

CITIGROUP INC  
Form 10-Q  
August 03, 2007

## SECURITIES AND EXCHANGE COMMISSION

Washington, D. C. 20549

### FORM 10-Q

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

For the quarterly period ended June 30, 2007

OR

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

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission file number 1-9924

# Citigroup Inc.

(Exact name of registrant as specified in its charter)

**Delaware**

(State or other jurisdiction of incorporation or organization)

**52-1568099**

(I.R.S. Employer Identification No.)

**399 Park Avenue, New York, New York 10043**

(Address of principal executive offices) (Zip Code)

**(212) 559-1000**

(Registrant's telephone number, including area code)

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

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of accelerated filer and large accelerated filer in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer  Accelerated filer  Non-accelerated filer

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes  No

Indicate the number of shares outstanding of each of the issuer's classes of common stock as of the latest practicable date:

Common stock outstanding as of June 30, 2007: 4,974,552,734

Available on the Web at [www.citigroup.com](http://www.citigroup.com)

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**Citigroup Inc.**

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**THE COMPANY**

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

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

This quarterly report on Form 10-Q should be read in conjunction with Citigroup's 2006 Annual Report on Form 10-K. Additional financial, statistical, and business-related information, as well as business and segment trends, is included in a Financial Supplement that was filed as Exhibit 99.2 to the Company's Current Report on Form 8-K, filed with the Securities and Exchange Commission (SEC) on July 20, 2007.

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

Citigroup is managed along the following segment and product lines:

### **CITIGROUP SEGMENTS AND PRODUCTS**

		Global Consumer Group	Markets & Banking	Global Wealth Management	Alternative Investments	Corporate / Other
U.S			<ul style="list-style-type: none"> <li>• <b>Securities and Banking</b></li> <li>- Investment banking</li> <li>- Debt and equity markets</li> <li>- Lending</li> <li>• <b>Transaction Services</b></li> <li>- Cash management</li> <li>- Trade services</li> <li>- Custody and fund services</li> <li>- Clearing services</li> <li>- Agency/trust services</li> </ul>	<ul style="list-style-type: none"> <li>• <b>Smith Barney</b></li> <li>- Advisory</li> <li>- Financial planning</li> <li>- Brokerage</li> <li>• <b>Private Bank</b></li> <li>- Wealth management services</li> </ul>	<ul style="list-style-type: none"> <li>- Private equity</li> <li>- Hedge funds</li> <li>- Real estate</li> <li>- Structured products</li> <li>- Managed futures</li> </ul>	<ul style="list-style-type: none"> <li>- Treasury</li> <li>- Operations and technology</li> <li>- Corporate expenses</li> <li>- Discontinued operations</li> </ul>
		<b>International</b>			<ul style="list-style-type: none"> <li>• <b>Citigroup Investment Research</b></li> <li>- Equity and fixed income research</li> </ul>	



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|---|--|
| <ul style="list-style-type: none"> <li>• <b>Cards</b></li> <li>- MasterCard, VISA, Diners Club, private label and Amex</li> <li>• <b>Consumer Lending</b></li> <li>- Real estate lending</li> <li>- Student loans</li> <li>- Auto loans</li> <li>• <b>Retail Distribution</b></li> <li>- Citibank branches</li> <li>- CitiFinancial branches</li> <li>- Primerica Financial Services</li> <li>• <b>Commercial Business</b></li> <li>- Small and middle market commercial banking</li> </ul> | <ul style="list-style-type: none"> <li>• <b>Cards</b></li> <li>- MasterCard, VISA, Diners Club and private label</li> <li>• <b>Consumer Finance</b></li> <li>- Real estate lending</li> <li>- Personal loans</li> <li>- Auto loans</li> <li>• <b>Retail Banking</b></li> <li>- Retail bank branches</li> <li>- Small and middle market commercial banking</li> <li>- Investment services</li> <li>- Retirement services</li> <li>- Real estate lending</li> <li>- Personal loans</li> <li>- Sales finance</li> </ul> |
|---|--|

The following are the six regions in which Citigroup operates. The regional results are fully reflected in the product results.

### CITIGROUP REGIONS

<b>United States (1) (U.S.)</b>	<b>Mexico</b>	<b>Europe, Middle East &amp; Africa (EMEA)</b>	<b>Japan</b>	<b>Asia (excl. Japan)</b>	<b>Latin America</b>
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(1) Disclosure includes Canada and Puerto Rico.

