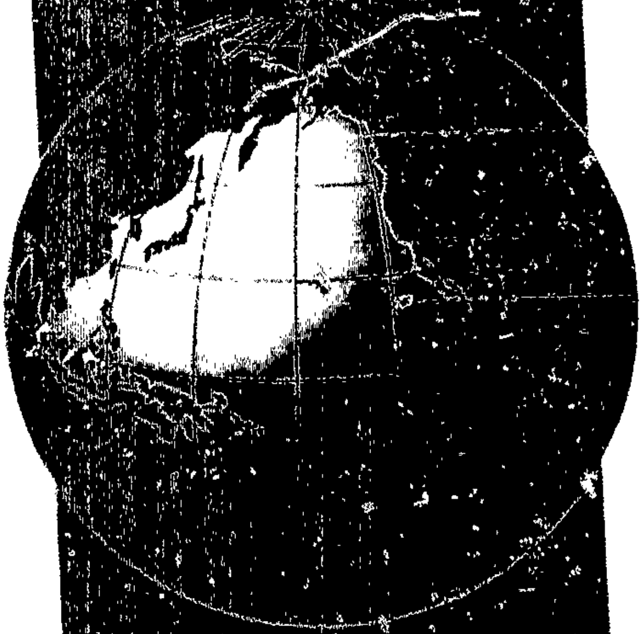
CITICORP ANNUAL REPORT 1993

Company No: FC1835 Branch No: BR001018
Please refer to page 59 of these financials for the Consolidated Balance Sheet at 31 December 1993 of CITIBANK, N.A., and its subsidiaries.

Assistant Secretary.



CITIBANK

C I T I C O R P ' S   V I S I O N

To be a global bank, unique in worldwide presence...

dedicated to our customers...financially strong...consistent...committed to our staff and its development...delivering sustained superior performance to investors.

Unique, Global

Unique in being global, operating both locally and collectively around the world in delivering financial services for the benefit of both individual and corporate customers; unique also in spirit.

Customer Dedication

Dedicated to serving the financial needs of customers. Our success depends upon our importance to them. Customer needs define position, product and service offerings. We seek to build sustained relationships and recognize the importance of continuity of people. We are committed to competitive excellence, delivering customer satisfaction, and investing in the business, people and technology required to meet our customer needs.

Financially Strong

Our balance sheet and earnings will be a source of strength; recognized internally, by customers, investors, competitors, rating agencies, and regulators. Control, executional excellence and productivity improvements are acknowledged objectives.

Consistent

Consistent and dependable: in our commitment to our people, with our customers, in the development and execution of our strategy, and in our risk profile.

Staff and its Development

We seek to recruit, develop and retain the most talented people from around the world. We will reward people based on merit, teamwork, results, and shared values. We are accountable. We will take [illegible] for our actions and the exercise of judgment. We treat people with [illegible] highest ethical standards in dealing with [illegible]

Delivering [illegible]

[illegible]

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CHAIRMAN'S LETTER TO STOCKHOLDERS

During 1993, we "booked" the results of our Five Point Plan. The year was a good one. We reported earnings of $2.2 billion: a record. Our balance sheet is significantly strengthened — total capital is over $23 billion (the highest in the U.S. and over 11% of risk-adjusted assets). Tier 1 capital is $13.4 billion — 6.6%. Our cash basis loans decreased and credit costs declined as the portfolio continued to improve. Reserves stand at $4.4 billion. Your stock moved from $22.25 to $36.88 per share during the year, reflecting the progress noted above.

We made solid progress on the twin problems of a weak balance sheet and troubled real estate portfolios. We have firmly embraced a 1994-95 plan that will continue the focus of the past three years. This plan will move Citicorp to a position that we think is unique for a banking institution by virtue of the composition and strength of our franchise, supported by an unambiguously strong balance sheet and solid execution.

Our franchise is singular; it rests on two clear commitments: Globality, and the Consumer.

To be global speaks to the fact that there is a set of *global customers* (corporations, financial institutions, governments) and business flows that are preferentially attracted to us because of our global presence, history, commitment and professionalism...and, most important, our ability to deliver.

It speaks to our *global attitude* — mind set, energy level and professional skills and capabilities that are attractive to both global customers and those who are not yet global.

It speaks also to our commitment to be *part of the global economy* — participating in each market around the world and therefore reflecting the financial characteristics (growth and return) found in them.

Citicorp is dedicated to serving consumer customers around the world — a commitment manifest through our Private Bank, Citibanking and our Global Card business. We hold out the promise of understanding our customers and being there to serve them predictably and dependably. Everywhere. The Citibank name is the promise.

Fulfilling our commitment to the franchise requires an unambiguously strong balance sheet. During 1994-95 we will continue to improve the portfolio and build capital and reserves. We expect to regain Citibank's AA rating.

The franchise, and delivering sustained superior performance for our stockholders, requires solid execution. We have strengthened — and will continue to strengthen — our management. We will continue to emphasize control disciplines and to bring focused effort to our cost management. We are investing — and will continue to invest — in our growing businesses. This adds people and expense, but at a lesser pace than our growth in revenue. We are modernizing — and will continue to modernize — our "back office" operations. There is a substantial need as well as cost opportunity here. We will spend to get it. We have opportunities to bring modern total quality management and other techniques into our activities, with the likelihood of getting on a path of continuing improvement in both quality and cost. This is underway. We have some clear opportunities to get some one-time improvements through focus, realignments and ridding ourselves of inefficient practices. We are working on these and took a $425 million restructuring charge in the fourth quarter. The benefits will be seen in 1994-95.

We are also committed to being well managed. This means having a clear vision and set of priorities that we follow, having a balanced capacity to assess and take risk, putting control and execution ahead of growth, attracting and retaining the best people in an environment that is fun and rewarding, and being dedicated to sustained superior performance for customers and stockholders.

MANAGEMENT COMMITTEE

From left to right:
Christopher J. Steffen
Senior Executive Vice President
H. Onno Ruding
Vice Chairman
William R. Rhodes
Vice Chairman
Pei-yuan Chia
Vice Chairman
Paul J. Collins
Vice Chairman
John S. Reed
Chairman

The accomplishments of 1993 reflect hard work on the part of 81,500 Citibankers around the world and the support of our Board of Directors. Two of our most accomplished and dedicated directors left during the year: C. Peter McColough, the retired CEO of Xerox who was a director for 22 years, retired from the Board; John M. Deutch left to serve as U.S. Under Secretary of Defense. Each was of particular help to the company and we thank them for their many contributions.

John S. Reed


Welcome to Citibank

CORE BUSINESS REVIEW

Global Consumer and Global Finance operations constitute Citibank's core businesses. These businesses are each unique franchises in the financial services industry, defined by their commitment to maintaining a broad global presence and their strategic dedication to identifying and satisfying evolving customer needs. Both businesses turned in strong performances in 1993.

Further information regarding the financial performance of the Global Consumer and Global Finance businesses is provided in this annual report under the section titled "Financial Information."

VISION IN *Action*

GLOBAL CONSUMER

Citibank's Global Consumer business is one of the largest providers of consumer services in the world and the world's only truly global consumer services provider.

The Global Consumer business continued to record steady growth in 1993. Earnings were $1.4 billion before restructuring charges, and the business achieved a return on assets (ROA) of 1.36%. The year's results compare with earnings of $869 million before restructuring charges in 1992 and an ROA of .91%.

Revenues, adjusted for credit related items (principally credit card securitizations), reached $10.9 billion in 1993, continuing a record of uninterrupted revenue growth that dates back to the consumer business's beginnings in 1975.

Citibank's consumer banking operations comprise three main lines of business: branch banking, credit and charge cards, and private banking. Combined, these businesses operate in 41 countries and territories. They span both the developed and developing economies, and they serve approximately 45 million consumer relationships.

BRANCH BANKING

Citibank offers a full range of branch banking services, including checking and savings accounts, loans and mortgages, insurance, and investment services, within the framework of a unique strategy for delivering those services called *Citibanking*.

Citibanking entails a consistent brand identity the world over, consistent product offerings and a high level of customer service.

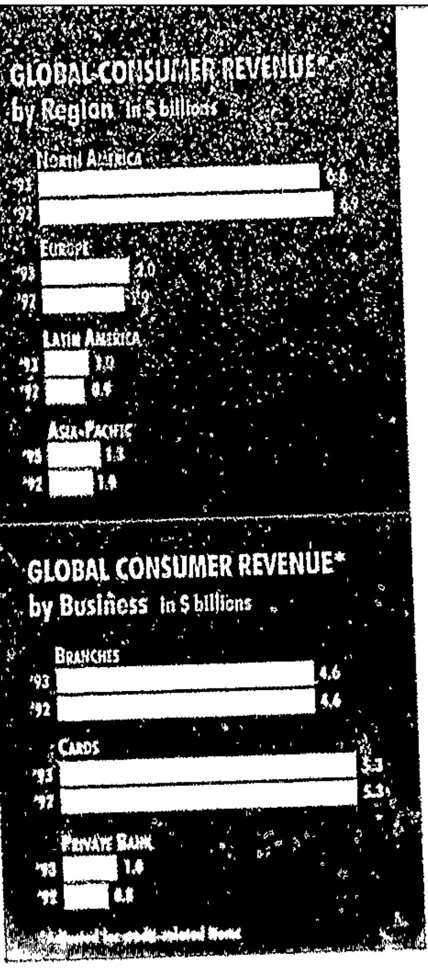
Citibanking links all of a customer's accounts and transactions — checking, savings, loans, investments and credit cards — and provides "seamless access" to those products and services.

Seamless access enables the customer to choose whether to bank in person at a branch, at a Citicard Banking Center, or even over the phone — anytime he or she wants, 7 days a week, 24 hours a day. The vocabulary, the processes, the information and the experience will be the same whether the customer is reviewing account activity or balances, transferring money, paying bills, or making deposits or withdrawals (the only things that can't be done by phone).

This level of service has been achieved through the well integrated application of technology and through operations that respond to customer needs. An example is the model branch concept, which gives Citibank branches around the world the same familiar "look and feel" whether customers are banking in Athens, Barcelona, Cologne, Miami, Santiago, Taipei or New York.

The model branch represents a novel approach to all aspects of the retail branch, including technology, staffing and design. It encourages greater use of Citicard Banking Centers for transactional services and is staffed by a team trained to concentrate on serving the full range of customer needs. The model branch aims to simplify the customer's banking experience, using superior service as the means for building broader and deeper customer relationships.

Globally mobile Citibank customers can use their Citicard when they visit other countries to obtain the same on-line Citibanking service that they are accustomed to in their home country. Citibank is currently linked in 18 countries and across the U.S., which means that customers are able to do their banking, usually in their preferred language, not only whenever they want but increasingly, wherever they are in the world. Citibank Japan's customers



performed over 225,000 overseas accesses last year through this international linkage.

In North America, branch banking net results included a record performance in the flagship New York branch operation. Citicorp also conducts retail branch operations in California, Illinois, Florida, Nevada, Maryland and the District of Columbia, and most recently, Connecticut.

The North American branch system was reorganized in 1993 to effectively create a single organization with a single management structure, operating system, set of products and back office operations. The recently completed installation of a national operating system is expected to reduce operating costs significantly. U.S. mortgage operations were consolidated during the year to achieve greater operating efficiencies.

In Europe, Citibank's retail banking business includes almost 500 branches, all with a consistent image and all operating under the Citibank brand name. This extensive branch system, combined with more than 500 Citicard Banking Centers and CitiPhone Banking available in all European markets where Citibank has branches, gives Citibank a unique presence and accessibility in Europe. More than 150 of Citibank's European branches are state-of-the-art model branches. Plans call for the entire branch network to be converted.

Citibank has substantial retail operations in Germany, Greece, Spain and Belgium, and expanded its German operations last year with the opening of five new branches in eastern Germany. Consumer presence was boosted in France as well in 1993 with Citicard Banking Centers, CitiPhone and the introduction of the model branch concept in three branches in Paris.

Mutual fund offerings were introduced into the product set in Europe during the year with excellent results. [illegible] under management grew 5[illegible] over 1992.

In Latin America [illegible] has long had a profitable [illegible] consumer franchise [illegible] 2 million accounts in 10 countries with a network of 165 branches.

Citibank targets a well-defined upscale market in Latin America and has been increasingly successful in obtaining permissions to provide a full array of financial services at least equal to local competitors. In 1993, Citibank obtained branching and product permissions in Brazil that will allow entry into mortgage and savings markets. In addition, the U.S. Congress's passage of the North American Free Trade Agreement (NAFTA) should give Citibank's consumer banking business in Mexico an important boost. Investment products are now offered in five countries following strong product expansions in Brazil, Chile and Puerto Rico.

In 1993, Citibanking became increasingly visible across Latin America. CitiPhone service was extended to seven days a week across all marketplaces, and Citicard Banking Centers were installed in Venezuela, enabling customers to make deposits and get cash in both bolivares and U.S. dollars. In addition, 19 new model branches were introduced in Latin America, and Citigold priority banking service for upscale consumers was extended to Argentina, Brazil, Chile and Puerto Rico. In Brazil, Citibank initiated the region's first foray into home banking by computer. In Argentina, Citibank was voted the best retail and corporate bank in a poll conducted by a prominent Argentine business magazine.

Citibank has built the first consumer banking business spanning the Middle East and Asia Pacific, with 3.7 million accounts in 16 countries from Saudi Arabia to the Philippines and from Korea to Australia.

Citibank's business in this region, with 97 branches, is built on an upscale customer base, stressing a high level of service featuring 24-hour access, Citigold and funds transferability, global reach and investment knowledge. An independent regional survey of affluent consumers ranked Citibank number one in brand awareness.

Investment products were expanded to seven markets during the year in a strategic move to address increasingly diversified customer needs and compete for investment dollars with non-bank rivals. From a zero base two years ago, investment products in the region generated $16 million in revenues in 1993.

By year end, CitiPhone 7-day, 24-hour service was available in all markets. Citigold, developed and first introduced in Asia, grew its customer base by 28% during the year. Citigold accounts make up over 50% of Citibank's deposit base in the region.

Two new branches were opened in Japan, bringing the total number of Citibank branches there to 21. Citibank now serves 300,000 customers in Japan and is the only foreign bank in the country with an extensive retail banking presence. To date, Citibank is the only bank in Japan offering 24-hour ATM and banking-by-phone services. Together with JTB, the country's largest travel agent, Citibank launched World Cash Card, an international prepaid card that travelers can use to make local currency withdrawals from Citicard Banking Centers in other countries.

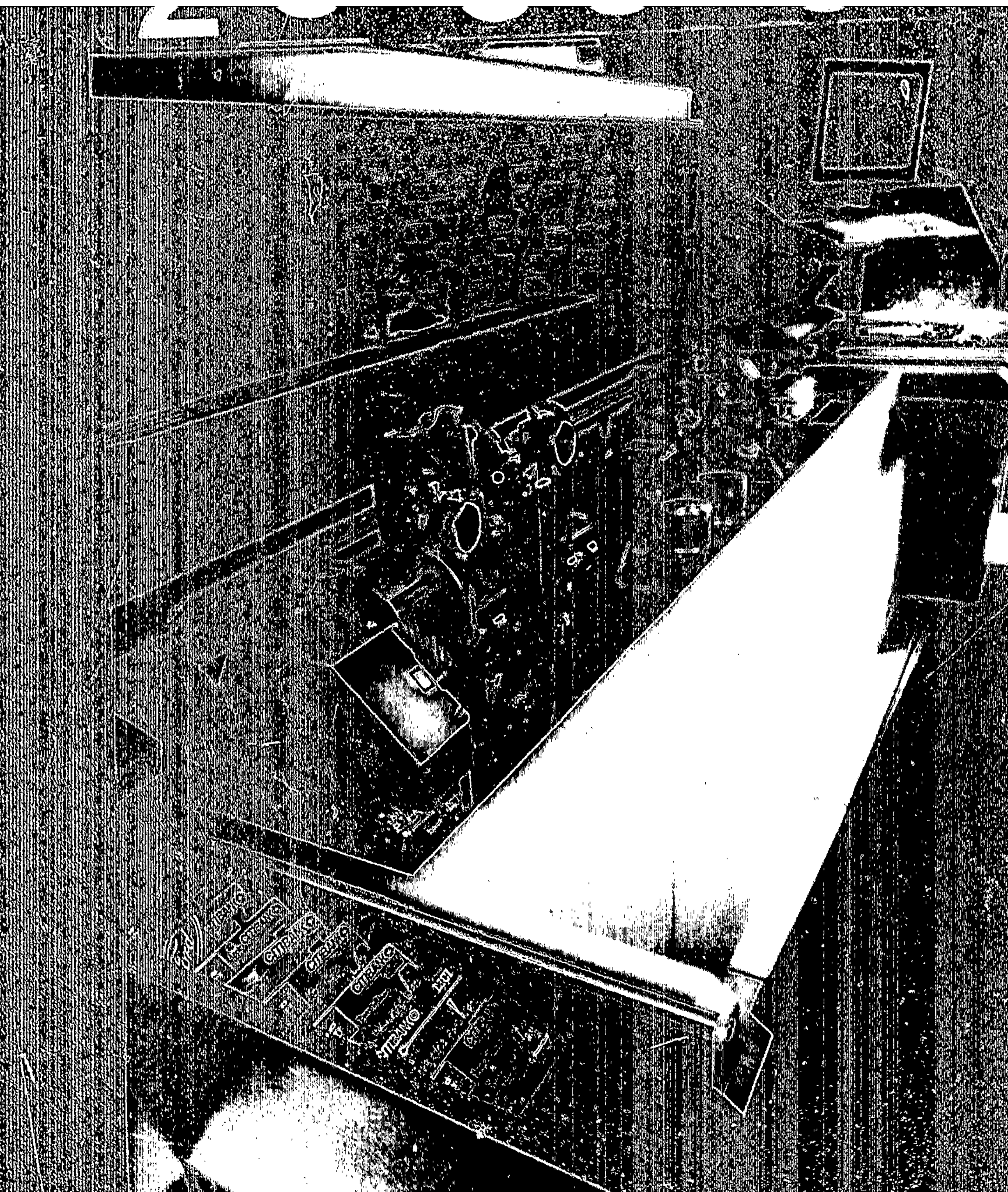
CARD PRODUCTS

The largest credit and charge card issuer and servicer in the world, Citibank is active in 29 countries with 52 million cards in force: 29 million credit cards in the U.S. and 8 million outside the U.S., plus 6 million Diners Club cards as well as 9 million private label cards.

In the U.S., Citibank offers the broadest family of credit cards in the industry, from no-frills, low-rate Choice cards for price-sensitive customers, to Citibank Classic and Preferred Visa and MasterCards, to co-branded cards that return value to the cardholder in return for purchases on the branded card. These include the Citibank AAdvantage Card, which rewards customers for purchases with frequent flyer miles on American Airlines, the MCI Card, which offers credits toward long distance calling minutes, the Ford Motor Card, which provides credits toward new car purchases, and the Apple Card, which provides credits toward Apple computer purchases.

During 1993, Citibank's U.S. card business showed signs of renewed growth in its card base following several years where the card base stayed flat or even declined slightly due to competitive pressures. As part of its strategy of returning value to customers, Citibank repriced its Classic and Preferred cards during the year, eliminating annual fees to cardholders. The combination of increased credit card sales in an improving economy, a stronger consumer credit picture and lower funding costs and credit write-offs should make it possible to take this action without reducing profitability.

Net credit losses in the U.S. card business were reduced by $206 million during the year. Citibank's fraud control and protection programs,



including Photocard, which features the cardholder's picture for identification purposes, have helped cut Citibank's credit card fraud in half.

The U.S. card business is in the second year of a total quality management program, which has created significant product, credit and operating process improvements stemming from a focus on delivering the highest possible customer satisfaction in the most cost-effective way.

Worldwide, Citibank is working to re-create the same success in bankcards it enjoys in the United States. Citibank's card base outside the U.S. is already larger than the U.S. card base of most banks, and growth in the international card business is expected to continue. The bank started pursuing the non-U.S. bankcard market in earnest in late 1988.

In Europe, the bankcard business, built from the ground up starting in 1989, came close to break even in 1993. Having now reached critical mass — Citibank has 600,000 cards in Europe — the business is poised to post positive results in the coming years. Photocard, which enjoyed great success following its introduction in the U.S. in 1992, was introduced in Europe in 1993.

Citibank's card business in Latin America gained market share in Puerto Rico, Colombia and Argentina. Citibank manages and has a partnership interest in Credicard, the largest card issuer in Latin America, with about a 50% share of the Brazil card market and almost 4 million cards. Photocard was introduced in Puerto Rico, Argentina and Brazil in 1993.

Citibank's card business in the Asia-Pacific region has expanded to 11 countries in 5 years, with over a 30% market share in 4 of those countries. Citibank's 2.5 million cards make it the largest card issuer in the region excluding Japan. Growth-oriented card re-launches were successfully initiated in the Philippines, Australia and Saudi Arabia during the year, and Photocard was introduced in Hong Kong, Indonesia and Japan. Citibank negotiated an exclusive regional partnership with the leading Asian frequent flyer program to reward Citibank cardmembers for their purchases with air miles.

Diners Club is the Travel & Entertainment brand in the family of Citibank card products. Diners Club enjoyed its third successive year of record sales in 1993. Worldwide sales were $21 billion, generated by more than 6.4 million cardmembers at 2.5 million service establishments in 175 countries.

In the U.S., acquisition of new cardmembers was paced by the strength of the Diners Club Rewards program, which was identified in 1993 as the best of its type in the marketplace. Diners Club also reduced credit losses significantly while card members increased their spending on the card.

In spite of the loss of the U.S. Government account, which had been held for 10 years, Diners Club is well positioned to expand its role in the corporate card marketplace through the introduction of new products.

In Canada, the recently acquired enRoute card was relaunched as the Diners Club/enRoute Card.

Through aggressive marketing efforts, Diners Club franchises in a number of countries continue to acquire, activate and retain portfolios composed of the Diners Club target market: the frequent business traveler.

VISION IN

PRIVATE BANKING

With a business that is well positioned around the world in a rapidly expanding market segment, Citibank's Private Bank has evolved into a significant growth franchise. The Private Bank reported strong results in 1993. Revenues grew by 14% over the previous year, and earnings increased by more than 50%, with an ROA of 1.8%. During the year, the Private Bank continued to sharpen its strategic and operational focus on delivering the full benefits of wealth management to clients.

The Private Bank provides integrated wealth management services to wealthy individuals and their fami

MOVING SUCCESSES FROM MARKET TO MARKET

One advantage of Citibank's global presence is the ability to take the best of what is learned in one market and transport it to other markets — what Citibankers call "Success Transfer." Global Consumer has used success transfer to good effect with numerous products and services. The most notable examples of success transfer are the Citicard Banking Center (Citibank's proprietary ATM), the model branch and the bankcard. But there are numerous other examples, less visible perhaps, but important nonetheless to maintaining and building the "globality" of Citibank's global consumer franchise.

CitiPhone, which gives customers access to all of their account service and sales needs from any telephone around the world, 7 days a week, 24 hours a day [illegible]

[illegible] tionship with Citibank such advantages as a higher level of personal banking, credit and investment counseling services through individually assigned account officers and immediate recognition as an important customer at any branch worldwide upon presenting a specially issued gold Citicard. Banking products available to Citigold customers at preferred rates include mortgages, equity source accounts, and secured loans. Trust and estate planning advice is also available through the Citibank Private Bank.

The multi-currency account was originally developed in Hong Kong and is now offered in the U.S., Singapore and Japan. It lets customers maintain time deposits in up to nine different currencies, obtaining the corresponding yield, and easily transfer funds among accounts — even by phone.

Differentiating products and services like these have been extremely important to Citibank's efforts [illegible] They also help to [illegible]

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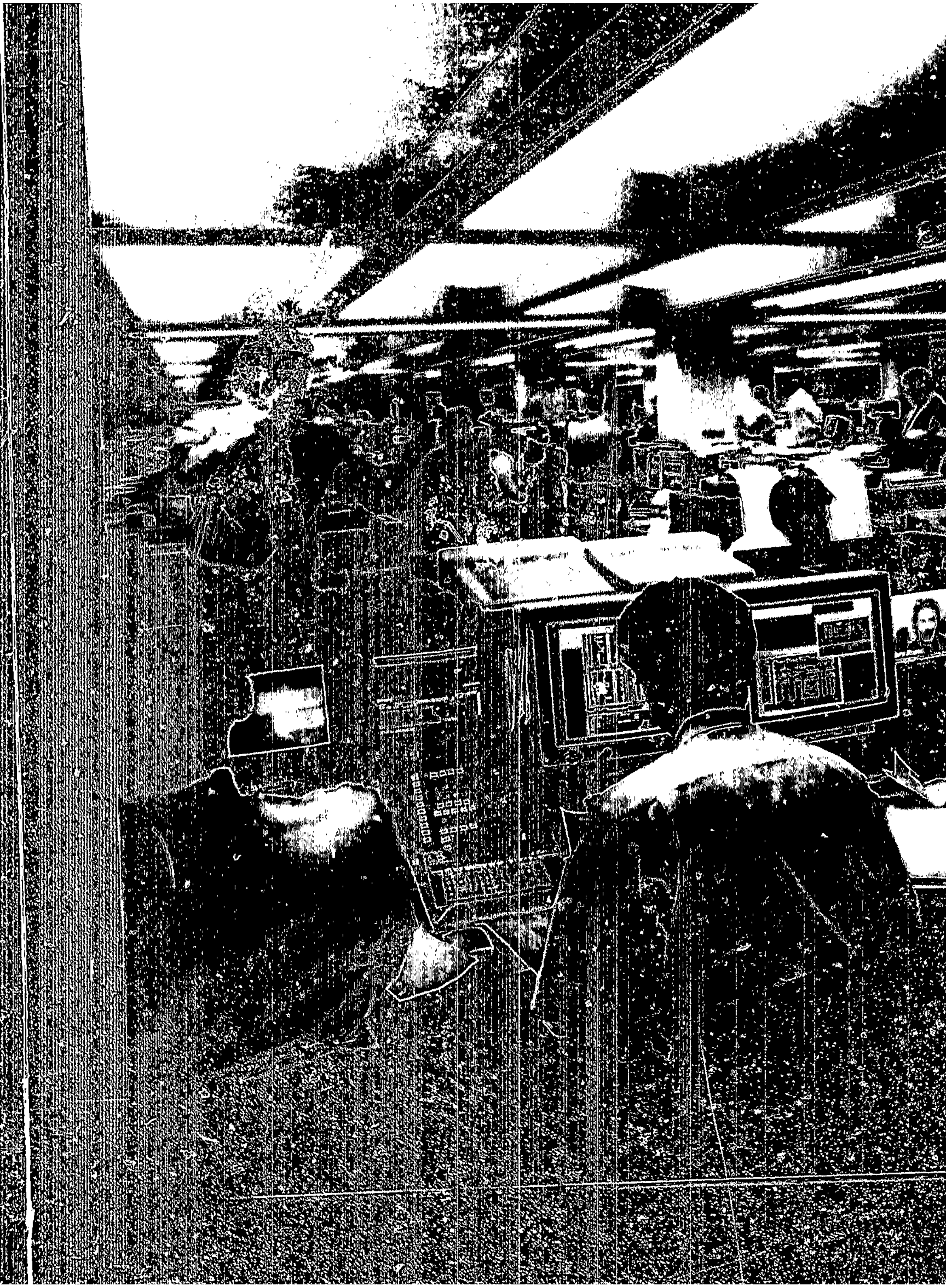


and managed in Citibank's Global Finance businesses. For example, specialized investment products designed to fit specific Private Bank client needs attracted well in excess of \$1 billion in client funds in 1993.

Citibank's private banker is the focal point of the client relationship. He or she must represent a skillful blend of banker and investment advisor, able to match asset allocations, balance sheet structures and cash flow configurations to a client's specific circumstances. Professional financial expertise is coupled with an in-depth understanding of the client's economic circumstances — income, market, business and family — along with insight into how the client's needs will evolve over time.

Client knowledge is coupled with the private banker's ability to call upon relevant product experts from wherever in the world or within the Citibank organization is appropriate to deliver solutions to client needs. These may involve a mortgage on an asset portfolio in the United States, a specialized investment vehicle in Latin America, venture capital in Europe or the Middle East, estate management [illegible] in Asia.

VISION IN [illegible]

[illegible]

GLOBAL FINANCE

Global Finance is where Citibank's roots are. The company's history as a banker to leading corporations stretches back almost two centuries. Today, Citibank's Global Finance business is one of the largest and most diversified providers of wholesale financial services in the world — and the only one possessing a truly global focus, with a presence in 93 countries and territories.

In both the developed and developing markets, Citibank is a preferred provider of wholesale financial services to clients who can best benefit from the combination of its global reach, industry knowledge, long-standing client relationships, credit skills and product leadership.

In 1993, Global Finance earned \$1.8 billion before restructuring charges on revenues of \$6.2 billion (adjusted for credit-related items), with an ROA of 1.62%. The year's results compare with 1992 earnings of \$1.2 billion before restructuring charges on adjusted revenues of \$5.5 billion, with an ROA of 1.23%.

The worldwide balance of this business can clearly be seen in the geographic distribution of revenues. (See chart next page.) In addition, over 60% of Citibank's Global Finance staff is based in markets outside of the United States.

As a customer-driven business, Global Finance is finding new opportunities in the trends reshaping customer needs with respect to financial services. Increasingly, clients look to financial institutions for corporate finance and capital markets expertise, risk management products including foreign exchange and derivatives trading, and transaction banking products in addition to traditional balance sheet lending.

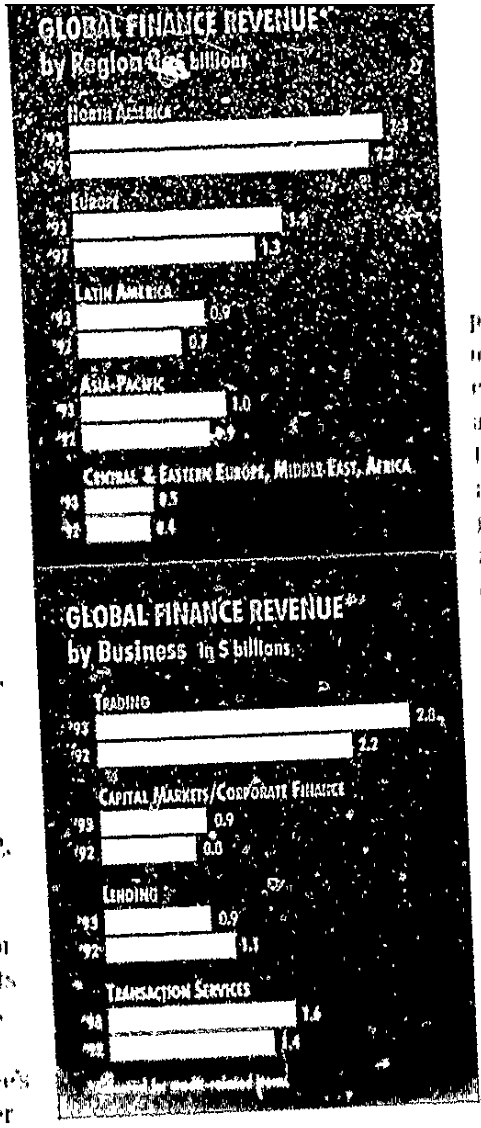
Citibank has shifted its product focus to capitalize on these changing demands. Revenues from trading, capital markets and corporate finance services, and transaction services have grown in importance, contributing an increasing share of the overall revenue mix.

Global Finance's client focus has expanded as well from serving corporations and financial institutions primarily in their capacity as issuers to serving investor needs as well particularly commercial banks, investment banks, pension funds, investment advisors, insurance companies, mutual funds and hedge funds.

In effect, the Global Finance business is evolving strategically, becoming a hybrid of a traditional commercial bank (providing lending, foreign exchange and transaction services) and an investment bank (offering corporate finance and capital markets and derivatives products as an intermediary between issuers and investors).

The importance of Global Finance's client focus and its ability to deliver the value of the Citibank global network is evident in the bank's historical leadership position in foreign exchange. For 15 consecutive years, Citibank has been ranked as the world leader in foreign exchange trading by *Euromoney* magazine, based on client satisfaction. Citibank trades more currencies on behalf of more clients than any other bank in the world.

In a year characterized by volatile currency rate movements and heavy trading activities on the part of clients – both issuers and investors – Citibank reported record trading revenues. But underlying this unusual level of activity is a clear trend of



growth in foreign exchange and trading revenues, including derivatives, over the past five years.

This growth is representative of the bank's ability to provide solutions to clients' financial needs and to leverage the benefit of the market knowledge it develops, on a daily basis, wherever it does business. Capital markets activities and trading are both areas in which client interest should continue to increase, reflecting fundamental changes that have taken place in the world's capital flows and the increasingly international activities of issuers and investors in all parts of the world.

Citibank has emerged as a top tier provider in the fast growing business of financial derivatives. These financial instruments enable corporations and financial institutions to hedge their positions with respect to balance sheet exposures, financial obligations, and fluctuations in revenues and costs that arise from changes in currency rates, interest rates, and equity and commodity prices.

Portfolio lending and loan syndication for target clients remain important activities in both the developed and developing markets of the world. In each, Citibank's corporate finance and capital markets offerings continue to grow in importance to both issuers and investors. With a long standing presence in many countries and recognized global expertise, Citibank is a likely resource for local companies to turn to when they seek to tap cross border capital markets. Citibank is generally recognized as the leading underwriter of emerging market debt.

The bank's corporate finance and capital markets offerings include capital structuring, asset finance, securitization, private placements, high yield and investment grade bonds, commercial paper and asset backed securities.

In North America, revenues from corporate finance and capital markets activities and from trading were up approximately 20%. New capital markets, corporate finance and structured finance units were created to strengthen the linkages between Citibank's product specialists and industry groups. These units

DERIVATIVES: LINCHPIN OF CORPORATE FINANCE

In a world where risk and volatility abound, derivative products give both corporate and investor customers new ways for managing interest rate, currency, commodity and equity exposures, and in structuring their financing and investment strategies.

Derivative products have become a linchpin of corporate finance because they introduce new levels of flexibility and creativity in solving clients' corporate finance needs. Their ability to connect markets allows for unbounded combinations of value-added solutions to customers' financial needs, whether those needs involve financing, improving yields or risk management issues.

Citibank has built a position as a leading derivatives dealer with a strategy emphasizing global reach, innovation in creating products tailored to specific needs and strong executional capabilities.

Derivative specialists are in place around the world with around-the-clock access to virtually every financial and derivative market. This market capability, [illegible] on a global basis, makes it possible for Citibank to bring expert market advice and structuring capability to bear on customers' financial problems regardless of where they are located.

To foster innovation, Citibank employs a multidisciplinary approach to develop derivative products and customer applications, tapping the expertise of specialists in such fields as mathematics, tax and accounting, financial markets, investment instruments, international economics and computer science.

Citibank's derivatives business strives to bring the customer the benefit of executional excellence. The bank has been active in the derivatives market since its inception and has developed capacity, control systems, advanced risk management systems and a pool of skilled people based on years of experience.

The risks that arise in the derivatives business are basically the same [illegible] banking [illegible]

also leverage the bank's reputation for innovation in [illegible] solutions to clients' financing needs. North America Global Finance's corporate restructuring group has earned recognition for its work in managing balance sheet restructurings with bank creditors and public debtholders. The group has handled several large and complex cross-border restructurings for major international corporations.

Successful implementation of Global Finance's new portfolio management process has resulted in a higher quality credit portfolio with significantly reduced client and industry risk concentrations. The portfolio management process has, in addition, contributed to a more precisely defined profile of target clients as well as the products and services that Citibank can most effectively deliver in a competitive marketplace.

In Europe, Global Finance turned in a [illegible] year for revenue, despite [illegible] several important economies. Revenues grew [illegible] over 1992 [illegible] record level. Client transactions were strengthened, with strong performance in foreign exchange and the derivatives business. Customer volumes grew substantially and market penetration was achieved with customers in a number of key markets. Capital markets activities showed progress as well, with good revenue growth over 1992. Citibank was voted the number one equity warrants house in Europe in *International Financing Review* rankings.

In Latin America, Asia, Central and Eastern Europe, the Middle East and Africa [illegible]

In Latin America Global Finance [illegible] ber position in raising funds across Latin America and is one of the most important traders of emerging market paper.

In Asia, Global Finance revenues were up 7% from the previous year, led by strong performance across a broad range of countries and businesses. In addition, portfolio performance improved significantly, as credit costs declined. Citibank was named both commercial bank and investment bank of the year for the region by *Asiamoney* magazine, the first time both awards were won by the same bank. It was also named the leading multinational financial institution in the region in a survey published in the *Far Eastern Economic Review*. New offices were opened during the year in Hanoi and in Shanghai, as Citibank became the first foreign bank to locate its China headquarters in the People's Republic of China. Citibank has two branches and three representative offices in China.

In Japan, the recession notwithstanding, Citibank's trading and capital markets operations turned in strong performances for the year.

In the Central and Eastern Europe, Middle East and Africa region Citibank continues to expand its global finance activities. In January 1994, Citibank opened the first fully foreign-owned commercial bank in Russia and also applied to open a representative office in South Africa. Citibank's revenue growth in the region remained strong in 1993. Central and Eastern Europe achieved 42% growth, Middle East 18%, and the Africa region 21%. Citibank continues to be a leading contributor to the development of financial markets in these regions and was voted "Best Bank in Africa" by *Euromoney* in July 1993.

FINANCIAL INSTITUTIONS AND TRANSACTION SERVICES (FITS)

Citibank serves the needs of financial institutions worldwide and provides transaction banking products and services to the full spectrum of the Global Finance customer base through its Financial Institutions and Transaction Services Group. In 1993, FITS reported a 9% gain in revenues, to $1.8 billion. (FITS financial results are included in Global Finance.)

Financial institutions, including banks, insurance companies, securities broker dealers, exchanges and clearing houses, institutional investors, and public sector entities, account for nearly 40% of FITS transaction banking revenues. In addition, FITS draws on the full range of Global Finance products to deliver financial solutions, such as asset securitization, to meet the needs of these institutions.

In addition, growing numbers of non financial corporations also need and use transaction banking services. These needs arise from business and capital raising activities that become increasingly global as companies move toward consolidated financial operations. All customer segments are increasing the cross border portion of their activity, which Citibank is uniquely positioned to serve.

Transaction banking services are fee based activities that tend to be stable and predictable, providing Citibank with an annuity like revenue stream. This business builds on Citibank's long term relationships with clients.

Citibank's position as a worldwide provider of transaction services rests on its global capabilities as well as its commitment to technology and service quality.

With clearing services in 88 countries, securities custody processing services in 47 countries and trade services in 77 countries, Citibank offers a breadth of coverage and economies of scale that are unmatched by other competitors in the marketplace. Its broad global presence also makes it possible for FITS to accumulate knowledge of the world's markets.

regulatory mechanisms and banking infrastructure that represents a unique competitive advantage.

Citibank is not only a major U.S. dollar clearer but also a significant provider of such services in major money markets like London, Frankfurt, Tokyo and Zurich. Other banks typically conduct currency clearing services only in their home country.

With roots in the traditional correspondent banking services of U.S. dollar clearing, import letters of credit and data processing, the FITS product base has evolved into three core global product lines: cash management, securities services and trade services.

Cash management includes payment and collection services, currency clearing and cross-border payment services. Citibank is the leading provider of global cash management services in the world with a top-ranked position in U.S. dollar funds transfer and it is a leading supplier in controlled disbursements.

Citibank is a top-ranked clearer of cross-border securities around the world, the leader in cross-border assets under custody, and one of the leading providers of trust services. The bank is also one of the principal servicers of American Depositary Receipts (ADRs). In 1993, Daimler Benz chose Citibank's Issuer Services unit to serve as depositary bank for its ADRs.

In trade services, Citibank is the number one trade bank in the U.S. and the top provider of trade financing under U.S. Export-Import Bank programs. The company continues to innovate in cross-border risk management techniques, particularly in markets that are opening up to increased commerce through trade liberalization.

VISION IN [illegible]

[illegible]

WORLD CORPORATION GROUP (WCG)

The World Corporation Group serves the banking needs of a select group of approximately 220 multinational clients by delivering the full array of Citibank's global products and services to both parent companies and their 5,500 subsidiaries in 74 countries.

WCG clients represent only about 3% of total Global Finance customers. However, because they need a high level of complex, coordinated international banking services, the WCG generates almost 16% of total Global Finance revenues.

In 1993, the WCG reported revenues of $966 million, up [illegible] over the previous year. (WCG financial results are included in Global Finance.)

Growth was particularly strong in Latin America, where revenues grew by 16[illegible] and in the Europe, Middle East and Africa region, where they were up [illegible]. Revenue [illegible] in North America and were [illegible] in the Asia Pacific region [illegible] Korea, where regulatory [illegible] produced [illegible].

Overall, [illegible] of WCG revenues came from markets in North America, Europe and Japan, and [illegible] from developing markets.

WCG clients, including many of the world's largest and best-known corporate names, operate in a true multinational fashion. As a result they tend to place a high value on the Citibank global network and the concept of relationship banking.

Citibank can deliver the full range of banking and financing services in more locations than any other institution, and through the WCG structure is able to integrate them into a truly global strategy. This establishes a strong foundation for client relationships. In addition, it creates substantial opportunities for cross-selling.

Transaction banking services like cash management are particularly important to multinational clients, since they often have complex cash flow requirements in numerous currencies and locations.

Citibank's relationships with many WCG clients go back over 75 years, and half of the WCG client base have been clients for over 30 years.

The 25 most active WCG clients, measured by the number of countries where they do business with Citibank, average 36 countries apiece. The typical WCG client has relationships with Citibank in 14 countries. Over the past 18 months, the WCG has opened over 300 active new relationships with subsidiaries of its existing client base.

To ensure that clients derive the full benefit of coordinated service worldwide and have access to the Citibank services they need wherever they need them, the WCG uses a global relationship management system. Responsibility for each WCG relationship is vested in a Parent Account Manager who orchestrates the delivery of the bank's resources to meet the client's banking needs. The Parent Account Manager directs a network of Subsidiary and Regional Account Managers.

Parent Account Managers generally stay in their assignment for a minimum of four years. External surveys consistently rank Citibank's relationship managers at or near the top of the industry.

The WCG supports its global account management approach with a management information system that monitors client and account activities on a worldwide basis, as well as subsystems that track activity and profitability on a local, individual or regional basis.

CITIBANK GLOBAL ASSET MANAGEMENT (CGAM)

Citibank Global Asset Management works with the Citibank Private Bank, Global Finance and the Global Consumer business to provide investment management products and services to a wide range of clients. These include high net worth individuals, mutual fund customers and institutions such as governments, banks, corporations and pension funds.

Headquartered in London and New York, CGAM has 27 investment offices around the world including almost 200 investment professionals. Its presence in major capital markets is supplemented by investment centers in emerging markets such as Mexico, Brazil, Chile, Indonesia and the Philippines. Many of these units have built substantial positions within their own investment management markets. For example, in Brazil, CGAM is the country's fourth-largest investment manager, while in Chile it is the second-largest mutual fund group in the country and manages the largest equity fund. This unique network, combined with Citibank's presence in over 90 countries, differentiates CGAM from its investment management competitors.

CGAM continued to expand its business rapidly during 1993. Assets under management and advice grew by $8 billion to reach $74 billion at year-end. (CGAM financial results are included in Global Consumer and Global Finance.)

Investment activities in the Private Banking sector experienced strong growth, balanced between discretionary portfolio management and advisory services. There was increasing client demand for structured investment vehicles, several of which were launched during the year. Assets of mutual funds offered by the Private Bank around the world were approximately $4 billion.

CGAM continued to provide a broad array of liquidity, fixed income, equity and other asset services to Global Finance clients. The Emerging Markets program, including a Luxembourg-based Global Emerging Markets fund, scored notable successes in Europe and the Middle East and has been launched in the U.S. and Japanese market. New investment offices were opened in Jakarta and Manila in the burgeoning Southeast Asia market.

In Germany and Greece, new proprietary mutual fund initiatives were successfully established, and assets under management increased substantially in existing businesses in Spain, France and Belgium. A new family of mutual funds was also introduced in Australia during the year.

In the U.S., assets of the proprietary Landmark funds were $3 billion. Landmark also modified its Hub & Spoke structure for mutual fund offerings to allow both onshore and offshore investors access to the U.S. product line.

Risk management is the cornerstone of Citicorp's business. Risks arise from lending, underwriting, trading and other activities the bank routinely engages in on behalf of clients around the world. As part of the continuing effort to manage the credit and risk portfolio, the Credit Policy Committee has developed a global report that consolidates and enhances portfolio information and establishes a process for the Management Committee to review the portfolio in depth several times each year.

The report, called "Windows on Risk," includes an assessment of the global external environment and an evaluation of Citicorp's portfolio in terms of 12 key risk dimensions or "windows."

The Management Committee uses the Windows on Risk report to understand and evaluate Citicorp's aggregate risk profile, control concentrations in countries, specific industries, products and clients, determine portfolio actions, and help create a balance between Citicorp's risk profile, budgets, operating earnings, and capital.

One key outcome of every review is the development of a Management Committee consensus on the global external environment for the next 18 months. This consensus is reached by assessing both the environment and its probable impact on Citicorp's risk profile. The process is as follows.

The Committee considers its prior view of the external environment, critical new developments, the latest position of each country or region along with business cycle and economic scenarios for the major economies. These scenarios include alternate descriptions of the economic environment over the next two years, with forecasts of key economic indicators and the resulting business implications. Supporting each scenario are graphical analyses that track specific economic indicators strongly correlated to the critical success factors for Citicorp's businesses.

The Committee also examines an outlook for 12 global industries over the next 12 to 18 months, based on an extensive review process that brings together internal analysts and senior lending officers from around the globe. The opinions of external experts are also incorporated.

