Non-investment grade	**338,793**	**14,570**
Not rated	**398,865**	**11,742**
Total by rating	**$ 1,303,642**	**$ 32,820**
By maturity		
Within 1 year	**$ 173,583**	**$ 316**

From 1 to 5 years		**890,511**		**14,388**
After 5 years		**239,548**		**18,116**
Total by maturity	**$**	**1,303,642**	**$**	**32,820**

(1) In addition, fair value amounts receivable under credit derivatives sold were $24,943 million.

In millions of dollars as of December 31, 2010		Maximum potential amount of future payments		Fair value payable(1)
By industry/counterparty				
Bank	$	784,080	$	20,718
Broker-dealer		312,131		10,232
Non-financial		1,463		54
Insurance and other financial institutions		125,442		4,954
Total by industry/counterparty		1,223,116		35,958
By instrument				
Credit default swaps and options	$	1,221,211	$	35,800
Total return swaps and other		1,905		158
Total by instrument		1,223,116		35,958
By rating				
Investment grade	$	532,283	$	7,385
Non-investment grade		372,579		15,636
Not rated		318,254		12,937
Total by rating	$	1,223,116	$	35,958
By maturity				
Within 1 year	$	162,075	$	353
From 1 to 5 years		853,808		16,524
After 5 years		207,233		19,081
Total by maturity	$	1,223,116	$	35,958

(1) In addition, fair value amounts receivable under credit derivatives sold were $22,638 million.

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Citigroup evaluates the payment/performance risk of the credit derivatives for which it stands as a protection seller based on the credit rating assigned to the underlying referenced credit. Where external ratings by nationally recognized statistical rating organizations (such as Moody's and S&P) are used, investment grade ratings are considered to be Baa/BBB or above, while anything below is considered non-investment grade. The Citigroup internal ratings are in line with the related external credit rating system. On certain underlying reference credits, mainly related to over-the-counter credit derivatives, ratings are not available, and these are included in the not-rated category. Credit derivatives written on an underlying non-investment grade reference credit represent greater payment risk to the Company. The non-investment grade category in the table above primarily includes credit derivatives where the underlying referenced entity has been downgraded subsequent to the inception of the derivative.

The maximum potential amount of future payments under credit derivative contracts presented in the table above is based on the notional value of the derivatives. The Company believes that the maximum potential amount of future payments for credit protection sold is not representative of the actual loss exposure based on historical experience. This amount has not been reduced by the Company's rights to the underlying assets and the related cash flows. In accordance with most credit derivative contracts, should a credit event (or settlement trigger) occur, the Company is usually liable for the difference between the protection sold and the recourse it holds in the value of the underlying assets. Thus, if the reference entity defaults, Citi will generally have a right to collect on the underlying reference credit and any related cash flows, while being liable for the full notional amount of credit protection sold to the buyer. Furthermore, this maximum potential amount of future payments for credit protection sold has not been reduced for any cash collateral paid to a given counterparty as such payments would be calculated after netting all derivative exposures, including any credit derivatives with that counterparty in accordance with a related master netting agreement. Due to such netting processes, determining the amount of collateral that corresponds to credit derivative exposures only is not possible. The Company actively monitors open credit risk exposures, and manages this exposure by using a variety of strategies including purchased credit derivatives, cash collateral or direct holdings of the referenced assets. This risk mitigation activity is not captured in the table above.

Credit-Risk-Related Contingent Features in Derivatives

Certain derivative instruments contain provisions that require the Company to either post additional collateral or immediately settle any outstanding liability balances upon the occurrence of a specified credit-risk-related event. These events, which are defined by the existing derivative contracts, are primarily downgrades in the credit ratings of the Company and its affiliates. The fair value (excluding CVA) of all derivative instruments with credit-risk-related contingent features that are in a liability position at March 31, 2011 and December 31, 2010 is $19 billion and $23 billion, respectively. The Company has posted $15 billion and $18 billion as collateral for this exposure in the normal course of business as of March 31, 2011 and December 31, 2010, respectively. Each downgrade would trigger additional collateral requirements for the Company and its affiliates. In the event that each legal entity was downgraded a single notch as of March 31, 2011, the Company would be required to post additional collateral of $1.7 billion.

19. FAIR VALUE MEASUREMENT

SFAS 157 (now ASC 820-10) defines fair value, establishes a consistent framework for measuring fair value and expands disclosure requirements about fair value measurements. Fair value is defined as 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. Among other things the standard requires the Company to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. In addition, the use of block discounts is precluded when measuring the fair value of instruments traded in an active market. It also requires recognition of trade-date gains related to certain derivative transactions whose fair values have been determined using unobservable market inputs is also required.

Under SFAS 157, the probability of default of a counterparty is factored into the valuation of derivative positions, includes the impact of Citigroup's own credit risk on derivatives and other liabilities measured at fair value, and also eliminates the portfolio servicing adjustment that is no longer necessary.

Fair Value Hierarchy

ASC 820-10, *Fair Value Measurement*, specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect the Company's market assumptions. These two types of inputs have created the following fair value hierarchy:

Level 1: Quoted prices for *identical* instruments in active markets.

Level 2: Quoted prices for *similar* instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations in which all significant inputs and significant value drivers are *observable* in active markets.

Level 3: Valuations derived from valuation techniques in which one or more significant inputs or significant value drivers are *unobservable*.

This hierarchy requires the use of observable market data when available. The Company considers relevant and observable market prices in its valuations where possible. The frequency of transactions, the size of the bid-ask spread and the amount of adjustment necessary when comparing similar transactions are all factors in determining the liquidity of markets and the relevance of observed prices in those markets.

The Company's policy with respect to transfers between levels of the fair value hierarchy is to recognize transfers into and out of each level as of the end of the reporting period.

Determination of Fair Value

For assets and liabilities carried at fair value, the Company measures such value using the procedures set out below, irrespective of whether these assets and liabilities are carried at fair value as a result of an election or whether they were previously carried at fair value.

When available, the Company generally uses quoted market prices to determine fair value and classifies such items as Level 1. In some cases where a market price is available, the Company will make use of acceptable practical expedients (such as matrix pricing) to calculate fair value, in which case the items are classified as Level 2.

If quoted market prices are not available, fair value is based upon internally developed valuation techniques that use, where possible, current market-based or independentl sourced market parameters, such as interest rates, currency rates, option volatilities, etc. Items valued using such internally generated valuation techniques are classified according to the lowest level input or value driver that is significant to the valuation. Thus, an item may be classified in Level 3 even though there may be some significant inputs that are readily observable.

Where available, the Company may also make use of quoted prices for recent trading activity in positions with the same or similar characteristics to that being valued. The frequency and size of transactions and the amount of the bid-ask spread are among the factors considered in determining the liquidity of markets and the relevance of observed prices from those markets. If relevant and observable prices are available, those valuations would be classified as Level 2. If prices are not available, other valuation techniques would be used and the item would be classified as Level 3.

Fair value estimates from internal valuation techniques are verified, where possible, to prices obtained from independent vendors or brokers. Vendors and brokers' valuations may be based on a variety of inputs ranging from observed prices to proprietary valuation models.

The following section describes the valuation methodologies used by the Company to measure various financial instruments at fair value, including an indication of the level in the fair value hierarchy in which each instrument is generally classified. Where appropriate, the description includes details of the valuation models, the key inputs to those models and any significant assumptions.

Securities purchased under agreements to resell and securities sold under agreements to repurchase

No quoted prices exist for such instruments and so fair value is determined using a discounted cash-flow technique. Cash flows are estimated based on the terms of the contract, taking into account any embedded derivative or other features. Expected cash flows are discounted using market rates appropriate to the maturity of the instrument as well as the nature and amount of collateral taken or received. Generally, such instruments are classified within Level 2 of the fair value hierarchy as the inputs used in the valuation are readily observable.

Trading account assets and liabilities trading securities and trading loans

When available, the Company uses quoted market prices to determine the fair value of trading securities; such items are classified as Level 1 of the fair value hierarchy. Examples include some government securities and exchange-traded equity securities.

For bonds and secondary market loans traded over the counter, the Company generally determines fair value utilizing internal valuation techniques. Fair value estimates from internal valuation techniques are verified, where possible, to prices obtained from independent vendors. Vendors compile prices from various sources and may apply matrix pricing for similar bonds or loans where no price is observable. If available, the Company may also use quoted prices for recent trading activity of assets with similar characteristics to the bond or loan being valued. Trading securities and loans priced using such methods are generally classified as Level 2. However, when less liquidity exists for a security or loan, a quoted price is stale or prices from independent sources vary, a loan or security is generally classified as Level 3.

Where the Company's principal market for a portfolio of loans is the securitization market, the Company uses the securitization price to determine the fair value of the portfolio. The securitization price is determined from the assumed proceeds of a hypothetical securitization in the current market, adjusted for transformation costs (i.e., direct costs other than transaction costs) and securitization uncertainties such as market conditions and liquidity. As a result of the severe reduction in the level of activity in certain securitization markets since the second half of 2007, observable securitization prices for certain directly comparable portfolios of loans have not been readily available. Therefore, such portfolios of loans are generally classified as Level 3 of the fair value hierarchy. However, for other loan securitization markets, such as those related to conforming prime fixed-rate and conforming adjustable-rate mortgage loans, pricing verification of the hypothetical securitizations has been possible, since these markets have remained active. Accordingly, these loan portfolios are classified as Level 2 in the fair value hierarchy.

Trading account assets and liabilities derivatives

Exchange-traded derivatives are generally fair valued using quoted market (i.e., exchange) prices and so are classified as Level 1 of the fair value hierarchy.

The majority of derivatives entered into by the Company are executed over the counter and so are valued using internal valuation techniques as no quoted market prices exist for such instruments. The valuation techniques and inputs depend on the type of derivative and the nature of the underlying instrument. The principal techniques used to value these instruments are discounted cash flows, Black-Scholes and Monte Carlo simulation. The fair values of derivative contracts reflect cash the Company has paid or received (for example, option premiums paid and received).

The key inputs depend upon the type of derivative and the nature of the underlying instrument and include interest rate yield curves, foreign-exchange rates, the spot price of the underlying volatility and correlation. The item is placed in either Level 2 or Level 3 depending on the observability of the significant inputs to the model. Correlation and items with longer tenors are generally less observable.

Subprime-related direct exposures in CDOs

The valuation of high-grade and mezzanine asset-backed security (ABS) CDO positions uses trader prices based on the underlying assets of each high-grade and mezzanine ABS CDO. The high-grade and mezzanine positions are now largely hedged through the ABX and bond short positions, which are trader priced. This results in closer symmetry in the way these long and short positions are valued by the Company. Citigroup uses trader marks to value this portion of the portfolio and will do so as long as it remains largely hedged.

For most of the lending and structuring direct subprime exposures, fair value is determined utilizing observable transactions where available, other market data for similar assets in markets that are not active and other internal valuation techniques.

Investments

The investments category includes available-for-sale debt and marketable equity securities, whose fair value is determined using the same procedures described for trading securities above or, in some cases, using vendor prices as the primary source.

Also included in investments are nonpublic investments in private equity and real estate entities held by the S&B business. Determining the fair value of nonpublic securities involves a significant degree of management resources and judgment as no quoted prices exist and such securities are generally very thinly traded. In addition, there may be transfer restrictions on private equity securities. The Company uses an established process for determining the fair value of such securities, using commonly accepted valuation techniques, including the use of earnings multiples based on comparable public securities, industry-specific non-earnings-based multiples and discounted cash flow models. In determining the fair value of nonpublic securities, the Company also considers events such as a proposed sale of the investee company, initial public offerings, equity issuances or other observable transactions. As discussed in Note 11 to the Consolidated Financial Statements, the Company uses NAV to value certain of these entities.

Private equity securities are generally classified as Level 3 of the fair value hierarchy.

Short-term borrowings and long-term debt

Where fair value accounting has been elected, the fair values of non-structured liabilities are determined by discounting expected cash flows using the appropriate discount rate for the applicable maturity. Such instruments are generally classified as Level 2 of the fair value hierarchy as all inputs are readily observable.

The Company determines the fair values of structured liabilities (where performance is linked to structured interest rates, inflation or currency risks) and hybrid financial instruments (performance linked to risks other than interest rates, inflation or currency risks) using the appropriate derivative valuation methodology (described above) given the nature of the embedded risk profile. Such instruments are classified as Level 2 or Level 3 depending on the observability of significant inputs to the model.

Market valuation adjustments

Liquidity adjustments are applied to items in Level 2 and Level 3 of the fair value hierarchy to ensure that the fair value reflects the price at which the entire position could be liquidated in an orderly manner. The liquidity reserve is based on the bid-offer spread for an instrument, adjusted to take into account the size of the position consistent with what Citi believes a market participant would consider.

Counterparty credit-risk adjustments are applied to derivatives, such as over-the-counter derivatives, where the base valuation uses market parameters based on the LIBOR interest rate curves. Not all counterparties have the same credit risk as that implied by the relevant LIBOR curve, so it is necessary to consider the market view of the credit risk of a counterparty in order to estimate the fair value of such an item.

Bilateral or "own" credit-risk adjustments are applied to reflect the Company's own credit risk when valuing derivatives and liabilities measured at fair value. Counterparty and own credit adjustments consider the expected future cash flows between Citi and its counterparties under the terms of the instrument and the effect of credit risk on the valuation of those cash flows, rather than a point-in-time assessment of the current recognized net asset or liability. Furthermore, the credit-risk adjustments take into account the effect of credit-risk mitigants, such as pledged collateral and any legal right of offset (to the extent such offset exists) with a counterparty through arrangements such as netting agreements.

Auction rate securities

Auction rate securities (ARS) are long-term municipal bonds, corporate bonds, securitizations and preferred stocks with interest rates or dividend yields that are reset through periodic auctions. The coupon paid in the current period is based on the rate determined by the prior auction. In the event of an auction failure, ARS holders receive a "fail rate" coupon, which is specified in the original issue documentation of each ARS.

Where insufficient orders to purchase all of the ARS issue to be sold in an auction were received, the primary dealer or auction agent would traditionally have purchased any residual unsold inventory (without a contractual obligation to do so). This residual inventory would then be repaid through subsequent auctions, typically in a short time. Due to this auction mechanism and generally liquid market, ARS have historically traded and were valued as short-term instruments.

Citigroup acted in the capacity of primary dealer for approximately $72 billion of ARS and continued to purchase residual unsold inventory in support of the auction mechanism until mid-February 2008. After this date, liquidity in the ARS market deteriorated significantly, auctions failed due to a lack of bids from third-party investors, and Citigroup ceased to purchase unsold inventory. Following a number of ARS refinancings, at March 31, 2011, Citigroup continued to act in the capacity of primary dealer for approximately $21 billion of outstanding ARS.

The Company classifies its ARS as held-to-maturity, available-for-sale and trading securities.

Prior to the Company's first auction's failing in the first quarter of 2008, Citigroup valued ARS based on observation of auction market prices, because the auctions had a short maturity period (7, 28 or 35 days). This generally resulted in valuations at par. Once the auctions failed, ARS could no longer be valued using observation of auction market prices. Accordingly, the fair values of ARS are currently estimated using internally developed discounted cash flow valuation techniques specific to the nature of the assets underlying each ARS.

For ARS with U.S. municipal securities as underlying assets, future cash flows are estimated based on the terms of the securities underlying each individual ARS and discounted at an estimated discount rate in order to estimate the current fair value. The key assumptions that impact the ARS valuations are estimated prepayments and refinancings, estimated fail rate coupons (i.e., the rate paid in the event of auction failure, which varies according to the current credit rating of the issuer) and the discount rate used to calculate the present value of projected cash flows. The discount rate used for each ARS is based on rates observed for straight issuances of other municipal securities. In order to arrive at the appropriate discount rate, these observed rates were adjusted upward to factor in the specifics of the ARS structure being valued, such as callability, and the illiquidity in the ARS market.

