



FOR IMMEDIATE RELEASE

**CITIGROUP SECOND QUARTER CORE INCOME INCREASES 13% TO \$3.79 BILLION
FROM \$3.34 BILLION IN THE SECOND QUARTER OF 2000**

**REVENUE GROWTH OF 8% TO \$20.3 BILLION
CORE EPS GROWTH OF 14% TO \$0.74 PER SHARE, DILUTED, FROM \$0.65**

New York, NY, July 16, 2001 — Citigroup Inc. (NYSE:C) today reported core income for the second quarter ended June 30, 2001, of \$3.79 billion, or \$0.74 per share, diluted, a 14% increase from the second quarter of 2000. Net income for the second quarter of \$3.54 billion, or \$0.69 per share, included a \$116 million after tax charge related to the implementation of a new accounting rule (EITF 99-20) providing guidance on the valuation of certain asset-backed securities, as well as a \$133 million after tax charge for severance and other costs in connection with staffing reductions in each major business segment.

“The strength and diversity of our global franchises produced results that once again proved Citigroup’s ability to increase revenue and earnings, even in light of the difficult market conditions,” said Sanford I. Weill, Chairman and Chief Executive Officer of Citigroup. “Revenues grew 8%, led by 12% growth in the Global Consumer segment. Given the recent economic trends, we are particularly pleased with 14% growth in our Core EPS.”

“Our ability to deliver consistent earnings growth was further shown by strong performances in a number of our businesses, including a 40% increase in CitiFinancial, a 17% increase in North America Cards, an 18% increase in the Private Bank, and 28% growth in our Emerging Markets businesses. Despite a difficult environment, our Corporate Finance business delivered 12% earnings growth as it continued to increase its underwriting market share. We also benefited from disciplined expense management, resulting in overall expense growth of 1% versus last year. We exceeded our return targets, with a return on common equity of 22.4% in the quarter. We also continue to pursue new areas of growth as shown by our pending acquisitions of EAB and Banacci.”

Highlights of the quarter included:

- Strengthening global strategic franchises:
 - Global Consumer Finance income grew 38%, driven by 13% receivables growth, reflecting strong organic growth in North America and Japan, as well as significant expense reductions from the consolidation of the Associates branches.
 - Emerging Markets income increased 28%, driven primarily by strong trading-related revenues, tight cost control and stable credit. Citigroup continued to build its franchises, announcing its partnership with Grupo Financiero Banamex-Accival (“Banacci”), the leading financial institution in Mexico, and launching its tender offer for the shares of Banacci in July. Citigroup was also named Best Emerging Markets Bank by *Global Finance Magazine*.
 - Global Cards income grew 11%, primarily reflecting 11% receivables growth and strong expense control. Cards income in Asia and Latin America declined partly due to weakening currencies. The business further enhanced its market leadership position with share gains in Taiwan, Mexico and Korea, as well as the Peoples Bank portfolio acquisition in the United Kingdom.

- Citigroup's Corporate and Investment Bank continued to build its fixed income and equity underwriting market share, ranking #1 in U.S. investment grade debt with a 23% market share, #2 in High Yield debt with a 14% share, #5 in U.S. equities with a 14% share, #1 in Japanese equities with a 58% share, and #2 in European debt with a 7% market share. Citigroup participated in a number of significant transactions during the quarter, including lead roles in the \$8.7 billion Kraft IPO, the second largest IPO ever in the U.S., and the \$11.9 billion WorldCom debt offering. In addition, *Euromoney* magazine named Citigroup "Best Bank" and "Best in Foreign Exchange."
- Total expenses of \$9.4 billion increased 1% from the second quarter of 2000. Compared to the first quarter of 2001, total expenses decreased \$1.0 billion, or 10%, with each major business segment reporting decreases.
- Compared to the first quarter of 2001, overall credit loss rates increased modestly. Losses in consumer loans increased 25 basis points, as flat performance in CitiFinancial and the international portfolios was offset by an increase of 67 basis points in North America Cards, driven by deterioration in the general credit environment and increased bankruptcies. Ninety-day delinquency rates in North America Cards improved modestly. Credit loss rates in the Global Corporate segment remained flat, while Cash Basis Loans increased 9%.
- Cross-marketing continued to deliver improving results. The share of sales of our own investment products through Citigroup distribution channels reached a record 60% for the six months to June 30, 2001, up from 44% during the same period last year, maintaining consistent year-on-year sales in a declining general market environment. For the first six months of 2001, sales of investment banking products to Global Relationship Banking clients increased 21% to approximately \$1.3 billion and Global Relationship clients represented 35% of new national accounts sales in Commercial Lines.
- Quarter-end total equity, including trust preferred securities, increased to \$75.0 billion.

