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)
—

35

(5
)
532

—

(63
)
—

1,385

267

Asset-backed securities
4,342

269

—

33

(175
)
943

—

(1,971
)
—

3,441

164

Other trading assets
3,184

23

—

575

(464
)
1,064

—

(864
)
(66
)
3,452

21

Total trading non-derivative assets
\$
15,260

\$
387

\$
—

\$
1,178

\$
(1,540
)

\$
4,440

\$
3

\$
(5,432
)

\$
(86
)

\$
14,210

\$

476

Trading derivatives, net⁽⁴⁾

Interest rate contracts

839

(348

)

—

36

9

18

—

(46

)

(275

)

233

(367

)

Foreign exchange contracts

695

138

—

(11

)

19

1

—

—

(13

)

829

211

Equity contracts

(858

)

152

—

(518

)

52

150

—

(94

)

(120

)

(1,236

)

(225

)

Commodity contracts

(1,393

)

75

—

30

31

—

—

—

(72

)

(1,329

)

67

Credit derivatives

(274

)

(63

)

—

(61

)

(30

)

1

—

(3

)

173

(257

)

(234

)

Total trading derivatives, net⁽⁴⁾

\$

(991

)

\$

(46

)

\$

—

\$

(524

)

\$
81

\$
170

\$
—

\$
(143
)

\$
(307
)

\$
(1,760
)

\$
(548
)

191

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In millions of dollars	Dec. 31, 2013	Net realized/unrealized gains (losses) incl. in		Transfers		Purchases	Issuance	Sales	Settlements	Mar. 31, 2014	Unrealized gains (losses) still held ⁽³⁾
		Principal transactions	Other ⁽¹⁾⁽²⁾	into Level 3	out of Level 3						
Investments											
Mortgage-backed securities											
U.S.											
government-sponsored agency guaranteed	\$ 187	\$—	\$ 48	\$ 24	\$(37)	\$ 17	\$—	\$(39)	\$(1)	\$ 199	\$—
Residential	102	—	23	13	—	17	—	(125)	—	30	2
Commercial	—	—	—	1	—	—	—	—	—	1	—
Total investment mortgage-backed securities	\$ 289	\$—	\$ 71	\$ 38	\$(37)	\$ 34	\$—	\$(164)	\$(1)	\$ 230	\$ 2
U.S. Treasury and federal agency securities											
State and municipal	1,643	—	36	254	(285)	373	—	(118)	—	1,903	26
Foreign government	344	—	2	22	(42)	49	—	(78)	(23)	274	(4)
Corporate	285	—	(1)	2	(1)	247	—	(1)	—	531	(2)
Equity securities	815	—	16	6	—	1	—	(7)	—	831	(4)
Asset-backed securities	1,960	—	8	—	(42)	48	—	(97)	—	1,877	1
Other debt securities	50	—	(1)	—	—	50	—	—	—	99	—
Non-marketable equity securities	4,347	—	49	67	—	252	—	(83)	(524)	4,108	1
Total investments	\$ 9,741	\$—	\$ 180	\$ 389	\$(407)	\$ 1,054	\$—	\$(549)	\$(548)	\$ 9,860	\$ 20
Loans											
Mortgage servicing rights	2,718	—	(114)	—	—	—	50	28	(96)	2,586	(115)
Other financial assets measured on a recurring basis											
Liabilities	181	—	(2)	—	—	—	36	(4)	(32)	179	(4)
Interest-bearing deposits											
Federal funds purchased and securities loaned or sold under agreements to repurchase	902	(7)	—	—	—	31	—	—	—	940	(9)
Trading account liabilities											
Securities sold, not yet purchased	590	10	—	18	(29)	—	—	150	(237)	482	(13)
Short-term borrowings	29	(17)	—	—	—	—	1	—	(20)	27	—

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Long-term debt	7,621	(284)25	959	(854)—	940	—	(279)8,646	(118)
Other financial liabilities measured on a recurring basis	10	—	—	—	—	—	1	(3)5)3	(1)

Changes in fair value for available-for-sale investments are recorded in Accumulated other comprehensive income (1)(loss), unless other-than-temporarily impaired, while gains and losses from sales are recorded in Realized gains (losses) from sales of investments on the Consolidated Statement of Income.

(2)Unrealized gains (losses) on MSRs are recorded in Other revenue on the Consolidated Statement of Income.

Represents the amount of total gains or losses for the period, included in earnings (and Accumulated other comprehensive income (loss) for changes in fair value for available-for-sale investments), attributable to the change in fair value relating to assets and liabilities classified as Level 3 that are still held at March 31, 2014.

(4)Total Level 3 derivative assets and liabilities have been netted in these tables for presentation purposes only.

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In millions of dollars	Dec. 31, 2012	Net realized/unrealized gains (losses) incl. in				Transfers				Mar. 31, 2013	Unrealized gains (losses) still held ⁽³⁾
		Principal transactions	Other ⁽¹⁾	into Level 3 ⁽²⁾	out of Level 3	Purchases	Issuances	Sales	Settlements		
Assets											
Federal funds sold and securities borrowed or purchased under agreements to resell	\$5,043	\$(13)	\$—	\$598	\$(1,279)	\$—	\$—	\$—	\$—	\$4,349	\$(43)
Trading non-derivative assets											
Trading mortgage-backed securities											
U.S. government-sponsored agency guaranteed	\$1,325	\$49	\$—	\$392	\$(402)	\$280	\$26	\$(368)	\$(24)	\$1,278	\$30
Residential	1,805	171	—	98	(176)	727	—	(506)	(7)	2,112	56
Commercial	1,119	54	—	89	(36)	67	—	(866)	(17)	410	1
Total trading mortgage-backed securities	\$4,249	\$274	\$—	\$579	\$(614)	\$1,074	\$26	\$(1,740)	\$(48)	\$3,800	\$87
U.S. Treasury and federal agency securities	\$—	\$—	\$—	\$—	\$—	\$—	\$—	\$—	\$—	\$—	\$—
State and municipal	195	1	—	—	—	19	—	(6)	—	209	2
Foreign government	311	2	—	6	(36)	65	—	(120)	—	228	1
Corporate	2,030	(104)	—	76	(17)	568	—	(443)	(374)	1,736	(303)
Equity securities	264	37	—	23	(63)	78	—	(60)	—	279	23
Asset-backed securities	4,453	224	—	38	(32)	1,583	—	(1,856)	—	4,410	(53)
Other trading assets	2,321	98	—	139	(427)	744	—	(516)	(99)	2,260	(7)
Total trading non-derivative assets	\$13,823	\$532	\$—	\$861	\$(1,189)	\$4,131	\$26	\$(4,741)	\$(521)	\$12,922	\$(250)
Trading derivatives, net ⁽⁴⁾											
Interest rate contracts	181	(27)	—	514	(167)	91	—	(15)	(279)	298	(43)
Foreign exchange contracts	—	98	—	10	(10)	9	—	(7)	40	140	(128)
Equity contracts	(1,448)	92	—	(22)	81	49	—	(61)	(165)	(1,474)	(101)
Commodity contracts	(771)	54	—	8	(2)	3	—	(7)	78	(637)	137
Credit derivatives	(342)	(103)	—	8	(129)	8	—	—	402	(156)	106
Total trading derivatives, net ⁽⁴⁾	\$(2,380)	\$114	\$—	\$518	\$(227)	\$160	\$—	\$(90)	\$76	\$(1,829)	\$(29)
Investments											
Mortgage-backed securities	\$1,458	\$—	\$3	\$1,633	\$(1,031)	\$471	\$—	\$—	\$(8)	\$2,526	\$3

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U.S. government-sponsored agency guaranteed												
Residential	205	—	9	60	(205)117	—	—	—	186	9	
Commercial	—	—	—	—	—	—	—	—	—	—	—	
Total investment mortgage-backed securities	\$1,663	\$—	\$12	\$1,693	\$(1,236)	\$588	\$—	\$—	\$(8	)\$2,712	\$12	
U.S. Treasury and federal agency securities	\$12	\$—	\$—	\$—	\$—	\$—	\$—	\$(1	)\$—	\$11	\$—	
State and municipal	849	—	(17	)7	(117	)81	—	(55	)—	748	(40)
Foreign government	383	—	1	22	(174	)130	—	(67	)27	)268	(4)
Corporate	385	—	1	100	(12	)14	—	(143	)—	345	—	
Equity securities	773	—	2	—	—	1	—	(9	)—	767	1	
Asset-backed securities	2,220	—	38	1,192	—	692	—	(17	)310	)3,815	(70)
Other debt securities	258	—	—	—	(205	)—	—	(1	)—	52	—	
Non-marketable equity securities	5,364	—	69	—	—	40	—	(21	)165	)5,287	136	
Total investments	\$11,907	\$—	\$106	\$3,014	\$(1,744)	\$1,546	\$—	\$(314	)\$510	)\$14,005	\$35	

In millions of dollars	Dec. 31, 2012	Net realized/unrealized gains (losses) incl. in		Transfers		Purchases	Issuances	Sales	Settlements	Dec. 31, 2013	Unrealized gains (losses) still held ⁽³⁾
		Principal transactions	Other ⁽¹⁾⁽²⁾	into Level 3	out of Level 3						
Loans	\$4,931	\$—	\$(75)	\$—	\$—	\$95	\$7	\$(63)	\$(381)	\$4,514	\$(26)
Mortgage servicing rights	1,942	—	190	—	—	—	172	(1)	(100)	2,203	191
Other financial assets measured on a recurring basis	2,452	—	36	1	—	138	290	(5)	(484)	2,428	32
Liabilities											
Interest-bearing deposits	\$786	\$—	\$(16)	\$22	\$—	\$—	\$25	\$—	\$(15)	\$834	\$(56)
Federal funds purchased and securities loaned or sold under agreements to repurchase	841	27	—	201	—	—	—	38	—	1,053	14
Trading account liabilities											
Securities sold, not yet purchased	365	19	—	20	(5)	—	—	46	(72)	335	125
Short-term borrowings	112	42	—	—	—	—	1	—	(18)	53	(19)
Long-term debt	6,726	(9)	)33	635	(465)	—	284	(1)	(308)	6,847	(113)
Other financial liabilities measured on a recurring basis	24	—	1	2	(2)	(2)	)2	—	(7)	16	—

Changes in fair value for available-for-sale investments are recorded in Accumulated other comprehensive income (1)(loss), unless other-than-temporarily impaired, while gains and losses from sales are recorded in Realized gains (losses) from sales of investments on the Consolidated Statement of Income.

(2) Unrealized gains (losses) on MSRs are recorded in Other revenue on the Consolidated Statement of Income.

Represents the amount of total gains or losses for the period, included in earnings (and Accumulated other (3) comprehensive income (loss) for changes in fair value for available-for-sale investments), attributable to the change in fair value relating to assets and liabilities classified as Level 3 that are still held at March 31, 2013.

(4) Total Level 3 derivative assets and liabilities have been netted in these tables for presentation purposes only.

Level 3 Fair Value Rollforward

For the period December 31, 2013 to March 31, 2014, there were no significant Level 3 transfers.

The following were the significant Level 3 transfers for the period December 31, 2012 to March 31, 2013:

Transfers of Federal funds sold and securities borrowed or purchased under agreements to resell of \$1.3 billion from Level 3 to Level 2 related to the shortening of the remaining tenor of certain structured reverse repos. There has been more transparency and observability for repo curves used in the valuation of structured reverse repos with tenors up to five years; thus, structured reverse repos maturing within five years are generally classified as Level 2.

Transfers of U.S. government-sponsored agency guaranteed mortgage backed securities in Investments of \$1.6 billion from Level 2 to Level 3, and of \$1.0 billion from Level 3 to Level 2, were driven by changes in the level of price

observability of specific instruments.