For ARS with student loans as underlying assets, future cash flows are estimated based on the terms of the loans underlying each individual ARS, discounted at an appropriate rate in order to estimate the current fair value. The key assumptions that impact the ARS valuations are the expected weighted average life of the structure, estimated fail rate coupons, the amount of leverage in each structure and the discount rate used to calculate the present value of projected cash flows. The discount rate used for each ARS is based on rates observed for basic securitizations with similar maturities to the loans underlying each ARS being valued. In order to arrive at the appropriate discount rate, these observed rates were adjusted upward to factor in the specifics of the ARS structure being valued, such as callability, and the illiquidity in the ARS market.

During the first quarter of 2008, ARS for which the auctions failed and where no secondary market has developed were moved to Level 3, as the assets were subject to valuation using significant unobservable inputs. The majority of ARS continue to be classified as Level 3.

Alt-A mortgage securities

The Company classifies its Alt-A mortgage securities as held-to-maturity, available-for-sale and trading investments. The securities classified as trading and available-for-sale are recorded at fair value with changes in fair value reported in current earnings and AOCI, respectively. For these purposes, Citi defines Alt-A mortgage securities as non-agency residential mortgage-backed securities (RMBS) where (1) the underlying collateral has weighted average FICO scores between 680 and 720 or (2) for instances where FICO scores are greater than 720, RMBS have 30% or less of the underlying collateral composed of full documentation loans.

Similar to the valuation methodologies used for other trading securities and trading loans, the Company generally determines the fair values of Alt-A mortgage securities utilizing internal valuation techniques. Fair-value estimates from internal valuation techniques are verified, where possible, to prices obtained from independent vendors. Vendors compile prices from various sources. Where available, the Company may also make use of quoted prices for recent trading activity in securities with the same or similar characteristics to the security being valued.

The internal valuation techniques used for Alt-A mortgage securities, as with other mortgage exposures, consider estimated housing price changes, unemployment rates, interest rates and borrower attributes. They also consider prepayment rates as well as other market indicators.

Alt-A mortgage securities that are valued using these methods are generally classified as Level 2. However, Alt-A mortgage securities backed by Alt-A mortgages of lower quality or more recent vintages are mostly classified as Level 3 due to the reduced liquidity that exists for such positions, which reduces the reliability of prices available from independent sources.

Commercial real estate exposure

Citigroup reports a number of different exposures linked to commercial real estate at fair value with changes in fair value reported in earnings, including securities, loans and investments in entities that hold commercial real estate loans or commercial real estate directly. The Company also reports securities backed by commercial real estate as available-for-sale investments, which are carried at fair value with changes in fair-value reported in AOCI.

Similar to the valuation methodologies used for other trading securities and trading loans, the Company generally determines the fair value of securities and loans linked to commercial real estate utilizing internal valuation techniques. Fair-value estimates from internal valuation techniques are verified, where possible, to prices obtained from independent vendors. Vendors compile prices from various sources. Where available, the Company may also make use of quoted prices for recent trading activity in securities or loans with the same or similar characteristics to that being valued. Securities and loans linked to commercial real estate valued using these methodologies are generally classified as Level 3 as a result of the current reduced liquidity in the market for such exposures.

The fair value of investments in entities that hold commercial real estate loans or commercial real estate directly is determined using a similar methodology to that used for other non-public investments in real estate held by the S&B business. The Company uses an established process for determining the fair value of such securities, using commonly accepted valuation techniques, including the use of earnings multiples based on comparable public securities, industry-specific non-earnings-based multiples and discounted cash flow models. In determining the fair value of such investments, the Company also considers events, such as a proposed sale of the investee company, initial public offerings, equity issuances, or other observable transactions. Such investments are generally classified as Level 3 of the fair value hierarchy.

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Items Measured at Fair Value on a Recurring Basis

The following tables present for each of the fair value hierarchy levels the Company's assets and liabilities that are measured at fair value on a recurring basis at March 31, 2011 and December 31, 2010. The Company often hedges positions that have been classified in the Level 3 category with financial instruments that have been classified as Level 1 or Level 2. In addition, the Company also hedges items classified in the Level 3 category with instruments classified in Level 3 of the fair value hierarchy. The effects of these hedges are presented gross in the following table.

In millions of dollars at March 31, 2011	Level 1	Level 2	Level 3	Gross inventory	Netting(1)	Net balance
Assets						
Federal funds sold and securities borrowed or purchased under agreements to resell	$	$ 144,012	$ 3,266	$ 147,278	$ (48,712)	$ 98,566
Trading securities						
Trading mortgage-backed securities						
U.S. government-sponsored agency guaranteed		27,882	1,024	28,906		28,906
Prime		2,739	1,602	4,341		4,341
Alt-A		4,205	1,946	6,151		6,151
Subprime		731	1,116	1,847		1,847
Non-U.S. residential		678	290	968		968
Commercial		1,457	585	2,042		2,042
Total trading mortgage- backed securities	$	$ 37,692	$ 6,563	$ 44,255	$	$ 44,255
U.S. Treasury and federal agencies securities						
U.S. Treasury	$ 12,400	$ 2,111	$	$ 14,511	$	$ 14,511
Agency obligations	6	2,325	31	2,362		2,362
Total U.S. Treasury and federal agencies securities	$ 12,406	$ 4,436	$ 31	$ 16,873	$	$ 16,873
State and municipal	$	$ 4,926	$ 1,115	$ 6,041	$	$ 6,041
Foreign government	64,983	23,012	907	88,902		88,902
Corporate		51,393	6,086	57,479		57,479
Equity securities	34,291	3,235	305	37,831		37,831
Asset-backed securities		1,830	5,725	7,555		7,555
Other debt securities		15,614	1,415	17,029		17,029
Total trading securities	$ 111,680	$ 142,138	$ 22,147	$ 275,965	$	$ 275,965
Derivatives						
Interest rate contracts	$ 210	$ 409,005	$ 2,338	$ 411,553		
Foreign exchange contracts	34	82,286	995	83,315		
Equity contracts	2,766	14,140	1,756	18,662		
Commodity contracts	1,362	11,804	1,035	14,201		
Credit derivatives		53,201	8,018	61,219		
Total gross derivatives	$ 4,372	$ 570,436	$ 14,142	$ 588,950		
Cash collateral paid				45,908		
Netting agreements and market value adjustments					$ (587,713)	
Total derivatives	$ 4,372	$ 570,436	$ 14,142	$ 634,858	$ (587,713)	$ 47,145
Investments						

Mortgage-backed securities						
U.S. government-sponsored agency guaranteed	**$ 68**	**$ 32,509**	**$ 362**	**$ 32,939**	**$**	**$ 32,939**
Prime		**1,436**	**150**	**1,586**		**1,586**
Alt-A		**19**	**2**	**21**		**21**
Subprime						
Non-U.S. residential		**301**		**301**		**301**
Commercial			**527**	**527**		**527**
Total investment mortgage-backed securities	**$ 68**	**$ 34,265**	**$ 1,041**	**$ 35,374**	**$**	**$ 35,374**
U.S. Treasury and federal agency securities						
U.S. Treasury	**$ 13,529**	**$ 42,653**	**$**	**$ 56,182**	**$**	**$ 56,182**
Agency obligations		**56,365**	**16**	**56,381**		**56,381**
Total U.S. Treasury and federal agency	**$ 13,529**	**$ 99,018**	**$ 16**	**$ 112,563**	**$**	**$ 112,563**
State and municipal	**$**	**$ 12,495**	**$ 381**	**$ 12,876**	**$**	**$ 12,876**
Foreign government	**49,541**	**51,378**	**426**	**101,345**		**101,345**
Corporate		**14,742**	**1,085**	**15,827**		**15,827**
Equity securities	**3,786**	**160**	**1,829**	**5,775**		**5,775**
Asset-backed securities		**4,339**	**5,002**	**9,341**		**9,341**
Other debt securities	**$**	**$ 1,144**	**$ 672**	**$ 1,816**	**$**	**$ 1,816**
Non-marketable equity securities		**122**	**8,942**	**9,064**		**9,064**
Total investments	**$ 66,924**	**$ 217,663**	**$ 19,394**	**$ 303,981**	**$**	**$ 303,981**
Loans(2)	**$**	**$ 1,199**	**$ 3,152**	**$ 4,351**	**$**	**$ 4,351**
Mortgage servicing rights			**4,690**	**4,690**		**4,690**

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In millions of dollars at March 31, 2011	Level 1	Level 2	Level 3	Gross inventory	Netting(1)	Net balance
Other financial assets measured on a recurring basis		14,927	2,485	17,412	(3,654)	13,758
Total assets	$ 182,976	$ 1,090,375	$ 69,276	$ 1,388,535	$ (640,079)	$ 748,456
Total as a percentage of gross assets(3)	13.6%	81.2%	5.2%	100%		
Liabilities						
Interest-bearing deposits	$	$ 980	$ 585	$ 1,565	$	1,565
Federal funds purchased and securities loaned or sold under agreements to repurchase		160,005	1,168	161,173	(48,712)	112,461
Trading account liabilities						
Securities sold, not yet purchased	75,787	10,369	109	86,265		86,265
Derivatives						
Interest rate contracts	121	406,761	2,334	409,216		
Foreign exchange contracts	17	86,942	756	87,715		
Equity contracts	3,115	32,121	4,324	39,560		
Commodity contracts	997	12,512	2,331	15,840		
Credit derivatives		49,167	8,325	57,492		
Total gross derivatives	$ 4,250	$ 587,503	$ 18,070	$ 609,823		
Cash collateral received				34,673		
Netting agreements and market value adjustments					(584,415)	
Total derivatives	$ 4,250	$ 587,503	$ 18,070	$ 644,496	$ (584,415)	$ 60,081
Short-term borrowings		1,523	391	1,914		1,914
Long-term debt		17,710	8,568	26,278		26,278
Other financial liabilities measured on a recurring basis		11,361	9	11,370	(3,654)	7,716
Total liabilities	$ 80,037	$ 789,451	$ 28,900	$ 933,061	$ (636,781)	$ 296,280
Total as a percentage of gross liabilities(3)	8.9%	87.9%	3.2%	100%		

(1) Represents netting of: (i) the amounts due under securities purchased under agreements to resell and the amounts owed under securities sold under agreements to repurchase, and (ii) derivative exposures covered by a qualifying master netting agreement, cash collateral, and the market value adjustment.

(2) There is no allowance for loan losses recorded for loans reported at fair value.

(3) Percentage is calculated based on total assets and liabilities at fair value, excluding collateral paid/received on derivatives.

In millions of dollars at December 31, 2010	Level 1	Level 2	Level 3	Gross inventory	Netting(1)	Net balance
Assets						
Federal funds sold and securities borrowed or purchased under agreements to resell	$	$ 131,831	$ 4,911	$ 136,742	$ (49,230)	$ 87,512
Trading securities						

Trading mortgage-backed securities						
U.S. government-sponsored agency guaranteed		26,296	831	27,127		27,127
Prime		920	594	1,514		1,514
Alt-A		1,117	385	1,502		1,502
Subprime		911	1,125	2,036		2,036
Non-U.S. residential		828	224	1,052		1,052
Commercial		883	418	1,301		1,301
Total trading mortgage-backed securities	$	$ 30,955	$ 3,577	$ 34,532	$	$ 34,532
U.S. Treasury and federal agencies securities						
U.S. Treasury	$ 18,449	$ 1,719	$	$ 20,168	$	$ 20,168
Agency obligations	6	3,340	72	3,418		3,418
Total U.S. Treasury and federal agencies securities	$ 18,455	$ 5,059	$ 72	$ 23,586	$	$ 23,586
State and municipal	$	$ 7,285	$ 208	$ 7,493	$	$ 7,493
Foreign government	64,096	23,649	566	88,311		88,311
Corporate		46,720	6,006	52,726		52,726
Equity securities	33,509	3,151	776	37,436		37,436
Asset-backed securities		1,141	6,618	7,759		7,759
Other debt securities		13,911	1,305	15,216		15,216
Total trading securities	$ 116,060	$ 131,871	$ 19,128	$ 267,059	$	$ 267,059
Derivatives						
Interest rate contracts	$ 509	$ 473,579	$ 2,584	$ 476,672		
Foreign exchange contracts	11	83,465	1,025	84,501		
Equity contracts	2,581	11,807	1,758	16,146		
Commodity contracts	590	10,973	1,045	12,608		
Credit derivatives		52,270	12,771	65,041		
Total gross derivatives	$ 3,691	$ 632,094	$ 19,183	$ 654,968		
Cash collateral paid				50,302		
Netting agreements and market value adjustments					$ (655,057)	
Total derivatives	$ 3,691	$ 632,094	$ 19,183	$ 705,270	$ (655,057)	$ 50,213

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In millions of dollars at December 31, 2010	Level 1	Level 2	Level 3	Gross inventory	Netting(1)	Net balance
Investments						
Mortgage-backed securities						
U.S. government-sponsored agency guaranteed	$ 70	$ 23,531	$ 22	$ 23,623	$	$ 23,623
Prime		1,660	166	1,826		1,826
Alt-A		47	1	48		48
Subprime		119		119		119
Non-U.S. residential		316		316		316
Commercial		47	527	574		574
Total investment mortgage-backed securities	$ 70	$ 25,720	$ 716	$ 26,506	$	$ 26,506
U.S. Treasury and federal agency securities						
U.S. Treasury	$ 14,031	$ 44,417	$	$ 58,448	$	$ 58,448
Agency obligations		43,597	17	43,614		43,614
Total U.S. Treasury and federal agency	$ 14,031	$ 88,014	$ 17	$ 102,062	$	$ 102,062
State and municipal	$	$ 12,731	$ 504	$ 13,235	$	$ 13,235
Foreign government	51,419	47,902	358	99,679		99,679
Corporate		15,152	1,018	16,170		16,170
Equity securities	3,721	184	2,055	5,960		5,960
Asset-backed securities		3,624	5,424	9,048		9,048
Other debt securities	$	$ 1,185	$ 727	$ 1,912	$	$ 1,912
Non-marketable equity securities		135	6,467	6,602		6,602
Total investments	$ 69,241	$ 194,647	$ 17,286	$ 281,174	$	$ 281,174
Loans(2)	$	$ 1,159	$ 3,213	$ 4,372	$	$ 4,372
Mortgage servicing rights			4,554	4,554		4,554
Other financial assets measured on a recurring basis		19,425	2,509	21,934	(2,615)	19,319
Total assets	$ 188,992	$ 1,111,027	$ 70,784	$ 1,421,105	$ (706,902)	$ 714,203
Total as a percentage of gross assets(3)	13.8%	81.0%	5.2%	100%		
Liabilities						
Interest-bearing deposits	$	$ 988	$ 277	$ 1,265	$	$ 1,265
Federal funds purchased and securities loaned or sold under agreements to repurchase		169,162	1,261	170,423	(49,230)	121,193
Trading account liabilities						
Securities sold, not yet purchased	59,968	9,169	187	69,324		69,324
Derivatives						
Interest rate contracts	489	472,936	3,314	476,739		
Foreign exchange contracts	2	87,411	861	88,274		
Equity contracts	2,551	27,486	3,397	33,434		
Commodity contracts	482	10,968	2,068	13,518		
Credit derivatives		48,535	10,926	59,461		
Total gross derivatives	$ 3,524	$ 647,336	$ 20,566	$ 671,426		
Cash collateral received				38,319		
Netting agreements and market value adjustments					(650,015)	
Total derivatives	$ 3,524	$ 647,336	$ 20,566	$ 709,745	$ (650,015)	$ 59,730
Short-term borrowings		1,627	802	2,429		2,429
Long-term debt		17,612	8,385	25,997		25,997

Other financial liabilities measured on a recurring basis		12,306	19	12,325	(2,615)	9,710
Total liabilities	$ 63,492	$ 858,200	$ 31,497	$ 991,508	$ (701,860)	$ 289,648
Total as a percentage of gross liabilities(3)	6.7%	90.0%	3.3%	100%		

(1) Represents netting of: (i) the amounts due under securities purchased under agreements to resell and the amounts owed under securities sold under agreements to repurchase, and (ii) derivative exposures covered by a qualifying master netting agreement, cash collateral, and the market value adjustment.

(2) There is no allowance for loan losses recorded for loans reported at fair value.

(3) Percentage is calculated based on total assets and liabilities at fair value, excluding collateral paid/received on derivatives.

