

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, 2002

OR

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 1-5738

# Citicorp

(Exact name of registrant as specified in its charter)

Delaware  
(State or other jurisdiction of  
incorporation or organization)

06-1515595  
(I.R.S. Employer  
Identification No.)

399 Park Avenue, New York, New York 10043  
(Address of principal executive offices) (Zip Code)

(800) 285-3000  
(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

Because the Registrant is an indirect wholly-owned subsidiary of Citigroup Inc., none of its outstanding voting stock is held by nonaffiliates. As of the date hereof, 1,000 shares of the Registrant's Common Stock, \$0.01 par value per share, were issued and outstanding.

## REDUCED DISCLOSURE FORMAT

The Registrant meets the conditions set forth in General Instruction H (1) (a) and (b) of Form 10-Q and is therefore filing this form with the reduced disclosure format.

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

# Citicorp

## TABLE OF CONTENTS

### Part I – Financial Information

	<u>Page No.</u>
Item 1. Financial Statements:	
Consolidated Statements of Income (Unaudited) – Three Months Ended March 31, 2002 and 2001	33
Consolidated Balance Sheets – March 31, 2002 (Unaudited) and December 31, 2001	34
Consolidated Statements of Changes in Stockholder’s Equity (Unaudited) – Three Months Ended March 31, 2002 and 2001	35
Consolidated Statements of Cash Flows (Unaudited) – Three Months Ended March 31, 2002 and 2001	36
Consolidated Balance Sheets of Citibank, N.A. and Subsidiaries – March 31, 2002 (Unaudited) and December 31, 2001	37
Notes to Consolidated Financial Statements (Unaudited)	38
Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations	1 - 32
Item 3. Quantitative and Qualitative Disclosures about Market Risk	24-26 43

### Part II - Other Information

Item 6. Exhibits and Reports on Form 8-K	54
Signatures	55
Exhibit Index	56

## CITICORP AND SUBSIDIARIES

### MANAGEMENT'S DISCUSSION and ANALYSIS of FINANCIAL CONDITION and RESULTS of OPERATIONS

#### Impact from Argentina's Economic Changes

During the first quarter of 2002, Argentina continued to experience significant political and economic changes. The government of Argentina implemented substantial economic changes, including abandoning the country's fixed U.S. dollar-to-peso exchange rate, as well as the redenomination of substantially all remaining loans and deposits and certain other assets and liabilities denominated in U.S. dollars into pesos. As a result of the impact of these government actions on operations, the Company changed its functional currency in Argentina from the U.S. dollar to the Argentine peso. Additionally, the government announced the terms of certain compensation instruments it has committed to issue to financial institutions, to compensate them in part for losses incurred as a result of the redenomination events. The government also announced a 180 day moratorium against creditors filing foreclosures or bankruptcy proceedings against borrowers. The government actions, combined with the severe recessionary economic situation and the devaluation of the peso, have adversely impacted Citicorp's consumer and commercial borrowers in Argentina.

To reflect the impact of the economic situation in Argentina, Citicorp recorded a total of \$858 million in pretax charges in the 2002 first quarter, as follows: a \$475 million addition to the allowance for credit losses, \$269 million in loan and investment write-downs, a \$72 million net charge for currency redenomination and other foreign currency items, and a \$42 million restructuring charge. The \$72 million net charge includes a benefit from the compensation instruments the Argentine government has committed to issue.

<i>In millions of dollars</i>	<b>First Quarter 2002 Pretax Charges</b>			
	<b>Total</b>	<b>Global Corporate</b>	<b>Global Consumer</b>	<b>Investment Activities</b>
Provision for credit losses	<b>(\$475)</b>	(\$240)	(\$235)	\$ -
Credit and investment write-downs	<b>(269)</b>	(117)	(52)	(100)
Redenomination charge – net	<b>(72)</b>	(101)	29	-
Pretax impact – core income	<b>(816)</b>	(458)	(258)	(100)
Restructuring charge	<b>(42)</b>	(9)	(33)	-
Total pretax income impact	<b>(\$858)</b>	(\$467)	(\$291)	(\$100)

In addition, the impact of the devaluation of the peso since January 1, 2002 produced foreign currency translation losses that reduced Citicorp's equity by \$512 million.

As the economic situation, financial regulations and implementation issues in Argentina remain fluid, we continue to work with the government and our customers and will continue to monitor conditions closely. Additional losses may be incurred. This statement is a forward-looking statement within the meaning of the Private Securities Litigation Reform Act. See "Forward-Looking Statements" on page 24.

## Business Focus

The table below shows the core income (loss) for each of Citicorp's businesses:

<i>In millions of dollars</i>	<b>First Quarter</b>	
	<b>2002</b>	<b>2001 <sup>(1)</sup></b>
<b>Global Consumer</b>		
<b>North America</b>		
Citibanking North America	\$ 183	\$ 149
Mortgage Banking	93	75
North America Cards	520	472
CitiFinancial	320	220
Total North America	<u>1,116</u>	<u>916</u>
<b>International</b>		
Western Europe	155	112
Japan	238	205
Asia	149	147
Latin America	(89)	68
Mexico	280	4
Central & Eastern Europe, Middle East & Africa	24	18
Total Emerging Markets Consumer Banking	<u>364</u>	<u>237</u>
Total International	<u>757</u>	<u>554</u>
e-Consumer	(20)	(24)
Other	(28)	(17)
<b>Total Global Consumer</b>	<u>1,825</u>	<u>1,429</u>
<b>Global Corporate</b>		
Corporate and Investment Bank	350	317
Emerging Markets Corporate Banking and Global Transaction Services	195	421
<b>Total Global Corporate</b>	<u>545</u>	<u>738</u>
<b>Global Investment Management and Private Banking</b>		
The Citigroup Private Bank	112	95
Citibank Asset Management	(8)	(4)
<b>Total Global Investment Management and Private Banking</b>	<u>104</u>	<u>91</u>
<b>Investment Activities</b>	36	(54)
<b>Corporate/Other</b>	<u>(15)</u>	<u>(35)</u>
<b>Core Income</b>	<b>2,495</b>	<b>2,169</b>
Restructuring-related items, after-tax <sup>(2)</sup>	(29)	(39)
Cumulative effect of accounting change <sup>(3)</sup>	-	(33)
<b>Net Income</b>	<u><b>\$2,466</b></u>	<u><b>\$2,097</b></u>

(1) Reclassified to conform to the current period's presentation.

(2) Restructuring-related items in the 2002 first quarter primarily related to severance and costs associated with the reduction of staff in Argentina within the Latin America consumer and corporate businesses, and in the 2001 first quarter related principally to severance and costs associated with the reduction of staff in the Global Corporate businesses. See Note 6 to the Consolidated Financial Statements.

(3) First quarter 2001 accounting change refers to the adoption of Statement of Financial Accounting Standards (SFAS) No. 133, "Accounting for Derivative Instruments and Hedging Activities" (SFAS No. 133). See Note 2 to the Consolidated Financial Statements.

## Results of Operations

### Managed Basis Reporting

The discussion that follows includes amounts reported in the financial statements (owned basis) adjusted to include certain effects of securitization activity and receivables held for securitization (managed basis). On a managed basis, these earnings are reclassified and presented as if the receivables had neither been held for securitization nor sold.

### Income Analysis

The income analysis reconciles amounts shown in the Consolidated Statements of Income on page 33 to the basis presented in the business segment discussions.

<i>In millions of dollars</i>	First Quarter	
	2002	2001
<b>Total revenues, net of interest expense</b>	<b>\$12,421</b>	\$11,039
Effect of securitization activities	<b>1,021</b>	766
<b>Adjusted revenues, net of interest expense</b>	<b>13,442</b>	11,805
Total operating expenses	<b>5,941</b>	5,922
Restructuring-related items	<b>(46)</b>	(62)
<b>Adjusted operating expenses</b>	<b>5,895</b>	5,860
Benefits, claims, and credit losses	<b>2,699</b>	1,714
Effect of securitization activities	<b>1,021</b>	766
<b>Adjusted benefits, claims, and credit losses</b>	<b>3,720</b>	2,480
<b>Core income before income taxes and minority interest</b>	<b>3,827</b>	3,465
Taxes on core income	<b>1,313</b>	1,288
Minority interest, net of income tax	<b>19</b>	8
<b>Core income</b>	<b>2,495</b>	2,169
Restructuring-related items, after-tax	<b>(29)</b>	(39)
Cumulative effect of accounting change	<b>-</b>	(33)
<b>Net income</b>	<b>\$ 2,466</b>	\$ 2,097

### Income

Citicorp reported core income of \$2.495 billion in the 2002 first quarter, up 15% from \$2.169 billion in the 2001 first quarter. Core income in the 2002 first quarter excluded an after-tax charge of \$29 million for restructuring-related items (as described in Note 6 of Notes to Consolidated Financial Statements). Net income for the quarter was \$2.466 billion, up 18% from \$2.097 billion in the year-ago quarter. Core income return on common equity was 15.6% compared to 18.1% a year ago.

Global Consumer core income increased \$396 million or 28% while Global Corporate declined \$193 million or 26%. Global Investment Management and Private Banking grew \$13 million or 14%, while Investment Activities increased \$90 million from the 2001 first quarter.

### Revenues, Net of Interest Expense

Adjusted revenues, net of interest expense, of \$13.4 billion in the 2002 first quarter were up \$1.6 billion or 14% from the 2001 first quarter. Global Consumer revenues were up \$1.7 billion or 21% in the 2002 first quarter to \$9.7 billion, led by a \$932 million increase in Mexico, reflecting the Banamex acquisition. North America (excluding Mexico) was up \$788 million or 15%, including increases of \$426 million or 14% in North America Cards, \$153 million or 25% in Citibanking North America, and \$149 million or 11% in CitiFinancial.

Global Corporate revenues of \$2.9 billion decreased \$163 million or 5% from the 2001 first quarter, including a \$30 million or 2% increase in the Corporate and Investment Bank and a \$193 million or 11% decrease in Emerging Markets Corporate Banking and Global Transaction Services revenues, reflecting declines in all regions.

Global Investment Management and Private Banking revenues of \$514 million in the 2002 first quarter were up \$17 million or 3% from the 2001 first quarter. Revenues from Investment Activities in the 2002 first quarter increased \$145 million from year-ago levels, primarily reflecting higher venture capital results.

## **Selected Revenue Items**

Net interest revenue was \$7.8 billion in the 2002 first quarter, up \$1.5 billion or 25% from the comparable 2001 period, reflecting acquisitions and business volume growth. Total commissions and fee revenues of \$2.8 billion were up \$55 million or 2%, primarily as a result of volume-related growth in customer activities.

Aggregate Trading and Foreign Exchange revenues of \$983 million were down \$108 million or 10% from a year ago, primarily reflecting declines in equity derivatives and fixed income which was partially offset by an associated increase in net interest revenue. Realized gains from sales of investments were down \$87 million to \$10 million in the 2002 quarter. Other income as shown in the Consolidated Statement of Income of \$838 million decreased \$19 million from 2001, primarily reflecting an increase in securitized card losses, partially offset by higher venture capital results.

## **Operating Expenses**

Adjusted operating expenses, which exclude restructuring-related items, were \$5.9 billion for the 2002 first quarter, up \$35 million or 1% from the comparable 2001 period. The increase reflects the impact of acquisitions, largely offset by expense control initiatives, lower incentive compensation, and the absence of goodwill and indefinite-lived intangible asset amortization in the 2002 first quarter due to the adoption of SFAS No. 141, "Business Combinations" (SFAS No. 141) and SFAS No. 142, "Goodwill and Other Intangible Assets" (SFAS No. 142).

Global Consumer expenses were up 6% from the 2001 first quarter, while Global Corporate expenses were down 15% and Global Investment Management and Private Banking expenses increased 2% from the year-ago quarter.

## **Restructuring-Related Items**

Restructuring-related items of \$46 million (\$29 million after-tax) in the 2002 first quarter primarily related to severance and costs associated with the reduction of staff in Argentina within the Latin America consumer and corporate businesses. Restructuring-related items of \$62 million (\$39 million after-tax) in the 2001 first quarter primarily represented severance charges related to downsizing certain front and back office functions in the Corporate and Investment Bank in order to align its cost structure with market conditions.

## **Benefits, Claims, and Credit Losses**

Adjusted benefits, claims, and credit losses were \$3.7 billion in the 2002 first quarter, up \$1.2 billion or 50% from the 2001 first quarter. Policyholder benefits and claims decreased 44% from the 2001 first quarter to \$140 million, primarily as a result of the reorganization of a Citicorp insurance unit into a Citigroup unit. The adjusted provision for credit losses increased 61% from a year ago.

Global Consumer adjusted provisions for benefits, claims, and credit losses of \$3.0 billion were up 48% from the 2001 first quarter, reflecting increases in North America Cards, Latin America, Mexico and CitiFinancial. Managed net credit losses were \$2.654 billion and the related loss ratio was 3.36% in the 2002 first quarter, as compared to \$2.580 billion and 3.20% in the preceding quarter and \$1.931 billion and 2.61% a year ago. The managed consumer loan delinquency ratio (90 days or more past due) increased to 2.44% from 2.37% at December 31, 2001 and 2.04% a year ago.

Global Corporate provisions for benefits, claims, and credit losses of \$680 million in the 2002 first quarter increased \$421 million from year-ago levels, primarily due to an addition to the loan loss reserve and write-offs in Emerging Markets Corporate Banking and Global Transaction Services reflecting the economic deterioration in Argentina and higher loss rates in the transportation leasing portfolio in the Corporate and Investment Bank.

Commercial cash-basis loans at March 31, 2002 and 2001 were \$4.5 billion and \$2.4 billion, respectively, while the commercial Other Real Estate Owned (OREO) portfolio totaled \$125 million and \$197 million, respectively. The increase in cash-basis loans from March 31, 2001 was primarily related to the acquisition of Banamex, the transportation portfolio, and increases attributable to borrowers in the telecommunication and energy industries. Commercial cash-basis loans at March 31, 2002 increased \$426 million from December 31, 2001. The improvements in OREO were primarily related to the North America real estate portfolio.

## **Capital**

Total capital (Tier 1 and Tier 2) was \$63.2 billion or 12.82% of net risk-adjusted assets, and Tier 1 capital was \$42.2 billion or 8.55% at March 31, 2002, compared to \$62.9 billion or 12.41% and \$42.2 billion or 8.33%, respectively, at December 31, 2001.

The Income line in each of the following business segment discussions excludes the cumulative effect of adopting SFAS No. 133. See Note 2 of Notes to Consolidated Financial Statements.

## GLOBAL CONSUMER

<i>In millions of dollars</i>	First Quarter		%
	2002	2001 <sup>(1)</sup>	Change
<b>Total revenues, net of interest expense</b>	<b>\$8,687</b>	\$7,227	20
Effect of securitization activities	<b>1,021</b>	766	33
<b>Adjusted revenues, net of interest expense</b>	<b>9,708</b>	7,993	21
Adjusted operating expenses <sup>(2)</sup>	<b>3,890</b>	3,659	6
Provisions for benefits, claims, and credit losses	<b>2,017</b>	1,289	56
Effect of securitization activities	<b>1,021</b>	766	33
<b>Adjusted provisions for benefits, claims, and credit losses</b>	<b>3,038</b>	2,055	48
<b>Core income before taxes and minority interest</b>	<b>2,780</b>	2,279	22
Income taxes	<b>945</b>	845	12
Minority interest, after-tax	<b>10</b>	5	100
<b>Core income</b>	<b>1,825</b>	1,429	28
Restructuring-related items, after-tax	<b>(18)</b>	(12)	(50)
<b>Income</b>	<b>\$1,807</b>	\$1,417	28

(1) Reclassified to conform to the current period's presentation.

(2) Excludes restructuring-related items.

**Global Consumer** -- which provides banking, lending, including credit and charge cards, and investment and personal insurance products and services to customers around the world -- reported core income of \$1.825 billion in the 2002 first quarter, up \$396 million or 28% from 2001. North America core income increased \$200 million or 22%, marked by double-digit growth in CitiFinancial, Mortgage Banking, Citibanking North America and North America Cards. The developed markets businesses of Western Europe and Japan reported core income of \$393 million, up \$76 million or 24%, primarily reflecting the impact of higher business volumes, partially offset by increased credit losses. Core income in Emerging Markets Consumer increased \$127 million or 54% to \$364 million in the first quarter of 2002, as the impact of the Banamex acquisition was partially offset by losses in Argentina. Income of \$1.807 billion in the 2002 first quarter and \$1.417 billion in the 2001 first quarter included restructuring-related charges of \$18 million (\$29 million pretax) and \$12 million (\$19 million pretax), respectively. See Note 6 of Notes to Consolidated Financial Statements for a discussion of the restructuring-related items.

## North America

### Citibanking North America

<i>In millions of dollars</i>	First Quarter		%
	2002	2001 <sup>(1)</sup>	Change
<b>Total revenues, net of interest expense</b>	<b>\$768</b>	\$615	25
Total operating expenses	<b>453</b>	368	23
Provision for credit losses	<b>24</b>	7	NM
<b>Income before taxes</b>	<b>291</b>	240	21
Income taxes	<b>108</b>	91	19
<b>Income</b>	<b>\$183</b>	\$149	23
Average assets ( <i>in billions of dollars</i> )	<b>\$ 16</b>	\$ 9	78
Return on assets	<b>4.64%</b>	6.71%	

(1) Reclassified to conform to the current period's presentation.

NM Not meaningful

**Citibanking North America** -- which delivers banking, lending, and investment and insurance services to customers through Citibank's branches and electronic delivery systems -- reported income of \$183 million in the 2002 first quarter, up \$34 million or 23% from 2001, primarily reflecting the July 2001 acquisition of European American Bank (EAB) along with growth in revenues.

As shown in the following table, Citibanking grew loans, customer deposits, and accounts compared to the first quarter of 2001, reflecting, in part, the acquisition of EAB which added \$8.1 billion to average customer deposits, \$4.2 billion to average loans and 0.7 million to accounts.

<i>In billions of dollars</i>	<b>First Quarter</b>		<b>% Change</b>
	<b>2002</b>	2001	
Accounts ( <i>in millions</i> )	<b>7.7</b>	6.7	15
Average customer deposits	<b>\$59.0</b>	\$47.9	23
Average loans	<b>\$12.0</b>	\$ 7.4	62

Revenues, net of interest expense, of \$768 million in the 2002 first quarter increased \$153 million or 25% from the 2001 period. Revenue growth in 2002 reflected the acquisition of EAB, the benefit of customer deposit growth and improved net funding spreads. Total operating expenses of \$453 million in the first quarter of 2002 increased \$85 million or 23% from the prior year, primarily due to the acquisition of EAB and higher advertising and marketing costs.

The provision for credit losses was \$24 million in the 2002 first quarter, up from \$7 million in the 2001 first quarter. The net credit loss ratio was 0.90% in the 2002 first quarter, compared to 0.97% in the 2001 fourth quarter and 0.80% in the prior-year first quarter. Loans delinquent 90 days or more were \$85 million or 0.71% of loans at March 31, 2002, compared to \$96 million or 0.78% at December 31, 2001 and \$41 million or 0.56% a year ago. Increases from the prior-year first quarter are mainly due to the acquisition of EAB.

Average assets of \$16 billion in the 2002 first quarter increased \$7 billion from the 2001 first quarter, primarily reflecting the acquisition of EAB. Return on assets was 4.64% in the 2002 first quarter, down from 6.71% in the prior-year quarter. The decline in return on assets was due to the addition of EAB.

### **Mortgage Banking**

<i>In millions of dollars</i>	<b>First Quarter</b>		<b>% Change</b>
	<b>2002</b>	2001 <sup>(1)</sup>	
<b>Total revenues, net of interest expense</b>	<b>\$299</b>	\$239	25
Total operating expenses	<b>115</b>	109	6
Provision for credit losses	<b>16</b>	-	NM
<b>Income before taxes and minority interest</b>	<b>168</b>	130	29
Income taxes	<b>65</b>	50	30
Minority interest, after-tax	<b>10</b>	5	100
<b>Income</b>	<b>\$ 93</b>	\$ 75	24
Average assets ( <i>in billions of dollars</i> )	<b>\$49</b>	\$ 47	4
Return on assets	<b>0.77%</b>	0.65%	

(1) Reclassified to conform to the current period's presentation.

NM Not meaningful

**Mortgage Banking** -- which originates and services mortgages and student loans for customers across the United States -- reported income of \$93 million in the 2002 first quarter, up \$18 million or 24% from the first quarter of 2001, primarily reflecting revenue growth in the student loan business, partially offset by an increased provision for credit losses.

As shown in the following table, accounts grew 9% from 2001, primarily reflecting growth in student loans. Average on balance sheet loans grew 6%, driven by increases in mortgage loans held for sale and student loans, partially offset by higher prepayments in adjustable rate mortgages which are typically held in the portfolio rather than securitized. Other serviced loans and total originations increased 7% and 65%, respectively, from 2001, reflecting continued increases in mortgage refinancing activity due to lower interest rates.

<i>In billions of dollars</i>	<b>First Quarter</b>		<b>% Change</b>
	<b>2002</b>	2001	
Average loans-on balance sheet <sup>(1)</sup>	<b>\$ 47.2</b>	\$ 44.6	6
Other serviced loans	<b>68.7</b>	64.2	7
Total owned and serviced loans	<b>\$115.9</b>	\$108.8	7
Total originations	<b>\$ 12.7</b>	\$ 7.7	65
Accounts ( <i>in millions</i> )	<b>4.9</b>	4.5	9

(1) Includes loans held for sale.

Revenues, net of interest expense, of \$299 million in the 2002 first quarter grew \$60 million or 25% from the 2001 first quarter. The increase in revenue was primarily due to spread improvements in student loans and higher mortgage securitization-related activity, including increased net interest revenue on mortgage loans held for sale. Revenue growth in 2002 was partially offset by spread compression in the mortgage portfolio. Total operating expenses increased \$6 million or 6% from the 2001 first quarter, mainly reflecting additional business volumes.

The provision for credit losses increased \$16 million from the first quarter of 2001. Net credit losses in the 2002 first quarter were \$16 million and the related loss ratio was 0.14%, compared to \$13 million and 0.12% in the 2001 fourth quarter and \$7 million or 0.06% in the 2001 first quarter. Loans delinquent 90 days or more were \$1.344 billion or 2.87% of loans at March 31, 2002, compared to \$1.157 billion or 2.53% at December 31, 2001 and \$957 million or 2.12% a year ago. The increase in delinquencies from both the 2001 fourth quarter and 2001 first quarter mainly reflects a higher level of buy backs from GNMA pools where the credit risk is maintained by government agencies. The increase in delinquencies from the prior quarter also reflects a seasonal increase in government-guaranteed student loans.

