



Third Quarter 2003 Earnings Review

October 20, 2003

Third Quarter 2003 Highlights

Record Income from Continuing Ops of \$4.7B, up 27%

- **Diluted EPS from Continuing Ops of \$0.90, up 25%**
- **Record revenues of \$19.4B, up 10%**
- **Expenses of \$9.6B up 14%**
- **Provision for credit losses decreased 40% to \$1.6B**
- **Results include \$200MM tax benefit and Argentina impact of (\$95 MM) after-tax**
- **Home Depot acquisition closed July 30th; anticipate Sears acquisition closing early November**
- **ROE* of 20.2% on \$91.8B Average Common Equity**

Third Quarter 2003 Summary Income Statement

(\$B)

	3Q03	3Q02	I / (D)	
			\$	%
Net Revenues	\$19.4	\$17.6	\$1.8	10%
Operating Expenses	9.6	8.4	1.2	14%
Credit Costs	1.6	2.7	(1.1)	(40%)
Insurance Claims	<u>1.1</u>	<u>0.9</u>	<u>0.2</u>	25%
Total Provision	2.7	3.6	(0.9)	(24%)
Pre-tax Income	7.1	5.6	1.5	26%
Income Taxes and Minority Interest	2.4	1.9	0.5	23%
Income from Continuing Ops	\$4.7	\$3.7	\$1.0	27%
EPS from Continuing Ops*	\$0.90	\$0.72	\$0.18	25%

*Diluted

3Q03 Argentina Actions

\$MM, After-Tax

Environment

- **July - Agreed to restructure liabilities in Voluntary Annuity business, offering redollarized investments to customers**
- **August - Argentine government issued decree transforming Government Promissory Notes (GPNs) into US \$ bonds, resulting in MTM losses**
- **Consumer lending portfolio continued to improve; bank Amparos reduced**

Income Statement Impact

Global Consumer

— Release of reserves \$87

International Insurance Manufacturing

— Write-down of GPNs (111)

— Voluntary Annuity Restructuring (20)
(131)

Asset Management

— Write-down of DAC (42)

— Write-down of GPNs (9)
(51)

Total (\$95)

Third Quarter 2003 Income

\$MM

	<u>3Q03</u>	<u>3Q02</u>	<u>% Change</u>
Global Consumer	\$ 2,521	\$ 2,220	14%
Global Corporate & Investment Bank	1,368	1,042	31%
Private Client Services	203	188	8%
Global Investment Mgmt.	367	314	17%
Proprietary Invest. Activities	96	(120)	NM
Corporate/Other	136	62	119%

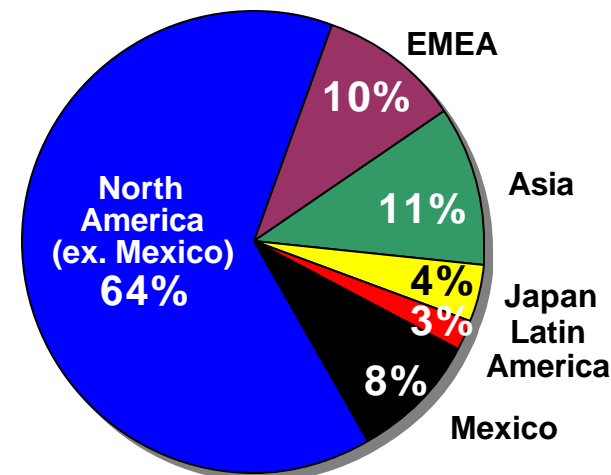
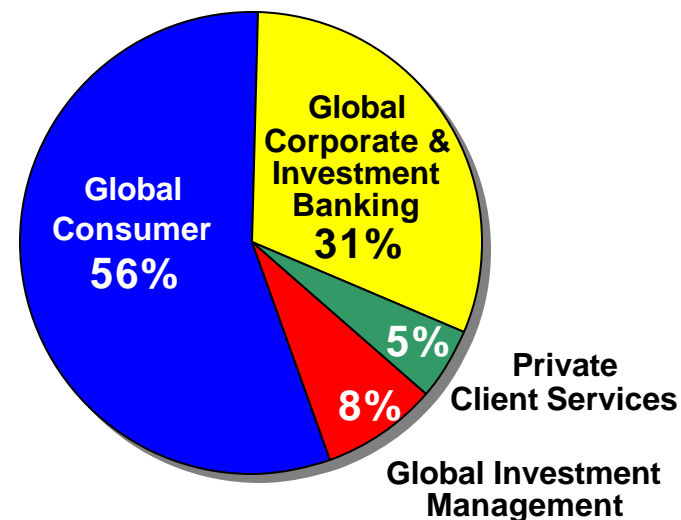
Income from Continuing Ops	\$ 4,691	\$ 3,706	27%
-----------------------------------	-----------------	-----------------	------------