**CITIGROUP INC. AND SUBSIDIARIES**

**SUMMARY OF SELECTED FINANCIAL DATA**

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<i>In millions of dollars, except per share amounts</i>	Three Months Ended June 30,		%	Six Months Ended June 30,		%
	2007	2006	Change	2007	2006	Change
Net interest revenue	\$ 11,426	\$ 9,855	16	% \$ 21,996	\$ 19,621	12
Non-interest revenue	15,204	12,327	23	30,093	24,744	22
<b>Revenues, net of interest expense</b>	<b>\$ 26,630</b>	<b>\$ 22,182</b>	<b>20</b>	<b>% \$ 52,089</b>	<b>\$ 44,365</b>	<b>17</b>
Restructuring expense	63			1,440		
Other operating expenses	14,792	12,769	16	28,986	26,127	11
Provisions for credit losses and for benefits and claims	2,717	1,817	50	5,684	3,490	63
<b>Income from continuing operations before taxes and minority interest</b>	<b>\$ 9,058</b>	<b>\$ 7,596</b>	<b>19</b>	<b>% \$ 15,979</b>	<b>\$ 14,748</b>	<b>8</b>
Income taxes	2,709	2,303	18	4,571	3,840	19
Minority interest, net of taxes	123	31	NM	170	91	87
<b>Income from continuing operations</b>	<b>\$ 6,226</b>	<b>\$ 5,262</b>	<b>18</b>	<b>% \$ 11,238</b>	<b>\$ 10,817</b>	<b>4</b>
<b>Income from discontinued operations, net of taxes(1)</b>		3	(100)		87	(100)
<b>Net Income</b>	<b>\$ 6,226</b>	<b>\$ 5,265</b>	<b>18</b>	<b>% \$ 11,238</b>	<b>\$ 10,904</b>	<b>3</b>
<b>Earnings per share</b>						
<b>Basic:</b>						
Income from continuing operations	\$ 1.27	\$ 1.07	19	% \$ 2.29	\$ 2.20	4
Net income	1.27	1.07	19	2.29	2.21	4
<b>Diluted:</b>						
Income from continuing operations	1.24	1.05	18	2.25	2.16	4
Net income	1.24	1.05	18	2.25	2.17	4
<b>Dividends declared per common share</b>	<b>\$ 0.54</b>	<b>\$ 0.49</b>	<b>10</b>	<b>\$ 1.08</b>	<b>\$ 0.98</b>	<b>10</b>
<b>At June 30:</b>						
Total assets	\$ 2,220,866	\$ 1,626,551	37	%		
Total deposits	771,761	645,805	20			
Long-term debt	340,077	239,557	42			
Mandatorily redeemable securities of subsidiary trusts	10,095	6,572	54			
Common stockholders equity	127,154	114,428	11			
Total stockholders equity	127,754	115,428	11			
<b>Ratios:</b>						
Return on common stockholders equity(2)	20.1	% 18.6	%	18.6	% 19.5	%
Return on risk capital(3)	35	% 38	%	33	% 39	%
Return on invested capital(3)	20	% 19	%	19	% 20	%
Tier 1 Capital	7.91	% 8.51	%			
Total Capital	11.23	11.68				
Leverage(4)	4.37	5.19				
Common stockholders equity to assets	5.73	% 7.04	%			
Dividend payout ratio(5)	43.5	% 46.7	%	48.0	% 45.2	%
Ratio of earnings to fixed charges and preferred stock dividends	1.47	x 1.55x		1.43	x 1.56	x

(1) Discontinued operations relates to residual items from the Company's sale of Travelers Life & Annuity, which closed during the 2005 third quarter, and the Company's sale of substantially all of its Asset Management Business, which closed during the 2005 fourth quarter. See Note 2 on page 53.