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Valuation Techniques and Inputs for Level 3 Fair Value Measurements

The Company's Level 3 inventory consists of both cash securities and derivatives of varying complexities. The valuation methodologies applied to measure the fair value of these positions include discounted cash flow analyses, internal models and comparative analysis. A position is classified within Level 3 of the fair value hierarchy when at least one input is unobservable and is considered significant to its valuation. The specific reason an input is deemed unobservable varies. For example, at least one significant input to the pricing model is not observable in the market, at least one significant input has been adjusted to make it more representative of the position being valued, or the price quote available does not reflect sufficient trading activities.

The following tables present the valuation techniques covering the majority of Level 3 inventory and the most significant unobservable inputs used in Level 3 fair value measurements as of March 31, 2014 and December 31, 2013. Differences between this table and amounts presented in the Level 3 Fair Value Rollforward table represent individually immaterial items that have been measured using a variety of valuation techniques other than those listed.

Valuation Techniques and Inputs for Level 3 Fair Value Measurements

As of March 31, 2014	Fair Value ⁽¹⁾ (in millions)	Methodology	Input	Low ⁽²⁾⁽³⁾	High ⁽²⁾⁽³⁾	Weighted Average ⁽⁴⁾	
Assets							
Federal funds sold and securities							
borrowed or purchased under agreements to resell	\$3,232	Model-based	Interest rate	1.44	% 2.13	% 1.99	%
Mortgage-backed securities	\$2,945	Price-based	Price	\$0.03	\$ 127.21	\$ 74.90	
	773	Yield analysis	Yield	0.02	% 22.15	% 9.17	%
State and municipal, foreign government, corporate and other debt securities							
	\$5,746	Price-based	Price	\$—	\$ 140.00	\$ 88.12	
	1,421	Model-based	Credit spread	60 bps	600 bps	221 bps	
	875	Cash flow					
Equity securities⁽⁵⁾							
	\$1,302	Price-based	Price ⁽⁵⁾	\$—	\$ 1,249.93	\$ 172.30	
	836	Cash Flow	Yield	4.00	% 5.00	% 4.50	%
			WAL	0.01 years	3.23 years	1.35 years	
Asset-backed securities							
	\$3,839	Price-based	Price	\$—	\$ 100.00	\$ 71.43	
	1,296	Model-based	Credit spread	294 bps	294 bps	294 bps	
Non-marketable equity							
	\$1,953	Price-based	Fund NAV	\$83	\$161,948,031	\$59,774,099	
	1,619	Comparables analysis	EBITDA multiples	4.20	x 16.60	x 9.84	x
	520	Cash flow	Discount to price	—	% 90.00	% 4.00	%
			Price-to-book ratio	0.90	x 1.02	x 1.00	x
			PE ratio	8.60	x 9.48	x 9.05	x
Derivatives—Gross							
Interest rate contracts (gross)							
Interest rate contracts (gross)	\$5,808	Model-based	Interest rate (IR) lognormal volatility	11.70	% 86.32	% 21.52	%

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Foreign exchange contracts (gross)	\$1,563	Model-based	Foreign exchange (FX) volatility	2.00	% 26.00	% 12.48	%
	296	Cash flow	IR-FX correlation	(29.05)	% 60.00	% 48.48	%
			IR-IR correlation	40.00	% 68.41	% 40.55	%
			Credit spread	13 bps	419 bps	145 bps	
Equity contracts (gross) ⁽⁷⁾	\$4,257	Model-based	Equity volatility	2.30	% 77.86	% 26.24	%
		456	Price-based	Equity forward	77.40	% 132.00	% 97.32
	Equity-equity correlation			(81.30)	% 99.40	% 45.30	%
	Equity-FX correlation			(70.00)	% 65.00	% (14.64))%
	Price			\$—	\$ 120.25	\$ 79.67	
	Commodity contracts (gross)	\$2,646	Model-based	Commodity volatility	5.00	% 146.00	% 15.00

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As of March 31, 2014	Fair Value ⁽¹⁾ (in millions)	Methodology	Input	Low ⁽²⁾⁽³⁾	High ⁽²⁾⁽³⁾	Weighted Average ⁽⁴⁾				
Credit derivatives (gross)	\$6,698 1,743	Model-based Price-based	Commodity correlation	(75.00	)%90.00	%29.00	%		
			Forward price	72.07	%117.26	%99.52	%			
			Recovery rate	7.00	%68.50	%28.32	%			
			Credit correlation	5.00	%95.00	%53.57	%			
			Price	\$—	\$120.25	\$37.39				
			Credit spread	1 bps	1,378 bps	120 bps				
			Upfront points	3.80	97.41	79.98				
Nontrading derivatives and other financial assets and liabilities measured on a recurring basis (gross) ⁽⁶⁾	\$92	Price-based	EBITDA multiples	5.10	x 12.30	x 11.74	x			
			Comparables analysis	PE ratio	9.00	x 9.00	x 9.00	x		
				Model-based	Price-to-book Ratio	1.02	x 1.02	x 1.02	x	
			Price		\$108.70	\$108.70	\$108.70			
			Fund NAV		\$1.00	\$9,895,008	\$8,470,964			
Loans	\$2,111 1,155	Price-based Cash flow Yield analysis	Discount to price	—	%35.00	%10.71	%			
			Redemption Rate	3.00	%99.50	%68.25	%			
			Price	\$0.02	\$105.17	\$91.48				
			Yield	1.60	%4.50	%2.10	%			
			Credit spread	42 bps	1,600 bps	386 bps				
			Mortgage servicing rights	\$2,492	Cash flow	Yield	—	%52.75	%7.13	%
						WAL	3.54 years	11.59 years	5.83 years	
Liabilities										
Interest-bearing deposits	\$935	Model-based	Equity volatility	13.80	%39.79	%26.05	%			
			Mean reversion	1.00	%20.00	%10.50	%			
			Equity-IR correlation	25.00	%29.00	%25.82	%			
			Forward price	72.07	%117.26	%99.52	%			
			Commodity correlation	(75.00	)%90.00	%29.00	%		
			Commodity volatility	5.00	%146.00	%15.00	%			
Federal funds purchased and securities loaned or sold under agreements to repurchase	\$941	Model-based	Interest rate	1.01	%2.99	%2.54	%			
Trading account liabilities	\$296	Model-based		(70.49)%7.47	%(41.41)%			

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Securities sold, not yet purchased			Credit-IR correlation				
	\$172	Price-based	Price	\$—	\$113.75	\$91.96	
Short-term borrowings and long-term debt	\$5,870	Model-based	IR lognormal volatility	11.70	% 86.32	% 21.44	%
	1,957	Cash flow	Equity forward	77.40	% 132.00	% 97.74	%
	844	Price-based	Equity volatility	2.30	% 42.00	% 15.51	%
			Commodity correlation	(75.00)	)% 90.00	% 29.00	%
			Commodity volatility	5.00	% 146.00	% 15.00	%
			Price	\$0.22	\$105.17	\$82.37	
			Forward Price	72.07	% 117.26	% 99.52	%

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As of December 31, 2013	Fair Value ⁽¹⁾ (in millions)	Methodology Input		Low ⁽²⁾⁽³⁾	High ⁽²⁾⁽³⁾	Weighted Average ⁽⁴⁾	
Assets							
Federal funds sold and securities borrowed or purchased under agreements to resell	\$3,299	Model-based	Interest rate	1.33	% 2.19	% 2.04	%
Mortgage-backed securities	\$2,869	Price-based	Price	\$0.10	\$ 117.78	77.60	
	1,241	Yield analysis	Yield	0.03	% 21.80	% 8.66	%
State and municipal, foreign government, corporate and other debt securities	\$5,361	Price-based	Price	\$—	\$ 126.49	\$ 87.47	
Equity securities ⁽⁵⁾	2,014	Cash flow	Credit spread	11 bps	375 bps	213 bps	
	\$947	Price-based	Price ⁽⁵⁾	\$0.31	\$93.66	\$86.90	
	827	Cash flow	Yield	4.00	% 5.00	% 4.50	%
Asset-backed securities	\$4,539		WAL	0.01 years	3.55 years	1.38 years	
	1,300	Price-based	Price	\$—	\$ 135.83	\$ 70.89	
Non-marketable equity	\$2,324	Model-based	Credit spread	25 bps	378 bps	302 bps	
	1,470	Price-based	Fund NAV	\$612	\$336,559,340	\$124,080,454	
	533	Comparables analysis	EBITDA multiples	4.20	x 16.90	x 9.78	x
		Cash flow	Discount to price	—	% 75.00	% 3.47	%
			Price-to-book ratio	0.90	x 1.05	x 1.02	x
		PE ratio	9.10	x 9.10	x 9.10	x	
Derivatives—Gross							
Interest rate contracts (gross)	\$5,721	Model-based	Interest rate (IR) lognormal volatility	10.60	% 87.20	% 21.16	%
Foreign exchange contracts (gross)	\$1,727	Model-based	Foreign exchange (FX) volatility	1.00	% 28.00	% 13.45	%
	189	Cash flow	Interest rate	0.11	% 13.88	% 6.02	%
			IR-FX correlation	40.00	% 60.00	% 50.00	%
			IR-IR correlation	40.00	% 68.79	% 40.52	%
Equity contracts (gross) ⁽⁷⁾	\$3,189	Model-based	Credit spread	25 bps	419 bps	162 bps	
	563	Price-based	Equity volatility	10.02	% 73.48	% 29.87	%
			Equity forward	79.10	% 141.00	% 100.24	%
			Equity-equity correlation	(81.30)	)% 99.40	% 48.45	%
			Equity-FX correlation	(70.00)	)% 55.00	% 0.60	%
Commodity contracts (gross)	\$2,988	Model-based	Price	\$—	\$ 118.75	\$ 88.10	
			Commodity volatility	4.00	% 146.00	% 15.00	%
				(75.00))% 90.00	% 32.00	%

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			Commodity correlation					
			Forward price	23.00	% 242.00	% 105.00		%
Credit derivatives (gross)	\$4,767	Model-based	Recovery rate	20.00	% 64.00	% 38.11		%
	1,520	Price-based	Credit correlation	5.00	% 95.00	% 47.43		%
			Price	\$0.02	\$ 115.20	\$ 29.83		
			Credit spread	3 bps	1,335 bps	203 bps		
			Upfront points	2.31	100.00	57.69		
Nontrading derivatives and other financial assets and liabilities measured on a recurring basis (gross) ⁽⁶⁾	\$82	Price-based	EBITDA multiples	5.20	x 12.60	x 12.08		x
	60	Comparables analysis	PE ratio	6.90	x 6.90	x 6.90		x
	38	Model-based	Price-to-book Ratio	1.05	x 1.05	x 1.05		x
			Price	\$—	\$ 105.10	\$ 71.25		
			Fund NAV	\$ 1.00	\$ 10,688,600	\$ 9,706,488		
			Discount to price	—	% 35.00	% 16.36		%

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As of December 31, 2013	Fair Value ⁽¹⁾ (in millions)	Methodology	Input	Low ⁽²⁾⁽³⁾	High ⁽²⁾⁽³⁾	Weighted Average ⁽⁴⁾	
Loans	\$2,153	Price-based	Price	\$—	\$103.75	\$91.19	
	1,422	Model-based	Yield	1.60	% 4.50	% 2.10	%
	549	Yield analysis	Credit spread	49 bps	1,600 bps	302 bps	
Mortgage servicing rights	\$2,625	Cash flow	Yield	3.64	% 12.00	% 7.19	%
			WAL	2.27 years	9.44 years	6.12 years	
Liabilities							
Interest-bearing deposits	\$890	Model-based	Equity volatility	14.79	% 42.15	% 27.74	%
			Mean reversion	1.00	% 20.00	% 10.50	%
			Equity-IR correlation	9.00	% 20.50	% 19.81	%
			Forward price	23.00	% 242.00	% 105.00	%
			Commodity correlation	(75.00)	% 90.00	% 32.00	%
			Commodity volatility	4.00	% 146.00	% 15.00	%
Federal funds purchased and securities loaned or sold under agreements to repurchase	\$902	Model-based	Interest rate	0.47	% 3.66	% 2.71	%
Trading account liabilities							
Securities sold, not yet purchased	\$289	Model-based	Credit spread	166 bps	180 bps	175 bps	
	\$273	Price-based	Credit-IR correlation	(68.00)	% 5.00	% (50.00))%
			Price	\$—	\$124.25	\$99.75	
Short-term borrowings and long-term debt	\$6,781	Model-based	IR lognormal volatility	10.60	% 87.20	% 20.97	%
	868	Price-based	Equity forward	79.10	% 141.00	% 99.51	%
			Equity volatility	10.70	% 57.20	% 19.41	%
			Equity-FX correlation	(70.00)	% 55.00	% 0.60	%
			Equity-equity correlation	(81.30)	% 99.40	% 48.30	%
			Interest rate	4.00	% 10.00	% 5.00	%
			Price	\$0.63	\$103.75	\$80.73	
			Forward price	23.00	% 242.00	% 101.00	%

(1) The fair value amounts presented in this table represent the primary valuation technique or techniques for each class of assets or liabilities.