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Changes in Level 3 Fair Value Category

The following tables present the changes in the Level 3 fair value category for the three months ended March 31, 2011 and March 31, 2010. The Company classifies financial instruments in Level 3 of the fair value hierarchy when there is reliance on at least one significant unobservable input to the valuation model. In addition to these unobservable inputs, the valuation models for Level 3 financial instruments typically also rely on a number of inputs that are readily observable either directly or indirectly. Thus, the gains and losses presented below include changes in the fair value related to both observable and unobservable inputs.

The Company often hedges positions with offsetting positions that are classified in a different level. For example, the gains and losses for assets and liabilities in the Level 3 category presented in the tables below do not reflect the effect of offsetting losses and gains on hedging instruments that have been classified by the Company in the Level 1 and Level 2 categories. In addition, the Company hedges items classified in the Level 3 category with instruments also classified in Level 3 of the fair value hierarchy. The effects of these hedges are presented gross in the following tables.

Level 3 assets at March 31, 2011 include a total of $4.3 billion of trading securities that were transferred from held-to-maturity during the first quarter of 2011. For additional information regarding this transfer, see Note 11 to the Consolidated Financial Statements.

		Net realized/unrealized gains (losses) included in								
In millions of dollars	Dec. 31, 2010	Principal transactions	Other(1)(2)	Transfers in and/or out of Level 3	Purchases	Issuances	Sales	Settlements	March 31, 2011	Unrealized gains (losses) still held(3)
Assets										
Fed funds sold and securities borrowed or purchased under agreements to resell	$ 4,911	$ (152)	$	$ (1,493)	$	$	$	$	$ 3,266	$ (102)
Trading securities										
Trading mortgage-backed securities										
U.S. government-sponsored agency guaranteed	831	53		236	94		190		1,024	43
Prime	594	98		24	1,153		267		1,602	13
Alt-A	385	12		71	1,551		73		1,946	(1)
Subprime	1,125	36		13	309		367		1,116	10
Non-U.S. residential	224	32		85	122		173		290	1
Commercial	418	64		(5)	240		132		585	48
Total trading mortgage-backed securities	$ 3,577	$ 295	$	$ 424	$ 3,469	$	$ 1,202	$	$ 6,563	$ 114
U.S. Treasury and federal agencies securities										
U.S. Treasury	$	$	$	$	$	$	$	$	$	$
Agency obligations	72	1		(14)	3		31		31	
Total U.S. Treasury and federal agencies securities	$ 72	$ 1	$	$ (14)	$ 3	$	$ 31	$	$ 31	$
State and municipal	$ 208	$ 62	$	(5)	$ 893	$	$ 43		$ 1,115	$ 31
Foreign government	566	1		(4)	518		174		907	1
Corporate	6,006	169		(484)	1,849		1,454		6,086	(47)
Equity securities	776	56		(511)	105		121		305	30
Asset-backed securities	6,618	218		(59)	1,299		2,351		5,725	(61)
Other debt securities	1,305	(2)		31	264		183		1,415	26
Total trading securities	$ 19,128	$ 800	$	$ (622)	$ 8,400	$	$ 5,559	$	$ 22,147	$ 94

Derivatives, net(4)										
Interest rate contracts	$ (730)	$ (243)	$	$ 724	$	$	$	$ (253)	$ 4	$ (486)
Foreign exchange contracts	164	141		(42)				24	239	(3)
Equity contracts	(1,639)	24		(743)				210	(2,568)	(253)
Commodity contracts	(1,023)	(59)		(88)				126	(1,296)	(143)
Credit derivatives	1,845	(538)		(178)				1,436	(307)	(334)
Total derivatives, net(4)	$ (1,383)	$ (675)	$	$ (327)	$	$	$	$ 1,543	$ (3,928)	$ (1,219)
Investments										
Mortgage-backed securities										
U.S. government-sponsored agency guaranteed	$ 22	$	$ (9)	$ 344	$ 5	$	$	$	$ 362	$ (15)
Prime	166		2				18		150	

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In millions of dollars	Dec. 31, 2010	Net realized/unrealized gains (losses) included in Principal transactions	Other(1)(2)	Transfers in and/or out of Level 3	Purchases	Issuances	Sales	Settlements	March 31, 2011	Unrealized gains (losses) still held(3)
Alt-A	1			1					2	
Subprime										
Commercial	527		3		15		18		527	
Total investment mortgage-backed debt securities	**$ 716**	**$**	**$ (4)**	**$ 345**	**$ 20**	**$**	**$ 36**	**$**	**$ 1,041**	**$ (15)**
U.S. Treasury and federal agencies securities	**$ 17**	**$**	**$**	**$**	**$**	**$**	**$ 1**	**$**	**$ 16**	**$**
State and municipal	**504**		**(24)**	**(93)**	**21**		**27**		**381**	**(30)**
Foreign government	**358**		**7**	**64**	**50**		**53**		**426**	**5**
Corporate	**1,018**		**15**	**37**	**27**		**12**		**1,085**	**(4)**
Equity securities	**2,055**		**(29)**	**(29)**			**168**		**1,829**	**62**
Asset-backed securities	**5,424**		**46**	**43**	**36**		**547**		**5,002**	**26**
Other debt securities	**727**		**(33)**	**67**	**33**		**122**		**672**	**(33)**
Non-marketable equity securities	**6,467**		**449**	**(320)**	**3,190**		**844**		**8,942**	**551**
Total investments	**$ 17,286**		**$ 427**	**$ 114**	**$ 3,377**		**$ 1,810**		**$ 19,394**	**$ 562**
Loans	**$ 3,213**	**$**	**$ (87)**	**$ (19)**	**$**	**$ 341**	**$**	**$ 296**	**$ 3,152**	**$ (112)**
Mortgage servicing rights	**4,554**		**208**					**72**	**4,690**	**208**
Other financial assets measured on a recurring basis	**2,509**		**(16)**	**(19)**		**201**		**190**	**2,485**	**8**
Liabilities										
Interest-bearing deposits	**$ 277**	**$**	**$ (34)**	**$ 60**	**$**	**$ 215**	**$**	**$ 1**	**$ 585**	**91**
Federal funds purchased and securities loaned or sold under agreements to repurchase	**1,261**	**18**		**90**			**165**		**1,168**	**(15)**
Trading account liabilities										
Securities sold, not yet purchased	**187**	**63**		**(82)**				**(67)**	**109**	**63**
Short-term borrowings	**802**	**178**		**(41)**		**25**		**217**	**391**	**52**

Long-term debt	**8,385**	**(99)**	**96**	**25**	**320**	**165**	**8,568**	**(301)**
Other financial liabilities measured on a recurring basis	**19**		**(4)**	**7**	**4**	**25**	**9**	**5**

In millions of dollars	**December 31, 2009**	**Net realized/unrealized gains (losses) included in Principal transactions**	**Other(1)(2)**	**Transfers in and/or out of Level 3**	**Purchases, issuances and settlements**	**March 31, 2010**	**Unrealized gains (losses) still held(3)**
Assets							
Federal funds sold and securities borrowed or purchased under agreements to resell	**$**	**$ 63**	**$**	**$ 1,052**	**$ 792**	**$ 1,907**	**$**
Trading securities							
Trading mortgage-backed securities							
U.S. government sponsored	**$ 972**	**$ (51)**	**$**	**$ 98**	**$ (72)**	**$ 947**	**$ (18)**
Prime	**384**	**35**		**83**	**(103)**	**399**	**6**
Alt-A	**387**	**15**		**60**	**(141)**	**321**	**5**
Subprime	**8,998**	**733**		**(751)**	**(2,455)**	**6,525**	**724**
Non-U.S. residential	**572**	**(41)**		**(279)**	**(9)**	**243**	**15**
Commercial	**2,451**	**(12)**		**(41)**	**(183)**	**2,215**	**3**
Total trading mortgage-backed securities	**$ 13,764**	**$ 679**	**$**	**$ (830)**	**$ (2,963)**	**$ 10,650**	**$ 735**
State and municipal	**$ 222**	**$ 3**	**$**	**$ 185**	**43**	**$ 453**	**$ 1**

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		Net realized/unrealized gains (losses) included in					
In millions of dollars	December 31, 2009	Principal transactions	Other(1)(2)	Transfers in and/or out of Level 3	Purchases, issuances and settlements	March 31, 2010	Unrealized gains (losses) still held(3)
Foreign government	$ 459	$ 26	$	$ (197)	$ 356	$ 644	$ 16
Corporate	8,620	(1)		(339)	(330)	7,950	92
Equity securities	640	6		326	(67)	905	31
Asset-backed securities	3,006	(61)		(30)	1,285	4,200	(3)
Other debt securities	13,231	95		(207)	(11,990)	1,129	26
Total trading securities	$ 39,942	$ 747	$	$ (1,092)	$ (13,666)	$ 25,931	$ 898
Derivatives, net(4)							
Interest rate contracts	$ (374)	$ 475	$	$ 512	$ (274)	$ 339	$ 415
Foreign exchange contracts	(38)	138		(97)	30	33	154
Equity contracts	(1,110)	(179)		(231)	100	(1,420)	(167)
Commodity and other contracts	(529)	(201)		30	55	(645)	(163)
Credit derivatives	5,159	146		(517)	241	5,029	116
Total Derivatives, net(4)	$ 3,108	$ 379	$	$ (303)	$ 152	$ 3,336	$ 355
Investments							
Mortgage-backed securities							
U.S. government-sponsored agency guaranteed	$ 2	$	$ (1)	$	$	$ 1	$
Prime	736		(97)	(505)	142	276	
Alt-A	55		(23)		(2)	30	
Subprime	1					1	
Commercial	746		(462)	1	261	546	
Total investment mortgage-backed debt securities	$ 1,540	$	$ (583)	$ (504)	$ 401	$ 854	$
U.S. Treasury and federal agencies securities							
Agency Obligations	$ 21	$	$ (21)	$	$ 19	$ 19	$ (1)
Total U.S. Treasury and federal agencies securities	$ 21	$	$ (21)	$	$ 19	$ 19	$ (1)
State and municipal	$ 217	$	$ 1	$	$ 44	$ 262	$ 1
Foreign government	270		8	17	(8)	287	1
Corporate	1,257		(74)	(59)	(62)	1,062	26
Equity securities	2,513		12	89	(146)	2,468	13
Asset-backed securities	8,272		(30)	16	(322)	7,936	(27)
Other debt securities	560		7	6	434	1,007	10
Non-marketable equity securities	6,753		17	1,969	(126)	8,613	4
Total investments	$ 21,403	$	$ (663)	$ 1,534	$ 234	$ 22,508	$ 27
Loans	$ 213	$	$ 156	$ 620	$ 3,406	$ 4,395	$ 143
Mortgage servicing rights	6,530		144		(235)	6,439	213
Other financial assets measured on a recurring basis	1,101		8	(13)	(189)	907	15

Liabilities

Interest-bearing deposits	**$ 28**	**$**	**$ 6**	**$ (2)**	**$ 138**	**$ 158**	**$ 1**
Federal funds purchased and securities loaned or sold under agreements to repurchase	**2,056**	**1**		**(1,052)**	**(28)**	**975**	**1**
Trading account liabilities							
Securities sold, not yet purchased	**774**	**19**		**(578)**	**(29)**	**148**	**9**
Short-term borrowings	**231**	**(10)**		**(118)**	**135**	**258**	**31**
Long-term debt	**9,654**	**146**	**(145)**	**482**	**2,701**	**12,836**	**42**
Other financial liabilities measured on a recurring basis	**13**		**(5)**		**(16)**	**2**	**(2)**

(1) Changes in fair value for available-for-sale investments (debt securities) are recorded in *Accumulated other comprehensive income (loss)* on the Consolidated Balance Sheet, while gains and losses from sales are recorded in *Realized gains (losses) from sales of investments* on the Consolidated Statement of Income.

(2) Unrealized gains (losses) on MSRs are recorded in *Other revenues* on the Consolidated Statement of Income.

(3) Represents the amount of total gains or losses for the period, included in earnings (and *Accumulated other comprehensive income (loss)* for changes in fair value for available-for-sale investments), attributable to the change in fair value relating to assets and liabilities classified as Level 3 that are still held at March 31, 2011 and December 31, 2010.

(4) Total Level 3 derivative exposures have been netted in these tables for presentation purposes only.

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The following is a discussion of the changes to the Level 3 balances for each of the roll-forward tables presented above:

The significant changes from December 31, 2010 to March 31, 2011 in Level 3 assets and liabilities were due to:

- A decrease in *Federal funds sold and securities borrowed or purchased under agreements to resell* of $1.6 billion, driven primarily by transfers of $1.5 billion from Level 3 to Level 2 due to a decrease in expected maturities on certain structured reverse repos resulting in more observable pricing;

- A net increase in *Trading securities* of $3.0 billion that included:

  - The reclassification of certain securities from *Investments* held-to-maturity to *trading account assets* during the first quarter of 2011, as discussed in Note 11 to the Consolidated Financial Statements, which resulted in an increase in Level 3 assets of $4.3 billion at March 31, 2011. These reclassifications have been included in purchases in the Level 3 roll-forward table above. These Level 3 assets include $2.8 billion of trading mortgage-backed securities ($1.5 billion of which were Alt-A and $1.0 billion of Prime), $0.9 billion of state and municipal debt securities, $0.3 billion of corporate debt securities and $0.3 billion of asset-backed securities.

  - Purchases of corporate debt trading securities of $1.8 billion and sales of $1.5 billion, reflecting increased trading activity during the first quarter.

  - Purchases of asset-backed securities of $1.3 billion during the first quarter, reflecting an increase in trading activity in the ABS sector. Sales of $2.4 billion of asset-backed securities included sales and redemptions of auction-rate securities of $1.1 billion, as well increased trading activity.

- A decrease in *credit derivatives* of $2.2 billion during the first quarter, which included settlements of $1.4 billion, relating primarily to the settlement of certain contracts under which the Company had purchased credit protection on commercial mortgage-backed securities from a single counterparty.

- A net increase in Level 3 *Investments* of $2.1 billion, which included a net increase in non-marketable equity securities of $2.5 billion. Purchases of non-marketable equity securities of $3.2 billion during the first quarter included Citi's acquisition of the share capital of Maltby Acquisitions Limited, the holding company that controls EMI Group Ltd. Sales of $0.8 billion related primarily to sales and redemptions by the Company of investments in private equity and hedge funds.

The significant changes from December 31, 2009 to March 31, 2010 in Level 3 assets and liabilities were due to:

- A net increase in *Federal funds sold and securities borrowed or purchased under agreements to resell* of $1.9 billion, which included transfers from Level 2 to Level 3 of $1.1 billion.

- A net decrease in trading securities of $14 billion that was mainly driven by:

  - A decrease of $12 billion in Other debt trading securities, due primarily to the impact of the consolidation of the credit card securitization trusts by the Company upon the adoption of SFAS 166/167 on January 1, 2010. Upon consolidation of the trusts, the Company's investments in the trusts and other inter-company balances were eliminated. At January 1, 2010, the Company's investment in these newly consolidated VIEs included certificates issued by these trusts of $11.1 billion that were classified as Level 3. The impact of the elimination of these certificates has been reflected as net settlements in the Level 3 roll-forward table above.

A decrease of $2.5 billion in subprime trading mortgage-backed securities, primarily due to liquidations and paydowns of $2.5 billion during the first quarter.

An increase in *Investments* of $1.1 billion included transfers to Level 3 of non-marketable equity securities of $2 billion, which related to preferred shares held by the Company in the MSSB joint venture.

An increase in Loans of $4.2 billion due primarily to the Company's consolidation of certain VIEs upon the adoption of SFAS 166/167 on January 1, 2010, for which the fair value option was elected. These included private-label mortgage securitization trust VIEs ($3.2 billion) and mutual fund deferred sales commission VIEs ($0.5 billion). The impact from the consolidation of these VIEs on Level 3 loans has been reflected as purchases in the roll-forward table above.

A decrease in *Federal funds purchased and securities loaned or sold under agreements to repurchase* of $1.1 billion is due to transfers to Level 2.