GLOBAL CONSUMER

Core income of \$1.89 billion, up 19%. Highlights included:

- Global Consumer revenue increased 12% to \$10.7 billion, while expense growth was held to 2%.
- CitiFinancial income rose 40% on substantial cost savings from the Associates integration, as well as 13% receivables growth and a lower cost of funds. Cost savings from the integration of Associates are running well ahead of targets. CitiFinancial continues to focus on raising standards in the industry and recently announced that it would stop selling single premium credit insurance. In addition, after instituting a stringent new broker code of conduct, it severed relationships with more than 1,000 mortgage brokers.
- North America Cards income rose 17%, driven by 13% growth in receivables and a 95 basis point increase in the net interest margin, more than offsetting a 119 basis point deterioration in the net credit loss ratio to 5.51%.
- Japan income rose 32% led by double-digit growth in consumer finance receivables.
- Emerging Markets Consumer income increased 10% as a result of growth in new markets, in addition to improved credit and expense controls.
- Travelers Life and Annuity income increased 14% as a result of strong group annuity volumes and higher net investment income. Despite a declining market, individual annuity sales were up 5% from last year, resulting in increased market share.

GLOBAL CORPORATE

Core income of \$1.67 billion, up 10%. Highlights included:

- Global Corporate revenues of \$8.6 billion increased 4%, while expenses decreased 2%. Expenses were down \$886 million or 16% from the first quarter of 2001.

- Income from Emerging Markets Corporate and Global Transaction Services increased 35% to a record \$467 million, driven by strong trading-related revenues, continued expense control and lower credit costs.
- The Corporate & Investment Bank posted 2% earnings growth over the second quarter of 2000 on the strength of its product and geographic diversity, as well as continued expense controls and lower incentive compensation and benefits expense. Earnings increased 12%, excluding an \$86 million decrease in income from Citigroup's 20.7% investment in Nikko Securities reflecting Japan's continued weak retail brokerage environment.
- Income in the Corporate Finance unit increased 28% before the Nikko investment, driven by stronger investment banking revenues. Citigroup ranked #1 in disclosed fees from global debt and equity underwriting in the quarter.
- Private Client income declined 19% from the second quarter of 2000, primarily due to lower transactional volumes. Income increased 7% over the first quarter and profit margins increased to 22%, due to expense reductions of \$59 million, which more than offset lower revenues and gross production per Financial Consultant. Assets under fee-based management increased 6% to \$206 billion, reflecting a continued emphasis on fee-based services. Franchise growth continued with the number of FC's increasing by 863 year-over-year to 12,549.

GLOBAL INVESTMENT MANAGEMENT AND PRIVATE BANKING

Core income of \$180 million, up 6%. Highlights included:

- Revenues increased 6% despite a difficult market environment and lower market values. Tight expense controls led to a \$23 million reduction in expenses from the first quarter of 2001.
- Private Bank income rose 18%, with increased customer activity across most products generating revenue growth of 11%, while expense growth was held to 7%.
- Assets under Management grew 5%, as strong net flows of \$16 billion year-to-date more than offset lower market values.
- Asset Management market share increased in nearly all proprietary channels, with market shares of 58% in the Smith Barney retail channel, 66% at Primerica Financial Services and 77% in the Citibank North America channel.

INVESTMENT ACTIVITIES AND CORPORATE/OTHER

Income from Investment Activities was \$227 million, down 12% from the second quarter of 2000; income consisted of net realized gains in the insurance and venture capital portfolios as well as an increase in the value of the mark-to-market venture capital portfolio. Expenses in Corporate/Other decreased by \$8 million or 4% versus the second quarter of 2000, due primarily to expense reduction initiatives and lower funding costs.

Citigroup (NYSE: C), the preeminent global financial services company, provides some 120 million consumers, corporations, governments and institutions in over 100 countries with a broad range of financial products and services, including consumer banking and credit, corporate and investment banking, insurance, securities brokerage and asset management. Major brand names under Citigroup's trademark red umbrella are Citibank, CitiFinancial, Primerica, Salomon Smith Barney, and Travelers. Additional information may be found at www.citigroup.com.

A financial summary follows. Additional financial, statistical and business-related information, as well as business and segment trends, is included in a Financial Supplement. Both the earnings release and the Financial Supplement are available on Citigroup's web site (<http://www.citigroup.com>). This document can also be obtained by calling 1-800-853-1754 within the United States or 732-935-2771 outside the United States.