Diluted EPS from Continuing Ops	\$ 0.90	\$ 0.72	25%
--	----------------	----------------	------------

Discontinued Operations	--	214	
-------------------------	----	-----	--

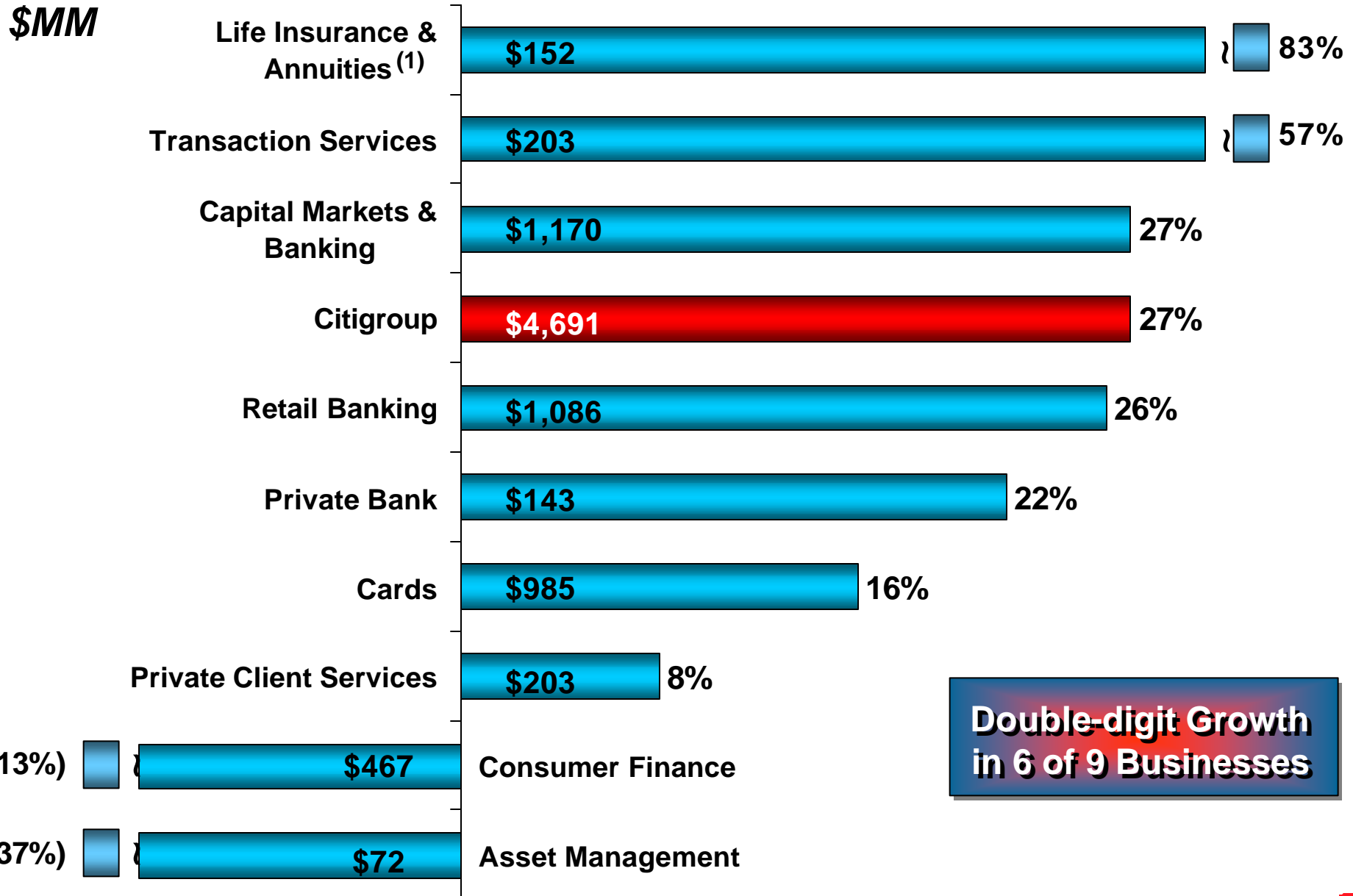
Net Income	\$ 4,691	\$ 3,920	20%
-------------------	-----------------	-----------------	------------