Critical events that are likely to occur in the next 3 to 18 months are identified and discussed in an analysis called "Tripwires." For the more important countries, economic as well as geopolitical events are analyzed and key watch dates are assigned to each event. If an event does occur, the Management Committee's consensus view may be altered, and portfolio actions will be recommended as needed.

The final step in the analysis of the external environment takes the form of "what if" scenarios depicting highly unfavorable economic or geopolitical developments that could occur in the next two years.

The purpose of developing these scenarios is to raise awareness of the potential for major adverse developments and to identify actions that will minimize the negative consequences for the portfolio in the event that any one shows early signs of occurring. The analyses of the external environment are then synthesized into a Management Committee consensus view. With this view, the second phase of the Windows on Risk review begins with an evaluation of Citicorp's consolidated risk profile.

TWELVE WINDOWS ON RISK

Twelve risk dimensions, or windows, highlight the major risks that affect Citicorp's businesses. The windows provide perspective on Citicorp's aggregate portfolio at the end of the current and prior quarter, and act as an early warning of excessive concentrations.

1 The Risk Rating window identifies trends in the risk distribution of Citicorp's portfolio based on the assigned risk ratings of clients. These ratings reflect an assessment of a client's creditworthiness. This window also compares risk against return.

2 The Industry window tracks industry concentrations globally as well as within and across regions of the world.

3 The Limits window tracks global relationship concentrations and consumer program exceptions in order to provide senior management with an early indication of concentrations in a particular risk rating, geographic area, or among certain relationships or consumer products.

4 The Product window evaluates concentrations in consumer managed receivables both by product and by region.

5 The Global Real Estate window tracks the commercial portfolio in terms of outstandings and unused commitments, nonperforming assets and net credit losses. The commercial and consumer real estate portfolios are both monitored against global concentration limits.

6 The Country Risk window captures a broad category of risk encompassing political as well as cross-border risk.

7 The Counterparty Risk window evaluates the presettlement risk which arises from the trading of foreign exchange and derivative products such as swaps.

8 The Dependencies window directly links the current external environment to Citicorp's exposures in specific industries and consumer products. It is reviewed to determine the portfolio's sensitivity to key external factors, such as drops in global asset values and structural changes in industries. For each factor, a set of indicators strongly correlated with success in Citicorp's businesses is tracked and evaluated.

9 The Price Risk window captures the risk that Citicorp's earnings will decline as a result of a change in the level or volatility of interest rates, foreign exchange rates, or commodity and equity prices.

10 The Liquidity Risk window evaluates funding exposure by tracking credit spreads, market transactions and the balance sheet composition.

11 The Equity Subsidiary window captures the risk associated with Citicorp's investment in equity and subsidiaries. To control this risk, these activities are monitored against portfolio limits.

12 The Distribution Underwriting window captures the risk that arises when Citicorp commits to purchase an instrument from an issuer and persists if the instrument isn't sold within a predetermined holding period.

The final phase of the Management Committee review entails synthesizing the information in the report and developing recommendations for portfolio actions. These recommendations are reviewed and the impact on the balance sheet and business operating strategy is assessed. Responsibility for specific portfolio actions is then assumed by individual Management Committee members.

The Windows on Risk reporting process is dynamic and responsive. As new concerns or ideas emerge within Citicorp or significant events alter the external environment, these are incorporated into the report and reviewed on an ongoing basis by the Management Committee. This process ensures that the report remains a valuable tool for the global bank.

The Windows on Risk report and the related formalized portfolio review process represent Citicorp's commitment to controlling risks and to avoiding future surprises. As a result of these efforts and others, Citicorp has a much clearer view of the environment in which it operates and of the risks inherent in its businesses.

GLOBAL CORPORATE CITIZEN

At Citibank, corporate citizenship includes helping solve community problems as well as meeting customer needs. Citibank's business is conducted most where communities are healthy and vital.

For Citibankers, solving community problems draws upon both human and financial resources. From a highly talented workforce come the role [illegible] discipline, strength and compassion to make communities where they work and live better places. Financial assistance is also critical. Citibank devoted $22 million worldwide to education, community development, health, the environment and culture in 1993. Citibankers and Citibank retirees [illegible] additional $[illegible] million from their own resources.

PRE-COLLEGE EDUCATION

Education is one of Citibank's chief [illegible] interests, and the programs it underwrites span the globe. It is now in its [illegible] the fifth year of a $3 million [illegible] [illegible] commitment to primary and secondary schools called "Partners in Education."

One hundred Citibank Faculty trained at the Coalition of Essential Schools at Brown University are now not only changing the way in which their own classes are conducted, but are also training hundreds of other teachers in new methods that emphasize student responsibility for learning. This pioneering work has attracted the attention of not only educators but private philanthropists as well.

In Chicago, Washington, D.C. and Florida, Citibank is in the final year of underwriting school-based management initiatives at 20 schools where teachers, parents and principals now have greater ownership of the [illegible] and higher accountability for student performance.

In New York, the bank has renewed its commitment to the Choir School of Harlem, which will help the Harlem Boys Choir expand its educational mission into a [illegible] coeducational high school.

HIGHER EDUCATION

In its global support of higher education, Citibank continues to fund scholarships, teaching improvement and development initiatives. In the United States, most programs help minorities and women participate in and benefit from college-level education. [illegible] initiatives include support for the MBA Enterprise Corps in Eastern Europe, [illegible] a [illegible] program offered via satellite in South America, and [illegible] exchange programs in Thailand. Support extends both to these institutions that are sources for future employees and to [illegible] initiatives that will [illegible] a better educated market place for the bank's services and products.

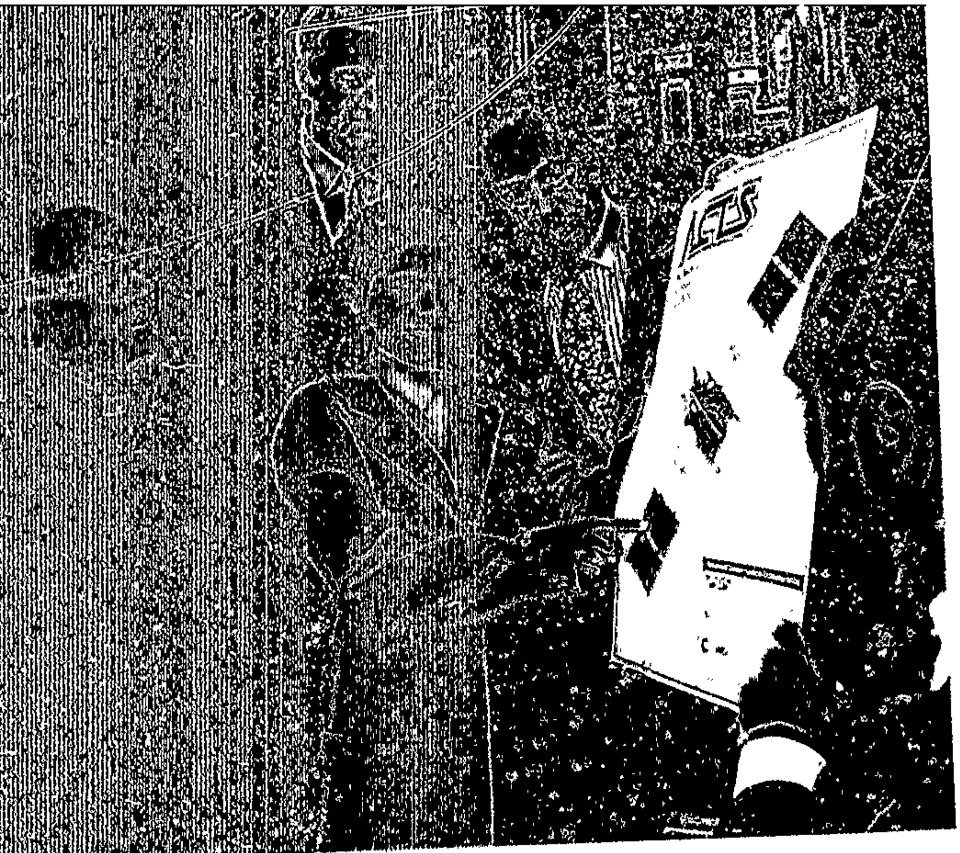
COMMUNITY DEVELOPMENT

Community development is Citibank's other priority interest. The bank's programs aim at increasing the supply of affordable housing and expanding business and employment opportunities in the neighborhoods and towns in which it does business. In housing, Citibank employees that are critical components to expanding the supply of affordable units. [illegible] project development and [illegible] and [illegible]. The bank supports [illegible] [illegible] [illegible] [illegible] [illegible] [illegible] [illegible] [illegible] [illegible] [illegible] [illegible] [illegible] [illegible] [illegible] [illegible] [illegible] [illegible] [illegible] Housing Fund.

Citibank is also helping Community Development Corporations [illegible] start small businesses [illegible] [illegible] equity grants and [illegible] [illegible] assistance to groups such as CREDIT Inc. in New York's South Bronx and the Maine Community Loan Fund. Through funding of ACCION, the bank is helping to [illegible] Latino entrepreneurs start new small businesses in [illegible] Brooklyn, N.Y. Additionally, it is helping ACCION expand its [illegible] small business development [illegible] across Latin America through support of its microenterprise training center in Bogota, Colombia.

In Poland, Citibank is fostering the entrepreneurial spirit and development of the private economy [illegible] supporting [illegible] [illegible] of the [illegible] [illegible] project. In Indonesia, Citibank [illegible] supported [illegible] [illegible] [illegible] local artisans in their efforts to market their wares and create export markets.

In South Africa, under an agreement with Dinners Club and the Good Hope Foundation, the Get Ahead Foundation has received grants to make hundreds of microenterprise



HEALTH AND THE ENVIRONMENT

THE ARTS AND ARTS EDUCATION

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CITICORP IN BRIEF

In Millions of Dollars Except Per Share Amounts	1993	1992	1991	1990	1989
Net Income (Loss)					
Before Accounting Changes	$ 1,910	$ 722	$ (914)	$ 318	$ 498
After Accounting Changes[1]	$ 2,219	$ 722	$ (457)	$ 458	$ 498
Net Income (Loss) Per Share[2]					
On Common and Common Equivalent Shares					
Before Accounting Changes	$ 3.82	$ 1.35	$ (3.22)	$ 0.57	$ 1.16
After Accounting Changes[1]	$ 4.60	$ 1.35	$ (1.85)	$ 0.99	$ 1.16
Assuming Full Dilution					
Before Accounting Changes	$ 3.53	$ 1.37	$ (3.22)	$ 0.57	$ 1.16
After Accounting Changes[1]	$ 4.11	$ 1.37	$ (1.85)	$ 0.99	$ 1.16
Return on Assets and Equity					
Return on Total Assets[3]					
Before Accounting Changes	.84%	.33%	(.41)%	.14%	.23%
After Accounting Changes[1]	.97%	.33%	(.21)%	.20%	.23%
Return on Common Stockholders' Equity[4]					
Before Accounting Changes	17.7%	6.6%	(14.9)%	2.1%	4.3%
After Accounting Changes[1]	21.1%	6.6%	(7.0)%	3.7%	4.3%
Return on Total Stockholders' Equity[5]					
Before Accounting Changes	15.3%	7.3%	(9.4)%	3.1%	4.7%
After Accounting Changes[1]	17.7%	7.3%	(4.5)%	4.4%	4.7%
Capital					
Tier 1 Capital	$ 13,388	$ 10,262	$ 8,549	$ 7,999	$ 7,674
Tier 1 + Tier 2 Capital	$ 23,152	$ 20,111	$ 17,080	$ 15,608	$ 15,048
Tier 1 Capital Ratio	6.62%	4.90%	3.73%	3.26%	3.22%
Tier 1 + Tier 2 Capital Ratio	11.45%	9.60%	7.40%	6.62%	6.44%
Common Stockholders' Equity as a Percentage of Total Assets	4.65%	3.73%	3.33%	3.77%	3.67%
Total Stockholders' Equity as a Percentage of Total Assets	.44%	5.23%	4.37%	4.45%	4.37%
Common Stockholders' Equity Per Share	$ 26.04	$ 21.74	$ 21.23	$ 24.34	$ 25.36

(1) Refers to adoption of Statement of Financial Accounting Standards No. 109 "Accounting for Income Taxes" as of January 1, 1993, accounting change for venture capital subsidiaries in 1991, and accounting change for certain derivative products in 1990.
(2) Based on net income (loss) less preferred stock dividends, except where conversion is assumed.
(3) Net income (loss) as a percentage of average total assets.
(4) Earnings (loss) applicable to common stock as a percentage of average common stockholders' equity.
(5) Net income (loss) less redeemable preferred dividends as a percentage of average total stockholders' equity.

MARGIN ANALYSIS

In Millions of Dollars	1993	1992	1991	1990	1989
Total Revenue	$ 16,075	$ 15,621	$ 14,750	$ 14,587	$ 13,762
Effect of Credit Card Securitization[2]	1,282	1,390	1,155	639	20
Net Cost to Carry[3]	252	421	454	311	109
Capital Building Transactions[4]	2	(820)	(602)	–	(180)
Adjusted Revenue	$ 17,611	$ 16,612	$ 15,857	$ 15,537	$ 13,878
Total Operating Expense	$ 10,615	$ 10,057	$ 11,097	$ 11,093	$ 9,698
Net OREO Costs[5]	(245)	(347)	(285)	(48)	(7)
Restructuring Charges	(425)	(227)	(759)	(300)	(103)
Adjusted Operating Expense	$ 9,945	$ 9,483	$ 10,062	$ 10,751	$ 9,588
Operating Margin	$ 7,666	$ 7,129	$ 5,795	$ 4,786	$ 4,290
Consumer Credit Costs[6]	$ 2,740	$ 3,309	$ 2,958	$ 1,929	$ 1,434
Commercial Credit Costs[7]	1,036	2,458	2,159	629	246
Operating Margin Less Credit Costs	$ 3,890	$ 1,362	$ 647	$ 1,858	$ 2,610
Additional Provision[8]	603	637	630	732	1,154
Restructuring Charges	425	227	759	300	103
Capital Building Transactions[4]	(2)	839	502	–	180
Income (Loss) Before Taxes and Cumulative Effects of Accounting Changes	$ 2,860	$ 1,418	$ (237)	$ 826	$ 1,533

(1) Citicorp uses the concept of Operating Margin as an important measure of the Corporation's ability to absorb credit costs, build profitability and strengthen capital. Operating margin is the difference between revenues and operating expense, adjusted for credit related costs, the effect of credit card securitization and nonrecurring items (asset sales, business write downs and restructuring charges).
(2) For a description of the effect of credit card receivables securitization, see page 53.
(3) Principally the net cost to carry commercial cash basis loans and Other Real Estate Owned (OREO).
(4) Reflects net pre-tax gains/(losses) related to asset sales and business write-downs. In 1993, business write downs primarily related to Quotron. See Corporate Items on page 32 for further discussion. Also includes the effect on reported revenues through the third quarter of 1991 related to the accounting change for venture capital subsidiaries.
(5) Principally net write-downs and direct revenues and expenses related to OREO.
(6) Principally consumer net credit write offs adjusted for the effect of securitization of credit card receivables.
(7) Includes commercial net credit write offs, net cost to carry, net OREO write downs and direct revenues and expenses related to OREO.
(8) Represents provision for consumer and commercial credit losses above net write offs. Amounts in 1992 and 1991 reflect releases of $257 million and $150 million, respectively, from the cross-border refinancing portfolio allowance, while 1989 reflects an addition of $1.0 billion to this allowance.

THE BUSINESSES OF CITICORP

Citicorp, with its subsidiaries and affiliates, is a global financial services organization. Its staff of 81,500 serves individuals, businesses, governments, and financial institutions in over 3,300 locations, including branch banks, representative offices, and subsidiary and affiliate offices in 93 countries throughout the world.

Citicorp, a U.S. bank holding company, was incorporated in 1967 under the laws of Delaware and is the sole shareholder of Citibank, N.A. (Citibank), its major subsidiary.

Citicorp is regulated under the Bank Holding Company Act of 1956 and is subject to examination by the Federal Reserve Board. Citibank is a member of the Federal Reserve System and is subject to regulation and examination by the Office of the Comptroller of the Currency. See page 95 for further discussion of regulation and supervision.

Citicorp's activities are primarily within the core business franchises of Global Consumer and Global Finance. The Global Consumer business serves a full range of consumer financial needs worldwide while the Global Finance business serves corporations, financial institutions, governments and participants in capital markets throughout the world.

The businesses of both Global Consumer and Global Finance reflect differences in financial marketplaces and can be considered as a North America, Europe and Japan grouping and a Developing Economies grouping. The latter encompasses activities in Latin America, Asia, Central and Eastern Europe, the Middle East and Africa.

Excluded from Global Finance in North America, Europe and Japan is North America Commercial Real Estate, which includes the commercial real estate divisions in the U.S. and Canada and is discussed on page 31, with additional portfolio details provided on pages 37 to 40.

The Cross-Border Refinancing Portfolio is centrally managed and has a separate focus from the local activities in the refinancing countries as is discussed on pages 40 to 42.

Additional data on the geographic distribution of revenue, earnings (loss) and assets are disclosed in Note 19 to the Financial Statements.

BUSINESS FOCUS

	Net Income (Loss) $ Millions 1993	1992[1]	Average Assets $ Billions 1993	1992[1]	Return on Assets 1993	1992[1]
Global Consumer[2]						
North America, Europe and Japan	$ 665	$ 430	$ 75	$ 85	.89%	.52%
Developing Economies	556	448	25	21	2.22%	2.13%
Global Finance[3]						
North America, Europe and Japan	909	409	73	64	1.25%	.77%
Developing Economies	761	643	36	32	2.11%	2.01%
North America Commercial Real Estate	(621)	(1,316)	12	14	(5.18)%	(9.40)%
Cross-Border Refinancing Portfolio	92	403	3	4	3.07%	10.08%
Corporate Items[4]	(448)	(385)	4	6	(11.08)%	(6.42)%
	$ 1,919	$ 722	$ 228	$ 226	.84%	.32%
Cumulative Effect of Accounting Change[5]	300	—	—	—	—	—
Total Citicorp	$ 2,219	$ 722	$ 228	$ 226	.97%	.32%

(1) Reclassified to conform to current year's presentation.
(2) Global Consumer results reflect after tax restructuring charges of $143 million in 1993 and $82 million in 1992. Of these amounts, Global Consumer North America, Europe and Japan included $109 million and $74 million, respectively.
(3) Global Finance results reflect after tax restructuring charges of $35 million in 1993 and $49 million in 1992. Of these amounts, Global Finance North America, Europe and Japan included $33 million and $31 million, respectively.
(4) Corporate Items includes the effects of asset sales as well as business write-downs. Results for 1993 also reflect after tax restructuring charges of $16 million, compared with $81 million in 1992. See page 33 for a further discussion of Corporate Items.
(5) Represents cumulative effect of adopting Statement of Financial Accounting Standards No. 109 "Accounting for Income Taxes" as of January 1, 1993.

PEOPLE

Common Stockholders	60,000
Employees	
United States	38,500
Outside the U.S.	43,000
Total	81,500

OFFICES

United States (In 33 states and the District of Columbia)	
Branches	542
Subsidiaries' Offices	788
Other Offices	59
Total U.S. Offices	1,389

Outside the U.S. (In 92 countries)	
Branches and Representative Offices	324
Banking Subsidiaries' and Affiliates' Offices	731
Other Financial Affiliates' and Subsidiaries' Offices	892
Total Offices Outside the U.S.	1,947
Total Offices	3,336

GLOBAL CONSUMER

In Millions of Dollars	1993	1992[1]	Inc / (Dec)	%
Total Revenue	$ 9,600	$ 9,285	$ 315	3
Restructuring Charges	$ 233	$ 130	$ 103	79
Other Operating Expense	5,965	5,789	176	3
Total Operating Expense	$ 6,198	$ 5,919	$ 279	5
Provision for Credit Losses	$ 1,686	$ 2,134	$(448)	(21)
Income Before Taxes	$ 1,716	$ 1,232	$ 484	39
Income Taxes	495	345	150	43
Net Income	$ 1,221	$ 887	$ 334	38
Average Assets (In Billions)	$ 100	$ 106	$ (6)	(6)
Return on Assets	1.22%	.84%	.38%	-
Adjusted for Credit-Related Items				
Total Revenue[2]				
Total Global Consumer	$10,892	$10,675	$ 217	2
North America, Europe and Japan	8,726	8,868	(142)	(2)
Developing Economies	2,166	1,807	359	20
Other Operating Expense[3]				
Total Global Consumer	$ 5,927	$ 5,789	$ 138	2
North America, Europe and Japan	4,705	4,711	(6)	—
Developing Economies	1,222	1,078	144	13
Credit Costs[4]				
Total Global Consumer	$ 2,740	$ 3,309	$(569)	(17)
North America, Europe and Japan	2,586	3,173	(587)	(18)
Developing Economies	154	136	18	13

(1) Reclassified to conform to current year's presentation.
(2) Adjusted principally for the effect of credit card receivables securitization.
(3) 1993 amounts exclude net write-downs and net direct expenses related to OREO for certain real estate lending activities.
(4) Principally net credit write-offs adjusted for the effect of credit card receivables securitization.

The Global Consumer businesses reported 1993 net income of a record $1.2 billion, representing a return on average assets of 1.22%. The earnings increase was led by U.S. credit cards, private banking activities and branch and card businesses in the Developing Economies. Excluding the after-tax effect of restructuring charges, net income was $1.4 billion, compared with $969 million in 1992.

The consumer businesses in North America, Europe and Japan earned $804 million in 1993, compared with $513 million in 1992, excluding after-tax restructuring charges of $139 million and $74 million, respectively. The earnings improvement principally reflected sharply lower credit losses in the North America consumer business and higher revenues in the European private banking business, partially offset by lower revenues in North America.

The consumer businesses in the Developing Economies earned $560 million in 1993, compared with $456 million in 1992, excluding after-tax restructuring charges of $4 million and $8 million, respectively. Business expansion efforts have led to broadly based revenue growth in both the Asia and Latin America consumer businesses, as well as in private banking activities in these regions.

Global Consumer revenues in 1993 grew a modest 3% over the prior year, or 2% when adjusted for credit related items. The Developing Economies had continued strong business momentum with revenues up 20% on higher asset levels, attractive spreads and increased fee-based revenues. Revenues in North America, Europe and Japan, although benefitting from improved funding costs and effective management of interest rate exposure in a generally declining rate environment during 1993, as well as from substantial investment management and derivatives products activity in the European private banking business, were lower 2% year on year principally reflecting competitive pressures in the U.S. credit card market, lower loan volumes in the U.S. branch business and the impact of non-strategic business dispositions.

U.S. credit card revenues declined 4% in the year as the effect of lower accounts and receivables, as well as card pricing strategies in a highly competitive market, were only partially mitigated by improved funding costs and the effective management of interest rate exposure. The expected combination of increased credit card purchase volumes in an improving economy, lower funding costs and lower net credit losses make it possible to take the pricing actions without significantly affecting profitability.

U.S. branch revenues (including mortgages) were down 1% in the year, excluding the impact of the sale during 1993 of the non-strategic branch business in Arizona, as improved funding costs and the effective management of interest rate exposure helped mitigate the impact of lower loan volumes. In the U.S. mortgage operation, the net adjustment required to reflect accelerated prepayments of securitized mortgages declined to $120 million in the year, compared with $255 million in 1992. The reduction in this adjustment, along with lower recourse-related costs on securitized mortgages, almost entirely compensated for the decline in securitization gains and excess servicing fee revenues. Depending on the level of interest rates, mortgage prepayment rates and hedging actions employed, further adjustments could be required to the carrying amount of servicing assets that are subject to prepayment risk.

The Global Consumer businesses recorded obligations incurred in connection with restructurings of $233 million in 1993 and $130 million in 1992, principally in the U.S. markets. Excluding these charges and other credit-related costs, operating expenses in 1993 were essentially unchanged from 1992 in the North America, Europe and Japan businesses. Increased marketing efforts to protect U.S. credit card market share and investment spending in the U.S. branch business were offset by the effect of non-strategic business dispositions, lower credit card fraud costs and improved productivity in the European branch system. Operating expenses in the Developing Economies have increased in support of the business expansion in these markets.

The Global Consumer provision for credit losses included additional provisions to the reserve of $276 million in 1993, compared with $215 million in the prior year, reflecting the weak and uneven economic conditions in certain markets. The Global Consumer businesses' credit costs, adjusted for the effect of credit card securitizations, included net write-offs of $2,692 million and $3,309 million in 1993 and 1992, respectively. The improvement is primarily due to significantly lower U.S. credit card losses and the impact in 1992 of the change in the treatment of in-substance foreclosed residential properties. Consumer loans on the balance sheet that are delinquent 90 days or more improved to $3.6 billion or 4.2% of total consumer loans at December 31, 1993, compared with $3.9 billion or 4.7% of total consumer loans at the end of the prior year. This reflected steady improvement in the U.S. portfolio, partially offset by deterioration in the European portfolios, principally in Germany. Due to uneven economic conditions in the U.S. and weak conditions in Europe, net credit losses and delinquencies could remain at relatively high levels with further increases in credit reserves possible. See pages 34 and 35 for an expanded discussion of the consumer portfolio.

The decrease in average assets in the Global Consumer businesses reflects the impact of mortgage prepayments in excess of new originations, tightened credit criteria in the U.S. branch business and continued credit card securitizations, partially offset by business volume growth in the Developing Economies.

In Millions of Dollars	1993	1992 (1)	Inc. (Dec.)	%
Total Revenue	$6,108	$5,406	$ 702	13
Restructuring Charges	$ 156	$ 76	$ 80	N/M
Other Operating Expense	3,279	3,137	142	5
Total Operating Expense	$3,435	$3,213	$ 222	7
Provision for Credit Losses	$ 295	$ 644	$(349)	(54)
Income Before Taxes	$2,368	$1,549	$ 819	53
Income Taxes	698	416	282	68
Net Income	$1,670	$1,133	$ 537	47
Average Assets (In Billions)	$ 109	$ 96	$ 13	14
Return on Assets	1.53%	1.18%	[illegible]	
Adjusted for Credit-Related Items				
Total Revenue (2)				
Total Global Finance	$6,166	[illegible]	[illegible]	[illegible]
North America, Europe and Japan	3,965	[illegible]	[illegible]	15
Developing Economies	2,201	[illegible]	[illegible]	34
Other Operating Expense (3)				
Total Global Finance	$3,299	$3,066	$ 233	8
North America, Europe and Japan	2,193	2,129	64	3
Developing Economies	1,106	937	169	18
Credit Costs (4)				
Total Global Finance	$ 195	$ 740	$(545)	(74)
North America, Europe and Japan	150	650	(500)	(77)
Developing Economies	45	90	(45)	(50)

(1) Reclassified to conform to the current year's presentation.
(2) After adding back the net cost to carry cash basis loans and OREO.
(3) Excludes net write-downs (recoveries) and direct revenues and expenses related to OREO.
(4) Includes net write-offs, the net cost to carry cash basis loans and OREO, as well as net write-downs (recoveries) and direct revenues and expenses related to OREO.
N/M Not meaningful as percentage equals or exceeds 100%.

Global Finance reported net income of $1.7 billion in 1993, compared with $1.1 billion in 1992, primarily reflecting strong revenues but also lower credit costs. These results included obligations incurred in connection with restructurings of $95 million in 1993 and $49 million in 1992, after-tax, principally related to cost saving programs in the North America and Europe businesses.

Net income for Global Finance businesses in North America, Europe and Japan was $992 million in 1993, compared with $521 million in the prior year excluding after-tax restructuring charges of $83 million and $31 million, respectively. The earnings improvement in 1993 primarily reflected reductions in the level of provisioning for credit losses, including lower net write-offs, as well as strong results from trading activities in the foreign exchange, securities trading and derivatives markets. Developing Economies net income was $773 million in 1993, up from $661 million in the prior year, excluding after-tax restructuring charges of $12 million and $18 million, respectively. The increase in the year reflected business momentum across each of the geographic regions, partially offset by charges taken in connection with the withdrawal from the business of portfolio management for customers in India.

Global Finance revenues of $6.1 billion in 1993 increased 13% from $5.4 billion in the prior year, led by higher revenues from trading related activities. Adjusted for credit-related items, Global Finance revenues in North America, Europe and Japan of $4.0 billion increased 10% from $3.6 billion in the prior year. This increase reflected strong trading-related revenues from activities in the foreign exchange, securities trading and derivatives markets, principally in the European and North American businesses, which benefitted from increased volumes, declining interest rates and currency volatility. Since these volatile conditions may not continue, revenues may decline from these high levels. The strong revenues from these activities were partially offset by the impact of the persistent slow economic environment on many of the North America, Europe and Japan businesses. Revenues from Global Finance activities in the Developing Economies were $2.2 billion in 1993, up 14% from the prior year. This improvement reflected broadly based revenue increases across products and geographic regions.

Revenues from trading activities in the foreign exchange, derivatives and securities markets contributed $2.8 billion, or approximately 45% of total Global Finance revenues in 1993, up from $2.2 billion or approximately 40% in 1992. These revenues benefited from increased customer demand for risk management products as well as the volatile market conditions in the latter half of 1992 and during 1993. Trading activities in the foreign exchange markets contributed $0.9 billion in 1993, down from $1.0 billion in 1992. Derivative products, which include interest rate and currency swaps, options, financial futures, equity, and commodity contracts, reported revenues of $0.8 billion in 1993, up from $0.4 billion in 1992. These revenues are primarily attributable to interest rate and currency derivatives. Revenues from trading in other markets including the debt and money markets increased to $1.1 billion from $0.8 billion year on year. See page 50 for a discussion of the income statement impact of trading activities.

Adjusted other operating expenses of $3.3 billion were up $233 million, or 8%, year on year. In the Global Finance businesses in North America, Europe and Japan expenses increased $64 million, or 3%, principally due to higher incentive compensation costs associated with the strong trading related revenues. The increase in expenses in the Developing Economies businesses reflected both investments in business development as well as the above noted charges associated with India, which totaled $89 million pre-tax. Citicorp understands that the Reserve Bank of India intends to levy fines against banks, including Citibank, which were involved in certain securities-related activities in India prior to 1993. Any such fines are not expected to have a material effect on Citicorp's results of operations.

The provision for credit losses in Global Finance was $295 million in 1993, down to less than half the 1992 level of $644 million. The current year's provision included additional provisions to the reserve of $148 million, compared with $99 million in the prior year, reflecting the weak and uneven economic environment in certain markets during the year. Net write-offs were $157 million in 1993, down sharply from $545 million in the prior year, which included approximately $190 million of net write-offs related to the U.K. real estate portfolio as well as higher net write offs in the North America commercial portfolio. Net write-offs in the Developing Economies portfolio were $42 million in 1993, compared with $65 million in the prior year. Net write-offs in the Global Finance business represented .34% of average loans in 1993, down sharply from 1.25% in 1992. The provision for credit losses is expected to only modestly decline from the 1993 levels.

The net cost to carry cash-basis loans and OREO in 1993 was $58 million, down to less than half the $124 million experienced in 1992, reflecting the decrease in cash-basis loans and OREO in the portfolio as well as lower interest rates in the year. The OREO portfolio generated net revenues of $20 million in 1993, an improvement from net costs of $71 million in the prior year, primarily reflecting net recoveries of $14 million in the current year, compared with net write-downs of $65 million in 1992. Global Finance cash-basis loans at December 31, 1993 were $0.8 billion, down from $1.4 billion at 1992 year end. The OREO portfolio of $0.5 billion at year end 1993, which is principally located in the U.K., was down $0.1 billion from the prior year.

Average assets increased $13 billion from the prior year, including a $9 billion increase in the Global Finance North America, Europe and Japan businesses, principally reflecting growth in federal funds sold, resale agreements, and trading account assets. Additionally, loan volumes increased in the Developing Economies

NORTH AMERICA COMMERCIAL REAL ESTATE

In Millions of Dollars	1993	1992[1]	Inc/(Dec)	%
Total Revenue	$ (11)	$ (45)	$ 34	76
Operating Expense	377	424	(47)	(11)
Provision for Credit Losses	610	1,622	(1,012)	(62)
(Loss) Before Taxes	$(998)	$(2,091)	$(1,093)	(52)
Income Taxes	(377)	(775)	(398)	(51)
Net (Loss)	$(621)	$(1,316)	$ (695)	(53)
Average Assets (In Billions)	$ 12	$ 14	$ (2)	(14)
Adjusted for Credit-Related Items:				
Total Revenue[2]	$ 173	$ 252	$ (79)	(31)
Operating Expense[3]	150	148	2	1
Credit Costs[4]	842	1,719	(877)	(51)

(1) Reclassified to conform to current year's presentation.
(2) After adding back the net cost to carry cash-basis loans and OREO.
(3) Excludes net write-downs and direct revenues and expenses related to OREO.
(4) Principally net write-offs, the net cost to carry cash-basis loans and OREO, as well as net write-downs and direct revenues and expenses related to OREO.

North America Commercial Real Estate reported a net loss of $621 million for 1993, reflecting an improvement from a loss of $1.3 billion a year ago, primarily due to lower levels of credit costs.

Revenues benefited from the lower net cost to carry cash-basis loans and OREO, offset in part by the reduced portfolio outstandings, while operating expenses reflected improved OREO operating results. The provision for credit losses was $610 million in 1993, compared with $1,622 million in the prior year. These provisions included additions to build the reserve over net write-offs of $179 million in 1993, compared with $476 million in 1992. The reduction in the provision in the current year reflected continued slowing in the pace of deterioration in the North America commercial real estate markets.

Cash-basis loans were $1.7 billion at December 31, 1993, down from $2.7 billion a year ago, while the OREO portfolio totaled $2.3 billion at December 31, 1993, down from $2.9 billion a year ago. The reduction in cash-basis loans and OREO included $0.6 billion of asset sales during 1993, with the majority being commercial properties and loans sold at approximately 62% of their original value. There are some indications of improvement, including increased liquidity, in certain real estate markets. As a result, credit costs are expected to moderate from 1993 levels. However, cash-basis loans, OREO and net credit costs are expected to remain at relatively high levels with further increases in credit reserves possible.

Further details with respect to the North America Commercial Real Estate Portfolio are provided on pages 37 to 40.

CROSS-BORDER REFINANCING PORTFOLIO

In Millions of Dollars	1993	1992[1]	Inc/(Dec)	%
Total Revenue	$126	$ 196	$ (70)	(36)
Operating Expense	28	29	(1)	(3)
Provision for Credit Losses	(1)	(254)	(253)	N/M
Income Before Taxes	$ 99	$ 421	$(322)	(76)
Income Taxes	7	18	(11)	(61)
Net Income	$ 92	$ 403	$(311)	(77)
Average Assets (In Billions)	$ 3	$ 4	$ (1)	(25)

(1) Reclassified to conform to current year's presentation.
N/M Not meaningful as percentage change exceeds 100%.

Citicorp's cross-border refinancing portfolio activities resulted in net income of $92 million in 1993, compared with $403 million in 1992. The year-to-year variance principally reflects the recognition of $97 million of Brazil interest in 1993 ($130 million in 1992) and the release in 1992 of $253 million from the allowance for credit losses attributable to the refinancing portfolio.

Medium- and long-term outstandings in the refinancing portfolio were $2.9 billion at December 31, 1993, compared with $3.3 billion a year ago. The reduction during the year reflects country write-offs, principally in Brazil, and actions taken to restructure Citicorp's exposure. Further details on the refinancing portfolio are provided on pages 40 to 42.

CORPORATE ITEMS

In Millions of Dollars	1993	1992 (1)	Inc. (Dec.)	%
Total Revenue	$ 262	$ 779	$(527)	(68)
Restructuring Charges	$ 36	$ 21	$ 15	71
Other Operating Expense	541	451	90	20
Total Operating Expense	$ 577	$ 472	$ 105	22
Income (Loss) Before Taxes	$(325)	$ 307	$(632)	N/M
Income Taxes	118	692	(574)	(83)
Net (Loss)	$(443)	$(385)	$ 58	15

(1) Reclassified to conform to current year's presentation
N/M Not meaningful as percentage equals or exceeds 100%

Corporate Items consists of unallocated corporate costs and other corporate items, including net gains related to capital-building transactions (including the effect of business write-downs), the recognition of U.S. deferred tax benefits and the offset created by attributing income taxes to business activities on a local tax rate basis. Corporate Items also includes the results of Quotron, which provides on-line real time financial information services. In January 1994, Citicorp reached an agreement to sell the U.S. market data services business of Quotron.

In 1993, Corporate Items reported a net loss of $443 million, compared with a net loss of $385 million in 1992. The year-to-year variance principally reflects lower net gains on asset sales and the effect of business write-downs, partially offset by the recognition of U.S. deferred tax benefits.

Revenues included net gains related to asset sales of $177 million in 1993 ($105 million after-tax), compared with $820 million in the prior year ($466 million after-tax). Revenues in 1993 also reflected business write-downs of $179 million, principally related to the disposition of the U.S. market data services business of Quotron. Operating expenses include costs related to Quotron, corporate employee expenses and other unallocated corporate costs. The higher level of other operating expenses in 1993 principally reflects increases in certain unallocated corporate costs partially offset by reduced expenses at Quotron.

Quotron had a net loss of $106 million in the year ($35 million excluding the after-tax effect of the business write-down), compared with a net loss of $48 million in 1992. These results largely reflect the activities of the U.S. market data services business of Quotron.

Corporate Items tax expense in 1993 reflects the recognition of $200 million of U.S. deferred tax benefits due to a favorable reassessment of future earnings expectations. Additionally the year on year improvement in corporate items tax expense reflects a reduction in the offset created by attributing income taxes to business activities on a local tax rate basis. See Note 8 on pages 79 and 80 for further discussion of income taxes.

RISK MANAGEMENT

The management of credit risk, market risk, and capital are central to Citicorp's management process.

THE CREDIT PROCESS

Four organizational groups—the Management Committee, the Credit Policy Committee, Line Management, and Business Risk Review—are central to conducting Citicorp's credit process. The Management Committee allocates the key corporate resources required, establishes the Corporation's overall risk capacity, sets portfolio profile targets at the corporate level, and reviews individual credit decisions that pose unusual or potentially material risks to the Corporation. The Credit Policy Committee's responsibilities include maintaining sound credit processes and standards (mainly documented in Citicorp's *Core Credit Policies*), participating in portfolio planning, reviewing exceptions to core credit policies, keeping credit risk within Citicorp's capacity, granting approval authority to Senior Credit Officers, and reviewing the adequacy of credit training. Credit Policy also keeps the Management Committee and the Board of Directors informed on portfolio quality, the portfolio's risk profile, problem credits and portfolios, and credit policy issues.

Line Management—from the Executive Vice Presidents down—is the critical element in day-to-day operation of the credit process. It develops and executes its own business plans, initiates and approves all extensions of credit as part of these plans, and is responsible for credit quality. Each Line Manager is expected to develop and execute the credit elements of his or her business plans in accordance with the *Core Credit Policies*. Additionally, it is line responsibility to establish supplementary credit policies specific to each business, deploy the credit talent needed, and monitor portfolio and process quality. Line units are also expected to surface problem credits or programs as they develop, and to correct deficiencies as needed through remedial management.

Citicorp's *Core Credit Policies* are organized around two basic approaches—Credit Programs and Credit Transactions. Credit Programs focus on the decision to extend credit to sets of customers with similar characteristics and/or product needs. Most Global Consumer activities (e.g., credit cards, mortgages) fall under the Credit Program process, but some Global Finance activities do as well. Approvals under this approach cover the expected level of aggregate exposure to a set of customers with homogeneous characteristics. One set of terms, risk acceptance criteria, operating systems, and reporting mechanisms applies to all credits approved under a particular program. This is a cost-effective approach that capitalizes on sophisticated management techniques well-suited to high-volume, small-transaction amounts for customers with similar characteristics.

Credit Programs are reviewed annually, with approvals tiered on the basis of projected aggregate client outstandings, whether the program is mature and stable or new, as well as how it has been performing. Functional specialists generally are involved in the approval process.

The Credit Transactions approach focuses on the decision to extend credit to an individual customer or customer relationship in the context of all existing facilities extended to a particular customer. It must be used with target market definition and risk acceptance criteria and requires detailed customized financial analysis. Most Global Finance and some Global Consumer activities (e.g., private banking and community banking) fall under the Credit Transaction process. The tiering of approval requirements for each decision is determined by the transaction amount, the client's aggregate facilities, credit quality as determined by risk ratings, and the approval levels established for the relevant banking business. If appropriate, approvals from underwriting specialists, product specialists, or industry specialists also may be required.

At Citicorp, credit is not extended on the judgment of only one officer. Extensions of credit — through Credit Programs or Credit Transactions — are approved by three line credit officers whose current positions involve responsibility for extending credit. One of the three approving credit officers is named the Responsible Officer, to ensure that all aspects of the credit process for a particular program or transaction are properly coordinated and executed. As the size or risk of a program or transaction increases, the three approvals may include one or two Senior Credit or Securities Officers. Senior Credit and Securities Officers are Citicorp's most experienced lenders and underwriters. They are designated by the Credit Policy Committee based on demonstrated skills, and their performance is reviewed and designation reconfirmed annually. Citicorp has over 500 Senior Credit and Securities Officers located around the world. At designated levels of risk, Line Manager Senior Credit Officer approvals are required, up to the level of Executive Vice President. Policy exceptions may also require approval by a Senior Line Manager, as well as the approval of a Member of the Credit Policy Committee or the Management Committee for the largest exposures.

Problem loan management is a line responsibility which may be handled by the business originating the credit or by a remedial management unit, depending on the seriousness of the problem. Two key areas focusing on remedial management are Institutional Recovery Management, which addresses non-real estate-related problem commercial credits and the North America Commercial Real Estate Group, which is discussed on pages 37 to 40.

Business Risk Review (BRR), which reports functionally to the Audit Committee of the Board of Directors, conducts periodic examinations of both portfolio quality and the credit process at the individual business level. BRR members include senior officers who rotate from line businesses into their review assignment for a period ranging from two to three years. BRR is also responsible for ensuring that line management has identified problem loan situations promptly and for surfacing any substandard elements of Citicorp's credit process.

A discussion of market risk management, including liquidity and price risk exposure management, derivative and foreign exchange activities, and a discussion of capital follows on pages 42 to 48.

PORTFOLIO RISK ANALYSIS

In the management of its credit portfolios, Citicorp emphasizes the importance of asset and earnings diversification, the immediate recognition as losses of all credits judged to be uncollectible, and the maintenance of an appropriate credit loss allowance.

Since all identified losses are immediately written off, no portion of the allowance is specifically allocated or restricted to any individual loan or group of loans, and the entire allowance is available to absorb all probable credit losses inherent in the portfolio. However, for analytical purposes, Citicorp views its allowance as attributable to the following portions of its credit portfolio.

Allowance for Credit Losses and as a Percentage of Loans

	1993 Loans $ Billions	1993 Allowance $ Millions	1992 Allowance $ Millions	1991 Allowance $ Millions
Global Consumer	$ 84.4	$1,596	$1,338	$1,148
Ratio		1.89%	1.69%	1.24%
Commercial	52.1	2,545	2,221	1,679
Ratio		4.88%	4.19%	2.57%
Cross Border Refinancing Portfolio[1]	2.5	238	300	521
Total	$139.0	$4,379	$3,859	$3,348
Ratio		3.15%	2.76%	2.19%
Reserve for Global Consumer Sold Portfolios		$ 527	$ 544	$ 412

(1) The allowance attributable to the cross border refinancing portfolio represented 8% of medium- and long-term loans and placements at December 31, 1993. When adjusted to add back $2.8 billion of cumulative country write-offs previously charged off, the allowance at December 31, 1993 was equivalent to 59% of similarly adjusted medium- and long-term claims, compared with 51% at year end 1992 and 74% at year end 1991.

The increases in the consumer portion of the allowance in 1993 and 1992 reflected continued reserve building in response to the economic environment in certain markets, particularly the U.S. and Europe.

The Global Consumer reserve for recourse provisions related to the sales of consumer loans or sales of participations in pools of loans and receivables decreased by $17 million in the year, reflecting the high level of mortgage prepayments and lower levels of mortgage sales with recourse exposure. This contrasted with an increase of $132 million in 1992 over 1991, which reflected higher sales of loans and participations as well as $90 million of charges taken in 1992 to build reserves to cover losses related to sold mortgages. Refer to Note 1 to the Financial Statements for further discussion of Citicorp's obligation under recourse provisions related to sold loans.

The build since 1991 in the allowance attributable to commercial credits principally reflected the uneven and weak economy in the U.S. and Europe and the deterioration in the North America commercial real estate markets.

The decrease since 1991 in the portion of the allowance attributable to cross border and foreign currency outstandings in the refinancing portfolio primarily reflects country write-offs (principally in Brazil), partially offset by net recoveries, as well as a release of $253 million from the allowance during 1992, reflecting improvement in the condition of the portfolio.

Uneven economic and real estate market conditions in the U.S. and weak economic conditions in Europe could result in increases in both the consumer and commercial portions of the allowance for credit losses.

CONSUMER PORTFOLIO

In the consumer portfolio, credit loss experience is often expressed in terms of annual credit losses as a percent of average consumer loans. Pricing and credit policies reflect the loss experience of each particular product. Consumer loans are generally written off not later than a predetermined number of days past due on a contractual basis. The number of days is set at an appropriate level by loan product and by country.