Citigroup Segment Income (In Millions of Dollars)	Second Quarter		%	Six Months		%
	2001	2000		2001	2000	
Global Consumer						
Citibanking North America.....	\$ 157	\$ 134	17	\$ 314	\$ 265	18
Mortgage Banking.....	88	71	24	165	137	20
North America Cards.....	455	388	17	922	768	20
CitiFinancial.....	286	205	40	498	384	30
Banking / Lending.....	986	798	24	1,899	1,554	22
Travelers Life and Annuity.....	231	202	14	441	389	13
Primerica Financial Services.....	128	125	2	253	244	4
Personal Lines.....	39	82	(52)	126	156	(19)
Insurance.....	398	409	(3)	820	789	4
Western Europe.....	106	91	16	216	187	16
Japan.....	229	173	32	427	323	32
Emerging Markets Consumer Banking.....	213	193	10	408	413	(1)
Total International.....	548	457	20	1,051	923	14
e-Consumer.....	(32)	(46)	30	(67)	(114)	41
Other Consumer.....	(9)	(33)	73	(5)	(71)	93
Total Global Consumer.....	1,891	1,585	19	3,698	3,081	20
Global Corporate						
Corporate Finance.....	717	643	12	1,519	1,505	1
Private Client.....	205	253	(19)	396	612	(35)
CitiCapital.....	(3)	8	NM	16	64	(75)
Corporate and Investment Bank.....	919	904	2	1,931	2,181	(11)
Emerging Markets Corporate Banking and Global Transaction Services...	467	345	35	923	685	35
Commercial Lines Insurance.....	286	272	5	564	519	9
Total Global Corporate.....	1,672	1,521	10	3,418	3,385	1
Global Investment Management and Private Banking						
Citigroup Asset Management.....	87	91	(4)	182	185	(2)
The Citigroup Private Bank.....	93	79	18	190	159	19
Total Global Investment Management and Private Banking.....	180	170	6	372	344	8
Investment Activities.....	227	258	(12)	359	907	(60)
Corporate / Other.....	(185)	(193)	4	(402)	(437)	8
Core Income.....	3,785	3,341	13	7,445	7,280	2
Restructuring and Merger Related Items -- After Tax (A).....	(133)	(2)	NM	(213)	(85)	NM
Income Before Cumulative Effect of Accounting Changes.....	\$ 3,652	\$ 3,339	9	\$ 7,232	\$ 7,195	1
Cumulative Effect of Accounting Changes (B).....	(116)	-	NM	(158)	-	NM
Net Income.....	\$ 3,536	\$ 3,339	6	\$ 7,074	\$ 7,195	(2)
Diluted Earnings Per Share:						
Core Income.....	\$ 0.74	\$ 0.65	14	\$ 1.45	\$ 1.41	3
Income Before Cumulative Effect of Accounting Changes.....	\$ 0.71	\$ 0.65	9	\$ 1.40	\$ 1.39	1
Net Income.....	\$ 0.69	\$ 0.65	6	\$ 1.37	\$ 1.39	(1)
Core Diluted Earnings Per Share Excl. Goodwill Amortization.....	\$ 0.76	\$ 0.67	13	\$ 1.49	\$ 1.45	3

(A) Restructuring and merger-related items in the 2001 first quarter related principally to severance and costs associated with the reduction of staff in the Global Corporate businesses, and in the 2001 second quarter related principally to severance and costs associated with the reduction of staff in most businesses.

(B) Accounting Changes refer to the first quarter 2001 adoption of Statement of Financial Accounting Standards No. 133, "Accounting for Derivative Instruments and Hedging Activities," as amended (SFAS 133) and the second quarter 2001 adoption of EITF issue 99-20 "Recognition of Interest Income and Impairment on Purchased and Retained Beneficial Interests in Securitized Financial Assets" (EITF 99-20).

Core Income Supplemental Disclosure (In Millions of Dollars)	Second Quarter		%	Six Months		%
	2001	2000		Change	2001	
Citigroup Emerging Markets (excluding Investment Activities)						
Asia						
Consumer Banking.....	\$ 149	\$ 137	9	\$ 297	\$ 276	8
Corporate.....	210	124	69	371	261	42
Asset Management & Private Banking.....	13	16	(19)	41	38	8
Total Asia.....	372	277	34	709	575	23
Latin America						
Consumer Banking.....	50	41	22	83	106	(22)
Corporate.....	179	149	20	363	323	12
Asset Management & Private Banking.....	34	38	(11)	72	68	6
Total Latin America.....	263	228	15	518	497	4
Central and Eastern Europe, Middle East and Africa						
Consumer Banking.....	20	14	43	38	29	31
Corporate.....	107	94	14	265	186	42
Asset Management & Private Banking.....	5	-	NM	9	7	29
Total Central and Eastern Europe, Middle East and Africa.....	132	108	22	312	222	41
Other.....	10	(5)	NM	(8)	2	NM
Total Emerging Markets.....	\$ 777	\$ 608	28	\$ 1,531	\$ 1,296	18
Global Wealth Management						
Private Client.....	\$ 205	\$ 253	(19)	\$ 396	\$ 612	(35)
Citigroup Asset Management.....	87	91	(4)	182	185	(2)
The Citigroup Private Bank.....	93	79	18	190	159	19
Global Consumer Investment, Life Insurance and Annuity Products.....	362	346	5	710	694	2
Total Global Wealth Management.....	\$ 747	\$ 769	(3)	\$ 1,478	\$ 1,650	(10)
Global Cards						
North America.....	\$ 455	388	17	\$ 922	768	20
International.....	115	124	(7)	241	219	10
Total Global Cards.....	\$ 570	\$ 512	11	\$ 1,163	\$ 987	18
Global Consumer Finance						
North America.....	\$ 286	\$ 205	40	\$ 498	\$ 384	30
International.....	207	151	37	384	277	39
Total Global Consumer Finance.....	\$ 493	\$ 356	38	\$ 882	\$ 661	33