Diluted Net EPS	\$ 0.90	\$ 0.76	18%
------------------------	----------------	----------------	------------



Note: Excludes Corporate / Other & Proprietary Investment Activities

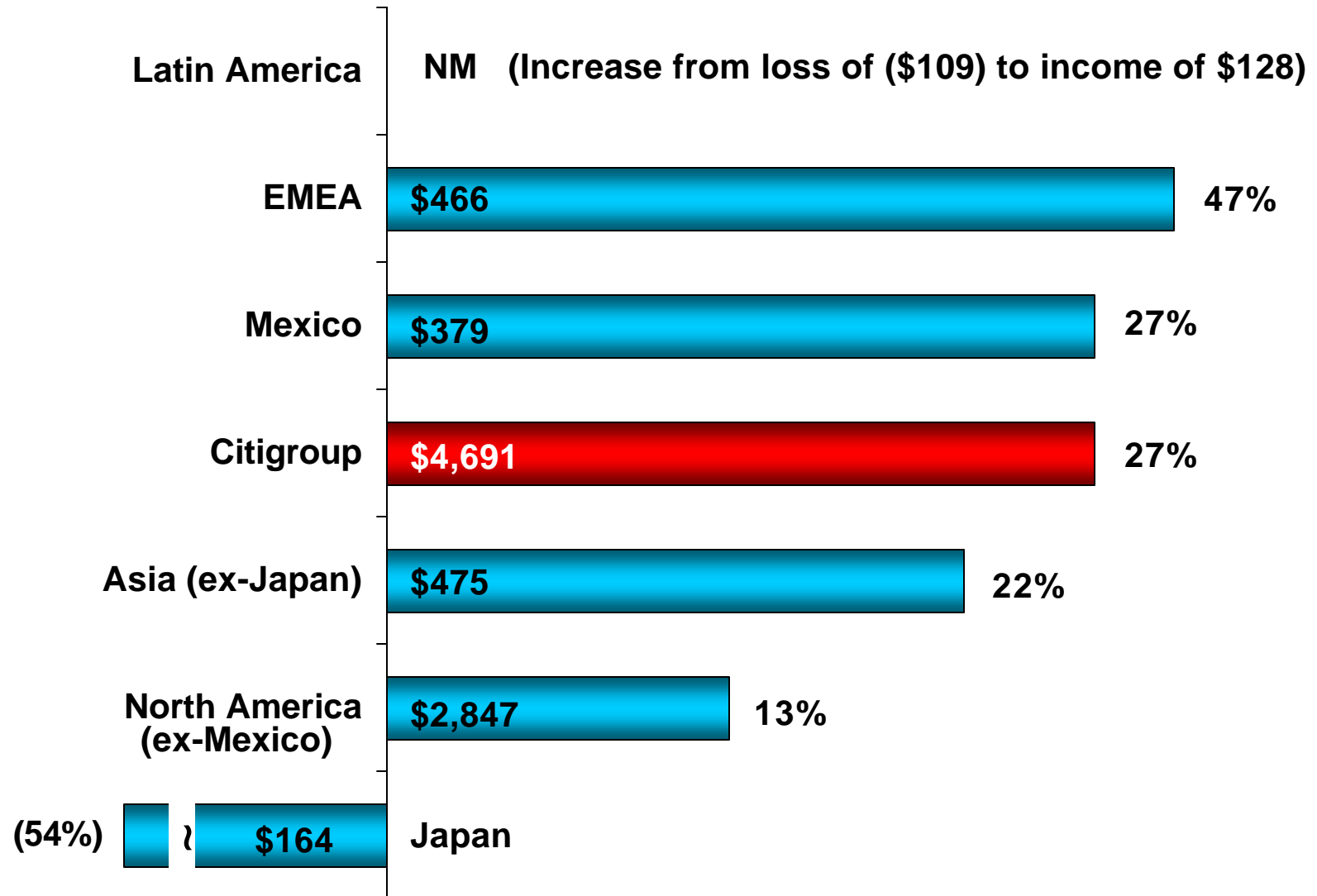
Third Quarter 2003 Income - Product View