(2) Some inputs are shown as zero due to rounding.

(3) When the low and high inputs are the same, there is either a constant input applied to all positions, or the methodology involving the input applies to one large position only.

(4) Weighted averages are calculated based on the fair value of the instrument.

- (5) For equity securities, the price input is expressed on an absolute basis, not as a percentage of the notional amount.
- (6) Both trading and nontrading account derivatives—assets and liabilities—are presented on a gross absolute value basis.
- (7) Includes hybrid products.

Sensitivity to Unobservable Inputs and Interrelationships between Unobservable Inputs

The impact of key unobservable inputs on the Level 3 fair value measurements may not be independent of one another. In addition, the amount and direction of the impact on a fair value measurement for a given change in an unobservable input depends on the nature of the instrument as well as whether the Company holds the instrument as an asset or a liability. For certain instruments, the pricing hedging and risk management are sensitive to the correlation between various inputs rather than on the analysis and aggregation of the individual inputs.

The following section describes the sensitivities and interrelationships of the most significant unobservable inputs used by the Company in Level 3 fair value measurements.

Correlation

Correlation is a measure of the co-movement between two or more variables. A variety of correlation-related assumptions are required for a wide range of instruments, including equity and credit baskets, foreign-exchange options, CDOs backed by loans or bonds, mortgages, subprime mortgages and many other instruments. For almost all of these instruments, correlations are not observable in the market and must be estimated using historical information. Estimating correlation can be especially difficult where it may vary over time. Extracting correlation information from market data requires significant assumptions regarding the informational efficiency of the market (for example, swaption markets). Changes in correlation levels can have a major impact, favorable or unfavorable, on the value of an instrument, depending on its nature. A change in the default correlation of the fair value of the underlying bonds comprising a CDO structure would affect the fair value of the senior tranche. For example, an increase in the default correlation of the underlying bonds would reduce the fair value of the senior tranche, because highly correlated instruments produce larger losses in the event of default and a part of these losses would become attributable to the senior tranche. That same change in default correlation would have a different impact on junior tranches of the same structure.

Volatility

Volatility represents the speed and severity of market price changes and is a key factor in pricing options. Typically, instruments can become more expensive if volatility increases. For example, as an index becomes more volatile, the cost to Citi of maintaining a given level of exposure increases because more frequent rebalancing of the portfolio is required. Volatility generally depends on the tenor of the underlying instrument and the strike price or level defined in the contract. Volatilities for certain combinations of tenor and strike are not observable. The general relationship between changes in the value of a portfolio to changes in volatility also depends on changes in interest rates and the level of the underlying index. Generally, long option positions (assets) benefit from increases in volatility, whereas short option positions (liabilities) will suffer losses. Some instruments are more sensitive to changes in volatility than others. For example, an at-the-money option would experience a larger percentage change in its fair value than a deep-in-the-money option. In addition, the fair value of an option with more than one underlying security (for example, an option on a basket of bonds) depends on the volatility of the individual underlying securities as well as their correlations.

Yield

Adjusted yield is generally used to discount the projected future principal and interest cash flows on instruments, such as asset-backed securities. Adjusted yield is impacted by changes in the interest rate environment and relevant credit spreads.

In some circumstances, the yield of an instrument is not observable in the market and must be estimated from historical data or from yields of similar securities. This estimated yield may need to be adjusted to capture the characteristics of the

security being valued. In other situations, the estimated yield may not represent sufficient market liquidity and must be adjusted as well. Whenever the amount of the adjustment is significant to the value of the security, the fair value measurement is classified as Level 3.

Prepayment

Voluntary unscheduled payments (prepayments) change the future cash flows for the investor and thereby change the fair value of the security. The effect of prepayments is more pronounced for residential mortgage-backed securities. An increase in prepayments—in speed or magnitude—generally creates losses for the holder of these securities. Prepayment is generally negatively correlated with delinquency and interest rate. A combination of low prepayment and high delinquencies amplify each input's negative impact on mortgage securities' valuation. As prepayment speeds change, the weighted average life of the security changes, which impacts the valuation either positively or negatively, depending upon the nature of the security and the direction of the change in the weighted average life.

Recovery

Recovery is the proportion of the total outstanding balance of a bond or loan that is expected to be collected in a liquidation scenario. For many credit securities (such as asset-backed securities), there is no directly observable market input for recovery, but indications of recovery levels are available from pricing services. The assumed recovery of a security may differ from its actual recovery that will be observable in the future. The recovery rate impacts the valuation of credit securities. Generally, an increase in the recovery rate assumption increases the fair value of the security. An increase in loss severity, the inverse of the recovery rate, reduces the amount of principal available for distribution and, as a result, decreases the fair value of the security.

Credit Spread

Credit spread is a component of the security representing its credit quality. Credit spread reflects the market perception of changes in prepayment, delinquency and recovery rates, therefore capturing the impact of other variables on the fair value. Changes in credit spread affect the fair value of securities differently depending on the characteristics and maturity profile of the security. For example, credit spread is a more significant driver of the fair value measurement of a high yield bond as compared to an investment grade bond. Generally, the credit spread for an investment grade bond is also more observable and less volatile than its high yield counterpart.

Qualitative Discussion of the Ranges of Significant Unobservable Inputs

The following section describes the ranges of the most significant unobservable inputs used by the Company in Level 3 fair value measurements. The level of aggregation and the diversity of instruments held by the Company lead to a wide range of unobservable inputs that may not be evenly distributed across the Level 3 inventory.

Correlation

There are many different types of correlation inputs, including credit correlation, cross-asset correlation (such as equity-interest rate correlation), and same-asset correlation (such as interest rate-interest rate correlation). Correlation inputs are generally used to value hybrid and exotic instruments. Generally, same-asset correlation inputs have a narrower range than cross-asset correlation inputs. However, due to the complex and unique nature of these instruments, the ranges for correlation inputs can vary widely across portfolios.

Volatility

Similar to correlation, asset-specific volatility inputs vary widely by asset type. For example, ranges for foreign exchange volatility are generally lower and narrower than equity volatility. Equity volatilities are wider due to the nature of the equities market and the terms of certain exotic instruments. For most instruments, the interest rate volatility input is on the lower end of the range; however, for certain structured or exotic instruments (such as market-linked deposits or exotic interest rate derivatives), the range is much wider.

Yield

Ranges for the yield inputs vary significantly depending upon the type of security. For example, securities that typically have lower yields, such as municipal bonds, will fall on the lower end of the range, while more illiquid securities or securities with lower credit quality, such as certain residual tranche asset-backed securities, will have much higher yield inputs.

Credit Spread

Credit spread is relevant primarily for fixed income and credit instruments; however, the ranges for the credit spread input can vary across instruments. For example, certain fixed income instruments, such as certificates of deposit, typically have lower credit spreads, whereas certain derivative instruments with high-risk counterparties are typically subject to higher credit spreads when they are uncollateralized or have a longer tenor. Other instruments, such as credit default swaps, also have credit spreads that vary with the attributes of the underlying obligor. Stronger companies have tighter credit spreads, and weaker companies have wider credit spreads.

Price

The price input is a significant unobservable input for certain fixed income instruments. For these instruments, the price input is expressed as a percentage of the notional amount, with a price of \$100 meaning that the instrument is valued at par. For most of these instruments, the price varies between zero to \$100, or slightly above \$100. Relatively illiquid assets that have experienced significant losses since issuance, such as certain asset-backed securities, are at the lower end of the range, whereas most investment grade corporate bonds will fall in the middle to the higher end of the range. For certain structured debt instruments with embedded derivatives, the price input may be above \$100 to reflect the embedded

features of the instrument (for example, a step-up coupon or a conversion option).

The price input is also a significant unobservable input for certain equity securities; however, the range of price inputs varies depending on the nature of the position, the number of shares outstanding and other factors.

Items Measured at Fair Value on a Nonrecurring Basis

Certain assets and liabilities are measured at fair value on a nonrecurring basis and therefore are not included in the tables above. These include assets measured at cost that have been written down to fair value during the periods as a result of an impairment. In addition, these assets include loans held-for-sale and other real estate owned that are measured at the lower of cost or market.

The following table presents the carrying amounts of all assets that were still held as of March 31, 2014 and December 31, 2013, for which a nonrecurring fair value measurement was recorded:

In millions of dollars	Fair value	Level 2	Level 3
March 31, 2014			
Loans held-for-sale	\$3,623	\$2,309	\$1,314
Other real estate owned	131	18	113
Loans ⁽¹⁾	3,319	2,535	784
Total assets at fair value on a nonrecurring basis	\$7,073	\$4,862	\$2,211

(1) Represents impaired loans held for investment whose carrying amount is based on the fair value of the underlying collateral, including primarily real-estate secured loans.

In millions of dollars	Fair value	Level 2	Level 3
December 31, 2013			
Loans held-for-sale	\$3,483	\$2,165	\$1,318
Other real estate owned	138	15	123
Loans ⁽¹⁾	4,713	3,947	766
Total assets at fair value on a nonrecurring basis	\$8,334	\$6,127	\$2,207

(1) Represents impaired loans held for investment whose carrying amount is based on the fair value of the underlying collateral, including primarily real-estate secured loans.

The fair value of loans-held-for-sale is determined where possible using quoted secondary-market prices. If no such quoted price exists, the fair value of a loan is determined using quoted prices for a similar asset or assets, adjusted for the specific attributes of that loan. Fair value for the other real estate owned is based on appraisals. For loans whose carrying amount is based on the fair value of the underlying collateral, the fair values depend on the type of collateral. Fair value of the collateral is typically estimated based on quoted market prices if available, appraisals or other internal valuation techniques.

Where the fair value of the related collateral is based on an unadjusted appraised value, the loan is generally classified as Level 2. Where significant adjustments are made to the appraised value, the loan is classified as Level 3.

Additionally, for corporate loans, appraisals of the collateral are often based on sales of similar assets; however, because the prices of similar assets require significant adjustments to reflect the unique features of the underlying collateral, these fair value measurements are generally classified as Level 3.

Valuation Techniques and Inputs for Level 3 Nonrecurring Fair Value Measurements

The following tables present the valuation techniques covering the majority of Level 3 nonrecurring fair value measurements and the most significant unobservable inputs used in those measurements as of March 31, 2014 and December 31, 2013:

As of March 31, 2014	Fair Value ⁽¹⁾ (in millions)	Methodology	Input	Low	High	Weighted average ⁽²⁾
Loans held-for-sale	\$1,084	Price-based	Price	\$87.50	\$100.00	\$98.95
	179	Cash flow	Credit spread	45 bps	70 bps	52 bps
Other real estate owned	\$90	Price-based	Appraised Value	\$362,658	\$8,518,230	\$5,602,488
				34.00	% 60.00	% 42.00
						%

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Loans ⁽³⁾	\$ 729	Price-based	Discount to price ⁽⁴⁾ Discount to price ⁽⁴⁾	34.00	% 39.00	% 35.00	%
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(1) The fair value amounts presented in this table represent the primary valuation technique or techniques for each class of assets or liabilities.