### North America Cards

<i>In millions of dollars</i>	First Quarter		% Change
	2002	2001 <sup>(1)</sup>	
<b>Total revenues, net of interest expense</b>	<b>\$2,425</b>	\$2,281	6
Effect of securitization activities	<b>1,013</b>	731	39
<b>Adjusted revenues, net of interest expense</b>	<b>3,438</b>	3,012	14
Total operating expenses	<b>953</b>	1,040	(8)
Provision for credit losses	<b>646</b>	490	32
Effect of securitization activities	<b>1,013</b>	731	39
Adjusted provision for credit losses	<b>1,659</b>	1,221	36
<b>Income before taxes</b>	<b>826</b>	751	10
Income taxes	<b>306</b>	279	10
<b>Income</b>	<b>\$ 520</b>	\$ 472	10
Average assets ( <i>in billions of dollars</i> ) <sup>(2)</sup>	<b>\$44</b>	\$49	(10)
Return on assets <sup>(2)</sup>	<b>4.79%</b>	3.91%	

(1) Reclassified to conform to the current period's presentation.

(2) Adjusted for the effect of securitization activities, managed average assets and the related return on assets for North America Cards were \$110 billion and 1.92% in the first quarter of 2002, compared to \$106 billion and 1.81% in the first quarter of 2001.

**North America Cards** -- which includes Citi Cards (bankcards and private-label cards) and Diners Club -- reported income of \$520 million in the 2002 first quarter, up \$48 million or 10% from the 2001 period, as revenue growth and expense management were partially offset by higher credit costs.

Adjusted revenues, net of interest expense, of \$3.438 billion in the 2002 first quarter were up \$426 million or 14% from the 2001 first quarter, reflecting spread improvements due to lower cost of funds and repricing actions, combined with the benefit of receivable growth. In addition, revenues benefited during the 2002 first quarter as a result of an increase in the amortization period for certain direct loan origination costs, which had a minor impact in the 2002 first quarter and is expected to benefit the 2002 second quarter. This statement is a forward-looking statement within the meaning of the Private Securities Litigation Reform Act. See "Forward-Looking Statements" on page 24. Total operating expenses of \$953 million in the 2002 first quarter decreased \$87 million or 8% from the 2001 first quarter, primarily reflecting disciplined expense management including a decline in advertising and marketing costs.

As shown in the following table, on a managed basis, the Citi Cards portfolio experienced growth in the 2002 first quarter of 5% in end-of-period receivables and slight declines in accounts and total sales.

<i>In billions of dollars</i>	First Quarter		% Change
	2002	2001	
Accounts ( <i>in millions</i> )	<b>91.6</b>	93.2	(2)
Total sales	<b>\$ 50.8</b>	\$ 51.2	(1)
End-of-period managed receivables	<b>\$105.4</b>	\$100.5	5

Risk adjusted margin is a measure of profitability calculated as adjusted revenues less managed net credit losses divided by average managed loans. This measure is consistent with the goal of matching the revenues generated by the loan portfolio with the credit risk undertaken. As shown in the following table, Citi Cards risk adjusted margin of 6.64% in the 2002 first quarter decreased 31 basis points from the 2001 period as higher net interest revenue was more than offset by higher net credit losses.

<i>In billions of dollars</i>	<b>First Quarter</b>	
	<b>2002</b>	2001
Risk adjusted revenues <sup>(1)</sup>	<b>\$1.705</b>	\$1.716
Risk adjusted margin % <sup>(2)</sup>	<b>6.64%</b>	6.95%

(1) Citi Cards adjusted revenues less managed net credit losses.

(2) Risk adjusted revenues as a percentage of average managed loans.

The adjusted provision for credit losses in the 2002 first quarter was \$1.659 billion, compared to \$1.221 billion in the 2001 first quarter. Citi Cards managed net credit losses rose in the 2002 first quarter to \$1.646 billion with the related loss ratio increasing to 6.41%, compared to \$1.554 billion and 5.91% in the 2001 fourth quarter and \$1.196 billion and 4.84% in the 2001 first quarter. Citi Cards managed loans delinquent 90 days or more were \$2.219 billion or 2.13% of loans at March 31, 2002, compared to \$2.135 billion or 1.98% at December 31, 2001 and \$1.836 billion or 1.84% at March 31, 2001. Net credit losses and the related ratio are expected to increase from the 2002 first quarter as a result of continued economic weakness. This statement is a forward-looking statement within the meaning of the Private Securities Litigation Reform Act. See "Forward-Looking Statements" on page 24.

### CitiFinancial

<i>In millions of dollars</i>	<b>First Quarter</b>		%
	<b>2002</b>	2001 <sup>(1)</sup>	
<b>Adjusted revenues, net of interest expense</b> <sup>(2)</sup>	<b>\$1,479</b>	\$1,330	11
Adjusted operating expenses <sup>(3)</sup>	<b>475</b>	569	(17)
Adjusted provisions for benefits, claims, and credit losses <sup>(2)</sup>	<b>500</b>	408	23
Core income before taxes	<b>504</b>	353	43
Income taxes	<b>184</b>	133	38
<b>Core income</b>	<b>320</b>	220	45
Restructuring-related items, after-tax	<b>-</b>	(8)	(100)
<b>Income</b>	<b>\$ 320</b>	\$ 212	51
Average assets <i>(in billions of dollars)</i>	<b>\$68</b>	\$64	6
Return on assets	<b>1.91%</b>	1.34%	
<b>Excluding restructuring-related items</b>			
Return on assets	<b>1.91%</b>	1.39%	

(1) Reclassified to conform to the current period's presentation.

(2) Adjusted for the effect of securitization activities of \$15 million in the 2001 first quarter.

(3) Excludes restructuring-related items.

**CitiFinancial** -- which provides community-based lending services through its branch network, regional sales offices and cross-selling initiatives with other Citigroup businesses -- reported core income of \$320 million in the 2002 first quarter, up \$100 million or 45% from the 2001 first quarter, principally reflecting growth in net interest revenue and efficiencies resulting from the integration of Associates First Capital Corporation (Associates), partially offset by higher credit costs. Core income growth in the first quarter of 2002 also included a \$19 million after-tax benefit due to the absence of goodwill and other indefinite-lived intangible asset amortization.

As shown in the following table, average loans grew 6% compared to the 2001 first quarter resulting from the cross selling of products through other Citigroup distribution channels and an increase in auto loans. Average auto loans increased \$1.9 billion or 54% from 2001, reflecting a shift in strategy to fund business volumes internally rather than externally through the securitization of receivables. The average net interest margin of 8.41% in the 2002 first quarter increased 65 basis points from the 2001 first quarter, mainly due to lower cost of funds.

<i>In billions of dollars</i>	<b>First Quarter</b>		<b>% Change</b>
	<b>2002</b>	<b>2001</b>	
<b>Average loans</b>			
Real estate-secured loans – other	<b>\$33.3</b>	\$34.5	(3)
Real estate-secured loans – PFS sourced	<b>8.2</b>	5.4	52
Personal loans	<b>9.6</b>	9.7	(1)
Auto	<b>5.4</b>	3.5	54
Sales finance and other	<b>2.7</b>	2.6	4
<b>Total average loans</b>	<b>\$59.2</b>	\$55.7	6
Average net interest margin %	<b>8.41%</b>	7.76%	65 bps

Adjusted revenues, net of interest expense, of \$1.479 billion in the 2002 first quarter increased \$149 million or 11% from the 2001 first quarter, reflecting lower cost of funds which was mainly due to a lower interest rate environment and growth in receivables, partially offset by lower yields. Adjusted operating expenses of \$475 million in the 2002 first quarter decreased \$94 million or 17% from the prior-year quarter, primarily reflecting efficiencies resulting from the integration of Associates and a \$23 million benefit due to the absence of goodwill and other indefinite-lived intangible asset amortization.

Adjusted provisions for benefits, claims, and credit losses were \$500 million in the 2002 first quarter, up from \$408 million in the prior-year quarter. The net credit loss ratio of 2.97% in the 2002 first quarter was down from 3.06% in the 2001 fourth quarter and up from 2.50% in the 2001 first quarter. Net credit losses in the 2001 fourth quarter included losses of \$42 million from the sales of certain underperforming loans, which were charged against the allowance for credit losses and resulted in a 28 basis point increase in the net credit loss ratio. Excluding the sales, the 2002 first quarter net credit loss ratio increased 19 basis points from the 2001 fourth quarter. Loans delinquent 90 days or more were \$1.969 billion or 3.30% of loans at March 31, 2002, compared to \$1.991 billion or 3.38% at December 31, 2001 and \$1.580 billion or 2.82% a year ago. The increase in delinquencies versus the prior year was partly due to the impact of the alignment of credit and collection policies in the Associates real estate portfolio to those of CitiFinancial combined with the impact of current U.S. economic conditions. Net credit losses and the related loss ratio may increase from the 2002 first quarter as a result of economic conditions and credit performance of the portfolios, including bankruptcy filings. This statement is a forward-looking statement within the meaning of the Private Securities Litigation Reform Act. See “Forward-Looking Statements” on page 24.

## International Consumer

### Western Europe

<i>In millions of dollars</i>	<b>First Quarter</b>		<b>% Change</b>
	<b>2002</b>	<b>2001<sup>(1)</sup></b>	
<b>Total revenues, net of interest expense</b>	<b>\$682</b>	\$626	9
Total operating expenses	<b>352</b>	350	1
Provisions for benefits, claims, and credit losses	<b>99</b>	99	-
<b>Income before taxes</b>	<b>231</b>	177	31
Income taxes	<b>76</b>	65	17
<b>Income</b>	<b>\$155</b>	\$112	38
Average assets ( <i>in billions of dollars</i> )	<b>\$24</b>	\$23	4
Return on assets	<b>2.62%</b>	1.97%	

(1) Reclassified to conform to the current period's presentation.

**Western Europe** -- which provides banking, community-based lending, including credit and charge cards, and investment products and services -- reported income of \$155 million in the 2002 first quarter, up \$43 million or 38% from the 2001 first quarter, mainly reflecting growth in the branch and consumer finance businesses across the region, particularly in the U.K. and Germany.

The net effect of foreign currency translation reduced income growth by approximately \$5 million in the 2002 first quarter. Revenues, expenses and the provisions for benefits, claims, and credit losses growth rates were also reduced by approximately 4, 3, and 4 percentage points, respectively, from the 2001 first quarter.

As shown in the following table, Western Europe accounts increased 4% and deposit volumes increased 1% from a year ago. Growth in loan volumes in the 2002 first quarter was driven by increases in Germany, Italy, Spain and in the U.K., which also benefited from the impact of acquisitions.

<i>In billions of dollars</i>	<b>First Quarter</b>		<b>% Change</b>
	<b>2002</b>	2001	
Accounts ( <i>in millions</i> )	<b>10.8</b>	10.4	4
Average customer deposits	<b>\$13.0</b>	\$12.9	1
Average loans	<b>\$19.7</b>	\$18.3	8

Revenues, net of interest expense, of \$682 million in the 2002 first quarter increased \$56 million or 9% from the 2001 first quarter, principally due to growth in branch lending, bankcard and consumer finance revenues, reflecting increased volumes and spreads. Revenue growth in 2002 was partially offset by the first quarter 2001 sale of Diners Club franchises in the region and foreign currency translation. Total operating expenses of \$352 million in the 2002 first quarter increased \$2 million or 1% from the 2001 first quarter as volume-related increases were essentially offset by foreign currency translation and expense-reduction initiatives.

The provisions for benefits, claims, and credit losses were \$99 million in the 2002 first quarter, unchanged from the 2001 first quarter. The net credit loss ratio was 1.99% in the 2002 first quarter, compared to 2.00% in the 2001 fourth quarter and 2.01% in the 2001 first quarter. Loans delinquent 90 days or more were \$817 million or 4.10% of loans at March 31, 2002, compared to \$824 million or 4.07% at December 31, 2001 and \$811 million or 4.52% at March 31, 2001. Net credit losses and the related loss ratio may increase in the future as a result of economic conditions, statutory changes in the region and future credit performance of the portfolios. This statement is a forward-looking statement within the meaning of the Private Securities Litigation Reform Act. See "Forward-Looking Statements" on page 24.

## Japan

<i>In millions of dollars</i>	<b>First Quarter</b>		<b>% Change</b>
	<b>2002</b>	2001 <sup>(1)</sup>	
<b>Total revenues, net of interest expense</b>	<b>\$826</b>	\$835	(1)
Total operating expenses	<b>259</b>	353	(27)
Provision for credit losses	<b>195</b>	162	20
<b>Income before taxes</b>	<b>372</b>	320	16
Income taxes	<b>134</b>	115	17
<b>Income</b>	<b>\$238</b>	\$205	16
Average assets ( <i>in billions of dollars</i> )	<b>\$20</b>	\$19	5
Return on assets	<b>4.83%</b>	4.38%	

(1) Reclassified to conform to the current period's presentation.

**Japan** -- which provides banking, community-based lending, including credit cards, and investment products and services -- reported income of \$238 million in the 2002 first quarter, up \$33 million or 16% from 2001, reflecting a \$15 million after-tax benefit due to the absence of goodwill and other indefinite-lived intangible asset amortization and growth in business volumes, including the impact of the acquisition of Taihei Co., Ltd. (Taihei), partially offset by higher credit losses and the net effect of foreign currency translation. On February 28, 2002, CitiFinancial Japan acquired the consumer finance business of Taihei, which added approximately \$650 million in end-of-period receivables.

The net effect of foreign currency translation reduced income growth by approximately \$27 million in the 2002 first quarter. Revenues, expenses, and provision for credit losses growth rates were also reduced by 17, 15, and 29 percentage points, respectively, from the 2001 first quarter.

As shown in the following table, the Japan business experienced growth in accounts, customer deposits, and loans from 2001. Growth in 2002 benefited from the acquisition of Taihei, which added approximately \$0.2 billion to average loans and 0.2 million to accounts. Excluding the impact of foreign currency translation, average customer deposits and average loans increased 23 and 16 percentage points, respectively from the prior year.

<i>In billions of dollars</i>	<b>First Quarter</b>		<b>% Change</b>
	<b>2002</b>	2001	
Accounts ( <i>in millions</i> )	<b>5.4</b>	4.9	10
Average customer deposits	<b>\$15.8</b>	\$14.3	10
Average loans	<b>\$14.2</b>	\$13.5	5

Total revenues, net of interest expense, of \$826 million in the 2002 first quarter decreased \$9 million or 1% from 2001, reflecting the adverse impact of foreign currency translation and lower spreads, partially offset by growth in business volumes, including the

acquisition of Taihei, and increased foreign exchange fees. Total operating expenses of \$259 million were down \$94 million or 27% from the 2001 first quarter, reflecting the impact of foreign currency translation and a \$19 million benefit due to the absence of goodwill and other indefinite-lived intangible asset amortization.

The provision for credit losses in the 2002 first quarter was \$195 million, up \$33 million or 20% from the 2001 first quarter. The net credit loss ratio of 5.57% in the 2002 first quarter increased from 4.53% in the 2001 fourth quarter and 4.06% in the prior-year quarter. The increase in net credit losses was primarily due to increased bankruptcy filings and deteriorating credit quality. Loans delinquent 90 days or more were \$187 million or 1.26% of loans at March 31, 2002, compared to \$178 million or 1.24% at December 31, 2001 and \$107 million or 0.81% a year ago. Net credit losses and the related ratio are expected to increase from the 2002 first quarter as a result of continued increases in bankruptcy filings and higher unemployment rates in Japan. This is a forward-looking statement within the meaning of the Private Securities Litigation Reform Act. See "Forward-Looking Statements" on page 24.

## Asia

<i>In millions of dollars</i>	First Quarter		% Change
	2002	2001 <sup>(1)</sup>	
<b>Total revenues, net of interest expense</b>	<b>\$562</b>	\$540	4
Total operating expenses	248	245	1
Provisions for benefits, claims, and credit losses	82	62	32
<b>Income before taxes</b>	<b>232</b>	233	-
Income taxes	83	86	(3)
<b>Income</b>	<b>\$149</b>	\$147	1
Average assets ( <i>in billions of dollars</i> )	<b>\$26</b>	\$25	4
Return on assets	<b>2.32%</b>	2.38%	

(1) Reclassified to conform to the current period's presentation.

**Asia (excluding Japan)** -- which provides banking, lending, including credit and charge cards, and investment services to customers throughout the region -- reported income of \$149 million in the 2002 first quarter, up \$2 million or 1% from 2001, reflecting volume growth across the region especially in investment product fees, cards, treasury results and branch lending, partially offset by higher credit losses and the effects of foreign currency translation. Income of \$147 million in the 2001 first quarter included a gain related to the contribution of Citigroup's insurance operations in Taiwan to its joint venture with Fubon.

The net effect of foreign currency translation reduced income growth by approximately \$7 million in the 2002 first quarter and reduced revenues, expenses, and the provisions for benefits, claims, and credit losses growth by 4, 2, and 5 percentage points, respectively, from the 2001 first quarter.

As shown in the following table, Asia experienced strong growth in accounts from the 2001 first quarter, reflecting growth in the cards business across the region. Foreign currency translation effects reduced growth in loan and deposit volumes.

<i>In billions of dollars</i>	First Quarter		% Change
	2002	2001	
Accounts ( <i>in millions</i> )	<b>10.0</b>	8.6	16
Average customer deposits	<b>\$35.0</b>	\$36.1	(3)
Average loans	<b>\$21.2</b>	\$21.6	(2)

Revenues, net of interest expense, of \$562 million in the 2002 first quarter increased \$22 million or 4% from 2001, reflecting growth in investment product fees, cards, treasury revenue and branch lending, partially offset by the January 2001 gain related to Fubon and foreign currency translation effects. Total operating expenses increased \$3 million or 1% from the 2001 first quarter reflecting expansion initiatives across the region, partially offset by foreign currency translation effects.

The provisions for benefits, claims, and credit losses were \$82 million in the 2002 first quarter, up \$20 million from the 2001 first quarter. Net credit losses in the 2002 first quarter were \$79 million and the related loss ratio was 1.51%, up from \$68 million and 1.28% in the 2001 fourth quarter and \$61 million and 1.14% a year ago. Loans delinquent 90 days or more were \$374 million or 1.79% of loans at March 31, 2002, compared with \$367 million or 1.73% at December 31, 2001 and \$334 million or 1.58% a year ago. The increases in the net credit loss ratio and loans delinquent 90 days or more are primarily in Taiwan, Hong Kong and South Korea. Net credit losses and loans delinquent 90 days or more may increase from 2002 first quarter levels due to economic weakness in Asia, whose exporting economies have been impacted by the slowdown in the U.S. This statement is a forward-looking statement within the meaning of the Private Securities Litigation Reform Act. See "Forward Looking Statements" on page 24.

## Latin America

<i>In millions of dollars</i>	First Quarter		%
	2002	2001 <sup>(1)</sup>	Change
<b>Total revenues, net of interest expense</b>	<b>\$383</b>	\$472	(19)
Adjusted operating expenses <sup>(2)</sup>	<b>218</b>	287	(24)
Provisions for benefits, claims, and credit losses	<b>324</b>	84	NM
<b>Core income (loss) before taxes</b>	<b>(159)</b>	101	NM
Income taxes	<b>(70)</b>	33	NM
<b>Core income (loss)</b>	<b>(89)</b>	68	NM
Restructuring-related items, after-tax	<b>(15)</b>	-	NM
<b>Income (loss)</b>	<b>(\$104)</b>	\$ 68	NM
Average assets <i>(in billions of dollars)</i>	<b>\$7</b>	\$9	(22)
Return on assets	<b>NM</b>	3.06%	
<b>Excluding restructuring-related items</b>			
Return on assets	<b>NM</b>	3.06%	

(1) Reclassified to conform to the current period's presentation.

(2) Excludes restructuring-related items.

NM Not meaningful

**Latin America (excluding Mexico)** -- which provides banking, lending, including credit and charge cards, insurance and pension fund administration and investment services to customers throughout the region -- reported losses before restructuring-related items, of \$89 million in the 2002 first quarter, compared to core income of \$68 million a year ago, primarily reflecting charges taken in Argentina and the net effects of foreign currency translation due to the devaluation of the Argentine Peso. Losses of \$104 million in the 2002 first quarter included restructuring-related charges of \$15 million (\$25 million pretax), which reflects initiatives to downsize headcount and branches in Argentina.

As shown in the following table, average customer deposits and average loans decreased primarily reflecting foreign currency translation effects due to the devaluation of the Argentine Peso.

<i>In billions of dollars</i>	First Quarter		%
	2002	2001	Change
Accounts <i>(in millions)</i>	<b>8.4</b>	8.2	2
Average customer deposits	<b>\$9.1</b>	\$11.0	(17)
Average loans	<b>4.8</b>	6.5	(26)

Revenues, net of interest expense, of \$383 million in the 2002 first quarter were down \$89 million or 19% from 2001, primarily reflecting weakness in Argentina, due to reduced business activity as well as the unfavorable foreign currency translation effects from the devaluation of the Argentine Peso, partially offset by higher regional treasury results. Adjusted operating expenses of \$218 million decreased \$69 million or 24% from the 2001 first quarter, primarily reflecting the benefit of foreign currency translation and expense reduction initiatives across the region.

The provisions for benefits, claims, and credit losses were \$324 million in the 2002 first quarter, compared with \$84 million in the prior year. The increase in the provisions for benefits, claims, and credit losses was mainly due to an addition of \$235 million to the loan loss reserve, due to deteriorating credit in Argentina. The increase in the loan loss reserve for Argentina reflects management's estimate of the impact on the consumer portfolio of the economic and political events which occurred in the first quarter, including the limitations imposed on withdrawals of funds, the bankruptcy moratorium, and the rising unemployment rate. The net credit loss ratio in the 2002 first quarter was 6.50%, compared with 4.93% in the 2001 fourth quarter and 4.24% a year ago, primarily reflecting write-downs in Argentina. Loans delinquent 90 days or more were \$171 million or 4.03% of loans at March 31, 2002, compared with \$248 million or 4.71% at December 31, 2001 and \$302 million or 4.74% a year ago. Loans delinquent 90 days or more declined, primarily reflecting foreign currency translation effects due to the devaluation of the Argentine Peso. The ratio of loans delinquent 90 days or more declined from the 2001 fourth quarter as Argentina now reflects a smaller proportion of the Latin American loan portfolio, primarily reflecting the devaluation of the Argentine Peso. Net credit losses and loans delinquent 90 days or more may increase from 2002 first quarter levels due to the continuing economic crisis in Argentina and may be impacted by further unemployment and instability of prices. Income may also be impacted by government decrees and judicial orders in Argentina. These statements are forward-looking statements within the meaning of the Private Securities Litigation Reform Act. See "Forward-Looking Statements" on page 24.

## Mexico

<i>In millions of dollars</i>	<b>First Quarter</b>	
	<b>2002</b>	2001 <sup>(1)</sup>
<b>Total revenues, net of interest expense</b>	<b>\$1,085</b>	\$153
Adjusted operating expenses <sup>(2)</sup>	<b>614</b>	129
Provisions for benefits, claims, and credit losses	<b>121</b>	11
<b>Core income before taxes</b>	<b>350</b>	13
Income taxes	<b>70</b>	9
<b>Core income</b>	<b>280</b>	4
Restructuring-related items, after-tax	<b>(3)</b>	-
<b>Income</b>	<b>\$ 277</b>	\$ 4
Average assets ( <i>in billions of dollars</i> )	<b>\$69</b>	\$11
Return on assets	<b>1.63%</b>	0.15%
<b>Excluding restructuring-related items</b>		
Return on assets	<b>1.65%</b>	0.15%

(1) Reclassified to conform to the current period's presentation.