(1) Includes after-tax realized insurance investment gains/(losses) of (\$25MM) in 3Q03 and (\$100MM) in 3Q02

Third Quarter 2003 Income - Regional View

\$MM



YTD 3Q03 Income

\$MM

	<u>YTD 3Q03</u>	<u>YTD 3Q02</u>	<u>% Change</u>
Global Consumer	\$ 6,993	\$ 5,917	18%
Global Corporate & Investment Bank	4,107	3,485	18%
Private Client Services	541	628	(14%)
Global Investment Mgmt.	1,265	1,109	14%
Proprietary Invest. Activities	123	(155)	NM
Corporate/Other	64	35	83%

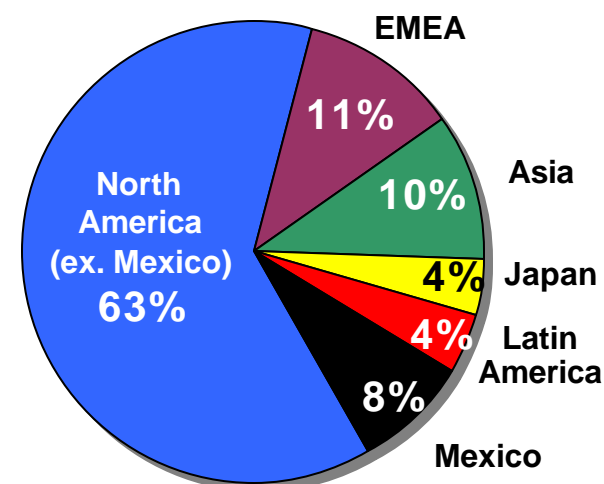
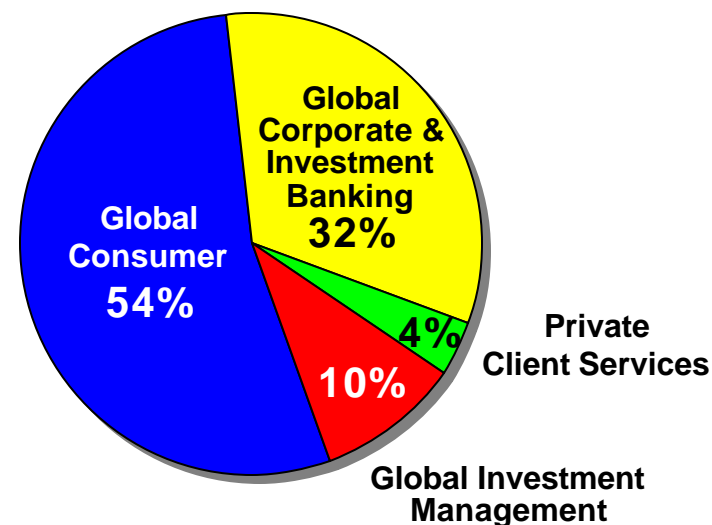
Income from Continuing Ops	\$ 13,093	\$ 11,019	19%
-----------------------------------	------------------	------------------	------------

Diluted EPS from Continuing Ops	\$ 2.51	\$ 2.12	18%
--	----------------	----------------	------------

Discontinued Operations	--	1,875	
Cumulative Effect of Accounting Change	--	(47)	

Net Income	\$ 13,093	\$ 12,847	2%
-------------------	------------------	------------------	-----------

Diluted Net EPS	\$ 2.51	\$ 2.47	2%
------------------------	----------------	----------------	-----------



Note: Excludes Corporate / Other & Proprietary Investment Activities

Global Consumer

3Q03 Income Highlights (\$MM)

Cards

	<u>3Q03</u>	<u>3Q02</u>	<u>%</u>
N. America	\$819	\$728	13%
Int'l	<u>166</u>	<u>121</u>	37%
	985	849	16%