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

(3) Risk capital is a measure of risk levels and the trade-off of risk and return. It is defined as the amount of capital required to absorb potential unexpected economic losses resulting from extremely severe events over a one-year time period. Return on risk capital is calculated as annualized income from continuing operations divided by average risk capital. Invested capital is defined as risk capital plus goodwill and intangible assets excluding mortgage servicing rights (which are a component of risk capital). Return on invested capital is calculated using income adjusted to exclude a net internal charge Citigroup levies on the goodwill and intangible assets of each business offset by each business

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share of the rebate of the goodwill and intangible asset charge. Return on risk capital and return on invested capital are non-GAAP performance measures; because they are measures of risk with no basis in GAAP, there is no comparable GAAP measure to which they can be reconciled. Management uses return on risk capital to assess businesses' operational performance and to allocate Citigroup's balance sheet and risk capital capacity. Return on invested capital is used to assess returns on potential acquisitions and to compare long-term performance of businesses with differing proportions of organic and acquired growth. See page 24 for a further discussion of risk capital.

- (4) Tier 1 Capital divided by adjusted average assets.
- (5) Dividends declared per common share as a percentage of net income per diluted share.

NM Not meaningful

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## MANAGEMENT'S DISCUSSION AND ANALYSIS

### SECOND QUARTER 2007

#### MANAGEMENT SUMMARY

Income from continuing operations rose 18% to \$6.226 billion and was the highest ever recorded by the Company. Diluted EPS from continuing operations was also up 18%.

Revenues were a record \$26.6 billion, up 20% from a year ago, led by Markets & Banking, up 33%. Our international operations recorded revenue growth of 34% in the quarter, with International Consumer up 16%, International Markets & Banking up 50%, and International Global Wealth Management more than doubling. U.S. Consumer revenues grew 3%, while Alternative Investments revenues grew 77%. Acquisitions represented approximately 4% of the revenue growth.

Customer volume growth was strong, with average loans up 16%, average deposits up 20%, and average interest-earning assets up 32%. *International Cards* purchase sales were up 31%, while *U.S. Cards* sales were up 6%. In Global Wealth Management, client assets under fee-based management were up 40% from year-ago levels, and client assets in Alternative Investments grew 55%. Branch activity included the opening or acquisition of 160 new branches during the quarter (136 internationally and 24 in the U.S.).

Ten international acquisitions since October of 2006 have been announced, consistent with our efforts to drive growth through a balance of organic investment and targeted acquisitions, and to expand our international franchise. We increased our ownership of Nikko Cordial Corporation to 68% during the second quarter of 2007. Nikko Cordial financial results are now consolidated in Citigroup's consolidated financial statements.

International businesses contributed 49% of the Company's revenue in the second quarter of 2007 and 50% of income, up from 43% and 43%, respectively, a year ago. Income and revenue were diversified by segment, product and region.

Net interest revenue increased 16% from last year reflecting volume increases across all products. Net interest margin in the second quarter of 2007 was 2.40%, down 33 basis points from the second quarter of 2006, as lower funding costs were offset by growth in lower-yielding assets in our trading businesses and assets from the Nikko acquisition (see discussion of net interest margin on page 30).

Operating expenses increased 16% from the second quarter of 2006 driven by increased business volumes and acquisitions (which contributed 4%). Expense growth was partially offset by savings from our Structural Expense Initiatives and the release of \$300 million of litigation reserves reflecting our continued progress in favorably resolving WorldCom/Research Litigation matters. The relationship between revenue growth and expense growth continued to improve during the quarter with positive operating leverage of 4%.

Credit costs increased \$934 million or 59%, primarily driven by an increase in net credit losses of \$259 million and a net charge of \$465 million to increase loan loss reserves. The \$465 million net charge compares to a net reserve release of \$210 million in the prior-year period. The build in U.S. Consumer was primarily due to increased reserves to reflect: higher delinquencies in second mortgages in *U.S. Consumer Lending*, a change in estimate of loan losses inherent in the *U.S. Cards* portfolio, and portfolio growth. The increase in International Consumer primarily reflected portfolio growth, an increase in past due accounts and portfolio seasoning in Mexico cards, higher net credit losses in Japan consumer finance, and the impact of recent acquisitions. The Global Consumer loss rate was 1.56%, an 8 basis-point increase from the second quarter of 2006. Corporate cash-basis loans declined 25% from year-ago levels to \$599 million.

The effective tax rate was 29.9% in the second quarter of 2007, reflecting \$96 million in tax benefits due to the initial application under APB 23 relating to certain foreign subsidiaries' ability to indefinitely reinvest their earnings abroad. The effective tax rate in the second quarter of 2006 was 30.3%

Our stockholders' equity and trust preferred securities grew to \$137.8 billion at June 30, 2007. Stockholders' equity increased by \$5.7 billion during the quarter to \$127.8 billion. We distributed \$2.7 billion in dividends to shareholders. Return on common equity was 20.1% for the quarter. Citigroup maintained its well-capitalized position with a Tier 1 Capital Ratio of 7.91% at June 30, 2007.