An increase in long-term debt of $3.2 billion, primarily due to the Company's consolidation of certain VIEs upon the adoption of SFAS 166/167 on January 1, 2010, for which the fair value option was elected. These included private label mortgage securitization trust VIEs ($3.1 billion), mutual fund deferred sales commission VIEs ($0.4 billion) and collateralized loan obligations ($0.5 billion). The impact of these newly consolidated VIEs on long-term debt classified as Level 3 is reflected as net issuances in the roll-forward table above. These increases were partially offset by paydowns/liquidations of long-term debt during the first quarter, including credit-linked notes.

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Transfers between Level 1 and Level 2 of the Fair Value Hierarchy

The Company did not have any significant transfers of assets or liabilities between Levels 1 and 2 of the fair value hierarchy during the three months ended March 31, 2011 and March 31, 2010.

Items Measured at Fair Value on a Nonrecurring Basis

Certain assets and liabilities are measured at fair value on a nonrecurring basis and therefore are not included in the tables above.

These include assets measured at cost that have been written down to fair value during the periods as a result of an impairment. In addition, these assets include loans held-for-sale that are measured at LOCOM that were recognized at fair value below cost at the end of the period.

The fair value of loans measured on a LOCOM basis is determined where possible using quoted secondary-market prices. Such loans are generally classified as Level 2 of the fair value hierarchy given the level of activity in the market and the frequency of available quotes. If no such quoted price exists, the fair value of a loan is determined using quoted prices for a similar asset or assets, adjusted for the specific attributes of that loan.

The following table presents all loans held-for-sale that are carried at LOCOM as of March 31, 2011 and December 21, 2010:

In billions of dollars	**Aggregate cost**	**Fair value**	**Level 2**	**Level 3**
March 31, 2011	**$ 3.0**	**$ 2.5**	**$ 0.8**	**$ 1.7**
December 31, 2010	$ 3.1	$ 2.5	$ 0.7	$ 1.8

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20. FAIR VALUE ELECTIONS

The Company may elect to report most financial instruments and certain other items at fair value on an instrument-by-instrument basis with changes in fair value reported in earnings. The election is made upon the acquisition of an eligible financial asset, financial liability or firm commitment or when certain specified reconsideration events occur. The fair value election may not be revoked once an election is made. The changes in fair value are recorded in current earnings. Additional discussion regarding the applicable areas in which fair value elections were made is presented in Note 19 to the Consolidated Financial Statements.

All servicing rights must now be recognized initially at fair value. The Company has elected fair value accounting for its class of mortgage servicing rights. See Note 17 to the Consolidated Financial Statements for further discussions regarding the accounting and reporting of MSRs.

The following table presents, as of March 31, 2011 and December 31, 2010, the fair value of those positions selected for fair value accounting, as well as the changes in fair value for the three months ended March 31, 2011 and 2010:

	Fair value at		Changes in fair value gains (losses) for the three months ended March 31,	
In millions of dollars	March 31, 2011	December 31, 2010(1)	2011	2010(1)
Assets				
Federal funds sold and securities borrowed or purchased under agreements to resell				
Selected portfolios of securities purchased under agreements to resell and securities borrowed(2)	**$ 98,566**	$ 87,512	**$ (513)**	$ (13)
Trading account assets	**15,131**	14,289	**321**	351
Investments	**848**	646	**293**	26
Loans				
Certain Corporate loans(3)	**2,862**	2,627	**(27)**	(14)
Certain Consumer loans(3)	**1,489**	1,745	**(95)**	249
Total loans	**$ 4,351**	$ 4,372	**$ (122)**	$ 235
Other assets				
MSRs	**$ 4,690**	$ 4,554	**$ 208**	$ 144
Certain mortgage loans (HFS)	**4,049**	7,230	**72**	52
Certain equity method investments	**216**	229	**7**	13
Total other assets	**$ 8,955**	$ 12,013	**$ 287**	$ 209
Total assets	**$ 127,851**	$ 118,832	**$ 266**	$ 808
Liabilities				
Interest-bearing deposits	**$ 1,565**	$ 1,265	**$ 7**	$ (18)
Federal funds purchased and securities loaned or sold under agreements to repurchase				
Selected portfolios of securities sold under agreements to repurchase and securities loaned(2)	**112,461**	121,193	**30**	9
Trading account liabilities	**3,580**	3,953	**(93)**	(155)
Short-term borrowings	**1,914**	2,429	**(17)**	12
Long-term debt	**26,278**	25,997	**(114)**	(87)
Total	**$ 145,798**	$ 154,837	**$ (187)**	$ (239)

(1)

Reclassified to conform to current period's presentation.

(2)
Reflects netting of the amounts due from securities purchased under agreements to resell and the amounts owed under securities sold under agreements to repurchase.

(3)
Includes mortgage loans held by consolidated VIEs .

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Own Credit Valuation Adjustment

The fair value of debt liabilities for which the fair value option was elected (other than non-recourse and similar liabilities) is impacted by the narrowing or widening of the Company's credit spreads. The estimated change in the fair value of these debt liabilities due to such changes in the Company's own credit risk (or instrument-specific credit risk) was a loss of $113 million and $6 million for the three months ended March 31, 2011 and 2010, respectively. Changes in fair value resulting from changes in instrument-specific credit risk were estimated by incorporating the Company's current observable credit spreads into the relevant valuation technique used to value each liability as described above.

The Fair Value Option for Financial Assets and Financial Liabilities

Selected portfolios of securities purchased under agreements to resell, securities borrowed, securities sold under agreements to repurchase, securities loaned and certain non-collateralized short-term borrowings

The Company elected the fair value option for certain portfolios of fixed-income securities purchased under agreements to resell and fixed-income securities sold under agreements to repurchase (and certain non-collateralized short-term borrowings) on broker-dealer entities in the United States, United Kingdom and Japan. In each case, the election was made because the related interest-rate risk is managed on a portfolio basis, primarily with derivative instruments that are accounted for at fair value through earnings.

Changes in fair value for transactions in these portfolios are recorded in *Principal transactions*. The related interest revenue and interest expense are measured based on the contractual rates specified in the transactions and are reported as interest revenue and expense in the Consolidated Statement of Income.

Selected letters of credit and revolving loans hedged by credit default swaps or participation notes

The Company has elected the fair value option for certain letters of credit that are hedged with derivative instruments or participation notes. Citigroup elected the fair value option for these transactions because the risk is managed on a fair value basis and mitigates accounting mismatches.

The notional amount of these unfunded letters of credit was $0.8 billion as of March 31, 2011 and $1.1 billion as of December 31, 2010. The amount funded was insignificant with no amounts 90 days or more past due or on non-accrual status at March 31, 2011 and December 31, 2010.

These items have been classified in *Trading account assets* or *Trading account liabilities* on the Consolidated Balance Sheet. Changes in fair value of these items are classified in *Principal transactions* in the Company's Consolidated Statement of Income.

Certain loans and other credit products

Citigroup has elected the fair value option for certain originated and purchased loans, including certain unfunded loan products, such as guarantees and letters of credit, executed by Citigroup's trading businesses. None of these credit products is a highly leveraged financing commitment. Significant groups of transactions include loans and unfunded loan products that are expected to be either sold or securitized in the near term, or transactions where the economic risks are hedged with derivative instruments such as purchased credit default swaps or total return swaps where the Company pays the total return on the underlying loans to a third party. Citigroup has elected the fair value option to mitigate accounting mismatches in cases where hedge accounting is complex and to achieve operational simplifications. Fair value was not elected for most lending transactions across the Company.

The following table provides information about certain credit products carried at fair value at March 31, 2011 and December 31, 2010:

	March 31, 2011		**December 31, 2010**	
In millions of dollars	**Trading assets**	**Loans**	**Trading assets**	**Loans**
Carrying amount reported on the Consolidated Balance Sheet	**$ 15,077**	**$ 2,052**	$ 14,241	$ 1,748
Aggregate unpaid principal balance in excess of fair value	**(98)**	**(108)**	167	(88)
Balance of non-accrual loans or loans more than 90 days past due	**52**		221	
Aggregate unpaid principal balance in excess of fair value for non-accrual loans or loans more than 90 days past due	**48**		57	

In addition to the amounts reported above, $516 million and $621 million of unfunded loan commitments related to certain credit products selected for fair value accounting was outstanding as of March 31, 2011 and December 31, 2010, respectively.

Changes in fair value of funded and unfunded credit products are classified in *Principal transactions* in the Company's Consolidated Statement of Income. Related interest revenue is measured based on the contractual interest rates and reported as *Interest revenue* on *Trading account assets* or loan interest depending on the balance sheet classifications of the credit products. The changes in fair value for the three months ended March 31, 2011 and 2010 due to instrument-specific credit risk totaled to a gain of $14 million and $26 million, respectively.

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Certain investments in private equity and real estate ventures and certain equity method investments

Citigroup invests in private equity and real estate ventures for the purpose of earning investment returns and for capital appreciation. The Company has elected the fair value option for certain of these ventures, because such investments are considered similar to many private equity or hedge fund activities in Citi's investment companies, which are reported at fair value. The fair value option brings consistency in the accounting and evaluation of these investments. All investments (debt and equity) in such private equity and real estate entities are accounted for at fair value. These investments are classified as *Investments* on Citigroup's Consolidated Balance Sheet.

Citigroup also holds various non-strategic investments in leveraged buyout funds and other hedge funds for which the Company elected fair value accounting to reduce operational and accounting complexity. Since the funds account for all of their underlying assets at fair value, the impact of applying the equity method to Citigroup's investment in these funds was equivalent to fair value accounting. These investments are classified as *Other assets* on Citigroup's Consolidated Balance Sheet.

Changes in the fair values of these investments are classified in *Other revenue* in the Company's Consolidated Statement of Income.

Certain mortgage loans (HFS)

Citigroup has elected the fair value option for certain purchased and originated prime fixed-rate and conforming adjustable-rate first mortgage loans HFS. These loans are intended for sale or securitization and are hedged with derivative instruments. The Company has elected the fair value option to mitigate accounting mismatches in cases where hedge accounting is complex and to achieve operational simplifications. The following table provides information about certain mortgage loans HFS carried at fair value at March 31, 2011 and, December 31, 2010:

In millions of dollars	March 31, 2011	December 31, 2010
Carrying amount reported on the Consolidated Balance Sheet	**$ 4,049**	$ 7,230
Aggregate fair value in excess of unpaid principal balance	**104**	81
Balance of non-accrual loans or loans more than 90 days past due	**1**	1
Aggregate unpaid principal balance in excess of fair value for non-accrual loans or loans more than 90 days past due		1

The changes in fair values of these mortgage loans are reported in *Other revenue* in the Company's Consolidated Statement of Income. The changes in fair value during the three months ended March 31, 2011 and 2010 due to instrument-specific credit risk resulted in a loss of $0.4 million and $2 million, respectively. Related interest income continues to be measured based on the contractual interest rates and reported as such in the Consolidated Statement of Income.

Certain consolidated VIEs

The Company has elected the fair value option for all qualified assets and liabilities of certain VIEs that were consolidated beginning January 1, 2010, including certain private label mortgage securitizations, mutual fund deferred sales commissions and collateralized loan obligation VIEs. The Company elected the fair value option for these VIEs as the Company believes this method better reflects the economic risks, since substantially all of the Company's retained interests in these entities are carried at fair value.

With respect to the consolidated mortgage VIEs, the Company determined the fair value for the mortgage loans and long-term debt utilizing internal valuation techniques. The fair value of the long-term debt measured using internal valuation techniques is verified, where possible, to prices obtained from independent vendors. Vendors compile prices from various sources and may apply matrix pricing for similar securities when no price is observable. Security pricing associated with long-term debt that is verified is classified as Level 2 and non-verified debt is classified as Level 3. The fair value of mortgage loans of each VIE is derived from the security pricing. When substantially all of the long-term debt of a VIE is valued using Level 2 inputs, the corresponding mortgage loans are classified as Level 2. Otherwise, the mortgage loans of a VIE are classified as Level 3.

With respect to the consolidated mortgage VIEs for which the fair value option was elected, the mortgage loans are classified as *Loans* on Citigroup's Consolidated Balance Sheet. The changes in fair value of the loans are reported as *Other revenue* in the Company's Consolidated Statement of Income. Related interest revenue is measured based on the contractual interest rates and reported as *Interest revenue* in the Company's Consolidated Statement of Income. Information about these mortgage loans is included in the table below. The change in fair value of these loans due to instrument-specific credit risk was a loss of $95 million and a gain of $244 million for the three months ended March 31, 2011 and 2010, respectively.

The debt issued by these consolidated VIEs is classified as long-term debt on Citigroup's Consolidated Balance Sheet. The changes in fair value for the majority of these liabilities are reported in *Other revenue* in the Company's Consolidated Statement of Income. Related interest expense is measured based on the contractual interest rates and reported as such in the Consolidated Statement of Income. The aggregate unpaid principal balance of long-term debt of these consolidated VIEs exceeded the aggregate fair value by $892 and $857 million as of March 31, 2011 and December 31, 2010, respectively.

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The following table provides information about Corporate and Consumer loans of consolidated VIEs carried at fair value:

In millions of dollars	March 31, 2011 Corporate loans	March 31, 2011 Consumer loans	December 31, 2010 Corporate loans	December 31, 2010 Consumer loans
Carrying amount reported on the Consolidated Balance Sheet	**$ 336**	**$ 1,462**	$ 425	$ 1,718
Aggregate unpaid principal balance in excess of fair value	**433**	**492**	357	527
Balance of non-accrual loans or loans more than 90 days past due	**39**	**121**	45	133
Aggregate unpaid principal balance in excess of fair value for non-accrual loans or loans more than 90 days past due	**47**	**127**	43	139

Mortgage servicing rights

The Company accounts for mortgage servicing rights (MSRs) at fair value. Fair value for MSRs is determined using an option-adjusted spread valuation approach. This approach consists of projecting servicing cash flows under multiple interest-rate scenarios and discounting these cash flows using risk-adjusted rates. The model assumptions used in the valuation of MSRs include mortgage prepayment speeds and discount rates. The fair value of MSRs is primarily affected by changes in prepayments that result from shifts in mortgage interest rates. In managing this risk, the Company hedges a significant portion of the values of its MSRs through the use of interest-rate derivative contracts, forward-purchase commitments of mortgage-backed securities, and purchased securities classified as trading. See Note 17 to the Consolidated Financial Statements for further discussions regarding the accounting and reporting of MSRs.

These MSRs, which totaled $4.690 billion and $4.554 billion as of March 31, 2011 and December 31, 2010, respectively, are classified as *Mortgage servicing rights* on Citigroup's Consolidated Balance Sheet. Changes in fair value of MSRs are recorded in *Other revenue* in the Company's Consolidated Statement of Income.

Certain structured liabilities

The Company has elected the fair value option for certain structured liabilities whose performance is linked to structured interest rates, inflation, currency, equity, referenced credit or commodity risks (structured liabilities). The Company elected the fair value option, because these exposures are considered to be trading-related positions and, therefore, are managed on a fair value basis. These positions will continue to be classified as debt, deposits or derivatives (*Trading account liabilities*) on the Company's Consolidated Balance Sheet according to their legal form.

The change in fair value for these structured liabilities is reported in *Principal transactions* in the Company's Consolidated Statement of Income. Changes in fair value for structured debt with embedded equity, referenced credit or commodity underlying includes an economic component for accrued interest. For structured debt that contains embedded interest rate, inflation or currency risks, related interest expense is measured based on the contracted interest rates and reported as such in the Consolidated Statement of Income.

Certain non-structured liabilities

The Company has elected the fair value option for certain non-structured liabilities with fixed and floating interest rates (non-structured liabilities). The Company has elected the fair value option where the interest-rate risk of such liabilities is economically hedged with derivative contracts or the proceeds are used to purchase financial assets that will also be accounted for at fair value through earnings. The election has been made to mitigate accounting mismatches and to achieve operational simplifications. These positions are reported in *Short-term borrowings* and *Long-term debt* on the Company's Consolidated Balance Sheet. The change in fair value for these non-structured liabilities is reported in *Principal transactions* in the Company's Consolidated Statement of Income.