Consumer Finance

	<u>3Q03</u>	<u>3Q02</u>	<u>%</u>
N. America	\$372	\$341	9%
Int'l	<u>95</u>	<u>198</u>	(52%)
	467	539	(13%)

Retail Banking

	<u>3Q03</u>	<u>3Q02</u>	<u>%</u>
N. America	\$705	\$572	23%
Int'l	<u>381</u>	<u>292</u>	30%
	1,086	864	26%

- **Managed receivables up 5% vs. 3Q02 to \$131B**
 - North America: Home Depot addition of \$6.3B offsetting lower balcon activity
 - International: strong growth in EMEA and Asia
 - **Managed NIM up 20bps vs. 3Q02 and 47bps vs. 2Q03**
 - **Managed NCL ratio decreased 46 bps vs 2Q03**
-
- **Average loans increased 9% to \$91B**
 - North America: 13% growth driven by real estate and auto
 - International: decrease in Japan partially offset by growth in EMEA
 - **Avg. NIM down 66 bps vs. 3Q02 and flat to 2Q03**
 - **NCL ratio decreased 9 bps vs. 2Q03**
 - **Losses stabilizing in Japan**
-
- **Avg. deposits up 22% to \$200B**
 - Impact of GSB and growth in legacy business
 - **Avg. loans up 22% to \$157B**
 - Record mortgage originations of \$37B
 - Growth in German installment loan business
 - **Expenses up 22% driven by GSB and higher variable compensation**
 - **Mexico: (\$75) after-tax write-down of investment security**
 - **Argentina: \$56 release of reserves**

Note: Income figures exclude Global Consumer Other Income of (\$17MM) in 3Q03 and (\$32MM) in 3Q02

Global Corporate and Investment Bank

3Q03 Income Highlights (\$MM)

Capital Markets and Banking

<u>3Q03</u>	<u>3Q02</u>	<u>%</u>
\$1,170	\$923	27%

- **Revenues up 4%**
 - Higher trading revenues driven by stronger Equities and FX
 - Investment Banking revenues declined as lower loan fees offset higher Fixed Income and Equities underwriting revenues
- **Operating Expenses up 21% driven by higher incentive compensation**
 - Total GCIB risk-adjusted comp ratio of 34.6% vs. 35.6% in 3Q02
- **Provision for credit losses decreased \$503 to \$73**
 - Corporate credit indicators improving

Transaction Services

<u>3Q03</u>	<u>3Q02</u>	<u>%</u>
\$203	\$129	57%

- **Revenues down 2%, driven by lower interest rates and lower securities activity**
- **Expenses down 2%**
- **Cost of credit decreased \$85 to \$3 due to absence of prior year Argentina write-offs**
- **Liability balances up 17% to \$101B**
- **Assets under custody increased 8% to \$5.7 Tr.**

Capital Markets Rankings

	Rank		Market Share	
	<u>YTD 3Q03</u>	<u>FY02</u>	<u>YTD 3Q03</u>	<u>FY02</u>
Global Debt & Equity	#1	#1	10.2%	10.3%
Global Long Term Debt	#1	#1	11.6%	12.8%
Global Equity	#3	#2	10.8%	12.5%
Global Debt & Equity Disclosed Fees	#1	#1	12.0%	13.4%
Global Announced M&A	#2	#2	17.9%	16.8%
Global Completed M&A	#4	#6	16.8%	20.3%

**Eighth consecutive quarter #1 in
Global Debt and Equity Underwriting**

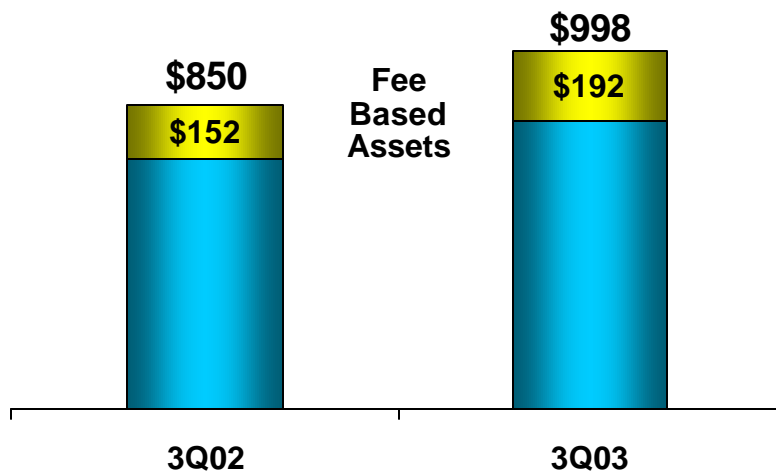
Private Client Services

3Q03 Income Highlights (\$MM)