We made good progress on our 2007 priorities: growing U.S. consumer, reweighting our business toward International Consumer, Markets & Banking and Global Wealth Management, expense management, and credit management. We expect that operating expenses, credit costs and income taxes in the third quarter of 2007 will have challenging comparisons to the third quarter of 2006. The challenging comparison is due to an unusually low level of operating expenses and certain tax benefits recorded in the third quarter of 2006, as well as the expectation that the

## SUMMARY OF SELECTED FINANCIAL DATA

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consumer credit environment will continue to deteriorate in the second half of 2007 causing higher credit costs.

So far in the third quarter of 2007, we have continued to experience an increased level of delinquencies in our consumer mortgage portfolio, and some fixed income securities have experienced meaningful price deterioration due to a widening of credit spreads. This credit spread widening has negatively affected the valuation of certain fixed income securities that the Company holds and may affect the sale of certain debt financing commitments that the Company has with clients. See additional discussion on pages 18, 19 and 26.

Certain of the statements above are forward-looking statements within the meaning of the Private Securities Litigation Reform Act. See Forward-Looking Statements on page 44.

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## EVENTS IN 2007 AND 2006

Certain of the following statements are forward-looking statements within the meaning of the Private Securities Litigation Reform Act. See "Forward-Looking Statements" on page 44. Additional information regarding "Events in 2007 and 2006" is available in the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2007 and Annual Report on Form 10-K for the year ended December 31, 2006.

### Nikko Cordial

On May 9, 2007, Citigroup completed its successful tender offer to become the majority shareholder of Nikko Cordial Corporation in Japan. Approximately 56% of Nikko's shares were acquired in the tender offer for a total cost of approximately \$7.7 billion, bringing Citigroup's aggregate ownership stake in Nikko to approximately 61%. Citigroup later acquired additional Nikko shares to bring its aggregate ownership stake in Nikko to approximately 68% at June 30, 2007. At June 30, 2007, Citigroup consolidated Nikko Cordial financial results including the appropriate Minority Interest. Results for Nikko are included from May 9, 2007 forward.

### Credit Reserves

During the second quarter of 2007, the Company recorded a net build of \$465 million to its credit reserves, consisting of a net build of \$491 million in Global Consumer and a net release/utilization of \$26 million in Markets & Banking.

The build of \$491 million in Global Consumer was primarily due to increased reserves to reflect: increased delinquencies in second mortgages in *U.S. Consumer Lending*; a change in estimate of loan losses inherent in the *U.S. Cards* portfolio; an increase in past due accounts and portfolio seasoning in *Mexico* cards; the impact of recent acquisitions; and overall growth in the portfolio.

The net build to its credit reserves in the second quarter of 2007 compares to the second quarter of 2006 net release/ utilization of \$210 million, which consisted of a net release/ utilization of \$328 million in Global Consumer and Global Wealth Management, and a net build of \$118 million in Markets & Banking.

### Acquisition of Grupo Cuscatlan

On May 11, 2007, Citigroup completed the acquisition of the subsidiaries of Grupo Cuscatlan for \$1.51 billion (\$755 million in cash and 14.2 million Citigroup shares) from Corporacion UBC Internacional S.A. Grupo Cuscatlan is one of the leading financial groups in Central America, with assets of \$5.4 billion, loans of \$3.5 billion, and deposits of \$3.4 billion. Grupo Cuscatlan has operations in El Salvador, Guatemala, Costa Rica, Honduras and Panamá. The results of Grupo Cuscatlan are included from May 11, 2007 forward and are recorded in *International Retail Banking*.

### Acquisition of Egg

On May 1, 2007, Citigroup completed its acquisition of Egg Banking plc (Egg), the world's largest pure online bank and one of the U.K.'s leading online financial services providers, from Prudential PLC for approximately \$1.15 billion. Egg has more than three million customers and offers various financial products and services including online payment and account aggregation services, credit cards, personal loans, savings accounts, mortgages, insurance and investments.