Related interest expense continues to be measured based on the contractual interest rates and reported as such in the Consolidated Statement of Income.

The following table provides information about long-term debt carried at fair value, excluding the debt issued by the consolidated VIEs, at March 31, 2011 and December 31, 2010:

In millions of dollars	March 31, 2011	December 31, 2010
Carrying amount reported on the Consolidated Balance Sheet	**$ 23,253**	$ 22,055
Aggregate unpaid principal balance in excess of fair value	**1,345**	477

The following table provides information about short-term borrowings carried at fair value:

In millions of dollars	March 31, 2011	December 31, 2010
Carrying amount reported on the Consolidated Balance Sheet	$ 1,914	$ 2,429
Aggregate unpaid principal balance in excess of fair value	125	81

21. FAIR VALUE OF FINANCIAL INSTRUMENTS

Estimated Fair Value of Financial Instruments

The table below presents the carrying value and fair value of Citigroup's financial instruments. The disclosure excludes leases, affiliate investments, pension and benefit obligations and insurance policy claim reserves. In addition, contract-holder fund amounts exclude certain insurance contracts. Also as required, the disclosure excludes the effect of taxes, any premium or discount that could result from offering for sale at one time the entire holdings of a particular instrument, excess fair value associated with deposits with no fixed maturity and other expenses that would be incurred in a market transaction. In addition, the table excludes the values of non-financial assets and liabilities, as well as a wide range of franchise, relationship and intangible values (but includes mortgage servicing rights), which are integral to a full assessment of Citigroup's financial position and the value of its net assets.

The fair value represents management's best estimates based on a range of methodologies and assumptions. The carrying value of short-term financial instruments not accounted for at fair value, as well as receivables and payables arising in the ordinary course of business, approximates fair value because of the relatively short period of time between their origination and expected realization. Quoted market prices are used when available for investments and for both trading and end-user derivatives, as well as for liabilities, such as long-term debt, with quoted prices. For loans not accounted for at fair value, cash flows are discounted at quoted secondary market rates or estimated market rates if available. Otherwise, sales of comparable loan portfolios or current market origination rates for loans with similar terms and risk characteristics are used. Expected credit losses are either embedded in the estimated future cash flows or incorporated as an adjustment to the discount rate used. The value of collateral is also considered. For liabilities such as long-term debt not accounted for at fair value and without quoted market prices, market borrowing rates of interest are used to discount contractual cash flows.

	March 31, 2011		**December 31, 2010**	
In billions of dollars	**Carrying value**	**Estimated fair value**	**Carrying value**	**Estimated fair value**
Assets				
Investments	**$ 327.3**	**$ 327.4**	$ 318.2	$ 319.0
Federal funds sold and securities borrowed or purchased under agreements to resell	**261.1**	**261.1**	246.7	246.7
Trading account assets	**323.1**	**323.1**	317.3	317.3
Loans(1)	**598.0**	**584.3**	605.5	584.3
Other financial assets(2)	**289.5**	**289.2**	280.5	280.2

	March 31, 2011		**December 31, 2010**	
In billions of dollars	**Carrying value**	**Estimated fair value**	**Carrying value**	**Estimated fair value**
Liabilities				
Deposits	**$ 865.9**	**$ 863.8**	$ 845.0	$ 843.2
Federal funds purchased and securities loaned or sold under agreements to repurchase	**187.8**	**187.8**	189.6	189.6
Trading account liabilities	**146.3**	**146.3**	129.1	129.1
Long-term debt	**376.5**	**382.2**	381.2	384.5
Other financial liabilities(3)	**170.0**	**170.0**	171.2	171.2

(1) The carrying value of loans is net of the *Allowance for loan losses* of $36.6 billion for March 31, 2011 and $40.7 billion for December 31, 2010. In addition, the carrying values exclude $2.5 billion and $2.6 billion of lease finance receivables in March 31, 2011 and December 31, 2010, respectively.

(2) Includes cash and due from banks, deposits with banks, brokerage receivables, reinsurance recoverable, mortgage servicing rights, separate and variable accounts and other financial instruments included in *Other assets* on the Consolidated Balance Sheet, for all of which the carrying value is a reasonable estimate of fair value.

(3)

Includes brokerage payables, separate and variable accounts, short-term borrowings and other financial instruments included in *Other liabilities* on the Consolidated Balance Sheet, for all of which the carrying value is a reasonable estimate of fair value.

Fair values vary from period to period based on changes in a wide range of factors, including interest rates, credit quality, and market perceptions of value and as existing assets and liabilities run off and new transactions are entered into.

The estimated fair values of loans reflect changes in credit status since the loans were made, changes in interest rates in the case of fixed-rate loans, and premium values at origination of certain loans. The carrying values (reduced by the *Allowance for loan losses*) exceeded the estimated fair values of Citigroup's loans, in aggregate, by $13.7 billion and by $21.2 billion in March 31, 2011 and December 31, 2010, respectively. At March 31, 2011, the carrying values, net of allowances, exceeded the estimated fair values by $10.8 billion and $2.9 billion for Consumer loans and Corporate loans, respectively.

The estimated fair values of the Company's corporate unfunded lending commitments at March 31, 2011 and December 31, 2010 were liabilities of $4.6 billion and $5.6 billion, respectively. The Company does not estimate the fair values of consumer unfunded lending commitments, which are generally cancelable by providing notice to the borrower.

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22. GUARANTEES AND COMMITMENTS

Guarantees

The Company provides a variety of guarantees and indemnifications to Citigroup customers to enhance their credit standing and enable them to complete a wide variety of business transactions. For certain contracts meeting the definition of a guarantee, the guarantor must recognize, at inception, a liability for the fair value of the obligation undertaken in issuing the guarantee.

In addition, the guarantor must disclose the maximum potential amount of future payments the guarantor could be required to make under the guarantee, if there were a total default by the guaranteed parties. The determination of the maximum potential future payments is based on the notional amount of the guarantees without consideration of possible recoveries under recourse provisions or from collateral held or pledged. Such amounts bear no relationship to the anticipated losses, if any, on these guarantees.

The following tables present information about the Company's guarantees at March 31, 2011 and December 31, 2010:

In billions of dollars at March 31, except carrying value in millions	**Maximum potential amount of future payments**			
	Expire within 1 year	**Expire after 1 year**	**Total amount outstanding**	**Carrying value *(in millions)***
2011				
Financial standby letters of credit	**$ 26.8**	**$ 68.1**	**$ 94.9**	**$ 258.8**
Performance guarantees	**10.0**	**3.5**	**13.5**	**42.8**
Derivative instruments considered to be guarantees	**2.6**	**4.6**	**7.2**	**675.1**
Loans sold with recourse		**0.4**	**0.4**	**118.0**
Securities lending indemnifications(1)	**81.9**		**81.9**	
Credit card merchant processing(1)	**62.5**		**62.5**	
Custody indemnifications and other		**43.5**	**43.5**	
Total	**$ 183.8**	**$ 120.1**	**$ 303.9**	**$ 1,094.7**

(1) The carrying values of securities lending indemnifications and credit card merchant processing are not material, as the Company has determined that the amount and probability of potential liabilities arising from these guarantees are not significant.

In billions of dollars at December 31, except carrying value in millions	**Maximum potential amount of future payments**			
	Expire within 1 year	**Expire after 1 year**	**Total amount outstanding**	**Carrying value *(in millions)***
2010				
Financial standby letters of credit	$ 26.4	$ 68.4	$ 94.8	$ 225.9
Performance guarantees	9.1	4.6	13.7	35.8
Derivative instruments considered to be guarantees	3.1	5.0	8.1	850.4
Loans sold with recourse		0.4	0.4	117.3
Securities lending indemnifications(1)	70.4		70.4	
Credit card merchant processing(1)	65.0		65.0	
Custody indemnifications and other		40.2	40.2	253.8
Total	$ 174.0	$ 118.6	$ 292.6	$ 1,483.2

(1) The carrying values of guarantees of collections of contractual cash flows, securities lending indemnifications and credit card merchant processing are not material, as the Company has determined that the amount and probability of potential liabilities arising from these guarantees are not significant.

Financial standby letters of credit

Citigroup issues standby letters of credit which substitute its own credit for that of the borrower. If a letter of credit is drawn down, the borrower is obligated to repay Citigroup. Standby letters of credit protect a third party from defaults on contractual obligations. Financial standby letters of credit include guarantees of payment of insurance premiums and reinsurance risks that support industrial revenue bond underwriting and settlement of payment obligations to clearing houses, and also support options and purchases of securities or are in lieu of escrow deposit accounts. Financial standbys also backstop loans, credit facilities, promissory notes and trade acceptances.

Performance guarantees

Performance guarantees and letters of credit are issued to guarantee a customer's tender bid on a construction or systems-installation project or to guarantee completion of such projects in accordance with contract terms. They are also issued to support a customer's obligation to supply specified products, commodities, or maintenance or warranty services to a third party.

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Derivative instruments considered to be guarantees

Derivatives are financial instruments whose cash flows are based on a notional amount and an underlying, where there is little or no initial investment, and whose terms require or permit net settlement. Derivatives may be used for a variety of reasons, including risk management, or to enhance returns. Financial institutions often act as intermediaries for their clients, helping clients reduce their risks. However, derivatives may also be used to take a risk position.

The derivative instruments considered to be guarantees, which are presented in the tables above, include only those instruments that require Citi to make payments to the counterparty based on changes in an underlying instrument that is related to an asset, a liability, or an equity security held by the guaranteed party. More specifically, derivative instruments considered to be guarantees include certain over-the-counter written put options where the counterparty is not a bank, hedge fund or broker-dealer (such counterparties are considered to be dealers in these markets and may, therefore, not hold the underlying instruments). However, credit derivatives sold by the Company are excluded from this presentation, as they are disclosed separately in Note 18 to the Consolidated Financial Statements. In addition, non-credit derivative contracts that are cash settled and for which the Company is unable to assert that it is probable the counterparty held the underlying instrument at the inception of the contract also are excluded from the disclosure above.

In instances where the Company's maximum potential future payment is unlimited, the notional amount of the contract is disclosed.

Loans sold with recourse

Loans sold with recourse represent the Company's obligations to reimburse the buyers for loan losses under certain circumstances. Recourse refers to the clause in a sales agreement under which a lender will fully reimburse the buyer/investor for any losses resulting from the purchased loans. This may be accomplished by the seller's taking back any loans that become delinquent.

In addition to the amounts shown in the table above, the repurchase reserve for Consumer mortgages representations and warranties was $944 million and $969 million at March 31, 2011 and December 31, 2010, respectively, and these amounts are included in *Other liabilities* on the Consolidated Balance Sheet.

The repurchase reserve estimation process is subject to numerous estimates and judgments. The assumptions used to calculate the repurchase reserve contain a level of uncertainty and risk that, if different from actual results, could have a material impact on the reserve amounts. The key assumptions are:

- loan documentation requests;
- repurchase claims as a percentage of loan documentation requests;
- claims appeal success rate; and
- estimated loss given repurchase or make-whole.

For example, Citi estimates that if there were a simultaneous 10% adverse change in each of the significant assumptions, the repurchase reserve would increase by approximately $384 million as of March 31, 2011. This potential change is hypothetical and intended to indicate the sensitivity of the repurchase reserve to changes in the key assumptions. Actual changes in the key assumptions may not occur at the same time or to the same degree (i.e., an adverse change in one assumption may be offset by an improvement in another). Citi does not believe it has sufficient information to estimate a range of reasonably possible loss (as defined under ASC 450) relating to its Consumer representations and warranties.

Securities lending indemnifications

Owners of securities frequently lend those securities for a fee to other parties who may sell them short or deliver them to another party to satisfy some other obligation. Banks may administer such securities lending programs for their clients. Securities lending indemnifications are issued by the bank to guarantee that a securities lending customer will be made whole in the event that the security borrower does not return the security subject to the lending agreement and collateral held is insufficient to cover the market value of the security.

Credit card merchant processing

Credit card merchant processing guarantees represent the Company's indirect obligations in connection with the processing of private label and bankcard transactions on behalf of merchants.

Citigroup's primary credit card business is the issuance of credit cards to individuals. In addition, the Company: (a) provides transaction processing services to various merchants with respect to its private-label cards and (b) has potential liability for transaction processing services provided by a third-party related to previously transferred merchant credit card processing contracts. The nature of the liability in either case arises as a result of a billing dispute between a merchant and a cardholder that is ultimately resolved in the cardholder's favor. The merchant is liable to refund the amount to the cardholder. In general, if the credit card processing company is unable to collect this amount from the merchant the credit card processing company bears the loss for the amount of the credit or refund paid to the cardholder.

With regard to (a) above, the Company continues to have the primary contingent liability with respect to its portfolio of private-label merchants. The risk of loss is mitigated as the cash flows between the Company and the merchant are settled on a net basis and the Company has the right to offset any payments with cash flows otherwise due to the merchant. To further mitigate this risk the Company may delay settlement, require a merchant to make an escrow deposit, include event triggers to provide the Company with more financial and operational control in the event of the financial deterioration of the merchant, or require various credit enhancements (including letters of credit and bank guarantees). In the unlikely event that a private-label merchant is unable to deliver products, services or a refund to its private-label

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cardholders, the Company is contingently liable to credit or refund cardholders.

With regard to (b) above, the Company has a potential liability for bankcard transactions with merchants whose contracts were previously transferred by the Company to a third-party credit card processor, should that processor fail to perform.

The Company's maximum potential contingent liability related to both bankcard and private-label merchant processing services is estimated to be the total volume of credit card transactions that meet the requirements to be valid chargeback transactions at any given time. At March 31, 2011 and December 31, 2010, this maximum potential exposure was estimated to be $63 billion and $65 billion, respectively.

However, the Company believes that the maximum exposure is not representative of the actual potential loss exposure based on the Company's historical experience and its position as a secondary guarantor (in the case of previously transferred merchant credit card processing contracts). In both cases, this contingent liability is unlikely to arise, as most products and services are delivered when purchased and amounts are refunded when items are returned to merchants. The Company assesses the probability and amount of its contingent liability related to merchant processing based on the financial strength of the primary guarantor, the extent and nature of unresolved charge-backs and its historical loss experience. At March 31, 2011 and December 31, 2010, the estimated losses incurred and the carrying amounts of the Company's contingent obligations related to merchant processing activities were immaterial.

Custody indemnifications

Custody indemnifications are issued to guarantee that custody clients will be made whole in the event that a third-party subcustodian or depository institution fails to safeguard clients' assets.

Other guarantees and indemnifications

Credit Card Protection Programs

The Company, through its credit card business, provides various cardholder protection programs on several of its card products, including programs that provide insurance coverage for rental cars, coverage for certain losses associated with purchased products, price protection for certain purchases and protection for lost luggage. These guarantees are not included in the table, since the total outstanding amount of the guarantees and the Company's maximum exposure to loss cannot be quantified. The protection is limited to certain types of purchases and certain types of losses and it is not possible to quantify the purchases that would qualify for these benefits at any given time. The Company assesses the probability and amount of its potential liability related to these programs based on the extent and nature of its historical loss experience. At March 31, 2011 and December 31, 2010, the actual and estimated losses incurred and the carrying value of the Company's obligations related to these programs were immaterial.

Other Representation and Warranty Indemnification

In the normal course of business, the Company provides standard representations and warranties to counterparties in contracts in connection with numerous transactions and also provides indemnifications, including indemnifications that protect the counterparties to the contracts in the event that additional taxes are owed due either to a change in the tax law or an adverse interpretation of the tax law. Counterparties to these transactions provide the Company with comparable indemnifications. While such representations, warranties and indemnifications are essential components of many contractual relationships, they do not represent the underlying business purpose for the transactions. The indemnification clauses are often standard contractual terms related to the Company's own performance under the terms of a contract and are entered into in the normal course of business based on an assessment that the risk of loss is remote. Often these clauses are intended to ensure that terms of a contract are met at inception. No compensation is received for these standard representations and warranties, and it is not possible to determine their fair value because they rarely, if ever, result in a payment. In many cases, there are no stated or notional amounts included in the indemnification clauses and the contingencies potentially triggering the obligation to indemnify have not occurred and are not expected to occur. These indemnifications are not included in the tables above.