(2) Weighted averages are calculated based on the fair value of the instrument.

(3) Represents loans held for investment whose carrying amounts are based on the fair value of the underlying collateral.

(4) Includes estimated costs to sell.

As of December 31, 2013	Fair Value ⁽¹⁾ (in millions)	Methodology	Input	Low	High	Weighted average ⁽²⁾	
Loans held-for-sale	\$912	Price-based	Price	\$60.00	\$100.00	\$98.77	
	393	Cash flow	Credit spread	45 bps	80 bps	64 bps	
Other real estate owned	\$98	Price-based	Discount to price ⁽⁴⁾	34.00	%59.00	%39.00	%
	17	Cash Flow	Price	\$60.46	\$100.00	\$96.67	
Loans ⁽³⁾	\$581	Price-based	Appraised Value	\$636,249	\$15,897,503	\$11,392,478	
			Discount to price ⁽⁴⁾	34.00	%39.00	%35.00	%
	109	Model-based	Price	\$52.40	\$68.39	\$65.32	
			Appraised Value	\$6,500,000	\$86,000,000	\$43,532,719	

(1) The fair value amounts presented in this table represent the primary valuation technique or techniques for each class of assets or liabilities.

(2) Prices are based on appraised values.

(3) Represents loans held for investment whose carrying amounts are based on the fair value of the underlying collateral.

(4) Includes estimated costs to sell.

Nonrecurring Fair Value Changes

The following table presents total nonrecurring fair value measurements for the period, included in earnings, attributable to the change in fair value relating to assets that are still held at March 31, 2014 and March 31, 2013:

In millions of dollars	Three Months Ended	
	March 31, 2014	March 31, 2013
Loans held-for-sale	\$74	\$(81)
Other real estate owned	(7)	)(6)
Loans ⁽¹⁾	(211)	)(249)
Total nonrecurring fair value gains (losses)	\$(144)	)(336)

(1) Represents loans held for investment whose carrying amount is based on the fair value of the underlying collateral, including primarily real-estate loans.

Estimated Fair Value of Financial Instruments Not Carried at Fair Value

The table below presents the carrying value and fair value of Citigroup's financial instruments that are not carried at fair value. The table below therefore excludes items measured at fair value on a recurring basis presented in the tables above.

The disclosure also excludes leases, affiliate investments, pension and benefit obligations and insurance policy claim reserves. In addition, contract-holder fund amounts exclude certain insurance contracts. Also, as required, the disclosure excludes the effect of taxes, any premium or discount that could result from offering for sale at one time the entire holdings of a particular instrument, excess fair value associated with deposits with no fixed maturity, and other expenses that would be incurred in a market transaction. In addition, the table excludes the values of non-financial assets and liabilities, as well as a wide range of franchise, relationship and intangible values, which are integral to a full assessment of Citigroup's financial position and the value of its net assets.

The fair value represents management's best estimates based on a range of methodologies and assumptions. The

carrying value of short-term financial instruments not accounted for at fair value, as well as receivables and payables arising in the ordinary course of business, approximates fair value because of the relatively short period of time between their origination and expected realization. Quoted market prices are used when available for investments and for liabilities, such as long-term debt not carried at fair value. For loans not accounted for at fair value, cash flows are discounted at quoted secondary market rates or estimated market rates if available. Otherwise, sales of comparable loan portfolios or current market origination rates for loans with similar terms and risk characteristics are used. Expected credit losses are either embedded in the estimated future cash flows or incorporated as an adjustment to the discount rate used. The value of collateral is also considered. For liabilities such as long-term debt not accounted for at fair value and without quoted market prices, market borrowing rates of interest are used to discount contractual cash flows.

In billions of dollars	March 31, 2014		Estimated fair value		
	Carrying value	Estimated fair value	Level 1	Level 2	Level 3
Assets					
Investments	\$17.5	\$19.0	\$5.3	\$11.4	\$2.3
Federal funds sold and securities borrowed or purchased under agreements to resell	123.6	123.6	—	113.1	10.5
Loans ⁽¹⁾⁽²⁾	636.7	635.4	—	5.2	630.2
Other financial assets ⁽²⁾⁽³⁾	268.0	268.0	9.6	197.1	61.3
Liabilities					
Deposits	\$964.5	\$962.7	\$—	\$774.6	\$188.1
Federal funds purchased and securities loaned or sold under agreements to repurchase	150.3	150.3	—	144.3	6.0
Long-term debt ⁽⁴⁾	194.9	201.4	—	174.8	26.6
Other financial liabilities ⁽⁵⁾	143.6	143.6	—	40.6	103.0
In billions of dollars	December 31, 2013		Estimated fair value		
	Carrying value	Estimated fair value	Level 1	Level 2	Level 3
Assets					
Investments	\$17.8	\$19.3	\$5.3	\$11.9	\$2.1
Federal funds sold and securities borrowed or purchased under agreements to resell	115.6	115.6	—	105.5	10.1
Loans ⁽¹⁾⁽²⁾	637.9	635.1	—	5.6	629.5
Other financial assets ⁽²⁾⁽³⁾	254.2	254.2	9.4	191.7	53.1

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Liabilities					
Deposits	\$966.6	\$965.6	\$—	\$776.4	\$189.2
Federal funds purchased and securities loaned or sold under agreements to repurchase	152.0	152.0	—	147.1	4.9
Long-term debt ⁽⁴⁾	194.2	201.3	—	175.6	25.7
Other financial liabilities ⁽⁵⁾	136.2	136.2	—	41.2	95.0

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The carrying value of loans is net of the Allowance for loan losses of \$18.9 billion for March 31, 2014 and \$19.6 (1) billion for December 31, 2013. In addition, the carrying values exclude \$2.9 billion and \$2.9 billion of lease finance receivables at March 31, 2014 and December 31, 2013, respectively.

(2) Includes items measured at fair value on a nonrecurring basis.

Includes cash and due from banks, deposits with banks, brokerage receivables, reinsurance recoverable and other (3) financial instruments included in Other assets on the Consolidated Balance Sheet, for all of which the carrying value is a reasonable estimate of fair value.

(4) The carrying value includes long-term debt balances under qualifying fair value hedges.

Includes brokerage payables, separate and variable accounts, short-term borrowings (carried at cost) and other (5) financial instruments included in Other liabilities on the Consolidated Balance Sheet, for all of which the carrying value is a reasonable estimate of fair value.

Fair values vary from period to period based on changes in a wide range of factors, including interest rates, credit quality and market perceptions of value, and as existing assets and liabilities run off and new transactions are entered into. The estimated fair values of loans reflect changes in credit status since the loans were made, changes in interest rates in the case of fixed-rate loans, and premium values at origination of certain loans.

The estimated fair values of the Company's corporate unfunded lending commitments at March 31, 2014 and December 31, 2013 were liabilities of \$6.1 billion and \$5.2 billion, respectively, substantially all of which are classified as Level 3. The Company does not estimate the fair values of consumer unfunded lending commitments, which are generally cancelable by providing notice to the borrower.

23. FAIR VALUE ELECTIONS

The Company may elect to report most financial instruments and certain other items at fair value on an instrument-by-instrument basis with changes in fair value reported in earnings. The election is made upon the initial recognition of an eligible financial asset, financial liability or firm commitment or when certain specified reconsideration events occur. The fair value election may not be revoked once an election is made. The changes in fair value are recorded in current earnings. Additional discussion regarding the applicable areas in which fair value elections were made is presented in Note 22 to the Consolidated Financial Statements.

All servicing rights are recognized initially at fair value. The Company has elected fair value accounting for its mortgage servicing rights. See Note 20 to the Consolidated Financial Statements for further discussions regarding the accounting and reporting of MSRs.

The following table presents, as of March 31, 2014 and 2013, the changes in fair value gains and losses for the three months ended March 31, 2014 and 2013 associated with those items for which the fair value option was elected:

In millions of dollars	Changes in fair value gains (losses) for the three months ended March 31,	
	2014	2013
Assets		
Federal funds sold and securities borrowed or purchased under agreements to resell		
selected portfolios of securities purchased under agreements to resell	\$1,026	\$(169)
and securities borrowed		
Trading account assets	190	8
Investments	32	(42)
Loans		
Certain Corporate loans ⁽¹⁾	14	23
Certain Consumer loans ⁽¹⁾	(24)	(34)
Total loans	\$(10)	\$(11)
Other assets		
MSRs	\$(84)	\$190
Certain mortgage loans held for sale ⁽²⁾	120	543
Certain equity method investments	(3)	)1
Total other assets	\$33	\$734
Total assets	\$1,271	\$520
Liabilities		
Interest-bearing deposits	\$(5)	)\$19
Federal funds purchased and securities loaned or sold under agreements to repurchase		
selected portfolios of securities sold under agreements to repurchase	(6)	)23
and securities loaned		
Trading account liabilities	6	(28)
Short-term borrowings	4	27
Long-term debt	(167)	(28)
Total liabilities	\$(168)	)\$13

(1)

Includes mortgage loans held by mortgage loan securitization VIEs consolidated upon the adoption of ASC 810 Consolidation (SFAS 167) on January 1, 2010.

- (2) Includes gains (losses) associated with interest rate lock-commitments for those loans that have been originated and elected under the fair value option.

Own Debt Valuation Adjustments

Own debt valuation adjustments are recognized on Citi's liabilities for which the fair value option has been elected using Citi's credit spreads observed in the bond market. The fair value of liabilities for which the fair value option is elected (other than non-recourse and similar liabilities) is impacted by the narrowing or widening of the Company's credit spreads. The estimated change in the fair value of these liabilities due to such changes in the Company's own credit risk (or instrument-specific credit risk) was a gain of \$34 million and a loss of \$210 million for the three months ended

March 31, 2014 and 2013, respectively. Changes in fair value resulting from changes in instrument-specific credit risk were estimated by incorporating the Company's current credit spreads observable in the bond market into the relevant valuation technique used to value each liability as described above.

The Fair Value Option for Financial Assets and Financial Liabilities

Selected portfolios of securities purchased under agreements to resell, securities borrowed, securities sold under agreements to repurchase, securities loaned and certain non-collateralized short-term borrowings

The Company elected the fair value option for certain portfolios of fixed-income securities purchased under agreements to resell and fixed-income securities sold under agreements to repurchase, securities borrowed, securities loaned, and certain non-collateralized short-term borrowings on broker-dealer entities in the United States, United Kingdom and Japan. In each case, the election was made because the related interest-rate risk is managed on a portfolio basis, primarily with derivative instruments that are accounted for at fair value through earnings. Changes in fair value for transactions in these portfolios are recorded in Principal transactions. The related interest revenue and interest expense are measured based on the contractual rates specified in the transactions and are reported as interest revenue and expense in the Consolidated Statement of Income.

Certain loans and other credit products

Citigroup has elected the fair value option for certain originated and purchased loans, including certain unfunded loan products, such as guarantees and letters of credit, executed by Citigroup's lending and trading businesses. None of these credit products are highly leveraged financing commitments. Significant groups of transactions include loans and unfunded loan products that are expected to be either sold or securitized in the near term, or transactions where the economic risks are hedged with derivative instruments such as purchased credit default swaps or total return swaps where the Company pays the total return on the underlying loans to a third party. Citigroup has elected the fair value option to mitigate accounting mismatches in cases where hedge accounting is complex and to achieve operational simplifications. Fair value was not elected for most lending transactions across the Company.