(2) Excludes restructuring-related items.

**Mexico** -- which includes the results of Grupo Financiero Banamex (Banamex) from August 2001, as well as Citicorp's legacy consumer banking, corporate banking, and retirement services businesses in Mexico and provides a wide array of banking, insurance, and financial services products -- reported core income of \$280 million in the 2002 first quarter, up \$276 million compared to 2001, primarily reflecting the acquisition of Banamex. Income of \$277 million in the 2002 first quarter includes a restructuring-related charge of \$3 million (\$4 million pretax).

On August 6, 2001, Citicorp completed its acquisition of Banamex with the transaction being accounted for as a purchase. In the 2001 fourth quarter, Citibank Mexico's banking operations merged into Banamex, with Banamex being the surviving entity. In February 2002, Banamex completed the purchase of AEGON's 48% interest in Seguros Banamex (Life Insurance) and AFORE Banamex (Pension Fund Manager) for \$1.24 billion. The business also finalized the sale of Bansud (a subsidiary of Banamex) in Argentina in January 2002.

<i>In billions of dollars</i>	<b>First Quarter</b>	
	<b>2002</b>	2001
Accounts ( <i>in millions</i> )	<b>17.5</b>	1.7
Average customer deposits	<b>\$30.2</b>	\$3.0
Average loans	<b>19.5</b>	3.7

Revenues, net of interest expense, of \$1.085 billion in the 2002 first quarter increased \$932 million from 2001, primarily reflecting the acquisition of Banamex. Revenues reflect strong volume growth from the underlying customer deposit business and cards, combined with improvements in trading revenue primarily due to interest rate positioning, partially offset by declining spreads. The customer deposit business was impacted by lower interest rates that reduced spreads on deposits. Adjusted operating expenses of \$614 million in the 2002 first quarter increased \$485 million from 2001, primarily reflecting the acquisition of Banamex. The business continues to take actions to rationalize headcount, branches and systems.

The provisions for benefits, claims, and credit losses in the 2002 first quarter were \$121 million compared with \$11 million in 2001. The consumer net credit loss ratio was 3.89% in the 2002 first quarter, compared with 3.88% in the 2001 fourth quarter and 4.13% a year ago. Consumer loans delinquent 90 days or more were \$470 million or 7.89% of loans at March 31, 2002, compared with \$523 million or 8.75% at December 31, 2001 and \$16 million or 5.19% a year ago. The improvement in consumer loans delinquent 90 days or more from the 2001 fourth quarter primarily reflects improved collections. The increase from March 31, 2001 primarily results from the acquisition of Banamex.

Commercial cash-basis loans were \$1.095 billion at March 31, 2002, compared with \$1.030 billion at December 31, 2001 and \$68 million a year ago. The increase in the 2002 first quarter versus March 31, 2001 reflects the acquisition of Banamex whose commercial cash-basis loans include exposures in steel, textile, food products and other industries.

Net credit losses, cash-basis loans, and loans delinquent 90 days or more may increase from first quarter 2002 levels, due to economic weakness in Mexico, whose exports have been impacted by the slowdown in the U.S. This statement is a forward-looking statement within the meaning of the Private Securities Litigation Reform Act. See "Forward-Looking Statements" on page 24.

## Central & Eastern Europe, Middle East & Africa

<i>In millions of dollars</i>	First Quarter		%
	2002	2001 <sup>(1)</sup>	Change
<b>Total revenues, net of interest expense</b>	<b>\$149</b>	\$130	15
Total operating expenses	100	93	8
Provision for credit losses	11	9	22
<b>Income before taxes</b>	<b>38</b>	28	36
Income taxes	14	10	40
<b>Income</b>	<b>\$ 24</b>	\$ 18	33
Average assets ( <i>in billions of dollars</i> )	\$4	\$4	-
Return on assets	2.43%	1.83%	

(1) Reclassified to conform to the current period's presentation.

**Central & Eastern Europe, Middle East & Africa (CEEMEA--including India and Pakistan)** -- which provides banking, lending, including credit and charge cards, and investment services to customers throughout the region -- reported income of \$24 million in the 2002 first quarter, up \$6 million or 33% from 2001, reflecting continued growth in cards, investment product fees and branch lending across the region, particularly in India and Poland, partially offset by lower results in Turkey and Pakistan and due to increased spending on branch expansion and marketing initiatives.

As shown in the following table, CEEMEA reported 21% account growth from the 2001 first quarter, primarily reflecting growth in cards, customer deposits, and other lending, as franchise growth efforts continued across the region.

<i>In billions of dollars</i>	First Quarter		%
	2002	2001	Change
Accounts ( <i>in millions</i> )	4.0	3.3	21
Average customer deposits	\$6.1	\$5.6	9
Average loans	2.5	2.2	14

Revenues, net of interest expense, of \$149 million in the 2002 first quarter increased \$19 million or 15% from 2001, primarily reflecting volume growth in cards, investment product fees and branch lending across the region, particularly in India and Poland, partially offset by lower results in Turkey and Pakistan. Total operating expenses of \$100 million increased \$7 million or 8% from the 2001 first quarter, reflecting higher business volumes and franchise expansion initiatives in the region.

The provision for credit losses was \$11 million in the 2002 first quarter, compared with \$9 million in 2001. The net credit loss ratio was 1.75% in the 2002 first quarter, compared with 1.60% in the 2001 fourth quarter and 1.66% a year ago. The increase in the net credit loss ratio primarily reflects higher losses in certain segments in the Middle East and economic slowdown in Eastern Europe. Loans delinquent 90 days or more of \$36 million or 1.42% of loans at March 31, 2002 were essentially unchanged from \$36 million or 1.41% at December 31, 2001 and increased from \$33 million or 1.40% at March 31, 2001.

### e-Consumer

<i>In millions of dollars</i>	First Quarter		%
	2002	2001 <sup>(1)</sup>	Change
<b>Total revenues, net of interest expense</b>	<b>\$40</b>	\$ 47	(15)
Total operating expenses	73	86	(15)
<b>Loss before tax benefits</b>	<b>(33)</b>	(39)	15
Income tax benefits	(13)	(15)	13
<b>Loss</b>	<b>(\$20)</b>	(\$24)	17

(1) Reclassified to conform to the current period's presentation.

**e-Consumer** -- the business responsible for developing and implementing Global Consumer Internet financial services products and e-commerce solutions -- reported a loss of \$20 million in the 2002 first quarter, compared to a loss of \$24 million in the 2001 first quarter.

Revenues, net of interest expense, in the 2002 first quarter decreased \$7 million or 15% from 2001 as a prior year realized investment gain was partially offset by growth in Citicorp Electronic Financial Services, which provides electronic benefit transfer services to states throughout the country. Total operating expenses declined \$13 million or 15% from the 2001 first quarter, mainly reflecting lower depreciation, amortization and compensation costs.

## Other Consumer

<i>In millions of dollars</i>	First Quarter		%
	2002	2001 <sup>(1)</sup>	Change
<b>Adjusted revenues, net of interest expense</b>	<b>(\$ 3)</b>	<b>(\$ 6)</b>	50
Adjusted operating expenses <sup>(2)</sup>	<b>30</b>	30	-
Adjusted provisions for benefits, claims, and credit losses	<b>7</b>	(8)	NM
<b>Core loss before tax benefits</b>	<b>(40)</b>	<b>(28)</b>	(43)
Income tax benefits	<b>(12)</b>	(11)	9
<b>Core income (loss)</b>	<b>(28)</b>	<b>(17)</b>	(65)
Restructuring-related items, after-tax	-	(4)	100
<b>Loss</b>	<b>(\$28)</b>	<b>(\$21)</b>	(33)

(1) Reclassified to conform to the current period's presentation.

(2) Excludes restructuring-related items.

NM Not meaningful

**Other Consumer** -- which includes certain treasury and other unallocated staff functions and global marketing and other programs -- reported losses before restructuring-related items of \$28 million in the 2002 first quarter and \$17 million in the 2001 first quarter. The increase in losses from 2001 was primarily due to lower foreign currency hedge gains and treasury results. The loss of \$21 million in the 2001 first quarter included restructuring-related items of \$4 million (\$6 million pretax). Revenues, expenses, and the provisions for benefits, claims, and credit losses reflect offsets to certain line-item reclassifications reported in other Global Consumer businesses.

## Consumer Portfolio Review

In the consumer portfolio, credit loss experience is often expressed in terms of annualized net credit losses as a percentage of average loans. Pricing and credit policies reflect the loss experience of each particular product. Consumer loans are generally written off no later than a predetermined number of days past due on a contractual basis, or earlier in the event of bankruptcy. The number of days is set at an appropriate level according to loan product and country.

The following table summarizes delinquency and net credit loss experience in both the managed and on-balance sheet loan portfolios in terms of loans 90 days or more past due, net credit losses, and as a percentage of related loans.

### Consumer Loan Delinquency Amounts, Net Credit Losses, and Ratios

<i>In millions of dollars, except loan amounts in billions</i>	Total Loans		90 Days or More Past Due <sup>(1)</sup>		Average Loans	Net Credit Losses <sup>(1)</sup>		
	Mar. 31, 2002	Mar. 31, 2002	Dec. 31, 2001 <sup>(2)</sup>	Mar. 31, 2001 <sup>(2)</sup>	1st Qtr. 2002	1st Qtr. 2002	4th Qtr. 2001 <sup>(2)</sup>	1st Qtr. 2001 <sup>(2)</sup>
Citibanking North America	\$12.0	\$ 85	\$ 96	\$ 41	\$12.0	\$ 27	\$ 30	\$ 15
<i>Ratio</i>		0.71%	0.78%	0.56%		0.90%	0.97%	0.80%
Mortgage Banking	46.9	1,344	1,157	957	47.2	16	13	7
<i>Ratio</i>		2.87%	2.53%	2.12%		0.14%	0.12%	0.06%
Citi Cards	104.2	2,219	2,135	1,836	104.2	1,646	1,554	1,196
<i>Ratio</i>		2.13%	1.98%	1.84%		6.41%	5.91%	4.84%
Other North America Cards	1.4	5	6	6	1.2	12	13	12
<i>Ratio</i>		0.40%	0.61%	0.32%		4.08%	4.39%	2.90%
CitiFinancial	59.7	1,969	1,991	1,580	59.2	434	452	344
<i>Ratio</i>		3.30%	3.38%	2.82%		2.97%	3.06%	2.50%
Western Europe	19.9	817	824	811	19.7	97	101	91
<i>Ratio</i>		4.10%	4.07%	4.52%		1.99%	2.00%	2.01%
Japan	14.9	187	178	107	14.2	195	174	135
<i>Ratio</i>		1.26%	1.24%	0.81%		5.57%	4.53%	4.06%
Asia (excluding Japan)	20.9	374	367	334	21.2	79	68	61
<i>Ratio</i>		1.79%	1.73%	1.58%		1.51%	1.28%	1.14%
Mexico	6.0	470	523	16	6.0	57	57	3
<i>Ratio</i>		7.89%	8.75%	5.19%		3.89%	3.88%	4.13%
Latin America	4.3	171	248	302	4.8	77	69	68
<i>Ratio</i>		4.03%	4.71%	4.74%		6.50%	4.93%	4.24%
CEEMEA	2.6	36	36	33	2.5	11	10	9
<i>Ratio</i>		1.42%	1.41%	1.40%		1.75%	1.60%	1.66%
The Citigroup Private Bank <sup>(3)</sup>	27.5	143	135	65	27.0	2	10	(1)
<i>Ratio</i>		0.52%	0.53%	0.27%		0.04%	0.15%	(0.01%)
Other	0.6	-	5	17	1.2	1	29	(9)
<b>Total managed</b>	<b>\$320.9</b>	<b>\$7,820</b>	<b>\$7,701</b>	<b>\$6,105</b>	<b>\$320.4</b>	<b>\$2,654</b>	<b>\$2,580</b>	<b>\$1,931</b>
<i>Ratio</i>		2.44%	2.37%	2.04%		3.36%	3.20%	2.61%
Securitized receivables	(65.9)	(1,351)	(1,282)	(1,243)	(66.9)	(935)	(897)	(691)
Loans held for sale	(12.5)	(122)	(110)	(148)	(12.5)	(78)	(69)	(75)
<b>Consumer loans</b>	<b>\$242.5</b>	<b>\$6,347</b>	<b>\$6,309</b>	<b>\$4,714</b>	<b>\$241.0</b>	<b>\$1,641</b>	<b>\$1,614</b>	<b>\$1,165</b>
<i>Ratio</i>		2.62%	2.58%	2.14%		2.76%	2.66%	2.10%

(1) The ratios of 90 days or more past due and net credit losses are calculated based on end-of-period and average loans, respectively, both net of unearned income.

(2) Reclassified to conform to the current period's presentation.

(3) The Citigroup Private Bank results are reported as part of the Global Investment Management and Private Banking segment.

### Consumer Loan Balances, Net of Unearned Income

<i>In billions of dollars</i>	End of Period			Average		
	Mar. 31, 2002	Dec. 31, 2001	Mar. 31, 2001	1st Qtr. 2002	4th Qtr. 2001	1st Qtr. 2001
<b>Total managed</b>	<b>\$320.9</b>	<b>\$324.4</b>	<b>\$299.6</b>	<b>\$320.4</b>	<b>\$320.2</b>	<b>\$300.0</b>
Securitized receivables	(65.9)	(68.4)	(63.7)	(66.9)	(67.6)	(62.2)
Loans held for sale	(12.5)	(11.9)	(15.3)	(12.5)	(11.6)	(13.4)
<b>On-balance sheet</b>	<b>\$242.5</b>	<b>\$244.1</b>	<b>\$220.6</b>	<b>\$241.0</b>	<b>\$241.0</b>	<b>\$224.4</b>

Total delinquencies 90 days or more past due in the managed portfolio were \$7.820 billion or 2.44% of loans at March 31, 2002, compared to \$7.701 billion or 2.37% at December 31, 2001 and \$6.105 billion or 2.04% at March 31, 2001. Total managed net

credit losses in the 2002 first quarter were \$2.654 billion and the related loss ratio was 3.36%, compared to \$2.580 billion and 3.20% in the 2001 fourth quarter and \$1.931 billion and 2.61% in the 2001 first quarter. For a discussion of trends by business, see business discussions on pages 5 -- 15.

Citicorp's allowance for credit losses of \$10.520 billion is available to absorb probable credit losses inherent in the entire portfolio. For analytical purposes only, the portion of Citicorp's allowance for credit losses attributed to the consumer portfolio was \$5.401 billion at March 31, 2002, \$5.169 billion at December 31, 2001, and \$4.956 billion at March 31, 2001. The increase in the allowance for credit losses from December 31, 2001 was due to increases related to Argentina. The increase in the allowance for credit losses from a year ago also includes the impact of the acquisitions of Banamex and EAB. The allowance as a percentage of loans on the balance sheet was 2.23% at March 31, 2002, up from 2.13% at December 31, 2001 and down from 2.24% at March 31, 2001. The increase in the allowance as a percentage of loans from December 31, 2001 was primarily due to the increase in the allowance related to Argentina combined with declines in loans in Citi Cards, mainly due to increased securitizations, and Latin America, primarily reflecting the devaluation of the Argentine Peso. The decline in the allowance as a percentage of loans from a year ago primarily reflects the growth in consumer loans as well as stricter lending standards in individual businesses. On-balance sheet consumer loans of \$242.5 billion grew \$22 billion or 10% from March 31, 2001, primarily driven by the impact of the acquisitions of Banamex and EAB and increases in CitiFinancial's real estate and auto loans. On-balance sheet loans in Citi Cards declined in 2002 as growth in managed receivables was more than offset by increased securitization activity. In addition, loans in 2002 increased in Japan and Western Europe, mainly in consumer finance, and decreased in Asia and Latin America. The attribution of the allowance is made for analytical purposes only and may change from time to time.

Net credit losses, delinquencies, and the related ratios may increase from the 2002 first quarter as a result of the credit performance of the portfolios, including bankruptcies, global economic conditions, portfolio growth, and seasonal factors. This statement is a forward-looking statement within the meaning of the Private Securities Litigation Reform Act. See "Forward-Looking Statements" on page 24.

## GLOBAL CORPORATE

<i>In millions of dollars</i>	<b>First Quarter</b>		%
	<b>2002</b>	2001 <sup>(1)</sup>	Change
<b>Total revenues, net of interest expense</b>	<b>\$2,930</b>	\$3,093	(5)
Adjusted operating expenses <sup>(2)</sup>	<b>1,422</b>	1,675	(15)
Provisions for benefits, claims, and credit losses	<b>680</b>	259	NM
<b>Core income before taxes and minority interest</b>	<b>828</b>	1,159	(29)
Income taxes	<b>280</b>	417	(33)
Minority interest, after-tax	<b>3</b>	4	(25)
<b>Core income</b>	<b>545</b>	738	(26)
Restructuring-related items, after-tax	<b>(8)</b>	(27)	NM
<b>Income</b>	<b>\$ 537</b>	\$ 711	(24)

(1) Reclassified to conform to the current period's presentation.

(2) Excludes restructuring-related items.

NM Not meaningful

**Global Corporate** serves corporations, financial institutions, governments, investors, and other participants in capital markets throughout the world and consists of the Corporate and Investment Bank (CIB) and Emerging Markets Corporate Banking & Global Transaction Services (EM Corporate & GTS).

Global Corporate reported core income of \$545 million in the 2002 first quarter, down \$193 million or 26% from the 2001 first quarter. The decline in core income resulted from a decrease in EM Corporate & GTS, down \$226 million or 54% to \$195 million, partially offset by an increase in the CIB, up \$33 million or 10% to \$350 million. EM Corporate & GTS core income decreased primarily due to charges reflecting the impact of economic conditions in Argentina, partially offset by growth in trading-related revenue in all regions and expense control initiatives. The CIB increase primarily reflects expense control initiatives partially offset by higher net credit losses.

Income of \$537 million in the 2002 first quarter included a restructuring-related charge of \$8 million (\$13 million pretax). See Note 6 to the Consolidated Financial Statements for a discussion of the restructuring-related items.

The businesses of Global Corporate are significantly affected by the levels of activity in the global capital markets which, in turn, are influenced by macro-economic and political policies and developments, among other factors, in the 100 countries in which the businesses operate. Global economic and market events can have both positive and negative effects on the revenue performance of the businesses and can affect credit performance. Losses on commercial lending activities and the level of cash-basis loans can vary widely with respect to timing and amount, particularly within any narrowly-defined business or loan type. Net credit losses and cash-basis loans may increase from 2002 first quarter levels due to weak global economic conditions, sovereign or regulatory actions

and other factors. This paragraph contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act. See “Forward-Looking Statements” on page 24.

## Corporate and Investment Bank

<i>In millions of dollars</i>	First Quarter		%
	2002	2001 <sup>(1)</sup>	Change
<b>Total revenues, net of interest expense</b>	<b>\$1,325</b>	\$1,295	2
Adjusted operating expenses <sup>(2)</sup>	<b>476</b>	584	(18)
Provision for credit losses	<b>312</b>	220	42
<b>Core income before taxes</b>	<b>537</b>	491	9
Income taxes	<b>187</b>	174	7
<b>Core income</b>	<b>350</b>	317	10
Restructuring-related items, after-tax	-	(25)	100
<b>Income</b>	<b>\$ 350</b>	\$ 292	20

(1) Reclassified to conform to the current period’s presentation.

(2) Excludes restructuring-related items.

**The Corporate and Investment Bank** provides products and services that include foreign exchange, structured products, derivatives, loans, leasing and commercial finance products.

The CIB reported core income of \$350 million in the 2002 first quarter, up \$33 million or 10% from \$317 million in the 2001 first quarter. The increase primarily reflects expense control initiatives, partially offset by higher net credit losses.

Revenues, net of interest expense, increased \$30 million or 2% to \$1.325 billion in the 2002 first quarter from \$1.295 billion in the 2001 first quarter. The increase primarily reflects increases in fixed income and CitiCapital, partially offset by decreases in equity derivatives.

Adjusted operating expenses were \$476 million in the 2002 first quarter, down \$108 million or 18% compared to the prior-year quarter. The decrease primarily reflects savings from restructuring actions initiated in 2001 and expense control actions.

The provision for credit losses was \$312 million in the 2002 first quarter, up \$92 million from \$220 million in the 2001 first quarter, primarily due to higher net credit losses in the telecommunications and energy industries.

Cash-basis loans were \$1.585 billion at March 31, 2002, \$1.525 billion at December 31, 2001, and \$1.149 billion at March 31, 2001, primarily reflecting increases in the transportation leasing portfolio and borrowers in the telecommunication and energy industries. Losses on commercial lending activities and the level of cash-basis loans can vary widely with respect to timing and amount, particularly within any narrowly-defined business or loan type. Net credit losses and cash-basis loans may increase from 2002 first quarter levels due to weak economic conditions in the U.S., Japan and Europe as well as stress in the telecommunications industry. This statement is a forward-looking statement within the meaning of the Private Securities Litigation Reform Act. See “Forward-Looking Statements” on page 24.

## Emerging Markets Corporate Banking and Global Transaction Services

<i>In millions of dollars</i>	First Quarter		%
	2002	2001 <sup>(1)</sup>	Change
<b>Total revenues, net of interest expense</b>	<b>\$1,605</b>	\$1,798	(11)
Adjusted operating expenses <sup>(2)</sup>	<b>946</b>	1,091	(13)
Provision for credit losses	<b>368</b>	39	NM
<b>Core income before taxes and minority interest</b>	<b>291</b>	668	(56)
Income taxes	<b>93</b>	243	(62)
Minority interest, after-tax	<b>3</b>	4	(25)
<b>Core income</b>	<b>195</b>	421	(54)
Restructuring-related items, after-tax	<b>(8)</b>	(2)	NM
<b>Income</b>	<b>\$ 187</b>	\$ 419	(55)
Average assets ( <i>in billions of dollars</i> )	<b>\$112</b>	\$109	3
Return on assets	<b>0.68%</b>	1.56%	
<b>Excluding restructuring-related items</b>			
Return on assets	<b>0.71%</b>	1.57%	

(1) Reclassified to conform to the current period's presentation.

(2) Excludes restructuring-related items.

NM Not meaningful

**EM Corporate Banking & GTS** -- which offers a wide array of banking and financial services products in the emerging markets (excluding Mexico) and also includes the global operations of Transaction Services -- reported core income of \$195 million in the 2002 first quarter, down \$226 million or 54% from the 2001 first quarter due to charges reflecting the impact of economic conditions in Argentina, partially offset by growth in trading-related revenue in all regions and expense control initiatives. The decline in core income was driven by Latin America, which was down \$244 million, and CEEMEA, which was down \$22 million, partially offset by expense improvements in Transaction Services operations in North America and Europe. Income of \$187 million in the 2002 first quarter included a restructuring-related charge of \$8 million (\$13 million pretax), primarily related to the downsizing of operations in Argentina.