Value-Transfer Networks

The Company is a member of, or shareholder in, hundreds of value-transfer networks (VTNs) (payment clearing and settlement systems as well as securities exchanges) around the world. As a condition of membership, many of these VTNs require that members stand ready to backstop the net effect on the VTNs of a member's default on its obligations. The Company's potential obligations as a shareholder or member of VTN associations are excluded from the scope of FIN 45, since the shareholders and members represent subordinated classes of investors in the VTNs. Accordingly, the Company's participation in VTNs is not reported in the Company's guarantees tables above and there are no amounts reflected on the Consolidated Balance Sheet as of March 31, 2011 or December 31, 2010 for potential obligations that could arise from the

Company's involvement with VTN associations.

Long-Term Care Insurance Indemnification

In the sale of an insurance subsidiary, the Company provided an indemnification to an insurance company for policyholder claims and other liabilities relating to a book of long-term care (LTC) business (for the entire term of the LTC policies) that is fully reinsured by another insurance company. The reinsurer has funded two trusts with securities whose fair value (approximately $4.0 billion at March 31, 2011 and $3.6 billion at December 31, 2010) is designed to cover the insurance company's statutory liabilities for the LTC policies. The assets in these trusts are evaluated and adjusted periodically to ensure that the fair value of the assets continues to cover the estimated statutory liabilities related to the LTC policies, as those statutory liabilities change over time. If the reinsurer fails to perform under the reinsurance agreement for any reason, including insolvency, and the assets in the two trusts are insufficient or unavailable to the ceding insurance company, then Citigroup must indemnify the ceding insurance company for any losses actually incurred in connection with the LTC policies. Since both events would have to occur before Citi would become responsible for any payment to the ceding insurance company pursuant to its indemnification obligation and the likelihood of such events occurring is currently not probable, there is no liability reflected in the Consolidated Balance Sheet as of March 31, 2011 related to this indemnification. However, Citi continues to closely monitor its potential exposure under this indemnification obligation.

Carrying Value Guarantees and Indemnifications

At March 31, 2011 and December 31, 2010, the total carrying amounts of the liabilities related to the guarantees and indemnifications included in the tables above amounted to approximately $1.1 billion and $1.5 billion, respectively. The carrying value of derivative instruments is included in either *Trading liabilities* or *Other liabilities*, depending upon whether the derivative was entered into for trading or non-trading purposes. The carrying value of financial and performance guarantees is included in *Other liabilities*. For loans sold with recourse, the carrying value of the liability is included in *Other liabilities*. In addition, at March 31, 2011 and December 31, 2010, *Other liabilities* on the Consolidated Balance Sheet include an allowance for credit losses of $1,105 million and $1,066 million, respectively, relating to letters of credit and unfunded lending commitments.

Collateral

Cash collateral available to the Company to reimburse losses realized under these guarantees and indemnifications amounted to $42 billion and $35 billion at March 31, 2011 and December 31, 2010, respectively. Securities and other marketable assets held as collateral amounted to $47 billion and $41 billion, respectively, the majority of which collateral is held to reimburse losses realized under securities lending indemnifications. Additionally, letters of credit in favor of the Company held as collateral amounted to $1.7 billion and $2.0 billion at March 31, 2011 and December 31, 2010, respectively. Other property may also be available to the Company to cover losses under certain guarantees and indemnifications; however, the value of such property has not been determined.

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Performance risk

Citigroup evaluates the performance risk of its guarantees based on the assigned referenced counterparty internal or external ratings. Where external ratings are used, investment-grade ratings are considered to be Baa/BBB and above, while anything below is considered non-investment grade. The Citigroup internal ratings are in line with the related external rating system. On certain underlying referenced credits or entities, ratings are not available. Such referenced credits are included in the *not rated* category. The maximum potential amount of the future payments related to guarantees and credit derivatives sold is determined to be the notional amount of these contracts, which is the par amount of the assets guaranteed.

Presented in the tables below are the maximum potential amounts of future payments that are classified based upon internal and external credit ratings as of March 31, 2011 and December 31, 2010. As previously mentioned, the determination of the maximum potential future payments is based on the notional amount of the guarantees without consideration of possible recoveries under recourse provisions or from collateral held or pledged. Such amounts bear no relationship to the anticipated losses, if any, on these guarantees.

	Maximum potential amount of future payments			
In billions of dollars as of March 31, 2011	**Investment grade**	**Non-investment grade**	**Not rated**	**Total**
Financial standby letters of credit	**$ 66.9**	**$ 19.2**	**$ 8.8**	**$ 94.9**
Performance guarantees	**7.2**	**3.3**	**3.0**	**13.5**
Derivative instruments deemed to be guarantees			**7.2**	**7.2**
Loans sold with recourse			**0.4**	**0.4**
Securities lending indemnifications			**81.9**	**81.9**
Credit card merchant processing			**62.5**	**62.5**
Custody indemnifications and other	**43.5**			**43.5**
Total	**$ 117.6**	**$ 22.5**	**$ 163.8**	**$ 303.9**

	Maximum potential amount of future payments			
In billions of dollars as of December 31, 2010	**Investment grade**	**Non-investment grade**	**Not rated**	**Total**
Financial standby letters of credit	$ 58.7	$ 13.2	$ 22.9	$ 94.8
Performance guarantees	7.0	3.4	3.3	13.7
Derivative instruments deemed to be guarantees			8.1	8.1
Loans sold with recourse			0.4	0.4
Securities lending indemnifications			70.4	70.4
Credit card merchant processing			65.0	65.0
Custody indemnifications and other	40.2			40.2
Total	**$ 105.9**	**$ 16.6**	**$ 170.1**	**$ 292.6**

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Credit Commitments and Lines of Credit

The table below summarizes Citigroup's credit commitments as of March 31, 2011 and December 31, 2010:

In millions of dollars	U.S.	Outside of U.S.	March 31, 2011	December 31, 2010
Commercial and similar letters of credit	**$ 1,592**	**$ 7,848**	**$ 9,440**	$ 8,974
One- to four-family residential first mortgages	**1,563**	**411**	**1,974**	2,980
Revolving open-end loans secured by one- to four-family residential properties	**17,889**	**2,923**	**20,812**	20,934
Commercial real estate, construction and land development	**1,703**	**346**	**2,049**	2,407
Credit card lines	**568,464**	**127,737**	**696,201**	698,673
Commercial and other consumer loan commitments	**130,358**	**96,250**	**226,608**	210,404
Total	**$ 721,569**	**$ 235,515**	**$ 957,084**	$ 944,372

The majority of unused commitments are contingent upon customers' maintaining specific credit standards. Commercial commitments generally have floating interest rates and fixed expiration dates and may require payment of fees. Such fees (net of certain direct costs) are deferred and, upon exercise of the commitment, amortized over the life of the loan or, if exercise is deemed remote, amortized over the commitment period.

Commercial and similar letters of credit

A commercial letter of credit is an instrument by which Citigroup substitutes its credit for that of a customer to enable the customer to finance the purchase of goods or to incur other commitments. Citigroup issues a letter on behalf of its client to a supplier and agrees to pay the supplier upon presentation of documentary evidence that the supplier has performed in accordance with the terms of the letter of credit. When a letter of credit is drawn, the customer is then required to reimburse Citigroup.

One- to four-family residential first mortgages

A one- to four-family residential first mortgage commitment is a written confirmation from Citigroup to a seller of a property that the bank will advance the specified sums enabling the buyer to complete the purchase.

Revolving open-end loans secured by one- to four-family residential properties

Revolving open-end loans secured by one- to four-family residential properties are essentially home equity lines of credit. A home equity line of credit is a loan secured by a primary residence or second home to the extent of the excess of fair market value over the debt outstanding for the first mortgage.

Commercial real estate, construction and land development

Commercial real estate, construction and land development include unused portions of commitments to extend credit for the purpose of financing commercial and multifamily residential properties as well as land development projects. Both secured-by-real-estate and unsecured commitments are included in this line, as well as undistributed loan proceeds, where there is an obligation to advance for construction progress payments. However, this line only includes those extensions of credit that, once funded, will be classified as *Total loans, net* on the Consolidated Balance Sheet.

Credit card lines

Citigroup provides credit to customers by issuing credit cards. The credit card lines are unconditionally cancellable by the issuer.

Commercial and other consumer loan commitments

Commercial and other consumer loan commitments include overdraft and liquidity facilities, as well as commercial commitments to make or purchase loans, to purchase third-party receivables, to provide note issuance or revolving underwriting facilities and to invest in the form of equity. Amounts include $84 billion and $79 billion with an original maturity of less than one year at March 31, 2011 and December 31, 2010, respectively.

In addition, included in this line item are highly leveraged financing commitments, which 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 considered normal for other companies. This type of financing is commonly employed in corporate acquisitions, management buy-outs and similar transactions.

23. CONTINGENCIES

The following information supplements and amends, as applicable, the disclosures in Note 29 to the Consolidated Financial Statements of Citigroup's 2010 Annual Report on Form 10-K. For purposes of this Note, Citigroup and its affiliates and subsidiaries, as well as their current and former officers, directors and employees, are sometimes collectively referred to as Citigroup and Related Parties.

In accordance with ASC 450 (formerly SFAS 5), Citigroup establishes accruals for litigation and regulatory matters when Citigroup believes it is probable that a loss has been incurred and the amount of the loss can be reasonably estimated. Once established, accruals are adjusted from time to time, as appropriate, in light of additional information. The amount of loss ultimately incurred in relation to matters for which an accrual has been established may be substantially higher or lower than the amounts accrued for those matters. If Citigroup has not accrued for a matter because the matter does not meet the criteria for accrual (as set forth above), or Citigroup believes an exposure to loss exists in excess of the amount accrued for a particular matter, in each case assuming a material loss is reasonably possible, Citigroup discloses the matter. In addition, for such matters,Citigroup discloses an estimate of the aggregate reasonably possible loss or range of loss in excess of the amounts accrued for those matters as to which an estimate can be made. At March 31, 2011, Citigroup's estimate was materially unchanged from its estimate of approximately $4 billion at December 31, 2010, as more fully described in Note 29 to the Consolidated Financial Statements in the 2010 Annual Report on Form 10-K.

As available information changes, the matters for which Citigroup is able to estimate, and the estimates themselves, will change. In addition, while many estimates presented in financial statements and other financial disclosure involve significant judgment and may be subject to significant uncertainty, estimates of the range of reasonably possible loss arising from litigation and regulatory proceedings are subject to particular uncertainties. For example, at the time of making an estimate, Citigroup may have only preliminary, incomplete or inaccurate information about the facts underlying the claim; its assumptions about the future rulings of the court or other tribunal on significant issues, or the behavior and incentives of adverse parties or regulators, may prove to be wrong; and the outcomes it is attempting to predict are often not amenable to the use of statistical or other quantitative analytical tools. In addition, from time to time an outcome may occur that Citigroup had not accounted for in its estimate because it had deemed such an outcome to be remote. For all these reasons, the amount of loss in excess of accruals ultimately incurred for the matters as to which an estimate has been made could be substantially higher or lower than the range of loss included in the estimate.

Subject to the foregoing, it is the opinion of Citigroup's management, based on current knowledge and after taking into account its current legal accruals, that the eventual outcome of all matters described in this Note would not be likely to have a material adverse effect on the consolidated financial condition of Citigroup. Nonetheless, given the substantial or indeterminate amounts sought in certain of these matters, and the inherent unpredictability of such matters, an adverse outcome in certain of these matters could, from time to time, have a material adverse effect on Citigroup's consolidated results of operations or cash flows in particular quarterly or annual periods.

For further information on ASC 450 and Citigroup's accounting and disclosure framework for litigation and regulatory matters, see Note 29 to the Consolidated Financial Statements in the 2010 Annual Report on Form 10-K.

Subprime Mortgage Related Litigation and Other Matters

Regulatory Actions: On April 13, 2011, Citibank, N.A. (Citibank) entered into a Consent Order with the Office of Comptroller of the Currency (OCC) regarding issues relating to the transfer, servicing and foreclosure of residential mortgages. Simultaneously, Citigroup and CitiFinancial Credit Company (CCC) entered into a Consent Order with the Federal Reserve Board (FRB) that is substantially similar to the Consent Order between the OCC and Citibank. Pursuant to the Consent Orders, Citigroup, CCC and Citibank, and certain of their affiliates and subsidiaries, agreed to undertake a number of affirmative and corrective actions to improve mortgage servicing, loss mitigation and foreclosure-related processes. The Consent Orders do not provide for monetary penalties, but the OCC and the FRB reserve the right to impose monetary penalties at a later date. The Consent Orders do not resolve any other federal or state investigations concerning mortgage foreclosure and related activity. Those investigations may result in additional actions or monetary penalties against Citigroup and Related Parties. A copy of each of the Consent Orders is available at *http://www.occ.gov/news-issuances/news-releases/2011/nr-occ-2011-47c.pdf* and *http://www.federalreserve.gov/newsevents/press/enforcement/enf20110413a2 ..pdf*, respectively.

Derivative Actions and Related Proceedings: In April 2011, two derivative actions were filed in the United States District Court for the Southern District of New York against various current and former officers and directors of Citigroup, asserting breach of fiduciary duty arising out of Citigroup's mortgage servicing and foreclosure practices. No demand was made on the Citigroup Board of Directors prior to commencement of the actions. Additional information relating to these actions is publicly available under docket numbers 11 Civ. 2693 and 11 Civ. 2822 (S.D.N.Y.).

Subprime Counterparty and Investor Actions: In April 2011, the Federal Home Loan Bank of Boston, the Union Central Life Insurance Co., Ameritas Life Insurance Corp. and Acacia Life Insurance Co. filed lawsuits against Citigroup and certain of its affiliates (along with several other financial institutions) alleging actionable misstatements or omissions in connection with the issuance and underwriting of residential mortgage-backed securities. Plaintiffs seek rescission of their investments or other damages. Additional information relating to these actions is publicly available in court filings under docket numbers 11-01533 (Mass. Super. Ct.) and 11 Civ. 2890 (S.D.N.Y.).

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ASTA/MAT- and Falcon-Related Litigation and Other Matters

On April 11, 2011, a FINRA arbitration panel in Denver awarded $54 million in damages and attorneys' fees, including punitive damages, to claimants Jerry Murdock Jr. and Gerald Hosier arising out of their alleged losses in the ASTA/MAT and other funds.

Auction Rate Securities Related Litigation and Other Matters

On March 1, 2011, the United States District Court for the Southern District of New York dismissed plaintiffs' fourth consolidated amended complaint in IN RE CITIGROUP AUCTION RATE SECURITIES LITIGATION. Plaintiffs filed a notice of appeal from that decision in the United States Court of Appeals for the Second Circuit. Additional information relating to this action is publicly available in court filings under district court docket number 08 Civ. 3095 (S.D.N.Y.) (Swain, J.), and circuit court docket number 11 Civ. 1270 (2d Cir.).

Lehman Brothers Bankruptcy Proceedings

On March 18, 2011, Citigroup and Related Parties were named as defendants in an adversary proceeding captioned LEHMAN BROTHERS INC. v. CITIBANK, N.A., ET AL. In the complaint, which asserts claims under federal bankruptcy and state law, the Securities Investor Protection Act Trustee alleges that a $1 billion cash deposit that Lehman Brothers Inc. (LBI) placed with Citibank prior to the commencement of liquidation proceedings should be returned to the bankruptcy estate, that Citibank's setoff against the $1 billion deposit to satisfy its claims against LBI should be set aside, and that approximately $342 million in additional deposits by LBI currently held by Citibank and its affiliates should be returned to the estate. Additional information relating to the LBI liquidation proceeding, captioned IN RE LEHMAN BROTHERS INC., is publicly available in court filings under docket number 08-01420 (Bankr. S.D.N.Y.) (Peck, J.).