The following table summarizes Citicorp's consumer credit loss experience:

Consumer Portfolio Loss Ratios

	1993			1992	1991
	Average Loans $ Billions	Net Credit Losses $ Millions	Credit Loss Ratio	Credit Loss Ratio	Credit Loss Ratio
U.S.					
Mortgages	$19.1	$ 267	1.40%	1.61%	.46%
Credit Cards	8.5	440	5.18%	6.28%	5.84%
Other	16.9	331	1.96%	2.47%	2.65%
Total U.S.	$44.5	$1,038	2.33%	2.89%	2.40%
Outside the U.S.	36.9	372	1.01%	1.04%	1.05%
Total	$81.4	$1,410	1.73%	2.16%	1.67%

(1) Loan amounts are net of unearned income.
(2) [illegible]

Average U.S. consumer loans declined $9.2 billion during the year, reflecting the impact of the economy, mortgage prepayments in excess of new originations, tightened credit criteria and continued credit card securitizations. The reduction in the overall portfolio led to a change in the product mix in 1993—mortgages were 43% of U.S. consumer loans, compared with 46% in 1992; credit cards were 19%, compared with 21% in 1992, and all other products were 38%, compared with 33% in 1992.

At year-end, the other U.S. portfolio included $2.8 billion of community banking loans secured by commercial real estate, primarily in New York, California, and Illinois. The portfolio also included $1.4 billion of private banking loans secured by commercial real estate, primarily in California and New York. Commercial real estate in the community banking portfolio primarily comprises loans secured by multi-family residential units or by owner-occupied commercial buildings. Commercial real estate in the private bank includes loans secured by office buildings and hotels, as well as retail and residential properties.

U.S. consumer net credit losses in 1993 were $1,038 million or 2.33% of average loans, compared with $1,555 million or 2.89% of average loans in 1992. The improvement is primarily due to significantly lower credit card losses, which declined from $722 million to $440 million, and the effect of the change in the treatment of in-substance foreclosed residential property, which increased total U.S. credit losses in 1992 by $187 million, or 0.35% of average total loans and 0.75% of average U.S. mortgages. Excluding this adjustment, U.S. mortgage credit losses in 1993 increased $54 million to 1.40% of average loans from 0.86% in 1992. This increase is essentially related to mortgages originated in 1987 through 1990, prior to the tightening of credit criteria. The increase in the related loss ratio also reflects the impact of portfolio run off through high prepayments. Under the in-substance foreclosure rules, delinquent consumer mortgages are transferred to OREO where circumstances indicate that the borrower has effectively relinquished control over the property, although legal foreclosure has not yet occurred.

The securitization of credit card receivables, which is more fully described on page 53, lowered reported credit losses by $1,282 million, $1,390 million and $1,155 million in 1993, 1992 and 1991, respectively.

Consumer loans outside the U.S. are located throughout Europe, Latin America and Asia, but principally in Germany, U.K., Spain, Australia, Hong Kong, Taiwan and Puerto Rico. Average consumer loans outside the U.S. increased by $1.9 billion during the year, while net credit losses as a percentage of average loans declined, reflecting improvements in the branch and card businesses in Asia, partially offset by higher loss rates in Latin America and the European branches, specifically Germany's personal loan portfolio.

The following table summarizes delinquencies in the consumer loan portfolio in terms of dollar amount of loans 90 days past due and as a percentage of related loans:[1]

Consumer Loan Delinquency Ratios

In Billions of Dollars at Year End	Total Loans 1993	90 Days or More Past Due 1993	1992	1991
U.S. Mortgages	$ 17.9	$ 0.7	$ 0.9	$ 1.4
Ratio		3.8%	4.3%	5.3%
Consumer Loans Other Than U.S. Mortgages	65.9	2.4	2.3	2.6
Ratio		3.6%	4.1%	4.0%
U.S. Mortgages Purchased Under Recourse Provisions[2]	0.6	0.5	0.3	0.4
Total Consumer Loans	$ 84.4	$ 3.6	$ 3.9	$ 4.4
Ratio		4.2%	4.7%	4.8%
Total Dollar Amount of U.S. Conventional First Mortgages Serviced[3]	$ 38.4	$ 1.7	$ 1.9	$ 2.3
Ratio		4.4%	4.0%	4.1%
Total Number of Conventional First Mortgages Serviced[3]	384,484	12,649	13,507	16,458
Ratio		3.3%	2.9%	3.0%

(1) Loan amounts are net of unearned income.
(2) Mortgages were delinquent 90 days or more when purchased under recourse provisions of mortgage sales.
(3) Includes both owned and sold mortgages.

Total consumer loans delinquent 90 days or more decreased $0.3 million during the year to $3.6 billion, or 4.2% of total consumer loans, primarily reflecting lower delinquencies in U.S. mortgages and credit cards, partially offset by higher delinquencies in Europe.

U.S. mortgage loans on the balance sheet at December 31, 1993 that were delinquent 90 days or more declined $0.2 billion from last year, principally reflecting collection efforts and transfers to OREO. The total dollar amount of serviced U.S. conventional first mortgages that were delinquent also declined $0.2 billion. The related delinquency ratios for the serviced portfolio increased, however, as refinancings and other repayments exceeded new originations and run-off in the overall portfolio was experienced.

Recourse provisions of certain U.S. mortgage sales arrangements allow Citicorp the option of purchasing delinquent mortgages underlying the pass-through securities to take advantage of lower funding costs as market interest rates fall below the coupon rate required to be paid to the security holder. Mortgages purchased under recourse provisions were $0.6 billion at December 31, 1993, up $0.1 billion from last year.

Citicorp's policy for suspending accrual of interest on consumer loans varies depending on the terms, security, and credit loss experience characteristics of each product, and in consideration of write-off criteria in place. At December 31, 1993, the accrual of interest had been suspended on $1,216 million of U.S. mortgages and $1,647 million of other consumer loans. (See table on page 92 for further information concerning cash-basis, renegotiated, and past due loans.) The corresponding amounts at the end of 1992 were $1,373 million of U.S. mortgages and $1,756 million of other consumer loans. The decline in cash-basis U.S. mortgages during the year primarily reflected collection efforts and transfers to OREO.

Other consumer loans include credit card receivables, consumer mortgages outside the U.S., personal loans and other categories, as well as U.S. commercial real estate loans related to community and private banking activities conducted by Global Consumer units. At the end of 1993, these commercial real estate loan portfolios included $406 million of U.S. commercial real estate loans on which accrual of interest had been suspended, primarily in California and New York.

Total consumer loans with delinquencies of 90 days or more on which interest continued to be accrued were $802 million and $857 million at December 31, 1993 and 1992, respectively. Credit card receivables in the U.S. and personal loans in Germany, which make up the largest category of these loans, are automatically written off upon reaching a pre-determined number of days past due.

Consumer OREO totaled $1.2 billion at December 31, 1993, compared with $1.3 billion at the end of 1992.

Although the U.S. economy is improving, overall economic conditions in the North America, Europe and Japan businesses are slow and uncertain. As a result, high levels of consumer delinquencies, loans on which the accrual of interest is suspended (including U.S. mortgages), net credit losses, and OREO could continue and further increases to credit reserves could occur in 1994.

COMMERCIAL PORTFOLIO

In commercial lending, losses as a percentage of outstanding loans can vary widely from period to period and are particularly sensitive to changing business and economic conditions. Certain risk characteristics of the portfolio at December 31, 1993 are shown in the table and discussion which follows. Refer also to the table of cash-basis, renegotiated and past due loans on page 92.

Commercial Portfolio Loss Ratios

	1993			1992	1991
	Average Loans $ Billions	Net Credit Losses $ Millions	Credit Loss Ratio	Credit Loss Ratio	Credit Loss Ratio
In U.S. Offices					
Commercial Real Estate Loans (1)	$ 8.4	$285	3.38%	7.80%	4.06%
Other Commercial Loans and Leases (2)	14.3	94	.66%	2.28%	2.58%
	$22.7	$379	1.67%	4.54%	3.21%
In Offices Outside the U.S.					
Commercial Real Estate Loans (1)	$ 2.5	$124	4.94%	7.79%	7.18%
Other Commercial Loans and Leases (2)	29.6	85	.29%	1.01%	1.00%
	$32.1	$209	.65%	1.74%	2.03%
Refinancing Country Loans	2.8	61	2.15%	(.90)%	26.14%
	$34.9	$270	.77%	1.44%	6.83%
Total	$57.6	$649	1.13%	2.80%	5.13%

(1) Includes mortgage and real estate loans.
(2) Includes net write-offs of real estate related loans of $24 million, $[illegible] million, and $[illegible] million in U.S. offices in 1993, 1992 and 1991 respectively, with $[illegible] million in offices outside the U.S. in 1992.

U.S. Portfolio

Net credit losses in the U.S. portfolio decreased substantially to $379 million, or 1.67%, of average loans, down from $1,180 million, or 4.54% of average loans in 1992. These net credit losses included $309 million in 1993, compared with $932 million in 1992, related to Citicorp's commercial real estate portfolio in U.S. offices, including net write-offs on real estate-related loans of $24 million and $125 million, respectively, which are reported in losses on Other Commercial Loans and Leases in the table on page 35. Net write-offs on the commercial real estate portfolio in the U.S. are expected to modestly decline year-on-year reflecting some improvement in certain real estate markets but continued weakness in California and also the office sector.

Excluding the commercial real estate related portfolio, net write-offs in the U.S. portfolio declined to $79 million in 1993 from $248 million in the prior year. While net write-offs of U.S. senior leveraged acquisition finance loans declined to $32 million in 1993 from $89 million in 1992, losses in other portfolio segments also declined year-on-year, reflecting improvement in economic conditions in the U.S. during 1993.

Losses on commercial lending activities are not as statistically predictable as in consumer credit and can vary widely with respect to timing and amount, particularly within any narrowly defined business or loan type. Loss ratios over the next 12 to 18 months are expected to improve from 1993 levels primarily as a result of the improving economy but will remain at relatively high levels with further increases in credit reserves possible.

Portfolio in Offices Outside the U.S.

The cross-border refinancing portfolio reported net write-offs of $61 million in 1993, compared with net recoveries of $31 million in 1992.

Excluding the refinancing portfolio, net write-offs on commercial loans in offices outside the U.S. were $209 million in 1993, down from $511 million in the prior year. Net write-offs on commercial real estate portfolios in offices outside the U.S. were $124 million in 1993, compared with $421 million in 1992 (including $173 million of write-offs of real estate related loans which are reported in losses on Other Commercial Loans and Leases in the table on page 35). Substantially all of the 1993 net commercial real estate write-offs were in Canada, while 1992 also included net write-offs on the U.K. portfolio.

Net write-offs in the remainder of the portfolio aggregated $85 million, down from $90 million in 1992. The net credit loss ratio for the commercial portfolio in offices outside the U.S., excluding the refinancing portfolio, was approximately 0.65% in 1993 and is currently expected to remain below the loss ratios on U.S. commercial loans over the next 12 to 18 months; however, since economic conditions remain weak in certain markets, further increases in credit reserves are possible.

Leveraged Acquisition Finance Exposures

In Billions of Dollars at Year End	1993		1992	
	Outstandings	Unused Commitments and Contingent Liabilities	Outstandings	Unused Commitments and Contingent Liabilities
Senior Creditor Exposure:				
U.S.	$1.5	$0.7	$2.4	$0.8
Outside the U.S.	0.2	0.1	0.3	0.2
	$1.7	$0.8	$2.7	$1.0
Other[1]	$1.1	$0.1	$1.0	$0.2
Cash-Basis Loans[2]	$0.2		$0.6	

(1) Includes subordinated lending and venture capital investments.
(2) Cash-basis loans are included in outstandings.

Cash-Basis and Renegotiated Commercial Loans

In Millions of Dollars at Year End	1993	1992	1991	1990	1989
Cash-Basis Loans:					
North America Commercial Real Estate	$1,719	$2,734	$3,059	$2,657	$1,122
Global Finance	755	1,388	2,569	2,480	1,598
Total	$2,474	$4,122	$5,628	$5,137	$2,720
Cross Border Refinancing[1]	1,041	1,302	1,734	3,460	4,461
Total Cash-Basis Commercial Loans	$3,515	$5,424	$7,362	$8,597	$7,181
Renegotiated Loans[2]	$ 708	$ 324	$ 84	$ 42	$ 61

(1) Represents cross-border cash-basis loans and also includes cash-basis bank placements in Brazil of $467 million at December 31, 1993, $740 million at December 31, 1992, $734 million at December 31, 1991, $1,091 million at December 31, 1990 and $1,347 million at December 31, 1989.
(2) At December 31, 1993 and 1992, renegotiated loans exclude cross-border outstandings of $133 million to Nigeria and $ 8 million to the Philippines, both of which were renegotiated pursuant to Brady-type commercial bank debt agreements completed in 1992.

When it is determined as a result of evaluation procedures that the payment of interest or principal on a commercial loan is doubtful of collection, the loan is placed on a cash (non-accrual) basis. Where interest or principal is past due for 90 days or more, the loan is placed on a cash basis except where the loan is well secured and in the process of collection. Any interest accrued on a loan placed on cash basis is reversed and charged against current earnings. Interest on cash-basis loans is thereafter included in earnings only to the extent actually received in cash. Where there is doubt regarding the ultimate collectibility of the loan principal, cash receipts, whether designated as principal or interest, are thereafter applied to reduce the recorded investment in the loan. Cash-basis loans are returned to accrual status when all contractual principal and interest payments are reasonably assured of repayment and there is a sustained period of repayment performance in accordance with contractual terms. Renegotiated loans are those loans where a concession has been granted as a result of the borrower's inability to meet the original terms.

Total cash-basis commercial loans at December 31, 1993 were $3.5 billion, down $1.9 billion from $5.4 billion at the end of 1992. Cash-basis loans in the refinancing portfolio were $1.0 billion (including $0.9 billion in Brazil), down $0.3 billion from $1.3 billion at year-end 1992, reflecting country write-offs, principally in Brazil, and other actions taken to restructure the refinancing portfolio.

Total cash-basis commercial loans, excluding those in the refinancing portfolio, were $2.5 billion at December 31, 1993, down $1.6 billion from $4.1 billion at the end of 1992. The decline in the year included transfers to accrual and repayments of $2.1 billion and transfers to OREO of $0.7 billion as well as write-offs. The inflow of new cash-basis loans remained at high levels, aggregating $1.8 billion in 1993, but down sharply from $4.1 billion in 1992.

North America Commercial Real Estate cash-basis loans decreased to $1.7 billion at December 31, 1993, from $2.7 billion at the prior year end. This decrease reflected transfers to OREO and write-offs, as well as $1.2 billion of returns to accrual and repayments. Inflows to cash basis were $1.2 billion, down sharply from $3.0 billion in 1992, with inflows decreasing in each successive quarter of 1993.

Global Finance cash-basis loans decreased $0.6 billion, or 46%, to $0.8 billion at year-end 1993. The decline in the year was principally due to repayments and loans returned to accrual status.

At December 31, 1993, approximately $0.9 billion of Citicorp's commercial cash-basis loans, excluding those in the refinancing portfolio, were either current or overdue by less than 90 days with regard to interest and principal.

Renegotiated loans increased from $323 million at the end of 1992 to $708 million in 1993 primarily reflecting restructuring activity in the North America Commercial Real Estate portfolio. Approximately $325 million of these loans are at market interest rates.

Commercial OREO, in the North America Commercial Real Estate and Global Finance portfolios, was $2.8 billion at the end of 1993, down from $3.5 billion a year earlier.

Although the U.S. economy has shown some signs of improvement, a weak economic environment persists in many sectors of the North American and European economies. As a result, the level of cash-basis loans and OREO is expected to remain relatively high in 1994. Also see the discussion of the commercial real estate portfolio which follows. Refer also to the table of cash-basis, renegotiated, and past due loans on page 92.

Cash-Basis Commercial Loans Activity[1]

In Billions of Dollars	1993	1992
Beginning Balance	$ 4.1	$ 5.6
Payments/Loans Returned to Accrual Status	(2.1)	(2.0)
New Cash Basis Loans	1.8	4.1
Other[2]	(1.3)	(3.6)
Ending Balance	$ 2.5	$ 4.1

(1) Excludes cash-basis cross-border refinancing loans.
(2) Includes write-offs and transfers to OREO.

COMMERCIAL REAL ESTATE

North America Commercial Real Estate

The North America Commercial Real Estate portfolio comprises relationships managed by the commercial real estate divisions in the U.S. and Canada. Citicorp manages the risks associated with the real estate portfolio through a variety of risk management processes which are described in this section and on pages 32 and 33.

North America Commercial Real Estate Portfolio Summary

In Billions of Dollars at Year End	1993	1992
Loans[1]	$ 5.8	$ 7.2
Renegotiated Loans	0.6	0.3
Cash Basis Loans	1.7	2.7
Total Loans	$ 8.1	$ 10.2
OREO[2]	2.3	2.9
Total Loans and OREO	$10.4	$ 13.1
Unfunded Commitments	$ 0.8	$ 1.3
Letters of Credit	1.9	2.2
Other	0.5	0.4
Total Exposure	$13.6	$ 17.0
In Millions of Dollars for the Year		
Net Write-offs[3]	$ 431	$1,140
Net OREO Write-downs	257	[illegible]

(1) Excludes renegotiated and cash-basis loans.
(2) Includes in-substance foreclosures of $[illegible] in 1993 and $[illegible] in 1992.
(3) Includes net write-offs of real estate-related [illegible] of $[illegible] in 1993 and $[illegible] million in 1992.

Total North America Commercial Real Estate exposure of $13.6 billion at year-end 1993 was down $3.4 billion, or 20%, from 1992 and approximately 50% from the $26.5 billion of peak exposure at year-end 1989. Citicorp continues to actively reduce its exposure through a series of initiatives, which have resulted in paydowns, write-offs and write-downs and negotiated reductions in unfunded commitments. In addition, $0.6 billion of asset sales were completed in 1993, up from $0.3 billion in 1992.

Citicorp's strategy for the North America Commercial Real Estate portfolio is one of active remedial management to maximize the long term value and recoverability of the assets. The principal focus continues to be the restructuring and repayment of existing loans together with optimizing returns on OREO assets. Citicorp's real estate professionals have expertise in real estate-related corporate debt restructurings, cash-basis and troubled loan work-outs, asset sales, asset management and appraisals. Remedial management strategies are developed for each loan or OREO property and are constantly monitored and adjusted as conditions change through an extensive, ongoing portfolio management process. The focus of OREO management is to increase value and reduce marketing periods through such measures as ensuring that property qualified management and other building agents are in place, improving revenue streams through active lease negotiations and controlling operating expenses.

Cash-basis loans of $1.7 billion at December 31, 1993 were down from $2.7 billion a year ago, while OREO also decreased to $2.3 billion from $2.9 billion at year-end 1992. Approximately $0.8 billion of the $1.7 billion of cash-basis loans at year end were contractually past due less than 90 days as to interest and principal (including $0.3 billion of construction and self-funded loans) but were classified as cash basis because of uncertainty regarding future cash flows. As noted in the following table, cash receipts (including amounts applied to principal), on average cash-basis loans and OREO in 1993 were $222 million.

Renegotiated loans were $589 million at December 31, 1993, up $312 million from 1992. Renegotiated loans are those loans where a concession has been granted as a result of the borrower's inability to meet the original terms. The concession may include forgiveness (outright or contingent) of principal or interest or a reduced rate of interest. The effective interest rate on approximately $270 million of these loans are at a market rate and, therefore, these loans may be transferred to full performing status in 1994. The annualized rate on the remaining loans which are expected to remain in renegotiated loans approximated 5.4% at December 31, 1993. The level of renegotiated loans may increase as a result of ongoing restructuring activities.

Cash Flows

In Millions of Dollars	Average Carrying Value	Cash Flows	Cash Yield (%)
			1993
Cash-Basis Loans [1]			
Yields Over 3%	$1,616	$110	6.8 %
Yields Under 3%	269	6	2.2 %
No Payments Received	500	—	—
Total	$2,385	$116	4.9 %
In-Substance Foreclosures [1]			
Yields Over 3%	$ 759	$ 59	7.8 %
Yields Under 3%	170	2	1.2 %
No Payments Received	555	—	—
Total	$1,484	$ 61	4.1 %
OREO [2]	$1,251		
Revenues		197	15.7 %
Expenses		(152)	(12.1)%
Net		45	3.6 %
Total Cash-Basis Loans and OREO	$5,120	$222	4.3 %

(1) Cash flows represent cash interest payments received, of which $118 million were applied as a reduction of principal ($59 million for cash basis loans and $59 million for in substance foreclosures).
(2) Excluding in substance foreclosures and associated cash flows.

North America Commercial Real Estate Cash-Basis Loans Activity

In Millions of Dollars	1993	1992
Beginning Balance	$2,734	$ 2,959
New Cash-Basis Loans	1,179	2,977
Write-offs [1]	(365)	(894)
Loans Returned to Accrual Status	(738)	(631)
Payments and Other	(441)	(320)
Transfers to OREO	(650)	(1,357)
Ending Balance	$1,719	$ 2,734

(1) Represents gross write-offs before recoveries, and excludes write-offs on OREO, letters of credit and swaps.

The level of new cash-basis loans as well as transfers to OREO in 1993 declined significantly from those experienced in 1992. Payments and loans returned to accrual status reflect the result of [illegible] workout initiatives.

North America Commercial Real Estate OREO Activity

In Millions of Dollars	1993	1992
Beginning Balance	$2,898	$2,970
New OREO	667	1,641
Write downs [1]	(339)	(459)
Sales, Paydowns and Other [2]	(894)	(354)
Ending Balance	$2,332	$2,898

(1) Includes gross write-offs on assets generally taken within 90 days of their transfer to OREO.
(2) Includes in substance [illegible] 1993 and [illegible] 1992.

The OREO portfolio, which reflects the estimated fair value of the underlying properties, includes both property to which Citicorp has taken title as well as in substance foreclosures ($1.3 billion at December 31, 1993) where Citicorp does not have ownership of the property and foreclosure has not occurred. During 1993, Citicorp sold OREO properties totalling approximately $500 million.

Unfunded commitments of $0.8 billion at December 31, 1993 were down $0.5 billion from a year ago. These commitments are concentrated in the office (37%) and residential (19%) markets. Office commitments represent obligations to fund property stabilization and lease-up costs. Residential commitments represent aggregate commitments to fund construction costs over the life of the various projects. Generally, pre-determined contractual criteria have limited maximum outstanding loans at any one time to amounts substantially less than the aggregate obligation. At December 31, 1993, $0.3 billion of commitments related to borrowers experiencing financial difficulties, down from $0.5 billion at December 31, 1992.

Citicorp also provides standby letters of credit, the majority of which back stop tax-exempt multi-family housing bonds secured by residential properties. Approximately $0.7 billion of the $1.9 billion of outstanding letters of credit at December 31, 1993 related to projects where debt service is continuing but the loan to value ratios have deteriorated below target levels and/or letter of credit fees are not being paid.

The North America Commercial Real Estate portfolio is diversified by both project type and location with exposures in the office, residential and retail sectors comprising 37%, 23% and 20%, respectively. Geographically, the largest regions are the West (including California) at 32% and Mid-Atlantic (including New York) at 18% at year end.

The table on page 39 presents additional information related to the North America Commercial Real Estate portfolio. Exposures are categorized by location and project type based on the underlying collateral or source of repayment. Exposures which are collateralized by (or for which the source of repayment is from) properties in multiple locations are categorized geographically in "Multi-location and Other."

North America Commercial Real Estate Portfolio by Project by Region

In Millions of Dollars at Year End		Office	Residential	Retail	Hotel	Land	Ind'l	Other	12/31/93 Total	12/31/92 Total
New York	Loans	254	75	64	1	63		24	$ 452	$ 407
	Cash Basis Loans	89	10	20	10			10	141	144
	OREO	158	83	30	30				301	567
	Letters of Credit and Other	156	108	8				27	301	350
	Total Exposure	648	277	128	41	[illegible]		68	1,195	1,468
Other Mid-Atlantic	Loans	132	183	273	[illegible]	12	3	24	697	881
	Cash Basis Loans	48	2	3	[illegible]	11			132	216
	OREO	146	6	3	42	17	8	1	218	[illegible]
	Letters of Credit and Other	16	16	118	1	9		12	160	184
	Total Exposure	410	[illegible]	[illegible]	[illegible]	74	53	[illegible]	1,207	[illegible]
Midwest	Loans	[illegible]	15	[illegible]	66	8	[illegible]	6	1,214	[illegible]
	Cash Basis Loans	179	4	15	47	9			258	[illegible]
	OREO	179	37	29	13	6	[illegible]		239	[illegible]
	Letters of Credit and Other	98	139	16			10	6	280	[illegible]
	Total Exposure	1,141	217	[illegible]	[illegible]	23	67	34	1,989	[illegible]
New England	Loans	148	2		19		[illegible]		177	[illegible]
	Cash Basis Loans	[illegible]		14			[illegible]	1	50	48
	OREO	[illegible]	15			23			132	[illegible]
	Letters of Credit and Other	[illegible]					1		39	47
	Total Exposure	[illegible]	17	14	29	[illegible]	6	6	398	44
Southeast	Loans	218	162	155	[illegible]	[illegible]	[illegible]	[illegible]	751	[illegible]
	Cash Basis Loans	—	24	47	16	4	8	1	86	357
	OREO	325	164	73	5	17	3	6	491	449
	Letters of Credit and Other	110	346	15		2	8	31	532	657
	Total Exposure	[illegible]	[illegible]	290	90	24	92	201	1,870	[illegible]
Southwest	Loans	341		99	33	2		6	481	248
	Cash Basis Loans	18	—	5	26	—	13	17	79	370
	OREO	20	1	57	2	15			95	176
	Letters of Credit and Other	15	—	—	3	—	1	6	25	174
	Total Exposure	394	1	161	64	17	14	23	680	1,024
California	Loans	279	247	333	228	27	97	20	1,246	1,518
	Cash Basis Loans	187	165	44	14	6	59	18	487	528
	OREO	185	49	125	16	11	49	11	446	633
	Letters of Credit and Other	132	704	20	13	1	2	95	967	1,157
	Total Exposure	783	1,165	528	271	45	207	152	3,146	[illegible]
Other West	Loans	[illegible]	68	230	127		2	3	685	1,043
	Cash Basis Loans	38	1	16	9	6		2	72	176
	OREO	127	8	10	—	10	18	—	173	121
	Letters of Credit and Other	16	137	20			7	16	194	322
	Total Exposure	436	212	276	136	16	27	21	1,124	1,662
Canada	Loans	72	8	173	6	5	—	8	272	642
	Cash Basis Loans	139	8	127	—	18	6	7	293	339
	OREO	67	42	46	—	13	2	1	171	73
	Letters of Credit and Other	42	5	47	—	8		115	217	360
	Total Exposure	319	61	393	6	44	8	131	953	1,333
Multi-Location and Other	Loans	—	40	137	23		—	214	416	477
	Cash Basis Loans		—	—		—	3	110	113	259
	OREO	20	—	—		—	20	26	66	75
	Letters of Credit and Other	—	104	61	—	—	1	134	395	369
	Total Exposure	20	234	200	23	—	24	489	990	1,169
Total— Dec. 31, 1993[2,3,4]	Loans[4]	$2,464	$ 798	$1,789	$ 631	$ 83	$162	$ 464	$ 6,391	
	Cash-Basis Loans	732	212	296	142	81	85	171	1,719	
	OREO	1,180	408	364	107	123	105	45	2,382	
	Letters of Credit and Other	617	1,064	299	17	14	30	469	3,110	
	Total Exposure	4,993	3,082	2,748	897	301	382	1,149	13,552	
Total— Dec. 31, 1992[2,3]	Loans[4]	$2,663	$1,015	$2,262	$ 723	$229	$217	$ 345		$ 7,454
	Cash-Basis Loans	1,149	469	418	176	81	132	259		2,734
	OREO	1,401	527	423	150	166	98	133		2,898
	Letters of Credit and Other	933	2,002	433	27	49	42	435		3,921
	Total Exposure	6,146	4,018	3,536	1,076	525	539	1,172		17,007

(1) Includes working capital and multi project loans.
(2) See page 40 for commercial real estate loans, cash basis loans and write-offs related to the portfolio which is managed in Global Finance.
(3) Includes real estate related loans of [illegible] billion in 1993 and [illegible] billion in 1992 of which [illegible] million in 1993 and $244 million in 1992 were on a cash basis. Also includes bankers acceptances (included in customers' acceptance liability) of [illegible] billion in 1993 and 1992 of which [illegible] in 1993 were on a cash basis.
(4) Loans include $589 million of renegotiated loans in 1993 ([illegible] million in 1992) and exclude cash basis loans.

The following table details the distribution of net write-offs and net OREO write-downs in 1993 and 1992:

Net Write-Offs and Net OREO Write-Downs

In Millions of Dollars	1993			1992
By Region	Net Write-Offs	Net OREO Write-Downs	Total	Total
New York	$ 39	$ 10	$ 49	$ [illegible]
Other Mid Atlantic	11	8	19	95
Midwest	21	22	43	112
New England	1	12	13	39
Southeast	99	9	108	[illegible]
Southwest	16	16	32	55
California	107	159	266	[illegible]
Other West	27	7	34	47
Canada	119	10	129	41
Multi location/Other	(9)	4	(5)	536
Total	$431	$257	$688	$1,401
By Project Type	Net Write-Offs	Net OREO Write-Downs	Total	Total
Office	$218	$130	$348	$ 540
Residential	66	28	94	135
Retail	74	52	126	98
Hotel	6	13	19	110
Land	9	12	21	87
Industrial	22	12	34	27
Other[1]	36	10	46	406
Total	$431	$257	$688	$1,401

(1) Includes real estate related write-offs of $24 million in 1993 and $[illegible] million in 1992.

Net write-offs of $431 million in 1993 were down substantially from $1,146 million in 1992. Net OREO write-downs totaled $257 million in 1993 compared with $255 million in 1992.

While cash-basis loans and OREO levels have declined, they are expected to remain at relatively high levels. Although there are some indications of improvement and increasing liquidity in certain commercial real estate markets, weak market conditions, particularly in California and Canada, and also in the office sector are expected to continue to adversely affect the portfolio. As a result, while credit costs and inflows to cash-basis loans declined in 1993, credit provisions (including net write-offs), net OREO write-downs and inflows to cash-basis loans could remain at relatively high levels in 1994, although down from the prior year.

Other

Citicorp also has $1.8 billion of commercial real estate loans in addition to those managed by Citicorp's U.S. and Canadian commercial real estate divisions. Substantially all of these loans are in offices outside of North America.

Cash-basis commercial real estate loans in this portfolio were $87 million at year-end 1993, compared with $64 million a year earlier, while net write-offs totaled $2 million in 1993, down $205 million from 1992, which principally reflected the [illegible] of U.K. real estate values. [illegible] OREO in this portfolio was $0.5 billion at December 31, 1993, compared with $0.6 billion at the end of 1992.

CROSS-BORDER REFINANCING PORTFOLIO

Citicorp has employed a strategic view of [illegible] long-term refinancing countries based on its unique long-term local presence, commitments, and prospects in these countries. The continued progress made toward the settlement of Brazil's medium- and long-term commercial bank debt as well as overall economic progress made in Latin America during 1993, contributed to the improvement in Citicorp's refinancing portfolio during the year.

At the end of 1993, Citicorp's cross-border and foreign currency outstandings in the refinancing portfolio included $2.9 billion of medium- and long-term loans and placements. In addition, Citicorp had $2.7 billion of trade and short-term claims, $1.5 billion of investments in and funding of its local franchises in these countries, and $0.2 billion of equity investments.

Cross-Border Claims on Third Parties[1]

In Billions of U.S. Dollars at Year End	1993	1992	1991
Medium- and Long-Term[2]	$2.9	$[illegible]	$[illegible]
Trade and Short-Term	2.7	2.4	1.6

(1) [illegible]

(2) [illegible]

(3) Medium- and long-term claims at December 31, [illegible] placements in Brazil.

The $2.9 billion of medium- and long-term loans and placements in the refinancing portfolio at December 31, 1993 includes $0.9 billion in Brazil, $0.6 billion in Venezuela, [illegible] in South Africa, $0.4 billion in the Philippines, [illegible] in Uruguay, and $0.2 billion in the aggregate [illegible].

The amount of Citicorp's refinancing portfolio exposure on a cash basis was $1.0 billion, primarily in Brazil ($0.9 billion).

The $2.7 billion of trade and short-term obligations at December 31, 1993 included $1.4 billion (including assets of $0.9 billion supported by local dollar deposits) in Argentina, $0.9 billion in Brazil and $0.1 billion each in the Philippines, Uruguay and Venezuela, as well as $0.1 billion in other refinancing countries.

During 1993, the cross-border refinancing portfolio portion of the allowance was reduced by $62 million reflecting country write-offs of $194 million, primarily on Brazilian medium- and long-term outstandings, partially offset by $57 million of interest and principal payments applied as recoveries and net gains of $37 million on sales of loans with a par value of $168 million and book value of $52 million.

At December 31, 1993, Brazil had cross-border and foreign currency outstandings exceeding 1% of total Citicorp assets and Argentina had cross-border and foreign currency outstandings between 0.75% and 1% of total Citicorp assets.

BRAZIL

As of December 31, 1993, Citicorp continued to carry substantially all of its $0.9 billion of medium- and long-term Brazilian outstandings on a cash basis. Interest payments on this debt had been suspended from June 1989 through the end of 1990. Beginning in January 1991, Brazil permitted full payment of interest on private sector debt (Citicorp's private sector debt has a face value of $134 million) and began paying 30% of interest due on public sector debt.

During 1993, Brazil has been paying 50% of all interest amounts due on medium- and long-term public sector outstandings. In addition, Brazil paid an agreed upon additional 10% of interest due for the period January 1, 1992 to July 8, 1992 and made a retroactive increase from 30% to 50% related to interest due for the period July 9, 1992 through January 15, 1993.

For 1993, contractual interest due on Citicorp's medium- and long-term outstandings to Brazil was $115 million, of which Citicorp has collected $66 million and recognized $40 million in interest income, with $26 million recorded as a recovery of country write-offs previously taken. In addition, Citicorp collected $37 million of interest related to prior year maturities and recognized $15 million of such payments as income with the balance recorded as a recovery. Further, Citicorp collected and recorded as income $36 million related to interest payments on 1989-90 Past Due Interest Bonds and $6 million in principal payments on debt where previous interest payments had been recorded as principal recoveries.

In 1992, Brazil issued Past Due Interest Bonds covering interest due and unpaid for 1989 and 1990. The bonds mature in 2001 and bear interest payable semiannually at fixed interest rates ranging from 6% to 8¾% for the first three years and LIBOR + ⅞% thereafter. In addition to the $36 million of cash interest payments received on these bonds and recorded as income, during 1993 Citicorp sold $135 million face value (no carrying value) of these bonds for $107 million in cash. At December 31, 1993, the face value of the remaining bonds held by Citicorp was $220 million (no carrying value).

Pursuant to agreements reached on arrangements for 1991-1993 interest, Citicorp expects that its share of the remaining unpaid interest for 1991, 1992 and 1993 will be settled through the issuance of a $234 million 12-year bond bearing interest at LIBOR + ⅞% (with a three-year grace period as to principal).

On July 8, 1992, the Government of Brazil and the Bank Advisory Committee reached an agreement in principle on a debt and debt service reduction package for the country's $44 billion of medium- and long-term foreign commercial bank debt.

Under the agreement, Citicorp's share of the restructured amounts and terms thereof are as follows, giving effect to the elections described below:

In Millions of Dollars		Weighted-Average Interest Rate		Weighted Average Year of Maturity	
Face Value	Book Value	Before	After	Before	After
$1,2[illegible]	$[illegible]4	4 [illegible]%	[illegible] over LIBOR	[illegible]	[illegible]
157	58	4 [illegible]%	0.875% over LIBOR	[illegible]	20[illegible]
41	12	4.0[illegible]%	0.875% over LIBOR	[illegible]	[illegible]
1,212	364	4.6[illegible]%	0.8125% over LIBOR	[illegible]	[illegible]
138	41	4.6[illegible]%	0.875% over LIBOR	[illegible]	[illegible]
$2,7[illegible]	$819				

(1) 4% rate commenced in 1993; had been LIBOR + [illegible] prior to 1993.
(2) During the first 6 years, interest will be capitalized at rates ranging from 4% to 5%.

On July 6, 1993, Citicorp advised Brazil of its intention to exchange $1.3 billion of this debt for Debt Conversion Bonds which will have a tenor of 18 years with a 10-year grace period on principal. In connection with the Debt Conversion Bonds, Citicorp will purchase $220 million of New Money Bonds, yielding LIBOR + ⅞% and having a tenor of 15 years with a 7-year grace period on principal and convert an existing $41 million 1988 Trade Facility agreement into a New Money Bond as well. $1.2 billion of debt will be exchanged for Front Loaded Interest Reduction Bonds (FLIRB's) with a maturity of 15 years and a 9-year grace period. Interest will increase from an initial 4% to 5% per annum over a six-year period during which 12 months interest will be collateralized on a rolling basis. Thereafter, the instruments will yield LIBOR + ⅞% without interest collateral. Citicorp intends to exchange the remaining $138 million of this debt for $138 million of

Investment Feature Cruzeiro Bonds These instruments are indexed to the U.S. Dollar and have terms similar to the New Money Bonds described above.

Following the agreement in principle, a full term sheet was negotiated and approved by the Brazilian Senate on December 29, 1992, and the package submitted to the creditor banks. The agreement is expected to be executed by the end of the first half of 1994. Representatives of the Government of Brazil and creditors began signing the external-debt financing package on November 29, 1993 and to date creditors holding more than 96% of the eligible debt have signed. Upon becoming effective, the agreement would have generally positive future effects on Citicorp's earnings but the timing and amounts cannot yet be determined.

Changes in Outstandings in Brazil

In Millions of Dollars	
Total Outstandings at December 31, 1992	$ 2,150
Short-Term Outstandings(1)	
Net Change	405
Other Outstandings	
Additional Outstandings	118
Interest Income Accrued(2)	2
Collections of Principal	(61)
Collections of Accrued Interest(2)	(3)
Country Write-off	(154)
Other Changes	(106)
Total Outstandings at December 31, 1993(3)	**$2,351**

(1) Includes trade credits and interbank deposits with original maturities of one year or less.
(2) In 1993, total interest on cross-border and foreign currency outstandings included in income was $153 million.
(3) Includes short-term outstandings of $0.9 billion in Brazil.

THE MARKET RISK MANAGEMENT PROCESS

Citicorp assumes and manages market risk, which is a generic term for two closely linked risks — liquidity and price risk. Both are fundamental to the business of a financial intermediary. Liquidity risk is the risk that an entity will be unable to meet a financial commitment to a customer, creditor, or investor in any location, in any currency, when due. Price risk is the risk to earnings that arises from changes in interest rates, market prices, foreign exchange rates, and from market volatility.

The Market Risk Policy Committee serves an oversight role in the management of all market risks. The committee is part of an ongoing effort to ensure that Citicorp's policies, processes, and technologies adapt to the changing nature of market risk in an efficient and timely manner and that market exposures are adequately and appropriately controlled. The Market Risk Policy Committee is a group of Citicorp's most senior market risk professionals, chaired by the Corporate Treasurer, that establishes and oversees corporate market risk policies and standards to serve as a check and balance in the business risk management process. The corporate oversight role of the committee with respect to market risk is similar to that of the Credit Policy Committee with respect to credit risk.

Within Citicorp, business and corporate oversight groups have well-defined market risk management responsibilities. Within each business, a process is in place to control market risk exposure. Management of this process begins with the professionals nearest to Citicorp's customers, products, and markets and extends up to the senior executives who manage these businesses and to country Asset/Liability Management Committees. Market risk positions are controlled by limits on exposure based on the size and nature of a business. Risk limits are approved by the Finance Committee, which is composed of the Management Committee, the Corporate Treasurer and the Managing Director Corporate Finance and overseen by the Market Risk Policy Committee. Periodic reviews are conducted by Corporate Audit to ensure compliance with institutional policies and procedures for the assessment, management, and control of market risk.

LIQUIDITY MANAGEMENT

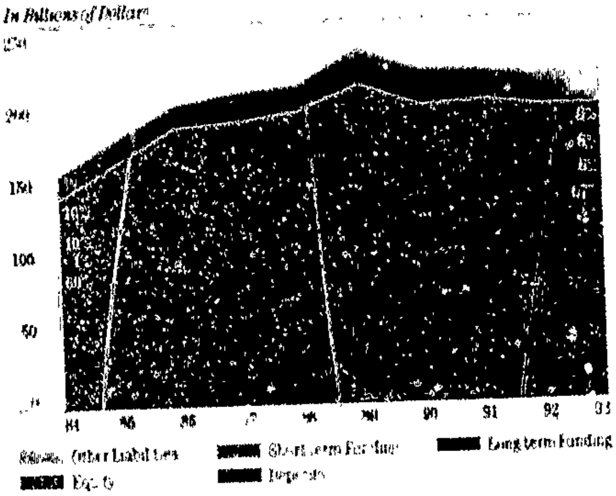
Citicorp defines adequate liquidity as having funds available at all times to meet fully and promptly all maturing liabilities, including demand deposits and off-balance sheet commitments, in accordance with their terms. One economic function performed by financial intermediaries is to assume liquidity risk by intermediating markets and accepting deposits for terms different from those for which they lend funds. Successful liquidity management is essential to the ability of a bank or bank holding company to fulfill one of its prime economic functions. Effective liquidity management is critical to maintaining market confidence, attaining the flexibility necessary to capitalize on opportunities for business expansion, and protecting the corporation's capital base.

Within Citicorp, the liquidity of each business and legal entity is managed through a well-defined process to ensure that all funding requirements will be met properly. This process includes liquidity exposure limits and global and local contingency funding plans.

Proactive and prudent liquidity management requires a stable and diversified funding structure. To this end, Citicorp's liquidity strategy is to source the greater part of its funding through customer relationships and to draw funds from all major markets worldwide. As illustrated in the chart which follows, Citicorp has adhered to this strategy over the years and has attained a diversified and stable mix of funds.

Citicorp Liquidity and Funding Structure

In Billions of Dollars



Deposits are sourced globally from consumers, corporations, institutions, and professional investors. Total deposits were $145.1 billion, or 67% of total funding, at year end 1993, up from $144.2 billion, or 68% of total funding, at year end 1992.

The stability of Citicorp's funding is greatly enhanced by its consumer deposit base. Consumer deposits tend to be small in size, and diversified across a large base of individuals. Citicorp sources consumer deposits through its retail branch systems and private bank network in countries around the world. Consumer deposits are the largest component in Citicorp's funding structure, accounting for 42% of total liabilities and equity.

Total Deposits

In Billions of Dollars at Year End	1993			1992		
	U.S.	Outside the U.S.	Total	U.S.	Outside the U.S.	Total
Global Consumer[1]	$43.1	$48.9	$ 92.0	$47.6	$45.5	$ 93.1
Global Finance[2,3]	8.7	44.4	53.1	10.1	41.0	51.1
Total	$51.8	$93.3	$145.1	$57.7	$86.5	$144.2

(1) Reclassified to conform to current year's presentation. [illegible]
(2) Deposits [illegible]
(3) Deposits accepted [illegible]

At year-end 1993, total Global Consumer deposits were $92.0 billion, compared with $93.1 billion at year end 1992. Consumer deposits in the United States declined $4.5 billion in 1993. Of that amount, $2.0 billion is due to the reduction in deposit liabilities pursuant to the sale of certain assets and liabilities of Citibank (Arizona) while the remainder reflects the low interest rate environment in the U.S. which has motivated changes in consumers' asset allocations. Consumer deposits outside the U.S. grew to $48.9 billion at year-end 1993 from $45.5 billion a year earlier reflecting continued growth of the consumer business in non-U.S. markets. Total Global Finance deposits of $53.1 billion were up $2.0 billion from $51.1 billion at year-end 1992.

Citicorp's long-term debt is, by virtue of its maturity profile, also an important source of funding stability. Parent Company and subsidiary long-term debt outstanding at the end of 1993 (including subordinated capital notes and redeemable preferred stock) amounted to $18.2 billion, down $2.0 billion from year-end 1992. The long-term debt portfolio is diversified across markets, currencies, lenders, maturities, and instruments.

Parent Company debt issuance in 1993 with a maturity of one year or longer totaled $3.9 billion, including $1.0 billion issued under the medium-term note issuance program. Under this program, Citicorp issues small denomination notes to a wide investor base thereby enhancing the liquidity profile of the long-term funding portfolio. The proceeds of these obligations are provided to subsidiaries both as equity investments and advances or are invested in liquid securities. Citicorp (Parent Company) derives revenues through interest payments and dividends on its subsidiary advances and investments and from earnings on its liquid-asset portfolio. These revenues are used to defray the Parent Company's operating expenses, service its debt, and pay dividends to holders of its preferred shares. Dividend payments on Citicorp's common stock were suspended by its Board of Directors on October 15, 1991.

[illegible] that are particularly important in supporting [illegible] growth. Citicorp is a market leader in asset securitization. In 1993, asset securitization activity totaled $7.9 billion, including $5.0 billion of U.S. mortgages, $2.5 billion of credit card receivables, and $0.4 billion of other assets. As securitized credit card receivables transactions amortize, newly originated receivables are recorded on Citicorp's balance sheet and become available for asset securitization. In 1994, $3.7 billion of credit card receivables which were previously securitized are scheduled to amortize. Over time, the increase in securitization activities has made the subsidiaries less reliant on Parent Company funding.

With the long-term growth in deposits and securitization, Citicorp's dependence on short-term funding has been declining steadily over the past several years. At year-end 1993, short-term funding decreased to $16.8 billion from $18.1 billion at year-end 1992, and remained only 8% of total funding.

Citicorp's overall liquidity strategy relies primarily on the asset securitization and funding management programs set forth above. In addition, businesses within Citicorp are subject to limits on their liquidity exposures. Management also prepares a contingency funding plan which evaluates the ability of Citicorp and its subsidiaries to withstand reduced access to funding markets for extended periods.