Total revenues, net of interest expense, of \$1.605 billion in the 2002 first quarter declined \$193 million or 11% compared to the 2001 first quarter. The decline in revenue was primarily due to Latin America, which was down 15% mainly due to the redenomination losses and the adverse impact of currency translation in Argentina, partially offset by the benefit recorded for the compensation instruments. CEEMEA revenues were down 11% from the 2001 first quarter primarily reflecting a Bank Handlowy merger-related gain in the 2001 first quarter. Asia revenues were down 4% primarily due to weakness in Transaction Services, partially offset by strong growth in trading-related revenue.

Adjusted operating expenses of \$946 million in the 2002 first quarter decreased \$145 million or 13% primarily due to expense reduction initiatives in Transaction Services operations in North America and Europe, the benefit of restructuring actions initiated in the 2001 second quarter across all regions and foreign currency translation benefits in Argentina.

The provision for credit losses of \$368 million in the 2002 first quarter increased \$329 million compared to the 2001 first quarter, primarily due to an addition to the loan loss reserve of \$240 million and write-offs of \$100 million in Argentina. The reserve additions and write-offs in Argentina reflect the impairment of loans in the first quarter due to the impact of the devaluation, redenomination, economic conditions and other factors. Cash-basis loans (excluding Mexico) were \$1.767 billion at March 31, 2002, up \$630 million from March 31, 2001 principally due to the increases in Latin America, mainly Argentina, and increases in Asia, mainly Australia and New Zealand. Cash-basis loans were up \$302 million from December 31, 2001 principally due to the increases in Latin America, mainly Argentina. Losses on commercial lending activities and the level of cash-basis loans can vary widely with respect to timing and amount, particularly within any narrowly-defined business or loan type. Net credit losses and cash-basis loans may increase from 2002 first quarter levels due to weak global economic conditions, the economic crisis in Argentina, sovereign or regulatory actions and other factors. Income may also be impacted by government decrees and judicial orders in Argentina. This statement is a forward-looking statement within the meaning of the Private Securities Litigation Reform Act. See "Forward-Looking Statements" on page 24.

## Commercial Portfolio Review

Commercial loans are identified as impaired and placed on a nonaccrual basis when it is determined that the payment of interest or principal is doubtful of collection or when interest or principal is past due for 90 days or more, except when the loan is well-secured and in the process of collection. Impaired commercial loans are written down to the extent that principal is judged to be uncollectible. Impaired collateral-dependent loans are written down to the lower of cost or collateral value. The following table summarizes commercial cash-basis loans at period-end and net credit losses for the corresponding three-month period.

<i>In millions of dollars</i>	<b>Mar. 31, 2002</b>	Dec. 31, 2001	Mar. 31, 2001 <sup>(1)</sup>
<b>Commercial cash-basis loans</b>			
Corporate and Investment Bank	<b>\$1,585</b>	\$1,525	\$1,149
EM Corporate & GTS	<b>1,767</b>	1,465	1,137
Mexico <sup>(2)</sup>	<b>1,095</b>	1,030	68
Investment Activities	<b>1</b>	2	8
<b>Total commercial cash-basis loans</b>	<b>\$4,448</b>	\$4,022	\$2,362
<b>Net credit losses</b>			
Corporate and Investment Bank	<b>\$357</b>	\$560	\$219
EM Corporate & GTS	<b>128</b>	195	40
Mexico <sup>(2)</sup>	<b>2</b>	46	8
<b>Total net credit losses</b>	<b>\$487</b>	\$801	\$267

(1) Reclassified to conform to the current period's presentation.

(2) Includes Banamex cash-basis loans and net credit losses in the 2002 first quarter and 2001 fourth quarter.

Total commercial cash-basis loans were \$4.448 billion at March 31, 2002, \$4.022 billion at December 31, 2001, and \$2.362 billion at March 31, 2001. Cash-basis loans in the CIB of \$1.585 billion at March 31, 2002, \$1.525 billion at December 31, 2001, and \$1.149 billion at March 31, 2001 primarily reflect increases in the transportation leasing portfolio and borrowers in the telecommunications and energy industries. EM Corporate & GTS cash-basis loans (excluding Mexico) were \$1.767 billion at March 31, 2002, up \$630 million from March 31, 2001 principally due to the increases in Latin America, mainly Argentina, and increases in Asia, mainly Australia and New Zealand. EM Corporate & GTS cash-basis loans were up \$302 million from December 31, 2001 principally due to the increases in Latin America, mainly Argentina. Mexico cash-basis loans were \$1.095 billion at March 31, 2002, compared with \$1.030 billion at December 31, 2001 and \$68 million at March 31, 2001. The increases primarily reflect the acquisition of Banamex whose commercial cash-basis loans include exposures in steel, textile, food products and other industries.

Total commercial net credit losses of \$487 million in the first quarter of 2002 increased \$220 million compared to the first quarter of 2001, primarily reflecting increases in the CIB and in EM Corporate & GTS. CIB net credit losses of \$357 million increased \$138 million compared to the first quarter of 2001, primarily due to higher net credit losses in the telecommunications and energy industries and the transportation leasing portfolio. EM Corporate & GTS net credit losses of \$128 million increased \$88 million compared to the first quarter of 2001 primarily due to write-offs in Argentina. For a further discussion of trends by business, see the business discussions on pages 17 – 19.

Citicorp's allowance for credit losses of \$10.520 billion is available to absorb probable credit losses inherent in the entire portfolio. For analytical purposes only, the portion of Citicorp's allowance for credit losses attributed to the commercial portfolio was \$5.119 billion at March 31, 2002 compared to \$4.919 billion and \$4.001 billion at December 31, 2001 and March 31, 2001, respectively. The increase in the allowance in the first quarter of 2002 primarily reflects an addition to the allowance of \$240 million for Argentina. The reserve addition for Argentina reflects the impairment caused in the first quarter due to the impact on borrowers in the commercial portfolio from the devaluation, redenomination, economic conditions and other factors. The increase in the allowance from the 2001 first quarter also reflects the acquisition of Banamex. Losses on commercial lending activities and the level of cash-basis loans can vary widely with respect to timing and amount, particularly within any narrowly-defined business or loan type. Commercial net credit losses and cash-basis loans may increase from 2002 first quarter levels due to weak global economic conditions, the economic crisis in Argentina, sovereign or regulatory actions and other factors. This statement is a forward-looking statement within the meaning of the Private Securities Litigation Reform Act. See "Forward-Looking Statements" on page 24.

<i>In billions of dollars</i>	<b>Mar. 31, 2002</b>	Dec. 31, 2001	Mar. 31, 2001
Commercial allowance for credit losses	<b>\$5.119</b>	\$4.919	\$4.001
As a percentage of total commercial loans	<b>3.54%</b>	3.33%	2.75%

## GLOBAL INVESTMENT MANAGEMENT AND PRIVATE BANKING

<i>In millions of dollars</i>	First Quarter		%
	2002	2001 <sup>(1)</sup>	Change
<b>Total revenues, net of interest expense</b>	<b>\$514</b>	\$497	3
Adjusted operating expenses <sup>(2)</sup>	<b>358</b>	351	2
Provision for credit losses	<b>6</b>	2	NM
<b>Core income before taxes</b>	<b>150</b>	144	4
Income taxes	<b>46</b>	53	(13)
<b>Core income</b>	<b>104</b>	91	14
Restructuring-related items, after-tax	<b>(3)</b>	-	-
<b>Income</b>	<b>\$ 101</b>	\$ 91	11

(1) Reclassified to conform to the current period's presentation.

(2) Excludes restructuring-related items.

NM Not meaningful

**Global Investment Management and Private Banking** is comprised of The Citigroup Private Bank and Citibank Asset Management. These businesses offer a broad range of asset management products and services from global investment centers around the world, including mutual funds, closed-end funds, managed accounts and personalized wealth management services distributed to institutional, high net worth, and retail clients.

Global Investment Management and Private Banking core income in the 2002 first quarter increased to \$104 million, up \$13 million or 14% from the 2001 first quarter. The increase reflects higher core income from The Citigroup Private Bank of \$17 million or 18%, partially offset by decreased results from Citibank Asset Management of \$4 million compared to the 2001 first quarter. The increase at The Citigroup Private Bank primarily reflects continued customer revenue momentum across a range of products including client trading activity, investments and lending, and the impact of lower interest rates, partially offset by increased expenses due to higher variable, employee-related and technology costs and an increase in the provision for credit losses. The decrease at Citibank Asset Management primarily reflects the impact of prior year one-time fees, negative market action and the cumulative impact of the transfer of funds to Citigroup Mutual Fund Management, partially offset by decreased expenses and strong net flows.

### The Citigroup Private Bank

<i>In millions of dollars</i>	First Quarter		%
	2002	2001 <sup>(1)</sup>	Change
<b>Total revenues, net of interest expense</b>	<b>\$423</b>	\$392	8
Adjusted operating expenses <sup>(2)</sup>	<b>254</b>	239	6
Provision for credit losses	<b>6</b>	2	NM
<b>Core income before taxes</b>	<b>163</b>	151	8
Income taxes	<b>51</b>	56	(9)
<b>Core income</b>	<b>112</b>	95	18
Restructuring-related items, after-tax	<b>(2)</b>	-	-
<b>Income</b>	<b>\$110</b>	\$ 95	16
Average assets ( <i>in billions of dollars</i> )	<b>\$ 28</b>	\$ 25	12
Return on assets	<b>1.62%</b>	1.54%	
Client business volumes under management ( <i>in billions of dollars</i> )	<b>\$166</b>	\$146	14

(1) Reclassified to conform to the current period's presentation.

(2) Excludes restructuring-related items.

NM Not meaningful

**The Citigroup Private Bank** provides personalized wealth management services for high net worth clients around the world. The Citigroup Private Bank core income was \$112 million in the 2002 first quarter, up \$17 million or 18% from the 2001 first quarter, primarily reflecting continued customer revenue momentum and the impact of lower rates, partially offset by increased expenses and an increase in the provision for credit losses.

Client business volumes under management, which include custody accounts, client assets under fee-based management, deposits, and loans, were \$166 billion at the end of the 2002 first quarter, up 14% from \$146 billion at the end of the prior year quarter and reflects increases in each major product line. Regionally, the increase primarily reflects continued growth in Asia and the U.S.

Revenues, net of interest expense, were \$423 million in the 2002 first quarter, up \$31 million or 8% from the 2001 first quarter, primarily reflecting continued customer revenue momentum across a range of products including client trading activity, investments and lending, and the impact of lower interest rates. The increase in revenues reflected strong growth in Japan and North America,

up 35% and 30%, respectively, from the prior year quarter, partially offset by a 28% decline in Europe primarily due to lower performance fees and client trading activity.

Adjusted operating expenses of \$254 million in the 2002 first quarter were up \$15 million or 6% from the prior-year quarter, primarily reflecting higher levels of revenues and employee-related expenses, partially due to investment spending in technology and front-end sales and servicing capabilities.

The provision for credit losses was \$6 million in the 2002 first quarter, compared with \$2 million in the 2001 first quarter. The increase primarily reflects higher write-offs and lower recoveries in the 2002 first quarter. Loans 90 days or more past due at the 2002 quarter-end were \$143 million or 0.52% of total loans outstanding, compared with \$65 million or 0.27% at the end of the 2001 first quarter.

Average assets of \$28 billion in the 2002 first quarter increased \$3 billion or 12% from \$25 billion in the 2001 first quarter, primarily due to higher mortgage financing, margin and tailored lending.

## Citibank Asset Management

<i>In millions of dollars</i>	<b>First Quarter</b>		%
	<b>2002</b>	2001 <sup>(1)</sup>	
<b>Total revenues, net of interest expense</b>	<b>\$ 91</b>	\$105	(13)
Adjusted operating expenses <sup>(2)</sup>	<b>104</b>	112	(7)
<b>Core loss before tax benefits</b>	<b>(13)</b>	(7)	(86)
Income tax benefits	<b>(5)</b>	(3)	(67)
<b>Core loss</b>	<b>(8)</b>	(4)	(100)
Restructuring-related items, after-tax	<b>(1)</b>	-	-
<b>Loss</b>	<b>(\$ 9)</b>	(\$ 4)	NM
<b>Assets under management</b> <i>(in billions of dollars)</i> <sup>(3) (4)</sup>	<b>\$165</b>	\$158	4

(1) Reclassified to conform to the current period's presentation.

(2) Excludes restructuring-related items.

(3) Includes \$31 billion and \$29 billion in 2002 and 2001, respectively, for The Citigroup Private Bank clients.

(4) Includes Latin America Affiliates assets under management of \$21 billion and \$7 billion in 2002 and 2001, respectively.

NM Not meaningful

**Citibank Asset Management** offers institutional, high net worth and retail clients a broad range of investment alternatives from investment centers around the world. Products and services offered include mutual funds, closed-end funds and separately managed accounts.

Core loss of \$8 million in the 2002 first quarter increased \$4 million from the 2001 first quarter, reflecting the impact of prior year one-time fees, negative market action and the cumulative impact of transfers of funds to Citigroup Mutual Fund Management, a Salomon Smith Barney entity, in the 2001 second quarter, partially offset by decreased expenses and strong net flows.

Assets under management rose 4% from the year-ago quarter to \$165 billion, primarily reflecting an increase in Latin America Affiliates assets primarily associated with the Banamex acquisition and strong net flows, partially offset by the transfer of funds to Citigroup Mutual Fund Management to address certain effects of the requirements of the Gramm-Leach-Bliley Act.

Revenues, net of interest expense, decreased \$14 million or 13% to \$91 million in the 2002 first quarter, primarily due to the impact of prior year one-time fees, lower market values of assets under management and the transfer of funds to Citigroup Mutual Fund Management, partially offset by strong net flows.

Adjusted operating expenses of \$104 million in the 2002 first quarter were down \$8 million or 7% from the prior-year quarter primarily reflecting continued expense management and reduced employee-related costs.

## INVESTMENT ACTIVITIES

<i>In millions of dollars</i>	<b>First Quarter</b>	
	<b>2002</b>	<b>2001 <sup>(1)</sup></b>
<b>Total revenues, net of interest expense</b>	<b>\$93</b>	(\$52)
Total operating expenses	<b>33</b>	32
<b>Income (loss) before taxes and minority interest</b>	<b>60</b>	(84)
Income taxes (benefits)	<b>24</b>	(29)
Minority interest, after-tax	<b>-</b>	(1)
<b>Income (loss)</b>	<b>\$36</b>	(\$54)

(1) Reclassified to conform to the current period's presentation.

**Investment Activities** comprises Citicorp's venture capital activities, results from certain proprietary investments, the results of certain investments in countries that refinanced debt under the 1989 Brady Plan or plans of a similar nature, and since August 2001, the investment portfolio related to Banamex.

Revenues, net of interest expense, include \$89 million and (\$72) million from proprietary investments, including venture capital, and \$4 million and \$20 million from LDC Debt Sales/Refinancing portfolios for the 2002 first quarter and 2001 first quarter, respectively.

Revenues, net of interest expense, of \$93 million for the 2002 first quarter increased \$145 million from the 2001 first quarter, primarily reflecting higher venture capital results and a mark to market gain on an investment in India, partially offset by higher impairment write-downs in proprietary investments, including \$100 million in pretax write-downs on certain investments in Argentina.

Investment Activities results may fluctuate in the future as a result of market and asset-specific factors. This statement is a forward-looking statement within the meaning of the Private Securities Litigation Reform Act. See "Forward-Looking Statements" on page 24.

## CORPORATE/OTHER

<i>In millions of dollars</i>	<b>First Quarter</b>	
	<b>2002</b>	<b>2001 <sup>(1)</sup></b>
<b>Total revenues, net of interest expense</b>	<b>\$197</b>	\$274
Total operating expenses	<b>192</b>	143
Provision for benefits, claims, and credit losses	<b>(4)</b>	164
<b>Income (loss) before taxes and minority interest</b>	<b>9</b>	(33)
Income taxes	<b>18</b>	2
Minority interest, after-tax	<b>6</b>	-
<b>Loss</b>	<b>(\$ 15)</b>	(\$ 35)

(1) Reclassified to conform to the current period's presentation.

**Corporate/Other** includes net corporate treasury results, corporate staff and other corporate expenses, certain intersegment eliminations, the remainder of Internet-related development activities not allocated to the individual businesses and the results of certain insurance units of Citicorp. Effective October 2001, Northland Insurance Company (Northland) was reorganized as a unit of Citigroup's Property and Casualty segment.

Revenues, net of interest expense, were \$197 million in the 2002 first quarter, down \$77 million from the 2001 first quarter primarily as a result of the reorganization of Northland, partially offset by lower net treasury costs and the impact of higher intersegment eliminations. The lower net treasury results are primarily related to reduced rates and the recognized benefits from interest rate hedging activities, partially offset by increased funding costs related to the Banamex acquisition.

Adjusted operating expenses were \$192 million in the 2002 first quarter, up \$49 million from the 2001 first quarter, primarily due to the impact of higher intersegment eliminations and higher net unallocated corporate costs, partially offset by the reorganization of Northland. The decline in the provision for benefits, claims, and credit losses primarily related to the Northland reorganization.

## FORWARD-LOOKING STATEMENTS

Certain of the statements contained herein that are not historical facts are forward-looking statements within the meaning of the Private Securities Litigation Reform Act. The Company's actual results may differ materially from those included in the forward-looking statements. Forward-looking statements are typically identified by words or phrases 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." These forward-looking statements involve risks and uncertainties including, but not limited to, weakening global economic conditions; the economic crisis in Argentina; government decrees and judicial orders in Argentina; higher unemployment rates and the continued increase in bankruptcy filings in Japan; sovereign or regulatory actions, and political conditions and developments; credit performance of the portfolios, including bankruptcies, portfolio growth, and seasonal factors; stress in the telecommunications industry; an increase in the amortization period for certain direct loan origination costs; the effect of banking and financial services reforms, of rules governing the regulatory treatment of merchant banking investments, and of rules regarding the regulatory capital treatment of recourse, direct credit substitutes and residual interest in asset securitizations; possible amendments to, and interpretations of, risk-based capital guidelines and reporting instructions; the ability of states to adopt more extensive consumer privacy protections through legislation or regulation; the resolution of legal proceedings and related matters; and the Company's success in managing the costs associated with the expansion of existing distribution channels and developing new ones, and in realizing increased revenues from such distribution channels, including cross-selling initiatives and electronic commerce-based efforts.

## MANAGING GLOBAL RISK

The Citicorp Risk Management framework recognizes the wide range and diversity of global business activities by balancing strong corporate oversight with defined independent risk management functions at the business level. The Citicorp Risk Management Framework is summarized in Citicorp's 2001 Form 10-K and is described in detail in Citigroup's 2001 Annual Report and Form 10-K.

### The Credit Risk Management Process

The credit risk management process at Citicorp relies on corporate-wide standards to ensure consistency and integrity, with business-specific policies and practices to ensure applicability and ownership. Citicorp's credit risk management process is described in detail in Citicorp's 2001 Form 10-K.

### The Market Risk Management Process

Market risk at Citicorp – like credit risk – is managed through corporate-wide standards and business policies and procedures.

- Market risks are measured in accordance with established standards to ensure consistency across businesses and the ability to aggregate like risks at the Citigroup-level.
- Each business is required to establish, and have approved by independent Market Risk Management, a market risk limit framework, including risk measures, limits and controls, that clearly defines approved risk profiles and is within the parameters of Citigroup's overall risk appetite.
- Businesses, working in conjunction with independent Market Risk Management, must ensure that market risks are independently measured, monitored and reported, to ensure transparency in risk-taking activities and integrity in risk reports.

In all cases, the businesses are ultimately responsible for the market risks that they take, and for remaining within their defined limits.

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 some entity, in some location and in some currency, may be unable to meet a financial commitment to a customer, creditor, or investor when due. Liquidity Risk is discussed in the Liquidity and Capital Resources section.

Price risk is the risk to earnings that arises 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.

### Non-trading Portfolios

Price risk in non-trading portfolios is measured predominantly through Earnings-at-Risk and Factor Sensitivity techniques. These measurement techniques are supplemented with additional tools, including stress testing and cost-to-close analysis.

Business units manage the potential earnings effect of interest rate movements by managing the asset and liability mix, either directly or through the use of derivative financial products. These include interest rate swaps and other derivative instruments that

are designated and effective as hedges. The utilization of derivatives is managed in response to changing market conditions as well as to changes in the characteristics and mix of the related assets and liabilities.

Earnings-at-Risk is the primary method for measuring price risk in Citicorp's non-trading portfolios. Earnings-at-Risk measures the pretax earnings impact of a specified upward and downward parallel shift in the yield curve for the appropriate currency. The Earnings-at-Risk is calculated separately for each currency and reflects the repricing gaps in the position as well as option positions, both explicit and embedded. U.S. dollar exposures are calculated by multiplying the gap between interest sensitive items, including assets, liabilities, derivative instruments and other off-balance sheet instruments, by 100 basis points. Non-U.S. dollar exposures are calculated utilizing the statistical equivalent of a 100 basis point change in interest rates and assuming no correlation between exposures in different currencies.

Citicorp's primary non-trading price risk exposure is to movements in the U.S. dollar and Mexican peso interest rates. Citicorp also has Earnings-at-Risk in various other currencies, however, there are no significant risk concentrations in any other individual non-U.S. dollar currency.

The following table illustrates the impact to Citicorp's pretax earnings from a 100 basis point increase or decrease in the U.S. dollar yield curve. As of March 31, 2002, the potential impact on pretax earnings over the next 12 months is a decrease of \$600 million from an interest rate increase and an increase of \$488 million from an interest rate decrease. The potential impact on pretax earnings for periods beyond the first 12 months is an increase of \$197 million from an increase in interest rates and a decrease of \$805 million from an interest rate decrease. The change in Earnings-at-Risk from the prior year and prior-year end primarily reflects an increase in the proportion of floating rate funding.

The statistical equivalent of a 100 basis point increase in Mexican peso interest rates would have a potential positive impact on Citicorp's pretax earnings of approximately \$348 million over the next 12 months and a potential positive impact of \$34 million for the years thereafter. The statistical equivalent of a 100 basis points decrease in Mexican peso interest rates would have a potential negative impact on Citicorp's pretax earnings of approximately \$348 million for the next 12 months and potential negative impact of \$34 million for the years thereafter. The change in Earnings-at-Risk from the prior year primarily represents the inclusion of Banamex's Mexican peso exposure while the change in Earnings-at-Risk from the prior year-end reflects the repricing characteristics of the portfolio.

Excluding the impact of changes in Mexican peso interest rates, the statistical equivalent of a 100 basis point increase in other non-U.S. dollar interest rates would have a potential negative impact on Citicorp's pretax earnings of \$199 million over the next twelve months and potential negative impact \$81 million for the years thereafter. The statistical equivalent of a 100 basis point decrease in other non-U.S. dollar interest rates would have a potential positive impact on Citicorp's pretax earnings of \$201 million over the next twelve months and a potential positive impact of \$94 million for the years thereafter. The change in Earnings-at-Risk from the prior year and the prior year-end primarily represents changes in the asset and liability mix across a range of currencies to reflect Citigroup's current view of interest rates.