Income

<u>3Q03</u>	<u>3Q02</u>	<u>%</u>
\$203	\$188	8%

Client Assets (\$B)



- Annualized revenue per FC up 8% to \$481,000
- Net flows of \$5B
- Pre-tax profit margin of 22%
- Fee-based assets of \$192B, up 26% from 3Q02
- U.S. Bank Deposit Program deposits of \$42B, up 5% from 3Q02

Global Investment Management

3Q03 Income Highlights (\$MM)

Life Insurance & Annuities

<u>3Q03</u>	<u>3Q02</u>	<u>%</u>
\$152	\$83	83%

- Growth driven by lower insurance portfolio realized losses, improved retained investment margin and stronger business volumes
- Group Annuities NWP up 72%; Life NWP up 64%; Individual Annuities NWP down 6%
- Record Individual, Group and Life account balances
- IIM impacted by Argentina-related charges of (\$131MM)

Private Bank

<u>3Q03</u>	<u>3Q02</u>	<u>%</u>
\$143	\$117	22%

- Seventh consecutive quarter of record earnings
- Revenues up 23% driven by strong client trading and lending activity
- Expenses up 26% driven by higher technology and staff investments
- Client business volumes up 14% to \$186B

Asset Management

<u>3Q03</u>	<u>3Q02</u>	<u>%</u>
\$72	\$114	(37%)

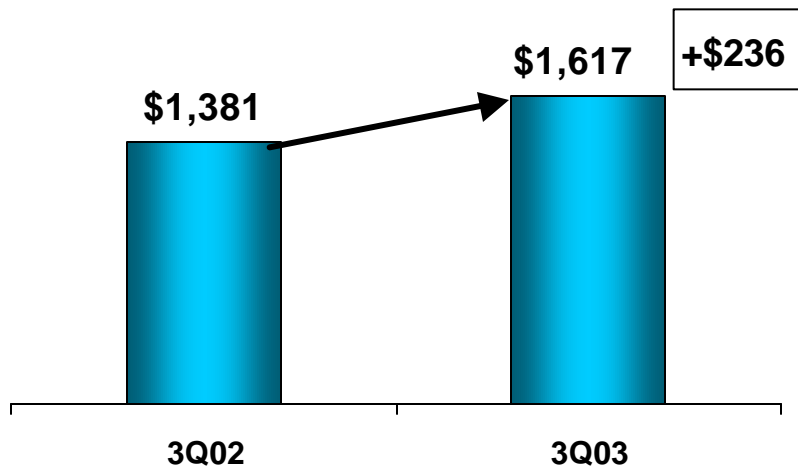
- Ex-Argentina charges of (\$51MM), income up 8%
- YTD net flows of \$4.9B
- AUMs up 12% to \$495B vs. 3Q02

Revenue and Expense Growth

Record Net Revenues of \$19.4B, up 10%
Expenses of \$9.6B, up 14%

Significant Expense Items (\$MM)

GCIB Compensation



'03 Expense Challenges

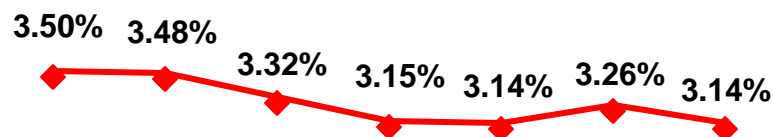
- Stock options
- Increased pension and insurance costs
- Increased DAC

\$200

Comp/ Risk-adjusted Revenue	35.6%	34.6%
-----------------------------------	-------	-------