MANAGEMENT OF PRICE RISK EXPOSURE

Price risk exposure is the sensitivity of earnings to changes in interest rates, foreign exchange rates, and market volatilities. This exposure arises in the normal course of business of a global financial intermediary.

Citicorp has established procedures for managing price risk within its business units worldwide. Decentralization is the essential organizational principle for managing price risk. It is balanced by strong centralized controls exercised by corporate oversight bodies. The level of price risk assumed by a business is based on its objectives and earnings, its capacity to manage risk, and by the sophistication of its local markets. The nature of the price risk assumed by a business varies according to the services it provides and the customers it serves. Limits are established for each major category of risk, monitored and managed by the businesses, and reviewed periodically at the corporate level.

Citicorp uses a price risk management process based on market factors that accommodates the diversity of balance sheet and derivative product exposures. This process provides meaningful [illegible] aggregate [illegible] for Citicorp's various businesses using their ex[illegible] management [illegible]tems. The market factor approach identifies [illegible] variables that cause a change in the value of a financial instrument, including the term structure of interest rates, foreign exchange rates, securities and commodities prices and their volatilities. Price risk is then measured using either the earnings at risk method, which is applied to the non-trading portfolios or the potential loss amount method, which is applied to the trading portfolios.

[illegible] at risk measures the potential earnings impact [illegible] non-trading portfolios of a specified movement in interest rates for a given time period. The earnings at risk for each currency is calculated by multiplying the gap between interest sensitive items, including assets, liabilities, derivative instruments and other off-balance sheet positions, by the specified rate movement, and then taking into account the impact of options, both explicit and embedded. The specific rate movements are statistically derived from a two-standard deviation movement. As part of the annual planning process, limits are set for earnings at risk on a group, country and total Citicorp basis, with exposures reviewed on a monthly basis by the Finance Committee in relation to limits and the current interest rate environment.

The potential earnings effect of market rate movements is managed by modifying the asset and liability mix, either directly or through the use of derivative instruments. These include interest rate swaps which are either designated and effective as hedges or designated and effective in modifying the interest rate characteristics of specified assets or liabilities.

As a price risk management tool, the Finance Committee limits the earnings at risk for the next twelve months to a percentage of forecast earnings over the same period. During 1993, this U.S. dollar earnings at risk as a percentage of rolling four quarter forecast earnings on a pre-tax basis ranged from 2% to 6%. In 1992, these measures ranged from 2% to 10%. Earnings at risk in other currencies were also created at significantly lower levels. The level of exposure taken is based on the market environment and will vary from period to period based on rate and economic expectations.

Citicorp's trading portfolios are managed to support customer needs as well as to take advantage of short-term market opportunities. The trading portfolios include a significant volume of derivative instruments, including interest rate and cross currency swaps and option instruments. As part of the price risk management process, exposures in Citicorp's trading portfolios, including derivative instruments, are revalued to market with gains and losses reflected in current earnings. The price risk of the trading portfolios is measured using the potential loss amount method, which estimates the sensitivity of the value of the trading positions to changes in the various market factors such as interest and foreign exchange rates, over the period necessary to close the position (generally one day). The method considers the probability of movements of these market factors (as derived from a two standard deviation movement), adjusted for correlation among them.

Citicorp's trading businesses create exposure in a wide number of markets on a worldwide basis. The trading portfolios are subject to a well-defined series of potential loss amount exposure limits, which are approved by the Finance Committee on an annual basis. The daily price risk process monitors exposures against limits and triggers specific management actions to ensure that the potential impact on earnings due to the many dimensions of price risk, is controlled within acceptable limits.

The Finance Committee reviews potential loss amount exposures on a monthly basis. During 1993, the potential earnings at risk related to the trading portfolios as a percentage of rolling four quarter forecast earnings on a pre-tax basis ranged from 2% to 3%. The level of exposure created is a factor of the market environment and expectations of future price and market movements, and will vary from period to period.

DERIVATIVE AND FOREIGN EXCHANGE ACTIVITIES

Derivative and foreign exchange products have become important risk management tools for our customers and for Citicorp. These contracts typically take the form of futures, forward, swap and option contracts, and derive their value from underlying interest rate, foreign exchange, commodity, or equity instruments. They are subject to the same types of liquidity, price, credit and operational risks as other financial instruments, and Citicorp manages these risks in a consistent manner.

As a dealer, Citicorp offers derivative and foreign exchange instruments to customers, separately or with other products, to help them to manage their risk profile, and also trades for Citicorp's own account. In addition, Citicorp employs derivative and foreign exchange contracts among other instruments as an end user in connection with its risk management activities. Monitoring procedures entail objective measurement systems, well-defined market and credit risk limits at appropriate control levels, and timely reports to line and senior management according to prescribed policies.

Citicorp manages its credit exposure on derivative and foreign exchange instruments through the same credit approvals, limits and monitoring procedures it uses for other credit transactions. Citicorp's Credit Transaction approach, as discussed on pages 32 and 33, determines appropriate limits on the aggregate credit extension to an individual customer relationship, including the credit exposure related to these instruments. The total credit exposure for these instruments is calculated as the sum of (1) the current replacement cost of the instrument and (2) the potential future exposure.

Since the total credit exposure is included within the aggregate customer exposure amounts, the credit risk related to derivative and foreign exchange contracts is considered in assessing the overall adequacy of the allowance for credit losses. Credit risk on these transactions is also incorporated into the risk-based capital framework for measuring capital adequacy. Gross credit-related losses on derivative contracts were $20 million in 1993, $94 million in 1992, and $33 million in 1991, with the 1992 amount principally reflecting losses related to the North America Commercial Real Estate portfolio. Approximately 87% of Citicorp's total credit exposure on derivative and foreign exchange contracts relates to counterparties that are rated investment grade.

Notional principal amounts are frequently used as indicators of business activity. Notional principal amounts are not necessarily exchanged, but serve as a point of reference for calculating payments. Notional principal amounts do not reflect balances subject to credit or market risk, nor do they reflect the extent to which positions offset one another. As a result, they do not represent the much smaller amounts that are actually subject to risk in these transactions. Gross unrealized gains represent the amount of loss that Citicorp would suffer if every counterparty to which Citicorp was exposed were to default at once (i.e., the cost of replacing these contracts), and they do not represent actual or expected loss amounts. The following table presents the aggregate notional principal amounts of Citicorp's outstanding derivative and foreign exchange contracts at December 31, 1993 and 1992, along with the gross aggregate unrealized gains. The table includes all contracts with third parties, including both dealer and end-user positions.

Total Derivative and Foreign Exchange Contracts

In Billions of Dollars at Year End	Notional Principal 1993	Notional Principal 1992	Gross Unrealized Gains 1993	Gross Unrealized Gains 1992
Interest Rate Products				
Futures Contracts	$195.6	$ [illegible]	$ —	$ [illegible]
Forward Contracts	227.1	[illegible]	0.2	[illegible]
Swap Agreements	244.3	217.[illegible]	6.8	[illegible]
Purchased Options	103.9	[illegible]	1.5	[illegible]
Written Options	87.5	[illegible]	—	[illegible]
Foreign Exchange Products				
Futures Contracts	0.1	[illegible]	—	
Forward Contracts	976.4	[illegible]	11.4	[illegible]
Cross Currency Swap Agreements	31.7	[illegible]	1.7	[illegible]
Purchased Options	44.0	[illegible]	1.1	[illegible]
Written Options	43.7	[illegible]	—	[illegible]
Commodity and Equity Products	20.7	[illegible]	0.8	NA
			$23.5	$[illegible]

NA Not available
(1) [illegible]

The increases in notional principal amounts from 1992 to 1993 reflect higher volumes of trading activity, principally relating to interest rate products in Europe and North America. The decrease in gross unrealized gains on foreign exchange products from 1992 to 1993 is attributable to the high market volatility in the latter half of 1992 associated with significant devaluations in major European currencies. While 1993 has also been marked by periods of high volatility, it was concentrated earlier in the year. As a result, gross unrealized gains at December 31, 1993 were lower than at December 31, 1992.

Citicorp's management of its derivative and foreign exchange activities, including the related accounting and operational controls, is tailored to its dealer and end-user activities.

Dealer Activities

Derivative and foreign exchange transactions are an integral part of Citicorp's dealing and trading activities. Citicorp's dealer activities in derivatives and foreign exchange contracts include a customer-focused Global Derivatives business as well as trading for Citicorp's own account in various locations around the world.

A comprehensive risk management process, as described in the above section on the Management of Price Risk Exposure, monitors Citicorp's overall exposure to market risk in its trading portfolios. The exposures created by derivative instruments are measured and limited within this process, and are subject to the potential loss amount limits. These limits are determined in part based on historical and forecasted volatility of each traded instrument.

The following table provides a maturity profile of the interest rate and foreign exchange contracts in Citicorp's trading portfolio, based upon total credit exposure:

Maturity Profile of Interest Rate and Foreign Exchange Contracts

Percentage as of December 31, 1993	Interest Rate Contracts	Foreign Exchange Contracts
Time to Maturity		
Less than 3 months	5%	39%
3 to 6 months	4%	23%
6 to 12 months	8%	25%
1 year to 3 years	37%	10%
3 to 5 years	29%	2%
5 to 8 years	13%	1%
More than 8 years	4%	—

More than half of Citicorp's credit exposure on interest rate contracts has a maturity of less than three years, and less than 20% is longer than five years. Exposure on foreign exchange contracts has a shorter tenor, with over 60% maturing within 6 months and more than 95% within three years.

Citicorp's dealing activities are managed on a market value basis, which recognizes in earnings the gains or losses resulting from changes in market rates. For other than short-term derivative and foreign exchange contracts, Citicorp defers, at the inception of each contract, an appropriate portion of the initial market value attributable to ongoing costs such as servicing and operational activities. This amount is amortized into trading account or foreign exchange revenue over the life of the contract. Information regarding derivative and foreign exchange trading revenues can be found on pages 50 and 51.

End-User Activities

Citicorp uses derivatives and other instruments, primarily interest rate products, as part of its own management of asset and liability positions. Derivatives are used to manage interest rate risk relating to specified groups of assets and liabilities, including commercial loans, credit card receivables, residential mortgages, deposit liabilities and other funding positions. Derivatives are also employed at the Corporate level to manage risk associated with long-term debt and other specified assets and liabilities. In addition, foreign exchange contracts are used to hedge net capital exposures and foreign exchange transactions.

Risk management activities employ interest rate swaps and other derivatives that are designated and effective as hedges, as well as swaps that are designated and effective in modifying the interest rate characteristics of specified assets or liabilities. These contracts are accounted for in a manner consistent with the related assets or liabilities. Revenues and expenses related to these agreements are generally included in net interest revenue over the lives of the agreements on an accrual basis, and realized gains and losses are deferred and amortized including those related to terminated contracts.

The majority of derivative positions used in Citicorp's asset and liability management activities are established via intercompany transactions with independently managed Citicorp dealer units, with the dealer acting as a "conduit" to the marketplace. As of December 31, 1993, the notional principal amounts of Citicorp's end-user positions and their approximate maturities were as follows. Contract maturities are related to the underlying risk management strategies.

End-User Interest Rate and Foreign Exchange Contracts(1)

In Billions of Dollars at December 31, 1993	Notional Principal Amount	Percentage Maturing: Within One Year	One to Five Years	After Five Years
Interest Rate Products				
Futures Contracts	$ 12.5	80%	20%	—
Forward Contracts	7.9	100%	—	—
Swap Agreements	69.1	22%	62%	16%
Option Contracts	34.0	58%	38%	4%
Foreign Exchange Products				
Futures and Forward Contracts	16.1	100%	—	—
Cross Currency Swap Agreements	1.9	37%	36%	27%

(1) Includes third party and intercompany contracts.

End-user derivative positions are integral components of Citicorp's designated asset and liability management activities. These activities are managed on a comprehensive basis, and are subject to the overall earnings at risk measures and limits described above. Derivatives provide an additional tool for accomplishing risk management objectives, but these same objectives could alternatively be accomplished using other financial instruments. Therefore Citicorp does not believe it is meaningful to separately analyze the derivatives component of its risk management activities in isolation from related positions.

The estimated fair values of contracts used to hedge or modify Citicorp's risk are provided in the table below. These amounts will fluctuate over time and be recognized as adjustments to the yields on the associated assets and liabilities. As noted above, these derivatives are integral components of Citicorp's asset and liability management activities. These fair value amounts should not be viewed in isolation, but rather in the context of the overall fair value disclosures provided in Note 1 to the Financial Statements.

Fair Value of End-User Interest Rate and Foreign Exchange Contracts

In Billions of Dollars at Year End	1993	1992
Contracts associated with		
Loans	$0.3	$ 0.1
Other Financial Assets	—	(0.1)
Interest-bearing Deposits	0.4	0.3
Other Financial Liabilities	0.1	(0.1)
Long-term Debt	0.3	0.2
Total	$1.1	$0.4

(1) Represents unrecognized fair value amounts related to end-user contracts.

CAPITAL ANALYSIS

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

Under the risk-based capital guidelines, qualifying total capital consists of two types of capital components. Tier 1 capital includes common stockholders' equity, qualifying perpetual preferred stock (subject to limitations) and minority interest in consolidated subsidiaries less goodwill and certain other deductions. Tier 2 capital includes perpetual preferred stock not included in Tier 1 capital and, subject to limitations, the allowance for credit losses, qualifying senior and subordinated debt, and limited-life preferred stock less certain deductions.

The risk-based capital guidelines require a minimum ratio of Tier 1 capital to risk-adjusted assets of 4.0% and a minimum ratio of combined Tier 1 and Tier 2 capital to risk-adjusted assets of 8.0%.

The risk-based capital guidelines are supplemented by a leverage ratio requirement. This requirement establishes a minimum leverage ratio of 3.0% for the highest rated banking organizations. Other banking organizations are expected to have ratios of at least 4.0 to 5.0% depending on their particular growth plans and condition (including diversification of risk, asset quality, earnings, and liquidity). The ratio is defined as Tier 1 capital divided by adjusted average assets, less certain deductions, including goodwill. Citicorp has not been advised by the Federal Reserve Board of a specific minimum leverage ratio applicable to it.

Citicorp Ratios

At Year End	Required	1993	1992
Common Stockholders' Equity		4.65%	3.73%
Tier 1 Capital	4.00%	6.62%	4.90%
Tier 1 & Tier 2 Capital	8.00%	11.45%	9.80%
Leverage	3.00% +	6.15%	4.74%

Citicorp strengthened its capital position significantly in 1993. The Tier 1 capital ratio at year-end 1993 of 6.62% was up from 4.90% at year-end 1992 while the total capital ratio of 11.45% at December 31, 1993 was up from 9.80% a year ago. Tier 1 capital at year-end 1993 was $13.4 billion, up from $10.3 billion at year-end 1992, while total capital was $23.2 billion, up from $20.1 billion. Common stockholders' equity increased $2.1 billion, principally reflecting net income for the year. Tier 1 capital was also bolstered through the issuance of $675 million of non-cumulative perpetual preferred stock (see Note 4 to the Financial Statements) and the inclusion of $465 million of cumulative perpetual preferred stock that had previously been treated as Tier 2 capital, partially offset by a reduction in minority interest associated with the sale of certain Latin American equity interests.

Components of Capital Under Regulatory Guidelines

In Millions of Dollars at Year End	1993	1992
Tier 1 Capital		
Common Equity	$ 10,066	$ 7,969
Qualifying Preferred Stock[1]	3,887	2,747
Minority Interest	59	272
Less: Intangible Assets[2]	(387)	(489)
50% Investment in Certain Subsidiaries[3]	(237)	(237)
Total Tier 1 Capital	$ 13,388	$ 10,262
Tier 2 Capital		
Allowance for Credit Losses[4]	$ 2,551	$ 2,638
Preferred Stock	16	498
Qualifying Debt[5]	7,434	6,951
Less: 50% Investment in Certain Subsidiaries[3]	(237)	(236)
Total Tier 2 Capital	9,764	9,849
Total Qualifying Capital	$ 23,152	$ 20,111
Net Risk-Adjusted Assets[6]	$202,273	$209,594

(1) Cumulative preferred stock is limited within Tier 1 capital to 25% of the sum of Common Equity, Qualifying Preferred Stock and Minority Interest. At December 31, 1993, excess cumulative perpetual preferred stock of $465 million which would otherwise qualify as Tier 1 capital was included in Tier 2 capital.
(2) Includes goodwill and, effective in 1993, certain other identifiable intangible assets.
(3) Formerly Citicorp Securities Inc. (known as Citicorp Securities Markets Inc. prior to July 15, 1993).
(4) Includable up to 1.25% of risk-adjusted assets. Any excess allowance is deducted from risk-adjusted assets.
(5) Includes qualifying senior and subordinated debt in an amount not exceeding 50% of Tier 1 capital, plus subordinated capital notes subject to certain limitations.
(6) Net risk-adjusted assets include certain off-balance sheet activities and commitments such as foreign exchange and derivative products and letters of credit and also reflects deductions for intangible assets and any excess allowance for credit losses.

Citicorp's subsidiary depository institutions are subject to the risk-based capital guidelines issued by their respective primary federal bank regulatory agencies, which are generally similar to the Federal Reserve guidelines described above. In addition, pursuant to the Federal Deposit Insurance Corporation Improvement Act of 1991 ("FDICIA"), federal bank regulatory agencies have defined five capital tiers for depository institutions for purposes of implementing certain regulations. Under these definitions, a "well capitalized" depository institution must have a Tier 1 ratio of at least 6%, a combined Tier 1 and Tier 2 ratio of at least 10% and a leverage ratio of at least 5% and not be subject to a directive, order or written agreement to meet and maintain specific capital levels. An "adequately capitalized" depository institution must have a Tier 1 ratio of at least 4%, a combined Tier 1 and Tier 2 ratio of at least 8% and a leverage ratio of at least 4%, or 3% in some cases. In addition, under the regulations, the regulators can downgrade the capital status of a depository institution under certain circumstances.

Citibank, N.A. Ratios

At Year End	Required	1993	1992
Common Stockholder's Equity		6.59%	5.67%
Tier 1 Capital	4.00%	6.93%	5.88%
Tier 1 & Tier 2 Capital	8.00%	11.13%	9.28%
Leverage	3.00%+	6.06%	5.41%

As of December 31, 1993, all of Citicorp's subsidiary depository institutions meet the "well capitalized" standards. See page 98 for a discussion of FDICIA.

The Federal Reserve Board and the Office of the Comptroller of the Currency ("OCC") proposed amendments to their capital adequacy guidelines which would establish a limitation on the amount of deferred tax assets that may be included in the Tier 1 capital calculation for risk-based and leverage capital purposes. These proposals would limit capital recognition of deferred tax assets whose realization is dependent on future taxable income to the lesser of (a) an amount that is expected to be realized within one year based upon a projection of future taxable income (exclusive of tax carryforwards and reversals of existing temporary differences) for that year, including the effect of tax-planning strategies that are expected to be implemented during that year, and (b) 10 percent of Tier 1 capital before certain adjustments. The OCC has recently issued temporary guidance for the capital recognition of deferred tax assets by national banks which could have the effect of imposing stricter limits on such recognition than those proposed by the Federal Reserve Board. The stricter limits would become effective when the capital adequacy amendments are finalized, and in the interim the OCC has indicated that it will not object to other reasonable interpretations. Although the federal bank regulatory authorities have not issued final rules, Citicorp believes that its deferred tax assets as recognized under SFAS No. 109 will meet the criteria for capital recognition finally set by the bank regulators and has therefore included such deferred tax assets in the calculation of its capital ratios and the capital ratios of its subsidiaries. However, there can be no assurance until final amendments are adopted by the bank regulators.

The Financial Accounting Standards Board (FASB) has issued a new accounting rule that will limit the circumstances in which unrealized gains and losses on certain financial instruments can be presented on a net basis, with implementation effective as of January 1, 1994. The implementation of this new rule will increase average and end of period assets, since Citicorp has reported these unrealized amounts on a net basis at December 31, 1993, as is current industry practice. If the new rule had been in place at December 31, 1993, the leverage, common equity, and total equity ratios would have been reduced by approximately 6%, including the effect of legal netting agreements with relevant counterparties. These effects will vary over time with changes in the value of the unrealized amounts and in the amounts subject to master netting agreements. The new accounting rule will not affect the calculation of Tier 1 and combined Tier 1 and Tier 2 capital ratios.

The FASB also has issued a new Statement that addresses the accounting and reporting for certain investments in equity securities and all investments in debt securities. The principal effect of the new standard relates to such securities that presently are classified as available for sale and carried at the lower of aggregate cost or market value. Under the new FASB Statement, these securities will be carried at fair value, with unrealized gains and losses reported in a separate component of stockholders' equity. The Federal Reserve Board and the Federal Deposit Insurance Corporation also have issued proposed amendments to their capital adequacy guidelines to include in Tier 1 capital the net unrealized changes in the value of securities that are available for sale. Refer to Note 12 to the Financial Statements for discussion of these and other recently issued accounting standards that will impact Citicorp in the future.

In April 1993, The Basle Committee on Banking Supervision, with the agreement of the central bank governors of the Group of Ten countries, including the Federal Reserve, issued a three-part package of consultative papers which deal with the supervisory treatment of netting arrangements, market risk and interest rate risk in evaluating the capital adequacy of banking organizations. U.S. regulatory agencies have proposed modifications to their risk-based capital guidelines for market and interest rate risk. In addition, from time to time, the Federal Reserve and the Federal Financial Institutions Examination Council propose amendments to or issue interpretations of risk-based capital guidelines and reporting instructions. In December 1993 the Federal Reserve distributed a memorandum with respect to a proposal to issue a notice of proposed rulemaking and an advanced notice of proposed rulemaking relating to sales of assets, including the capital treatment of recourse arrangements and direct credit substitutes. Such proposals or interpretations could, if implemented, in the future, affect reported capital ratios and net risk-adjusted assets.

SUMMARY OF FINANCIAL RESULTS

SELECTED FINANCIAL INFORMATION

[illegible]

[illegible]	1993 Amount	1993 % Change	1992 Amount	1992 % Change	1991 Amount	1991 % Change	1990 Amount	1990 % Change	1989 Amount	1989 % Change
Net Interest Revenue	$ 7,590	3	$ 7,459	3	$ 7,265	1	$ 7,185	(3)	$ 7,358	[illegible]
Fees, commissions, and other revenue	8,485	3	8,162	9	7,485	1	7,402	16	6,394	18
Total Revenue	$ 16,075	3	$ 15,621	6	$ 14,750	1	$ 14,587	6	$ 13,752	6
Provision for Credit Losses	$ 2,600	(37)	$ 4,146	7	$ 3,890	46	$ 2,662	6	$ 2,521	90
Operating Expense	10,615	6	10,057	(5)	11,097	[illegible]	[illegible]	14	9,648	[illegible]
Income (Loss) Before Taxes and Cumulative Effects of Accounting Changes	$ 2,860	N/M	$ 1,418	N/M	$ (237)	N/M	$ 526	(46)	$ [illegible]	[illegible]
Income Taxes	941	35	696	3	677	(3)	[illegible]	[illegible]	[illegible]	[illegible]
Income (Loss) Before Cumulative Effects of Accounting Changes	$ 1,919	N/M	$ 722	N/M	$ (914)	N/M	$ [illegible]	[illegible]	$ [illegible]	[illegible]
Cumulative Effects of Accounting Changes	300	N/M	—	—	457	N/M	[illegible]	N/M	—	
Net Income (Loss)	$ 2,219	N/M	$ 722	N/M	$ (457)	N/M	$ 458	[illegible]	$ [illegible]	[illegible]
Per Share										
Earnings (Loss) Per Share										
On Common and Common Equivalent Shares										
Before Accounting Changes	$ 3.82	N/M	$ 1.35	N/M	$ (3.22)	N/M	$ 0.57	(51)	$ 1.16	[illegible]
After Accounting Changes	4.50	N/M	1.35	N/M	(1.89)	N/M	0.59	(15)	1.16	[illegible]
Assuming Full Dilution										
Before Accounting Changes	$ 3.53	N/M	$ 1.35	N/M	$ (3.22)	N/M	$ 0.57	(51)	$ 1.16	[illegible]
After Accounting Changes	4.11	N/M	1.35	N/M	(1.89)	N/M	0.59	(15)	1.16	[illegible]
Dividends Declared Per Common Share	$ —	—	$ —	N/M	$ 0.7500	(57)	$ 1.7400	10	$ 1.5850	[illegible]
Total Assets	$216,574	1	$213,701	(1)	$216,922	-	$216,986	(6)	$230,643	[illegible]
Debt	$ 18,160	(10)	$ 20,172	(14)	$ 23,382	1	$ 23,226	(3)	$ 23,999	[illegible]

(1) Reflects adoption of Statement of Financial Accounting Standards No. 109 "Accounting for Income Taxes" as of January 1, 1993 [illegible]

(2) [illegible] after deducting preferred stock dividends, except where otherwise assumed.

(3) [illegible]

(4) Including [illegible] and redeemable preferred stock.

N/M [illegible]

STATEMENT OF OPERATIONS ANALYSIS

NET INTEREST REVENUE (TAXABLE EQUIVALENT BASIS)

Net interest revenue of $7.7 billion for 1993 was up $230 million from 1992 and $405 million from 1991. The total net rate spread was 3.88% for 1993, compared with 3.76% in 1992 and 3.72% in 1991.

Net interest revenue and interest rate spreads for all periods presented were reduced by the effect of credit card securitization. Adjusted for the effect of credit card securitization, net interest revenue was $10.0 billion in 1993, up 6% from the prior year. The adjusted net rate spread was 4.60% in 1993 compared with 4.32% in 1992 and 4.15% in 1991.

The increase in net interest revenue and the related net rate spread in offices outside the U.S. principally reflects higher volumes and favorable spreads in both the Global Consumer and Global Finance businesses in the Developing Economies.

Adjusted for the effect of credit card securitization, the net rate spread in U.S. offices was 4.66% for 1993, 4.40% for 1992 and 4.14% for 1991, with the increase in 1993 principally reflecting the effective management of the exposure to interest rate movements in a generally declining interest rate environment.

The decline in average interest earning assets in the U.S. in 1993 is mainly attributable to lower levels of U.S. consumer loans, which reflect a high level of mortgage prepayments during the year.

Net Rate Spread (Taxable Equivalent Basis)[1]

	1993	1992[2]	1991[2]
Net Interest Revenue:			
In Millions of Dollars			
U.S.	$ 3,396	$3,673	$3,736
Outside the U.S.	4,309	3,802	3,564
Total	$ 7,705	$7,475	$7,300
Average Earning Assets:			
In Billions of Dollars			
U.S.	$ 98.3	$106.2	$110.6
Outside the U.S.	100.3	92.8	85.5
Total	$ 198.6	$199.0	$196.1
Net Rate Spread (%):			
U.S.	3.46%	3.37%	3.39%
Outside the U.S.	4.29%	4.20%	4.17%
Total	3.88%	3.76%	3.72%
Adjusted for the Effect of Credit Card Securitization:			
Net Interest Revenue *In Millions of Dollars*	$10,024	$9,753	$8,806
Net Rate Spread (%)			
Total	4.60%	4.32%	4.15%
U.S. Offices	4.66%	4.40%	4.14%

(1) Includes appropriate allocations for capital and funding costs based on the location of the asset.
(2) Reclassified to conform to current year's presentation.

FEES, COMMISSIONS, AND OTHER REVENUE

Fee and Commission Revenue

Fees and commission revenues in the worldwide Global Finance businesses increased to $1.7 billion in 1993 compared with $1.5 billion in the prior year reflecting broadly based increases across each of the major regions. Revenues in the Global Consumer businesses in the Developing Economies increased by $0.2 billion in the year to $0.6 billion for 1993. These increases were partially offset by the impact of competitive pricing strategies on U.S. credit card fees and lower fees at Quotron. Additionally, the securitization of credit card receivables adversely affected the year on year comparison by $130 million. See page 53 for a further discussion of the effect of credit card receivable securitization. In 1992, fees and commission revenues were up $269 million from 1991 primarily reflecting increased revenues in both the Global Consumer and Global Finance businesses in Latin America, Asia and Europe.

Revenues from Trading Related Activities

Revenues from Citicorp's trading related activities are primarily reported in "Trading Account" and "Foreign Exchange" on the income statement, but also include other amounts, principally reflected in net interest revenue. Net interest revenue reflects net revenues from on-balance sheet trading positions. The table below provides an analysis of trading activities revenues by income statement line and by trading activities which are primarily conducted in the Global Finance businesses, but include approximately $0.2 billion in 1993 and $0.1 billion in 1992 in the Global Consumer businesses.

Trading Related Activities Revenues

In Billions of Dollars	1993	1992
By income statement line:		
Trading Account	$0.9	$0.3
Foreign Exchange	2.0	1.0
Other[1]	0.1	1.0
Total	$3.0	$2.3
By trading activity:		
Foreign Exchange[2]	$1.0	$1.3
Derivative[3]	0.8	0.4
Fixed Income[4]	0.4	0.2
Other[5]	0.8	[illegible]
Total	$3.0	$2.3

(1) Primarily net interest revenue.
(2) Includes foreign exchange spot, forward and option contracts.
(3) Principally interest rate and currency swaps, options, financial futures, equity and commodity contracts.
(4) Principally debt instruments including government and corporate debt as well as mortgage-backed securities.
(5) Includes funding and money market activities.

Trading Account

Revenues rose to record levels totaling $[illegible] million in 1993, up $613 million from the prior year. Trading revenues, which include activities in the debt, derivatives and other securities markets, were well diversified across products and geographic locations with [illegible] strong results in the Global Finance markets of Europe, North America and Latin America. [illegible] revenues [illegible] from strong customer demand for risk management [illegible] interest rates in Europe declined. Since these [illegible] conditions may not recur, [illegible] of trading [illegible] revenues [illegible] not be sustained. [illegible] revenues of $[illegible] million for 1992 [illegible] million from 1991 primarily attributable to [illegible] trading revenues in the North America Global Finance businesses.

Foreign Exchange

Foreign exchange revenues of $995 million for the year were essentially flat to the record of $1,005 million achieved in 1992. The results for the year include strong performances in the Global Finance businesses in Europe and North America reflecting increased customer-driven business in the volatile European currencies during the year. Since these market conditions may not recur, these record levels may not be sustained. Foreign exchange revenues in 1992 were up $296 million from 1991. The year-to-year revenue increase was broadly based across the Global Finance businesses, with the exception of Japan and Latin America.

Investment Securities Transactions

In 1993, net gains from the sale of investment securities were $94 million, compared with $12 million in 1992 and $330 million in 1991. The net gains in 1993 and 1992 were spread across various businesses while 1991 gains were primarily attributable to sales of equity securities held at the corporate level. Sales of debt securities have not materially affected the yields on the investment portfolio.

The net gains for 1993 reflected gross realized gains of $134 million and gross realized losses of $40 million. At December 31, 1993, gross unrealized gains and gross unrealized losses related to investment securities were $472 million and $60 million, respectively.

During 1992, Citicorp in its overall review of balance sheet management, identified a portion of debt securities within its investment portfolio as potentially available for sale. These securities are carried at the lower of aggregate amortized cost or market value, along with equity securities other than those held by Citicorp venture capital subsidiaries. There was no effect on earnings or capital from this reevaluation. Refer to Note 1 to the Financial Statements for further details.

Effective January 1, 1994, Citicorp will adopt Statement of Financial Accounting Standards No. 115, "Accounting for Certain Investments in Debt and Equity Securities." See Note 12 to the Financial Statements for further reference to the future impact of the new standard.

Other Revenue

Other revenue of $1.3 billion in 1993 compared with $1.5 billion in the prior year. A discussion of the key components of other revenue and factors impacting the related year on year variances follows the table.

In Millions of Dollars	1993	1992	1991
Affiliate Earnings	$ 211	$ 164	$ 142
Securitized Credit Card Receivables	1,083	[illegible]	[illegible]
Net Gains (Losses) From Mortgage Pass-Through Securitization Activity	(135)	(122)	[illegible]
Venture Capital	143	102	[illegible]
Net Gains on the Sale/Disposition of Assets	1	[illegible]	[illegible]
Foreign Currency Translation Losses	(50)	[illegible]	[illegible]
Other Items	47	[illegible]	41
Total	**$1,300**	$1,[illegible]	$1,174

[illegible]

Affiliate earnings of $211 million in 1993, were up $47 million from the prior year with the increase primarily attributable to gains on the sale of Argentine Past Due Interest bonds held by a Latin American affiliate. The increase in affiliate earnings in 1992 over 1991 related to earnings from Latin American affiliates, partially offset by the sale of AMBAC, Inc.

The increase in revenue from securitized credit card receivables principally reflects higher volumes of average sold receivables, lower losses and higher transaction interchange revenues. The increase in 1992 revenue over 1991 primarily reflects higher sold volume. The effect of credit card receivable securitization is discussed in more detail on page 55.

Net losses from mortgage pass-through securities sales were relatively unchanged during the year. The net adjustment required to reflect accelerated prepayments of securitized mortgages was reduced to $77 million in the year from $206 million in 1992. This improvement, along with lower costs related to recourse exposure, almost entirely offset the lower gains and related excess servicing fee revenues on the sale of mortgage pass-through securities. The deterioration in 1992's pass-through performance compared with 1991 reflected the impact of significantly higher mortgage prepayments in the sharply declining rate environment, as well as lower pass-through sales. Depending on the level of interest rates, the rate of mortgage prepayments and hedging transactions employed, further adjustments to the carrying amount of servicing assets that are subject to prepayment risk could be required in 1994.

Venture capital gains were $143 million for the year, compared with $102 million in 1992. Investments of venture capital subsidiaries are carried at fair value and earnings volatility can occur in the future, based on general market conditions as well as events and trends affecting specific venture capital investments.

Net gains from the sale/disposition of assets reflected business write-downs of $179 million in the fourth quarter of 1993, principally related to Quotron. Excluding these write-downs, net gains in 1993 principally reflected the sale of Brazilian Past Due Interest bonds and an affiliate in Asia. Net gains in 1992 included the sales of the remaining interest in AMBAC, Inc., a 20% interest in The Student Loan Corporation, and Latin American equity holdings.

PROVISION FOR CREDIT LOSSES

In 1993, the provision for credit losses was $2,600 million, down from $4,146 million in 1992 and $3,890 million in 1991. The 1993 provision reflects continuing additions to the allowance for credit losses in the Global Finance, North America Commercial Real Estate, and Global Consumer businesses and lower net write-offs year on year. The reduction in Global Finance and Global Consumer net write-offs during 1993 reflected improving, but uneven, economic conditions in the U.S. and weak economic conditions in Europe. Additionally, there were lower net write-offs in the North America commercial real estate portfolio.

Net Write-Offs and Provision for Credit Losses

In Millions of Dollars	1993	1992	1991
Net Write-Offs			
Global Consumer	$1,410	$1,969	$1,803
Global Finance	157	545	885
North America Commercial Real Estate	431	1,146	572
Total Non-Refinancing Commercial	$ 588	$1,691	$1,457
Cross-Border Refinancing Portfolio	61	(84)	1,674
Total	$2,059	$3,576	$4,934
Provision for Credit Losses			
Global Consumer	$1,686	$2,134	$2,168
Global Finance	305	614	847
North America Commercial Real Estate	610	1,652	1,163
Total Non-Refinancing Commercial	$ 915	$2,266	$1,949
Cross-Border Refinancing Portfolio	(1)	(254)	(137)
Total	$2,600	$4,146	$3,890

The consumer loan loss provision for 1993 was $1,686 million, down from $2,134 million in 1992 and $2,168 million in 1991. The 1993 provision included an additional provision of $276 million compared with $215 million in 1992 and $305 million in 1991. See page 23 for a further discussion of consumer net credit losses.

The total commercial provision for credit losses, excluding the cross-border refinancing portfolio, was $915 million in 1993, including a $327 million additional provision above net write-offs compared with a $575 million additional provision in 1992 and $492 million in 1991. This brought Citicorp's total allowance for commercial loans to $2,545 million at year end 1993, up 15% from $2,221 million a year ago. Provisioning and net write-off levels decreased in 1993 and are expected to modestly improve in 1994.

Net commercial write-offs, excluding the cross-border refinancing portfolio, were $588 million, down from $1,691 million in 1992 and $1,457 million in 1991. These net write-offs included North America Commercial Real Estate net write-offs of $431 million in 1993, down from $1,146 million in 1992 reflecting certain modest signs of stabilization in real estate values during the year. See pages 37-40 for further discussion of the North America Commercial Real Estate portfolio.

Global Finance net write-offs of $157 million in 1993 were down from $545 million in 1992 and $885 million in 1991 reflecting lower net write-offs for commercial real estate portfolios outside the U.S. and certain leveraged acquisition finance loans. The 1991 net write-offs also included a $171 million write-off of Citicorp's exposure to First Capital Holdings Inc. Net write-offs in Global Finance markets outside the U.S. were $87 million compared with $206 million in 1992 and $506 million in 1991. Global Finance net write-offs outside the U.S. included $2 million related to commercial real estate portfolios, down from $267 million in 1992 and $204 million in 1991. Global Finance net write-offs related primarily to the North America and Europe portfolios. Global Finance Developing Economies reported net write-offs of $42 million in 1993, $55 million in 1992, and $24 million in 1991.

The cross-border refinancing portfolio recorded net write-offs of $61 million in 1993 compared with net recoveries of $84 million in 1992 and net write-offs of $1,674 million in 1991. The net write-offs in 1991 were primarily due to net country write-offs, principally in Brazil, but also included net write-offs associated with actions taken to restructure the portfolio through the sale and swap of loans.

In 1992 the cross-border refinancing portfolio provision included a release of $253 million from the allowance attributable to the portfolio, compared with a release of $150 million in 1991. These releases reflected management's view of the overall economic progress in Latin America.

OTHER OPERATING EXPENSE

Operating expenses of $10.6 billion in 1993 were up 6% from the prior year. The year on year increase principally reflected business expansion in the Developing Economies, restructuring charges, higher incentive compensation costs and charges of $80 million associated with the withdrawal from portfolio management activities in India. In 1992, operating expenses declined 9% from 1991, principally reflecting lower restructuring charges, benefits of cost-management actions taken, and the sale of non strategic businesses. Additional discussion of other operating expense is presented on page 54.

Restructuring Charges

Restructuring charges of $425 million in 1993 included $27[illegible] million and $15[illegible] million related to the Global Consumer and Global Finance businesses, respectively, primarily in the U.S. These charges represent obligations incurred in connection with cost-management programs to improve productivity, principally relating to workforce reductions. Details regarding these programs, which are expected to achieve full payback of the charges within 18 to 24 months, will be disclosed as specific actions are implemented. Restructuring charges totaled $227 million and $750 million in 1992 and 1991, respectively.

Employee Expense

Employee expense was $4.8 billion in 1993, up $1[illegible]7 million from the prior year. The increase reflects higher staff levels required to support base business expansion in the Global Consumer and Global Finance activities in the Developing Economies and higher incentive compensation costs, largely attributable to the strong trading related revenues in the year. Employee expense of $4.6 billion in 1992 was down $162 million from 1991 reflecting lower overall staff levels.

Other Expense

Other expenses were $3.7 billion in 1993, up from $3.5 billion in 1992. The increase largely reflected expanded business activities in the Developing Economies, the above noted charges associated with certain business activities in India, and higher marketing related costs in the consumer business (principally in the U.S.), partially offset by reduced net OREO costs. Other expenses, excluding a $80 million increase in net OREO costs, declined $280 million from 1991 to 1992 with the improvement spread across most expense categories.

INCOME TAXES

As discussed in the Statement of Accounting Policies and in Note 8 to the consolidated financial statements, Citicorp adopted Statement of Financial Accounting Standards No. 109 as of January 1, 1993. The cumulative effect of this change in accounting for income taxes, a $300 million benefit, is reported separately in Citicorp's 1993 consolidated statement of operations. Prior year taxes have not been restated.

Income tax expense for 1993 was $841 million compared with $696 million in 1992 and $677 million in 1991. The increase in 1993 income tax expense corresponds to higher earnings before tax. The 1993 increase was partially offset by a $200 million reduction in the valuation allowance related to net U.S. deferred tax assets due to a favorable reassessment of future earnings expectations. Excluding this tax benefit, the 1993 effective tax rate would have been 40% compared with 49% for 1992 (the effective tax rate for 1991 was not meaningful due to a loss before tax). The reduction in the effective tax rate in 1993 reflects improvements in the level and mix of earnings.

On August 10, 1993, the Omnibus Budget Reconciliation Act of 1993 was signed into law. The corporate tax provisions of the new law did not have a material impact on 1993 results, and are not expected to have a material impact on future liquidity or net income.

IMPACT OF CREDIT CARD RECEIVABLES SECURITIZATION

The securitization of credit card receivables does not affect the earnings reported for each period. Gains on these sales are recorded monthly as realized over the term of each securitization transaction, which have ranged from three to ten years. Due to the revolving nature of the receivables sold and the monthly recognition of gains, the pattern of gain recognition is similar to the pattern that would be experienced if the receivables had not been sold. However, [illegible] investment from that of a [illegible] to that of a loan servicer, there is a change in how the revenue is reported in the [illegible] ment. For securitized receivables, amounts that would previously have been reported as net interest revenue and as credit [illegible] loans are instead reported as fee [illegible] servicing fees) and as other revenue [illegible] to which Citicorp is entitled [illegible] losses are a component of these [illegible] over the terms of these transactions [illegible] depending upon the credit performance of the securitized receivables. However, Citicorp's exposure to credit losses on the securitized receivables is contractually limited to these cash flows.

During 1993, $2.5 billion of credit card receivables were sold, compared with $6.8 billion and $6.5 billion during 1992 and 1991, respectively. The total credit card receivables sold, net of amortization as of December 31, 1993, were $23.9 billion, compared with $25.6 billion and $21.1 billion as of December 31, 1992 and 1991, respectively. The following table outlines the impact of the securitization and sale of credit card receivables by showing the increase (decrease) in the reported Consolidated Statement of Operations line items, Average Balance Sheet, return on assets, and consumer net credit loss ratio.

In Millions of Dollars	1993	1992	1991
Net Interest Revenue	$(2,319)	[illegible]	[illegible]
Fee and Commission Revenue	(46)	[illegible]	[illegible]
Other Revenue	1,083	[illegible]	[illegible]
Provision for Credit Losses	(1,282)	[illegible]	[illegible]
Net Income Impact of Securitization	$ 0	$ 0	$ 0
Average Assets (In Billions)	$ (24)	[illegible]	[illegible]
Return on Assets	.09%	[illegible]	[illegible]
Consumer Net Credit Loss Ratio	(.81)%	[illegible]	[illegible]

The following table shows average credit card loans, net credit losses and related ratios for the managed U.S. and Canada credit card portfolio:

	1993	1992	1991
Average Credit Card Loans (In Billions)	$ 33.0	[illegible]	[illegible]
Net Credit Losses (In Millions)	1,733	[illegible]	[illegible]
As a Percentage of Average Credit Card Loans	5.25%	[illegible]	[illegible]

REPORTS

FINANCIAL REPORTING RESPONSIBILITY

The management of Citicorp is responsible for the preparation and fair presentation of the financial statements and other financial information contained in this annual report. The accompanying financial statements have been prepared in conformity with generally accepted accounting principles appropriate in the circumstances. Where amounts must be based on estimates and judgments, they represent the best estimates and judgments of management. The financial information appearing throughout this annual report is consistent with that in the financial statements.

The management of Citicorp is also responsible for establishing and maintaining an effective internal control structure and procedures for financial reporting and safeguarding of assets against loss from unauthorized use or disposition. There are inherent limitations in the effectiveness of any system of internal control, and accordingly, even an effective internal control system can provide only reasonable assurance with respect to financial statement preparation. Management assessed Citicorp's internal control structure and procedures for financial reporting and safeguarding of assets as of December 31, 1993, based on recognized criteria for effective internal control. Based on this assessment, management believes that Citicorp maintained an effective internal control structure and procedures for financial reporting and safeguarding of assets against loss from unauthorized use or disposition as of December 31, 1993.

The accounting policies and internal control structure are under the general oversight of the Citicorp and Citibank Boards of Directors, acting through the Audit Committee described on page 100. The committee is comprised entirely of directors who are not officers or employees of Citicorp. The Chief Auditor of Citicorp and the Managing Director of Business Risk Review, who report directly to the Board of Directors, conduct an extensive program of audits and business risk reviews worldwide. In addition, KPMG Peat Marwick, independent auditors, are engaged to audit our financial statements.

KPMG Peat Marwick obtain and maintain an understanding of our internal control structure and procedures for financial reporting and conduct such tests and other auditing procedures as they consider necessary in the circumstances to express the opinion in their report that follows. KPMG Peat Marwick have free access to the Audit Committee, with no members of management present, to discuss their audit and their findings as to the integrity of Citicorp's financial reporting and the adequacy of the internal control structure described above.

John S. Reed
Chairman

Thomas E. Jones
Executive Vice President

REPORT OF INDEPENDENT AUDITORS

KPMG Peat Marwick

Certified Public Accountants

The Board of Directors and Stockholders of Citicorp

We have audited the accompanying consolidated balance sheets of Citicorp and subsidiaries as of December 31, 1993 and 1992, the related consolidated statements of operations, changes in stockholders' equity, and cash flows for each of the years in the three-year period ended December 31, 1993, and the related consolidated balance sheets of Citibank, N.A. and subsidiaries as of December 31, 1993 and 1992. These financial statements are the responsibility of Citicorp management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform these audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Citicorp and subsidiaries as of December 31, 1993 and 1992, the results of their operations and their cash flows for each of the years in the three-year period ended December 31, 1993, and the financial position of Citibank, N.A. and subsidiaries as of December 31, 1993 and 1992 in conformity with generally accepted accounting principles.