#### Citicorp Earnings-at-Risk (impact on pretax earnings) <sup>(1)</sup>

<i>In millions of dollars</i>	March 31, 2002						December 31, 2001					
	U.S. Dollar		Mexican Peso		Other Non-U.S. Dollar		U.S. Dollar		Mexican Peso		Other Non-U.S. Dollar	
	Increase	Decrease	Increase	Decrease	Increase	Decrease	Increase	Decrease	Increase	Decrease	Increase	Decrease
Twelve months and less	<b>(\$600)</b>	<b>\$488</b>	<b>\$348</b>	<b>(\$348)</b>	<b>(\$199)</b>	<b>\$201</b>	(\$287)	\$290	\$208	(\$208)	(\$289)	\$292
<b>Thereafter</b>	<b>197</b>	<b>(805)</b>	<b>34</b>	<b>(34)</b>	<b>(81)</b>	<b>94</b>	904	(1,072)	207	(207)	(285)	298
<b>Total</b>	<b>(\$403)</b>	<b>(\$317)</b>	<b>\$382</b>	<b>(\$382)</b>	<b>(\$280)</b>	<b>\$295</b>	\$617	\$782	\$415	(\$415)	(\$574)	\$590

<i>In millions of dollars</i>	March 31, 2001					
	U.S. Dollar		Mexican Peso		Other Non-U.S. Dollar	
	Increase	Decrease	Increase	Decrease	Increase	Decrease
Twelve months and less	(\$ 279)	\$ 293	(\$19)	\$19	(\$223)	\$226
<b>Thereafter</b>	<b>865</b>	<b>(1,043)</b>	<b>(27)</b>	<b>27</b>	<b>(219)</b>	<b>232</b>
<b>Total</b>	<b>\$ 586</b>	<b>(\$ 750)</b>	<b>(\$46)</b>	<b>\$46</b>	<b>(\$442)</b>	<b>\$458</b>

(1) Prior year amounts have been restated to conform with the current period's presentation.

#### Trading Portfolios

Price risk in trading portfolios is measured through a complementary set of tools, including Factor Sensitivities, Value-at-Risk, and Stress Testing. Each trading portfolio has its own market risk limit framework, encompassing these measures and other controls, including permitted product lists and a new, complex product approval process, established by the business, and approved by independent market risk management.

Factor Sensitivities are defined as the change in the value of a position for a defined change in a market risk factor (e.g., the change in the value of a Treasury bill for a 1 basis point change in interest rates). It is the responsibility of independent market risk management to ensure that factor sensitivities are calculated, monitored, and, in some cases, limited for all relevant risks taken in a trading portfolio. Value-at-Risk estimates the potential decline in the value of a position or a portfolio, under normal market conditions, over a one-day holding period, at a 99% confidence level. The Value-at-Risk method incorporates the Factor Sensitivities of the trading portfolio with the volatilities and correlations of those factors.

Stress Testing is performed on trading portfolios on a regular basis, to estimate the impact of extreme market movements. Stress Testing is performed on individual trading portfolios, as well as on aggregations of portfolios and businesses, as appropriate. It is the responsibility of independent market risk management, in conjunction with the businesses, to develop stress scenarios, review the output of periodic stress testing exercises, and utilize the information to make judgments as to the ongoing appropriateness of exposure levels and limits.

New and/or complex products in trading portfolios are required to be reviewed and approved by the Capital Markets Approval Committee (CMAC). The CMAC is responsible for ensuring that all relevant risks are identified and understood, and can be measured, managed, and reported in accordance with applicable business policies and practices. The CMAC is made up of senior representatives from market and credit risk management, legal, accounting, operations, and other support areas, as required.

The level of price risk exposure at any given point in time depends on the market environment and expectations of future price and market movements, and will vary from period to period.

For Citicorp's major trading centers, the aggregate pretax Value-at-Risk in the trading portfolios was \$32 million at March 31, 2002. Daily exposures averaged \$27 million during the first quarter and ranged from \$20 million to \$47 million. The following table summarizes Value-at-Risk in the trading portfolios as of March 31, 2002 and December 31, 2001, along with the averages.

<i>In millions of dollars</i>	<b>March 31, 2002</b>	<b>2002 First Quarter Average</b>	December 31 2001	Full Year 2001 Average
Interest rate	\$28	\$23	\$16	\$19
Foreign exchange	11	10	9	10
Equity	10	7	7	9
All other (primarily commodity)	7	6	7	9
Covariance adjustment	(24)	(19)	(16)	(21)
<b>Total</b>	<b>\$32</b>	<b>\$27</b>	<b>\$23</b>	<b>\$26</b>

The table below provides the range of Value-at-Risk in the trading portfolios that was experienced during the first quarter of 2002 and all of 2001.

<i>In millions of dollars</i>	<b>2002</b>		2001	
	<b>Low</b>	<b>High</b>	Low	High
Interest rate	\$16	\$48	\$13	\$45
Foreign exchange	7	16	6	16
Equity	6	11	5	19
All other (primarily commodity)	5	7	1	26

## Management of Cross-Border Risk

Cross-border risk is the risk that Citicorp will be unable to obtain payment from customers on their contractual obligations as a result of actions taken by foreign governments such as exchange controls, debt moratoria, and restrictions on the remittance of funds. Citicorp manages cross-border risk as part of the Citicorp Risk Management framework summarized in the Citicorp 2001 Form 10-K.

The following table presents total cross-border outstandings and commitments on a regulatory basis in accordance with Federal Financial Institutions Examination Council (FFIEC) guidelines. Total cross-border outstandings include cross-border claims on third parties as well as investments in and funding of local franchises, as described in the Citicorp 2001 Form 10-K. Countries with outstandings greater than 0.75% of Citicorp assets at March 31, 2002 and December 31, 2001 include:

### Cross-Border Outstandings and Commitments

<i>In billions of dollars</i>	March 31, 2002								December 31, 2001	
	Cross-Border Claims on Third Parties				Trading and Short-Term Claims <sup>(1)</sup>	Investments in and Funding of Local Franchises	Total Cross-Border Outstandings	Commitments <sup>(2)</sup>	Total Cross-Border Outstandings	Commitments <sup>(2)</sup>
	Banks	Public	Private	Total						
Mexico	\$0.4	\$2.1	\$6.8	\$9.3	\$4.1	\$2.3	\$11.6	\$0.7	\$11.7	\$0.6
Brazil	1.0	0.2	4.6	5.8	2.7	5.2	11.0	0.2	10.2	0.3
Germany	2.4	2.1	2.0	6.5	5.1	2.7	9.2	4.1	8.0	4.4
Italy	1.6	2.5	0.5	4.6	3.3	1.3	5.9	2.5	6.2	2.3
Canada	1.5	-	1.6	3.1	2.0	2.3	5.4	3.2	5.6	3.4
France	2.1	1.0	1.5	4.6	3.5	0.1	4.7	7.1	5.3	8.5

(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.

### LIQUIDITY AND CAPITAL RESOURCES

Citicorp's primary source of capital resources is its net earnings. Other sources include proceeds from the issuance of trust preferred securities, senior debt, subordinated debt and commercial paper. Citicorp can also generate funds by securitizing various financial assets including credit card receivables and other receivables generally secured by collateral.

Citicorp and certain other subsidiaries issue commercial paper directly to investors. Citicorp maintains combined liquidity reserves of cash, securities and unused bank lines of credit to support its combined outstanding commercial paper.

Associates, a subsidiary of Citicorp, has a combination of unutilized credit facilities of \$6.8 billion as of March 31, 2002 which have maturities ranging from 2002 to 2005. All of these facilities are guaranteed by Citicorp. In connection with the facilities, Citicorp is required to maintain a certain level of consolidated stockholder's equity (as defined in the agreements). At March 31, 2002, this requirement was exceeded by approximately \$51.3 billion. Citicorp has also guaranteed various debt obligations of Associates and CitiFinancial Credit Company (CCC), an indirect subsidiary of Citicorp.

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. Each company pays its banks facility fees for its lines of credit.

Citicorp and some of its nonbank subsidiaries have credit facilities with Citicorp's subsidiary banks, including Citibank, N.A. Borrowings under these facilities must be secured in accordance with Section 23A of the Federal Reserve Act.

### Management of Liquidity

Management of liquidity at Citicorp is the responsibility of the Corporate Treasurer. A uniform liquidity risk management policy exists for Citigroup and its major operating subsidiaries. Under this policy, there is a single set of standards for the measurement of liquidity risk in order to ensure consistency across businesses, stability in methodologies and transparency of risk. Management of liquidity at each operating subsidiary and/or country is performed on a daily basis and is monitored by Corporate Treasury. Each major operating subsidiary and/or country must prepare an annual liquidity and funding plan for the approval by the Corporate Treasurer. Under the annual liquidity and funding plan, liquidity limits, targets and ratios are established. Contingency Funding Plans are prepared on a periodic basis for Citigroup and each major operating subsidiary and country. These plans include stress testing of assumptions about significant changes in key funding sources, credit ratings, contingent uses of funding, and political and economic conditions in Emerging Markets countries.

Citicorp's funding sources are well-diversified across funding types and geography, a benefit of the strength of the global franchise. Funding includes a large geographically diverse retail and corporate deposit base, a significant portion of which is considered core. Other sources of funding include collateralized borrowings, securitizations (primarily credit card and mortgages), long-term debt, and purchased/wholesale funds. This funding is significantly enhanced by Citicorp's strong capital position. As a subsidiary of Citigroup, Citicorp finances its operations on a basis consistent with its capitalization, regulatory structure and the operating environment in which it operates.

A diversity of funding sources, currencies, and maturities is used to gain a broad access to the investor base. Citicorp's deposits, which represented 60% of its total funding at March 31, 2002 and 59% of its total funding at December 31, 2001, are broadly diversified by both geography and customer segments.

Common stockholder's equity, which grew \$1.6 billion during the first three months of 2002 to \$65.0 billion at March 31, 2002, continues to be an important component of the overall funding structure. In addition, long-term debt is issued by Citicorp and its subsidiaries. Total Citicorp long-term debt outstanding at the end of the 2002 first quarter was \$74.6 billion, down from \$81.1 billion at 2001 year-end. Asset securitization programs remain an important source of liquidity. Loans securitized during the first three months of 2002 included \$3.5 billion of U.S. credit cards and \$6.4 billion of U.S. consumer mortgages. As credit card securitization transactions amortize, newly-originated receivables are recorded on Citicorp's balance sheet and become available for asset securitization. During the first quarter of 2002, the scheduled amortization of certain credit card securitization transactions made available \$3.5 billion of new receivables. In addition, at least \$5.9 billion of credit card securitization transactions are scheduled to amortize during the rest of 2002.

Other liquidity and capital resource considerations for Citicorp follow.

## **OFF-BALANCE SHEET ARRANGEMENTS**

Citicorp and its subsidiaries are involved with several types of off-balance sheet arrangements, including special purpose entities (SPEs), lines and letters of credit, and loan commitments. The principal uses of SPEs are to obtain sources of liquidity by securitizing certain of Citicorp's financial assets, to assist our clients in securitizing their financial assets, and to create other investment products for our clients.

SPEs may be organized as trusts, partnerships, or corporations. In a securitization, the company transferring assets to an SPE converts those assets into cash before they would have been realized in the normal course of business. The SPE obtains the cash needed to pay the transferor for the assets received by issuing securities to investors in the form of debt instruments, certificates, commercial paper, and other notes of indebtedness. Investors usually have recourse to the assets in the SPE and often benefit from other credit enhancements, such as a cash collateral account, overcollateralization in the form of excess assets in the SPE, or a liquidity facility, such as a line of credit or asset purchase agreement. Accordingly, the SPE can typically obtain a more favorable credit rating from rating agencies, such as Standard and Poor's and Moody's Investors Service, than the transferor could obtain for its own debt issuances, resulting in less expensive financing costs. The transferor can use the cash proceeds from the sale to extend credit to additional customers or for other business purposes. The SPE may also enter into a derivative contract in order to convert the yield or currency of the underlying assets to match the needs of the SPE's investors or to limit the credit risk of the SPE. The Company may be the counterparty to any such derivative. The securitization process enhances the liquidity of the financial markets, may spread credit risk among several market participants, and makes new funds available to extend credit to consumers and commercial entities.

### **Securitization of Citicorp's Assets**

Citicorp securitizes credit card receivables, mortgage, home equity and auto loans, and certain other financial assets that it originates or purchases.

#### **Credit Card Receivables**

Credit card receivables are securitized through a trust, which is established to purchase the receivables. Citicorp sells receivables into the trust on a non-recourse basis.

After securitization of credit card receivables, the Company continues to maintain credit card customer account relationships and provides servicing for receivables transferred to the SPE trusts. As a result, the Company considers both the securitized and unsecuritized credit card receivables to be part of the business it manages. The documents establishing the trusts generally require the Company to maintain an ownership interest in the trusts. The Company also arranges for third parties to provide credit enhancement to the trusts, including cash collateral accounts, subordinated securities, and letters of credit. As specified in certain of the sale agreements, the net revenue with respect to the investors' interest collected by the trusts each month is accumulated up to a predetermined maximum amount, and is available over the remaining term of that transaction to make payments of interest to trust investors, fees, and transaction costs in the event that net cash flows from the receivables are not sufficient. If the net cash flows are insufficient, Citicorp's loss is limited to its retained interest. When the predetermined amount is reached, net revenue with respect to the investors' interest is passed directly to the Citicorp subsidiary that sold the receivables. Credit card securitizations are revolving securitizations; that is, as customers pay their credit card balances, the cash proceeds are used to replenish the receivables in the trust. Salomon Smith Barney is one of several underwriters that distribute securities issued by the trusts to investors. The Company relies on securitizations to fund approximately 60% of its Card business.

At March 31, 2002, total assets in the credit card trusts were \$81 billion. Of that amount, \$66 billion has been sold to investors via trust-issued securities, and the remaining seller's interest of \$15 billion is recorded in Citicorp's Consolidated Statement of Financial Position as Consumer Loans. Citicorp retains credit risk on its seller's interests. Amounts receivable from the trusts were \$996 million and amounts due to the trusts were \$813 million at March 31, 2002. During the quarter ended March 31, 2002, finance charges and interchange fees of \$2.5 billion were collected by the trusts. Also for the quarter ended March 31, 2002, the trusts recorded \$1.5 billion in coupon interest paid to third-party investors, servicing fees, and other costs.

The following table summarizes certain cash flows received from and paid to securitization trusts during the quarter ended March 31, 2002:

<i>In billions of dollars</i>	<b>Credit Cards</b>
Proceeds from new securitizations	\$ 3.5
Proceeds from collections reinvested in new receivables	33.9
Servicing fees received	0.3
Cash flows received on retained interest and other net cash flows	0.9

### **Mortgages, Home Equity and Auto Loans**

The Company provides a wide range of mortgage, home equity and auto loan products to a diverse customer base. 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. In connection with the securitization of these loans, servicing rights 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 servicing obligations may lead to a termination of the servicing rights and the loss of future servicing fees. In non-recourse servicing, the principal credit risk to the servicer arises from temporary advances of funds. In recourse servicing, the servicer agrees to share credit risk with the owner of the mortgage loans, such as FNMA, FHLMC, GNMA, or with a private investor, insurer or guarantor. Our 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. Home equity loans may be revolving lines of credit under which borrowers have the right to draw on the line of credit up to their maximum amount for a specified number of years. In addition to servicing rights, the Company also retains a residual interest in its home equity, manufactured housing and auto loan securitizations, consisting of seller's interest and interest-only strips that arise from the calculation of gain or loss at the time assets are sold to the SPE. At March 31, 2002, total loans securitized and outstanding were \$78 billion.

### **Securitizations of Client Assets**

The Company acts as intermediary or agent for its corporate clients, assisting them in obtaining sources of liquidity, by selling the clients' trade receivables or other financial assets to an SPE.

The Company administers several third-party owned, special purpose, multi-seller finance companies that purchase pools of trade receivables, credit cards, and other financial assets from third-party clients of the Company. As administrator, the Company provides accounting, funding, and operations services to these conduits. The Company has no ownership interest in the conduits. The clients continue to service the transferred assets. The conduits' asset purchases are funded by issuing commercial paper and medium-term notes. Clients absorb the first losses of the conduit by providing collateral in the form of excess assets. The Company along with other financial institutions provides liquidity facilities, such as commercial paper back-stop lines of credit to the conduits. The Company also provides second loss enhancement in the form of letters of credit and other guarantees. All fees are charged on a market basis. At March 31, 2002, total assets in the conduits were \$53 billion.

The Company also securitizes clients' debt obligations in transactions involving SPEs that issue collateralized debt obligations (CDOs). A majority of the transactions are on behalf of clients where the Company first purchases the assets at the request of the clients and warehouses them until the securitization transaction is executed. Other CDOs are structured where the underlying debt obligations are purchased directly in the open market or from issuers. Some CDOs have static unmanaged portfolios of assets, while others have a more actively managed portfolio of financial assets. The Company receives fees for structuring and distributing the CDO securities to investors.

### **Creation of Other Investment Products**

The Company packages and securitizes assets purchased in the financial markets in order to create new security offerings, including hedge funds, mutual funds, and other investment funds, for institutional and private bank clients as well as retail customers, that match the clients' investment needs and preferences. The SPEs may be credit-enhanced by excess assets in the investment pool or by third party insurers assuming the risks of the underlying assets, thus reducing the credit risk assumed by the investors and diversifying investors' risk to a pool of assets as compared with investments in individual assets. The Company typically manages the SPE for market-rate fees. In addition, the Company may be one of several liquidity providers to the SPE and may place the securities with investors. The Company has no ownership interest in these entities.

## Credit Commitments and Lines of Credit

The table below summarizes Citicorp's credit commitments as of March 31, 2002 and December 31, 2001.

<i>In millions of dollars</i>	<b>March 31, 2002</b>	December 31, 2001
Financial standby letters of credit and foreign office guarantees	<b>\$ 29,461</b>	\$ 26,461
Performance standby letters of credit and foreign office guarantees	<b>7,376</b>	7,749
Commercial and similar letters of credit	<b>4,730</b>	5,681
One-to-four family residential mortgages	<b>4,438</b>	5,470
Revolving open-end loans secured by 1-4 family residential properties	<b>7,996</b>	7,107
Commercial real estate, construction and land development	<b>1,857</b>	1,804
Credit card lines <sup>(1)</sup>	<b>401,891</b>	387,396
Commercial and other consumer loan commitments <sup>(2)</sup>	<b>203,896</b>	215,368
<b>Total</b>	<b>\$661,645</b>	\$657,036

(1) Credit card lines are unconditionally cancelable by the issuer.

(2) Includes \$137 billion and \$148 billion with original maturity less than one year at March 31, 2002 and December 31, 2001, respectively.

## CAPITAL

### Citicorp

Citicorp is subject to risk-based capital guidelines issued by the Board of Governors of the Federal Reserve System (FRB). These guidelines are used to evaluate capital adequacy based primarily on the perceived credit risk associated with balance sheet assets, as well as certain off-balance sheet exposures such as unused loan commitments, letters of credit, and derivative and foreign exchange contracts. The risk-based capital guidelines are supplemented by a leverage ratio requirement.

### Citicorp Ratios

	<b>March 31, 2002</b>	December 31, 2001
Tier 1 Capital	<b>8.55%</b>	8.33%
Total Capital (Tier 1 and Tier 2)	<b>12.82</b>	12.41
Leverage <sup>(1)</sup>	<b>6.83</b>	6.85
Common Stockholder's Equity	<b>10.17</b>	9.81

(1) Tier 1 capital divided by adjusted average assets.

Citicorp maintained a strong capital position during the 2002 first quarter. Total capital (Tier 1 and Tier 2) amounted to \$63.2 billion at March 31, 2002, representing 12.82% of net risk adjusted assets. This compares with \$62.9 billion and 12.41% at December 31, 2001. Tier 1 capital of \$42.2 billion at March 31, 2002 represented 8.55% of net risk adjusted assets, compared with \$42.2 billion and 8.33% at December 31, 2001. The Tier 1 capital ratio at March 31, 2002 was above Citicorp's target range of 8.00% to 8.30%.

## Components of Capital Under Regulatory Guidelines

<i>In millions of dollars</i>	March 31, 2002	December 31, 2001
<b>Tier 1 Capital</b>		
Common Stockholder's Equity	\$65,027	\$63,453
Mandatorily Redeemable Securities of Subsidiary Trusts	975	975
Minority Interest	728	839
Accumulated net gains on cash flow hedges, net of tax	(328)	(312)
Net Unrealized Gains on Securities Available for Sale <sup>(1)</sup>	(116)	(219)
Less: Intangible Assets <sup>(2)</sup>	(24,091)	(22,528)
50% Investment in Certain Subsidiaries <sup>(3)</sup>	(12)	(20)
<b>Total Tier 1 Capital</b>	<b>\$42,183</b>	<b>\$42,188</b>
<b>Tier 2 Capital</b>		
Allowance for Credit Losses <sup>(4)</sup>	6,221	6,378
Qualifying Debt <sup>(5)</sup>	14,757	14,248
Unrealized marketable equity securities gains <sup>(1)</sup>	82	77
Less: 50% Investment in Certain Subsidiaries <sup>(3)</sup>	(12)	(20)
<b>Total Tier 2 Capital</b>	<b>21,048</b>	<b>20,683</b>
<b>Total Capital (Tier 1 and Tier 2)</b>	<b>\$63,231</b>	<b>\$62,871</b>
<b>Net Risk-Adjusted Assets <sup>(6)</sup></b>	<b>\$493,297</b>	<b>\$506,502</b>

- (1) Tier 1 capital excludes unrealized gains and losses on debt securities available for sale in accordance with regulatory risk-based capital guidelines. The federal bank regulatory agencies permit institutions to include in Tier 2 capital up to 45% of pretax net unrealized holding gains on available-for-sale equity securities with readily determinable fair values. Institutions are required to deduct from Tier 1 capital net unrealized holding losses on available-for-sale equity securities with readily determinable fair values, net of tax.
- (2) Includes goodwill and certain other identifiable intangible assets.
- (3) Represents investment in certain overseas insurance activities and unconsolidated banking and finance subsidiaries.
- (4) Includable up to 1.25% of risk-adjusted assets. Any excess allowance is deducted from risk-adjusted assets.
- (5) Includes qualifying senior and subordinated debt in an amount not exceeding 50% of Tier 1 capital, and subordinated capital notes subject to certain limitations. Tier 2 capital included \$10.9 billion of subordinated debt issued to Citigroup (Parent Company) at March 31, 2002 and \$9.95 billion at December 31, 2001.
- (6) Includes risk-weighted credit equivalent amounts, net of applicable bilateral netting agreements, of \$20.7 billion for interest rate, commodity, and equity derivative contracts and foreign exchange contracts as of March 31, 2002, compared to \$21.8 billion as of December 31, 2001. Net risk-adjusted assets also includes the effect of other off-balance sheet exposures such as unused loan commitments and letters of credit and reflects deductions for intangible assets and any excess allowance for credit losses.