### Acquisition of Bisys

On August 1, 2007, the Company completed its acquisition of Bisys Group, Inc. (Bisys) for \$1.44 billion in cash. In addition, Bisys shareholders will receive \$18.2 million in the form of a special dividend paid by Bisys. Citigroup completed the sale of the Retirement and Insurance Services Divisions of Bisys to affiliates of J.C. Flowers & Co. LLC, making the net cost of the transaction to Citigroup approximately \$800 million. Citigroup will retain the Fund Services and Alternative Investment services businesses of Bisys which provides administrative services for hedge funds, mutual funds and private equity funds. Bisys will be included within Citigroup's *Transaction Services* business.

### Acquisition of Old Lane Partners, L.P.



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On July 2, 2007, the Company completed the acquisition of Old Lane Partners, L.P. and Old Lane Partners, GP, LLC (Old Lane). Old Lane is the manager of a global, multi-strategy hedge fund and a private equity fund with total assets under management and private equity commitments of approximately \$4.5 billion. Old Lane will operate as part of Alternative Investments (AI), Citigroup's integrated alternative investments platform. Old Lane's Vikram Pandit became the Chief Executive Officer of AI.

### **Agreement to Establish Partnership with Quiñenco Banco de Chile**

On July 19, 2007, Citigroup and Quiñenco entered into a definitive agreement to establish a strategic partnership that combines Citi operations in Chile with Banco de Chile's local banking franchise to create a banking and financial services institution with about 20% market share of the Chilean banking industry.

Under the agreement, Citi will initially acquire an approximate 32.96% stake in LQIF, a wholly owned subsidiary of Quiñenco that will then hold 57.1% of the voting rights and a 37.8% economic interest in Banco de Chile. In the initial phase, Citi will contribute Citi Chile and other assets (in cash or other businesses) for a total investment valued at \$893 million. As part of the overall transaction, Citi will also acquire the U.S. businesses of Banco de Chile for approximately \$130 million. Citi has the option to acquire an additional 17.04% stake in LQIF for approximately \$900 million within three years. The new partnership calls for active participation by Citi in management of Banco de Chile, including board representation at both LQIF and Banco de Chile.

The transaction is expected to close in the first quarter of 2008, and is subject to customary regulatory reviews.

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### Acquisition of Automated Trading Desk

On July 2, 2007, Citigroup announced the agreement to acquire Automated Trading Desk (ATD), a leader in electronic market making and proprietary trading, for approximately \$680 million (\$102.6 million in cash and approximately 11.12 million shares of Citigroup stock). ATD will operate as a unit of Citigroup's Global Equities business, adding a network of broker/dealer customers to Citigroup's diverse base of institutional, broker/dealer and retail customers. The transaction is subject to regulatory approval and is expected to close in the third quarter of 2007.

### Acquisition of Bank of Overseas Chinese

On April 9, 2007, Citigroup announced the agreement to acquire 100% of Bank of Overseas Chinese (BOOC) in Taiwan for approximately \$427 million, subject to certain closing adjustments. BOOC offers a broad suite of corporate banking, consumer and wealth management products and services to more than one million clients through 55 branches in Taiwan.

This transaction will strengthen Citigroup's presence in Asia making it the largest international bank and 13th largest by total assets among all domestic Taiwan banks. Citigroup's acquisition of BOOC is subject to shareholder and U.S. and Taiwanese regulatory approvals and is expected to close during the second half of 2007.

### Redecard IPO

**On July 11, 2007, Citigroup (a 31.9% shareholder in Redecard S.A., the only merchant acquiring company for MasterCard in Brazil) sold 41.75 million Redecard shares as part of Redecard's initial public offering. After the sale of these shares, Citigroup remains a 25% shareholder in Redecard. An after-tax gain of approximately \$400 million will be recorded in Citigroup's third quarter of 2007 financial results.**

### Resolution of Federal Tax Audit

In March 2006, the Company received a notice from the Internal Revenue Service (IRS) that they had concluded the tax audit for the years 1999 through 2002 (referred to hereinafter as the resolution of the Federal Tax Audit). For the first quarter of 2006, the Company released a total of \$657 million from its tax contingency reserves related to the resolution of the Federal Tax Audit.