KIKOs

As of March 31, 2011, 83 civil lawsuits have been filed by small and medium-sized enterprises against a Citigroup subsidiary (CKI) relating to foreign exchange derivative products with "knock-in, knock-out" features (KIKOs). As of that date, 61 decisions have been rendered at the district court level, and CKI has prevailed in 52 of those decisions. In the other nine decisions, the plaintiff was awarded only a portion of the damages it sought. Damage awards total in the aggregate approximately $8 million. CKI intends to appeal the nine adverse decisions. CKI also expects a significant number of plaintiffs to appeal decisions rendered against them, including plaintiffs that were awarded less than all of the damages they sought.

Tribune Company Bankruptcy

The confirmation hearing before the Bankruptcy Court commenced on March 8, 2011. The parties completed their evidentiary presentations on April 12, 2011. Additional information relating to these matters is publicly available in court filings under docket number 08-13141 (Bankr. D.Del.) (Carey, J.).

Parmalat Litigation and Other Matters

The appeal of the Parmalat Extraordinary Commissioner from the October 20, 2008 judgment entered in favor of Citigroup and Citibank was argued on May 4, 2011 before the Appellate Division of the New Jersey Superior Court. On April 18, 2011, the Milan criminal court acquitted the sole Citigroup defendant of market-rigging charges. The prosecutor has a right of appeal from the acquittal.

Companhia Industrial de Instrumentos de Precisão Litigation

On May 4, 2011, a Special Court of the Superior Tribunal of Justice ruled 5-3 in favor of Citi Brazil on its motion for clarification. This ruling has the effect of reinstating the 3-2 decision of the 4th Section of the Superior Tribunal of Justice in favor of Citi Brazil rendered in November 2008, which reversed the adverse judgment of the trial court.

Settlement Payments

Payments required in settlement agreements described above have been made or are covered by existing litigation reserves.

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Additional matters asserting claims similar to those described above may be filed in the future.

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24. SUBSEQUENT EVENTS

The Company has evaluated subsequent events through May 5, 2011, which is the date its Consolidated Financial Statements were issued.

25. CONDENSED CONSOLIDATING FINANCIAL STATEMENTS SCHEDULES

These condensed Consolidating Financial Statements schedules are presented for purposes of additional analysis, but should be considered in relation to the Consolidated Financial Statements of Citigroup taken as a whole.

Citigroup Parent Company

The holding company, Citigroup Inc.

Citigroup Global Markets Holdings Inc. (CGMHI)

Citigroup guarantees various debt obligations of CGMHI as well as all of the outstanding debt obligations under CGMHI's publicly issued debt.

Citigroup Funding Inc. (CFI)

CFI is a first-tier subsidiary of Citigroup, which issues commercial paper, medium-term notes and structured equity-linked and credit-linked notes, all of which are guaranteed by Citigroup.

CitiFinancial Credit Company (CCC)

An indirect wholly owned subsidiary of Citigroup. CCC is a wholly owned subsidiary of Associates. Citigroup has issued a full and unconditional guarantee of the outstanding indebtedness of CCC.

Associates First Capital Corporation (Associates)

A wholly owned subsidiary of Citigroup. Citigroup has issued a full and unconditional guarantee of the outstanding long-term debt securities and commercial paper of Associates. In addition, Citigroup guaranteed various debt obligations of Citigroup Finance Canada Inc. (CFCI), a wholly owned subsidiary of Associates. CFCI continues to issue debt in the Canadian market supported by a Citigroup guarantee. Associates is the immediate parent company of CCC.

Other Citigroup Subsidiaries

Includes all other subsidiaries of Citigroup, intercompany eliminations, and income (loss) from discontinued operations.

Consolidating Adjustments

Includes Citigroup parent company elimination of distributed and undistributed income of subsidiaries, investment in subsidiaries and the elimination of CCC, which is included in the Associates column.

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Condensed Consolidating Statements of Income

	Three months ended March 31, 2011							
In millions of dollars	Citigroup parent company	CGMHI	CFI	CCC	Associates	Other Citigroup subsidiaries, eliminations and income from discontinued operations	Consolidating adjustments	Citigroup consolidated
Revenues								
Dividends from subsidiaries	$ 525	$	$	$	$	$	$ (525)	$
Interest revenue	52	1,468		1,051	1,225	15,455	(1,051)	18,200
Interest revenue intercompany	944	542	604	26	97	(2,187)	(26)	
Interest expense	2,048	551	534	29	76	2,767	(29)	5,976
Interest expense intercompany	(187)	811	194	396	324	(1,142)	(396)	
Net interest revenue	$ (865)	$ 648	$ (124)	$ 652	$ 922	$ 11,643	$ (652)	$ 12,224
Commissions and fees	$	$ 1,148	$	$ 2	$ 23	$ 2,197	$ (2)	$ 3,368
Commissions and fees intercompany		(1)		28	32	(31)	(28)	
Principal transactions	43	(171)	234		1	3,060		3,167
Principal transactions intercompany	1	1,223	(229)			(995)		
Other income	15	315	55	111	139	443	(111)	967
Other income intercompany	(175)	(75)	(165)		10	405		
Total non-interest revenues	$ (116)	$ 2,439	$ (105)	$ 141	$ 205	$ 5,079	$ (141)	$ 7,502
Total revenues, net of interest expense	$ (456)	$ 3,087	$ (229)	$ 793	$ 1,127	$ 16,722	$ (1,318)	$ 19,726
Provisions for credit losses and for benefits and claims	$	$ 10	$	$ 397	$ 456	$ 2,718	$ (397)	$ 3,184
Expenses								
Compensation and benefits	$ 44	$ 1,459	$	$ 107	$ 148	$ 4,758	$ (107)	$ 6,409
Compensation and benefits intercompany	2	57		30	30	(89)	(30)	
Other expense	310	680	1	200	238	4,688	(200)	5,917
Other expense intercompany	109	79	1	91	100	(289)	(91)	
Total operating expenses	$ 465	$ 2,275	$ 2	$ 428	$ 516	$ 9,068	$ (428)	$ 12,326
Income (loss) before taxes and equity in undistributed income of subsidiaries	$ (921)	$ 802	$ (231)	$ (32)	$ 155	$ 4,936	$ (493)	$ 4,216
Provision (benefit) for income taxes	(640)	372	(129)	(28)	40	1,542	28	1,185
Equity in undistributed income of subsidiaries	3,280						(3,280)	
Income (loss) from continuing operations	$ 2,999	$ 430	$ (102)	$ (4)	$ 115	$ 3,394	$ (3,801)	$ 3,031
Income (loss) from discontinued operations, net of taxes						40		40
Net income (loss) before attribution of noncontrolling interests	$ 2,999	$ 430	$ (102)	$ (4)	$ 115	$ 3,434	$ (3,801)	$ 3,071
Net income (loss) attributable to noncontrolling interests		11				61		72
Net income (loss) after attribution of noncontrolling interests	$ 2,999	$ 419	$ (102)	$ (4)	$ 115	$ 3,373	$ (3,801)	$ 2,999

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Condensed Consolidating Statements of Income

	Three months ended March 31, 2010							
In millions of dollars	Citigroup parent company	CGMHI	CFI	CCC	Associates	Other Citigroup subsidiaries, eliminations and income from discontinued operations	Consolidating adjustments	Citigroup consolidated
Revenues								
Dividends from subsidiaries	$ 2,777	$	$	$	$	$	$ (2,777)	$
Interest revenue	75	1,490		1,399	1,606	17,681	(1,399)	20,852
Interest revenue intercompany	508	565	824	20	96	(1,993)	(20)	
Interest expense	2,188	522	799	24	94	2,688	(24)	6,291
Interest expense intercompany	(199)	709	(282)	517	308	(536)	(517)	
Net interest revenue	$ (1,406)	$ 824	$ 307	$ 878	$ 1,300	$ 13,536	$ (878)	$ 14,561
Commissions and fees	$	$ 1,287	$	$ 11	$ 33	$ 2,325	$ (11)	$ 3,645
Commissions and fees intercompany		58		40	44	(102)	(40)	
Principal transactions	(117)	3,821	289		(2)	125		4,116
Principal transactions intercompany	(4)	(1,668)	(273)		(18)	1,963		
Other income	1,019	352	(200)	104	141	1,787	(104)	3,099
Other income intercompany	(825)	30	218		9	568		
Total non-interest revenues	$ 73	$ 3,880	$ 34	$ 155	$ 207	$ 6,666	$ (155)	$ 10,860
Total revenues, net of interest expense	$ 1,444	$ 4,704	$ 341	$ 1,033	$ 1,507	$ 20,202	$ (3,810)	$ 25,421
Provisions for credit losses and for benefits and claims	$	$ 4	$	$ 685	$ 750	$ 7,864	$ (685)	$ 8,618
Expenses								
Compensation and benefits	$ 102	$ 1,496	$	$ 126	$ 180	$ 4,384	$ (126)	$ 6,162
Compensation and benefits intercompany	2	54		34	34	(90)	(34)	
Other expense	140	494		112	152	4,570	(112)	5,356
Other expense intercompany	64	198	2	179	187	(451)	(179)	
Total operating expenses	$ 308	$ 2,242	$ 2	$ 451	$ 553	$ 8,413	$ (451)	$ 11,518
Income (loss) before taxes and equity in undistributed income of subsidiaries	$ 1,136	$ 2,458	$ 339	$ (103)	$ 204	$ 3,925	$ (2,674)	$ 5,285
Provision (benefit) for income taxes	(1,070)	820	119	(42)	67	1,100	42	1,036
Equity in undistributed income of subsidiaries	2,222						(2,222)	
Income (loss) from continuing operations	$ 4,428	$ 1,638	$ 220	$ (61)	$ 137	$ 2,825	$ (4,938)	$ 4,249
Income (loss) from discontinued operations, net of taxes						211		211
Net income (loss) before attribution of noncontrolling interests	$ 4,428	$ 1,638	$ 220	$ (61)	$ 137	$ 3,036	$ (4,938)	$ 4,460
Net income (loss) attributable to noncontrolling interests		14				18		32
	$ 4,428	$ 1,624	$ 220	$ (61)	$ 137	$ 3,018	$ (4,938)	$ 4,428

Net income (loss) after attribution of noncontrolling interests

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Condensed Consolidating Balance Sheet

	March 31, 2011							
In millions of dollars	Citigroup parent company	CGMHI	CFI	CCC	Associates	Other Citigroup subsidiaries and eliminations	Consolidating adjustments	Citigroup consolidated
Assets								
Cash and due from banks	$	$ 3,041	$	$ 382	$ 498	$ 24,303	$ (382)	$ 27,842
Cash and due from banks intercompany	4	2,606		160	190	(2,800)	(160)	
Federal funds sold and resale agreements		210,292				50,828		261,120
Federal funds sold and resale agreements intercompany	18,500	13,896				(32,396)		
Trading account assets	15	139,312	57		10	183,716		323,110
Trading account assets intercompany	52	11,240	110			(11,402)		
Investments	22,281	198		2,034	2,114	302,664	(2,034)	327,257
Loans, net of unearned income		197	11	31,206	35,528	601,400	(31,206)	637,136
Loans, net of unearned income intercompany			73,882	3,681	9,503	(83,385)	(3,681)	
Allowance for loan losses		(65)		(2,906)	(3,189)	(33,314)	2,906	(36,568)
Total loans, net	$	$ 132	$ 73,893	$ 31,981	$ 41,842	$ 484,701	$ (31,981)	$ 600,568
Advances to subsidiaries	115,621					(115,621)		
Investments in subsidiaries	210,629						(210,629)	
Other assets	20,461	74,707	417	4,138	7,607	302,054	(4,138)	405,246
Other assets intercompany	12,505	32,357	2,589		2,237	(49,688)		
Assets of discontinued operations held for sale						2,672		2,672
Total assets	$ 400,068	$ 487,781	$ 77,066	$ 38,695	$ 54,498	$ 1,139,031	$ (249,324)	$ 1,947,815
Liabilities and equity								
Deposits	$	$	$	$	$	$ 865,863	$	$ 865,863
Federal funds purchased and securities loaned or sold		150,649				37,176		187,825
Federal funds purchased and securities loaned or sold intercompany	185	30,472				(30,657)		
Trading account liabilities		92,203	80			54,063		146,346
Trading account liabilities intercompany	52	9,422	96			(9,570)		
Short-term borrowings	16	2,334	10,247	750	1,580	64,445	(750)	78,622
Short-term borrowings intercompany		42,630	10,921	5,798	4,605	(58,156)	(5,798)	
Long-term debt	190,872	8,795	51,726	3,243	6,513	118,635	(3,243)	376,541
Long-term debt intercompany	13	67,923	2,481	23,863	33,129	(103,546)	(23,863)	
Advances from subsidiaries	27,816					(27,816)		
Other liabilities	5,497	56,021	166	1,793	2,190	55,312	(1,793)	119,186
Other liabilities intercompany	4,580	11,763	232	430	293	(16,868)	(430)	
Liabilities of discontinued operations held for sale						39		39
Total liabilities	$ 229,031	$ 472,212	$ 75,949	$ 35,877	$ 48,310	$ 948,920	$ (35,877)	$ 1,774,422
Citigroup stockholders' equity	171,037	15,119	1,117	2,818	6,188	188,205	(213,447)	171,037
Noncontrolling interests		450				1,906		2,356

Total equity	**$**	**171,037**	**$**	**15,569**	**$**	**1,117**	**$**	**2,818**	**$**	**6,188**	**$**	**190,111**	**$**	**(213,447)**	**$**	**173,393**
Total liabilities and equity	**$**	**400,068**	**$**	**487,781**	**$**	**77,066**	**$**	**38,695**	**$**	**54,498**	**$**	**1,139,031**	**$**	**(249,324)**	**$**	**1,947,815**

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Condensed Consolidating Balance Sheet

	December 31, 2010							
In millions of dollars	**Citigroup parent company**	**CGMHI**	**CFI**	**CCC**	**Associates**	**Other Citigroup subsidiaries and eliminations**	**Consolidating adjustments**	**Citigroup consolidated**
Assets								
Cash and due from banks	$	$ 2,553	$	$ 170	$ 221	$ 25,198	$ (170)	$ 27,972
Cash and due from banks intercompany	11	2,667		153	177	(2,855)	(153)	
Federal funds sold and resale agreements		191,963				54,754		246,717
Federal funds sold and resale agreements intercompany		14,530				(14,530)		
Trading account assets	15	135,224	60		9	181,964		317,272
Trading account assets intercompany	55	11,195	426			(11,676)		
Investments	21,982	263		2,008	2,093	293,826	(2,008)	318,164
Loans, net of unearned income		216		32,948	37,803	610,775	(32,948)	648,794
Loans, net of unearned income intercompany			95,507	3,723	6,517	(102,024)	(3,723)	
Allowance for loan losses		(46)		(3,181)	(3,467)	(37,142)	3,181	(40,655)
Total loans, net	$	$ 170	$ 95,507	$ 33,490	$ 40,853	$ 471,609	$ (33,490)	$ 608,139
Advances to subsidiaries	133,320					(133,320)		
Investments in subsidiaries	205,043						(205,043)	
Other assets	19,572	66,467	561	4,318	8,311	300,727	(4,318)	395,638
Other assets intercompany	10,609	46,856	2,549		1,917	(61,931)		
Total assets	$ 390,607	$ 471,888	$ 99,103	$ 40,139	$ 53,581	$ 1,103,766	$ (245,182)	$ 1,913,902
Liabilities and equity								
Deposits	$	$	$	$	$	$ 844,968	$	$ 844,968
Federal funds purchased and securities loaned or sold		156,312				33,246		189,558
Federal funds purchased and securities loaned or sold intercompany	185	7,537				(7,722)		
Trading account liabilities		75,454	45			53,555		129,054
Trading account liabilities intercompany	55	10,265	88			(10,408)		
Short-term borrowings	16	2,296	11,024	750	1,491	63,963	(750)	78,790
Short-term borrowings intercompany		66,838	33,941	4,208	2,797	(103,576)	(4,208)	
Long-term debt	191,944	9,566	50,629	3,396	6,603	122,441	(3,396)	381,183
Long-term debt intercompany	389	60,088	1,705	26,339	33,224	(95,406)	(26,339)	
Advances from subsidiaries	22,698					(22,698)		
Other liabilities	5,841	58,056	175	1,922	3,104	57,384	(1,922)	124,560
Other liabilities intercompany	6,011	9,883	277	668	295	(16,466)	(668)	
Total liabilities	$ 227,139	$ 456,295	$ 97,884	$ 37,283	$ 47,514	$ 919,281	$ (37,283)	$ 1,748,113
Citigroup stockholders' equity	$ 163,468	$ 15,178	$ 1,219	$ 2,856	$ 6,067	$ 182,579	$ (207,899)	$ 163,468
Noncontrolling interests		415				1,906		2,321
Total equity	$ 163,468	$ 15,593	$ 1,219	$ 2,856	$ 6,067	$ 184,485	$ (207,899)	$ 165,789
Total liabilities and equity	$ 390,607	$ 471,888	$ 99,103	$ 40,139	$ 53,581	$ 1,103,766	$ (245,182)	$ 1,913,902