Common stockholder's equity increased a net \$1.6 billion during the 2002 first quarter to \$65.0 billion at March 31, 2002, representing 10.17% of assets, compared to 9.81% at December 31, 2001. The net increase in common stockholder's equity during the quarter principally reflected net income of \$2.5 billion, offset by cash dividends declared of \$0.4 billion and \$0.5 billion related to unrealized gains and losses on investment securities, foreign currency translation adjustment, and cash-flow hedges.

The mandatorily redeemable securities of subsidiary trusts (trust securities) outstanding at March 31, 2002 of \$975 million qualify as Tier 1 capital and are included in long-term debt on the balance sheet. For both the three months ended March 31, 2002 and 2001, interest expense on the trust securities amounted to \$19 million.

Citicorp's subsidiary depository institutions are subject to the risk-based capital guidelines issued by their respective primary federal bank regulatory agencies, which are generally similar to the FRB's guidelines. At March 31, 2002, all of Citicorp's subsidiary depository institutions were "well capitalized" under the federal bank regulatory agencies' definitions.

Citicorp is a legal entity separate and distinct from Citibank, N.A. and its other subsidiaries and affiliates. As discussed in the Citicorp 2001 Form 10-K, there are various legal limitations on the extent to which Citicorp's subsidiaries may extend credit, pay dividends, or otherwise supply funds to Citicorp. As of March 31, 2002, under their applicable dividend limitations, Citicorp's national and state-chartered bank subsidiaries could have declared dividends to their respective parent companies without regulatory approval of approximately \$5.7 billion. In determining whether and to what extent to pay dividends, each bank subsidiary must also consider the effect of dividend payments 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. Consistent with these considerations, Citicorp estimates that, as of March 31, 2002, its bank subsidiaries could have distributed dividends to Citicorp, directly or through their parent holding company, of approximately \$5.4 billion of the available \$5.7 billion.

Citicorp also receives dividends from its nonbank subsidiaries. These nonbank subsidiaries are generally not subject to regulatory restrictions on their payment of dividends except that the approval of the Office of Thrift Supervision may be required if total dividends declared by a savings association in any calendar year exceed amounts specified by that agency's regulations.

## Citibank, N.A. Ratios

	Mar. 31, 2002	Dec. 31, 2001
Tier 1 Capital	8.89%	9.23%
Total Capital (Tier 1 and Tier 2)	13.10	13.60
Leverage	7.18	7.16
Common Stockholder's Equity	8.35	8.24

Citibank's net income for the first quarter of 2002 amounted to \$1.4 billion. During the quarter, Citibank paid a dividend of \$4.8 billion to Citicorp (parent company). Citibank had \$10.7 billion of subordinated notes outstanding at both March 31, 2002 and December 31, 2001, that were issued to Citicorp (parent company) and included in Citibank's Tier 2 capital.

On January 8, 2002, the FRB issued final rules that govern the regulatory treatment of merchant banking investments and certain similar equity investments, including investments made by venture capital subsidiaries, in nonfinancial companies held by bank holding companies with certain exclusions. The new rules impose a capital charge that would increase in steps as the banking organization's level of concentration in equity investments increases. An 8% Tier 1 capital deduction applies on covered investments that in the aggregate represent up to 15% of an organization's Tier 1 capital. For covered investments that aggregate more than 25% of the organization's Tier 1 capital, a top marginal charge of 25% applies. The rules are not expected to have a significant impact on Citicorp.

In December 2001, the Basel Committee on Banking Supervision (Committee) announced that a new consultative package on the new Basel Capital Accord (new Accord) would not be issued in early 2002, as previously indicated. Instead, the Committee will first seek to complete a comprehensive impact assessment of the draft proposal, after which a new consultative package will be issued. The new Accord, which will apply to all "significant" banks, as well as to holding companies that are parents of banking groups, is still intended to be finalized by year-end 2002, with implementation of the new framework beginning in 2005. The Company is monitoring the status and progress of the proposed rule.

On November 29, 2001, the FRB issued final rules regarding the regulatory capital treatment of recourse, direct credit substitutes and residual interest in asset securitizations. The rules require a deduction from Tier 1 capital for the amount of credit-enhancing interest-only strips (a type of residual interest) that exceeds 25% of Tier 1 capital, as well as requiring dollar-for-dollar capital for residual interests not deducted for Tier 1 capital. These rules, which require adoption in the fourth quarter of 2002, are not expected to have a significant impact on Citicorp.

Additionally, from time to time, the FRB and the FFIEC propose amendments to, and issue interpretations of, risk-based capital guidelines and reporting instructions. Such proposals or interpretations could, if implemented in the future, affect reported capital ratios and net risk-adjusted assets. This paragraph and the preceding three paragraphs contain forward-looking statements within the meaning of the Private Securities Litigation Reform Act. See "Forward-Looking Statements" on page 24.

# CONSOLIDATED FINANCIAL STATEMENTS

## CONSOLIDATED STATEMENTS OF INCOME (UNAUDITED)

Citicorp and Subsidiaries

<i>In millions of dollars</i>	Three Months Ended March 31,	
	2002	2001
<b>Interest revenue</b>		
Loans, including fees	\$ 9,131	\$9,967
Deposits with banks	275	353
Federal funds sold and securities purchased under resale agreements	108	131
Investments, including dividends	962	951
Trading account assets	534	236
Loans held for sale	292	392
	<b>11,302</b>	<b>12,030</b>
<b>Interest expense</b>		
Deposits	1,851	3,490
Trading account liabilities	13	14
Purchased funds and other borrowings	697	961
Long-term debt	983	1,348
	<b>3,544</b>	<b>5,813</b>
<b>Net interest revenue</b>	<b>7,758</b>	<b>6,217</b>
<b>Benefits, claims, and credit losses</b>		
Policyholder benefits and claims	140	250
Provision for credit losses	2,559	1,464
	<b>2,699</b>	<b>1,714</b>
<b>Net interest revenue after benefits, claims, and credit losses</b>	<b>5,059</b>	<b>4,503</b>
<b>Fees, commissions, and other revenue</b>		
Fees and commissions	2,832	2,777
Foreign exchange	545	488
Trading account	438	603
Investment transactions	10	97
Other revenue	838	857
	<b>4,663</b>	<b>4,822</b>
<b>Operating expense</b>		
Salaries	2,306	2,270
Employee benefits	484	441
Total employee	<b>2,790</b>	<b>2,711</b>
Net premises and equipment	777	788
Restructuring - related items	46	62
Other expense	2,328	2,361
	<b>5,941</b>	<b>5,922</b>
<b>Income before income taxes, minority interest and cumulative effect of accounting change</b>	<b>3,781</b>	<b>3,403</b>
Income taxes	1,296	1,265
Minority interest, net of income taxes	19	8
<b>Income before cumulative effect of accounting change</b>	<b>2,466</b>	<b>2,130</b>
Cumulative effect of accounting change	-	(33)
<b>Net income</b>	<b>\$ 2,466</b>	<b>\$2,097</b>

See Notes to Consolidated Financial Statements.

# CONSOLIDATED BALANCE SHEETS

Citicorp and Subsidiaries

<i>In millions of dollars</i>	March 31, 2002 (Unaudited)	December 31, 2001
<b>Assets</b>		
Cash and due from banks	\$ 11,928	\$ 13,568
Deposits at interest with banks	17,181	19,210
Investments		
Held to maturity	171	11
Available for sale and short-term and other (including \$10,512 and \$12,724 pledged to creditors at March 31, 2002 and December 31, 2001, respectively)	92,593	85,288
Venture capital	4,360	4,316
Trading account assets (including \$3,148 and \$2,386 pledged to creditors at March 31, 2002 and December 31, 2001, respectively)	39,741	39,465
Loans held for sale	12,472	11,900
Federal funds sold and securities purchased under resale agreements	12,286	14,568
Loans, net		
Consumer	242,463	244,159
Commercial	144,758	147,514
Loans, net of unearned income	387,221	391,673
Allowance for credit losses	(10,520)	(10,088)
Total loans, net	376,701	381,585
Goodwill	20,590	19,140
Intangible assets	7,520	7,360
Premises and equipment, net	6,032	6,188
Interest and fees receivable	5,935	5,979
Other assets	32,021	38,366
<b>Total assets</b>	<b>\$639,531</b>	<b>\$646,944</b>
<b>Liabilities</b>		
Non-interest-bearing deposits in U.S. offices	\$ 21,665	\$ 23,060
Interest-bearing deposits in U.S. offices	121,616	114,509
Non-interest-bearing deposits in offices outside the U.S.	18,568	18,850
Interest-bearing deposits in offices outside the U.S.	223,177	222,548
Total deposits	385,026	378,967
Trading account liabilities	19,121	22,333
Purchased funds and other borrowings	59,682	56,912
Accrued taxes and other expense	11,735	15,048
Other liabilities	24,332	29,178
Long-term debt	74,608	81,053
<b>Stockholder's equity</b>		
Common stock: (\$0.01 par value)		
issued shares: 1,000 in each period	-	-
Surplus	34,119	34,112
Retained earnings	32,758	30,702
Accumulated other changes in equity from nonowner sources	(1,850)	(1,361)
<b>Total stockholder's equity</b>	<b>65,027</b>	<b>63,453</b>
<b>Total liabilities and stockholder's equity</b>	<b>\$639,531</b>	<b>\$646,944</b>

See Notes to Consolidated Financial Statements.

## CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDER'S EQUITY (UNAUDITED)

Citicorp and Subsidiaries

<i>In millions of dollars</i>	<b>Three Months Ended March 31,</b>	
	<b>2002</b>	2001
<b>Balance at beginning of period</b>	<b>\$63,453</b>	\$47,865
Net income	<b>2,466</b>	2,097
Cumulative effect of accounting change	-	82
Net change in unrealized gains and losses on investments securities, net of tax	<b>(103)</b>	59
Net change in foreign currency translation adjustment, net of tax	<b>(402)</b>	(153)
Net change for cash flow hedges, net of tax	<b>16</b>	(71)
Total changes in equity from nonowner sources	<b>1,977</b>	2,014
Common cash dividends declared	<b>(410)</b>	(2,128)
Capital contribution from Parent	-	148
Employee benefit plans and other activity	<b>7</b>	13
<b>Balance at end of period</b>	<b>\$65,027</b>	\$47,912
<b>Summary of changes in equity from nonowner sources</b>		
Net income	<b>\$2,466</b>	\$2,097
Other changes in equity from nonowner sources	<b>(489)</b>	(83)
<b>Total changes in equity from nonowner sources</b>	<b>\$1,977</b>	\$2,014

See Notes to Consolidated Financial Statements.

**CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)**
**Citicorp and Subsidiaries**

<i>In millions of dollars</i>	<b>Three Months Ended March 31,</b>	
	<b>2002</b>	<b>2001</b>
<b>Cash flows from operating activities</b>		
Net income	<b>\$2,466</b>	\$ 2,097
Adjustments to reconcile net income to net cash (used in) provided by operating activities		
Provision for credit losses	<b>2,559</b>	1,464
Depreciation and amortization of premises and equipment	<b>264</b>	354
Amortization of goodwill and acquisition premium costs	<b>14</b>	179
Restructuring-related items	<b>46</b>	62
Cumulative effect of accounting change, net of tax	<b>-</b>	33
Venture capital activity	<b>(44)</b>	339
Net gain on sale of securities	<b>(10)</b>	(97)
Changes in accruals and other, net	<b>(1,602)</b>	(1,205)
Net increase in loans held for sale	<b>(572)</b>	(1,990)
Net increase in trading account assets	<b>(276)</b>	(480)
Net (decrease) increase in trading account liabilities	<b>(3,212)</b>	1,139
Total adjustments	<b>(2,833)</b>	(202)
<b>Net cash (used in) provided by operating activities</b>	<b>(367)</b>	1,895
<b>Cash flows from investing activities</b>		
Net decrease (increase) in deposits at interest with banks	<b>2,029</b>	(3,117)
Securities -- available for sale and short-term and other		
Purchases	<b>(171,138)</b>	(26,429)
Proceeds from sales	<b>155,200</b>	17,407
Maturities	<b>7,994</b>	5,923
Net decrease (increase) in federal funds sold and securities purchased under resale agreements	<b>2,282</b>	(5,039)
Net increase in loans	<b>(10,586)</b>	(8,300)
Proceeds from sales of loans	<b>11,548</b>	6,831
Business acquisitions	<b>(2,071)</b>	-
Capital expenditures on premises and equipment	<b>(299)</b>	(304)
Proceeds from sales of premises and equipment, subsidiaries and affiliates, and repossessed assets	<b>156</b>	478
<b>Net cash used in investing activities</b>	<b>(4,885)</b>	(12,550)
<b>Cash flows from financing activities</b>		
Net increase in deposits	<b>6,059</b>	12,400
Net increase (decrease) in federal funds purchased and securities sold under repurchase agreements	<b>4,913</b>	(1,461)
Net decrease in commercial paper and funds borrowed	<b>(1,973)</b>	(5,020)
Proceeds from issuance of long-term debt	<b>5,304</b>	10,715
Repayment of long-term debt	<b>(10,280)</b>	(4,433)
Dividends paid	<b>(410)</b>	(2,128)
<b>Net cash provided by financing activities</b>	<b>3,613</b>	10,073
<b>Effect of exchange rate changes on cash and due from banks</b>	<b>(1)</b>	(189)
Net decrease in cash and due from banks	<b>(1,640)</b>	(771)
Cash and due from banks at beginning of period	<b>13,568</b>	11,658
<b>Cash and due from banks at end of period</b>	<b>\$11,928</b>	\$ 10,887
<b>Supplemental disclosure of cash flow information</b>		
Cash paid during the period for:		
Interest	<b>\$3,711</b>	\$ 5,320
Income taxes	<b>1,943</b>	144
Non-cash investing activities:		
Transfers to repossessed assets	<b>\$ 216</b>	\$ 153

See Notes to Consolidated Financial Statements.

# CONSOLIDATED BALANCE SHEETS

Citibank, N.A. and Subsidiaries

<i>In millions of dollars</i>	March 31, 2002 (Unaudited)	December 31, 2001
<b>Assets</b>		
Cash and due from banks	\$ 10,025	\$ 11,056
Deposits at interest with banks	14,624	19,181
Investments		
Held to maturity	160	-
Available for sale (including \$818 and \$619 pledged to creditors at March 31, 2002 and December 31, 2001, respectively)	57,727	48,638
Venture capital	1,810	1,939
Trading account assets (including \$240 and \$424 pledged to creditors at March 31, 2002 and December 31, 2001, respectively)	35,752	36,633
Loans held for sale	9,413	4,354
Federal funds sold and securities purchased under resale agreements	12,517	14,935
Loans, net of unearned income	282,386	280,455
Allowance for credit losses	(7,570)	(5,446)
Loans, net	274,816	275,009
Goodwill	5,039	5,068
Intangible assets	5,064	3,897
Premises and equipment, net	3,980	3,920
Interest and fees receivable	4,048	3,451
Other assets	19,892	24,262
<b>Total assets</b>	<b>\$454,867</b>	<b>\$452,343</b>
<b>Liabilities</b>		
Non-interest-bearing deposits in U.S. offices	\$ 18,559	\$ 19,268
Interest-bearing deposits in U.S. offices	86,691	81,298
Non-interest-bearing deposits in offices outside the U.S.	14,793	14,962
Interest-bearing deposits in offices outside the U.S.	189,116	191,395
Total deposits	309,159	306,923
Trading account liabilities	17,907	20,306
Purchased funds and other borrowings	48,325	37,826
Accrued taxes and other expense	7,243	8,955
Other liabilities	13,774	18,209
Long-term debt and subordinated notes	20,118	22,501
<b>Stockholder's equity</b>		
Preferred stock (\$100 par value)	350	350
Capital stock (\$20.00 par value) outstanding shares: 37,534,553 in each period	751	751
Surplus	23,602	18,582
Retained earnings	15,845	19,227
Accumulated other changes in equity from nonowner sources <sup>(1)</sup>	(2,207)	(1,287)
<b>Total stockholder's equity</b>	<b>38,341</b>	<b>37,623</b>
<b>Total liabilities and stockholder's equity</b>	<b>\$454,867</b>	<b>\$452,343</b>

(1) Amounts at March 31, 2002 and December 31, 2001 include the after-tax amounts for net unrealized gains (losses) on investments available for sale of (\$83) million and \$17 million, respectively, for foreign currency translation of (\$2.184) billion and (\$1.460) billion, respectively, and for cash-flow hedges of \$60 million and \$156 million, respectively.

See Notes to Consolidated Financial Statements.

**CITICORP AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)**

**1. Basis of Presentation**

The accompanying consolidated financial statements as of March 31, 2002 and for the three-month periods ended March 31, 2002 and 2001 are unaudited and include the accounts of Citicorp and its subsidiaries (collectively, the Company). The Company is an indirect wholly-owned subsidiary of Citigroup Inc. In the opinion of management, all adjustments, consisting of normal recurring adjustments, necessary for a fair presentation have been reflected. The accompanying consolidated financial statements should be read in conjunction with the consolidated financial statements and related notes included in the Company's Form 10-K for the year ended December 31, 2001.

Certain financial information that is normally included in annual financial statements prepared in accordance with accounting principles generally accepted in the United States of America, but is not required for interim reporting purposes, has been condensed or omitted.

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

**2. Accounting Changes**

**Business Combinations, Goodwill and Other Intangible Assets**

Effective July 1, 2001, the Company adopted the provisions of SFAS No. 141 and certain provisions of SFAS No. 142 as required for goodwill and intangible assets resulting from business combinations consummated after June 30, 2001. The new rules require that all business combinations initiated after June 30, 2001 be accounted for under the purchase method. The nonamortization provisions of the new rules affecting goodwill and intangible assets deemed to have indefinite lives are effective for all purchase business combinations completed after June 30, 2001.

On January 1, 2002, Citicorp adopted the remaining provisions of SFAS No. 142, when the rules became effective for calendar year companies. Under the new rules, effective January 1, 2002, goodwill and intangible assets deemed to have indefinite lives are no longer amortized, but are subject to annual impairment tests. Other intangible assets will continue to be amortized over their useful lives.

The Company has not yet completed the required impairment tests of goodwill and indefinite-lived intangible assets as of January 1, 2002. It is not expected that the result of these impairment tests will have a material effect on the financial statements.

Net income for the first quarter of 2002 and 2001 adjusted to exclude amortization expense (net of taxes) related to goodwill and indefinite-lived intangible assets which are no longer amortized is as follows:

<i>In millions</i>	<b>Three Months Ended March 31,</b>	
	<b>2002</b>	2001
<b>Net income:</b>		
Reported net income	<b>\$2,466</b>	\$2,097
Goodwill amortization	-	66
Indefinite-lived intangible assets amortization	-	1
Adjusted net income	<b>\$2,466</b>	\$2,164

In February 2002, Banamex completed the purchase of the remaining 48% interest in Seguros Banamex, a life insurance business, and AFORE Banamex, a pension fund management business, from AEGON for \$1.24 billion which resulted in additional goodwill of \$1.07 billion in the Consumer segment. In addition, \$74 million of goodwill was recorded in the Consumer segment in connection with CitiFinancial Japan's acquisition of the consumer finance business of Taihei Co., Ltd.

The changes in goodwill during the first quarter of 2002 were as follows:

<i>In millions of dollars</i>	Global Consumer	Global Corporate	Global Investment Management and Private Banking	Investment Activities	Corporate/Other	Total
Balance at January 1, 2002	\$17,529	\$1,607	\$4	\$ -	\$ -	\$19,140
Goodwill acquired during the period	1,144	-	-	-	-	1,144
Other <sup>(1)</sup>	255	51	-	-	-	306
<b>Balance at March 31, 2002</b>	<b>\$18,928</b>	<b>\$1,658</b>	<b>\$4</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$20,590</b>

(1) Other changes in goodwill includes foreign exchange effects on non-dollar denominated goodwill and certain other reclassifications.

At March 31, 2002, \$460 million of the Company's acquired trade names were considered to be indefinite-lived and not subject to amortization. All other acquired intangible assets are subject to amortization.

The components of intangible assets were as follows:

<i>(In millions)</i>	March 31, 2002			December 31, 2001		
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Purchased credit card relationships	\$ 4,084	\$1,233	\$2,851	\$ 4,084	\$1,136	\$2,948
Mortgage servicing rights	2,440	1,126	1,314	2,248	1,075	1,173
Core deposit intangibles	1,032	74	958	975	38	937
Other customer relationships	843	213	630	709	197	512
Present value of future profits	72	4	68	37	2	35
Other <sup>(1)</sup>	1,627	388	1,239	2,087	332	1,755
<b>Total amortizing intangible assets</b>	<b>\$10,098</b>	<b>\$3,038</b>	<b>\$7,060</b>	<b>\$10,140</b>	<b>\$2,780</b>	<b>\$7,360</b>
Indefinite-lived intangible assets			460			-
<b>Total Intangible Assets</b>			<b>\$7,520</b>			<b>\$7,360</b>

(1) Primarily contract-related intangible assets.

The intangible assets recorded during the first quarter of 2002 and their respective amortization periods were as follows:

<i>(In millions)</i>	First Quarter 2002	Weighted Average Amortization Period in Years
Mortgage servicing rights	\$141	15
Present value of future profits <sup>(1)</sup>	35	22
Other customer relationships	137	6
<b>Total intangible assets recorded during the period <sup>(2)</sup></b>	<b>\$313</b>	

(1) Present value of future profits acquired during the first quarter of 2002 will be amortized on an accelerated basis over 22 years.

(2) There was no significant residual value estimated for the intangible assets recorded during the first quarter of 2002.

Intangible assets amortization expense was \$185 million and \$158 million for the first three months of 2002 and 2001, respectively. Intangible assets amortization expense is estimated to be \$640 million for the remainder of 2002, \$780 million in 2003, \$750 million in 2004, \$720 million in 2005, \$670 million in 2006, and \$620 million in 2007.

### Derivatives and Hedge Accounting

On January 1, 2001, Citicorp adopted SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities" (SFAS No. 133). SFAS No. 133 changed the accounting treatment of derivative contracts (including foreign exchange contracts) that are employed to manage risk outside of Citicorp's trading activities, as well as certain derivative instruments embedded in other contracts. SFAS No. 133 requires that all derivatives be recorded on the balance sheet at their fair value. The treatment of changes in the fair value of derivatives depends on the character of the transaction, including whether it has been designated and qualifies as part of a hedging relationship. The majority of Citicorp's derivatives are entered into for trading purposes and were not impacted by the adoption of SFAS No. 133. The cumulative effect of adopting SFAS No. 133 at January 1, 2001 was an after-tax charge of \$33 million included in net income and an increase of \$82 million included in other changes in stockholder's equity from nonowner sources.

### Transfers and Servicing of Financial Assets

In September 2000, FASB issued SFAS No. 140, "Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities, a replacement of FASB Statement No. 125" (SFAS No. 140). In July 2001, FASB issued Technical Bulletin No. 01-1,

“Effective Date for Certain Financial Institutions of Certain Provisions of Statement 140 Related to the Isolation of Transferred Assets.”