The following table provides information about certain credit products carried at fair value at March 31, 2014 and December 31, 2013:

In millions of dollars	March 31, 2014		December 31, 2013	
	Trading assets	Loans	Trading assets	Loans
Carrying amount reported on the Consolidated Balance Sheet	\$9,618	\$4,788	\$9,262	\$4,058
Aggregate unpaid principal balance in excess of (less than) fair value	127	(55)	4	(94)
Balance of non-accrual loans or loans more than 90 days past due	93	—	97	—
Aggregate unpaid principal balance in excess of fair value for non-accrual loans or loans more than 90 days past due	105	—	41	—

In addition to the amounts reported above, \$2,421 million and \$2,308 million of unfunded loan commitments related to certain credit products selected for fair value accounting were outstanding as of March 31, 2014 and December 31, 2013, respectively.

Changes in fair value of funded and unfunded credit products are classified in Principal transactions in the Company's Consolidated Statement of Income. Related interest revenue is measured based on the contractual interest rates and reported as Interest revenue on Trading account assets or loan interest depending on the balance sheet classifications of the credit products. The changes in fair value for the three months ended March 31, 2014 and 2013 due to instrument-specific credit risk totaled to a loss of \$35 million and a gain of \$1 million, respectively.

Certain investments in unallocated precious metals

Citigroup invests in unallocated precious metals accounts (gold, silver, platinum and palladium) as part of its commodity and foreign currency trading activities or to economically hedge certain exposures from issuing structured liabilities. Under ASC 815, the investment is bifurcated into a debt host contract and a commodity forward derivative instrument. Citigroup elects the fair value option for the debt host contract, and reports the debt host contract within Trading account assets on the Company's Consolidated Balance Sheet. The

total carrying amount of debt host contracts across unallocated precious metals accounts was approximately \$1.1 billion at March 31, 2014 and approximately \$1.3 billion at December 31, 2013. The amounts are expected to fluctuate based on trading activity in future periods.

As part of its commodity and foreign currency trading activities, Citi sells (buys) unallocated precious metals investments and executes forward purchase (sale) derivative contracts with trading counterparties. When Citi sells an unallocated precious metals investment, Citi's receivable from its depository bank is repaid and Citi derecognizes its investment in the unallocated precious metal. The forward purchase (sale) contract with the trading counterparty indexed to unallocated precious metals is accounted for as a derivative, at fair value through earnings. As of March 31, 2014, there were approximately \$15.1 billion and \$8.8 billion notional amounts of such forward purchase and forward sale derivative contracts outstanding, respectively.

Certain investments in private equity and real estate ventures and certain equity method and other investments Citigroup invests in private equity and real estate ventures for the purpose of earning investment returns and for capital appreciation. The Company has elected the fair value option for certain of these ventures, because such investments are considered similar to many private equity or hedge fund activities in Citi's investment companies, which are reported at fair value. The fair value option brings consistency in the accounting and evaluation of these investments. All investments (debt and equity) in such private equity and real estate entities are accounted for at fair value. These investments are classified as Investments on Citigroup's Consolidated Balance Sheet. Citigroup also holds various non-strategic investments in leveraged buyout funds and other hedge funds for which the Company elected fair value accounting to reduce operational and accounting complexity. Since the funds account for all of their underlying assets at fair value, the impact of applying the equity method to Citigroup's investment in these funds was equivalent to fair value accounting. These investments are classified as Other assets on Citigroup's Consolidated Balance Sheet.

Changes in the fair values of these investments are classified in Other revenue in the Company's Consolidated Statement of Income.

Citigroup also elects the fair value option for certain non-marketable equity securities whose risk is managed with derivative instruments that are accounted for at fair value through earnings. These securities are classified as Trading account assets on Citigroup's Consolidated Balance Sheet. Changes in the fair value of these securities and the related derivative instruments are recorded in Principal transactions.

Certain mortgage loans (HFS)

Citigroup has elected the fair value option for certain purchased and originated prime fixed-rate and conforming adjustable-rate first mortgage loans HFS. These loans are intended for sale or securitization and are hedged with derivative instruments. The Company has elected the fair value option to mitigate accounting mismatches in cases where hedge accounting is complex and to achieve operational simplifications.

The following table provides information about certain mortgage loans HFS carried at fair value at March 31, 2014 and December 31, 2013:

In millions of dollars	March 31, 2014	December 31, 2013
Carrying amount reported on the Consolidated Balance Sheet	\$1,475	\$2,089
Aggregate fair value in excess of unpaid principal balance	55	48
Balance of non-accrual loans or loans more than 90 days past due	—	—
Aggregate unpaid principal balance in excess of fair value for non-accrual loans or loans more than 90 days past due	—	—

The changes in fair values of these mortgage loans are reported in Other revenue in the Company's Consolidated Statement of Income. There was no net change in fair value during the three months ended March 31, 2014 and 2013 due to instrument-specific credit risk. Related interest income continues to be measured based on the contractual interest rates and reported as Interest revenue in the Consolidated Statement of Income.

Certain consolidated VIEs

The Company has elected the fair value option for all qualified assets and liabilities of certain VIEs that were consolidated upon the adoption of SFAS 167 on January 1, 2010, including certain private label mortgage securitizations, mutual fund deferred sales commissions and collateralized loan obligation VIEs. The Company elected the fair value option for these VIEs, as the Company believes this method better reflects the economic risks, since substantially all of the Company's retained interests in these entities are carried at fair value.

With respect to the consolidated mortgage VIEs, the Company determined the fair value for the mortgage loans and long-term debt utilizing internal valuation techniques. The fair value of the long-term debt measured using internal valuation techniques is verified, where possible, to prices obtained from

independent vendors. Vendors compile prices from various sources and may apply matrix pricing for similar securities when no price is observable. Security pricing associated with long-term debt that is valued using observable inputs is classified as Level 2, and debt that is valued using one or more significant unobservable inputs is classified as Level 3. The fair value of mortgage loans in each VIE is derived from the security pricing. When substantially all of the long-term debt of a VIE is valued using Level 2 inputs, the corresponding mortgage loans are classified as Level 2. Otherwise, the mortgage loans of a VIE are classified as Level 3.

With respect to the consolidated mortgage VIEs for which the fair value option was elected, the mortgage loans are classified as Loans on Citigroup's Consolidated Balance Sheet. The changes in fair value of the loans are reported as Other revenue in the Company's Consolidated Statement of Income. Related interest revenue is measured based on the contractual interest rates and reported as Interest revenue in the Company's Consolidated Statement of Income.

Information about these mortgage loans is included in the table below. The change in fair value of these loans due to instrument-specific credit risk was a loss of \$25 million and \$33 million for the three months ended March 31, 2014 and 2013, respectively.

The debt issued by these consolidated VIEs is classified as long-term debt on Citigroup's Consolidated Balance Sheet. The changes in fair value for the majority of these liabilities are reported in Other revenue in the Company's Consolidated Statement of Income. Related interest expense is measured based on the contractual interest rates and reported as Interest

expense in the Consolidated Statement of Income. The aggregate unpaid principal balance of long-term debt of these consolidated VIEs exceeded the aggregate fair value by \$210 million and \$223 million as of March 31, 2014 and December 31, 2013, respectively.

The following table provides information about Corporate and Consumer loans of consolidated VIEs carried at fair value at March 31, 2014 and December 31, 2013:

In millions of dollars	March 31, 2014		December 31, 2013	
	Corporate loans	Consumer loans	Corporate loans	Consumer loans
Carrying amount reported on the Consolidated Balance Sheet	\$8	\$887	\$14	\$910
Aggregate unpaid principal balance in excess of fair value	9	194	7	212
Balance of non-accrual loans or loans more than 90 days past due	—	88	—	81
Aggregate unpaid principal balance in excess of fair value for non-accrual loans or loans more than 90 days past due	—	86	—	106

Certain structured liabilities

The Company has elected the fair value option for certain structured liabilities whose performance is linked to structured interest rates, inflation, currency, equity, referenced credit or commodity risks (structured liabilities). The Company elected the fair value option, because these exposures are considered

to be trading-related positions and, therefore, are managed on a fair value basis. These positions will continue to be classified as debt, deposits or derivatives (Trading account liabilities) on the Company's Consolidated Balance Sheet according to their legal form.

The following table provides information about the carrying value of structured notes, disaggregated by type of embedded derivative instrument at March 31, 2014 and December 31, 2013:

In billions of dollars	March 31, 2014	December 31, 2013
Interest rate linked	\$10.1	\$9.8
Foreign exchange linked	0.4	0.5
Equity linked	7.3	7.0
Commodity linked	2.0	1.8
Credit linked	3.3	3.5
Total	\$23.1	\$22.6

The change in fair value for these structured liabilities is reported in Principal transactions in the Company's Consolidated Statement of Income. Changes in fair value for these structured liabilities include an economic component for accrued interest, which is included in the change in fair value reported in Principal transactions.

Certain non-structured liabilities

The Company has elected the fair value option for certain non-structured liabilities with fixed and floating interest rates (non-structured liabilities). The Company has elected the fair value option where the interest-rate risk of such liabilities is economically hedged with derivative contracts or the proceeds are used to purchase financial assets that will also be accounted for at fair value through earnings. The election has been made to mitigate accounting mismatches and to achieve operational simplifications. These positions are reported in Short-term borrowings and Long-term debt on the Company's Consolidated Balance Sheet. The change in fair value for these non-structured liabilities is reported in Principal transactions in the Company's Consolidated Statement of Income. Related interest expense on non-structured liabilities is measured based on the contractual interest rates and reported as Interest expense in the Consolidated Statement of Income.

The following table provides information about long-term debt carried at fair value, excluding debt issued by consolidated VIEs, at March 31, 2014 and December 31, 2013:

In millions of dollars	March 31, 2014	December 31, 2013
Carrying amount reported on the Consolidated Balance Sheet	\$26,972	\$25,968
Aggregate unpaid principal balance in excess of (less than) fair value	(934	)(866

The following table provides information about short-term borrowings carried at fair value at March 31, 2014 and December 31, 2013:

In millions of dollars	March 31, 2014	December 31, 2013
Carrying amount reported on the Consolidated Balance Sheet	\$4,099	\$3,692
Aggregate unpaid principal balance in excess of (less than) fair value	(1	)(38

24. GUARANTEES AND COMMITMENTS

Citi provides a variety of guarantees and indemnifications to its customers to enhance their credit standing and enable them to complete a wide variety of business transactions. For certain contracts meeting the definition of a guarantee, the guarantor must recognize, at inception, a liability for the fair value of the obligation undertaken in issuing the guarantee.

In addition, the guarantor must disclose the maximum potential amount of future payments that the guarantor could be required to make under the guarantee, if there were a total default by the guaranteed parties. The determination of the maximum potential future payments is based on the notional amount of the guarantees without consideration of possible recoveries under recourse provisions or from collateral held or pledged. As such, Citi believes such amounts bear no relationship to the anticipated losses, if any, on these guarantees.

The following tables present information about Citi's guarantees at March 31, 2014 and December 31, 2013:

In billions of dollars at March 31, 2014 except carrying value in millions	Maximum potential amount of future payments			Carrying value (in millions of dollars)
	Expire within 1 year	Expire after 1 year	Total amount outstanding	
Financial standby letters of credit	\$29.2	\$72.5	\$101.7	\$400.3
Performance guarantees	7.7	4.6	12.3	39.5
Derivative instruments considered to be guarantees	15.0	66.6	81.6	924.0
Loans sold with recourse	—	0.3	0.3	19.8
Securities lending indemnifications ⁽¹⁾	102.3	—	102.3	—
Credit card merchant processing ⁽¹⁾	81.9	—	81.9	—
Custody indemnifications and other	—	36.8	36.8	—
Total	\$236.1	\$180.8	\$416.9	\$1,383.6
	Maximum potential amount of future payments			

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In billions of dollars at December 31, 2013 except carrying value in millions	Expire within 1 year	Expire after 1 year	Total amount outstanding	Carrying value (in millions of dollars)
Financial standby letters of credit	\$28.8	\$71.4	\$100.2	\$428.8
Performance guarantees	7.6	4.9	12.5	41.8
Derivative instruments considered to be guarantees	6.0	61.6	67.6	797.0
Loans sold with recourse	—	0.3	0.3	22.3
Securities lending indemnifications ⁽¹⁾	79.2	—	79.2	—
Credit card merchant processing ⁽¹⁾	85.9	—	85.9	—
Custody indemnifications and other	—	36.3	36.3	—
Total	\$207.5	\$174.5	\$382.0	\$1,289.9

⁽¹⁾ The carrying values of securities lending indemnifications and credit card merchant processing were not material for either period presented, as the probability of potential liabilities arising from these guarantees is minimal.