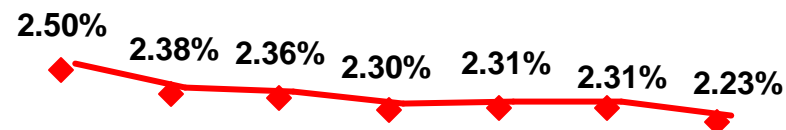
Credit Quality – Consumer ⁽¹⁾

NCLs as a % of Average Loans ⁽²⁾



1Q02 2Q02 3Q02 4Q02 1Q03 2Q03 3Q03

90+ Days Past Due ⁽²⁾



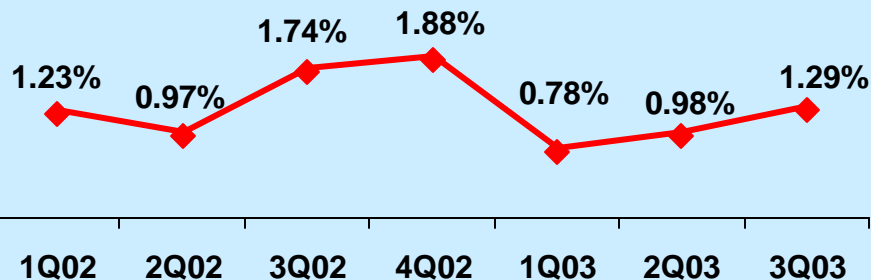
1Q02 2Q02 3Q02 4Q02 1Q03 2Q03 3Q03

(1) Excludes Retail Commercial Markets

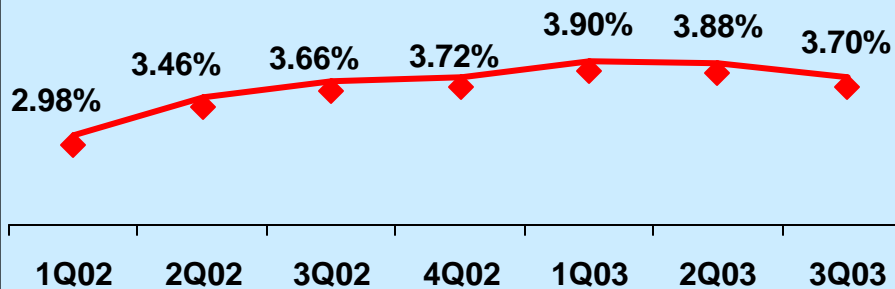
(2) Managed Basis

Credit Quality - Corporate

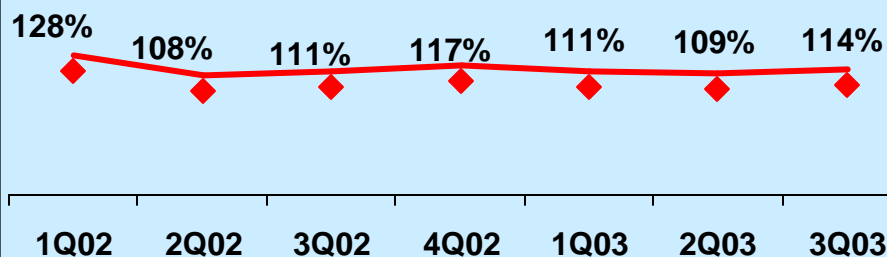
NCLs as a % of Average Loans



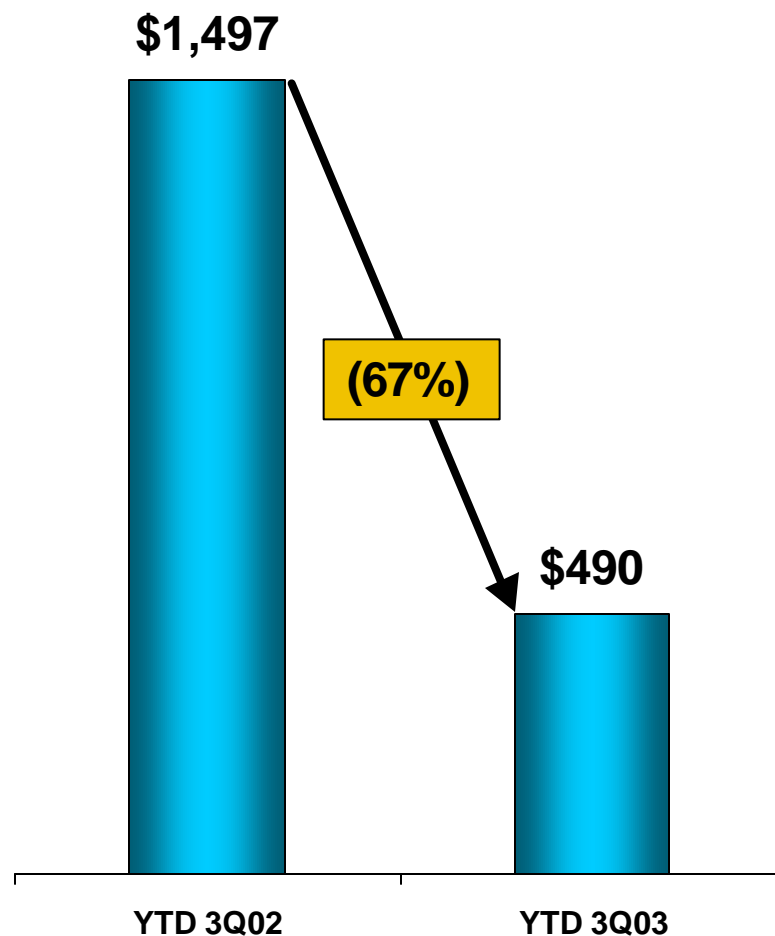
Cash Basis Loans as % of EOP Loans



Corp. Reserves as a % of Corp. Cash Basis Loans



Global Corporate and Investment Bank Provision for Credit Losses



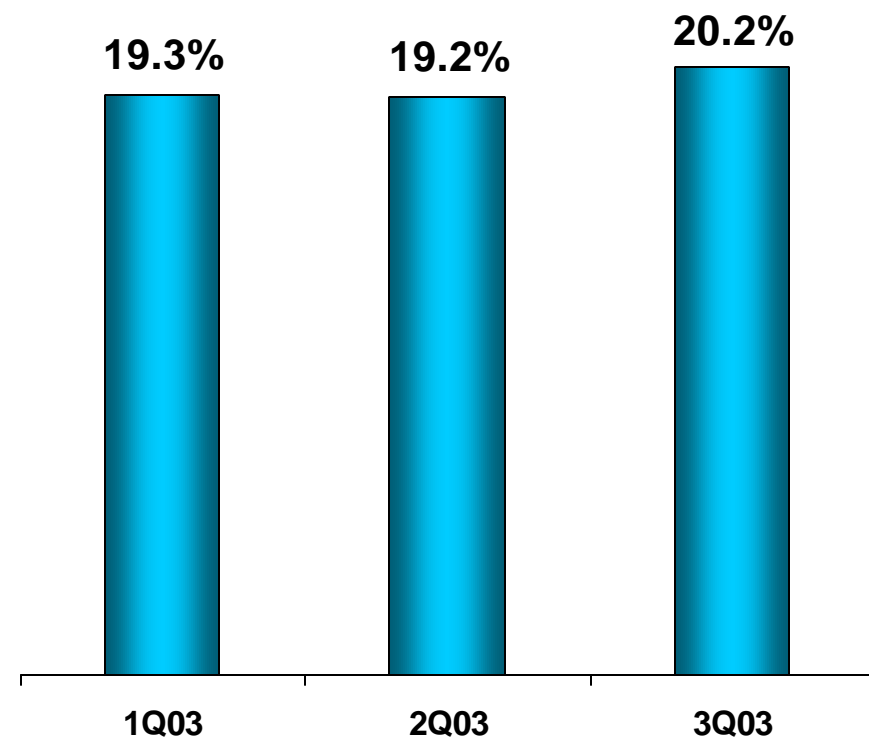
Capital Discipline - Third Quarter 2003

	9/30/03 ⁽¹⁾	9/30/02
\$B		
Total Stockholders' Equity and Trust Preferred Securities	\$102.1	\$86.9
Tier I Ratio	9.5%	9.2%
Total Capital Ratio	12.6%	12.0%
GAAP Assets	\$1,209	\$1,032

Share Repurchases

Repurchased 5.7 MM shares for purchase price of \$264 MM

Return on Equity



Consistently High Returns

Certain statements in this document are “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act. These statements are based on management’s current expectations and are subject to uncertainty and changes in circumstances. Actual results may differ materially from those included in these statements due to a variety of factors. More information about these factors is contained in Citigroup’s filings with the Securities and Exchange Commission.