The following table summarizes the 2006 first quarter tax benefits, by business, from the resolution of the Federal Tax Audit:

<i>In millions of dollars</i>	<b>Total</b>
Global Consumer	\$ 290
Markets & Banking	176
Global Wealth Management	13
Alternative Investments	58
Corporate/Other	61
Continuing Operations	\$ 598
Discontinued Operations	59
<b>Total</b>	<b>\$ 657</b>

### Adoption of the Accounting for Share-Based Payments

On January 1, 2006, the Company adopted Statement of Financial Accounting Standards (SFAS) No. 123 (revised 2004), *Share-Based Payment* (SFAS 123(R)), which replaced the existing SFAS 123 and superseded Accounting Principles Board (APB) Opinion No. 25. SFAS 123(R) requires companies to measure and record compensation expense for stock options and other share-based payments based on the instruments' fair value, reduced by expected forfeitures.

In adopting this standard, the Company conformed to recent accounting guidance that restricted or deferred stock awards issued to retirement-eligible employees who meet certain age and service requirements must be either expensed on the grant date or accrued over a service period prior to the grant date. This charge consisted of \$398 million after-tax (\$648 million pretax) for the immediate expensing of awards

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granted to retirement-eligible employees in January 2006.

The following table summarizes the SFAS 123(R) impact, by segment, on the 2006 first quarter pretax compensation expense for stock awards granted to retirement-eligible employees in January 2006 ( the 2006 initial adoption of SFAS 123(R) ):

<i>In millions of dollars</i>	<b>2006 First Quarter</b>
Global Consumer	\$ 121
Markets & Banking	354
Global Wealth Management	145
Alternative Investments	7
Corporate/Other	21
<b>Total</b>	\$ 648

The Company recorded the quarterly accrual for the stock awards that were granted in January 2007 during each of the quarters in 2006. During the first and second quarters of 2007, the Company recorded the quarterly accrual for the estimated stock awards that will be granted in January 2008.

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**SEGMENT, PRODUCT AND REGIONAL NET INCOME AND REVENUE**

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The following tables show the net income (loss) and revenue for Citigroup's businesses on a segment and product view and on a regional view:

**Citigroup Net Income Segment and Product View**

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<i>In millions of dollars</i>	Three Months Ended June 30,		%	Six Months Ended June 30,		%
	2007	2006	Change	2007	2006	Change
<b>Global Consumer</b>						
<i>U.S. Cards</i>	\$ 726	\$ 878	(17 )%	\$ 1,623	\$ 1,804	(10 )%
<i>U.S. Retail Distribution</i>	453	568	(20 )	841	1,083	(22 )
<i>U.S. Consumer Lending</i>	441	470	(6 )	800	907	(12 )
<i>U.S. Commercial Business</i>	151	138	9	272	264	3
<b>Total U.S. Consumer(1)</b>	<b>\$ 1,771</b>	<b>\$ 2,054</b>	<b>(14 )%</b>	<b>\$ 3,536</b>	<b>\$ 4,058</b>	<b>(13 )%</b>
<i>International Cards</i>	\$ 351	\$ 328	7 %	\$ 739	\$ 619	19 %
<i>International Consumer Finance</i>	(6 )	173	NM	19	341	(94 )
<i>International Retail Banking</i>	671	714	(6 )	1,211	1,391	(13 )
<b>Total International Consumer</b>	<b>\$ 1,016</b>	<b>\$ 1,215</b>	<b>(16 )%</b>	<b>\$ 1,969</b>	<b>\$ 2,351</b>	<b>(16 )%</b>
<i>Other</i>	\$ (91 )	\$ (92 )	1 %	\$ (176 )	\$ (159 )	(11 )%
<b>Total Global Consumer</b>	<b>\$ 2,696</b>	<b>\$ 3,177</b>	<b>(15 )%</b>	<b>\$ 5,329</b>	<b>\$ 6,250</b>	<b>(15 )%</b>
<b>Markets &amp; Banking</b>						
<i>Securities and Banking</i>	\$ 2,145	\$ 1,412	52 %	\$ 4,318	\$ 3,030	43 %
<i>Transaction Services</i>	514	340	51	961	663	45
<i>Other</i>	173	(29 )	NM	174	(41 )	NM
<b>Total Markets &amp; Banking</b>	<b>\$ 2,832</b>	<b>\$ 1,723</b>	<b>64 %</b>	<b>\$ 5,453</b>	<b>\$ 3,652</b>	<b>49 %</b>
<b>Global Wealth Management</b>						
<i>Smith Barney</i>	\$ 321	\$ 238	35 %	\$ 645	\$ 406	59 %
<i>Private Bank</i>	193	109	77	317	228	39
<b>Total Global Wealth Management</b>	<b>\$ 514</b>	<b>\$ 347</b>	<b>48 %</b>	<b>\$ 962</b>	<b>\$ 634</b>	<b>52 %</b>
<b>Alternative Investments</b>	<b>\$ 456</b>	<b>\$ 257</b>	<b>77 %</b>	<b>\$ 678</b>	<b>\$ 610</b>	<b>11 %</b>
<b>Corporate/Other</b>	<b>(272 )</b>	<b>(242 )</b>	<b>(12 )</b>	<b>(1,184 )</b>	<b>(329 )</b>	<b>NM</b>
<b>Income from Continuing Operations</b>	<b>\$ 6,226</b>	<b>\$ 5,262</b>	<b>18 %</b>	<b>\$ 11,238</b>	<b>\$ 10,817</b>	<b>4 %</b>
<b>Income from Discontinued Operations(2)</b>		3	(100 )		87	(100 )
<b>Total Net Income</b>	<b>\$ 6,226</b>	<b>\$ 5,265</b>	<b>18 %</b>	<b>\$ 11,238</b>	<b>\$ 10,904</b>	<b>3 %</b>