Financial standby letters of credit

Citi issues standby letters of credit which substitute its own credit for that of the borrower. If a letter of credit is drawn down, the borrower is obligated to repay Citi. Standby letters of credit protect a third party from defaults on contractual obligations. Financial standby letters of credit include: (i) guarantees of payment of insurance premiums and reinsurance risks that support industrial revenue bond underwriting; (ii) settlement of payment obligations to clearing houses, including futures and over-the-counter derivatives clearing (see further discussion below); (iii) support options and purchases of securities in lieu of escrow deposit accounts; and (iv) letters of credit that backstop loans, credit facilities, promissory notes and trade acceptances.

Performance guarantees

Performance guarantees and letters of credit are issued to guarantee a customer's tender bid on a construction or systems-installation project or to guarantee completion of such projects in accordance with contract terms. They are also issued to support a customer's obligation to supply specified products, commodities, or maintenance or warranty services to a third party.

Derivative instruments considered to be guarantees

Derivatives are financial instruments whose cash flows are based on a notional amount and an underlying instrument, reference credit or index, where there is little or no initial investment, and whose terms require or permit net settlement. For a discussion of Citi's derivatives activities, see Note 21 to the Consolidated Financial Statements. Derivative instruments considered to be guarantees include only those instruments that require Citi to make payments to the counterparty based on changes in an underlying instrument, that is related to an asset, a liability or an equity security held by the guaranteed party. More specifically, derivative instruments considered to be guarantees include certain over-the-counter written put options where the counterparty is not a bank, hedge fund or broker-dealer (such counterparties are considered to be dealers in these markets and may, therefore, not hold the underlying instruments). Credit derivatives sold by Citi are excluded from the tables above as they are disclosed separately in Note 21 to the Consolidated Financial Statements. In instances where Citi's maximum potential future payment is unlimited, the notional amount of the contract is disclosed.

Loans sold with recourse

Loans sold with recourse represent Citi's obligations to reimburse the buyers for loan losses under certain circumstances. Recourse refers to the clause in a sales agreement under which a seller/lender will fully reimburse the buyer/investor for any losses resulting from the purchased loans. This may be accomplished by the seller taking back any loans that become delinquent.

In addition to the amounts shown in the tables above, Citi has recorded a repurchase reserve for its potential

repurchases or make-whole liability regarding residential mortgage representation and warranty claims related to its whole loan sales to the U.S. government-sponsored enterprises (GSEs) and, to a lesser extent, private investors. The repurchase reserve was approximately \$333 million and \$341 million at March 31, 2014 and December 31, 2013, respectively, and these amounts are included in Other liabilities on the Consolidated Balance Sheet.

Securities lending indemnifications

Owners of securities frequently lend those securities for a fee to other parties who may sell them short or deliver them to another party to satisfy some other obligation. Banks may administer such securities lending programs for their clients. Securities lending indemnifications are issued by the bank to guarantee that a securities lending customer will be made whole in the event that the security borrower does not return the security subject to the lending agreement and collateral held is insufficient to cover the market value of the security.

Credit card merchant processing

Credit card merchant processing guarantees represent the Company's indirect obligations in connection with: (i) providing transaction processing services to various merchants with respect to its private-label cards; and (ii) potential liability for bank card transaction processing services. The nature of the liability in either case arises as a result of a billing dispute between a merchant and a cardholder that is ultimately resolved in the cardholder's favor. The merchant is liable to refund the amount to the cardholder. In general, if the credit card processing company is unable to collect this amount from the merchant, the credit card processing company bears the loss for the amount of the credit or refund paid to the cardholder.

With regard to (i) above, Citi has the primary contingent liability with respect to its portfolio of private-label merchants. The risk of loss is mitigated as the cash flows between Citi and the merchant are settled on a net basis and Citi has the right to offset any payments with cash flows otherwise due to the merchant. To further mitigate this risk, Citi may delay settlement, require a merchant to make an escrow deposit, include event triggers to provide Citi with more financial and operational control in the event of the financial deterioration of the merchant or require various credit enhancements (including letters of credit and bank guarantees). In the unlikely event that a private-label merchant is unable to deliver products, services or a refund to its private-label cardholders, Citi is contingently liable to credit or refund cardholders.

With regard to (ii) above, Citi has a potential liability for bank card transactions where Citi provides the transaction processing services as well as those where a third party provides the services and Citi acts as a secondary guarantor, should that processor fail to perform.

Citi's maximum potential contingent liability related to both bank card and private-label merchant processing services is estimated to be the total volume of credit card transactions that meet the requirements to be valid charge-

back transactions at any given time. At March 31, 2014 and December 31, 2013, this maximum potential exposure was estimated to be \$82 billion and \$86 billion, respectively.

However, Citi believes that the maximum exposure is not representative of the actual potential loss exposure based on its historical experience. This contingent liability is unlikely to arise, as most products and services are delivered when purchased and amounts are refunded when items are returned to merchants. Citi assesses the probability and amount of its contingent liability related to merchant processing based on the financial strength of the primary guarantor, the extent and nature of unresolved charge-backs and its historical loss experience. At March 31, 2014 and December 31, 2013, the losses incurred and the carrying amounts of Citi's contingent obligations related to merchant processing activities were immaterial.

Custody indemnifications

Custody indemnifications are issued to guarantee that custody clients will be made whole in the event that a third party subcustodian or depository institution fails to safeguard clients' assets.

Other guarantees and indemnifications

Credit Card Protection Programs

Citi, through its credit card businesses, provides various cardholder protection programs on several of its card products, including programs that provide insurance coverage for rental cars, coverage for certain losses associated with purchased products, price protection for certain purchases and protection for lost luggage. These guarantees are not included in the table, since the total outstanding amount of the guarantees and Citi's maximum exposure to loss cannot be quantified. The protection is limited to certain types of purchases and losses, and it is not possible to quantify the purchases that would qualify for these benefits at any given time. Citi assesses the probability and amount of its potential liability related to these programs based on the extent and nature of its historical loss experience. At March 31, 2014 and December 31, 2013, the actual and estimated losses incurred and the carrying value of Citi's obligations related to these programs were immaterial.

Other Representation and Warranty Indemnifications

In the normal course of business, Citi provides standard representations and warranties to counterparties in contracts in connection with numerous transactions and also provides indemnifications, including indemnifications that protect the counterparties to the contracts in the event that additional taxes are owed due either to a change in the tax law or an adverse interpretation of the tax law. Counterparties to these transactions provide Citi with comparable indemnifications. While such representations, warranties and indemnifications are essential components of many contractual relationships, they do not represent the underlying business purpose for the transactions. The indemnification clauses are often standard contractual terms related to Citi's own performance under the terms of a contract and are entered into in the normal

course of business based on an assessment that the risk of loss is remote. Often these clauses are intended to ensure that terms of a contract are met at inception. No compensation is received for these standard representations and warranties, and it is not possible to determine their fair value because they rarely, if ever, result in a payment. In many cases, there are no stated or notional amounts included in the indemnification clauses, and the contingencies potentially triggering the obligation to indemnify have not occurred and are not expected to occur. As a result, these indemnifications are not included in the tables above.

Value-Transfer Networks

Citi is a member of, or shareholder in, hundreds of value-transfer networks (VTNs) (payment, clearing and settlement systems as well as exchanges) around the world. As a condition of membership, many of these VTNs require that members stand ready to pay a pro rata share of the losses incurred by the organization due to another member's default on its obligations. Citi's potential obligations may be limited to its membership interests in the VTNs, contributions to the VTN's funds, or, in limited cases, the obligation may be unlimited. The maximum exposure cannot be estimated as

this would require an assessment of future claims that have not yet occurred. Citi believes the risk of loss is remote given historical experience with the VTNs. Accordingly, Citi's participation in VTNs is not reported in the guarantees tables above, and there are no amounts reflected on the Consolidated Balance Sheet as of March 31, 2014 or December 31, 2013 for potential obligations that could arise from Citi's involvement with VTN associations.

Long-Term Care Insurance Indemnification

In the sale of an insurance subsidiary, the Company provided an indemnification to an insurance company for policyholder claims and other liabilities relating to a book of long-term care (LTC) business (for the entire term of the LTC policies) that is fully reinsured by another insurance company. The reinsurer has funded two trusts with securities whose fair value (approximately \$5.8 billion at March 31, 2014, compared to \$5.4 billion at December 31, 2013) is designed to cover the insurance company's statutory liabilities for the LTC policies. The assets in these trusts are evaluated and adjusted periodically to ensure that the fair value of the assets continues to cover the estimated statutory liabilities related to the LTC policies, as those statutory liabilities change over time.

If the reinsurer fails to perform under the reinsurance agreement for any reason, including insolvency, and the assets in the two trusts are insufficient or unavailable to the ceding insurance company, then Citi must indemnify the ceding insurance company for any losses actually incurred in connection with the LTC policies. Since both events would have to occur before Citi would become responsible for any payment to the ceding insurance company pursuant to its indemnification obligation, and the likelihood of such events occurring is currently not probable, there is no liability reflected in the Consolidated Balance Sheet as of March 31, 2014 and December 31, 2013 related to this indemnification.

Citi continues to closely monitor its potential exposure under this indemnification obligation.

Carrying Value—Guarantees and Indemnifications

At March 31, 2014 and December 31, 2013, the total carrying amounts of the liabilities related to the guarantees and indemnifications included in the tables above amounted to approximately \$1.4 billion and \$1.3 billion, respectively. The carrying value of financial and performance guarantees is included in Other liabilities. For loans sold with recourse, the carrying value of the liability is included in Other liabilities.

Futures and over-the-counter derivatives clearing

Citi provides clearing services for clients executing exchange traded futures and over-the-counter (OTC) derivatives contracts with central counterparties (CCPs). Based on all relevant facts and circumstances, Citi has concluded that it acts as an agent for accounting purposes in its role as clearing member for these client transactions. As such, Citi does not reflect the underlying exchange traded futures or OTC derivatives contracts in its Consolidated Financial Statements. See Note 21 for a discussion of Citi's derivatives activities that are reflected in its Consolidated Financial Statements.

As a clearing member, Citi collects and remits cash and securities collateral (margin) between its clients and the respective CCP. There are two types of margin: initial margin and variation margin. Where Citi obtains benefits from or controls cash initial margin (e.g., retains an interest spread), cash initial margin collected from clients and remitted to the CCP is reflected within Brokerage Payables (payables to customers) and Brokerage Receivables (receivables from brokers, dealers and clearing organizations), respectively. However, for OTC derivatives contracts where Citi has contractually agreed with the client that (a) Citi will pass through to the client all interest paid by the CCP on cash initial margin; (b) Citi will not utilize its right as clearing member to transform cash margin into other assets; and (c) Citi does not guarantee and is not liable to the client for the performance of the CCP, cash initial margin collected from clients and remitted to the CCP is not reflected on Citi's Consolidated Balance Sheet. The total amount of cash initial margin collected and remitted in this manner was approximately \$2.7 billion and \$1.4 billion as of March 31, 2014 and December 31, 2013, respectively.

Variation margin due from clients to the respective CCP, or from the CCP to clients, reflects changes in the value of the client's derivatives contracts for each trading day. As a clearing member, Citi is exposed to the risk of non-performance by clients (e.g., failure of a client to post variation margin to the CCP for negative changes in the

value of the client's derivatives contracts). In the event of non-performance by a client, Citi would move to close out the client's positions. The CCP would typically utilize initial margin posted by the client and held by the CCP, with any remaining shortfalls required to be paid by Citi as clearing member. Citi generally holds incremental cash or securities margin posted by the client, which would typically be expected to be sufficient to mitigate Citi's credit risk in the event the client fails to perform.