As discussed in the statement of accounting policies and in Notes 7 and 8 to the consolidated financial statements, in 1993 Citicorp adopted Statement of Financial Accounting Standards No. 106, "Employers' Accounting for Postretirement Benefits Other Than Pensions" and Statement of Financial Accounting Standards No. 109, "Accounting for Income Taxes."

KPMG Peat Marwick

New York, New York
January 18, 1994

FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF OPERATIONS

Citicorp and Subsidiaries

In Millions of Dollars Except Per Share Amounts	1993	1992 [1]	1991 [1]
Interest Revenue			
Interest and Fees on Loans	$16,408	$18,476	$20,440
Interest on Deposits with Banks	1,016	1,029	886
Interest on Federal Funds Sold and Securities Purchased Under Resale Agreements	2,952	[illegible]	[illegible]
Interest and Dividends on Investment Securities (Note 1)	950	[illegible]	[illegible]
Interest on Trading Account Assets	2,485	[illegible]	[illegible]
	$23,811	[illegible]	[illegible]
Interest Expense			
Interest on Deposits	$ 9,797	[illegible]	[illegible]
Interest on Securities Sold, Not Yet Purchased	195	[illegible]	[illegible]
Interest on Other Borrowed Money (Note 1)	4,155	[illegible]	[illegible]
Interest on Long Term Debt and Subordinated Capital Notes (Note 1)	1,974	[illegible]	[illegible]
	$16,121	[illegible]	[illegible]
Net Interest Revenue	$ 7,690	[illegible]	[illegible]
Provision for Credit Losses (Note 1)	$ 2,600	[illegible]	[illegible]
Net Interest Revenue After Provision for Credit Losses	$ 5,090	[illegible]	[illegible]
Fees, Commissions, and Other Revenue			
Fees and Commissions (Note 6)	$ 5,057	[illegible]	[illegible]
Trading Account	939	[illegible]	457
Foreign Exchange	995	[illegible]	709
Investment Securities Transactions (Notes 1 and 8)	94	12	[illegible]
Other Revenue	1,300	[illegible]	1,174
	$ 8,385	$ 8,165	$ 7,485
Other Operating Expense			
Salaries	$ 3,817	$ 3,683	$ 3,873
Employee Benefits (Note 7)	1,028	965	938
Total Employee Expense	$ 4,845	$ 4,648	$ 4,811
Net Premises and Equipment Expense (Notes 3 and 11)	1,601	[illegible]	[illegible]
Restructuring Charges	425	[illegible]	[illegible]
Other Expense	3,744	[illegible]	[illegible]
	$10,615	[illegible]	$11,097
Income (Loss) Before Taxes and Cumulative Effects of Accounting Changes	$ 2,860	$ 1,418	$ (237)
Income Taxes (Note 8)	941	696	677
Income (Loss) Before Cumulative Effects of Accounting Changes	$ 1,919	$ 722	$ (914)
Cumulative Effects of Accounting Changes			
Accounting for Income Taxes (Note 8)	300	—	—
Venture Capital [2] (Note 1)	—	—	457
Net Income (Loss)	$ 2,219	$ 722	$ (457)
Income (Loss) Applicable to Common Stock	$ 1,900	$ 497	$ (649)
Earnings (Loss) Per Share (Note 9)			
On Common and Common Equivalent Shares			
Income (Loss) Before Cumulative Effects of Accounting Changes	$ 3.82	$ 1.35	$ (3.22)
Cumulative Effects of Accounting Changes			
Accounting for Income Taxes	0.68	—	—
Venture Capital [2]	—	—	1.33
Net Income (Loss)	$ 4.50	$ 1.35	$ (1.89)
Assuming Full Dilution			
Income (Loss) Before Cumulative Effects of Accounting Changes	$ 3.53	$ 1.35	$ (3.22)
Cumulative Effects of Accounting Changes			
Accounting for Income Taxes	0.58	—	—
Venture Capital [2]	—	—	1.33
Net Income (Loss)	$ 4.11	$ 1.35	$ (1.89)

Accounting policies and explanatory notes on pages 60-85 form an integral part of the financial statements.

(1) Reclassified to conform to current year's presentation.

(2) In addition to the cumulative effect adjustment, the venture capital accounting change had the effect of reducing the 1991 net loss by $12[illegible] million ($0.37 per share).

[illegible]

CONSOLIDATED BALANCE SHEET

In Millions of Dollars	December 31, 1993	December 31, 1992
Assets		
Cash and Due from Banks	$ 4,836	$ [illegible]
Deposits at Interest with Banks	6,749	[illegible]
Investment Securities (Note 1)		
At Cost (Market Value $[illegible] in 1993 and $6,[illegible] in 1992)	5,637	[illegible]
At Lower of Aggregate Cost or Market Value (Market Value $[illegible] in 1993 and $7,[illegible] in 1992)	8,705	[illegible]
At Fair Value	1,489	[illegible]
Trading Account Assets	18,117	17,[illegible]
Federal Funds Sold and Securities Purchased Under Resale Agreements	7,339	[illegible]
Loans, Net (Note 1)		
Consumer	$ 84,354	$ [illegible]
Commercial	54,613	[illegible]
Loans, Net of Unearned Income	$138,967	[illegible]
Allowance for Credit Losses	(4,379)	([illegible])
Total Loans, Net	$134,588	$[illegible]
Customers' Acceptance Liability	1,512	[illegible]
Premises and Equipment, Net (Note 2)	3,842	[illegible]
Interest and Fees Receivable	2,552	[illegible]
Other Assets (Notes 1, 3, 7, and 8)	21,208	[illegible]
Total	$216,574	$[illegible]
Liabilities		
Non-Interest-Bearing Deposits in U.S. Offices	$ 13,442	$ 1[illegible]
Interest-Bearing Deposits in U.S. Offices	38,347	44,175
Non-Interest-Bearing Deposits in Offices Outside the U.S.	6,644	[illegible]
Interest-Bearing Deposits in Offices Outside the U.S.	86,656	[illegible]
Total Deposits	$145,089	$144,175
Securities Sold, Not Yet Purchased	2,352	1,[illegible]
Purchased Funds and Other Borrowings (Note 1)	16,777	18,120
Acceptances Outstanding	1,531	1,[illegible]
Accrued Taxes and Other Expenses	6,452	[illegible]
Other Liabilities	12,260	11,[illegible]
Long-Term Debt (Note 1)	15,983	16,[illegible]
Subordinated Capital Notes (Note 1)	2,150	[illegible]
Redeemable Preferred Stock (Note 1)	27	[illegible]
Stockholders' Equity		
Preferred Stock (Note 4)	$ 3,887	$ [illegible]
Common Stock ($1.00 par value) (Note 5)	412	[illegible]
Issued Shares 412,617,200 in 1993 and 391,[illegible] in 1992		
Surplus	3,898	[illegible]
Retained Earnings	6,149	4,[illegible]
Common Stock in Treasury, at Cost	(393)	([illegible])
Shares 25,527,133 in 1993 and 25,[illegible] in 1992		
Total Stockholders' Equity	$ 13,953	$ 11,181
Total	$216,574	$213,701

Accounting policies and explanatory [illegible] page [illegible] form an integral part of the financial statements

CONSOLIDATED STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY

Unocorp and Subsidiaries

In Millions of Dollars	1993	1992	1991
Preferred Stock (Note 4)			
Balance at Beginning of Year	$ 3,212	$ 2,140	$ 1,540
Issuance of Stock	675	1,309	1,250
Retirement, Redemption, and Repurchase of Stock	—	(237)	(650)
Balance at End of Year	$ 3,887	$ 3,212	$ 2,140
Common Stock ($1.00 par value) (Note 5)			
Balance at Beginning of Year Shares 391,888,124 in 1993, 371,620,259 in 1992, and 363,069,068 in 1991	$ 392	$ 372	$ 363
Issuance of Stock under Dividend Reinvestment and Common Stock Purchase Plan Shares 1,652,797 in 1993, 777,670 in 1992 and 5,042,468 in 1991	2	1	5
Issuance of Stock under Stock Incentive, Savings Incentive, Stock Option and Stock Purchase Plans and Conversion of Convertible Notes (Notes 1 and 7) Shares 18,476,370 in 1993, 10,229,889 in 1992, and 3,568,824 in 1991	18	16	4
Exchange of 9,266 806 shares of Common Stock for Adjustable Rate Preferred Stock (Second and Third Series) in 1992	—	3	
Balance at End of Year Shares 412,017,300 in 1993, 391,888 124 in 1992, and 371,620,259 in 1991	$ 412	$ 392	$ 372
Surplus			
Balance at Beginning of Year	$ 3,598	$ 3,277	$ 3,187
Issuance of Stock under Dividend Reinvestment and Common Stock Purchase Plan	41	3	67
Issuance of Stock under Stock Incentive, Savings Incentive, Stock Option, Stock Purchase and Executive Incentive Compensation Plans and Conversion of Convertible Notes (Notes 1 and 7)	233	102	36
Exchange of Common Stock for Adjustable Rate Preferred Stock (Second and Third Series), Net of Related Costs	—	225	—
Common Stock Issuable under Executive Incentive Compensation and Stock Incentive Plans (Note 7)	23	(6)	28
Preferred Stock Issuance Cost	(21)	(24)	(28)
Restricted Stock Grants, Net of Amortization (Note 7)	24	21	(13)
Balance at End of Year	$ 3,898	$ 3,598	$ 3,277
Retained Earnings			
Balance at Beginning of Year	$ 4,368	$ 4,098	$ 5,045
Net Income (Loss)	2,219	722	(457)
Cash Dividends Declared			
Preferred (Notes 1 and 4)	(312)	(212)	(170)
Common	—	—	(256)
Foreign Currency Translation (Accumulated amount of $(58) at December 31, 1993)	(126)	(223)	(66)
Other	—	(17)	2
Balance at End of Year	$ 6,149	$ 4,368	$ 4,098
Common Stock in Treasury, at Cost			
Balance at Beginning of Year Shares 25,399,438 in 1993, 27,369,104 in 1992, and 26,406,362 in 1991	$ (389)	$ (389)	$ (405)
Treasury Stock Transactions, at Cost Shares 127,695 in 1993, 29,594 in 1992, and (1,136,428) in 1991	(4)	—	16
Balance at End of Year Shares 25,527,133 in 1993, 25,399,438 in 1992, and 25,269,934 in 1991	$ (393)	$ (389)	$ (389)
Total Stockholders' Equity			
Balance at Beginning of Year	$11,181	$ 9,489	$ 9,730
Changes During the Year, Net	2,772	1,692	(241)
Balance at End of Year	$13,953	$11,181	$ 9,489

Accounting policies and explanatory notes on pages 69-85 are an integral part of the financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

Citicorp and Subsidiaries

In Millions of Dollars	1993	1992	1991
Cash Flows from Operating Activities			
Net Income (Loss)	$ 2,219	$ 722	$ (457)
Adjustments to Reconcile Net Income (Loss) to Net Cash Provided by (Used In) Operating Activities			
Provision for Credit Losses	$ 2,600	$ 4,146	$ 3,890
Depreciation and Amortization of Premises and Equipment	568	587	652
Amortization of Goodwill	55	60	72
Restructuring Charges	425	237	759
Business Write Downs	179	—	—
Provision for Deferred Taxes	(612)	4	249
Cumulative Effects of Accounting Changes (Notes 1 and 8)	(300)	—	(477)
Venture Capital Activity	(161)	249	(144)
Net (Gain) on Sale of Investment Securities	(94)	(12)	(90)
Net (Gain) on the Sale of Subsidiaries and Affiliates	(77)	(417)	(108)
Changes in Accruals and Other, Net	(1,244)	(1,658)	(1,340)
Net (Increase) in Trading Account Assets	(1,032)	(5,021)	(4,546)
Net Increase (Decrease) in Securities Sold, Not Yet Purchased	458	153	(962)
Total Adjustments	$ 705	$ (1,663)	$ (2,804)
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	$ 2,984	$ (941)	$ (3,261)
Cash Flows from Investing Activities			
Net (Increase) Decrease in Deposits at Interest with Banks	$ (199)	$ 197	$ 854
Purchases of Investment Securities	(31,017)	(27,734)	(38,447)
Proceeds from Sale of Investment Securities (Note 1)	7,886	5,100	8,144
Maturities of Investment Securities (Note 1)	21,599	21,604	28,882
Net (Increase) in Federal Funds Sold and Securities Purchased Under Resale Agreements	(958)	(1,831)	(470)
Net (Increase) in Loans	(86,098)	(78,420)	(94,994)
Proceeds from Sales of Loans and Credit Card Receivables	82,961	82,746	92,519
Capital Expenditures on Premises and Equipment	(829)	(1,252)	(929)
Proceeds from Sales of Premises and Equipment	175	342	394
Proceeds from Sales of Subsidiaries and Affiliates	280	1,453	926
Proceeds from Sales of Other Real Estate Owned (OREO)	1,740	1,052	617
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	$ (5,110)	$ 3,191	$ (2,423)
Cash Flows from Financing Activities			
Net Increase (Decrease) in Deposits	$ 2,816	$ (2,590)	$ 4,023
Net Increase (Decrease) in Federal Funds Purchased and Securities Sold Under Repurchase Agreements	(1,336)	2,633	136
Proceeds from Issuance of Commercial Paper and Funds Borrowed with Original Maturities of Less Than One Year	335,235	360,550	424,475
Repayment of Commercial Paper and Funds Borrowed with Original Maturities of Less Than One Year	(338,417)	(361,403)	(424,626)
Proceeds from Issuance of Long Term Debt	4,682	3,460	4,783
Repayment of Long Term Debt and Retirement of Redeemable Preferred Stock	(6,444)	(6,365)	(4,703)
Proceeds from Issuance of Preferred Stock	654	1,275	1,222
Redemption and Repurchase of Preferred Stock	—	—	(650)
Proceeds from Issuance of Common Stock	302	119	81
Dividends Paid	(313)	(216)	(435)
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	$ 2,179	$ (2,147)	$ 4,300
Effect of Exchange Rate Changes on Cash and Due from Banks	$ (355)	$ (293)	$ (392)
Net (Decrease) in Cash and Due from Banks	$ (302)	$ (190)	$ (1,770)
Cash and Due from Banks at Beginning of Year	5,188	5,328	7,098
CASH AND DUE FROM BANKS AT END OF YEAR	$ 4,886	$ 5,138	$ 5,328
Supplemental Disclosure of Cash Flow Information			
Cash Paid During the Year for			
Interest	$ 14,481	$ 14,493	$ 15,379
Income Taxes	$ 1,197	$ 473	$ 484
Non-Cash Investing Activities			
Transfers from Loans to OREO	$ 1,644	$ 3,761	$ 2,639

Accounting policies and explanatory notes on pages 69-85 form an integral part of the financial statements

CONSOLIDATED BALANCE SHEET

In Millions of Dollars

	December 31, 1993	December 31, 1992
Assets		
Cash and Due from Banks	$ 4,006	$ 3,920
Deposits at Interest with Banks	7,137	6,249
Investment Securities (Note 1)		
At Cost (Market value $2,974 in 1993, and $3,049 in 1992)	2,927	[illegible]
At Lower of Aggregate Cost or Market Value (Market value $7,974 in 1993, and $8,676 in 1992)	7,670	8,669
At Fair Value	842	[illegible]
Trading Account Assets	15,259	14,842
Federal Funds Sold and Securities Purchased Under Resale Agreements	4,392	[illegible]
Loans (Net of unearned income of $1,663 in 1993, and $1,875 in 1992)	$109,459	[illegible]
Less Allowance for Credit Losses	(3,471)	[illegible]
Loans, Net	$105,988	[illegible]
Customers' Acceptance Liability	1,512	[illegible]
Premises and Equipment, Net	2,973	[illegible]
Interest and Fees Receivable	1,803	[illegible]
Other Assets (Note 3)	14,634	[illegible]
Total	$169,142	[illegible]
Liabilities		
Non-Interest-Bearing Deposits in U.S. Offices	$ 10,207	[illegible]
Interest-Bearing Deposits in U.S. Offices	23,077	24,193
Non-Interest-Bearing Deposits in Offices Outside the U.S.	6,439	5,180
Interest-Bearing Deposits in Offices Outside the U.S.	83,239	74,863
Total Deposits	$122,962	[illegible]
Securities Sold, Not Yet Purchased	1,473	679
Purchased Funds and Other Borrowings	11,742	15,721
Acceptances Outstanding	1,530	[illegible]
Accrued Taxes and Other Expenses	3,740	[illegible]
Other Liabilities	8,758	7,324
Long-Term Debt	3,089	[illegible]
Subordinated Notes	4,700	[illegible]
Stockholder's Equity (Note 13)		
Capital Stock ($20.00 par value) Outstanding Shares: 37,534,553 in 1993 and 1992	$ 751	$ 751
Surplus	5,912	5,280
Retained Earnings	4,485	3,016
Total Stockholder's Equity	$ 11,148	$ 9,047
Total	$169,142	[illegible]

Accounting policies and explanatory notes on pages 60 to [illegible] are an integral part of the financial statements.

STATEMENT OF ACCOUNTING POLICIES

BASIS OF PRESENTATION

The consolidated financial statements include the accounts of Citicorp, its wholly owned subsidiary, Citibank, N.A., and their majority-owned subsidiaries, after the elimination of all material intercompany transactions.

Twenty percent to 50% owned affiliates, other than venture capital investments, are carried under the equity method of accounting and the pro rata share of their income (loss) is included in other revenue. Income from investments in less than 20%-owned companies is recognized when dividends are received.

Gains and losses on disposition of branches, subsidiaries, affiliates, and other equity investments and charges for management's estimate of impairment in value that is other than temporary are included in other revenue.

Foreign currency translation, which represents the effects of translating into U.S. dollars, at current exchange rates, financial statements of operations outside the U.S. with a functional currency other than the U.S. dollar, is included in retained earnings in the accompanying consolidated balance sheets, along with related hedge and tax effects.

The effects of translating foreign currency financial statements of those overseas operations with the U.S. dollar as the functional currency, including those operating in a highly inflationary environment, are included in other revenue, along with related hedge effects.

INVESTMENT SECURITIES

Investment securities are reported in three distinct categories. Debt securities that are expected to be held to maturity are carried at cost, adjusted for amortization of premiums to the earliest call date and accretion of discounts to maturity. Debt securities potentially available for sale and marketable equity securities held for investment are carried at the lower of aggregate cost or market value. Investment securities of venture capital subsidiaries are carried at fair value, with changes in fair value recorded in other revenue (See Note 1).

Gains and losses on sales of investment securities are computed on a specific identified cost basis.

TRADING ACCOUNT ACTIVITIES

Trading account assets are held in anticipation of short-term market movements and are held for resale to customers. It is Citicorp's policy not to make transfers between investment securities and the trading account. Trading account assets, consisting of securities and money market instruments, are valued at market. Gains and losses, both realized and unrealized, are included in trading account revenue. Interest on trading account assets is included in interest revenue.

Obligations to deliver securities sold but not yet purchased are also valued at market and recorded on the balance sheet as securities sold, not yet purchased, with the related interest expense presented as interest expense on securities sold, not yet purchased.

Trading account activities also include derivative contracts, such as financial futures and forward contracts, interest rate swaps, options and similar products. Derivative trading positions are valued at market, with both realized and unrealized gains and losses included in trading account revenue. Foreign exchange trading positions, including spot and forward contracts, are valued monthly at prevailing market rates on a net present value basis, and the resulting gains and losses are included in foreign exchange revenue. For other than short-term derivative and foreign exchange contracts, Citicorp defers, at the inception of each contract, an appropriate portion of the initial market value attributable to ongoing costs, such as servicing and operational activities, and amortizes this amount into trading account or foreign exchange revenue over the life of the contract.

RISK MANAGEMENT ACTIVITIES

Outside of its trading activities, Citicorp manages its exposure to market rate movements by modifying the asset and liability mix, either directly or through the use of derivative financial products. These include interest rate swaps and other derivatives that are designated and effective as hedges, as well as swaps that are designated and effective in modifying the interest rate characteristics of specified assets or liabilities. Consistent with the risk management strategy, revenues and expenses related to these agreements are generally included in net interest revenue over the life of the agreements, and realized gains and losses are deferred and amortized including those related to terminated contracts.

CONSUMER LOANS

The consumer loan category represents loans managed by Citicorp's Global Consumer business.

Consumer loans are generally written off not later than a predetermined number of days past due on a contractual basis. The number of days is set at an appropriate level by loan product and by country. The policy for suspending accruals of interest on consumer loans varies depending on the terms, security and loan loss experience characteristics of each product, and in consideration of write-off criteria in place.

COMMERCIAL LOANS

When it is determined as a result of evaluation procedures that the payment of interest or principal on a commercial loan is doubtful of collection, the loan is placed on a cash (non-accrual) basis. Where interest or principal is past due for 90 days or more, the loan is placed on a cash basis, except where the loan is well secured and in the process of collection. Any interest accrued on a loan placed on a cash basis is reversed and charged against current earnings. Interest on cash-basis loans is thereafter included in earnings only to the extent actually received in cash. Where there is doubt regarding the ultimate collectibility of the loan principal, cash receipts, whether designated as principal or interest, are thereafter applied to reduce the recorded investment in the loan. Cash-basis loans are returned to an accrual status when all contractual principal and interest amounts are reasonably assured of repayment and there is a sustained period of repayment performance in accordance with the contractual terms.

LEASE FINANCING

Lease financing, included in loans in the consolidated balance sheet, represents Citicorp's share of aggregate rentals on lease financing transactions and residual values net of related unearned income.

Lease financing transactions substantially represent direct financing leases and also include leveraged leases. Unearned income is amortized under a method which substantially results in an approximate level rate of return when related to the unrecovered lease investment.

Gains and losses from sales of residual values of leased equipment are included in other revenue.

ALLOWANCE FOR CREDIT LOSSES

Additions to the allowance are made by means of the provision for credit losses charged to expense. Credit losses are deducted from the allowance, and subsequent recoveries are added. The level of net credit losses for the year is a significant factor in determining the appropriate level for the provision for credit losses. Based on management's judgment as to the appropriate level of the allowance for credit losses, the amount actually provided may be greater or less than the net credit losses for the year. The determination of the amount by which the provision should exceed or be less than net credit losses is based on management's current evaluation of the anticipated impact of U.S. and international economic conditions, changes in the character and performance of the portfolios, including non-funds related financial products such as commitments, guarantees, swaps, options, futures and forward agreements, past experience, and other pertinent indicators. This evaluation includes an assessment of the ability of borrowers with foreign currency obligations to obtain the foreign exchange necessary for orderly debt servicing.

In addition to the allowance for credit losses, Citicorp maintains separate reserves for anticipated losses on portfolios of consumer receivables that have been sold with recourse.

OTHER REAL ESTATE OWNED (OREO)

Upon actual or in-substance repossession, consumer and commercial loans are adjusted to the estimated fair value of the underlying collateral and transferred to Other Real Estate Owned (OREO). OREO properties are reported in other assets net of a valuation allowance for selling costs and net declines in value, as appropriate.

EMPLOYEE BENEFITS

Employee benefits expense includes prior and current service costs of pension and other postretirement benefit plans, which are accrued on a current basis, contributions under the Savings Incentive Plan, the amortization of restricted stock awards under the Stock Incentive Plan, awards under the Executive Incentive Compensation Plan, awards under the Annual Performance Plan, and costs of other employee benefits. Effective January 1, 1993, Citicorp adopted Statement of Financial Accounting Standards ("SFAS") No. 106, "Employers' Accounting for Postretirement Benefits Other Than Pensions" (See Note 7). No charges are reflected in earnings due to the granting or exercise of fixed options under the Stock Incentive and the Stock Option Plans or the subscription for or purchase of stock under the Stock Purchase Plan. Compensation expense related to performance-based stock options is recorded over the period to the estimated vesting dates.

Upon issuance of shares under the Savings Incentive, Stock Option, Stock Incentive, and Stock Purchase Plans, proceeds received in excess of par value are credited to surplus. Upon issuance of treasury shares under the Executive Incentive Compensation and Stock Incentive Plans, the excess of the amount of the awards over the average cost of treasury shares is credited to surplus.

EARNINGS (LOSS) PER SHARE

Earnings per share on common and common equivalent shares is based on net income after deducting total preferred stock dividends, and reflects the dilutive effects of stock options, stock purchase agreements, Conversion Preferred Stock, Series 15, and shares issuable under the Stock Incentive Plan and the Executive Incentive Compensation Plan. The fully diluted computation also considers the dilutive effects of Convertible Preferred Stock, Series 12 and Series 13. Loss per share computations do not include securities that would be anti-dilutive.

The dilutive effects of shares issuable under options granted pursuant to the Stock Incentive Plan and purchase agreements entered into under the Stock Purchase Plan are computed using the treasury stock method and included in the computation as common equivalent shares.

Options were also granted under the former Stock Option Plans, including tandem options granted prior to January 1, 1988 giving the employee the alternative to purchase either market value or book value shares up to the expiration date at exercise prices fixed at the date of grant. Market value stock available under these options is Citicorp common stock that is not restricted by Citicorp as to resale and can be sold by the staff member in the market. Book value stock is Citicorp common stock that is issued at a price equal to book value per share and can only be exchanged for market value shares of equivalent value at the time of exchange, but which has the same voting, dividend, and liquidation rights as market value shares. Effective January 1, 1988, no further options are granted for the purchase of book value shares.

If circumstances are such that purchase of market value shares clearly represents the economically preferable alternative to the employee under these tandem options, the earnings per share computation includes common equivalent shares representing the dilutive effect calculated using the treasury stock method. If circumstances indicate that purchase of book value shares is the economically preferable alternative, the book value shares under option enter into the earnings per share computation using the two-class method. Under the two class method, book value shares issuable under the options are added to the number of shares used to compute earnings per share, but only as to the undistributed portion of earnings.

Conversion Preferred Stock, Series 15 is included in the computation as common equivalent shares, and Convertible Preferred Stock, Series 12 and Series 13 is included in the fully diluted computation, using the "if converted" method, if dilutive. Under the "if converted" method, conversion into common shares is assumed and the related preferred stock dividends are added back to income applicable to common stock.

Shares issuable under the Executive Incentive Compensation Plan are included in the computation as common equivalent shares if market value shares and under the two class method if book value shares, and the amount of after-tax dividend equivalents on shares issuable is added back to income applicable to common stock for purposes of the computation.

INCOME TAXES

Effective January 1, 1993, Citicorp adopted Statement of Financial Accounting Standards ("SFAS") No. 109, "Accounting for Income Taxes," and reported the cumulative effect of the change in the 1993 Statement of Operations (See Note 8). Deferred taxes are recorded for the future tax consequences of events that have been recognized in the financial statements or tax returns, based upon enacted tax laws and rates, including an appropriate provision for taxes on undistributed income of subsidiaries and affiliates. Under SFAS No. 109, deferred tax assets are recognized subject to management's judgment that realization is more likely than not. Prior to the adoption of SFAS No. 109, Citicorp applied Accounting Principles Board Opinion No. 11.

CASH FLOWS

Cash flows from hedging and risk management activities are classified in the same category as the related assets and liabilities. Cash equivalents are defined for purposes of the Statement of Cash Flows as those amounts included in cash and due from banks

NOTES TO FINANCIAL STATEMENTS

1. FINANCIAL INSTRUMENTS

As a global financial services institution, Citicorp's activities involve a wide variety of financial instruments and transactions with a diverse group of corporations, governments, institutional investors, and individual consumers. Citicorp provides these instruments as products to its customers and also uses them in connection with its own activities. These products include financial assets and liabilities as well as off-balance sheet financial instruments.

Financial instrument transactions are subject to credit standards, financial controls, and risk-limiting and monitoring procedures. Collateral requirements are made on a case by case evaluation of each customer and product. Collateral held varies but may include cash, securities, receivables, real estate, and other assets.

Following are explanatory notes regarding certain financial instruments, organized as follows:

A. Financial Assets
B. Financial Liabilities
C. Off-Balance Sheet Financial Instruments
D. Concentrations of Credit Risk
E. Estimated Fair Value of Financial Instruments

A. Financial Assets

Loans

The consumer loan category represents loans managed by Citicorp's Global Consumer business. This is generally defined as including loans to individual consumers throughout the world to meet their borrowing requirements for housing, automobiles, and other personal and family purposes. The consumer category also includes indirect types of consumer finance, such as dealer floor-plan lending, and loans generated through the community banking and private banking activities of the Global Consumer business. The commercial loan category represents loans managed by Citicorp's Global Finance and North America Commercial Real Estate businesses together with the [illegible] Reduce Refinancing Portfolio.

Consumer Loans Outstanding

In Millions of Dollars at Dec. 31	1993	[illegible]
In U.S. Offices		
Mortgage and Real Estate	$22,719	[illegible]
Installment, Revolving Credit and Other Consumer Loans	22,490	[illegible]
Lease Financing	152	[illegible]
	$45,361	[illegible]
In Offices Outside the U.S.		
Mortgage and Real Estate	$13,908	[illegible]
Installment, Revolving Credit and Other Consumer Loans	25,355	[illegible]
Lease Financing	672	[illegible]
	$39,935	[illegible]
	$85,296	[illegible]
Unearned Income	(942)	[illegible]
Consumer Loans—Net	$84,354	[illegible]

(1) [illegible]
(2) [illegible]
(3) [illegible]
(4) [illegible]

Citicorp's consumer loans on which accrual of interest has been suspended amounted to $2,863 million, $3,129 million, and $3,494 million at December 31, 1993, 1992, and 1991, respectively. Foregone revenue from consumer loans on which accrual of interest has been suspended was as follows

In Millions of Dollars	1993	1992	1991
Interest Revenue that would have been Accrued at Original Contractual Rates	$332	$364	$362
Amount Recognized as Interest Revenue	108	124	122
Foregone Revenue	$224	$240	$240

Commercial Loans Outstanding

In Millions of Dollars at Year End	1993	1992
In U.S. Offices		
Commercial and Industrial [1]	$ 8,969	$10,168
Mortgage and Real Estate [2]	7,440	9,194
Loans to Financial Institutions	269	271
Lease Financing	3,541	3,547
	$20,219	$23,180
In Offices Outside the U.S.		
Commercial and Industrial [1]	$23,624	$21,333
Mortgage and Real Estate [2]	2,201	2,657
Loans to Financial Institutions	3,123	3,309
Governments and Official Institutions	4,807	5,055
Lease Financing	800	927
	$34,555	$33,271
	$54,774	$56,451
Unearned Income	(161)	(194)
Commercial Loans—Net	$54,613	$56,257

(1) Includes loans not otherwise separately categorized.
(2) Loans secured primarily by real estate.

Cash-basis commercial loans were $3,516 million, $5,424 million, and $[illegible],362 million at December 31, 1993, 1992, and 1991, respectively. Renegotiated commercial loans were $708 million, $323 million, and $84 million at December 31, 1993, 1992, and 1991, respectively. Foregone revenue from cash-basis and renegotiated commercial loans was as follows

In Millions of Dollars	1993	1992	1991
Interest Revenue that would have been Accrued at Original Contractual Rates	$357	$578	$667
Amount Recognized as Interest Revenue [1]	208	225	254
Foregone Revenue	$149	$353	$413

(1) Includes [illegible]
(2) [illegible]
(3) [illegible]

Changes in the Allowance for Credit Losses

In Millions of Dollars	1993	1992	1991
Balance at Beginning of Year	$3,859	$4,308	$4,451
Additions			
Provision for Credit Losses	$2,600	$1,146	$3,890
Deductions			
Consumer Credit Losses	$1,749	$2,234	$2,130
Consumer Credit Recoveries	(339)	(319)	(327)
Net Consumer Credit Losses	$1,410	$1,915	$1,803
Commercial Credit Losses	$ 928	$1,817	$3,231
Commercial Credit Recoveries	(279)	(140)	(40)
Net Commercial Credit Losses	$ 649	$1,677	$3,191
Other—Net [1]	(21)	19	(59)
Balance at End of Year	$4,379	$3,859	$4,308

(1) Principally reflects transfers relating to reserves for anticipated losses on [illegible] countries that have been sold [illegible]

Investment Securities

In Millions of Dollars	Carrying Value	Gross Unrealized Gains	Gross Unrealized Losses	Market Value	Carrying Value	Gross Unrealized Gains	Gross Unrealized Losses	Market Value
	December 31, 1993				December 31, 1992			
Cost								
U.S. Treasury and Federal Agency	$ 3,781	$ 29	$ 2	$ 3,808	$ 4,18[illegible]	$ 2	$ —	$ 4,184
State and Municipal	9	1	—	10				
Foreign Government	1,314	10	14	1,310	[illegible]	[illegible]	18	[illegible]
U.S. Corporate	45	—	—	45	[illegible]		1	[illegible]
Other Debt Securities	488	5	—	493	[illegible]	[illegible]	[illegible]	[illegible]
Total Debt Securities	$ 5,637	$ 45	$ 16	$ 5,666	$ [illegible]	$ 11	$ [illegible]	$ [illegible]
Lower of Aggregate Cost or Market Value								
U.S. Treasury and Federal Agency	$ 2,095	$ 102	$ 7	$ 2,190	$ [illegible]	$ [illegible]	$ 4	$ [illegible]
State and Municipal	695	12	3	704	46	1		47
Foreign Government	3,278	117	4	3,391	[illegible]	77	[illegible]	[illegible]
U.S. Corporate	192	—	7	185	[illegible]			[illegible]
Other Debt Securities	1,431	42	—	1,473	[illegible]	[illegible]	[illegible]	[illegible]
Total Debt Securities	$ 7,691	$ 273	$ 21	$ 7,943	$ [illegible]	$ [illegible]	$ [illegible]	$ [illegible]
Equity Securities	1,014	154	23	1,145	[illegible]	[illegible]	[illegible]	[illegible]
Total	$ 8,705	$ 427	$ 44	$ 9,088	$ [illegible]	$ [illegible]	$ [illegible]	$ 7,674
Fair Value								
Venture Capital	$ 1,489	$ —	$ —	$ 1,489	$ [illegible]	$ —	$ —	$ [illegible]
	$15,831	$ 472	$ 60	$16,[illegible]3	$[illegible]	$ 491	$ 141	$[illegible]

During 1992, Citicorp, in its overall review of balance sheet management, identified a portion of debt securities within its investment portfolio as potentially available for sale. At December 31, 1993 and 1992 these securities are carried at the lower of aggregate amortized cost or market value (LOCOM), as are equity securities that are not held by Citicorp venture capital subsidiaries. The reevaluation had no effect on earnings or capital.

Effective January 1, 1994, Citicorp will adopt Statement of Financial Accounting Standards (SFAS) No. 115, "Accounting for Certain Investments in Debt and Equity Securities." See Note 12 for further reference to the future impact of the new standard.

Cash proceeds from sales and maturities of investment securities at cost totaled $16.4 billion during 1993, $24.6 billion during 1992, and $35.6 billion during 1991. Of these amounts, sales of debt securities at cost totaled $3.0 billion during 1992 and $6.7 billion during 1991 (none in 1993). Future sales from this portfolio are not anticipated. For the years ended December 31, 1992 and 1991, gross realized gains on sales of debt securities at cost totaled $36 million and $47 million, respectively. For the years ended December 31, 1992 and 1991, gross realized losses on sales of debt securities at cost totaled $18 million and $17 million, respectively.

Cash proceeds from sales and maturities of investment securities at LOCOM totaled $13.1 billion during 1993, $2.1 billion during 1992, and $1.4 billion during 1991. Of these amounts, sales of debt securities at LOCOM totaled $7.6 billion during 1993 and $0.8 billion during 1992. For the years ended December 31, 1993, 1992, and 1991, gross realized gains on sales of investment securities at LOCOM totaled $134 million, $83 million, and $298 million, respectively, of which $122 million and $9 million related to debt securities at LOCOM for 1993 and 1992, respectively. For the years ended December 31, 1993, 1992, and 1991, gross realized losses on sales of investment securities at LOCOM totaled $49 million, $89 million, and $96 million, respectively, of which $17 million and $8 million related to debt securities at LOCOM for 1993 and 1992, respectively.

Citicorp's venture capital subsidiaries include subsidiaries registered as Small Business Investment Companies (SBIC) and those other subsidiaries which engage exclusively in venture capital activities. During the third quarter of 1991 Citicorp changed, effective January 1, 1991 its accounting practice for investments of its venture capital subsidiaries, whereby these investments are carried at fair value, with changes in fair value recognized in earnings. Previously, these investments were carried at the lower of aggregate cost or fair value. The cumulative effect of this accounting change is reported separately on the 1991 Consolidated Statement of Operations, net of related costs and income taxes. The fair value of publicly traded securities held by venture capital subsidiaries is generally based upon quoted market prices. In certain situations, including thinly traded securities, large block holdings, restricted shares or other special situations, the quoted market price is adjusted in good faith to produce an estimate of the attainable fair value for the securities. For securities that are not publicly traded, good faith estimates of fair value have been made for each venture capital investment based upon review of the investee's financial results, condition, and prospects. For the years ended December 31, 1993, 1992, and 1991, net gains on investments held by venture capital subsidiaries totaled $1[illegible] million, $192 million, and $231 million, respectively, of which $353 million, $3[illegible] million, and $2[illegible] million, respectively, represented gross unrealized gains and $20[illegible] million, $257 million, and $158 million, respectively, represented gross unrealized losses.

Interest and Dividends on Investment Securities

In Millions of Dollars	1993	1992	1991
Cost			
U.S. Treasury and Federal Agency	$ 93	$ [illegible]	$ 264
State and Municipal	—	7	19
All Other Debt Securities	188	478	601
Total Debt Securities	$ 281	$ [illegible]	$ 884
Lower of Aggregate Cost or Market Value			
U.S. Treasury and Federal Agency	$ 128	$ 30	$ —
State and Municipal	11	1	—
All Other Debt Securities	441	76	—
Total Debt Securities	$ 580	$ 107	$ —
Equity Securities	39	59	84
Total	$ 619	$ 167	$ 84
Fair Value			
Venture Capital	$ 50	$ 25	$ 13
Total	$ 950	$ 875	$1,081

Carrying Value, Market Value, and Yield of Debt Securities by Contractual Maturity Date as of December 31, 1993

In Millions of Dollars at Year End

	U.S. Treasury and Federal Agency			State and Municipal			All Other Debt Securities(1)	
Cost Portfolio	Carrying Value	Market Value	Yield(3)	Carrying Value	Market Value	Yield(3)	Carrying Value	Market Value
Due Within 1 Year	$2,523	$2,523	2.40%	$ 6	$ 3	7.49%	$1,197	$1,201
After 1 but Within 5 Years	586	586	6.26%	3	3	7.54%	301	[illegible]
After 5 but Within 10 Years	175	176	8.03%	—	—	—	297	291
After 10 Years	503	524	8.13%	3	4	9.20%	52	53
Total	$9,781	$9,808	4.41%	$ 9	$ 10	8.11%	$1,847	$1,848
As of December 31, 1992	$4,152	$4,184	3.21%	$ —	$ —		$2,93[illegible]	$2,950
As of December 31, 1991	$4,858	$5,043	6.93%	$214	$220	7.25%	$2,565	$2,483
Lower of Aggregate Cost or Market Value Portfolio								
Due Within 1 Year	$ 262	$ 264	4.56%	$ —	$ —		$1,575	$1,573
After 1 but Within 5 Years	288	302	5.07%	18	18	6.20%	2,327	2,328
After 5 but Within 10 Years	229	243	8.08%	26	27	4.78%	793	[illegible]
After 10 Years	716	731	7.76%	631	659	4.32%	46	49
Total	$2,695	$2,190	6.64%	$675	$704	4.97%	$4,791	$7,043
As of December 31, 1992	$2[illegible]	$2,647	6.08%	$ 46	$ 47	6.30%	$3,181	$3,245

(1) Excludes equity securities, substantially all of which have no contractual maturity, and investments held by venture capital subsidiaries
(2) Yield information was not readily available
(3) Represents weighted average yield based on the carrying value of the respective investment securities

B. Financial Liabilities
Purchased Funds and Other Borrowings

Purchased funds and other borrowings represent liabilities with original maturities of less than one year, and included federal funds purchased and securities sold under repurchase agreements of $9,649 million, commercial paper of $1,005 million (including $671 million issued by The Student Loan Corporation, an 80% owned subsidiary) and other funds borrowed of $6,123 million as of December 31, 1993. Comparable amounts as of December 31, 1992 were $11,061 million, $424 million and $6,635 million, respectively.

Long-Term Debt
Original Maturities of One Year or More(1)

In Millions of Dollars at Year End

	1993			1992
	Various Fixed-Rate Debt Obligations	Various Floating-Rate Debt Obligations	Total	Total
Parent Company				
Due in 1993	$ —	$ —	$ —	$ 2,516
Due in 1994	1,502	773	2,275	1,872
Due in 1995	1,060	631	1,691	1,150
Due in 1996	962	286	1,248	1,942
Due in 1997	556	91	647	910
Due in 1998	177	1,071	1,248	1,231
Due in 1999-2003	1,264	1,400	2,664	963
Due in 2004-2008	693	696	1,389	763
Due in 2009 and Thereafter	338	456	794	594
	$6,552	$5,404	$11,956	$11,010
Subsidiaries				
Due in 1993	$ —	$ —	$ —	$ 1,859
Due in 1994	617	47	664	569
Due in 1995	372	368	740	932
Due in 1996	476	881	1,357	1,140
Due in 1997	96	164	260	376
Due in 1998	283	102	385	242
Due in 1999-2003	210	201	411	343
Due in 2004-2008	63	99	162	77
Due in 2009 and Thereafter	—	48	48	13
	$2,117	$1,910	$ 4,027	$ 5,876
Total	$8,669	$7,314	$15,983	$16,886

(1) Maturity distribution is based upon contractual maturities or earlier dates at which debt is repayable at the option of the holder, due to required mandatory sinking fund payments or due to call notices issued

Long-term debt is denominated in various currencies with both fixed and floating interest rates. The interest rates on floating rate long-term debt are determined periodically by formulas based on certain money market rates or, in certain instances, by minimum interest rates as specified in the agreements governing the respective borrowings. In addition, Citicorp may modify the interest rate characteristics of long-term debt in connection with its risk management activities. A portion of long-term debt of subsidiaries represents local currency borrowings in certain economies where prevailing interest rates are exceptionally high relative to those in the U.S. and other countries.

Parent Company fixed-rate long-term debt at December 31, 1993 is denominated in U.S. dollars, Japanese yen, and Deutsche marks. This debt matures over the period to 2017 with interest rates ranging from 4.80% to 10.75% at December 31, 1993 and 6.00% to 10.88% at December 31, 1992. The weighted-average interest rates were 8.15% and 8.46% at December 31, 1993 and 1992, respectively.

Parent Company floating-rate long-term debt is denominated in U.S. dollars and matures over the period to 2035 with interest rates ranging from 2.78% to 6.50% at December 31, 1993 and 3.34% to 5.69% at December 31, 1992. The weighted-average interest rates were 4.37% and 4.60% at December 31, 1993 and 1992, respectively.

Approximately 63% of subsidiary long-term debt at December 31, 1993 is denominated in various foreign currencies, primarily Australian dollars, Italian lire, Canadian dollars, British pounds sterling, and Deutsche marks. Fixed-rate subsidiary long-term debt matures over the period to 2007 with interest rates ranging from 3.32% to 23.00% at December 31, 1993 and 4.00% to 37.00% at December 31, 1992. Floating-rate subsidiary long-term debt matures over the period to 2023 with interest rates ranging from 1.75% to 35.3% as of December 31, 1993 and 2.00% to 35.3% as of December 31, 1992. The weighted-average interest rates on subsidiary long-term debt were 8.49% at December 31, 1993 and 8.76% at December 31, 1992. The floating-rate subsidiary long-term debt rates exclude rates related to debt in highly inflationary countries of $14 million and $21 million at December 31, 1993 and 1992, respectively.

At December 31, 1993 and 1992, approximately 19% and 20%, respectively, of subsidiary long-term debt was guaranteed by Citicorp. Of the debt not guaranteed by Citicorp, approximately 44% and 41% was secured by the assets of the subsidiary as of December 31, 1993 and 1992, respectively.

At December 31, 1992, outstanding 5¾% convertible subordinated notes due in 2000 were $2.6 million. The notes were convertible at the option of the holder into Citicorp common stock at a conversion price of $20.50 per share, subject to adjustment in certain events. All of the notes were converted in 1993.

Certain of the agreements under which long-term debt obligations were issued prohibit Citicorp, under certain conditions, from paying dividends in shares of Citibank capital stock and from creating encumbrances on such shares.

Subordinated Capital Notes

In Millions of Dollars at Year End	1993	1992
Parent Company		
Floating Rate Subordinated Capital Notes Due 1996	$ —	$ [illegible]
9% Subordinated Capital Notes Due 1999	300	[illegible]
9¾% Subordinated Capital Notes Due 1999	300	[illegible]
Floating Rate Subordinated Capital Notes with No Stated Maturity	500	[illegible]
	$1,100	$1,[illegible]
Subsidiaries		
12½% Subordinated Capital Notes Due 1996	$ —	$ 270
Floating Rate Subordinated Capital Notes Due 1996	550	550
Floating-Rate Subordinated Capital Notes Due 1997	500	500
8⅝% Subordinated Capital Notes Due 1998	—	250
	$1,050	$1,[illegible]
Total	$2,150	$[illegible]

The subordinated capital notes will be exchanged for capital securities that will have a market value equal to the principal amounts of the notes. At the option of the issuer, the exchange may be for common stock, non-redeemable preferred stock, or other marketable capital securities of Citicorp. Alternatively, the issuer will unconditionally undertake to sell capital securities on behalf of the holders who elect to receive cash for capital securities upon an exchange of the notes, in an amount sufficient to pay the principal of such notes. Under certain circumstances, some issues of subordinated capital notes may be redeemed for cash.