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Condensed Consolidating Statements of Cash Flows

	Three Months Ended March 31, 2011							
In millions of dollars	**Citigroup parent company**	**CGMHI**	**CFI**	**CCC**	**Associates**	**Other Citigroup subsidiaries and eliminations**	**Consolidating adjustments**	**Citigroup Consolidated**
Net cash (used in) provided by operating activities	$ (2,678)	$ 1,890	$ 413	$ 329	$ 219	$ 1,195	$ (329)	$ 1,039
Cash flows from investing activities								
Change in loans	$	$	$ 21,605	$ 907	$ 1,365	$ (17,346)	$ (907)	$ 5,624
Proceeds from sales and securitizations of loans						1,824		1,824
Purchases of investments	(10,662)			(140)	(140)	(94,752)	140	(105,554)
Proceeds from sales of investments	1,549			27	27	33,609	(27)	35,185
Proceeds from maturities of investments	8,796			93	93	38,472	(93)	47,361
Changes in investments and advances-intercompany	(550)	(667)		42	(2,986)	4,203	(42)	
Business acquisitions								
Other investing activities		16,111				(17,543)		(1,432)
Net cash provided by (used in) investing activities	$ (867)	$ 15,444	$ 21,605	$ 929	$ (1,641)	$ (51,533)	$ (929)	$ (16,992)
Cash flows from financing activities								
Dividends paid	$ (4)	$	$	$	$	$	$	$ (4)
Dividends paid intercompany								
Issuance of common stock								
Issuance of preferred stock								
Treasury stock acquired								
Proceeds/(Repayments) from issuance of long-term debt third-party, net	(3,259)	(119)	1,786	(153)	(90)	(4,317)	153	(5,999)
Proceeds/(Repayments) from issuance of long-term debt intercompany, net		7,907		(2,476)	(95)	(7,812)	2,476	
Change in deposits						20,908		20,908
Net change in short-term borrowings and other investment banking and brokerage borrowings third-party		38	(769)		89	(426)		(1,068)
Net change in short-term borrowings and other advances intercompany	5,146	(24,208)	(23,035)	1,590	1,808	40,289	(1,590)	
Capital contributions from parent		(525)				525		
Other financing activities	1,655							1,655
Net cash used in financing activities	$ 3,538	$ (16,907)	$ (22,018)	$ (1,039)	$ 1,712	$ 49,167	$ 1,039	$ 15,492
Effect of exchange rate changes on cash and due from banks	$	$	$	$	$	$ 331	$	$ 331
Net cash used in discontinued operations	$	$	$	$	$	$	$	$
Net increase (decrease) in cash and due from banks	$ (7)	$ 427	$	$ 219	$ 290	$ (840)	$ (219)	$ (130)
Cash and due from banks at beginning of period	11	5,220		323	398	22,343	(323)	27,972
Cash and due from banks at end of period	$ 4	$ 5,647	$	$ 542	$ 688	$ 21,503	$ (542)	$ 27,842

Supplemental disclosure of cash flow information								
Cash paid during the year for:								
Income taxes	$ 72	$ 53	$ (121)	$	$ 39	$ 831	$	$ 874
Interest	2,276	948	138	706	117	1,129	(706)	4,608
Non-cash investing activities:								
Transfers to repossessed assets		39		212	227	166	(212)	432

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Condensed Consolidating Statements of Cash Flows

	Three Months Ended March 31, 2010							
In millions of dollars	Citigroup parent company	CGMHI	CFI	CCC	Associates	Other Citigroup subsidiaries and eliminations	Consolidating adjustments	Citigroup Consolidated
Net cash (used in) provided by operating activities	$ (4,305)	$ 12,468	$ 394	$ 658	$ 1,033	$ 25,828	$ (658)	$ 35,418
Cash flows from investing activities								
Change in loans	$	$ 6	$ 10,024	$ 1,038	$ 1,178	$ 14,328	$ (1,038)	$ 25,536
Proceeds from sales and securitizations of loans		1				1,251		1,252
Purchases of investments	(1,176)			(220)	(226)	(94,102)	220	(95,504)
Proceeds from sales of investments	155			68	142	32,665	(68)	32,962
Proceeds from maturities of investments	3,091			70	75	42,738	(70)	45,904
Changes in investments and advances intercompany	12,690			50	134	(12,824)	(50)	
Business acquisitions								
Other investing activities		1,549				2,699		4,248
Net cash provided by (used in) investing activities	$ 14,760	$ 1,556	$ 10,024	$ 1,006	$ 1,303	$ (13,245)	$ (1,006)	$ 14,398
Cash flows from financing activities								
Dividends paid	$	$	$	$	$	$	$	$
Dividends paid intercompany		(1,328)				1,328		
Issuance of common stock								
Issuance of preferred stock								
Treasury stock acquired	(1)							(1)
Proceeds/(Repayments) from issuance of long-term debt third-party, net	(2,713)	(384)	(432)	(257)	(846)	(4,976)	257	(9,351)
Proceeds/(Repayments) from issuance of long-term debt intercompany, net		(4,795)		(2,813)	(1,333)	6,128	2,813	
Change in deposits						(7,989)		(7,989)
Net change in short-term borrowings and other investment banking and brokerage borrowings third-party	11	(427)	1,706	1,314	235	(35,410)	(1,314)	(33,885)
Net change in short-term borrowings and other advances intercompany	(9,501)	(6,323)	(11,692)		(455)	27,971		
Capital contributions from parent								
Other financing activities	1,749							1,749
Net cash used in financing activities	$ (10,455)	$ (13,257)	$ (10,418)	$ (1,756)	$ (2,399)	$ (12,948)	$ 1,756	$ (49,477)
Effect of exchange rate changes on cash and due from banks	$	$	$	$	$	$ (185)	$	$ (185)
Net cash used in discontinued operations	$	$	$	$	$	$ 52	$	$ 52
Net increase (decrease) in cash and due from banks	$	$ 767	$	$ (92)	$ (63)	$ (498)	$ 92	$ 206
Cash and due from banks at beginning of period	5	4,947	1	343	464	20,055	(343)	25,472
Cash and due from banks at end of period	$ 5	$ 5,714	$ 1	$ 251	$ 401	$ 19,557	$ (251)	$ 25,678

Supplemental disclosure of cash flow information								
Cash paid during the year for:								
Income taxes	$ 75	$ 55	$ 17	$ 10	$ (18)	$ 1,677	$ (14)	$ 1,802
Interest	2,262	1,366	419	826	386	1,278	(826)	5,711
Non-cash investing activities:								
Transfers to repossessed assets	$	$	$	$ 378	$ 393	$ 276	$ (378)	$ 669

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PART II. OTHER INFORMATION

Item 1. Legal Proceedings

See Note 23 to the Consolidated Financial Statements for disclosure relating to Citigroup's litigation and regulatory matters. The information included in Note 23 supplements and amends, as applicable, the disclosures in Note 29 to the Consolidated Financial Statements of Citigroup's 2010 Annual Report on Form 10-K.

Item 1A. Risk Factors

For a discussion of the risk factors affecting Citigroup, see "Risk Factors" in Part I, Item 1A of Citi's 2010 Annual Report on Form 10-K.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

Unregistered Sales of Equity Securities

None.

Share Repurchases

Under its long-standing repurchase program, Citigroup may buy back common shares in the market or otherwise from time to time. This program is used for many purposes, including offsetting dilution from stock-based compensation programs.

The following table summarizes Citigroup's share repurchases during the first three months of 2011:

In millions, except per share amounts	Total shares purchased(1)	Average price paid per share	Approximate dollar value of shares that may yet be purchased under the plan or programs
January 2011			
Open market repurchases(1)		$	$ 6,739
Employee transactions(2)	10.9	4.81	N/A
February 2011			
Open market repurchases(1)		$	$ 6,739
Employee transactions(2)	0.2	4.82	N/A
March 2011			
Open market repurchases(1)		$	$ 6,739
Employee transactions(2)			N/A
First quarter 2011			
Open market repurchases(1)		$	$ 6,739
Employee transactions(2)	11.1	4.81	N/A
Total first quarter 2011	11.1	$ 4.81	$ 6,739

(1) Open market repurchases are transacted under an existing authorized share repurchase plan. Since 2000, the Board of Directors has authorized the repurchase of shares in the aggregate amount of $40 billion under Citi's existing share repurchase plan.

(2) Consists of shares added to treasury stock related to activity on employee stock option program exercises, where the employee delivers existing shares to cover the option exercise, or under Citi's employee restricted or deferred stock program, where shares are withheld

to satisfy tax requirements.

N/A Not applicable

For so long as the U.S. government continues to hold any Citigroup trust preferred securities acquired pursuant to the exchange offers consummated in 2009, Citigroup is, subject to certain exemptions, generally restricted from redeeming or repurchasing any of its equity or trust preferred securities, or paying regular cash dividends in excess of $0.01 per share of common stock per quarter, which such restriction may be waived.

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Item 6. Exhibits

See Exhibit Index.

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized, on the 5th day of May, 2011.

CITIGROUP INC.
(Registrant)

By /s/ JOHN C. GERSPACH

John C. Gerspach
Chief Financial Officer
(Principal Financial Officer)

By /s/ JEFFREY R. WALSH

Jeffrey R. Walsh
Controller and Chief Accounting Officer
(Principal Accounting Officer)

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EXHIBIT INDEX

2.01	Amended and Restated Joint Venture Contribution and Formation Agreement, dated May 29, 2009, by and among Citigroup Inc. (the Company), Morgan Stanley and Morgan Stanley Smith Barney Holdings LLC, incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed June 3, 2009 (File No. 1-9924).
2.02	Share Purchase Agreement, dated May 1, 2009, by and among Nikko Citi Holdings Inc., Nikko Cordial Securities Inc., Nikko Citi Business Services Inc., Nikko Citigroup Limited, and Sumitomo Mitsui Banking Corporation, incorporated by reference to Exhibit 2.02 to the Company's Quarterly Report on Form 10-Q for the fiscal quarter ended June 30, 2009 (File No. 1-9924).
2.03	Share Purchase Agreement, dated July 11, 2008, by and between Citigroup Global Markets Finance Corporation & Co. Beschrankt Haftende KG, CM Akquisitions GmbH, and Banque Federative du Credit Mutuel S.A., incorporated by reference to Exhibit 2.01 to the Company's Quarterly Report on Form 10-Q for the fiscal quarter ended September 30, 2008 (File No. 1-9924).
3.01	Restated Certificate of Incorporation of the Company, incorporated by reference to Exhibit 3.01 to the Company's Quarterly Report on Form 10-Q for the fiscal quarter ended September 30, 2009 (File No. 1-9924).
3.02	By-Laws of the Company, as amended, effective December 15, 2009, incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K filed December 16, 2009 (File No. 1-9924).
4.01	Warrant Agreement (relating to Warrants (expiring January 4, 2019)), dated as of January 25, 2011, between the Company and Computershare Inc. and Computershare Trust Company, N.A., as Warrant Agent, incorporated by reference to Exhibit 4.1 to the Company's Form 8-A filed January 26, 2011 (File No. 1-9924; Acc. No. 0000950123-11-005308).
4.02	Specimen Warrant for 255,033,142 Warrants, incorporated by reference to Exhibit 4.2 to the Company's Form 8-A filed January 26, 2011 (File No. 1-9924; Acc. No. 0000950123-11-005308).
4.03	Warrant Agreement (relating to Warrants (expiring October 28, 2018)), dated as of January 25, 2011, between the Company and Computershare Inc. and Computershare Trust Company, N.A., as Warrant Agent, incorporated by reference to Exhibit 4.1 to the Company's Form 8-A filed January 26, 2011 (File No. 1-9924; Acc. No. 0000950123-11-005381).
4.04	Specimen Warrant for 210,084,034 Warrants, incorporated by reference to Exhibit 4.2 to the Company's Form 8-A filed January 26, 2011 (File No. 1-9924; Acc. No. 0000950123-11-005381).
4.05	Registration Rights Agreement, dated as of January 27, 2011, between the Company and The Bank of New York Mellon, not in its individual capacity but solely as Trustee, incorporated by reference to Exhibit 4.1 to the Company's Registration Statement on Form S-4 filed March 28, 2011 (No. 333-173113).
4.06	Termination of the Capital Replacement Covenants agreement, dated April 1, 2011, between the Company and The Bank of New York Mellon, as Institutional Trustee of Citigroup Capital XI, incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K filed April 4, 2011 (File No. 1-9924).
4.07	Tax Benefits Preservation Plan, dated June 9, 2009, between the Company and Computershare Trust Company, N.A., incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K filed June 10, 2009 (File No. 1-9924).
4.08	Capital Securities Guarantee Agreement, dated as of July 30, 2009, between the Company, as Guarantor, and The Bank of New York Mellon, as Guarantee Trustee, incorporated by reference to Exhibit 4.03 to the Company's Current Report on Form 8-K filed July 30, 2009 (File No. 1-9924).
10.01+	Citigroup Inc. 2011 Key Employee Profit Sharing Plan.
10.02+	Citigroup Inc. 2011 Key Employee Profit Sharing Plan Award Agreement.
10.03+	Citigroup Inc. Employee Option Grant Agreement.

10.04	Continuous Offering Program Equity Distribution Agreement, dated as of January 19, 2011, between the Company and Citigroup Global Markets Inc., incorporated by reference to Exhibit 1.01 to the Company's Current Report on Form 8-K filed January 20, 2011 (File No. 1-9924).

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10.05	Underwriting Agreement for 255,033,142 Warrants, dated January 25, 2011, between the Company and Deutsche Bank Securities Inc., as Representative of the several Underwriters, incorporated by reference to Exhibit 1.1 to the Company's Current Report on Form 8-K filed February 1, 2011 (File No. 1-9924).
10.06	Underwriting Agreement for 210,084,034 Warrants, dated January 25, 2011, between the Company and Deutsche Bank Securities Inc., as Representative of the several Underwriters, incorporated by reference to Exhibit 1.2 to the Company's Current Report on Form 8-K filed February 1, 2011 (File No. 1-9924).
10.07	Citigroup 2009 Stock Incentive Plan (as amended and restated effective April 21, 2011), incorporated by reference to Exhibit 4.1 to the Company's Registration Statement on Form S-8 filed April 22, 2011 (No. 333-173683).
10.08	2011 Citigroup Executive Performance Plan, incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K filed April 26, 2011 (File No. 1-9924).
12.01+	Calculation of Ratio of Income to Fixed Charges.
12.02+	Calculation of Ratio of Income to Fixed Charges (including preferred stock dividends).
31.01+	Certification of principal executive officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.02+	Certification of principal financial officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.01+	Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.01+	Financial statements from the Quarterly Report on Form 10-Q of Citigroup Inc. for the quarter ended March 31, 2011, filed on May 5, 2011, formatted in XBRL: (i) the Consolidated Statement of Income, (ii) the Consolidated Balance Sheet, (iii) the Consolidated Statement of Changes in Equity, (iv) the Consolidated Statement of Cash Flows and (v) the Notes to Consolidated Financial Statements.

The total amount of securities authorized pursuant to any instrument defining rights of holders of long-term debt of the Company does not exceed 10% of the total assets of the Company and its consolidated subsidiaries. The Company will furnish copies of any such instrument to the Securities and Exchange Commission upon request.

+ Filed herewith