Certain provisions of SFAS No. 140 require that the structure for transfers of financial assets to certain securitization vehicles be modified to comply with revised isolation guidance for institutions subject to receivership by the Federal Deposit Insurance Corporation. These provisions were effective for transfers taking place after December 31, 2001, with an additional transition period ending no later than September 30, 2006 for transfers to certain master trusts. It is not expected that these provisions will materially affect the financial statements. SFAS No. 140 also provides revised guidance for an entity to be considered a qualifying special purpose entity.

### Impairment or Disposal of Long-Lived Assets

On January 1, 2002, Citicorp adopted SFAS No. 144, “Accounting for the Impairment or Disposal of Long-Lived Assets” (SFAS No. 144), when the rule became effective for calendar year companies. SFAS No. 144 established additional criteria as compared to previous generally accepted accounting principles to determine when a long-lived asset is held for sale. It also broadens the definition of “discontinued operations,” but does not allow for the accrual of future operating losses, as was previously permitted. The provisions of the new standard are generally to be applied prospectively.

### 3. Business Segment Information

The following table presents certain information regarding the Company’s industry segments:

<i>In millions of dollars except identifiable assets in billions</i>	Total Revenues, Net of Interest Expense		Income Taxes		Income (Loss) Before Cumulative Effect of Accounting Changes <sup>(1) (2)</sup>		Identifiable Assets	
	2002	2001	First Quarter		2002	2001	Mar. 31, 2002	Dec. 31, 2001
			2002	2001				
Global Consumer	\$ 8,687	\$ 7,227	\$934	\$ 838	\$1,807	\$1,417	\$339	\$346
Global Corporate	2,930	3,093	275	401	537	711	255	255
Global Investment Management and Private Banking	514	497	45	53	101	91	29	27
Investment Activities	93	(52)	24	(29)	36	(54)	9	9
Corporate/Other	197	274	18	2	(15)	(35)	8	10
<b>Total</b>	<b>\$12,421</b>	<b>\$11,039</b>	<b>\$1,296</b>	<b>\$1,265</b>	<b>\$2,466</b>	<b>\$2,130</b>	<b>\$640</b>	<b>\$647</b>

(1) The 2002 first quarter results reflect after-tax restructuring-related items of \$18 million in Global Consumer, \$8 million in Global Corporate, and \$3 million in Global Investment Management and Private Banking. The 2001 first quarter results reflect after-tax restructuring-related items of \$12 million in Global Consumer and \$27 million in Global Corporate.

(2) Includes pretax provision for benefits, claims, and credit losses in the Global Consumer results of \$2.017 billion and \$1.289 billion, in the Global Corporate results of \$680 million and \$259 million, in the Global Investment Management and Private Banking results of \$6 million and \$2 million, and in the Corporate/Other results of (\$4) million and \$164 million for the first quarters of 2002 and 2001, respectively.

#### 4. Investments

<i>In millions of dollars</i>	March 31, 2002	December 31, 2001
Fixed maturities, primarily available for sale, at fair value	\$92,466	\$84,802
Short-term and other	298	497
Available for sale and short-term and other	<u>\$92,764</u>	<u>\$85,299</u>
Venture capital, at fair value	<u>\$4,360</u>	<u>\$4,316</u>

The amortized cost and fair value of investments in fixed maturities and equity securities at March 31, 2002 and December 31, 2001 were follows:

<i>In millions of dollars</i>	March 31, 2002			December 31, 2001		
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value	Amortized Cost	Fair Value
<b>Fixed maturity securities held to maturity <sup>(1)</sup></b>	<b>\$ 171</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 171</b>	<b>\$ 11</b>	<b>\$ 11</b>
<b>Fixed maturity securities available-for-sale</b>						
U.S. Treasury and Federal Agencies	\$26,738	\$ 258	\$182	\$26,814	\$18,400	\$18,480
State and Municipal	6,061	184	70	6,175	5,761	5,880
Foreign Government	41,626	257	110	41,773	43,598	43,682
U.S. Corporate	6,297	134	200	6,231	5,905	5,858
Other Debt Securities	5,420	68	29	5,459	5,442	5,503
Equity Securities <sup>(2)</sup>	5,660	361	178	5,843	5,218	5,388
	<u>91,802</u>	<u>1,262</u>	<u>769</u>	<u>92,295</u>	<u>84,324</u>	<u>84,791</u>
<b>Total fixed maturities</b>	<b>\$91,973</b>	<b>\$1,262</b>	<b>\$769</b>	<b>\$92,466</b>	<b>\$84,335</b>	<b>\$84,802</b>
Investments available for sale include:						
Mortgage-backed securities	\$21,837	\$ 113	\$134	\$21,816	\$16,376	\$16,452

(1) Recorded at amortized cost.

(2) Includes non-marketable equity securities carried at cost, which are reported in both the amortized cost and fair value columns.

#### 5. Trading Account Assets and Liabilities

<i>In millions of dollars</i>	Mar. 31, 2002	Dec. 31, 2001
<b>Trading Account Assets</b>		
U.S. Treasury and Federal Agency Securities	\$ 204	\$ 405
Foreign Government, Corporate and Other Securities	20,882	17,375
Derivative and Foreign Exchange Contracts <sup>(1)</sup>	18,655	21,685
	<u>\$39,741</u>	<u>\$39,465</u>
<b>Trading Account Liabilities</b>		
Securities Sold, Not Yet Purchased	\$3,498	\$ 4,035
Derivative and Foreign Exchange Contracts <sup>(1)</sup>	15,623	18,298
	<u>\$19,121</u>	<u>\$22,333</u>

(1) Net of master netting agreements and securitization.

#### 6. Restructuring-Related Items

<i>In millions of dollars</i>	Restructuring Initiatives			
	2002	2001	2000	Total
Restructuring Charges	\$42	\$315	\$576	\$933
Acquisitions <sup>(1)</sup>	-	112	23	135
Utilization <sup>(2)</sup>	-	(247)	(518)	(765)
Changes in estimates	-	(5)	(29)	(34)
<b>Balance at March 31, 2002</b>	<b>\$42</b>	<b>\$175</b>	<b>\$ 52</b>	<b>\$269</b>

(1) Represents additions to restructuring liabilities arising from acquisitions.

(2) Utilization amounts include translation effects on the restructuring reserve.

During the first quarter of 2002, Citicorp recorded restructuring charges of \$42 million, primarily consisting of the downsizing of Global Consumer and Global Corporate operations in Argentina.

During 2001, Citicorp recorded restructuring charges of \$315 million. Of the \$315 million, \$186 million related to the downsizing of certain functions in the Global Corporate and Global Consumer businesses in order to align their cost structures with current market conditions and \$129 million related to the acquisition of Banamex and the integration of its operations within the Global Consumer business. In addition, a restructuring reserve of \$112 million was recorded in connection with the acquisition of Banamex and recognized as a liability in the purchase price allocation of Banamex. The total Banamex reserves of \$241 million include costs related to downsizings, the reconfiguration of branch operations in Mexico, and the integration of operations and operating platforms. These restructuring initiatives are expected to be implemented this year. The reserves included \$299 million related to employee severance, \$63 million related to exiting leasehold and other contractual obligations, and \$65 million of asset impairment charges.

The \$299 million related to employee severance reflects the cost of eliminating approximately 10,160 positions, including 4,200 in Citicorp's Global Consumer business and 3,600 in Banamex related to the acquisition, and 1,300 in the Global Consumer business and 1,060 in the Global Corporate business related to other restructuring initiatives. Approximately 1,220 of these positions were in the United States.

As of March 31, 2002, the restructuring reserve utilization included \$65 million of asset impairment charges as well as \$182 million of severance and other costs (of which \$135 million of employee severance and \$18 million of leasehold and other exit costs have been paid in cash and \$29 million is legally obligated), together with translation effects. Utilization of the 2001 restructuring reserve in the 2002 first quarter was \$14 million. Through March 31, 2002, approximately 7,400 gross staff positions have been eliminated under these programs, including approximately 900 in the 2002 first quarter.

During 2000, Citicorp recorded restructuring charges of \$576 million, primarily consisting of exit costs related to the acquisition of Associates. The charges included \$238 million related to employee severance, \$154 million related to exiting leasehold and other contractual obligations, and \$184 million of asset impairment charges.

Of the \$576 million charge, \$474 million related to the acquisition of Associates included the reconfiguration of certain branch operations, the exit from non-strategic businesses and from activities as mandated by Federal bank regulations, and the consolidation and integration of corporate and middle and back office functions. In the Global Consumer business, \$51 million includes the reconfiguration of certain branch operations outside the U.S. and the downsizing and consolidation of certain back office functions in the U.S. Approximately \$440 million of the \$576 million charge related to operations in the United States.

The \$238 million portion of the charge related to employee severance reflects the costs of eliminating approximately 5,600 positions, including approximately 4,600 in Associates and 700 in the Global Consumer business. Approximately 4,900 of these positions related to the United States. In 2000, an additional reserve for \$23 million was recorded, \$20 million of which related to the elimination of 1,600 non-U.S. positions of an acquired entity.

Through March 31, 2002, the restructuring reserve utilization included \$184 million of asset impairment charges and \$334 million of severance and other exit costs (of which \$164 million related to employee severance and \$119 million related to leasehold and other exit costs have been paid in cash and of which \$51 million is legally obligated), together with translation effects. Utilization of the 2000 restructuring reserve in the 2002 first quarter was \$35 million. Through March 31, 2002, approximately 5,650 gross staff positions have been eliminated under these programs, including approximately 400 in the 2002 first quarter.

The implementation of these restructuring initiatives also caused certain related premises and equipment assets to become redundant. The remaining depreciable lives of these assets were shortened, and accelerated depreciation charges (in addition to normal scheduled depreciation on these assets) is being recognized over these shortened lives, \$4 million and \$22 million of which were recorded in the first quarters of 2002 and 2001, respectively.

Changes in estimates are attributable to facts and circumstances arising subsequent to an original restructuring charge. Changes in estimates attributable to lower than anticipated costs of implementing certain projects and a reduction in the scope of certain initiatives during 2001 resulted in the reduction of the reserve for 2001 restructuring initiatives of \$5 million during the second quarter of 2001 and a reduction of \$29 million for 2000 restructuring initiatives during the fourth quarter of 2001.

Additional information about restructuring-related items, including the business segments affected, may be found in Citicorp's 2001 Form 10-K.

## 7. Derivatives and Other Activities

The following table summarizes certain information related to the Company's hedging activities for the three months ended March 31, 2002 and 2001:

<i>In millions of dollars</i>	<b>Three Months Ended March 31,</b>	
	<b>2002</b>	2001
<b>Fair Value Hedges:</b>		
Hedge ineffectiveness recognized in earnings	\$ 9	\$ 55
Net gain (loss) excluded from assessment of effectiveness	(5)	47
<b>Cash Flow Hedges:</b>		
Hedge ineffectiveness recognized in earnings	(4)	5
Amount excluded from assessment of effectiveness	-	-
<b>Net Investment Hedges:</b>		
Net gain (loss) included in foreign currency translation adjustment within accumulated other changes in equity from nonowner sources	(56)	171

The accumulated other changes in equity from nonowner sources from cash flow hedges for the three months ended March 31, 2002 and 2001 can be summarized as follows (net of taxes):

<i>In millions of dollars</i>	<b>Three Months Ended March 31,</b>	
	<b>2002</b>	2001
<b>Beginning balance</b> <sup>(1)</sup>	<b>\$312</b>	\$ 65
Net gain (loss) from cash flow hedges	115	(40)
Net amounts reclassified to earnings	(99)	(31)
<b>Ending balance</b>	<b>\$328</b>	(\$ 6)

(1) Beginning balance of 2001 results from the cumulative effect of accounting change for cash-flow hedges.

## 8. Contingencies

In the ordinary course of business, Citicorp and its subsidiaries are defendants or co-defendants in various litigation matters incidental to and typical of the businesses in which they are engaged. In the opinion of the Company's management, the ultimate resolution of these legal proceedings would not be likely to have a material adverse effect on the results of the Company and its subsidiaries' operations, financial condition, or liquidity.

## 9. Changes in Equity from Nonowner Sources

Changes in each component of "Accumulated Other Changes in Equity from Nonowner Sources" for the three-month period ended March 31, 2002 are as follows:

<i>In millions of dollars</i>	<b>Net Unrealized Gains on Investment Securities</b>	<b>Foreign Currency Translation Adjustment</b>	<b>Cash Flow Hedges</b>	<b>Accumulated Other Changes in Equity from Nonowner Sources</b>
<b>Balance, December 31, 2001</b>	<b>\$219</b>	<b>(\$1,892)</b>	<b>\$312</b>	<b>(\$1,361)</b>
Unrealized gains on investment securities, net of tax <sup>(1)</sup>	(103)	-	-	(103)
Foreign currency translation adjustment, net of tax <sup>(2)</sup>	-	(402)	-	(402)
Cash flow hedges, net of tax	-	-	16	16
Current period change	(103)	(402)	16	(489)
<b>Balance, March 31, 2002</b>	<b>\$116</b>	<b>(\$2,294)</b>	<b>\$328</b>	<b>(\$1,850)</b>

(1) Primarily reflects the impact of a rising interest rate yield curve on fixed-income securities.

(2) Includes the \$512 million after-tax impact of translating Argentina's operations into the U.S. dollar equivalent. As a result of government actions in Argentina, which began in the fourth quarter of 2001 and continue, the functional currency of the Argentine branch and subsidiaries has been changed from the U.S. dollar to the Argentine peso.

## **10. Condensed Consolidating Financial Statements**

### **CitiFinancial Credit Company (CCC)**

On August 4, 1999, CCC, an indirect wholly-owned subsidiary of Citigroup, was contributed to and became a subsidiary of Citicorp Banking Corporation, a wholly-owned subsidiary of Citicorp. Citicorp issued a full and unconditional guarantee of the outstanding long-term debt securities and commercial paper of CCC.

### **Associates First Capital Corporation (AFCC)**

In connection with Citigroup's November 30, 2000 acquisition of AFCC in which AFCC became a wholly-owned subsidiary of Citicorp, Citicorp issued a full and unconditional guarantee of the outstanding long-term debt securities and commercial paper of AFCC and Associates Corporation of North America (ACONA), a subsidiary of AFCC.

Effective as of August 10, 2001, Citicorp Banking Corporation, the parent company of CCC, transferred 100% of the stock of CCC to AFCC in exchange for convertible preferred stock of AFCC, making CCC a wholly-owned subsidiary of AFCC. The condensed consolidating financial statements account for the transaction in a manner similar to a pooling of interest and therefore all prior periods have been restated.

On October 2, 2001, ACONA merged with and into AFCC at which time, AFCC assumed ACONA's obligations under all debt instruments and agreements. Information included in the following condensed financial statements under the AFCC column represents AFCC Consolidated which includes ACONA's and CCC's results.

AFCC has a combination of unutilized credit facilities of \$6.8 billion as of March 31, 2002 which have maturities ranging from 2002 to 2005. All of these facilities are guaranteed by Citicorp. In connection with the facilities, Citicorp is required to maintain a certain level of consolidated stockholder's equity (as defined in the agreements). At March 31, 2002, this requirement was exceeded by approximately \$51.3 billion.

**Condensed Consolidating Income Statements (Unaudited)**

**Three Months Ended March 31, 2002**

<i>In millions of dollars</i>	<b>Citicorp Parent Company</b>	<b>CCC</b>	<b>AFCC</b>	<b>Other Citicorp Subsidiaries and Eliminations <sup>(1)</sup></b>	<b>Consolidating Adjustments <sup>(2)</sup></b>	<b>Citicorp Consolidated</b>
<b>Revenue</b>						
Dividends from subsidiary banks and bank holding companies	\$4,815	\$ -	\$ -	\$ -	(\$4,815)	\$ -
Interest from subsidiaries	453	-	-	(453)	-	-
Interest on loans, including fees – third party	11	1,740	1,957	7,163	(1,740)	9,131
Interest on loans, including fees – intercompany	-	47	16	(16)	(47)	-
Other interest revenue	-	47	65	2,106	(47)	2,171
Fees, commissions and other revenues	(76)	167	200	4,539	(167)	4,663
	<u>5,203</u>	<u>2,001</u>	<u>2,238</u>	<u>13,339</u>	<u>(6,816)</u>	<u>15,965</u>
<b>Expense</b>						
Interest on other borrowed funds – third party	485	1	29	196	(1)	710
Interest on other borrowed funds – intercompany	-	127	123	(123)	(127)	-
Interest and fees paid to subsidiaries	34	-	-	(34)	-	-
Interest on long-term debt – third party	-	76	373	610	(76)	983
Interest on long-term debt – intercompany	-	356	168	(168)	(356)	-
Interest on deposits	-	4	5	1,846	(4)	1,851
Benefits, claims, and credit losses	-	437	499	2,200	(437)	2,699
Other expense	35	430	540	5,366	(430)	5,941
	<u>554</u>	<u>1,431</u>	<u>1,737</u>	<u>9,893</u>	<u>(1,431)</u>	<u>12,184</u>
<b>Income before taxes, minority interest, and equity in undistributed income of subsidiaries</b>						
	4,649	570	501	3,446	(5,385)	3,781
Income tax (benefit)	(58)	208	205	1,149	(208)	1,296
Minority interest, net of income taxes	-	-	-	19	-	19
Equity in undistributed income of subsidiaries	(2,241)	-	-	-	2,241	-
<b>Net income</b>	<u>\$2,466</u>	<u>\$ 362</u>	<u>\$ 296</u>	<u>\$ 2,278</u>	<u>(\$2,936)</u>	<u>\$2,466</u>

(1) Includes all other subsidiaries of Citicorp and intercompany eliminations.

(2) Includes Citicorp Parent Company elimination of distributed and undistributed income of subsidiaries and the elimination of CCC, included in the AFCC column.

**Condensed Consolidating Income Statements (Unaudited)**

**Three Months Ended March 31, 2001**

<i>In millions of dollars</i>	<b>Citicorp Parent Company</b>	<b>CCC</b>	<b>AFCC</b>	<b>Other Citicorp Subsidiaries and Eliminations <sup>(1)</sup></b>	<b>Consolidating Adjustments <sup>(2)</sup></b>	<b>Citicorp Consolidated</b>
<b>Revenue</b>						
Dividends from subsidiary banks and bank holding companies	\$1,701	\$ -	\$ -	\$ -	(\$1,701)	\$ -
Interest from subsidiaries	657	-	-	(657)	-	-
Interest on loans, including fees – third party	-	1,669	2,382	7,585	(1,669)	9,967
Interest on loans, including fees – intercompany	-	-	330	(330)	-	-
Other interest revenue	-	83	141	1,922	(83)	2,063
Fees, commissions and other revenues	31	161	490	4,301	(161)	4,822
	<u>2,389</u>	<u>1,913</u>	<u>3,343</u>	<u>12,821</u>	<u>(3,614)</u>	<u>16,852</u>
<b>Expense</b>						
Interest on other borrowed funds – third party	617	-	150	208	-	975
Interest on other borrowed funds – intercompany	-	353	248	(248)	(353)	-
Interest and fees paid to subsidiaries	37	-	-	(37)	-	-
Interest on long-term debt – third party	-	88	723	625	(88)	1,348
Interest on long-term debt – intercompany	-	500	301	(301)	(500)	-
Interest on deposits	-	3	8	3,482	(3)	3,490
Benefits, claims, and credit losses	-	322	611	1,103	(322)	1,714
Other expense	46	506	870	5,006	(506)	5,922
	<u>700</u>	<u>1,772</u>	<u>2,911</u>	<u>9,838</u>	<u>(1,772)</u>	<u>13,449</u>
<b>Income before taxes, minority interest, cumulative effect of accounting change, and equity in undistributed income of subsidiaries</b>						
	1,689	141	432	2,983	(1,842)	3,403
Income taxes	14	52	159	1,092	(52)	1,265
Minority interest, net of income taxes	-	-	-	8	-	8
Cumulative effect of accounting change	-	-	(15)	(18)	-	(33)
Equity in undistributed income of subsidiaries	422	-	-	-	(422)	-
<b>Net income</b>	<u>\$2,097</u>	<u>\$ 89</u>	<u>\$ 258</u>	<u>\$ 1,865</u>	<u>(\$2,212)</u>	<u>\$ 2,097</u>

(1) Includes all other subsidiaries of Citicorp and intercompany eliminations.

(2) Includes Citicorp Parent Company elimination of distributed and undistributed income of subsidiaries and the elimination of CCC, included in the AFCC column.

**Condensed Consolidating Balance Sheets (Unaudited)**

**March 31, 2002**

<i>In millions of dollars</i>	<b>Citicorp Parent Company</b>	<b>CCC</b>	<b>AFCC</b>	<b>Other Citicorp Subsidiaries and Eliminations <sup>(1)</sup></b>	<b>Consolidating Adjustments <sup>(2)</sup></b>	<b>Citicorp Consolidated</b>
<b>Assets</b>						
Cash and due from banks – third party	\$ 3	\$ 311	\$ 360	\$ 11,565	(\$ 311)	\$ 11,928
Cash and due from banks – intercompany	20	55	98	(118)	(55)	-
Deposits at interest with banks – third party	1	-	-	17,180	-	17,181
Deposits at interest with banks – intercompany	1,392	-	-	(1,392)	-	-
Investments	459	2,519	4,542	92,123	(2,519)	97,124
Loans, net of unearned income – third party	-	55,721	63,534	323,687	(55,721)	387,221
Loans, net of unearned income – intercompany	-	6,101	1,289	(1,289)	(6,101)	-
Allowance for credit losses	-	(920)	(1,188)	(9,332)	920	(10,520)
Loans, net of unearned income	-	60,902	63,635	313,066	(60,902)	376,701
Advances to subsidiaries	36,727	-	-	(36,727)	-	-
Investments in subsidiaries	71,361	-	-	-	(71,361)	-
Other assets – third party	408	4,214	7,458	128,731	(4,214)	136,597
Other assets – intercompany	15	-	106	(121)	-	-
<b>Total</b>	<b>\$110,386</b>	<b>\$68,001</b>	<b>\$76,199</b>	<b>\$524,307</b>	<b>(\$139,362)</b>	<b>\$639,531</b>
<b>Liabilities and stockholder's equity</b>						
Deposits	\$ -	\$ 1,032	\$ 1,205	\$383,821	(\$ 1,032)	\$385,026
Purchased funds and other borrowings – third party	11,420	114	1,636	46,626	(114)	59,682
Purchased funds and other borrowings – intercompany	-	19,706	19,708	(19,708)	(19,706)	-
Long-term debt – third party	28,782	4,050	28,234	17,592	(4,050)	74,608
Long-term debt – intercompany	-	34,155	13,896	(13,896)	(34,155)	-
Advances from subsidiaries	2,278	-	-	(2,278)	-	-
Other liabilities – third party	2,644	2,492	4,556	47,988	(2,492)	55,188
Other liabilities – intercompany	235	565	562	(797)	(565)	-
Stockholder's equity	65,027	5,887	6,402	64,959	(77,248)	65,027
<b>Total</b>	<b>\$110,386</b>	<b>\$68,001</b>	<b>\$76,199</b>	<b>\$524,307</b>	<b>(\$139,362)</b>	<b>\$639,531</b>

(1) Includes all other subsidiaries of Citicorp and intercompany eliminations.