Subordinated capital notes can be exchanged prior to maturity at the option of Citicorp or the Citicorp subsidiary that issued the notes (except for the 9% and 9¾% Subordinated Capital Notes, Due 1999, which will be exchanged at maturity). The Floating Rate Subordinated Capital Notes with No Stated Maturity can be exchanged at the election of the holder commencing in 2016.

Subordinated capital notes of subsidiaries are unconditionally guaranteed on a subordinated basis by Citicorp.

Because the type of securities to be issued at maturity will be at the option of Citicorp or the Citicorp subsidiary that issued the notes, and because the amount of securities to be issued will depend on their future market values, the amount and type of securities to be issued at maturity or redemption of the notes cannot be determined. If common stock is issued, some dilution of earnings per share may occur.

If Citicorp's consolidated retained earnings and surplus accounts become negative, the subordinated capital notes with no stated maturity must be exchanged for marketable capital securities of Citicorp, as discussed above.

Certain of the agreements under which the notes are issued prohibit Citicorp, under certain conditions, from paying dividends in shares of Citibank capital stock.

The interest rates on the floating-rate issues are determined periodically by formulas based on certain money-market rates or, in certain instances, by minimum interest rates, as specified in the agreements governing the respective issues. Citicorp may defer payment of interest on the Floating-Rate Subordinated Capital Notes with No Stated Maturity if no dividends have been declared on common stock and preferred stock of Citicorp in the preceding six months. The interest rates on floating-rate issues ranged from 3.625% to 5.25% at December 31, 1993, and 3.875% to 5.25% at December 31, 1992. The weighted-average interest rates were 4.04% and 4.85% at December 31, 1993 and 1992 respectively.

During 1993, the Parent Company Floating Rate Subordinated Capital Notes Due 1996, the 12¾% Subordinated Capital Notes Due 1996 and the 8¾% Subordinated Capital Notes Due 1998 were redeemed for cash. On February 4, 1994, a notice of redemption for cash was issued for $400 million of Subsidiary Floating-Rate Subordinated Capital Notes Due 1996.

Redeemable Preferred Stock

At December 31, 1993 and 1992, 270,000 and 360,000 shares, respectively, of non-voting redeemable preferred stock were issued and outstanding, subject to redemption at a price of $100 per share through a mandatory sinking fund. During both 1993 and 1992, Citicorp redeemed $1 million of the Adjustable Rate Cumulative Preferred Stock, Seventh Series, as scheduled. From 1994 to 2005, $1 million must be retired each year, and from 2006 onwards, $3 million must be retired each year. In addition, Citicorp may at its option redeem in any one year up to 80,000 shares of this Adjustable Rate Cumulative Preferred Stock, Seventh Series at $100 per share. During 1993, Citicorp redeemed $8 million under this optional redemption right. An additional $8 million was redeemed in January 1994.

Total dividends declared on redeemable preferred stock were $3 million in 1993, $3 million in 1992, and $4 million in 1991. Dividends, which are cumulative, are payable semiannually. The dividend rate was adjusted on November 1, 1991 and will be determined every three years on November 1 until 2009 by a formula based on certain money market rates. The weighted-average dividend rate per share was $7.98, $7.98, and $8.91 for the years ended December 31, 1993, 1992, and 1991, respectively.

C. Off-Balance Sheet Financial Instruments

Derivative and Foreign Exchange Products

Citicorp offers derivative and foreign exchange futures, forwards, options, and swaps, which enable customers to transfer, modify, or reduce their interest rate, foreign exchange, and other market risks, and also trades these products for its own account. In addition, Citicorp employs derivatives and foreign exchange contracts among other instruments as an end user in connection with its risk management activities.

Futures and forward contracts are commitments to buy or sell at a future date a financial instrument or currency at a contracted price, and may be settled in cash or through delivery. Swap contracts are commitments to settle in cash at a future date or dates, based on differentials between specified financial indices, as applied to a notional principal amount. Option contracts give the acquirer, for a fee, the right, but not the obligation, to buy or sell within a limited time a financial instrument or currency at a contracted price that may also be settled in cash, based on differentials between specified indices.

The market and credit risks associated with these products, as well as the operating risks, are similar to those relating to other types of financial instruments. Market risk is the exposure created by potential fluctuations in interest rates, foreign exchange rates, and other values, and is a function of the type of product, the volume of transactions, the tenor and terms of the agreement, and the underlying volatility. Citicorp's management of market risk involves monitoring procedures which include an objective measurement system, risk limits at appropriate control levels, and timely reports to line and senior management.

Credit risk is the exposure to loss in the event of nonperformance by the other party to the transaction. For these products, the amount due to or from a counterparty will change as a result of movements in market values. Credit risk is controlled through credit approvals, limits, and monitoring procedures. The recognition in earnings of unrealized gains on these transactions is dependent on management's assessment as to collectibility.

Citicorp has a significant presence in the derivative and foreign exchange markets. The following table presents the aggregate notional principal amounts of Citicorp's outstanding contracts at December 31, 1993 and 1992.

In Billions of Dollars at Year End	Interest Rate Products		Foreign Exchange Products		Commodity and Equity Products	
	1993	1992	1993	1992	1993	1992
Futures Contracts	$105.6	$ 91.2	$ 0.1	$ 0.1	$ 1.7	$ 1.0
Forward Contracts	227.1	162.0	976.4	788.1	1.9	1.4
Swap Agreements	244.3	217.0	31.7	37.6	2.0	1.2
Purchased Options	103.9	70.9	44.0	43.1	6.1	9.0
Written Options	87.5	61.3	43.7	41.1	9.0	4.9

Notional principal amounts are often used to express the volume of these transactions but do not reflect the extent to which positions may offset one another. These amounts do not represent the much smaller amounts potentially subject to risk.

Citicorp's current credit exposure related to derivative and foreign exchange products included in the trading portfolio can be estimated by calculating the present value of the cost of replacing, at current market rates, all outstanding contracts; this estimate does not consider the impact that future changes in interest and foreign exchange rates would have on such costs. The gross aggregate unrealized gains based on current market values were $8.5 billion and $6.2 billion for all interest rate contracts and $14.2 billion and $23.8 billion for foreign exchange contracts at December 31, 1993 and December 31, 1992, respectively, and $0.8 billion for commodity and equity contracts as of December 31, 1993 (information not available as of December 31, 1992). These amounts are presented before the effects of master netting agreements, which mitigate credit risk by permitting the offset of amounts due from and to individual counterparties in the event of counterparty default. Master netting agreements would reduce gross unrealized gains by approximately $4.8 billion as of December 31, 1993. Additionally, commitments to purchase when-issued securities were $0.1 billion and $0.9 billion at December 31, 1993 and 1992, respectively. Credit losses related to these derivative products were $20 million in 1993, $91 million in 1992, and $33 million in 1991, with the higher 1992 amount reflecting commercial real estate related exposures.

Loan Commitments

Citicorp and its subsidiaries had outstanding unused commitments to make or purchase loans, to purchase third-party receivables, to provide note issuance facilities or revolving underwriting facilities, to extend credit in the form of lease financing, or to extend check credit and related plans to consumers of $64.1 billion at December 31, 1993 and $55.8 billion at December 31, 1992. The majority of these commitments are at a floating interest rate. In addition, there were $71.8 billion and $64.7 billion of unused commitments to extend credit to consumers in the form of retail credit cards at December 31, 1993 and December 31, 1992, respectively. The majority of these commitments are contingent upon customers maintaining specific credit standards.

Commercial commitments generally have 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.

Loans Sold With Recourse

Citicorp and its subsidiaries are obligated under various recourse provisions related to the sales of loans or sales of participations in pools of loans. Total loans sold with recourse, except sales of participations in pools of credit card receivables and mortgage loans securitized under Government National Mortgage Association (GNMA) agreements, which are described below, totaled $22.5 billion and $31.7 billion at December 31, 1993 and 1992, respectively. The maximum obligation under recourse provisions on these sold loans was approximately $8.0 billion and $9.0 billion at December 31, 1993 and 1992, respectively. Of these amounts, approximately 97% at December 31, 1993 and 98% at December 31, 1992 related to sales of residential mortgages. The net decrease in total loans sold with recourse during 1993 of $9.2 billion primarily represents an increase in the level of prepayments. Citicorp also has secondary recourse obligations under sale/servicing agreements with GNMA covering approximately $3.3 billion of residential mortgages at December 31, 1993 and $5.5 billion at December 31, 1992.

Certain Citicorp subsidiaries have sold participations in pools of credit card receivables of $23.9 billion at December 31, 1993 and $25.6 billion at December 31, 1992. Excess servicing fees are recognized over the life of each sale transaction. The excess servicing fee is based upon the sum of finance charges and fees received from cardholders and interchange revenue earned on cardholder transactions, less the sum of the yield paid to investors, transaction costs, credit losses, and a normal servicing fee, which is also retained by certain Citicorp subsidiaries as servicers. As specified in each sale agreement, the excess servicing fee collected each month is deposited in an escrow account, up to a predetermined maximum amount, and is available over the remaining term of each sale transaction to make payments of yield, fees, and transaction costs in the event that current finance charges, fees, and interchange revenue are not sufficient. When the escrow account reaches the predetermined amount, excess servicing fees are passed directly to the Citicorp subsidiary that sold the receivables. The amount available in the escrow account is included in other assets and was $730 million at December 31, 1993 and $772 million at December 31, 1992.

Citicorp maintains reserves, outside of the allowance for credit losses, relating to asset securitization programs discussed above. These reserves totaled $537 million at December 31, 1993 and $544 million at December 31, 1992.

Standby Letters of Credit

Standby letters of credit are used in various transactions to enhance the credit standing of Citibank customers. Standby letters of credit are irrevocable assurances that Citibank will make payment in the event that a Citibank customer cannot perform its obligations to third parties.

Citibank issues standby letters of credit on behalf of its customers for five primary purposes: to ensure contract performance and irrevocably assure payment by the customer under supply, service, and maintenance contracts or construction projects; to provide a payment mechanism for a customer's third-party obligations; to act as a substitute for an escrow account; to assure payment by a foreign reinsurer to a U.S. insurer; and to assure payment of specified financial obligations of a customer. Fees are recognized ratably over the term of the standby letter of credit.

The following table presents the outstanding standby letters of credit by type at December 31, 1993 and 1992:

In Millions of Dollars at Year End	Expire Within 1 Year	After 1 but Within 5 Years	After 5 Years	Percentage Collateralized	1993 Amount Outstanding	1992 Amount Outstanding
Type						
Bid Guarantee, Performance	$ 2,504	$1,319	$ 209	12.55%	$ 4,032	$ [illegible]
Clean Payment	536	120	124	7.21%	780	[illegible]
Options, Purchased Securities, Escrow	1,648	299	190	10.87%	2,137	[illegible]
Insurance, Surety	6,149	721	380	43.97%	7,250	[illegible]
Backstop State, County, and Municipal Securities	86	236	85	[illegible]	407	[illegible]
All Other Debt Related	4,347	3,313	623	10.[illegible]%	8,283	[illegible]
Total	$15,270	$6,008	$1,611	22.14%	$22,889	$[illegible]

D. Concentrations of Credit Risk

Concentrations of credit risk exist when changes in economic, industry or geographic factors similarly affect groups of counterparties whose aggregate credit exposure is material in relation to Citicorp's total credit exposure. Although Citicorp's portfolio of financial instruments is broadly diversified along industry and geographic lines, material transactions are completed with other financial institutions, particularly in the securities trading, derivative, and foreign exchange businesses. Additionally, North America commercial real estate, U.S. mortgages, U.S. credit card receivables, leveraged acquisition finance and the cross-border refinancing portfolios represent areas of significant credit exposures.

E. Estimated Fair Value of Financial Instruments

The accompanying tables provide disclosure of the estimated fair value of Citicorp's financial instruments.

In accordance with applicable requirements the disclosures include all financial instruments other than specified items such as leases, subsidiary and affiliate investments, and pension and benefit obligations, and the disclosures exclude the effect of taxes and other expenses that would be incurred in a market transaction. The data also excludes the values of nonfinancial assets and liabilities, as well as a wide range of franchise, relationship, and intangible values, which are integral to a full assessment of Citicorp's financial position and the value of its net assets.

The data represents management's best estimates based on a range of methodologies and assumptions including the following:

- Quoted market prices are used for most securities and for loans where available, as well as for liabilities with quoted prices.
- For performing loans where no quoted market prices are available, contractual cash flows are discounted at quoted secondary market rates or estimated market rates if available. Otherwise, current market origination rates for loans with similar terms and risk characteristics are used.
- The fair value of loans also includes amounts related to commitment and contingent items evaluated on a consistent basis with on-balance sheet exposure.
- For loans with doubt as to collectibility, expected cash flows are discounted using an appropriate rate considering the time of collection and a premium for the uncertainty of the flows. The value of collateral is also considered.
- Fair value for cash-basis loans within the North America Commercial Real Estate portfolio are estimated using the "as is" appraisal methodology, which assumes that all underlying properties are sold under current market conditions and reduces the estimated value of the property by a full profit margin for the purchaser.
- For liabilities without quoted market prices, market borrowing rates of interest are used to discount contractual cash flows.
- Fair value adjustments related to outstanding derivative contracts designated to hedge or modify financial assets and liabilities are reported with the related items.

As detailed in the following tables, the estimated fair values of Citicorp's financial instruments, in the aggregate, exceeded the carrying value by approximately $5.2 billion at December 31, 1993, and $2.2 billion at December 31, 1992. 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 items are generated.

Significant Assets

In Billions of Dollars	December 31, 1993 Carrying Value	December 31, 1993 Estimated Fair Value	December 31, 1992 Carrying Value	December 31, 1992 Estimated Fair Value[1]
Loans[2]	$129.4	$133.7	$110.3	$112.7
Investment Securities	16.8	16.2	15.[illegible]	16.4
Trading Account Assets	18.1	18.1	17.[illegible]	17.[illegible]
Other Financial Assets[3]	30.4	30.5	24.[illegible]	24.3

(1) Reclassified to conform to current year's presentation.
(2) The carrying value of loans is net of the allowance for credit losses and also excludes $[illegible] billion and $[illegible] billion of lease finance receivables in 1993 and 1992, respectively. Estimated fair value reflects a reduction of approximately [illegible] billion in 1993 and $[illegible] billion in 1992 representing amounts related to [illegible] and an increase of approximately $[illegible] billion at 1993 and [illegible] estimated fair value amounts related to outstanding [illegible] hedges or modify loans, based on current market rates.
(3) Includes cash and due from banks, deposits at interest with banks, federal funds sold and securities purchased under resale agreements, and customers' acceptance liability, for which the carrying value is a reasonable estimate of fair value, and all other financial instruments included in interest and fees receivable and other assets on the balance sheet with a carrying value and an estimated fair value [illegible] billion in 1993 and $[illegible] billion in 1992. Estimated fair value also reflects a reduction of approximately $[illegible] billion in 1992 [illegible] amounts related to outstanding derivatives [illegible] other financial assets, based on current market rates.

The estimated fair value of loans reflects credit deterioration 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 value of Citicorp's loans, in the aggregate, exceeded the carrying value by $4.3 billion at year-end 1993 compared with $2.4 billion at year-end 1992 primarily reflecting an improved credit profile for worldwide commercial loans including the North America Commercial Real Estate portfolio. Fair values in the North America Commercial Real Estate portfolio were less than the carrying value, before considering the allowance for credit losses, by approximately $1.1 billion at December 31, 1993 (compared with $1.7 billion at December 31, 1992). Applicable reserves exceeded the 1993 amount and substantially offset the 1992 amount.

The estimated fair value of cash-basis outstandings in the refinancing country portfolio exceeds the carrying value due to write-offs previously taken and the inclusion of the fair value of unpaid interest. The fair value of performing loans to countries that have successfully refinanced their debts (some of which are no longer included in the refinancing portfolio) is less than the carrying value by amounts aggregating approximately $0.7 billion at December 31, 1993 and $1.1 billion at December 31, 1992, reflecting secondary market prices.

Estimated fair values of consumer mortgage, credit card, and other consumer loans exceeded their carrying values, net of the allowance, by approximately $3.0 billion and $2.6 billion at December 31, 1993 and 1992, respectively. The modest increase year on year in the excess of fair value over book value reflected rising fair values (based on higher secondary market prices) for consumer loans outside the U.S. largely offset by the effect of pricing strategies on the fair value of the U.S. credit card portfolio.

Significant Liabilities

In Billions of Dollars	December 31, 1993 Carrying Value	December 31, 1993 Estimated Fair Value	December 31, 1992 Carrying Value	December 31, 1992 Estimated Fair Value
Non-Interest Bearing Deposits	$ 20.1	$ 20.1	$ 18.8	$ 18.8
Interest Bearing Deposits[1]	125.0	125.1	123.4	123.6
Other Financial Liabilities[1,2]	32.7	32.3	32.3	32.3
Long-Term Debt[1]	16.0	15.9	16.9	17.0
Subordinated Capital Notes and Redeemable Preferred Stock	2.2	2.2	3.3	3.3

(1) Estimated fair values include [illegible] reductions of approximately $[illegible] billion, $[illegible] billion, and $[illegible] billion [illegible] for 1993 and a [illegible] of approximately $[illegible] billion [illegible] for 1992, representing estimated fair value amounts related to outstanding derivative contracts designated [illegible] hedge [illegible] interest [illegible] of deposits, other borrowings and long-term debt, respectively, based on current market rates.
(2) Includes federal funds purchased and securities sold under repurchase agreements and other [illegible], for which the carrying value is a reasonable estimate of fair value, and commercial paper, other funds borrowed, and all other [illegible] liabilities on the balance sheet, with a carrying value and an estimated fair value [illegible].

Under the applicable requirements, the estimated fair value of deposits with no fixed maturity excludes the premium values available in the market for such deposits, and the estimated value is shown in the table as being equal to the carrying value. The estimated fair value of interest-bearing deposits reflects changes in market rates since the deposits were taken.

The limited degree of divergence between the carrying values and estimated fair values of liabilities reflects the relatively short time periods to repricing in most funding categories, along with the careful management of price risk exposure throughout Citicorp's businesses.

2. PREMISES AND EQUIPMENT

Premises and equipment are stated at cost less accumulated depreciation and amortization. Generally, depreciation and amortization are computed on the straight-line basis over the estimated useful life of the asset or the lease term. Depreciation and amortization expense was $568 million in 1993, $587 million in 1992, and $652 million in 1991.

3. OTHER ASSETS

Goodwill

Other assets include goodwill, which represents the excess of purchase price over the estimated fair value of net assets acquired, accounted for under the purchase method of accounting. At December 31, 1993 and 1992, goodwill amounted to $368 million and $469 million, respectively. Goodwill is being amortized, primarily using the straight-line method, over the periods estimated to be benefitted. The remaining period of amortization, on a weighted-average basis, approximated 12 years as of December 31, 1993.

Other Real Estate Owned (OREO)

Included in other assets is OREO which at December 31, 1993 and 1992 totaled $4,608 million and $4,715 million, respectively. Citibank, N.A. held $3,371 million and $4,054 million of OREO at December 31, 1993 and 1992, respectively. Citicorp's net OREO costs, which include gains and losses on the sale or disposition of OREO, write-downs, and operating revenues and expenses, totaled $319 million, $432 million, and $346 million for the years ended December 31, 1993, 1992, and 1991, respectively, and are included in other expense.

4. PREFERRED STOCK

In Millions of Dollars at Year End	1993	1992
Perpetual Preferred Stock		
Adjustable Rate Preferred Stock		
Second Series, 2,135,659 Shares	$ 220	$ 220
Third Series, 834,867 Shares	83	83
Price Adjusted Rate Preferred Stock		
Fourth Series, 1,000,000 Shares	100	100
Graduated Rate Cumulative Preferred		
Stock Series 8A and 8B, 1,250,000 Shares	125	125
9.12% Preferred Stock		
Series 9, 5,000,000 Shares	125	125
9.08% Preferred Stock		
Series 14, 700,000 Shares	175	175
8% Noncumulative Preferred Stock		
Series 16, 13,000,000 Shares	325	
7.5% Noncumulative Preferred Stock		
Series 17, 1,450,000 Shares	350	
	$1,503	$ [illegible]
Convertible Preferred Stock		
Series 12, 5,900 Shares	$ 590	$ 590
Series 13, 6,600 Shares	660	660
	$1,250	$1,250
Conversion Preferred Stock		
Series 15, 6,408,334 Shares	$1,134	$1,134
Total	$3,887	$3,212

Total dividends declared on non-redeemable preferred stock were $309 million in 1993, $209 million in 1992, and $175 million in 1991.

Dividends on the Second, Third, and Fourth Series of preferred stock are cumulative and payable quarterly at rates determined quarterly by formulas based on interest rates of certain U.S. Treasury obligations. Dividends on the Second and Third Series of preferred stock are subject to certain minimum and maximum rates as specified in the certificates of designation. The weighted-average dividend rates on the Second, Third, and Fourth Series were 6.0%, 7.0%, and 7.2%, respectively, for 1993.

Citicorp may, at its option, redeem the Second Series, the Third Series, and the Fourth Series at any time at $100 per share, plus accrued dividends.

During 1992, Citicorp offered to exchange common stock for all of the shares of the Second Series and Third Series of preferred stock. As a result, 9,266,806 shares of common stock were issued and 1,704,364 shares of the Second Series and 665,133 shares of the Third Series were retired.

Dividends on Graduated Rate Cumulative Preferred Stock, Series 8A and 8B, and 9.12% Preferred Stock, Series 9 are cumulative. The Graduated Rate Cumulative Preferred Stock, Series 8A dividends are payable on a quarterly basis, at 7.0% per annum through August 15, 1995. After August 15, 1995, and prior to August 15, 1998, the dividend will be declared at a rate equal to the Three Year Treasury Rate plus 1.75% per annum. Every three years, the amount added to the Three Year Treasury Rate increases by ¼ of 1%, to a maximum of 3% per annum for all dividend periods ending after August 15, 2004. The Graduated Rate Cumulative Preferred Stock, Series 8B dividends are payable on a quarterly basis, initially at 8.75% per annum through August 15, 1994. After August 15, 1994, and prior to August 15, 1999, the dividend will be declared at a rate equal to the Five Year Treasury Rate plus 1.50% per annum. Every five years, the amount added to the Five Year Treasury Rate increases by ¾ of 1% to a maximum of 3% per annum for all dividend periods ending after August 15, 2004. For both Series 8A and 8B, the dividend rate for any quarterly dividend period ending on or prior to August 15, 2004 cannot be less than 7% per annum nor greater than 14% per annum, and for quarterly dividend periods ending after August 15, 2004 cannot be less than 8% per annum or greater than 16% per annum. The 9.12% Preferred Stock, Series 9 dividends are payable on a quarterly basis.

Citicorp may, at its option, redeem in whole or in part the Graduated Rate Cumulative Preferred Stock, Series 8A and 8B, on any of the dividend repricing dates through August 15, 2004, and from time to time after August 15, 2004, for $100 per share plus accrued dividends.

Citicorp may, at its option, redeem in whole or in part the 9.12% Preferred Stock, Series 9 on any date after November 15, 1994 for $25 per share plus accrued dividends.

The Convertible Preferred Stock, Series 12 carries an 11% annual cumulative dividend payable quarterly, is convertible into 36,875,000 shares of Citicorp common stock at a conversion price of $16 per share plus accrued dividends and entitles the holder to a liquidation preference of $100,000 per share plus accrued dividends. The conversion price is subject to adjustment under certain circumstances. The Convertible Preferred Stock, Series 12 is not redeemable prior to February 15, 1996 and thereafter may be redeemed at the option of Citicorp at a price equal to $100,000 per share (plus accrued dividends) plus a premium that decreases over five years from 5.5% to zero.

The Convertible Preferred Stock, Series 13 carries a 10¾% annual cumulative dividend payable quarterly, is convertible into 36,164,383 shares of Citicorp common stock at a conversion price of $18.25 per share plus accrued dividends and entitles the holder to a liquidation preference of $100,000 per share plus accrued dividends. The conversion price is subject to adjustment under certain circumstances. The Convertible Preferred Stock, Series 13 is not redeemable prior to February 15, 1996 and thereafter may be redeemed at the option of Citicorp at a price equal to $100,000 per share (plus accrued dividends) plus a premium that decreases over five years from 5.375% to zero.

Dividends on the 9.08% Preferred Stock, Series 14 are cumulative and payable quarterly at a rate equivalent to $2.27 per depositary share per annum. Each depositary share of 9.08% Preferred Stock, Series 14 represents a one-tenth ownership interest in one share. The 9.08% Preferred Stock, Series 14 is redeemable at any time on and after March 15, 1997 at the option of Citicorp, in whole or in part, at $250 per share (equivalent to $25 per depositary share), plus accrued and unpaid dividends, if any, to the redemption date.

Each depositary share of Conversion Preferred Stock, Series 15 represents a one-twelfth ownership interest in one share of Conversion Preferred Stock, Series 15 and will automatically convert into one share of Citicorp common stock, subject to adjustment in certain events, on November 30, 1995, the mandatory conversion date, unless previously redeemed at Citicorp's option. Citicorp may call the depositary shares for common stock at any time prior to the mandatory conversion date in exchange for shares of Citicorp common stock with an initial market value of $23.931 declining to $20.28 on October 1, 1995 and thereafter. Dividends on the depositary shares are cumulative and the proportionate annual dividend rate for each depositary share is $1.217.

In May 1993, Citicorp issued 13,000,000 depositary shares, each representing a one-tenth ownership interest in one share of 8% Noncumulative Preferred Stock, Series 16. Dividends are payable quarterly and are noncumulative. The 8% Noncumulative Preferred Stock, Series 16 is redeemable at any time on or after June 1, 1998 at the option of Citicorp, in whole or in part, at $250 per share (equivalent to $25 per depositary share), plus accrued and unpaid dividends (whether or not declared), from the immediately preceding dividend payment date to the date of redemption.

In August 1993, Citicorp issued 14,000,000 depositary shares, each representing a one-tenth ownership interest in one share of 7.5% Noncumulative Preferred Stock, Series 17. Dividends are payable quarterly and are noncumulative. The 7.5% Noncumulative Preferred Stock, Series 17 is redeemable at any time on or after September 1, 1998 at the option of Citicorp, in whole or in part, at $250 per share (equivalent to $25 per depositary share) plus accrued and unpaid dividends (whether or not declared) from the immediately preceding dividend payment date to date of redemption.

Authorized preferred stock (issuable as either redeemable or non-redeemable) was 50 million shares at December 31, 1993 and 1992. Total shares of non-redeemable preferred stock issued and outstanding were 20,101,337 and 17,401,337 at December 31, 1993 and 1992, respectively. At December 31, 1993 and 1992, 570,000 and 360,000 shares, respectively, of redeemable preferred stock were issued and outstanding. (See Note 1.)

5. COMMON STOCK

At December 31, 1993 and 1992, authorized common stock was 800 million and 600 million shares, respectively. Additionally, Citicorp has authorized, but not issued, 20 million shares of Class B common stock with a par value of $1.00 and one vote per share. Outstanding shares of common stock at both December 31, 1993 and 1992 include 1.1 million and 1.2 million, respectively, of book value shares issued in connection with certain staff benefit plans. Under the terms of the plans, book value shares sold back to Citicorp are settled in market value shares.

Under Citicorp's Dividend Reinvestment and Common Stock Purchase Plan, stockholders of record, without payment of brokerage fees, commissions, or service charges, may reinvest all or part of any Common Stock dividends in additional shares of common stock and make optional cash purchases of such shares. The shares are sold at a discount of 3% below current market prices (as defined in the plan) when purchased through reinvestment of dividends. Optional cash purchases of at least $100 per month may also be made at a discount of up to 2.5% below current market prices (as defined in the plan). Such cash purchases may not exceed $5,000, subject to certain exceptions.

At December 31, 1993, shares were reserved for issuance as follows: on conversion of preferred stock, 149.9 million shares; under the Savings Incentive Plan, 4.2 million market value shares; under the 1983 Stock Option Plan (including options which have been granted in tandem), a maximum of 6.6 million shares, if issued at market value, and a maximum of 6.8 million shares, if issued at book value; under the 1988 Stock Purchase Plan, 0.7 million shares, under the Stock Incentive Plan, 67 million shares; under the Dividend Reinvestment and Common Stock Purchase Plan, 13.3 million shares; under the Director's Deferred Compensation Plan, 0.1 million shares, and under the Executive Incentive Compensation Plan (under which treasury shares have been reserved primarily in tandem), a maximum of 0.8 million shares, if issued at market value, and a maximum of 0.5 million shares, if issued at book value.

On October 15, 1991, the Board of Directors, on the recommendation of management, suspended the dividend on Citicorp's common stock.

6. FEES AND COMMISSIONS

Trust, agency, and custodial fees included in fees and commissions were $785 million in 1993, $666 million in 1992, and $551 million in 1991.

7. EMPLOYEE BENEFITS

Following are descriptions of Citicorp's principal employee benefit plans. Certain of these plans permit options or subscriptions to purchase, or elections to invest in, either market value or book value shares of Citicorp. Subsequent to December 31, 1987, no further options are granted, subscription agreements entered into, or new investment elections permitted for the purchase of book value shares.

U.S. Pension Plans

There are several non-contributory defined benefit pension plans covering substantially all U.S. employees. Retirement benefits for the U.S. plans are based on years of credited service, the highest average compensation (as defined), and the primary social security benefit. While the qualified U.S. plans are adequately funded, it is Citicorp's policy to fund these plans to the extent contributions are tax-deductible. Non-qualified U.S. plans are not funded since contributions to these plans are not tax-deductible.

The following table provides a breakdown of components of net pension (income) expense recognized in Citicorp's consolidated statement of operations for its U.S. pension plans

In Millions of Dollars	1993	1992	1991
Service Cost – Benefits Earned During the Year	$ 92	$ 84	$ 83
Interest Cost on Projected Benefit Obligation	120	115	102
Assumed Return on Plan Assets (Actual return was $239 in 1993, $121 in 1992, and $481 in 1991)	(232)	(175)	(149)
Net Amortization	24	(15)	(13)
Curtailment Gains[1]	—	(10)	(44)
Net Pension Expense (Income)	**$ 13**	$(13)	$(23)

(1) During 1992 and 1991, Citicorp recognized curtailment gains for the impact on its principal U.S. plans of employee terminations resulting from restructurings and sales of businesses. These curtailment gains represent a decrease in the projected benefit obligation, net of the related recognition of certain previously deferred items.

The assumed long-term rate of return on assets used in determining net pension (income) expense was 9.5% in 1993, 10.0% in 1992, and 10.25% in 1991. The transition net asset is being amortized over a 14-year period, with 6 years remaining at December 31, 1993.

The following table provides the funded status and amounts recognized in Citicorp's consolidated balance sheet at December 31, 1993 and 1992 for its U.S. pension plans:

In Millions of Dollars at Year End	1993	1992
Plan Assets at Fair Value, Primarily Listed Stocks, Commingled Funds and Fixed Income Securities	$2,311	$1,912
Actuarial Present Value of Benefits for Service Rendered to Date:		
Accumulated Benefits Based on Salaries to Date, Including Vested Benefits of $1,198 in 1993, and $925 in 1992	$1,351	$1,070
Additional Benefits Based on Estimated Future Salary Levels	622	439
Projected Benefit Obligation(1)	$1,973	$1,509
Plan Assets in Excess of Projected Benefit Obligation	$ 338	$ 403
Unrecognized Net Actuarial Loss	268	81
Unamortized Transition Net Asset	(111)	[illegible]
Prepaid Pension Cost Included In Other Assets	**$ 495**	$ 393

(1) Includes the projected benefit obligation for non-qualified U.S. pension plans which are not funded, of $120 million at year-end 1993, and $94 million at year-end 1992. Balances related to these plans are included in accrued taxes and other expenses in Citicorp's consolidated balance sheet.

The weighted-average discount rate used in determining the actuarial present value of the projected benefit obligation was 7.5% at year-end 1993 and 8.25% at year-end 1992, reflecting the approximate yield on high quality fixed-income securities taking into account the duration of the projected benefit obligation. The assumed rate of increase in future compensation levels was 5.25% at year-end 1993 and 5.75% at year-end 1992.

Pension Plans Outside the U.S.

There are various local defined benefit pension and termination indemnity plans covering employees outside the U.S. The benefit formulas and funding strategies vary, reflecting local practices and legal requirements.

The following table provides a breakdown of the components of net pension expense recognized in Citicorp's consolidated statement of operations for its significant pension plans outside the U.S.

In Millions of Dollars	1993	1992	1991
Service Cost—Benefits Earned During The Year	$ 40	$ [illegible]	$ 47
Interest Cost on Projected Benefit Obligation	47	37	41
Assumed Return on Plan Assets (Actual Return was $85 in 1993, $43 in 1992, and $34 in 1991)	(30)	[illegible]	(29)
Net Amortization	7	4	6
Net Gain from Settlement and Curtailment	—	—	[illegible]
Net Pension Expense	**$ 64**	$ 47	$ 68

For funded pension plans outside the U.S., the assumed long-term rate of return on assets used in determining net pension expense (excluding highly inflationary countries) ranged from 6.0% to 10.0% in 1993, from 6.0% to 10.5% in 1992 and from 6.0% to 11.0% in 1991.

The following table provides the funded status and amounts recognized in Citicorp's consolidated balance sheet at December 31, 1993 and 1992 for its significant pension plans outside the U.S.

	December 31, 1993		December 31, 1992	
In Millions of Dollars at Year End	Assets Exceed Accumulated Benefits	Accumulated Benefits Exceed Assets	Assets Exceed Accumulated Benefits	Accumulated Benefits Exceed Assets
Plan Assets at Fair Value	$450	$ 2	$301	$ 59
Actuarial Present Value of Benefits for Service Rendered To Date				
Vested Benefits Based on Salaries To Date	$246	$ 150	$172	$ 147
Additional Benefits for Unvested Participants	52	24	29	23
Accumulated Benefits Based on Salaries To Date	$298	$ 174	$201	$ 160
Additional Benefits Based on Estimated Future Salary Levels	130	75	73	64
Projected Benefit Obligation	$428	$ 249	$274	$ 224
Projected Benefit Obligation (in Excess of) or Less than Plan Assets	$ 22	$(247)	$ 27	$(165)
Unrecognized Prior Service Cost	13	—	3	—
Unrecognized Net Actuarial (Gain) or Loss	(32)	2	(28)	[illegible]
Unamortized Transition Net Obligation	35	46	16	45
Adjustment Required to Recognize Minimum Liability	—	(6)	—	(11)
Prepaid Pension Cost (Pension Liability) Included in Consolidated Balance Sheet	**$ 38**	**$(205)**	$ 18	$(165)

(1) Reclassified to conform to current year's presentation.

For pension plans outside the U.S., the discount rates used in determining the actuarial present value of the projected benefit obligation (excluding highly inflationary countries) ranged from 4.5% to 10.5% at year end 1993 and from 5.9% to 11.0% at year end 1992. The assumed rate of increase in future compensation levels (excluding highly inflationary countries) ranged from 4.0% to 9.0% at year end 1993 and from 4.5% to 10.0% at year end 1992.

Other Postretirement Benefit Plans

Citicorp offers postretirement health care and life insurance benefits to all eligible U.S. retired employees. The retirees share in the cost of their health care benefits through copayments, service related contributions and salary related deductibles. Retiree life insurance benefits are noncontributory.

Prior to 1993, these benefits were funded solely from the general assets of Citicorp. In December 1993, $44 million was contributed to a retiree health care benefit fund. Citicorp's policy is to fund retiree health care and life insurance benefits to the extent such contributions are tax deductible.

Effective January 1, 1993, Citicorp adopted Statement of Financial Accounting Standards (SFAS) No. 106, "Employers' Accounting for Postretirement Benefits Other Than Pensions," for its U.S. plans. Under SFAS No. 106, employers must recognize the cost of certain postretirement benefits during the periods employees render service, with all such costs being recognized by the full eligibility date. Citicorp had previously recognized these costs when paid. At January 1, 1993 the initial accumulated postretirement benefit obligation was $358 million, which was comprised of $240 million for current retirees, $49 million for active employees eligible for full benefits and $69 million for active employees not eligible for full benefits. This initial obligation is being amortized over a 20 year period.

The following table provides a breakdown of the components of net postretirement benefit expense recognized in Citicorp's consolidated statement of operations for its U.S. plan.

In Millions of Dollars	1993
Service Cost – Benefits Earned During the Year	$ 8
Interest Cost on Accumulated Postretirement Benefit Obligation	29
Amortization of Unrecognized Transition Obligation	20
Net Postretirement Benefit Expense	**$57**

(1) Both the expected and actual return on plan assets were less than $1 million in 1993.

U.S. postretirement benefit expense for 1992 and 1991, which was recognized when paid, was $20 million and $17 million, respectively.

The following table provides the funded status and amounts recognized in Citicorp's consolidated balance sheet at December 31, 1993 for its U.S. plans.

In Millions of Dollars	December 31, 1993
Plan Assets at Fair Value – Primarily Listed Stocks, Commingled Funds and Fixed Income Securities	$ 44
Accumulated Postretirement Benefit Obligation Attributable to:	
Current Retirees	$ 254
Active Employees Eligible for Full Benefits	59
Active Employees Not Eligible for Full Benefits	87
Total Accumulated Postretirement Benefit Obligation	$ 400
Accumulated Postretirement Benefit Obligation in Excess of Plan Assets	$(356)
Unrecognized Net Actuarial Loss	27
Unrecognized Transition Obligation	338
Prepaid Postretirement Benefit Cost	**$ 9**

The weighted average discount rate used in determining the actuarial present value of the accumulated postretirement benefit obligation was 7.5% at year end 1993. The assumed rate of increase in future compensation levels was 5.25% at year end 1993.

In determining the December 31, 1993 accumulated postretirement benefit obligation, the assumed weighted-average health care cost increase in 1993 was 15% for retirees younger than age 65 and 12% for retirees who are 65 or older. These rates were assumed to decrease gradually so that by 2001 the rates would be 6% for those younger than age 65 and 5% for those who are age 65 or older, and would remain at that level thereafter. Separate health care cost trend rates were used for those age 65 and older to reflect the cost controls imposed by Medicare. As an indicator of sensitivity, increasing the assumed health care cost trend rate by 1% in each year would have increased the accumulated postretirement benefit obligation as of December 31, 1993 by $20 million and the aggregate of the service and interest components of 1993 net postretirement benefit expense by $2 million.

Retiree health care and life insurance benefits are provided to certain employees outside the U.S. Currently, the cost of providing these benefits is recognized as paid. Citicorp will adopt SFAS No. 106 for its non-U.S. plans on January 1, 1995 and will amortize the transition obligation consistent with the U.S. plans. Adoption of the new standard for non-U.S. plans is not expected to have a material effect on net income.

Savings Incentive Plan

Under the Savings Incentive Plan, eligible employees receive awards equal to 3% of their covered salary. Employees have the option of receiving their award in cash or deferring some or all of it in various investment funds. Citicorp grants an additional award equal to the amount elected to be deferred by the employee. Several investment options are available, including Citicorp market value shares. The expense associated with the plan amounted to $86 million in 1993, $89 million in 1992, and $88 million in 1991.

Stock Incentive Plan

The 1988 Stock Incentive Plan (the "1988 Plan") provides for the issuance of options to purchase shares of Citicorp common stock or shares of Class B common stock at prices not less than 50% of the market value at the date of grant, incentive stock options, stock appreciation rights, restricted stock, or performance unit awards, any of which may be granted singly, in combination or in tandem.

Pursuant to the 1988 Plan, 45,000 shares of restricted stock, with an aggregate market value of $1.2 million at the date of grant, were awarded in 1993; 25,000 shares of restricted stock, with an aggregate market value of $0.4 million at the date of grant, were awarded in 1992; and 620,000 shares of restricted stock, with an aggregate market value of approximately $9 million at the date of grant, were awarded in 1991. These shares were awarded to key executives contingent upon their continued employment over periods of up to nine years.

In addition, pursuant to the 1988 Plan, 1,479,594 shares of restricted stock and 477,040 restricted stock units, with an aggregate market value of approximately $27 million at the date of grant, were awarded during 1991 in lieu of cash compensation. Restricted stock units are a type of performance unit award granted pursuant to the 1988 Plan. These shares and units were awarded in 1991 to a broad group of management employees contingent upon continued employment over periods of up to two years. In addition, 501,820 shares of unrestricted stock, which were not covered by the terms of the 1988 Plan, with an aggregate market value of approximately $7 million at the date of grant, were awarded to a broad group of management employees during 1991. These unrestricted shares were issued out of treasury stock and were recognized as expense on the date of grant.

The value of the restricted shares at the date of grant is recorded as a reduction of surplus and amortized to expense over the restriction period. The value of restricted stock units at the date of grant is accreted to surplus, with a corresponding charge to expense, over the restriction period and recorded as common stock at the end of the restriction period. The expense recognized for all awards amounted to $4.4 million in 1993, $17.8 million in 1992, and $15.9 million in 1991.

Under the 1988 Plan and the two predecessor plans—the 1983 Stock Option Plan (the "1983 Plan") and the 1973 Stock Option Plan, as extended and amended (the "1973 Plan")—options have been granted to key employees for terms up to 10 years to purchase common stock at not less than the fair market value of the shares at the date of grant. While options previously granted under the 1983 Plan do not fully expire until 1997, all options previously granted under the 1973 Plan had expired by the end of 1992. No further options may be granted under the 1983 and 1973 Plans. Based on the terms of the options granted under the 1988 Plan, the 1983 Plan, and the 1973 Plan, generally 50% of the options granted are exercisable beginning on the first anniversary and 50% beginning on the second anniversary of the date of grant.

In addition, the 1983 Plan and 1973 Plan provided for the granting in tandem of options to purchase market value shares at not less than the market value at the date of grant or a proportionate number of book value shares at not less than the book value per share at the date of grant. Such a proportionate number of book value shares was determined based on the ratio of market value to book value per share at the date of grant.

In July 1993 Citicorp provided a key group of its managers with a special supplemental grant of five year performance based options to purchase 7,070,000 shares of Citicorp stock at $31.75 per share, which was equal to the market price on grant date. Fifty percent of the options are exercisable when Citicorp's common stock reaches a market price of $60 per share, another 25% are exercisable when the stock reaches $75, and the remaining 25% are exercisable when the stock reaches $80, provided in each case that the stock price remains at or above the specified level for at least twenty of thirty consecutive trading days. Citicorp measures the cost of these options as the difference between the exercise price and market price in the period in which the shares become exercisable. This cost is being recognized over the vesting period. Expense in 1993 totaled $23 million relating to the period from grant date through year-end.

At December 31, 1993 and 1992, options to purchase 29,869,609 and 25,238,709 shares, respectively, were exercisable. Options to purchase 11,872,289, and 8,735,500 shares, respectively, were granted but not yet exercisable, and 32,762,440, and 24,357,047 authorized but not issued shares, respectively, were available for the granting of options to purchase market value shares or for other forms of stock-related awards.

Additional shares may become available for grant under the 1988 Plan to the extent that presently outstanding options under the 1983 Plan terminate or expire unexercised.

Changes in Options and Shares Under Option

	Number of Shares	Option Price per Share
Shares Under Option(1)		
December 31, 1993	41,741,898	$ 9 to $36
December 31, 1992	33,974,209	$ 9 to $33
Options Granted(1)		
1993	14,754,500	$24 to $36
1992	6,436,459	$14 to $31
1991	7,364,700	$ 9 to $17
Options Exercised		
1993	6,140,923	$14 to $32
1992	669,185	$13 to $29
1991	610,234	$13 to $24
Options Expired or Terminated		
1993	928,606	$14 to $32
1992	1,679,963	$14 to $30
1991	2,350,849	$14 to $32

(1) Options granted in tandem are included on the basis that represents the economically preferable alternative to the employee.

Stock Purchase Plan

The 1988 Stock Purchase Plan provides for two types of offerings: fixed-price offerings and periodic purchase offerings. Under fixed-price offerings all eligible employees are permitted to enter into subscription agreements to purchase shares at the fair market value on the date of the agreements. Such shares can be purchased from time to time through the expiration date. There have been no periodic purchase offerings under the 1988 Stock Purchase Plan.

Agreements for the purchase of shares at $10.625 per share were entered into pursuant to a fixed-price offering on November 29, 1991. Under the terms of these agreements, 11,412,985 shares were purchased in 1993, 9,009,977 shares were purchased in 1992 and no shares were purchased in 1991. These agreements expired on December 31, 1993.

Agreements for the purchase of shares at $22.875 per share were entered into pursuant to a prior fixed-price offering on June 30, 1990. Under the terms of these agreements, no shares were purchased in both 1992 and 1991 and 2 shares were purchased in 1990. These agreements expired on March 31, 1992.

Annual Performance Plan

Effective January 1, 1991, Citicorp's Board of Directors approved the Citicorp Annual Performance Plan, pursuant to which cash awards may be granted to key employees who have a significant impact on the success of Citicorp. Such cash awards may be paid either in one installment or on a deferred basis. The aggregate awards were approximately $15 million for 1993, $8 million for 1992, and $2 million for 1991.

Executive Incentive Compensation Plan

Under the Executive Incentive Compensation Plan, awards in cash or in market value shares may be made to key employees, payable at the election of the participants, in one installment or on a deferred basis. No awards have been made since 1989.

8. INCOME TAXES

As discussed in the Statement of Accounting Policies, Citicorp adopted Statement of Financial Accounting Standards No. 109 as of January 1, 1993. The cumulative effect of this change in accounting for income taxes, a $300 million benefit, is reported separately in Citicorp's 1993 consolidated statement of operations. Prior year taxes have not been restated.