As required by ASC 860-30-25-5, securities collateral posted by clients is not recognized on Citi's Consolidated Balance Sheet.

Collateral

Cash collateral available to Citi to reimburse losses realized under these guarantees and indemnifications amounted to \$64 billion and \$52 billion at March 31, 2014 and December 31, 2013, respectively. Securities and other marketable assets held as collateral amounted to \$51 billion and \$39 billion at March 31, 2014 and December 31, 2013, respectively. The majority of collateral is held to reimburse losses realized under securities lending indemnifications. Additionally, letters of credit in favor of Citi held as collateral amounted to \$5.4 billion and \$5.3 billion at March 31, 2014 and December 31, 2013, respectively. Other property may also be available to Citi to cover losses under certain guarantees and indemnifications; however, the value of such property has not been determined.

Performance risk

Citi evaluates the performance risk of its guarantees based on the assigned referenced counterparty internal or external ratings. Where external ratings are used, investment-grade ratings are considered to be Baa/BBB and above, while anything below is considered non-investment grade. Citi's internal ratings are in line with the related external rating system. On certain underlying referenced assets or entities, ratings are not available. Such referenced assets are included in the "not rated" category. The maximum potential amount of the future payments related to the outstanding guarantees is determined to be the notional amount of these contracts, which is the par amount of the assets guaranteed.

Presented in the tables below are the maximum potential amounts of future payments that are classified based upon internal and external credit ratings as of March 31, 2014 and December 31, 2013. As previously mentioned, the determination of the maximum potential future payments is based on the notional amount of the guarantees without consideration of possible recoveries under recourse provisions or from collateral held or pledged. As such, Citi believes such amounts bear no relationship to the anticipated losses, if any, on these guarantees.

In billions of dollars at March 31, 2014	Maximum potential amount of future payments			Total
	Investment grade	Non-investment grade	Not rated	
Financial standby letters of credit	\$76.4	\$ 14.3	\$11.0	\$101.7
Performance guarantees	7.2	3.7	1.4	12.3
Derivative instruments deemed to be guarantees	—	—	81.6	81.6
Loans sold with recourse	—	—	0.3	0.3
Securities lending indemnifications	—	—	102.3	102.3
Credit card merchant processing	—	—	81.9	81.9
Custody indemnifications and other	36.6	0.2	—	36.8
Total	\$120.2	\$ 18.2	\$278.5	\$416.9

In billions of dollars at December 31, 2013	Maximum potential amount of future payments			Total
	Investment grade	Non-investment grade	Not rated	
Financial standby letters of credit	\$76.2	\$ 14.8	\$9.2	\$100.2
Performance guarantees	7.4	3.6	1.5	12.5
Derivative instruments deemed to be guarantees	—	—	67.6	67.6
Loans sold with recourse	—	—	0.3	0.3
Securities lending indemnifications	—	—	79.2	79.2
Credit card merchant processing	—	—	85.9	85.9
Custody indemnifications and other	36.2	0.1	—	36.3
Total	\$119.8	\$ 18.5	\$243.7	\$382.0

Credit Commitments and Lines of Credit

The table below summarizes Citigroup's credit commitments as of March 31, 2014 and December 31, 2013:

In millions of dollars	U.S.	Outside of U.S.	March 31, 2014	December 31, 2013
Commercial and similar letters of credit	\$ 1,589	\$ 5,974	\$ 7,563	\$ 7,341
One- to four-family residential mortgages	2,520	3,172	5,692	4,946
Revolving open-end loans secured by one- to four-family residential properties	13,956	2,889	16,845	16,781
Commercial real estate, construction and land development	1,595	1,771	3,366	2,725
Credit card lines	503,490	132,858	636,348	641,111
Commercial and other consumer loan commitments	148,812	99,980	248,792	236,712
Other commitments and contingencies	1,454	1,092	2,546	2,222
Total	\$ 673,416	\$ 247,736	\$ 921,152	\$ 911,838

The majority of unused commitments are contingent upon customers' maintaining specific credit standards. Commercial commitments generally have floating interest rates and fixed expiration dates and may require payment of fees. Such fees (net of certain direct costs) are deferred and, upon exercise of the commitment, amortized over the life of the loan or, if exercise is deemed remote, amortized over the commitment period.

Commercial and similar letters of credit

A commercial letter of credit is an instrument by which Citigroup substitutes its credit for that of a customer to enable the customer to finance the purchase of goods or to incur other commitments. Citigroup issues a letter on behalf of its client to a supplier and agrees to pay the supplier upon presentation of documentary evidence that the supplier has performed in accordance with the terms of the letter of credit. When a letter of credit is drawn, the customer is then required to reimburse Citigroup.

One- to four-family residential mortgages

A one- to four-family residential mortgage commitment is a written confirmation from Citigroup to a seller of a property that the bank will advance the specified sums enabling the buyer to complete the purchase.

Revolving open-end loans secured by one- to four-family residential properties

Revolving open-end loans secured by one- to four-family residential properties are essentially home equity lines of credit. A home equity line of credit is a loan secured by a primary residence or second home to the extent of the excess of fair market value over the debt outstanding for the first mortgage.

Commercial real estate, construction and land development

Commercial real estate, construction and land development include unused portions of commitments to extend credit for the purpose of financing commercial and multifamily residential properties as well as land development projects. Both secured-by-real-estate and unsecured commitments are included in this line, as well as

undistributed loan proceeds, where there is an obligation to advance for construction progress payments. However, this line only includes those extensions of credit that, once funded, will be classified as Total loans, net on the Consolidated Balance Sheet.

Credit card lines

Citigroup provides credit to customers by issuing credit cards. The credit card lines are cancellable by providing notice to the cardholder or without such notice as permitted by local law.

Commercial and other consumer loan commitments

Commercial and other consumer loan commitments include overdraft and liquidity facilities, as well as commercial commitments to make or purchase loans, to purchase third-party receivables, to provide note issuance or revolving underwriting facilities and to invest in the form of equity. Amounts include \$56 billion and \$58 billion with an original maturity of less than one year at March 31, 2014 and December 31, 2013, respectively.

In addition, included in this line item are highly leveraged financing commitments, which are agreements that provide funding to a borrower with higher levels of debt (measured by the ratio of debt capital to equity capital of the borrower) than is generally considered normal for other companies. This type of financing is commonly employed in corporate acquisitions, management buy-outs and similar transactions.

Other commitments and contingencies

Other commitments and contingencies include all other transactions related to commitments and contingencies not reported on the lines above.

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25. CONTINGENCIES

The following information supplements and amends, as applicable, the disclosures in Note 28 to the Consolidated Financial Statements of Citigroup's 2013 Annual Report on Form 10-K. For purposes of this Note, Citigroup, its affiliates and subsidiaries, and current and former officers, directors and employees, are sometimes collectively referred to as Citigroup and Related Parties.

In accordance with ASC 450, Citigroup establishes accruals for contingencies, including the litigation and regulatory matters disclosed herein, when Citigroup believes it is probable that a loss has been incurred and the amount of the loss can be reasonably estimated. Once established, accruals are adjusted from time to time, as appropriate, in light of additional information. The amount of loss ultimately incurred in relation to those matters may be substantially higher or lower than the amounts accrued for those matters.

If Citigroup has not accrued for a matter because the matter does not meet the criteria for accrual (as set forth above), or Citigroup believes an exposure to loss exists in excess of the amount accrued for a particular matter, in each case assuming a material loss is reasonably possible, Citigroup discloses the matter. In addition, for such matters, Citigroup discloses an estimate of the aggregate reasonably possible loss or range of loss in excess of the amounts accrued for those matters as to which an estimate can be made. At March 31, 2014, Citigroup's estimate was materially unchanged from its estimate of approximately \$5 billion at December 31, 2013, as more fully described in Note 28 to the Consolidated Financial Statements in the 2013 Annual Report on Form 10-K.

As available information changes, the matters for which Citigroup is able to estimate will change, and the estimates themselves will change. In addition, while many estimates presented in financial statements and other financial disclosure involve significant judgment and may be subject to significant uncertainty, estimates of the range of reasonably possible loss arising from litigation and regulatory proceedings are subject to particular uncertainties. For example, at the time of making an estimate, Citigroup may have only preliminary, incomplete or inaccurate information about the facts underlying the claim; its assumptions about the future rulings of the court or other tribunal on significant issues, or the behavior and incentives of adverse parties or regulators, may prove to be wrong; and the outcomes it is attempting to predict are often not amenable to the use of statistical or other quantitative analytical tools. In addition, from time to time an outcome may occur that Citigroup had not accounted for in its estimates because it had deemed such an outcome to be remote. For all these reasons, the amount of loss in excess of accruals ultimately incurred for the matters as to which an estimate has been made could be substantially higher or lower than the range of loss included in the estimate.

Subject to the foregoing, it is the opinion of Citigroup's management, based on current knowledge and after taking into account its current legal accruals, that the eventual outcome of all matters described in this Note would not be likely to have a material adverse effect on the consolidated financial condition of Citigroup. Nonetheless, given the substantial or

indeterminate amounts sought in certain of these matters, and the inherent unpredictability of such matters, an adverse outcome in certain of these matters could, from time to time, have a material adverse effect on Citigroup's consolidated results of operations or cash flows in particular quarterly or annual periods.

For further information on ASC 450 and Citigroup's accounting and disclosure framework for contingencies, including for litigation and regulatory matters disclosed herein, see Note 28 to the Consolidated Financial Statements of Citigroup's 2013 Annual Report on Form 10-K.

Credit Crisis-Related Litigation and Other Matters

Mortgage-Related Litigation and Other Matters

Mortgage-Backed Securities and CDO Investor Actions: Certain of the actions brought by purchasers of MBS sponsored, underwritten, or sold by Citigroup have been resolved through settlement and dismissed with prejudice. Additional information relating to these actions is publicly available in court filings under the docket numbers 10-CH-45033 (Ill. Cir. Ct.) (Pantle, J.), LC 091499 (Cal. Super. Ct.) (Mohr, J.), and 12 Civ. 1059 (C.D. Cal.)

(Pfaelzer, J.).

As of March 31, 2014, the aggregate original purchase amount of the purchases at issue in the pending MBS and CDO investor suits is approximately \$7.2 billion, and the aggregate original purchase amount of the purchases covered by tolling agreements with MBS and CDO investors threatening litigation is approximately \$1.4 billion.

Mortgage-Backed Security Repurchase Claims: As previously disclosed, on April 7, 2014, Citigroup entered into an agreement with 18 institutional investors, represented by Gibbs & Bruns LLP, regarding the resolution of representation and warranty repurchase claims related to certain legacy securitizations. Under the agreement, Citigroup will make a binding offer to the trustees of 68 Citigroup-sponsored mortgage securitization trusts to pay \$1.125 billion to the trusts to resolve these claims, plus certain fees and expenses. The 68 trusts covered by the agreement issued \$59.4 billion of residential MBS and represent all of the trusts established by Citigroup's legacy Securities and Banking business during 2005-2008 for which Citigroup affiliates made representations and warranties to the trusts. The agreement is conditioned on acceptance by the trustees and subject to court approval if sought by the trustees, and would release Citigroup's obligation to repurchase mortgage loans sold into the trusts, or make the trusts whole, for outstanding or potential claims for breaches of representations and warranties on the loans. The agreement does not address mortgage loans sold through private-label securitization trusts sponsored by Citigroup's consumer mortgage business related to CitiMortgage, Inc.