(1) U.S. disclosure includes Canada and Puerto Rico.

(2) See Note 2 on page 53.

NM Not meaningful

## Citigroup Net Income Regional View

<i>In millions of dollars</i>	% of Total(1)	Three Months Ended			Six Months Ended		
		June 30, 2007	2006	% Change	June 30, 2007	2006	% Change
<b>U.S.(2)</b>							
Global Consumer		\$ 1,680	\$ 1,962	(14 )%	\$ 3,360	\$ 3,899	(14 )%
Markets & Banking		984	747	32	1,983	1,262	57
Global Wealth Management		335	290	16	696	518	34
<b>Total U.S.</b>	<b>50 %</b>	<b>\$ 2,999</b>	<b>\$ 2,999</b>		<b>\$ 6,039</b>	<b>\$ 5,679</b>	<b>6 %</b>
<b>Mexico</b>							
Global Consumer		\$ 360	\$ 375	(4 )%	\$ 732	\$ 733	
Markets & Banking		95	88	8	209	166	26 %
Global Wealth Management		15	10	50	27	18	50
<b>Total Mexico</b>	<b>8 %</b>	<b>\$ 470</b>	<b>\$ 473</b>	<b>(1 )%</b>	<b>\$ 968</b>	<b>\$ 917</b>	<b>6 %</b>
<b>EMEA</b>							
Global Consumer		\$ 148	\$ 215	(31 )%	\$ 231	\$ 400	(42 )%
Markets & Banking		803	342	NM	1,497	977	53
Global Wealth Management		46	5	NM	53	8	NM
<b>Total EMEA</b>	<b>17 %</b>	<b>\$ 997</b>	<b>\$ 562</b>	<b>77 %</b>	<b>\$ 1,781</b>	<b>\$ 1,385</b>	<b>29 %</b>
<b>Japan</b>							
Global Consumer		\$ 32	\$ 178	(82 )%	\$ 77	\$ 366	(79 )%
Markets & Banking		124	72	72	159	157	1
Global Wealth Management		30			30		
<b>Total Japan</b>	<b>3 %</b>	<b>\$ 186</b>	<b>\$ 250</b>	<b>(26 )%</b>	<b>\$ 266</b>	<b>\$ 523</b>	<b>(49 )%</b>
<b>Asia</b>							
Global Consumer		\$ 426	\$ 359	19 %	\$ 809	\$ 706	15 %
Markets & Banking		567	336	69	1,128	750	50 %
Global Wealth Management		74	40	85	139	85	64
<b>Total Asia</b>	<b>17 %</b>	<b>\$ 1,067</b>	<b>\$ 735</b>	<b>45 %</b>	<b>\$ 2,076</b>	<b>\$ 1,541</b>	<b>35 %</b>
<b>Latin America</b>							
Global Consumer		\$ 50	\$ 88	(43 )%	\$ 120	\$ 146	(18 )%
Markets & Banking		259	138	88	477	340	40
Global Wealth Management		14	2	NM	17	5	NM
<b>Total Latin America</b>	<b>5 %</b>	<b>\$ 323</b>	<b>\$ 228</b>	<b>42 %</b>	<b>\$ 614</b>	<b>\$ 491</b>	<b>25 %</b>
<b>Alternative Investments</b>		<b>\$ 456</b>	<b>\$ 257</b>	<b>77 %</b>	<b>\$ 678</b>	<b>\$ 610</b>	<b>11 %</b>
<b>Corporate/Other</b>		<b>(272 )</b>	<b>(242 )</b>	<b>(12 )</b>	<b>(1,184 )</b>	<b>(329 )</b>	<b>NM</b>
<b>Income from Continuing Operations</b>		<b>\$ 6,226</b>	<b>\$ 5,262</b>	<b>18 %</b>	<b>\$ 11,238</b>	<b>\$ 10,817</b>	<b>4 %</b>
<b>Income from Discontinued Operations(3)</b>			<b>3</b>	<b>(100 )</b>		<b>87</b>	<b>(100 )</b>
<b>Total Net Income</b>		<b>\$ 6,226</b>	<b>\$ 5,265</b>	<b>18 %</b>	<b>\$ 11,238</b>	<b>\$ 10,904</b>	<b>3 %</b>
<b>Total International</b>	<b>50 %</b>	<b>\$ 3,043</b>	<b>\$ 2,248</b>	<b>35 %</b>	<b>\$ 5,705</b>	<b>\$ 4,857</b>	<b>17 %</b>