In Millions of Dollars	1993	1992	1991
Provision for Taxes on Income	$941	$696	$677
Income Tax Expense (Benefit) Related to Foreign Currency Translation Reported in Stockholders' Equity	(13)	(7)	15
	$928	$689	$692
Tax Expense (Benefit) Attributable to Cumulative Effects of Accounting Changes:			
Accounting for Income Taxes	(300)	—	—
Venture Capital	—	—	14
Total Income Taxes	$628	$689	$706

Components of Total Income Taxes

In Millions of Dollars	1993	1992	1991
U.S.			
Current			
U.S. Federal	$ 478	$ 55	$(119)
State and Local	206	56	65
	$ 684	$ 111	$ (54)
Deferred			
U.S. Federal	$(595)	$ (23)	$ 227
State and Local	(17)	27	22
	$(612)	$ 4	$ 249
Total U.S.	$ 72	$ 115	$ 195
Foreign (Substantially current)	856	574	497
	$ 928	$ 689	$ 692
Tax Expense (Benefit) Attributable to Cumulative Effects of Accounting Changes:			
Accounting for Income Taxes	(300)		
Venture Capital	—		14
Total Income Taxes	$ 628	$ 689	$ 706

Within the total provision, the tax effect of investment securities transactions amounted to a provision of $33 million in 1993, $4 million in 1992, and $112 million in 1991.

As a U.S. corporation, Citicorp is subject to U.S. taxation currently on all of its foreign pre-tax earnings if earned by a foreign branch or when earnings are effectively repatriated if earned by a foreign subsidiary or affiliate. In addition, certain of Citicorp's U.S. income is subject to foreign income tax where the payer of such income is domiciled overseas. For purposes of disclosure under rules of the Securities and Exchange Commission, foreign pre-tax earnings approximated $3,023 million in 1993, $2,326 million in 1992, and $1,107 million in 1991.

The tax effects of temporary differences that give rise to significant portions of the deferred tax assets and deferred tax liabilities at December 31, 1993 are presented below. The net deferred tax asset of $1,328 million is included in Citicorp's consolidated balance sheet in other assets and represents the sum of the temporary difference components of those tax jurisdictions with net deductible amounts or tax carryforwards in future years. The net deferred tax liability of $549 million is included in Citicorp's consolidated balance sheet in accrued taxes and other expenses and represents the sum of the temporary difference components of those tax jurisdictions with net taxable amounts in future years.

Components of Deferred Tax Balances at December 31, 1993

In Millions of Dollars	December 31, 1993
Net Deferred Tax Asset	
Tax Effects of Deductible Temporary Differences and Carryforwards	
Credit Loss Deduction	$ 1,891
Interest Related Items	423
Unremitted Foreign Income	751
Foreign and State Loss Carryforwards	360
Other[1]	611
	$ 3,794
Tax Effects of Taxable Temporary Differences	
Lease Financing	$ 661
Derivative Products	324
Venture Capital	202
Mortgage Pass Through Sales	156
	$ 1,346
Net Potential Deferred Tax Assets	$ 2,448
Valuation Reserve	(1,120)
Net Deferred Tax Asset	**$ 1,328**
Net Deferred Tax Liability[2]	**$ 549**

(1) Includes deductible temporary differences related to restructuring charges, depreciation, prepaid items, and other less significant items.
(2) Includes credit losses ($226 million), leasing ($131 million), and other less significant items.

The 1993 net change in the U.S. valuation allowance related to deferred tax assets was a decrease of $280 million consisting of $200 million relating to a favorable reassessment of future earnings expectations and $80 million relating to improvements in the level and mix of earnings for the current year. These amounts are included in the $612 million U.S. deferred benefit component of total income taxes. Management believes that the realization of the remaining net deferred tax asset of $1,328 million is more likely than not, based on its best estimates and considering the following points:

- Citicorp has never had a U.S. federal tax loss carryforward, and does not expect that it will generate one in the foreseeable future. Citicorp has a number of actions available to it that can affect the level of taxable income, such as asset sales and other tax planning strategies, which enhance its ability to utilize available tax benefits.
- A portion of Citicorp's deferred tax assets ($680 million at December 31, 1993) are supported by carryback ability, although it is anticipated that such assets will instead be realized as reductions of future tax liabilities.
- Citicorp expects to generate the amount and mix of taxable income necessary to realize its recognized net deferred tax assets over the period through 1996. This assessment considers the effects of permanent differences and both originating and reversing temporary differences. The anticipated realization of these assets reflects the successful completion of Citicorp's Five Point Plan, as well as continued moderation in credit costs. As noted above, various tax planning strategies are also available.

Going forward, the valuation allowance will be reviewed quarterly, and the provision for income taxes will be increased or decreased as appropriate to adjust the allowance.

For the years ended December 31, 1992 and 1991, deferred income tax expense of $4 million and $249 million, respectively, results from timing differences in the recognition of income and expense for tax and financial reporting purposes. The sources and tax effects of those timing differences are presented below.

Components of Deferred Tax Expense

In Millions of Dollars	1992	1991
Lease Financing Transactions	$ 84	$[illegible]
Credit Loss Deduction	(258)	(91)
Interest Related Items	(168)	(123)
Unremitted Foreign Income	322	(547)
Mortgage Pass Through Sales	(80)	57
Derivative Products	92	193
Minimum Tax Credit	(29)	(263)
Tax Benefits Not Recognized	43	340
Other	(72)	21
Total	$ 4	$249

The following table reconciles the income tax provision (benefit) on income (loss) before taxes and cumulative effects of accounting changes, computed at the applicable U.S. federal statutory tax rate to the provision for taxes on income.

Reconciliation of Statutory Tax to Tax Expense

In Millions of Dollars	1993	1992	1991
Statutory U.S. Federal Tax Expense (Benefit)	$1,001	$482	$(81)
Increase (Reduction) in Taxes Resulting from:			
Tax Exempt Interest Income	(8)	(11)	(25)
State and Local Income Taxes, Net of U.S. Federal Income Tax Benefit	115	42	52
Goodwill	17	31	154
Valuation Allowance Change Related to Current Year	(80)	–	–
Taxes on Income of Operations Outside the U.S.	117	105	219
Other	(21)	4	18
	$1,141	$653	$337
Valuation Allowance Change Related to Future Years	(200)	–	
Tax Benefits Not Recognized	—	43	340
Provision for Taxes on Income	**$ 941**	$696	$677

9. EARNINGS (LOSS) PER SHARE

The accompanying table shows the calculation of earnings (loss) per share on common and common equivalent shares for each of the three years in the period ended December 31, 1993 and assuming full dilution for the year ended December 31, 1993. Fully diluted earnings per share for 1992 has not been presented because the effects are not material and, for 1991, would be anti-dilutive.

Refer to the Statement of Accounting Policies for a description of the common and common equivalent shares and fully diluted computations.

Calculation of Earnings (Loss) Per Share

In Millions Except Per Share Amounts	1993 On Common and Common Equivalent Shares	1993 Assuming Full Dilution	1992 On Common and Common Equivalent Shares	1991 On Common and Common Equivalent Shares
Income (Loss) Applicable to Common Stock[1]				
a. Distributed Portion – Dividends	$ —	$ —	$ [illegible]	$ 2[illegible]
Undistributed Portion Before Cumulative Effects of Accounting Changes	1,600	1,600	517	(1,[illegible])
Income (Loss) Applicable to Common Stock Before Cumulative Effects of Accounting Changes	$1,600	$1,600	$ [illegible]	$(1,196)
Dividends on Conversion Preferred Stock, Series 15	93	93		
Dividends on Convertible Preferred Stock, Series 12 and Series 13	—	136		
b. Income (Loss) Applicable to Common Stock Before Cumulative Effect of Accounting Changes Adjusted	1,693	1,829	[illegible]	(1,[illegible])
c. Cumulative Effects of Accounting Changes[2]	300	300		4[illegible]
Total	$1,993	$2,129	$ [illegible]	$ [illegible]
Shares				
Weighted Average Common Shares Outstanding – Market Value	374.7	374.7	[illegible]	[illegible]
Weighted Average Common Shares Outstanding – Book Value	1.1	1.1	[illegible]	[illegible]
Common Equivalent Shares				
Conversion Preferred Stock, Series 15	55.8	55.8	14[illegible]	
Other[4]	9.2	11.6	[illegible]	
Convertible Preferred Stock, Series 12 and Series 13	—	73.1		
Convertible Notes	—	0.1		
d. Shares Applicable to Distributed Portion	440.8	516.4	3[illegible]1	[illegible]
Book Value Shares Issuable Under Stock Option and Executive Incentive Compensation Plans	2.2	2.1	[illegible]	
e. Shares Applicable to Undistributed Portion	443.0	518.5	[illegible]	[illegible]
Earnings (Loss) Per Share				
a ÷ d Distributed Portion	$ —	$ —	$ [illegible]	$ [illegible]
(b – a) ÷ e Undistributed Portion Before Cumulative Effects of Accounting Changes	3.82	3.53	1.[illegible]	([illegible])
Income (Loss) Before Cumulative Effects of Accounting Changes	$ 3.82	$ 3.53	$ 1.[illegible]	$ ([illegible])
c ÷ e Cumulative Effects of Accounting Changes	0.68	0.58		1.[illegible]
Net Income (Loss)	$ 4.50	$ 4.11	$ 1.[illegible]	$ ([illegible])

(1) The effect of assuming full dilution was not material for 1992 and for 1991 would be anti-dilutive. The number of shares [illegible] conversion of convertible notes was [illegible] and the related after-tax interest expense was $[illegible]. The additional common equivalent shares and issuable book value shares for purposes of a fully diluted computation were [illegible]. Conversion of the convertible preferred stock, Series 12 and Series 13, was not assumed for purposes of a fully diluted calculation for [illegible] as it is anti-dilutive.

(2) For purposes of calculating earnings (loss) per share, the income (loss) applicable to common stock is reduced for dividends on preferred stock and, where applicable, for the after-tax dividend equivalents on shares issuable under the Executive Incentive Compensation Plan.

(3) Refer to footnotes 1 and [illegible] for discussion of [illegible] accounting changes, respectively.

(4) Other common equivalent shares represent shares issuable under the Executive Incentive Compensation and Stock Incentive Plans, and the dilutive effect, computed using the treasury stock method, of shares issuable under the Stock Option, Stock Incentive and Stock Purchase Plans.

10. GEOGRAPHIC DISTRIBUTION OF REVENUE, EARNINGS (LOSS), AND ASSETS

Citicorp attributes total revenue, income (loss) before taxes and cumulative effects of accounting changes, net income (loss), and average total assets to operations based on the domicile of the customer. U.S. possessions are included in their respective geographic areas.

Because of the integration of global activities, it is not practicable to make a precise separation, and various assumptions must be made in arriving at allocations and adjustments used in presenting this data.

The principal allocations and adjustments are: (1) charges for all funds employed that are not generated locally, calculated on the amount and nature of the assets and based on a marginal cost of funds concept; Citicorp stockholders' equity is treated as generated and earned based on each area's percentage of total assets; (2) allocation of expenses incurred by one area on behalf of another, including administrative costs, based on methods intended to reflect services provided, (3) allocation of tax expenses and benefits; (4) allocation of the difference between actual net credit losses and the provision for credit losses, and (5) allocation of corporate staff costs (other than those charged to the core businesses) and other corporate items.

No portion of Citicorp's allowance for credit losses is specifically allocated or restricted to any individual loan or group of loans, and the entire allowance is available to absorb any and all credit losses. For the purpose of calculating the accompanying geographic data, the amounts attributable to operations outside the U.S. are based upon year-end allowance amounts of $1,[illegible] million for 1993, $1,082 million for 1992, and $1,041 million for 1991, and credit loss provision amounts of $859 million for 1993, $882 million for 1992, and $663 million for 1991.

Geographic Distribution of Revenue, Earnings (Loss), and Assets

In Millions of Dollars	Total Revenue[1]			Income (Loss) Before Taxes and Cumulative Effects of Accounting Changes			Net Income (Loss)			Average Total Assets		
	1993	1992	1991	1993	1992	1991	1993	1992	1991	1993	1992	1991
North America[2]	$ 8,198	$ 8,339	$ 8,576	$ 247[3]	$(1,048)[3]	$(1,250)[5]	$ 556	$([illegible])	$(885)	$117,075	$124,[illegible]	$131,416
Caribbean, Central and South America	1,913	2,099	1,675	810	1,046	556	519	624	317	22,208	19,085	15,984
Europe, Middle East, and Africa	3,628	3,887	2,934	1,100	475	218	677	218	132	47,820	4[illegible]	41,462
Asia/Pacific	2,336	1,946	1,656	694	695	240	467	353	(21)	41,107	29,248	33,031
Total	$16,075	$1[illegible]	$14,759	$2,860	$ 1,418	$ (237)	$2,219[4]	$ 722	$(457)[5]	$228,240	$[illegible]	$2[illegible]

(1) Includes net interest revenue and fees, commissions, and other revenue.
(2) Includes amounts attributed to United States operations in 1993, 1992, and 1991, respectively, as follows: total revenue, $[illegible] million, $[illegible] million, and $[illegible] million; income (loss) before taxes and cumulative effects of accounting changes, $[illegible] million, $([illegible]) million, and $(1,[illegible]) million; net income (loss), $[illegible] million, $([illegible]) million, and $([illegible]) million; and average total assets, $[illegible] million, $[illegible] million, and $[illegible] million.
(3) Includes approximately $22 million in 1993, $35 million in 1992, and $[illegible] million in 1991 of tax-exempt income, reducing the federal income tax provision [illegible] the United States.
(4) The 1993 results include the $[illegible] million cumulative effect of adopting Statement of Financial Accounting Standards No. [illegible], "Accounting for Income Taxes."
(5) The 1991 results include the $457 million cumulative effect of the accounting changes for venture capital, all of which is attributed to U.S. operations.

11. COMMITMENTS AND CONTINGENT LIABILITIES

Citicorp and its subsidiaries are obligated under a number of noncancelable leases for premises and equipment. Minimum rental commitments on non-cancelable leases are in the aggregate $1,989 million, and for each of the five years subsequent to December 31, 1993, are $375 million (1994), $318 million (1995), $252 million (1996), $217 million (1997), and $189 million (1998). The minimum rental commitments do not include minimum sublease rentals under non-cancelable subleases of $129 million. Most of the leases have renewal or purchase options and escalation clauses. Rental expense was $550 million in 1993 net of $60 million sublease rental income, $586 million in 1992 net of $39 million sublease rental income, and $555 million in 1991 net of $36 million sublease rental income.

At December 31, 1993, certain investment securities, trading account assets, and other assets with a carrying value of $9,917 million were pledged as collateral for borrowings, to secure public and trust deposits, and for other purposes.

Various legal proceedings are pending against Citicorp and its subsidiaries. Citicorp management considers that the aggregate liability, if any, resulting from these proceedings will not be material to Citicorp's financial position or results of operations.

12. FUTURE IMPACT OF RECENTLY ISSUED ACCOUNTING STANDARDS

Offsetting of Amounts Related to Certain Contracts

In March 1992, the FASB issued Interpretation No. 39, "Offsetting of Amounts Related to Certain Contracts," with implementation required effective January 1, 1994. This accounting rule relates to the balance sheet reporting of trading gains and losses from derivative and foreign exchange contracts. It will require the reporting of gross unrealized gains as assets and gross unrealized losses as liabilities. The Interpretation will permit the netting of unrealized amounts by counterparty when master netting agreements have been executed. Citicorp currently reports these unrealized gains and losses on a net portfolio basis, which is industry practice. See Note 1 to the Financial Statements for additional information on derivative and foreign exchange products. If the new rule had been in place at December 31, 1993, it would have increased reported assets and liabilities by approximately $13 billion, with no impact on earnings or stockholders' equity. The effects will vary over time with changes in the value of the unrealized amounts and in the amounts subject to master netting agreements.

Postemployment Benefits

In November 1992, the FASB issued SFAS No. 112, "Employers' Accounting for Postemployment Benefits," which must be adopted in 1994. Under SFAS No. 112 employers must recognize the cost of benefits provided to former or inactive, but not retired, employees when an event occurs indicating payment of benefits is probable. If the benefits accumulate or vest, the cost must be recognized over the active service life of the employee. Citicorp's significant postemployment benefits, including disability-related benefits, do not accumulate or vest and are currently recognized when benefits are paid or funded. Citicorp will adopt the new standard effective January 1, 1994. The cumulative effect of adoption will be an after-tax charge of $56 million. Citicorp does not expect the ongoing impact on future results to be material.

Loan Impairment

In May 1993, the FASB issued SFAS No. 114, "Accounting by Creditors for Impairment of a Loan," which must be adopted by Citicorp by 1995. SFAS No. 114 applies to loans other than groups of smaller-balance homogeneous loans that are collectively evaluated for impairment (generally consumer loans). The standard requires that impairment of such loans be measured generally based on the present value of expected future principal and interest cash flows, discounted at the loan's effective interest rate, and established as a valuation allowance related to those impaired loans. Under SFAS No. 114, a loan is considered impaired when, based on current information and events, it is probable that a creditor will be unable to collect all amounts due. Presently, credit losses on all loans are accounted for through the allowance for credit losses, which is maintained at a level adequate to absorb losses inherent in the portfolio. Although Citicorp has not yet determined the impact of implementing the new standard, which it currently expects to adopt effective January 1, 1995, it does not anticipate a material increase in the allowance.

Investments in Debt and Equity Securities

In May 1993, the FASB issued SFAS No. 115, "Accounting for Certain Investments in Debt and Equity Securities," which supercedes SFAS No. 12, "Accounting for Certain Marketable Securities," and related Interpretations and amends SFAS No. 65, "Accounting for Certain Mortgage Banking Activities." The new standard must be adopted by Citicorp on January 1, 1994. SFAS No. 115 addresses the accounting and reporting for investments in equity securities that have readily determinable fair values and for all investments in debt securities. The principal effect of the new standard relates to such securities that presently are classified as available for sale and carried at the lower of aggregate cost or market value. Under SFAS No. 115, these securities will be carried at fair value, with unrealized gains and losses reported in a separate component of stockholders' equity and realized gains and losses included in earnings along with charges for impairments that are other than temporary. The effect of the adoption of SFAS No. 115 is comprised of the fair value adjustments for investment securities that are available for sale and for certain loans that meet the technical definition in SFAS No. 115 of a "security" and are available for sale, as well as Citicorp's portion of the fair value adjustment for investment securities available for sale held by equity-method affiliates. Citicorp estimates that, had SFAS No. 115 been adopted on December 31, 1993, stockholders' equity would have increased by $365 million after-tax, but adoption of the standard would have had no impact on earnings.

In addition, certain restructured refinancing country debt which falls within the scope of SFAS No. 115 is being held to maturity and will continue to be carried at cost. The carrying amounts of these assets exceed their fair values by approximately $200 million at December 31, 1993.

13. STOCKHOLDER'S EQUITY OF CITIBANK, N.A.

Authorized capital stock of Citibank was 40 million shares at December 31, 1993 and 1992.

Changes in Stockholder's Equity

In Millions of Dollars	1993	1992	1991
Balance at Beginning of Year	$ 9,047	$7,945	$8,263
Additions			
Net Income (Loss)	$ 1,564	$ [illegible]	$ [illegible]
Contributions from Parent Company	602	1,1[illegible]	54
Other Net Additions	40	[illegible]	48
	$ 2,206	$1,[illegible]	$ [illegible]
Deductions			
Foreign Currency Translation	$ 110	$ [illegible]	$ 49
Net Write-off (Amortization) of Intangibles Associated with Acquisition and Disposition of Subsidiaries and Affiliates	(5)	[illegible]	[illegible]
	$ 105	$ [illegible]	$ [illegible]
Balance at End of Year	$11,148	$9,047	$7,945

The contributions from Parent Company were primarily in the form of cash in 1993 and were in the form of cash and the shares of a subsidiary in 1992.

Citibank's net loss for 1991 reflected restructuring charges offset by its share of the cumulative effect of the accounting change for investments held by its venture capital subsidiaries. During 1991, Citibank sold a venture capital subsidiary to Citicorp at fair value.

Citibank charges retained earnings with the amount of goodwill associated with investments by Citibank in subsidiaries and affiliates to the extent that the investment exceeded the fair market value of identifiable net assets at the time of acquisition. In accordance with generally accepted accounting principles, such charges are not reflected in the Citicorp financial statements, and the related amounts, net of amortization, aggregating $110 million, $121 million, and $171 million, at December 31, 1993, 1992, and 1991, respectively, are included in other assets in the Citicorp consolidated balance sheet. Citicorp's equity investment in Citibank amounted to $11,258 million, $9,168 million, and $8,116 million at December 31, 1993, 1992, and 1991, respectively.

14. CITICORP (PARENT COMPANY ONLY)

Citicorp (Parent Company) is a legal entity separate and distinct from Citibank, N.A. and its other subsidiaries and affiliates. There are various legal limitations on the extent to which Citicorp's banking subsidiaries may extend credit, pay dividends or otherwise supply funds to Citicorp. The approval of the Office of the Comptroller of the Currency ("OCC") is required if total dividends declared by a national bank in any calendar year exceed net profits (as defined) for that year combined with its retained net profits for the preceding two years. In addition, dividends for such a bank may not be paid in excess of the bank's undivided profits after deducting statutory bad debts in excess of the bank's allowance for credit losses. State-chartered bank subsidiaries are subject to dividend limitations imposed by applicable state law.

Citicorp's national and state-chartered bank subsidiaries can declare dividends to their respective parent companies in 1994, without regulatory approval, of approximately $2.8 billion, adjusted by the effect of their net income (or net loss) for 1994 up to the date of any such dividend declaration. In determining whether and to what extent to pay dividends, each bank subsidiary must also consider the effect of dividend payments on applicable risk-based capital and leverage ratio requirements as well as policy statements of the federal regulatory agencies that indicate that banking organizations should generally pay dividends out of current operating earnings. Consistent with these considerations, Citicorp estimates that its bank subsidiaries can declare approximately $1.8 billion of the available $2.8 billion, adjusted by the effect of their net income (loss) up to the date of any such dividend declaration.

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

Condensed Statement of Operations

[illegible]	1993	[illegible]	[illegible]
Revenue			
Dividends from Subsidiary Banks	$ 120	$ [illegible]	$ [illegible]
Dividends from Subsidiaries Other Than Banks	586	[illegible]	[illegible]
Interest from Subsidiaries	491	[illegible]	[illegible]
Other Revenue	10	[illegible]	[illegible]
	$1,207	$1,41[illegible]	$[illegible]
Expense			
Interest on Other Borrowed Funds	$ 80	$ [illegible]	$ [illegible]
Interest and Fees Paid to Subsidiaries	173	[illegible]	[illegible]
Interest on Long-Term Debt and Subordinated Capital Notes[3]	724	[illegible]	1,166
Other Expense	39	[illegible]	18
	$1,016	$1,[illegible]	$1,[illegible]
Income Before Taxes, Cumulative Effect of Accounting Change and Equity in Undistributed Income (Loss) of Subsidiaries	$ 191	$ 111	$ 4[illegible]
Income Tax Benefit – Current	164	[illegible]	146
Cumulative Effect of Accounting Change	(20)	–	–
Equity in Undistributed Income (Loss) of Subsidiaries Before Cumulative Effects of Accounting Changes of Subsidiaries	1,564	[illegible]	(1,4[illegible])
Income (Loss) Before Cumulative Effects of Accounting Changes of Subsidiaries	$1,899	$ 72[illegible]	$ (914)
Equity in Cumulative Effects of Accounting Changes of Subsidiaries	320	–	457
Net Income (Loss)	$2,219	$ 72[illegible]	$ (457)

(1) Reclassified to conform to current year's presentation.
(2) [illegible]
(3) Includes interest on long-term debt of [illegible] in 1993, 1992 and 1991, respectively.

Condensed Balance Sheet

In Millions of Dollars	Citicorp (Parent Company Only) December 31, 1993	December 31, 1992
Assets		
Deposits with Subsidiary Banks, Principally Interest-Bearing	$ 2,274	$ 3,154
Investment Securities	1,692	2,909
Investments in and Advances to Subsidiaries Other Than Banks	8,020	7,172
Investments in and Advances to Citibank, N.A. and Other Subsidiary Banks	16,967	13,653
Other Assets	528	274
Total	$29,481	$27,160
Liabilities and Stockholders' Equity		
Purchased Funds and Other Borrowings	$ 1,105	$ 1,135
Advances from Subsidiaries	73	277
Other Liabilities	1,267	1,323
Long-Term Debt, Subordinated Capital Notes, and Redeemable Preferred Stock (Note 1)	13,083	13,240
Stockholders' Equity	13,053	11,182
Total	$29,481	$27,160

Condensed Statement of Cash Flows

In Millions of Dollars	Citicorp (Parent Company Only) 1993	1992	1991
Cash Flows from Operating Activities			
Net Income (Loss)	$ 2,219	$ 722	$ (457)
Adjustments to Reconcile Net Income (Loss) to Net Cash Provided by Operating Activities			
Equity in Undistributed (Income) Loss of Subsidiaries, Before Cumulative Effects of Accounting Changes of Subsidiaries	$ (1,664)	$ [illegible]	$ 1,4[illegible]
Equity in Cumulative Effects of Accounting Changes of Subsidiaries	(320)	[illegible]	(47[illegible])
Net Change in Other Assets	(154)	[illegible]	[illegible]
Net Change in Other Liabilities	(64)	108	[illegible]
Other, Net	87	(234)	(105)
Total Adjustments	$ (2,015)	$ (224)	$ [illegible]
NET CASH PROVIDED BY OPERATING ACTIVITIES	$ 204	$ 498	$ 446
Cash Flows from Investing Activities			
Investment Securities			
Purchases	$ (6,729)	$ (5,901)	$ (5,673)
Proceeds from Sale	31	219	2,687
Maturities	7,816	3,806	2,596
Net (Increase) Decrease in Securities Purchased Under Resale Agreements	—	781	(781)
Subsidiaries			
Investments and Advances	(235,477)	(330,522)	(327,121)
Repayment of Advances	233,124	328,147	322,489
Proceeds from Sale of Subsidiary	—	—	50
NET CASH (USED IN) PROVIDED BY INVESTING ACTIVITIES	$ (1,235)	$ 1,640	$ 4,957
Cash Flows from Financing Activities			
Purchased Funds and Other Borrowings			
Proceeds	$ 68,734	$ 80,109	$ 107,865
Repayments	(68,754)	(80,840)	(111,106)
Advances from Subsidiaries			
Proceeds	1,814	35,896	52,346
Repayments	(2,038)	(35,970)	(52,903)
Proceeds from Issuance of Long-Term Debt	3,933	2,230	2,028
Repayment of Long-Term Debt and Retirement of Redeemable Preferred Stock	(4,181)	(3,872)	(3,340)
Preferred Stock			
Proceeds from Issuance	654	1,276	1,222
Redemptions and Repurchases	—	—	(679)
Proceeds from Issuance of Common Stock	302	119	81
Dividends Paid	(313)	(216)	(495)
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	$ 151	$ (1,332)	$ (3,722)
Net (Decrease) Increase in Deposits with Subsidiary Banks	$ (880)	$ 806	$ 1,681
Deposits with Subsidiary Banks at Beginning of Year	3,154	2,348	667
DEPOSITS WITH SUBSIDIARY BANKS AT END OF YEAR	$ 2,274	$ 3,154	$ 2,348
Supplemental Disclosure of Cash Flow Information			
Cash Paid During the Year for			
Interest	$ 999	$ 987	$ 1,402
Income Taxes	$ 669	$ 42	$ 54

FINANCIAL STATISTICS

QUARTERLY FINANCIAL INFORMATION

Citicorp and Subsidiaries

In Millions of Dollars Except Per Share Amounts

	1993 4th	1993 3rd	1993 2nd	1993 1st	1992 4th	1992 3rd	1992 2nd	1992 1st
Net Interest Revenue	$ 2,007	$ 1,968	$ 1,853	$ 1,847	$ 1,857	$ 1,951	$ 1,823	$ 1,925
Fees, Commissions, and Other Revenue	2,145	2,087	2,115	2,038	2,148	1,857	1,991	2,163
Total Revenue	$ 4,152	$ 4,070	$ 3,968	$ 3,885	$ 4,005	$ 3,808	$ 3,814	$ 3,934
Provision for Credit Losses	$ 571	$ 625	$ 715	$ 689	$ 980	$ 927	$ 1,065	$ 1,234
Operating Expense	3,021	2,574	2,494	2,526	2,553	2,517	2,573	2,434
Income Before Taxes and Cumulative Effect of Accounting Change	$ 560	$ 871	$ 759	$ 670	$ 472	$ 364	$ 256	$ 326
Income Taxes	(15)	343	313	200	132	248	113	143
Income Before Cumulative Effect of Accounting Change	$ 575	$ 528	$ 446	$ 370	$ 259	$ 116	$ 143	$ 183
Cumulative Effect of Change in Accounting for Income Taxes[1]	—	—	—	300	—	—	—	—
Net Income	$ 575	$ 528	$ 446	$ 670	$ 280	$ 116	$ 143	$ 183
Earnings Per Share[2]								
On Common and Common Equivalent Shares								
Before Accounting Change	$ 1.16	$ 1.06	$ 0.88	$ 0.71	$ 0.53	$ 0.17	$ 0.25	$ 0.37
After Accounting Change	1.16	1.06	0.88	1.38	0.53	0.17	0.25	0.37
Assuming Full Dilution								
Before Accounting Change	$ 1.06	$ 0.97	$ 0.82	$ 0.67	$ 0.53	$ 0.17	$ 0.25	$ 0.37
After Accounting Change	1.06	0.97	0.82	1.24	0.53	0.17	0.25	0.37
Cash Dividends Declared								
Redeemable Preferred and Preferred Stock	$ 86	$ 78	$ 75	$ 73	$ 61	$ 51	$ 50	$ 50
Total Assets	$ 216,574	$ 221,307	$ 216,285	$ 217,157	$ 213,701	$ 222,882	$ 219,342	$ 217,015
Common Stock Price Range[3]								
High	39¾	38⅛	30¾	29⅛	23¼	21⅝	21⅜	17¾
Low	33⅝	30	25¾	20⅛	14⅜	15¾	14⅝	10⅞
Close	36¾	38⅛	30⅛	29¼	22⅝	[illegible]	21¼	16⅝

(1) See Note 8 to the Financial Statements
(2) See Note 9 to the Financial Statements
(3) Based on the New York Stock Exchange composite listing.

RATIOS

	1993	1992	1991
Return on Total Assets[1]			
Income (Loss) Before Cumulative Effects of Accounting Changes	.84%	[illegible]	[illegible]
Net Income (Loss)	.97%	[illegible]	[illegible]
Return on Common Stockholders' Equity[2]			
Income (Loss) Before Cumulative Effects of Accounting Changes	17.7%	[illegible]	(14.3)%
Net Income (Loss)	21.1%	[illegible]	[illegible]
Return on Total Stockholders' Equity[3]			
Income (Loss) Before Cumulative Effects of Accounting Changes	15.3%	7.2%	[illegible]
Net Income (Loss)	17.7%	7.2%	[illegible]
Average Common Stockholders' Equity as a Percentage of Average Total Assets	3.95%	[illegible]	3.68%
Average Total Stockholders' Equity as a Percentage of Average Total Assets	5.48%	4.46%	4.59%
Dividends Per Common Share as a Percentage of Income Per Common Share			
Income (Loss) Before Cumulative Effects of Accounting Changes	—	—	N/M
Net Income (Loss)	—	—	N/M

(1) Based on net income (loss) as a percentage of average total assets
(2) Based on net income (loss) less total preferred stock dividends as a percentage of average common stockholders' equity
(3) Based on net income (loss) less redeemable preferred stock dividends as a percentage of average total stockholders' equity
N/M Not Meaningful — Loss

10-K CROSS-REFERENCE INDEX

This Annual Report and Form 10-K incorporate into a single document the requirements of the accounting profession and the Securities and Exchange Commission, including a comprehensive explanation of 1993 results.

Certain statistical data required by the Securities and Exchange Commission are included on pages 40-42, and pages 56-94.

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*[illegible] 1994 Proxy Statement [illegible] incorporated herein by reference [illegible]

FINANCIAL DATA SUPPLEMENT

AVERAGE BALANCES AND INTEREST RATES, Taxable Equivalent Basis[1]

In Millions of Dollars

				1993
Interest Revenue		Average Volume	Interest	% Average Rate
Loans (Net of Unearned Income)[3]	Consumer Loans			
	In U.S. Offices	$ 44,549	$ 4,325	9.71
	In Offices Outside the U.S.[4]	36,885	4,758	12.90
	Total Consumer Loans	$ 81,434	$ 9,083	11.16
	Commercial Loans			
	In U.S. Offices			
	Commercial and Industrial	$ 10,279	$ 677	6.59
	Mortgage and Real Estate	8,420	405	4.81
	Loans to Financial Institutions	407	12	2.57
	Lease Financing	3,537	266	7.52
	In Offices Outside the U.S.[4]	34,871	5,971	17.12
	Total Commercial Loans	$ 57,574	$ 7,331	12.73
	Total Loans	$139,008	$16,414	11.81
Funds Sold and Resale Agreements	In U.S. Offices	$ 11,733	$ 354	3.02
	In Offices Outside the U.S.[4]	2,105	2,598	123.42
	Total	$ 13,838	$ 2,952	21.33
Investment Securities	In U.S. Offices			
	U.S. Treasury and Federal Agencies	$ 3,860	$ 209	5.41
	State and Municipal	178	11	6.18
	Other	1,819	81	4.45
	In Offices Outside the U.S. (Principally local government issues)[4]	7,488	655	8.75
	Total	$ 13,345	$ 956	7.16
Trading Account Assets	In U.S. Offices	$ 13,440	$ 716	5.33
	In Offices Outside the U.S.[4]	9,910	1,772	17.88
	Total	$ 23,350	$ 2,488	10.66
Deposits at Interest with Banks	Principally in Offices Outside the U.S.[3,4]	$ 9,075	$ 1,016	11.20
	Interest-Earning Assets	$198,616	$23,826	12.00
	Non-Interest-Earning Assets	29,624		
	Total Assets	$228,240		
Interest Expense				
Deposits	In U.S. Offices			
	Savings Deposits[2]	$ 26,349	$ 491	1.86
	Negotiable Certificates of Deposit	1,433	89	6.21
	Other Time Deposits	12,569	801	6.37
	In Offices Outside the U.S.[4]	89,064	8,416	9.45
	Total	$129,415	$ 9,797	7.57
Securities Sold, Not Yet Purchased	In U.S. Offices	$ 2,082	$ 116	5.57
	In Offices Outside the U.S.[4]	1,509	79	5.24
	Total	$ 3,591	$ 195	5.43
Funds Borrowed	In U.S. Offices			
	Purchased Funds and Other Borrowings			
	Federal Funds Purchased and Securities Sold Under Agreements to Repurchase	$ 17,368	$ 548	3.16
	Commercial Paper	734	24	3.27
	Other Purchased Funds	1,972	313	15.87
	Long-Term Debt, Convertible Notes and Subordinated Capital Notes[2]	16,110	952	5.91
	In Offices Outside the U.S.[4]	9,327	4,292	46.02
	Total	$ 45,511	$ 6,129	13.47
	Total Interest-Bearing Liabilities	$178,517	$16,121	9.03
	Demand Deposits in U.S. Offices	11,992		
	Other Non-Interest-Bearing Liabilities	25,220		
	Total Stockholders' Equity	12,511		
	Total Liabilities and Stockholders' Equity	$228,240		
NET INTEREST REVENUE AS A PERCENTAGE OF AVERAGE INTEREST-EARNING ASSETS	In U.S. Offices[2,3]	$ 98,282	$ 3,396	3.46
	In Offices Outside the U.S.[4]	100,334	4,309	4.29
	Total	$198,616	$ 7,705	3.88

(1) The taxable equivalent adjustment is based on the marginal tax rate of 35% for 1993 and 34% for 1992 and 1991.
(2) Interest rates and amounts include the effects of hedge and risk management activities associated with the respective asset and liability categories.
(3) Loans and interest-bearing deposits in the table above include cash basis loans and cash basis bank placements, respectively.
(4) Average rates in offices outside the U.S. may reflect prevailing local interest rates, including the effects of inflation and monetary correction in certain Latin American countries.

1992 Average Volume	1992 Interest	1992 % Average Rate	1991 Average Volume	1991 Interest	1991 % Average Rate
$ 53,869	$ 5,654	10.50	$ 59,793	$ 7,155	11.97
34,979	4,753	13.59	31,835	4,513	14.18
$ 88,848	$10,407	11.71	$ 91,628	$11,668	12.73
$ 11,581	$ 782	6.76	$ 12,774	$ 1,094	8.56
10,378	544	5.24	12,582	[illegible]	[illegible]
493	21	5.21	590	[illegible]	[illegible]
3,636	308	8.47	3,325	[illegible]	[illegible]
33,124	6,423	19.39	31,800	6,461	[illegible]
$ 59,609	$ 8,078	13.67	$ 61,071	$ 8,774	[illegible]
$147,947	$18,485	12.49	$162,699	$20,452	[illegible]
$ 7,833	$ 275	3.51	$ 5,974	$ [illegible]	[illegible]
1,701	1,118	65.73	1,429	[illegible]	[illegible]
$ 9,534	$ 1,393	14.61	$ 7,403	$ [illegible]	[illegible]
$ 3,898	$ 232	5.95	$ 3,050	$ [illegible]	7.67
82	7	8.54	283	[illegible]	9.92
2,104	58	2.76	3,181	132	4.15
6,644	584	8.79	6,808	64[illegible]	9.53
$ 12,728	$ 881	6.92	$ 14,022	$ 1,099	7.84
$ 12,185	$ 733	6.02	$ 8,149	$ 663	8.14
7,414	1,281	17.28	4,611	653	14.16
$ 19,599	$ 2,014	10.28	$ 12,760	$ 1,316	10.31
$ 9,185	$ 1,029	11.20	$ 9,205	$ 885	9.61
$198,993	$23,802	11.96	$196,089	$24,389	12.44
26,808			25,808		
$225,801			$221,897		
$ 26,525	$ 753	2.84	$ 25,259	$ 1,236	4.89
2,046	148	7.23	2,328	202	8.68
18,249	1,322	7.24	23,539	1,058	8.92
86,792	8,245	9.49	78,174	7,720	9.88
$133,612	$10,458	7.83	$129,291	$11,116	8.60
$ 2,163	$ 131	6.06	$ 3,269	$ 244	7.46
752	44	5.85	1,137	71	6.24
$ 2,915	$ 175	6.00	$ 4,406	$ 315	7.15
$ 13,785	$ 490	3.55	$ 13,535	$ 766	5.66
948	37	3.90	1,626	101	6.21
2,716	381	14.03	3,547	497	14.01
18,012	1,257	6.75	18,011	1,406	7.83
9,957	3,329	33.44	9,247	2,859	[illegible]
$ 46,018	$ 5,094	12.47	$ 45,936	$ 5,658	12.30
$182,545	$16,327	8.94	$179,626	$17,089	9.51
10,032			10,203		
22,223			21,745		
10,041			10,193		
$225,801			$221,897		
$106,180	$ 3,573	3.37	$110,555	$ 3,736	3.38
92,813	3,902	4.20	85,534	3,564	4.17
$198,993	$ 7,475	3.76	$196,089	$ 7,300	3.72

(5) Savings deposits consist of Insured Money Market Rate accounts, NOW accounts, and other savings deposits
(6) Reclassified to conform to current year's presentation
(7) Includes appropriate allocations for capital and funding costs based on the location of the asset

ANALYSIS OF CHANGES IN NET INTEREST REVENUE

Taxable Equivalent Basis [1]

In Millions of Dollars	1993 vs. 1992 Increase (Decrease) Due to Change in: Average Volume	Average Rate	Net Change [2]	1992 vs. 1991 Increase (Decrease) Due to Change in: Average Volume	Average Rate	Net Change [2]
Loans—Consumer						
In U.S. Offices	$ (927)	$ (402)	$(1,329)	$ (670)	$ (831)	$(1,501)
In Offices Outside the U.S.	252	(247)	5	475	[illegible]	349
Total	$ (675)	$ (649)	$(1,324)	$ [illegible]	$[illegible]	$(1,[illegible])
Loans—Commercial						
In U.S. Offices	$ (200)	$ (95)	$ (295)	$ (240)	$ (425)	$ (665)
In Offices Outside the U.S.	327	(779)	(452)	260	[illegible]	[illegible]
Total	$ 127	$ (874)	$ (747)	$ 20	$ [illegible]	$ [illegible]
Total Loans	$ (548)	$(1,523)	$(2,071)	$ (217)	$(1,[illegible])	$(1,[illegible])
Funds Sold & Resale Agreements						
In U.S. Offices	$ 122	$ (43)	$ 79	$ 86	$ (247)	$ [illegible]
In Offices Outside the U.S.	315	1,165	1,480	68	747	817
Total	$ 437	$ 1,122	$ 1,559	$ 154	$ [illegible]	$ [illegible]
Investment Securities						
In U.S. Offices	$ (11)	$ 15	$ 4	$ (64)	$ [illegible]	$ (173)
In Offices Outside the U.S.	74	(3)	71	(15)	(50)	(65)
Total	$ 63	$ 12	$ 75	$ (79)	$ [illegible]	$ (218)
Trading Account Assets						
In U.S. Offices	$ 71	$ (88)	$ (17)	$ 272	$ (202)	$ 70
In Offices Outside the U.S.	445	46	491	461	167	628
Total	$ 516	$ (42)	$ 474	$ 733	$ (35)	$ 698
Deposits at Interest with Banks						
Principally in Offices Outside the U.S.	$ (12)	$ (1)	$ (13)	$ (2)	$ 146	$ 144
TOTAL INTEREST REVENUE	$ 456	$ (432)	$ 24	$ 589	$(1,176)	$ (587)
Deposits						
In U.S. Offices	$ (279)	$ (563)	$ (842)	$ (267)	$ (906)	$(1,173)
In Offices Outside the U.S.	215	(34)	181	826	(311)	515
Total	$ (64)	$ (597)	$ (661)	$ 559	$(1,217)	$ (658)
Securities Sold, Not Yet Purchased						
In U.S. Offices	$ (5)	$ (10)	$ (15)	$ (73)	$ (40)	$ (113)
In Offices Outside the U.S.	40	(5)	35	(22)	(5)	(27)
Total	$ 35	$ (15)	$ 20	$ (95)	$ (45)	$ (140)
Funds Borrowed						
In U.S. Offices	$ 8	$ (336)	$ (328)	$ (52)	$ (582)	$ (634)
In Offices Outside the U.S.	(235)	998	763	231	439	670
Total	$ (227)	$ 662	$ 435	$ 179	$ (143)	$ 36
TOTAL INTEREST EXPENSE	$ (256)	$ 50	$ (206)	$ 643	$(1,405)	$ (762)
NET INTEREST REVENUE	$ 712	$ (482)	$ 230	$ (54)	$ 229	$ 175

(1) The taxable equivalent adjustment is based on the marginal tax rate of 35% for 1993 and 34% for 1992 and 1991.
(2) Rate/volume variance is allocated based on the percentage relationship of changes in volume and changes in rate to the total "net change."

LOANS OUTSTANDING

In Millions of Dollars at Year End	1993	1992	1991	1990	1989
Consumer Loans					
In U.S. Offices					
Mortgage and Real Estate (1)(2)	$ 22,710	$ 26,140	$ 30,823	$ 32,824	$ [illegible]
Installment, Revolving Credit, and Other	22,400	21,509	26,743	29,084	[illegible]
Lease Financing	152	373	576	806	725
	$ 45,361	$ 48,042	$ 58,152	$ 63,014	$ [illegible]
In Offices Outside the U.S.	39,935	36,620	[illegible]	[illegible]	[illegible]
	$ 85,296	$ 84,662	$ [illegible]	$ [illegible]	$ [illegible]
Unearned Income	(942)	(1,160)	(1,645)	(1,754)	(1,983)
Consumer Loans — Net	$ 84,354	$ [illegible]	$ [illegible]	$ [illegible]	$ [illegible]
Commercial Loans					
In U.S. Offices					
Commercial and Industrial (3)	$ 8,909	$ [illegible]	$ [illegible]	$ [illegible]	$ [illegible]
Mortgage and Real Estate (1)	7,440	[illegible]	[illegible]	[illegible]	[illegible]
Loans to Financial Institutions	269	271	[illegible]	414	453
Lease Financing	3,541	3,547	[illegible]	[illegible]	[illegible]
	$ 20,210	$ [illegible]	$ [illegible]	$ [illegible]	$ [illegible]
In Offices Outside the U.S.					
Commercial and Industrial (3)	$ 23,624	$ [illegible]	$ [illegible]	$ [illegible]	$ [illegible]
Mortgage and Real Estate (1)	2,201	2,637	4,231	4,379	3,971
Loans to Financial Institutions	3,123	3,310	3,047	2,617	[illegible]
Governments and Official Institutions	4,807	5,095	4,881	4,596	4,870
Lease Financing	800	927	1,150	1,234	[illegible]
	$ 34,555	$ [illegible]	$ [illegible]	$ 31,961	$ 33,707
	$ 54,774	$ 58,451	$ [illegible]	$ 61,462	$ [illegible]
Unearned Income	(161)	(194)	(248)	(290)	(302)
Commercial Loans — Net	$ 54,613	$ 56,257	$ [illegible]	$ 61,172	$ [illegible]
Allowance for Credit Losses	$ (4,379)	$ (3,559)	$ [illegible]	$ (4,451)	$ [illegible]
Total Loans, Net	$134,686	$135,851	$[illegible]	$[illegible]	$[illegible]

(1) Loans secured primarily by real estate.
(2) Includes commercial real estate loans related to community banking and private banking activities.
(3) Includes loans not otherwise separately categorized.