(2) Includes Citicorp Parent Company elimination of investments in subsidiaries and the elimination of CCC, included in the AFCC column.

**Condensed Consolidating Balance Sheets (Unaudited)**

**December 31, 2001**

<i>In millions of dollars</i>	<b>Citicorp Parent Company</b>	<b>CCC</b>	<b>AFCC</b>	<b>Other Citicorp Subsidiaries and Eliminations <sup>(1)</sup></b>	<b>Consolidating Adjustments <sup>(2)</sup></b>	<b>Citicorp Consolidated</b>
<b>Assets</b>						
Cash and due from banks – third party	\$ 3	\$ 489	\$ 1,575	\$ 11,990	(\$ 489)	\$ 13,568
Cash and due from banks – intercompany	15	150	161	(176)	(150)	-
Deposits at interest with banks – third party	1	-	-	19,209	-	19,210
Deposits at interest with banks – intercompany	2,454	-	-	(2,454)	-	-
Investments	482	2,498	4,658	84,475	(2,498)	89,615
Loans, net of unearned income – third party	1,197	56,707	65,497	324,979	(56,707)	391,673
Loans, net of unearned income – intercompany	-	5,422	1,290	(1,290)	(5,422)	-
Allowance for credit losses	-	(1,001)	(1,286)	(8,802)	1,001	(10,088)
Loans, net of unearned income	1,197	61,128	65,501	314,887	(61,128)	381,585
Advances to subsidiaries	35,990	-	-	(35,990)	-	-
Investments in subsidiaries	68,239	-	-	-	(68,239)	-
Other assets – third party	361	4,393	12,262	130,343	(4,393)	142,966
Other assets – intercompany	12	-	7,888	(7,900)	-	-
<b>Total</b>	<b>\$108,754</b>	<b>\$68,658</b>	<b>\$92,045</b>	<b>\$514,384</b>	<b>(\$136,897)</b>	<b>\$646,944</b>
<b>Liabilities and stockholder's equity</b>						
Deposits	\$ -	\$ 829	\$ 1,060	\$377,907	(\$ 829)	\$378,967
Purchased funds and other borrowings – third party	12,951	83	2,027	41,934	(83)	56,912
Purchased funds and other borrowings – intercompany	-	22,920	19,207	(19,207)	(22,920)	-
Long-term debt – third party	29,710	4,262	32,014	19,329	(4,262)	81,053
Long-term debt – intercompany	-	31,930	26,023	(26,023)	(31,930)	-
Advances from subsidiaries	1,622	-	-	(1,622)	-	-
Other liabilities – third party	102	2,520	5,047	61,410	(2,520)	66,559
Other liabilities – intercompany	916	610	380	(1,296)	(610)	-
Stockholder's equity	63,453	5,504	6,287	61,952	(73,743)	63,453
<b>Total</b>	<b>\$108,754</b>	<b>\$68,658</b>	<b>\$92,045</b>	<b>\$514,384</b>	<b>(\$136,897)</b>	<b>\$646,944</b>

(1) Includes all other subsidiaries of Citicorp and intercompany eliminations.

(2) Includes Citicorp Parent Company elimination of investments in subsidiaries and the elimination of CCC, included in the AFCC column.

## Condensed Consolidating Statements of Cash Flows (Unaudited)

Three Months Ended March 31, 2002

<i>In millions of dollars</i>	<b>Citicorp Parent Company</b>	<b>CCC</b>	<b>AFCC</b>	<b>Other Citicorp Subsidiaries and Eliminations <sup>(1)</sup></b>	<b>Consolidating Adjustments <sup>(2)</sup></b>	<b>Citicorp Consolidated</b>
<b>Net cash provided by (used in) operating activities</b>	\$ 6,659	\$ 1,257	\$ 2,228	(\$ 9,254)	(\$1,257)	(\$ 367)
<b>Cash flows from investing activities</b>						
Securities – available for sale and short-term and other						
Purchases	(5)	(514)	(524)	(170,609)	514	(171,138)
Proceeds from sales	1,090	460	390	153,720	(460)	155,200
Maturities	-	57	130	7,864	(57)	7,994
Changes in investments and advances – intercompany	(5,254)	(424)	228	5,026	424	-
Net increase in loans	-	(1,900)	(1,420)	(9,166)	1,900	(10,586)
Proceeds from sales of loans	-	-	-	11,548	-	11,548
Business acquisitions	-	-	-	(2,071)	-	(2,071)
Other investing activities	1,209	-	406	2,553	-	4,168
<b>Net cash (used in) provided by investing activities</b>	(2,960)	(2,321)	(790)	(1,135)	2,321	(4,885)
<b>Cash flows from financing activities</b>						
Net increase in deposits	-	206	280	5,779	(206)	6,059
Net change in purchased funds and other borrowings – third party	(1,531)	31	(391)	4,862	(31)	2,940
Net change in purchased funds, other borrowings and advances – intercompany	(845)	(1,959)	1,175	(330)	1,959	-
Proceeds from issuance of long-term debt – third party	2,419	-	-	2,885	-	5,304
Repayment of long-term debt – third party	(3,327)	(212)	(3,780)	(3,173)	212	(10,280)
Proceeds from issuance of long-term debt – intercompany, net	-	2,725	-	-	(2,725)	-
Dividends paid	(410)	-	-	-	-	(410)
<b>Net cash (used in) provided by financing activities</b>	(3,694)	791	(2,716)	10,023	(791)	3,613
<b>Effect of exchange rate changes on cash and due from banks</b>	-	-	-	(1)	-	(1)
Net increase (decrease) in cash and due from banks	5	(273)	(1,278)	(367)	273	(1,640)
Cash and due from banks at beginning of period	18	639	1,736	11,814	(639)	13,568
<b>Cash and due from banks at end of period</b>	\$ 23	\$ 366	\$ 458	\$ 11,447	(\$ 366)	\$ 11,928
<b>Supplemental disclosure of cash flow information</b>						
Cash paid during the period for:						
Interest	\$ 411	\$ 571	\$ 837	\$ 2,463	(\$ 571)	\$ 3,711
Income taxes	1,106	125	54	783	(125)	1,943
<b>Non-cash investing activities:</b>						
Transfers to repossessed assets	-	178	178	38	(178)	216

(1) Includes all other subsidiaries of Citicorp and intercompany eliminations.

(2) Includes the elimination of CCC, included in the AFCC column.

**Condensed Consolidating Statements of Cash Flows (Unaudited)**
**Three Months Ended March 31, 2001**

<i>In millions of dollars</i>	<b>Citicorp Parent Company</b>	<b>CCC</b>	<b>AFCC</b>	<b>Other Citicorp Subsidiaries and Eliminations <sup>(1)</sup></b>	<b>Consolidating Adjustments <sup>(2)</sup></b>	<b>Citicorp Consolidated</b>
<b>Net cash provided by (used in) operating activities</b>	\$2,189	\$3,347	\$380	(\$674)	(\$4,347)	\$1,895
<b>Cash flows from investing activities</b>						
Securities – available for sale and short-term and other						
Purchases	(1,392)	(392)	(392)	(24,645)	392	(26,429)
Proceeds from sales	1,585	272	786	15,036	(272)	17,407
Maturities	-	-	262	5,661	-	5,923
Changes in investments and advances – intercompany	(20,143)	-	3,190	16,953	-	-
Net increase in loans	-	(828)	(1,937)	(6,363)	828	(8,300)
Proceeds from sales of loans	-	-	-	6,831	-	6,831
Other investing activities	(1,047)	(103)	23	(6,958)	103	(7,982)
<b>Net cash (used in) provided by investing activities</b>	(20,997)	(1,051)	1,932	6,515	1,051	(12,550)
<b>Cash flows from financing activities</b>						
Net (decrease) increase in Deposits	-	227	303	12,097	(227)	12,400
Net change in purchased funds and other borrowings – third party	11,109	(484)	(18,528)	938	484	(6,481)
Net change in purchased funds, other borrowings and advances – intercompany	184	6,992	(560)	376	(6,992)	-
Proceeds from issuance of long-term debt – third party	10,500	-	-	215	-	10,715
Repayment of long-term debt – third party	(859)	(201)	(2,703)	(871)	201	(4,433)
(Repayment of) proceeds from issuance of long-term debt – intercompany, net	-	(10,387)	19,937	(19,937)	10,387	-
Dividends paid	(2,128)	-	23	(23)	-	(2,128)
Contributions from parent company	-	629	-	-	(629)	-
<b>Net cash provided by (used in) financing activities</b>	18,806	(3,224)	(1,528)	(7,205)	3,224	10,073
<b>Effect of exchange rate changes on cash and due from banks</b>	-	-	-	(189)	-	(189)
Net (decrease) increase in cash and due from banks	(2)	72	784	(1,553)	(72)	(771)
Cash and due from banks at beginning of period	28	232	232	11,398	(232)	11,658
<b>Cash and due from banks at end of period</b>	<b>\$ 26</b>	<b>\$ 304</b>	<b>\$ 1,016</b>	<b>\$ 9,845</b>	<b>(\$ 304)</b>	<b>\$10,887</b>
<b>Supplemental disclosure of cash flow information</b>						
Cash paid during the period for:						
Interest	\$ 259	\$ 478	\$ 1,407	\$ 3,654	(\$ 478)	\$ 5,320
Income taxes	(56)	19	19	181	(19)	144
<b>Non-cash investing activities:</b>						
Transfers to repossessed assets	-	186	39	114	(186)	153

(1) Includes all other subsidiaries of Citicorp and intercompany eliminations.

(2) Includes the elimination of CCC, included in the AFCC column.

# FINANCIAL DATA SUPPLEMENT

## Citicorp and Subsidiaries

### AVERAGE BALANCES AND INTEREST RATES, Taxable Equivalent Basis <sup>(1) (2) (3)</sup>

<i>In millions of dollars</i>	Average Volume			Interest Revenue/Expense			% Average Rate		
	1st Qtr. 2002	4th Qtr. 2001	1st Qtr. 2001	1st Qtr. 2002	4th Qtr. 2001	1st Qtr. 2001	1st Qtr. 2002	4th Qtr. 2001	1st Qtr. 2001
<b>Loans (net of unearned income) <sup>(4)</sup></b>									
Consumer loans									
In U.S. offices	\$160,871	\$158,666	\$ 146,633	\$ 4,277	\$ 4,404	\$ 4,319	10.78	11.01	11.95
In offices outside the U.S. <sup>(5)</sup>	80,086	82,340	77,790	2,417	2,576	2,490	12.24	12.41	12.98
Total consumer loans	240,957	241,006	224,423	6,694	6,980	6,809	11.27	11.49	12.30
Commercial loans									
In U.S. offices									
Commercial and industrial	33,958	38,361	38,237	540	619	772	6.45	6.40	8.19
Lease financing	16,740	14,930	13,667	334	383	318	8.09	10.18	9.44
Mortgage and real estate	735	655	981	7	5	18	3.86	3.03	7.44
In offices outside the U.S. <sup>(5)</sup>	91,358	98,471	85,147	1,557	1,556	2,050	6.91	6.27	9.76
Total commercial loans	142,791	152,417	138,032	2,438	2,563	3,158	6.92	6.67	9.28
Total loans	383,748	393,423	362,455	9,132	9,543	9,967	9.65	9.62	11.15
<b>Federal funds sold and resale agreements</b>									
In U.S. offices	7,266	6,474	6,666	32	37	93	1.79	2.27	5.66
In offices outside the U.S. <sup>(5)</sup>	2,619	1,981	2,234	76	45	38	11.77	9.01	6.90
Total	9,885	8,455	8,900	108	82	131	4.43	3.85	5.97
<b>Investments</b>									
In U.S. offices									
Taxable	31,842	25,912	21,603	301	247	232	3.83	3.78	4.36
Exempt from U.S. income tax	5,928	5,519	5,874	113	107	103	7.73	7.69	7.11
In offices outside the U.S. <sup>(5)</sup>	54,223	52,842	31,268	587	491	651	4.39	3.69	8.44
Total	91,993	84,273	58,745	1,001	845	986	4.41	3.98	6.81
<b>Trading account assets <sup>(6)</sup></b>									
In U.S. offices	5,815	5,450	4,619	63	80	61	4.39	5.82	5.36
In offices outside the U.S. <sup>(5)</sup>	12,475	13,336	11,419	471	506	175	15.31	15.05	6.22
Total	18,290	18,786	16,038	534	586	236	11.84	12.38	5.97
<b>Loans held for sale, in U.S. offices</b>									
	12,487	11,605	13,386	292	289	392	9.48	9.88	11.88
<b>Deposits at interest with banks <sup>(5)</sup></b>									
	18,577	18,243	17,568	275	321	353	6.00	6.98	8.15
Total interest-earning assets	534,980	534,785	477,092	\$11,342	\$11,666	\$12,065	8.60	8.65	10.26
Non-interest-earning assets <sup>(6)</sup>	107,693	101,610	75,328						
<b>Total assets</b>	<b>\$642,673</b>	<b>\$636,395</b>	<b>\$552,420</b>						
<b>Deposits</b>									
In U.S. offices									
Savings deposits <sup>(7)</sup>	\$ 91,494	\$ 83,763	\$ 48,481	\$ 274	\$ 367	\$ 409	1.21	1.74	3.42
Other time deposits	26,112	26,747	20,590	127	176	301	1.97	2.61	5.93
In offices outside the U.S. <sup>(5)</sup>	219,665	224,895	202,179	1,450	1,463	2,780	2.68	2.58	5.58
Total	337,271	335,405	271,250	1,851	2,006	3,490	2.23	2.37	5.22
<b>Trading account liabilities <sup>(6)</sup></b>									
In U.S. offices	3,271	2,731	2,931	11	10	10	1.36	1.45	1.38
In offices outside the U.S. <sup>(5)</sup>	627	502	1,444	2	2	4	1.29	1.58	1.12
Total	3,898	3,233	4,375	13	12	14	1.35	1.47	1.30
<b>Purchased funds and other borrowings</b>									
In U.S. offices	37,959	37,310	44,706	259	347	546	2.77	3.69	4.95
In offices outside the U.S. <sup>(5)</sup>	21,396	25,306	14,043	438	393	415	8.30	6.16	11.99
Total	59,355	62,616	58,749	697	740	961	4.76	4.69	6.63
<b>Long-term debt</b>									
In U.S. offices	68,764	73,056	73,531	872	858	1,181	5.14	4.66	6.51
In offices outside the U.S. <sup>(5)</sup>	10,674	10,764	9,849	111	60	167	4.22	2.21	6.88
Total	79,438	83,820	83,380	983	918	1,348	5.02	4.35	6.56
Total interest-bearing liabilities	479,962	485,074	417,754	\$3,544	\$3,676	\$5,813	2.99	3.01	5.64
Demand deposits in U.S. offices	8,072	8,288	9,040						
Other non-interest-bearing liabilities <sup>(6)</sup>	89,662	79,280	76,924						
Total stockholder's equity	64,977	63,753	48,702						
<b>Total liabilities and stockholder's equity</b>	<b>\$642,673</b>	<b>\$636,395</b>	<b>\$552,420</b>						
<b>NET INTEREST REVENUE AS A PERCENTAGE OF AVERAGE INTEREST-EARNING ASSETS</b>									
In U.S. offices <sup>(8)</sup>	\$275,737	\$266,572	\$251,761	\$4,415	\$4,359	\$3,422	6.49	6.49	5.51
In offices outside the U.S. <sup>(8)</sup>	259,243	268,213	225,331	3,383	3,631	2,830	5.29	5.37	5.09
<b>Total</b>	<b>\$534,980</b>	<b>\$534,785</b>	<b>\$477,092</b>	<b>\$7,798</b>	<b>\$7,990</b>	<b>\$6,252</b>	<b>5.91</b>	<b>5.93</b>	<b>5.31</b>

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

(2) Interest rates and amounts include the effects of risk management activities associated with the respective asset and liability categories. See Note 7 to the Consolidated Financial Statements.

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

(4) Includes cash-basis loans.

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

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

(7) Savings deposits consist of Insured Money Market Rate accounts, NOW accounts, and other savings deposits.

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

## CASH-BASIS, RENEGOTIATED, AND PAST DUE LOANS

<i>In millions of dollars</i>	Mar. 31, 2002	Dec. 31, 2001	Mar. 31, 2001 <sup>(1)</sup>
<b>Commercial cash-basis loans</b>			
Collateral dependent (at lower of cost or collateral value) <sup>(2)</sup>	\$ 493	\$ 680	\$ 473
Other	3,955	3,342	1,889
<b>Total</b>	<b>\$4,448</b>	<b>\$4,022</b>	<b>\$2,362</b>
<b>Commercial cash-basis loans</b>			
In U.S. offices	\$1,417	\$1,296	\$ 997
In offices outside the U.S.	3,031	2,726	1,365
<b>Total</b>	<b>\$4,448</b>	<b>\$4,022</b>	<b>\$2,362</b>
<b>Commercial renegotiated loans</b>			
In U.S. offices	\$514	\$551	\$740
In offices outside the U.S.	116	130	169
<b>Total</b>	<b>\$630</b>	<b>\$681</b>	<b>\$909</b>
<b>Consumer loans on which accrual of interest had been suspended</b>			
In U.S. offices	\$2,428	\$2,501	\$2,146
In offices outside the U.S.	2,114	1,733	1,658
<b>Total</b>	<b>\$4,542</b>	<b>\$4,234</b>	<b>\$3,804</b>
<b>Accruing loans 90 or more days delinquent <sup>(3)</sup></b>			
In U.S. offices	\$2,101	\$1,822	\$1,475
In offices outside the U.S.	716	776	393
<b>Total</b>	<b>\$2,817</b>	<b>\$2,598</b>	<b>\$1,868</b>

(1) Reclassified to conform to the current period's presentation.

(2) A cash-basis loan is defined as collateral dependent when repayment is expected to be provided solely by the underlying collateral and there are no other available and reliable sources of repayment, in which case the loans are written down to the lower of cost or collateral value.

(3) Substantially all consumer loans, of which \$1,106 million, \$920 million, and \$755 million are government-guaranteed student loans and mortgages at March 31, 2002, December 31, 2001, and March 31, 2001, respectively.

## OTHER REAL ESTATE OWNED AND OTHER REPOSSESSED ASSETS

<i>In millions of dollars</i>	Mar. 31, 2002	Dec. 31, 2001	Mar. 31, 2001
<b>Other real estate owned</b>			
Consumer <sup>(1)</sup>	\$384	\$393	\$268
Commercial <sup>(1)</sup>	125	127	197
<b>Total other real estate owned</b>	<b>\$509</b>	<b>\$520</b>	<b>\$465</b>
<b>Other repossessed assets <sup>(2)</sup></b>	<b>\$381</b>	<b>\$439</b>	<b>\$419</b>

(1) Represents repossessed real estate, carried at lower of cost or fair value, less costs to sell.

(2) Primarily commercial transportation equipment and manufactured housing, carried at lower of cost or fair value, less costs to sell.

## DETAILS OF CREDIT LOSS EXPERIENCE

<i>In millions of dollars</i>	1st Qtr. 2002	4th Qtr. 2001	3rd Qtr. 2001	2nd Qtr. 2001	1st Qtr. 2001
<b>Allowance for credit losses at beginning of period</b>	<b>\$10,088</b>	\$9,918	\$8,917	\$8,957	\$8,961
<b>Provision for credit losses</b>					
Consumer	1,876	1,563	1,360	1,196	1,197
Commercial	683	698	220	289	267
	<b>2,559</b>	2,261	1,580	1,485	1,464
<b>Gross credit losses</b>					
<b>Consumer</b>					
In U.S. offices	1,281	1,284	1,041	945	915
In offices outside the U.S.	615	590	547	462	449
<b>Commercial</b>					
In U.S. offices	316	572	303	285	231
In offices outside the U.S.	243	381	99	84	90
	<b>2,455</b>	2,827	1,990	1,776	1,685
<b>Credit recoveries</b>					
<b>Consumer</b>					
In U.S. offices	148	144	109	81	101
In offices outside the U.S.	107	116	102	102	98
<b>Commercial <sup>(1)</sup></b>					
In U.S. offices	30	94	78	56	35
In offices outside the U.S.	42	58	41	26	19
	<b>327</b>	412	330	265	253
<b>Net credit losses</b>					
In U.S. offices	1,419	1,618	1,157	1,093	1,010
In offices outside the U.S.	709	797	503	418	422
	<b>2,128</b>	2,415	1,660	1,511	1,432
Other-net <sup>(2)</sup>	1	324	1,081	(14)	(36)
<b>Allowance for credit losses at end of period</b>	<b>\$10,520</b>	\$10,088	\$9,918	\$8,917	\$8,957
Net consumer credit losses	\$1,641	\$1,614	\$1,377	\$1,224	\$1,165
As a percentage of average consumer loans	2.76%	2.66%	2.31%	2.19%	2.10%
Net commercial credit losses	\$ 487	\$ 801	\$ 283	\$ 287	\$ 267
As a percentage of average commercial loans	1.38%	2.14%	0.73%	0.82%	0.78%

(1) Includes amounts received under credit default swaps purchased from third parties.

(2) Includes foreign currency translation effects and the addition of reserves for credit losses related to acquisitions.

Part II – Other Information

Item 6. Exhibits and Reports on Form 8-K.

(a) Exhibits

See Exhibit Index.

(b) Reports on Form 8-K

On January 22, 2002, the Company filed a Current Report on Form 8-K, dated January 17, 2002, reporting under Item 5 thereof the summarized results of operations of Citicorp and its subsidiaries for the quarter and year ended December 31, 2001.

No other reports on Form 8-K were filed during the first quarter of 2002; however, on April 17, 2002, the Company filed a Current Report on Form 8-K, dated April 15, 2002, reporting under Item 5 thereof the summarized results of operations of Citicorp and its subsidiaries for the quarter ended March 31, 2002.

## 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 14th day of May, 2002.

CITICORP  
(Registrant)

By: /s/ Todd S. Thomson  
Name: Todd S. Thomson  
Title: Chief Financial Officer  
Principal Financial Officer

By: /s/ William P. Hannon  
Name: William P. Hannon  
Title: Controller

## Exhibit Index

<u>Exhibit Number</u>	<u>Description of Exhibit</u>
3.01	Citicorp's Certificate of Incorporation (incorporated by reference to Exhibit 3(i) to Citicorp's Post-Effective Amendment No. 1 to Registration Statement on Form S-3, File No. 333-21143, filed on October 8, 1998).
3.02	Citicorp's By-Laws (incorporated by reference to Exhibit 3.02 to Citicorp's Quarterly Report on Form 10-Q for the fiscal quarter ended June 30, 2001, File No. 1-5738).
12.01+	Calculation of Ratio of Income to Fixed Charges.
12.02+	Calculation of Ratio of Income to Fixed Charges Including Preferred Stock Dividends.
99.01+	Residual Value Obligation Certificate.

---

The total amount of securities authorized pursuant to any instrument defining rights of holders of long-term debt of Citicorp does not exceed 10% of the total assets of Citicorp and its consolidated subsidiaries. Citicorp will furnish copies of any such instrument to the Securities and Exchange Commission upon request.

---

+ Filed herewith