On April 8, 2014, U.S. Bank, N.A., in its capacity as trustee, filed a complaint in U.S. BANK NATIONAL ASSOCIATION v. CITIGROUP GLOBAL MARKETS REALTY CORP., seeking to enforce contractual repurchase claims in connection with mortgage loans that were securitized into the CMLTI 2007-AHL2 securitization. Additional information relating to this action is publicly

available in court filings under the docket number 653816/2013 (N.Y. Sup. Ct.).

Alternative Investment Fund-Related Litigation and Other Matters

On March 7, 2014, the United States District Court for the Southern District of New York issued an opinion in *BEACH, ET AL. v. CITIGROUP ALTERNATIVE INVESTMENTS LLC, ET AL.*, granting in part and denying in part the motions to dismiss filed by Citigroup and other defendants. Additional information concerning this action is publicly available in court filings under the docket number 12 Civ. 7717 (S.D.N.Y.) (Woods, J.).

KIKOs

Prior to the devaluation of the Korean won in 2008, several local banks in Korea, including Citibank Korea Inc. (CKI), entered into foreign exchange derivative transactions with small and medium-size export businesses (SMEs) to enable the SMEs to hedge their currency risk. The derivatives had "knock-in, knock-out" features. Following the devaluation of the won, many of these SMEs incurred significant losses on the derivative transactions and filed civil lawsuits against the banks, including CKI. The claims generally allege that the products were not suitable and that the risk disclosure was inadequate.

As of March 31, 2014, there were 103 civil lawsuits filed by SMEs against CKI. To date, 90 decisions have been rendered at the district court level, and CKI has prevailed in 70 of those decisions. In the other 20 decisions, plaintiffs were awarded only a portion of the damages sought. The damage awards total in the aggregate approximately \$36.8 million. CKI is appealing the 20 adverse decisions. A significant number of plaintiffs that had decisions rendered against them are also filing appeals, including plaintiffs that were awarded less than all of the damages they sought.

Of the 90 cases decided at the district court level, 64 have been appealed to the high court, including the 20 in which an adverse decision was rendered against CKI in the district court. Of the 60 appeals decided or settled at high court level, CKI prevailed in 44 cases, and in the other 16 cases plaintiffs were awarded partial damages. As a result, the aggregate damages awarded against CKI decreased by approximately \$10.6 million. CKI is appealing nine of the adverse decisions to the Korean Supreme Court and many plaintiffs have filed appeals to the Supreme Court as well.

As of March 31, 2014, the Supreme Court has rendered 11 judgments relating to CKI. CKI prevailed in nine cases. Plaintiffs were awarded partial damages in two cases. As a result, the aggregate damages awarded against CKI decreased by approximately \$0.3 million.

After taking into account all decisions rendered through March 31, 2014 at the district court, high court, or Supreme Court levels, the damages awarded against CKI currently total in the aggregate approximately \$25.9 million.

Lehman Brothers Bankruptcy Proceedings

On March 11, 2014, the parties in *CITIBANK, N.A. v. BARCLAYS BANK, PLC*, pending in the United States District Court for the Southern District of New York, agreed to settle the action. On March 26, 2014, a stipulation of dismissal with prejudice was entered by the court. Additional information relating to this action is publicly available in court filings under the docket number 13 Civ. 3063 (S.D.N.Y.) (Schofield, J.).

Terra Firma Litigation

On March 7, 2014, the parties in *TERRA FIRMA INVESTMENTS (GP) 2 LIMITED v. CITIGROUP, INC.* stipulated to the dismissal of all remaining claims in the action, without prejudice to plaintiffs' rights to re-file those claims in England. Additional information relating to this action is publicly available in court filings under the docket numbers 09 Civ. 10459 (S.D.N.Y.) (Rakoff, J.) and 11-0126-cv (2d Cir.).

Also on March 7, 2014, the parties to the separate proceedings brought by Terra Firma in 2013 before the High Court of Justice, Queen's Bench Division, Commercial Court in London consented to the service by plaintiffs of an Amended Claim Form incorporating the claims that would have proceeded to trial in the United States District Court for the Southern District of New York in July 2014 had the New York action not been dismissed. The Amended Claim Form was served on March 10, 2014. Additional information relating to those proceedings is available in court filings under the caption *Terra Firma Investments (GP) 2 Ltd. & Ors v Citigroup Global Markets Ltd. & Ors* (2014 Folio 267).

Foreign Exchange Matters

Antitrust and Other Litigation: On March 31, 2014, plaintiffs in putative class actions that are proceeding on a consolidated basis before Judge Lorna G. Schofield in the United States District Court for the Southern District of New York under the caption IN RE FOREIGN EXCHANGE BENCHMARK RATES ANTITRUST LITIGATION filed a consolidated amended complaint. Plaintiffs allege that defendants colluded to manipulate the WM/Reuters rate (WMR), thereby causing the putative class to suffer losses in connection with WMR-based financial instruments. Plaintiffs assert a federal antitrust claim and seek compensatory damages, treble damages, and declaratory and injunctive relief. Additional information concerning the consolidated action is publicly available in court filings under the docket number 1:13-cv-7789.

Additionally, Citibank, N.A. and Citigroup, as well as numerous other foreign exchange dealers, are named as defendants in a putative class action captioned LARSEN v. BARCLAYS BANK PLC, ET AL., that is also proceeding before Judge Schofield in the United States District Court for the Southern District of New York. Plaintiff seeks to represent a putative class of persons or entities in Norway who traded foreign currency with defendants, alleging that the class suffered losses as a result of defendants' alleged WMR manipulation. Plaintiff asserts federal antitrust and unjust enrichment claims, and seeks compensatory damages, treble damages where authorized by statute, and declaratory and

injunctive relief. Additional information concerning this action is publicly available in court filings under the docket number 1:14-cv-1364.

Interbank Offered Rates-Related Litigation and Other Matters

Antitrust and Other Litigation: On March 28, 2014, Judge George B. Daniels of the United States District Court for the Southern District of New York issued an opinion and order in the case captioned LAYDON V. MIZUHO BANK LTD., ET AL., dismissing plaintiff's federal antitrust and unjust enrichment claims in their entirety, but allowing plaintiff's Commodity Exchange Act claims to proceed. On April 11, 2014, defendants moved for reconsideration of the portion of the decision denying their motion to dismiss plaintiff's Commodity Exchange Act claims. Additional information concerning this action is publicly available in court filings under the docket number 1:12-cv-3419.

On March 31, 2014, an action was brought against Citigroup, Citibank, N.A., and Citigroup Financial Products, Inc., as well as other USD LIBOR panel banks and the British Bankers' Association, by the Bay Area Toll Authority, which claims to have suffered losses as a result of purported LIBOR manipulation. Plaintiff asserts claims under federal and state antitrust law and RICO, as well as claims under other state law theories, and seeks compensatory damages, treble damages where authorized by statute, and declaratory and injunctive relief. Additional information concerning this action is publicly available in court filings under the docket number 4:14-cv-01493 (N.D. Cal.).

Oceanografía Fraud

On February 28, 2014, Citigroup announced that it was adjusting downward its earnings for the fourth quarter of 2013 and full year ended 2013 by \$235 million after tax (\$360 million pretax) as a result of a fraud discovered in a Petróleos Mexicanos (Pemex) supplier program involving Oceanografía SA de CV (OSA), a Mexican oil services company and a key supplier to Pemex (for additional information, see Citigroup's Form 8-K filed with the U.S. Securities and Exchange Commission (SEC) on February 28, 2014 and its 2013 Annual Report on Form 10-K). During the first quarter of 2014, Citigroup incurred approximately \$165 million of incremental credit costs related to the Pemex supplier program. The vast majority of the credit costs were associated with Citigroup's \$33 million of direct exposure to OSA as of December 31, 2013 and uncertainty about Pemex's obligation to pay Citigroup for a portion of the accounts receivable Citigroup validated with Pemex as of year-end 2013 (approximately \$113 million). The remaining incremental credit costs were associated with an additional supplier to Pemex within the Pemex supplier program that was found to have similar issues.

In the United States, the SEC has commenced a formal investigation and the Department of Justice has requested information regarding Banamex's dealings with OSA. In Mexico, the Mexican National Banking and Securities Commission has commenced an in situ extraordinary review. Citigroup is cooperating fully with these inquiries.

Settlement Payments

Payments required in settlement agreements described above have been made or are covered by existing litigation accruals.

[End of Consolidated Financial Statements and Notes to Consolidated Financial Statements]

LEGAL PROCEEDINGS

For a discussion of Citigroup's litigation and regulatory matters, see Note 25 to the Consolidated Financial Statements.

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UNREGISTERED SALES OF EQUITY, PURCHASES OF EQUITY SECURITIES, DIVIDENDS

Unregistered Sales of Equity Securities

None.

Equity Security Repurchases

The following table summarizes Citigroup's equity security repurchases, which consisted entirely of common stock repurchases, during the three months ended March 31, 2014:

In millions, except per share amounts	Total shares purchased	Average price paid per share	Approximate dollar value of shares that may yet be purchased under the plan or programs
January 2014			
Open market repurchases ⁽¹⁾	4.9	\$50.11	\$117
Employee transactions ⁽²⁾	0.5	52.40	N/A
February 2014			
Open market repurchases ⁽¹⁾	1.0	47.40	73
Employee transactions ⁽²⁾	0.7	49.57	N/A
March 2014			
Open market repurchases ⁽¹⁾	1.5	48.58	—
Employee transactions ⁽²⁾	—	—	N/A
Total	8.6	\$49.63	\$—

Represents repurchases under the \$1.2 billion 2013 common stock repurchase program (2013 Repurchase Program) that was approved by Citigroup's Board of Directors and announced on April 25, 2013, which was part of the planned capital actions included by Citi in its 2013 Comprehensive Capital Analysis and Review (CCAR).

Shares repurchased under the 2013 Repurchase Program are treasury stock. Pursuant to its terms, the 2013

(1) Repurchase Program expired on March 31, 2014. In addition, as previously disclosed, on April 23, 2014, Citigroup announced that its Board of Directors had approved a \$1.2 billion common stock repurchase program through the first quarter of 2015 (2014 Repurchase Program), as permitted pursuant to the 2014 CCAR. Shares repurchased under the 2014 Repurchase Program will be treasury stock. There were no open market repurchases during the first quarter of 2014 under the 2014 Repurchase Program.

Consisted of shares added to treasury stock related to (i) certain activity on employee stock option program

(2) exercises where the employee delivers existing shares to cover the option exercise, or (ii) under Citi's employee restricted or deferred stock programs where shares are withheld to satisfy tax requirements.

N/A Not applicable

Dividends

Any dividend on Citi's outstanding common stock would also be subject to regulatory approval and need to be made in compliance with Citi's obligations to its outstanding preferred stock.

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 2nd day of May, 2014.

CITIGROUP INC.
(Registrant)

By /s/ John C. Gerspach
John C. Gerspach
Chief Financial Officer
(Principal Financial Officer)

By /s/ Jeffrey R. Walsh
Jeffrey R. Walsh
Controller and Chief Accounting Officer
(Principal Accounting Officer)

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EXHIBIT INDEX

Exhibit Number Description of Exhibit

3.01+ Restated Certificate of Incorporation of the Company, as amended, as in effect on the date hereof.

10.01+* Form of Citigroup Inc. Performance Share Unit Award Agreement.

12.01+ Calculation of Ratio of Income to Fixed Charges.

12.02+ Calculation of Ratio of Income to Fixed Charges Including Preferred Stock Dividends.

31.01+ Certification of principal executive officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.

31.02+ Certification of principal financial officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.

32.01+ Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

101.01+ Financial statements from the Quarterly Report on Form 10-Q of Citigroup Inc. for the quarter ended March 31, 2014, filed on May 2, 2014, formatted in XBRL: (i) the Consolidated Statement of Income, (ii) the Consolidated Balance Sheet, (iii) the Consolidated Statement of Changes in Equity, (iv) the Consolidated Statement of Cash Flows and (v) the Notes to Consolidated Financial Statements.

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

* Denotes a management contract or compensatory plan or arrangement.

+ Filed herewith