Cross-Border and Foreign Currency Outstandings in Countries with Outstandings Exceeding 1% of Total Assets (1)

		Cross-Border Claims on Third Parties				1993	1992	1991
In Billions of Dollars at Year End	Banks	Public Sector	Private Sector	Investments in and Funding of Local Citicorp Franchises	Equity Investments (4)	Total Outstandings	Total Outstandings	Total Outstandings
United Kingdom	$0.3	$0.1	$3.4	$3.9	$ —	$7.7	$6.2	$[illegible]
Mexico	0.2	2.2	0.2	1.3	—	3.9	3.4	2.9
Japan	0.5	0.1	1.3	0.9	—	2.8	2.7	[illegible]
Brazil	0.4	0.9	0.5	0.5	0.1	2.4	2.2	1.7
Canada	—	0.2	0.8	1.1	—	2.1	2.8	3.0
Germany	0.1	0.5	0.2	1.3	—	2.1	2.1	2.2

(1) Outstandings are presented on a regulatory basis and include all loans, deposits at interest with banks, acceptances, other interest-bearing investments, and other monetary assets. Adjustments have been made to assign externally guaranteed outstandings to the country of the guarantor and outstandings for which tangible, liquid collateral is held outside of the obligor's country to the country in which the collateral is held.
(2) Legally binding cross-border and foreign currency commitments, including irrevocable letters of credit and commitments to extend credit, after [illegible] guaranteed commitments to the country of the guarantor, amounted to $4.7 billion in the United Kingdom, $1.5 billion in Japan, [illegible] and [illegible] at December 31, 1993. Commitments were less than $.1 billion in Mexico and Brazil. See pages 41 and 42 for additional discussion relating to Brazil.
(3) At December 31, 1993, cross-border and foreign currency outstandings in Canada, Germany and Argentina ([illegible] billion) were between [illegible] and 1% of total assets. At December 31, 1992, the only such countries were Germany and Argentina ($1.7 billion). At December 31, 1991, the only such country was Brazil.
(4) Equity investments obtained in debt-for-equity swaps which are carried at the lower of cost or estimated fair value.

CASH-BASIS, RENEGOTIATED AND PAST DUE LOANS (1)

In Millions of Dollars at Year End	1993	1992	1991	1990	1989
Commercial Cash-Basis Loans					
In U.S. Offices (2)	$1,744	[illegible]	[illegible]	[illegible]	[illegible]
In Offices Outside the U.S., Excluding Refinancing Countries (2)	730	[illegible]	1,417	[illegible]	[illegible]
In Refinancing Countries (3)	1,041	[illegible]	1,734	[illegible]	4,461
Total Commercial Cash-Basis Loans	$3,515	$5,424	[illegible]	[illegible]	[illegible]
Commercial Renegotiated Loans (2)(4)					
In U.S. Offices	$ 641	[illegible]	[illegible]	[illegible]	[illegible]
In Offices Outside the U.S.	67	[illegible]	[illegible]	[illegible]	[illegible]
Total Commercial Renegotiated Loans	$ 708	[illegible]	[illegible]	[illegible]	[illegible]
Consumer Loans On Which Accrual of Interest Has Been Suspended					
In U.S. Offices	$1,915	[illegible]	[illegible]	[illegible]	[illegible]
In Offices Outside the U.S.	948	[illegible]	[illegible]	[illegible]	[illegible]
Total Consumer Loans On Which Accrual of Interest Has Been Suspended	$2,863	[illegible]	[illegible]	[illegible]	[illegible]
Accruing Loans 90 or More Days Delinquent (5)					
In U.S. Offices	$ 635	[illegible]	[illegible]	[illegible]	[illegible]
In Offices Outside the U.S.	421	[illegible]	[illegible]	[illegible]	[illegible]
Total Accruing Loans 90 or More Days Delinquent	$1,056	[illegible]	[illegible]	[illegible]	[illegible]

(1) Loan commitments and standby letters of credit to North American commercial real estate borrowers or projects experiencing financial difficulties [illegible]. Refer to detailed discussion on page [illegible].
(2) Refer to detailed discussion of cash-basis and renegotiated commercial loans on pages [illegible] and [illegible].
(3) Refer to detailed discussion of Refinancing Portfolio on pages [illegible].
(4) Not included in commercial renegotiated loans at December 31, [illegible] and [illegible] are cross-border outstandings [illegible] which were renegotiated pursuant to [illegible] commercial bank debt agreements completed in [illegible]. Principal on the new outstandings are secured by zero coupon U.S. Treasury securities which will have a value at maturity equal to the principal amount of the renegotiated outstandings. See page [illegible] for further details.
(5) Primarily consumer loans. Refer to detailed discussion of Consumer Loan Portfolio on pages [illegible].

FOREGONE INTEREST REVENUE IN 1993 (a)

In Millions of Dollars	In U.S. Offices	In Offices Outside the U.S.	Refinancing Countries	Total
Interest Revenue that Would Have Been Accrued at Original Contractual Rates	$390	[illegible]	$ 47	[illegible]
Amount Recognized as Interest Revenue	130	[illegible]	[illegible]	318
Foregone Interest Revenue	$260	[illegible]	[illegible]	[illegible]

(a) [illegible] consumer and commercial loans.
(b) Includes approximately [illegible] [illegible]

DETAILS OF CREDIT LOSS EXPERIENCE

In Millions of Dollars	1993	1992	1991	1990	1989
Allowance for Credit Losses at Beginning of Year	**$3,859**	$3,308	$4,451	$4,720	$4,200
Additions					
Provision for Credit Losses	**$2,600**	$4,146	$3,890	$2,662	$2,021
Deductions					
Gross Credit Losses					
Consumer[1]					
In U.S. Offices	**$1,245**	$1,744	$1,670	$1,369	$1,237
In Offices Outside the U.S.	**504**	434	469	363	245
Commercial					
Mortgage and Real Estate					
In U.S. Offices	**383**	814	311	529	41
In Offices Outside the U.S.	**132**	249	314	57	18
Governments and Official Institutions (In offices outside the U.S.)	**131**	40	1,312	534	534
Loans to Financial Institutions					
In U.S. Offices	—	—	271	—	—
In Offices Outside the U.S.	**9**	3	14	104	102
Commercial and Industrial					
In U.S. Offices	**148**	406	273	271	124
In Offices Outside the U.S.	**175**	385	739	478	626
	$2,677	$4,075	$5,363	$3,340	$2,343
Credit Recoveries					
Consumer[1]					
In U.S. Offices	**$ 207**	$ 189	$ 262	$ 216	$ 199
In Offices Outside the U.S.	**132**	130	125	102	75
Commercial					
Mortgage and Real Estate					
In U.S. Offices	**48**	4	—	—	2
In Offices Outside the U.S.	**8**	1	16	—	4
Governments and Official Institutions (In offices outside the U.S.)	**42**	13	10	—	—
Loans to Financial Institutions (In offices outside the U.S.)	**22**	10	5	1	1
Commercial and Industrial					
In U.S. Offices	**54**	37	12	68	37
In Offices Outside the U.S.	**105**	95	65	90	81
	$ 618	$ 479	$ 455	$ 477	$ 399
Net Credit Losses					
In U.S. Offices	**$1,417**	$2,785	$2,469	$1,524	$1,180
In Offices Outside the U.S.	**642**	841	2,505	1,339	764
	$2,059	[illegible]	$4,934	$2,863	$1,944
Other-Net[2]	**(21)**	(19)	(99)	(77)	(53)
Allowance for Credit Losses at End of Year	**$4,379**	$3,859	$3,308	$4,451	$4,720
Ratio of Consumer Net Credit Losses to Average Consumer Loans (%)	**1.73**	2.10	1.97	1.49	1.38
Ratio of Commercial Net Credit Losses to Average Commercial Loans (%)	**1.18**	2.80	5.13	2.35	1.19

(1) Consumer credit losses and recoveries primarily relate to installment and revolving credit loans.
(2) Principally reflects transfers relating to reserves for anticipated losses on portfolios of consumer receivables that have been sold with recourse.

LOAN MATURITIES AND SENSITIVITY TO CHANGES IN INTEREST RATES
Maturities of the Gross Commercial Loan Portfolio as of December 31, 1993

In Millions of Dollars	Due Within 1 Year	Over 1 but Within 5 Years	Over 5 Years	Total
In U.S. Offices				
Commercial and Industrial Loans[1]	$ 3,136	$ 3,812	$ 2,041	$ 8,969
Mortgage and Real Estate[2]	2,103	4,367	970	7,440
Loans to Financial Institutions	106	100	63	269
Lease Financing	814	1,868	859	3,541
In Offices Outside the U.S.	22,737	7,207	4,611	34,555
Total	$28,896	$ 17,354	$ 8,524	$54,774
Sensitivity of Loans Due After One Year to Changes in Interest Rates				
Loans at Predetermined Interest Rates		$ 4,981	$ 2,077	
Loans at Floating or Adjustable Interest Rates		12,373	6,447	
Total		$ 17,354	$ 8,524	

(1) Includes loans not otherwise separately categorized
(2) Loans secured primarily by real estate

AVERAGE DEPOSIT LIABILITIES IN OFFICES OUTSIDE THE U.S.

In Millions of Dollars	1993 Average Balance	1993 % Average Interest Rate	1992 Average Balance	1992 % Average Interest Rate	1991 Average Balance	1991 % Average Interest Rate
Banks[1]	$11,978	16.83	$17,797	11.31	$14,384	10.50
Other Demand Deposits	19,553	2.69	17,572	4.38	15,184	5.50
Other Time and Savings Deposits[1]	63,260	9.28	56,865	9.57	52,954	10.15
Total	$94,791	8.88	$92,234	8.93	$82,522	9.36

(1) Primarily consists of time certificates of deposit and other time deposits in denominations of $100,000 or more

TIME DEPOSITS IN U.S. OFFICES AS OF DECEMBER 31, 1993

In Millions of Dollars ($100,000 or more)	Certificates of Deposit	Other Time Deposits
Under 3 Months	$1,794	$783
3 to 6 Months	474	314
6 to 12 Months	371	33
Over 12 Months	771	124

EFFECTS OF INFLATION

The impact of inflation on Citicorp and other financial institutions is significantly different from that on industries that require a high proportion of investment in fixed assets. The assets and liabilities of a financial institution are primarily monetary in nature. During periods of inflation, monetary assets lose value in terms of purchasing power, and monetary liabilities have corresponding purchasing power gains. The financial statements and other data appearing in this annual report, and in particular the discussion of price risk management on page 44, illustrate how Citicorp operates in an environment of changing interest rates and inflationary trends.

COMPETITION

Citicorp, Citibank, and their subsidiaries and affiliates are subject to intense competition in all aspects of their businesses from both bank and non-bank institutions that provide financial services and, in some of their activities, from government agencies.

PURCHASED FUNDS AND OTHER BORROWINGS
Original Maturities of Less Than One Year

In Millions of Dollars	1993	1992	1991
Federal Funds Purchased and Securities Sold Under Repurchase Agreements[1]			
Amount Outstanding at Year End	$ 9,649	$11,001	$ 8,428
Average Outstanding During the Year	19,806	15,611	14,019
Maximum Outstanding at Any Month End	20,706	17,016	16,695
Commercial Paper[2,3]			
Amount Outstanding at Year End	$ 1,005	$ 424	$ 906
Average Outstanding During the Year	734	948	1,626
Maximum Outstanding at Any Month End	1,005	1,164	3,098
Other Funds Borrowed[4]			
Amount Outstanding at Year End	$ 6,123	$ 6,635	$ 8,108
Average Outstanding During the Year	6,135	7,414	7,038
Maximum Outstanding at Any Month End	6,995	8,269	9,898

(1) Weighted average interest rate was 6.0% during 1993, 5.4% during 1992, and 7.42% during 1991; 3.38% at year-end 1993, 3.16% at year-end 1992, and 5.25% at year-end 1991. Rates reflect the impact of the local interest rates prevailing in certain Latin American countries.
(2) Weighted average interest rate was 3.27% during 1993, 3.90% during 1992, and 6.21% during 1991; 3.51% at year-end 1993, 3.35% at year-end 1992, and 4.95% at year-end 1991.
(3) Amount outstanding at December 31, 1993 includes $671 million of commercial paper issued by The Student Loan Corporation which began issuing commercial paper in November 1993.
(4) Weighted average interest rate was 47.71% during [illegible] 34.02% during 1992, and 26.62% during 1991; 470.07% at year-end 19[illegible] at year-end 1992, and 68.78% at year-end 1991. Rates reflect the impact of the [illegible] interest rates prevailing in certain Latin American countries.

CONSENT OF INDEPENDENT AUDITORS

KPMG Peat Marwick

Certified Public Accountants

The Board of Directors
Citicorp:

We consent to incorporation by reference of our report dated January 18, 1994 relating to the consolidated balance sheets of Citicorp and subsidiaries as of December 31, 1993 and 1992, the related consolidated statements of operations, changes in stockholders' equity, and cash flows for each of the years in the three-year period ended December 31, 1993, and the related consolidated balance sheets of Citibank, N.A. and subsidiaries as of December 31, 1993 and 1992, which report appears on page 54 of the 1993 Citicorp Annual Report and Form 10-K, in the following Registration Statements: of Citicorp Nos. 2-77058, 2-47648, 2-58678, 2-82298, 33-21332, 33-21331 and 33-41751 on Form S-8, and Nos. 33-11927, 33-20692, 33-15896, 33-18754, 33-26018, 33-32207, 33-38589, 33-33238, 33-35178, 33-42378, 33-46633, 33-64574, and 33-66094 on Form S-3; and of Citicorp Mortgage Securities, Inc., Citibank, N.A., and other affiliates, No. 33-66222 on Form S-3, and Nos. 33-6979, 33-6358, 33-8718, 33-10870, 33-25068, 33-36313 and 33-34670, on Form S-11

KPMG Peat Marwick

New York, New York
February 18 1994

REGULATION AND SUPERVISION

Citicorp is a bank holding company within the meaning of the Bank Holding Company Act of 1956 (BHC Act), and is registered as such with the Board of Governors of the Federal Reserve System (FRB). Citicorp is subject to examination by the FRB and is restricted in its acquisitions, certain of which are prohibited and certain of which are subject to approval by the FRB. The FRB generally is prohibited from approving any application by a bank holding company to acquire voting shares of any bank in another state unless such acquisition is specifically authorized by the laws of such state or unless, under certain circumstances, such bank is a failing bank. While all but two states have adopted laws authorizing certain acquisitions by out-of-state bank holding companies, not all currently permit unrestricted entry by bank holding companies located in New York.

Under the BHC Act, a bank holding company is, with limited exceptions, prohibited from (i) acquiring direct or indirect ownership or control of more than 5% of the voting shares of any company which is not a bank or (ii) engaging in any activity other than managing or controlling banks. With the prior approval of the FRB, however, a bank holding company may own more than 5% of the voting shares of a company engaged in activities which the FRB determines to be so closely related to banking or managing or controlling banks as to be a proper incident thereto. In addition, federal law imposes certain restrictions on transactions between Citicorp and its non-bank subsidiaries, on the one hand, and its federally-insured depository institutions and subsidiaries, including Citibank, on the other. As an affiliate of Citibank and other federally insured depository institutions, Citicorp is subject, with certain exceptions, to provisions of federal law imposing limitations on, and requiring collateral for, extensions of credit by Citibank to its affiliates.

Citicorp is also a savings and loan holding company within the meaning of the Home Owners' Loan Act of 1933 (HOLA), and is registered as such with the Office of Thrift Supervision (OTS). As such, its acquisitions of savings associations are subject to limitations under the HOLA similar to those on acquisitions of banks under the BHC Act, and to the prior approval of the FRB and OTS.

Citibank is a national bank primarily regulated by the Office of the Comptroller of the Currency (OCC). See Note 14 of Notes to Financial Statements for a discussion of the limitations on the availability of Citicorp's subsidiaries' undistributed earnings for the payment of dividends due to such regulation and other reasons.

Citicorp continues to provide its regulators with reports and information, including its capital and operating plans, in accordance with the closer working relationship which has evolved with such regulators.

In 1989, the Financial Institutions Reform, Recovery and Enforcement Act (FIRREA) was enacted, which, among other things, provided that a financial institution insured by the Federal Deposit Insurance Corporation (FDIC) under common ownership with a failed FDIC-insured institution can be required to indemnify the FDIC for its losses resulting from the insolvency of the failed institution, even if such indemnification causes the affiliated institution also to become insolvent. Any obligations or liability owed by a subsidiary depository institution to its parent company is subordinate to the subsidiary depository institution's cross-guarantee liability with respect to commonly controlled insured depository institutions and to the rights of depositors.

Under longstanding policy of the FRB, a bank holding company is expected to act as a source of financial strength for its subsidiary banks and to commit resources to support such banks. As a result of such policy, Citicorp may be required to commit resources to its subsidiary banks in circumstances where it might not do so absent such policy. In the event of a bank holding company's bankruptcy, any commitment by the bank holding company to a federal bank regulatory agency to maintain the capital of a subsidiary bank, including a guarantee of a capital plan submitted by that subsidiary as described below, will be assumed by the bankruptcy trustee and entitled to a priority payment. In addition, there are numerous governmental requirements and regulations that affect the activities of Citicorp.

Citicorp and its insured depository institution subsidiaries are subject to risk-based capital and leverage guidelines issued by U.S. banking industry regulators for banks and bank holding companies in the United States. The risk-based guidelines are based upon the July 1988 Basle Accord, which was endorsed by the Central bank governors of the G-10 countries, including the United States. One principal objective is to arrive at comparable capital requirements for all major international banks. See Capital Analysis on page 47. Failure to meet applicable capital guidelines could subject a bank holding company and its insured depository institutions to a variety of enforcement remedies available to the federal regulatory authorities. Depending upon circumstances, the regulatory agencies may require an institution to surpass minimum prescribed capital ratios.

In 1991, the Federal Deposit Insurance Corporation Improvement Act of 1991 (FDICIA) was enacted, which, among other things, terminated the "too big to fail" doctrine except in special cases and limited the FDIC's payment of deposits at foreign branches. FDICIA was intended to protect the federal deposit insurance fund by requiring regulators to take specific prompt actions with respect to institutions that do not meet minimum capital standards. FDICIA establishes five capital tiers: "well capitalized," "adequately capitalized," "undercapitalized," "significantly undercapitalized," and "critically undercapitalized." An undercapitalized institution is prohibited from making capital distributions and may be required to submit a capital plan, restrict asset growth and limit new lines of business. Holding companies are also required to guarantee compliance by their insured depository institutions with any capital plans, subject to certain limits. If a depository institution fails to submit a capital plan acceptable to its federal bank agency, it is treated as if it is significantly undercapitalized.

Significantly undercapitalized depository institutions may be subject to a number of requirements and restrictions, including orders to sell sufficient voting stock to become adequately capitalized, requirements to reduce total assets, and cessation of receipt of deposits from correspondent banks. Critically undercapitalized institutions are subject to appointment of a receiver or conservator.

Pursuant to FDICIA, the federal regulatory agencies adopted regulations defining the five capital tiers. Under these regulations, a "well capitalized" institution must have a Tier 1 capital ratio of at least 6%, a combined Tier 1 and Tier 2 capital ratio of at least 10%, and a leverage ratio of at least 5% and not be subject to a directive, order or written agreement to meet and maintain specific capital levels. An "adequately capitalized" institution must have a Tier 1 capital ratio of at least 4%, a combined Tier 1 and Tier 2 capital ratio of at least 8%, a leverage ratio of at least 4% and does not meet the definition of "well capitalized." As of December 31, 1993, Citicorp's bank and thrift subsidiaries, including Citibank, meet the "well capitalized" standards. In addition, under the regulations, the regulators can downgrade the capital status of a depository institution under certain circumstances.

The capital-based prompt corrective action provisions of FDICIA and their implementing regulations apply to FDIC-insured depository institutions and are not applicable to holding companies which control such institutions. However, both the FRB and the OTS have indicated that, in regulating holding companies, they will take appropriate action at the holding company level based on their assessment of the effectiveness of supervisory actions imposed upon subsidiary depository institutions pursuant to such provisions and regulations. Although the capital categories defined under the prompt corrective action regulations are not directly applicable to Citicorp under existing law and regulations, Citicorp would have met the applicable well-capitalized standards if applied to it as of December 31, 1993.

Under FDICIA regulations, an insured depository institution cannot accept brokered deposits (which term is defined to include payment of an interest rate more than 75 basis points above prevailing rates) unless (i) it is "well capitalized," or (ii) it is "adequately capitalized" and receives a waiver from the FDIC. A bank that cannot receive brokered deposits and that is not "adequately capitalized" cannot offer "pass-through" insurance on certain employee benefit accounts. In addition, an insured depository institution that is "adequately capitalized" may not pay an interest rate on any deposits in excess of 75 basis points over certain prevailing market rates. There are no such restrictions on an insured depository institution that is "well capitalized." Under the definitions adopted with respect to brokered deposits as of December 31, 1993, all of Citicorp's bank and thrift subsidiaries, including Citibank, meet the "well capitalized" standards.

FDICIA imposed specified accounting and reporting requirements and risk-based assessments for FDIC insurance. Effective January 1, 1993, the FDIC adopted a risk-based assessment system under which the assessment rate for an insured depository institution varies according to the level of risk incurred in its activities. Other rules adopted pursuant to FDICIA include (1) real estate lending standards for depository institutions, which provide guidelines concerning loan-to-value ratios for various types of real estate loans; (2) rules requiring depository institutions to develop and implement internal procedures to evaluate and control credit and settlement exposure to their correspondent banks; (3) rules implementing the FDICIA provisions prohibiting, with certain exceptions, insured state banks from making equity investments or engaging in activities of the types and amounts not permissible for national banks, and (4) rules and guidelines for enhanced financial reporting and audit requirements. Rules currently proposed for adoption pursuant to FDICIA include (1) revisions to the risk-based capital guidelines regarding interest rate risk, concentrations of credit risk and the risks posed by "non-traditional activities", and (2) rules addressing various "safety and soundness" issues, including operations and managerial standards, standards for asset quality, earnings and stock valuations, and compensation standards.

Legislation enacted as part of the Omnibus Budget Reconciliation Act of 1993 provides that deposits in U.S. offices and certain claims for administrative expenses and employee compensation against a U.S. insured depository institution which has failed will be afforded a priority over other general unsecured claims, including deposits in non-U.S. offices and claims under non-depository contracts in all offices, against such an institution in the "liquidation or other resolution" of such an institution by any receiver. Accordingly, such priority creditors (including the FDIC, as the subrogee of insured depositors) of Citicorp's insured depository institution subsidiaries will be entitled to priority over unsecured creditors in the event of a "liquidation or other resolution" of such institution.

Citicorp, Citibank, and their affiliates are also subject to restrictions with respect to issuing, floating, and underwriting, or publicly selling or distributing, securities in the United States. Citibank and its affiliates are able to underwrite and deal in specific categories of securities, including U.S. government and certain agency, state, and municipal securities. In addition, Citicorp Securities, Inc. is authorized by the FRB to underwrite and deal, to a limited extent (subject to certain conditions), in certain other categories of securities, including municipal revenue bonds, commercial paper, mortgage-related and consumer receivable related securities, and corporate debt.

The earnings of Citibank and its bank affiliates, and therefore the earnings of Citicorp, are affected by general economic conditions, management policies, and the legislative and governmental actions of various regulatory authorities including the FRB, the FDIC, and the OCC.

PROPERTIES

The principal offices of Citicorp and Citibank are located at 399 Park Avenue, New York, New York, a 39 story building of which two thirds is owned by Citibank. Citibank also owns one third of Citicorp Center, a 59 story building located at 153 East 53rd Street across Lexington Avenue from 399 Park Avenue. Citicorp occupies all of the space it owns in both buildings. Citibank also owns Citicorp at Court Square in Long Island City, New York and 111 Wall Street in New York City, which are totally occupied by Citicorp. In addition, Citicorp has major domestic real estate holdings in San Francisco; Chicago; St. Louis; Tampa; Sioux Falls, South Dakota; Hagerstown and Silver Spring, Maryland; New Castle, Delaware; and The Lakes, Nevada.

Internationally, Citicorp owns major corporate premises in various cities throughout the world including Paris, London, Milan, Düsseldorf, Buenos Aires, Rio de Janeiro, São Paulo, Mexico City, San Juan, Caracas, Hong Kong, Manila, Seoul, Taipei, Tokyo and Madrid. Approximately 48% of the space Citicorp occupies worldwide is owned.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) 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.

CITICORP
(Registrant)

Charles E. Long
Executive Vice President and Secretary

February 18, 1994

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed on February 18, 1994 by the following persons in the capacities indicated.

Paul J. Collins Vice Chairman Principal Financial Officer	Thomas E. Jones Executive Vice President Principal Financial Officer (1)

(1) Primary responsibility for financial control, tax, accounting, and reporting

John S. Reed (Citicorp's Principal Executive Officer) and the Directors of Citicorp (listed below) executed a power of attorney appointing Charles E. Long their attorney-in-fact, empowering him to sign this report on their behalf.

D. Wayne Calloway	H. Onno Ruding
Colby H. Chandler	Donald V. Seibert
Pei-yuan Chia	Frank A. Shrontz
Kenneth T. Derr	Mario H. Simonsen
Lawrence E. Fouraker	Roger B. Smith
H.J. Haynes	Christopher J. Steffen
William R. Rhodes	Franklin A. Thomas
Rozanne L. Ridgway	Edgar S. Woolard, Jr.

EXHIBITS, FINANCIAL STATEMENTS, SCHEDULES, AND REPORTS ON FORM 8-K

Financial Statements Filed for Citicorp and Subsidiaries:

Consolidated Statement of Operations
Consolidated Balance Sheet
Consolidated Statement of Changes in Stockholders' Equity
Consolidated Statement of Cash Flows

Citicorp filed a Current Report on Form 8-K dated October 19, 1993 (Item 5), which report included a summary of the consolidated operations of Citicorp for the three- and nine-month periods ended September 30, 1993. Citicorp filed a Current Report on Form 8-K dated January 18, 1994 (Item 5), which report included a summary of the consolidated operations of Citicorp for the year ended December 31, 1993

Calculation of Ratio of Income to Fixed Charges is filed herewith.

Citicorp's significant subsidiaries (as defined) and their place of incorporation or organization include:

Citibank, N.A.	United States
Citibank (Nevada), N.A.	United States
Citibank (South Dakota), N.A.	United States
Citicorp Real Estate, Inc.	Delaware
Citibank Overseas Investment Corporation	United States

Other subsidiaries of Citicorp and their place of incorporation or organization include:

Citicorp Holdings, Inc.	Delaware
Citicorp Mortgage, Inc.	Delaware
Citibank Delaware	Delaware
Citibank (New York State)	New York
Citibank Privatkunden A.G.	Germany
Aspiration, Inc.	Delaware
Citibank A.G.	Germany
Citibank Canada	Canada
Citibank, Federal Savings Bank	United States
Citibank International, Plc	United Kingdom
Citibank Limited (Australia)	Australia
Citicorp Banking Corporation	Delaware
Citicorp Securities, Inc	Delaware
Citicorp North America, Inc	Delaware
Citicorp Venture Capital Ltd.	New York
Court Square Capital Limited	Delaware
Quotron Systems, Inc.	Delaware
The Student Loan Corporation	Delaware

Citicorp's Restated Certificate of Incorporation, as amended, By-Laws, Instruments Defining the Rights of Securities Holders, and certain other material contracts, including employee benefit plans and indentures and constituent instruments, have been previously filed with the Securities and Exchange Commission as exhibits to various Citicorp registration statements and periodic reports.

Stockholders may obtain copies of such documents by writing to Citicorp, Corporate Governance Department, 399 Park Avenue, Mezzanine, New York, New York 10043.

Powers of Attorney of Messrs. Reed, Calloway, Chandler, Chia, Derr, Fouraker, Haynes, Rhodes, Ruding, Seibert, Shrontz, Simonsen, Smith, Steffen, Thomas, and Woolard and Amb. Ridgway as Directors and/or officers of Citicorp are filed herewith

CITICORP AND CITIBANK DIRECTORS' COMMITTEES

Audit Committees: supervise independent audits and oversee the establishment of appropriate accounting policies for Citicorp and Citibank, N.A.

Members (Citicorp): Donald V. Seibert, Chairman, D. Wayne Calloway, Kenneth T. Derr, H. J. Haynes, Rozanne L. Ridgway, Mario H. Simonsen and Roger B. Smith.

Members (Citibank, N.A.): Donald V. Seibert, Chairman; D. Wayne Calloway, H. J. Haynes and Rozanne L. Ridgway.

The Audit Committees of Citicorp and Citibank, N.A. (the "committee"), whose members are all independent outside directors, meet at least four times each year with the corporation's independent auditors, the Vice Chairman, the Senior Executive Vice President, the Executive Vice President–Principal Financial Officer, the Executive Vice President–Legal Affairs, the Managing Director of Business Risk Review and the Chief Auditor.

Its principal functions, set out in its Charter, include reviews of the audit plans, scope of examination and audit findings of both the independent auditors and the corporation's internal corporate audit group; significant legal matters, credit portfolios, internal control; and the adequacy of corporate insurance coverage. Also, this committee monitors the conduct of Citicorp's subsidiaries and affiliates in providing fiduciary and investment services, receives periodic reports from the senior management of such entities and reports to the Citicorp Board. Further, it is the responsibility of this committee to recommend to the Board the annual appointment of the independent auditors. The Board accepted the recommendation that KPMG Peat Marwick be retained for 1994 and this proposal will be presented to the stockholders for approval at the Annual Meeting.

The findings of internal and independent auditors, financial controllers and external regulatory agencies are reviewed. Responses to their findings and corrective action plans are monitored to ensure that appropriate follow-up measures are taken in a timely manner. These are reviewed with and without the presence of management. The committee also meets privately with KPMG Peat Marwick with no members of management present and privately with the Chief Auditor with no members of management present. The committee meets annually with representatives of the principal regulatory agencies who personally present the results of their examinations. The results of these examinations, along with the committee's own findings, are reported regularly to the full Board.

It is also the function of this committee to oversee the accounting policies used in preparing the financial statements of Citicorp and Citibank, N.A.

Donald V. Seibert

DONALD V. SEIBERT

Committee on Directors: recommends qualified candidates for membership on the Boards of Directors of Citicorp and Citibank, N.A.

Members: John S. Reed, Chairman, Colby H. Chandler, Lawrence E. Fouraker, H. J. Haynes and Frank A. Shrontz.

The Committee on Directors actively solicits recommendations for prospective directors from their current members and stockholders and, consistent with the needs of the corporation and representation of the various services and customers, recommends the approval of a candidate. The nominees are then presented to the full Board, which proposes the slate of directors to be submitted to the stockholders at the Annual Meeting. In addition, the committee is charged with keeping current and recommending changes in directors' compensation.

JOHN S. REED

Committee on Subsidiaries and Capital (Citicorp)

Members: Paul J. Collins, Chairman, D. Wayne Calloway, Colby H. Chandler, H. J. Haynes, Rozanne L. Ridgway, Donald V. Seibert, Mario H. Simonsen, Franklin A. Thomas and Edgar S. Woolard, Jr.

This committee is responsible for (a) reviewing the corporation's capital structure, position and planning and (b) its principal subsidiaries including, but not limited to, Citibank, N.A. The committee reviews the corporation's subsidiary structure and processes for managing subsidiaries and the principal subsidiaries' financial statements. The Chairman of the committee reports periodically to the Citicorp and Citibank, N.A. Boards of Directors.

PAUL J. COLLINS

Consulting Committee (Citibank, N.A.)

Members: Colby H. Chandler, Kenneth T. Derr, Lawrence E. Fouraker, H. Onno Ruding, Mario H. Simonsen, Roger B. Smith and Edgar S. Woolard, Jr.

This committee, composed of those Citicorp directors who are not also directors of Citibank, N.A., attends all meetings of the Board of Directors of Citibank, N.A. and remains available to Citibank's Board as consultants on an "as needed" basis.

JOHN S. REED

Executive Committee: provides backup for the Boards of Directors of Citicorp and Citibank, N.A.

Members (Citicorp): H. J. Haynes, Donald V. Seibert, Frank A. Shrontz, Roger B. Smith and Franklin A. Thomas.

Members (Citibank, N.A.): Any three directors in attendance at a regular meeting of the Board of Directors where a quorum is not present.

This committee acts on behalf of the Boards of Directors should an urgent matter arise that requires a decision before the Board is next scheduled to meet. The Executive Committee has nearly all the powers of the Boards of Directors, except for certain powers expressly reserved to the Boards of Directors. The Chairman and the Vice Chairman are ex officio members.

JOHN S. REED

Personnel Committee: oversees employee policies and programs of Citicorp and Citibank, N.A.

Members: Frank A. Shrontz, Chairman, Kenneth T. Derr, H. J. Haynes, Donald V. Seibert, Franklin A. Thomas and Edgar S. Woolard, Jr.

The Personnel Committee reviews and approves compensation policy and other personnel related programs to maintain an environment at Citicorp and Citibank, N.A. that attracts and retains people of high capability, commitment and integrity. In addition, the committee oversees succession planning.

FRANK A. SHRONTZ

Public Issues Committee: reviews Citicorp's policies and performance on matters of public concern.

Members: Franklin A. Thomas, Chairman, Lawrence E. Fouraker, Rozanne L. Ridgway, Frank A. Shrontz and Roger B. Smith.

The Public Issues Committee's mission is to assure that the public interest is maintained in the performance of our business roles and in achieving a more competitive business environment. The committee reviews the corporation's policy, posture, practices and programs relating to public issues of significance to Citicorp and the public at large.

FRANKLIN A. THOMAS

CITICORP AND CITIBANK DIRECTORS

The Boards of Directors of Citicorp and Citibank, N.A. meet on the third Tuesday of the month to administer the affairs of the organizations. Certain specific operations and areas of the Corporation and the Bank are regularly monitored by the Directors' committees, whose activities are described on the preceding pages.

[*]Director of Citicorp
[°]Director of Citibank, N.A

D. Wayne Calloway[*°]
Chairman and
Chief Executive Officer
PepsiCo, Inc.

Colby H. Chandler[*]
Former Chairman and
Chief Executive Officer
Eastman Kodak Company

Pei-yuan Chia[*°]
Vice Chairman
Citicorp and Citibank, N.A.

Paul J. Collins[*°]
Vice Chairman
Citicorp and Citibank, N.A.

Kenneth T. Derr[*]
Chairman and
Chief Executive Officer
Chevron Corporation

Lawrence E. Fouraker[*]
Professor Emeritus
Graduate School of
Business Administration
Harvard University

H.J. Haynes[*°]
Senior Counselor
Bechtel Group, Inc.

John S. Reed[*°]
Chairman
Citicorp and Citibank, N.A.

William R. Rhodes[*°]
Vice Chairman
Citicorp and Citibank, N.A.

Rozanne L. Ridgway[*°]
Co-Chair
The Atlantic Council
of the United States

H. Onno Ruding[*]
Vice Chairman
Citicorp and Citibank, N.A.

Donald V. Seibert[*°]
Director Emeritus and Former
Chairman and
Chief Executive Officer
J.C. Penney Company, Inc.

Frank A. Shrontz[*°]
Chairman and
Chief Executive Officer
The Boeing Company

Mario H. Simonsen[*]
Vice Chairman
Brazilian Institute of
Economics
The Getulio Vargas
Foundation

Roger B. Smith[*]
Former Chairman and
Chief Executive Officer
General Motors Corporation

Christopher J. Steffen[*°]
Senior Executive
Vice President
Citicorp and Citibank, N.A.

Franklin A. Thomas[*°]
President
The Ford Foundation

Edgar S. Woolard, Jr.[°]
Chairman and
Chief Executive Officer
E.I. du Pont de Nemours &
Company

SENIOR MANAGEMENT

John S. Reed
Chairman

Pei-yuan Chia

Paul J. Collins

William R. Rhodes

H. Onno Ruding

Christopher J. Steffen

Shaukat Aziz

James L. Bailey

Ernst W. Brutsche

Colin Crook

Arthur M. de Graffenried

David E. Gibson

Dennis O. Green

Guenther E. Greiner

Thomas E. Jones

Charles E. Long

Alan S. MacDonald

Dennis R. Martin

Robert H. Martinsen

Robert A. McCormack

Victor J. Menezes

Lawrence R. Phillips

John J. Roche

Hubertus M. Rukavina

Rana S. Talwar

Alan J. Weber

Masamoto Yashiro

Ronald X. Zettel

COUNTRY CORPORATE OFFICERS

Algeria
Kamal Driss

Argentina
Jorge A. Bermudez

Australia
Brian T. Clayton

Austria
Patrick Dewilde

Bahamas
David A. Tremblay

Bahrain
Mohammed Al-Shroogi

Bangladesh
Mahesh Rao

Belgium
Lode G. Beckers

Bolivia
Fernando Anker

Brazil
Alvaro A.C. de Souza

Brunei
Stephen J. Lawrence

Canada
Richard E. Lint

Cayman Islands
David A. Tremblay

Chile
Carlos D. Fuks

Colombia
Michael A. Contreras

Costa Rica
Douglas L. Peterson

Côte d'Ivoire
Robert Thornton

Czech Republic
Karl Swoboda

Denmark
Chris Devries

Dominican Republic
Juan de Dianous

Ecuador
Eric R. Mayer

Egypt
Ahmed M. El Bardai

El Salvador
Juan Miro

Finland
Stephen W. McClintock

France
Claude Jouven

Gabon
Rudolph Thomson

Germany
Richard J. Srednicki

Greece
Dimitri P. Krontiras

Guam
Rashid M. Habib

Guatemala
Antonio Uribe

Haiti
Gladys M. Coupet

Honduras
Edward L. Wess

Hong Kong
Antony K.C. Leung

Hungary
John D. McLoughlin

India
Robert S. Eichfeld

Indonesia
Maarten J. Hulshoff

Ireland
Aidan Brady

Italy
Sergio Ungaro

Jamaica
Peter Moses

Japan
Masamoto Yashiro

Jersey, Channel Islands
Ronald L. Mitchell

Jordan
Walid Alamuddin

Kenya
Terence M. Davidson

Korea
John M. Beeman

Luxembourg
Yves de Naurois

Malaysia
Aditya Puri

Mexico
Gabriel Jaramillo

Monaco
Miklos I. Vasarhelyi

Morocco
Abdel Jelil Ayed

Nepal
Mahim Mehra

Netherlands
Romeo Van Der Borch

Netherlands Antilles
Thomas J. Charters

New Zealand
Richard Wilks

Nicaragua
Edward L. Wess

Nigeria
Naveed Riaz

Norway
Per Etholm, Jr.

Oman, Sultanate of
Steven A. Pinto

Pakistan
Shaukat Tarin

Panama, Republic of
Eduardo C. Urriola

Paraguay
Gustavo Marin

People's Republic of China
Chung Peng Cheng

Peru
Rafael W. Venegas

Philippines
William W. Ferguson

Poland
Allan J. Hirst

Portugal
David Kyle

Puerto Rico
Franklin G. Burnside

Russia
Miljenko Horvat

Saudi Arabia
James J. Collins

Senegal
Michel A. Accad

Singapore
David P. Conner

Spain
Amador Huertas

Sri Lanka
Nihal Welikala

Sudan
Adnan A. Mohamed

Sweden
David H. Smith

Switzerland
Hubertus M. Rukavina

Taiwan
Thomas M. McKeon

Thailand
David L. Hendrix

Trinidad and Tobago
Suresh Maharaj

Tunisia
Bradley C. Lalonde

Turkey
Arjum Z. Iqbal

United Arab Emirates
Ahmed Saeed S. Bin Brek

United Kingdom
Ian D. Cormack

Uruguay
Carlos M. Fedrigotti

Venezuela
Thomas J. Charters

Virgin Islands
Franklin G. Barnside

Zaire, Republic of
Mulongo Masangu

Zambia
Kandolo Kasongo

Countries where Citicorp has offices but no designated Country Corporate Officer are not reflected in the above list

STOCKHOLDER INFORMATION

NOTICE OF THE ANNUAL MEETING

The Annual Meeting of stockholders will be held on Tuesday, April 19, 1994, at 9:00 a.m., in the auditorium of Citicorp Headquarters at 399 Park Avenue, New York, NY 10043

A formal notice of this meeting, together with a proxy and a proxy statement, has been included with this annual report. Stockholders are urged to sign and return their proxies promptly to assure that the stock of the corporation will be represented as fully as possible at the meeting.

Citicorp has approximately 60,000 common stockholders of record. About 83% of the Citicorp shares entitled to vote were voted in person or by proxy at the last annual stockholders meeting on April 20, 1993

Additional copies of this annual report are available. Write to Citicorp, Corporate Affairs, 850 Third Avenue, 13th Floor, New York, NY 10043

Copies of the written transcript and tape recordings of the proceedings at Citicorp stockholders' meetings are available to Citicorp stockholders at cost from Citicorp, Corporate Governance Department, 399 Park Avenue, Mezzanine, New York, NY 10043

Supplemental financial data are published quarterly and are available from Citicorp, Corporate Affairs, 850 Third Avenue, 13th Floor, New York, NY 10043.

TRANSFER AGENT AND REGISTRAR

Citibank, N.A., Issuer Services, Box 4855, New York, NY 10043

CO-TRANSFER AGENTS AND CO-REGISTRARS

First Interstate Bank of California
26610 West Agoura Road
Calabasas, CA 91302

The First National Bank of Chicago
Corporate Trust Department
One First National Plaza
Chicago, IL 60670

Montreal Trust Company
15 King Street West
Toronto, Ontario
Canada M5H 1B4

JAPANESE SHAREHOLDER SERVICE ORGANIZATION AND PAYING BANK

The Yasuda Trust and Banking Company, Limited
Stock Transfer Department
1-17-7, Saga, Koto-ku,
Tokyo, Japan

CITICORP STOCK LISTED

New York Stock Exchange	Zurich Stock Exchange
Midwest Stock Exchange	Geneva Stock Exchange
Pacific Stock Exchange	Basel Stock Exchange
London Stock Exchange	Toronto Stock Exchange
Amsterdam Stock Exchange	Dusseldorf Stock Exchange
Tokyo Stock Exchange	Frankfurt Stock Exchange

Securities and Exchange Commission
Washington, DC 20549
Form 10-K
Annual Report pursuant to Section 13 or 15(d) of The Securities Exchange Act of 1934 for the fiscal year ended December 31, 1993
Commission File Number 1-5738

CITICORP

Incorporated in the State of Delaware
IRS Employer
Identification Number: 13-2614988
Address: 399 Park Avenue, New York, NY 10043
Telephone: (800) 285-3000

SECURITIES REGISTERED PURSUANT TO SECTION 12(b) OF THE ACT:

A list of Citicorp securities registered pursuant to Section 12(b) of the Securities Exchange Act of 1934 is available from Citicorp, Corporate Governance Department, 399 Park Avenue, Mezzanine, New York, NY 10043.

As of December 31, 1993, Citicorp had 386,490,167 shares of common stock outstanding.

Citicorp (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

No disclosure of any delinquent filer under Rule 16a-3(e) under the Securities Exchange Act of 1934 is contained herein, and will not be contained, to the best of Citicorp's knowledge, in Citicorp's 1994 Proxy Statement incorporated herein by reference or any amendment to this Annual Report and Form 10-K.

The aggregate market value of Citicorp common stock held by non-affiliates on January 31, 1994 was approximately $16.9 billion.

Certain information has been incorporated by reference as described herein into Part III of this annual report from Citicorp's proxy statement relating to its annual meeting of stockholders to be held on April 19, 1994.

CITICORP SERVICE

We continue to build a worldwide organization dedicated to serving our customers and take pride in the quality of service we deliver. The following addresses and phone numbers are part of our service commitment to help you obtain needed information and prompt assistance.

STOCKHOLDERS

For general questions about Citicorp stock, contact: Citicorp Investor Relations, 153 E. 53 St., 6th Floor, New York, NY 10043. (800) 342-6690

For questions about your Dividend Reinvestment Account, Lost Stock Certificates, Stock Transfer, Estate Inquiries/Transfer Requirements, contact: Citibank, N.A., c/o Citicorp Data Distribution, Inc., Customer Service Unit, P.O. Box 308, Paramus, NJ 07653. (800) 422-2066

For all other stockholder concerns, contact: Citicorp Corporate Governance, 399 Park Avenue, New York, NY 10043. (212) 559-4822

GENERAL INFORMATION

For general information or other inquiries. (800) 285-3000

CUSTOMERS

For information or inquiries on accounts, credit cards, mortgages, CDs or other financial services and investments, contact your local branch office, or use the address or phone number on the front of your customer statement.

Mortgage/Co-op Loan Service		(800) 283-7918
MasterCard/VISA		(800) 950-5114
Outside of U.S.	call collect:	(605) 335-2222
Preferred MasterCard/VISA		(800) 950-5118
Outside of U.S.	call collect:	(605) 335-2222
Diners Club/Carte Blanche		(800) 234-6377
Outside of U.S.	call collect:	(303) 799-1504
CHOICE MasterCard/VISA		(800) 733-2222
Outside of U.S.	call collect:	(605) 335-2222
Citicorp Travelers Checks		(800) 645-6556
Outside of U.S.	call collect:	(813) 623-1709
Citicorp Money Orders or Official Checks		(800) 223-7520
Student Loans		(800) 967-2400
Citicorp Investment Services		(800) 846-5200
In New York City		(212) 736-8170
Citicorp Insurance Services		(800) 237-4365
Family Guardian Life Insurance Co.		(800) 237-4365
Family Guardian Life Insurance Co., Mortgages		(800) 325-2414
First Citicorp Life Insurance Co.		(800) 325-2414
Citicorp Insurance Agency		(800) 497-4854

For information regarding personalized investment management services, custody, specialized lending to individuals, jumbo mortgages, trust and estate planning, and art advisory services, contact The Citibank Private Bank. (212) 559-5959