(1) Second quarter of 2007 as a percent of total Citigroup net income, excluding Alternative Investments and Corporate/Other.

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(2) Excludes Alternative Investments and Corporate/Other, which are predominantly related to the *U.S.* The *U.S.* regional disclosure includes Canada and Puerto Rico. Global Consumer for the *U.S.* includes Other Consumer.

(3) See Note 2 on page 53.

NM Not meaningful

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**Citigroup Revenues Segment and Product View**

<i>In millions of dollars</i>	<b>Three Months Ended June 30,</b>		<b>%</b>	<b>Six Months Ended June 30,</b>		<b>%</b>
	<b>2007</b>	<b>2006</b>	<b>Change</b>	<b>2007</b>	<b>2006</b>	<b>Change</b>
<b>Global Consumer</b>						
<i>U.S. Cards</i>	\$ 3,181	\$ 3,251	(2)	% \$ 6,475	\$ 6,485	
<i>U.S. Retail Distribution</i>	2,545	2,499	2	4,971	4,795	4 %
<i>U.S. Consumer Lending</i>	1,606	1,307	23	3,157	2,567	23
<i>U.S. Commercial Business</i>	446	516	(14)	) 889	986	(10)
<b>Total U.S. Consumer(1)</b>	\$ 7,778	\$ 7,573	3	% \$ 15,492	\$ 14,833	4 %
<i>International Cards</i>	\$ 2,013	\$ 1,510	33	% \$ 3,752	\$ 2,790	34 %
<b>International Consumer</b>						
<i>Finance</i>	843	1,009	(16)	) 1,733	1,971	(12)
<i>International Retail Banking</i>	3,030	2,555	19	5,789	5,022	15
<b>Total International Consumer</b>	\$ 5,886	\$ 5,074	16	% \$ 11,274	\$ 9,783	15 %
<i>Other</i>	\$ (2)	\$ (19)	89	% \$ 2	\$ (33)	) NM
<b>Total Global Consumer</b>	\$ 13,662	\$ 12,628	8	% \$ 26,768	\$ 24,583	9 %
<b>Markets &amp; Banking</b>						
<i>Securities and Banking</i>	\$ 7,121	\$ 5,269	35	% \$ 14,434	\$ 11,165	29 %
<i>Transaction Services</i>	1,840	1,495	23	3,485	2,877	21
<i>Other</i>	(3)	(3)	100	(1)	(2)	) 50
<b>Total Markets &amp; Banking</b>	\$ 8,961	\$ 6,761	33	% \$ 17,918	\$ 14,040	28 %
<b>Global Wealth Management</b>						
<i>Smith Barney</i>	\$ 2,611	\$ 1,990	31	% \$ 4,857	\$ 3,977	22 %
<i>Private Bank</i>	586	502	17	1,158	998	16
<b>Total Global Wealth Management</b>	\$ 3,197	\$ 2,492				