Annual Operating Plan

Citi Finance

April 6, 2023

Financial Forecast to 31 Dec ’22

($'m, unless as stated otherwise)	2022 E	2021 A	2022 E vs. 2021 A Increase/ (Decrease)
Institutional Clients Group	9,159	8,908	3%
Personal Banking and Wealth Management	6,096	5,785	5%
Legacy Franchises	2,052	2,193	(6%)
Corporate / Other	699	131	NM
Total revenues, net of interest expense	**18,006**	**17,017**	**6%**
Total operating expenses	**12,985**	**13,532**	**(4%)**

Citigroup’s revenues are expected to increase to $18.0 billion i.e., a 6% YoY growth. Excluding the divestiture-related impacts, primarily driven by the gain on the sale of the Thailand consumer business, revenues are expected to be up by 5%, as the impacts of higher interest rates across businesses and the strong loan growth in U.S. Personal Banking were partially offset by the decline in Investment Banking and the lower investment product revenues in Global Wealth Management as well as impacts from the closed exit markets.

Citigroup’s operating expenses are expected to decrease to $13.0 billion, representing a 4% YoY drop, primarily driven by the absence of divestiture-related costs related to the Korea VERP in the prior-year period. Operating expenses included approximately $58 million of divestiture-related costs in Q4’22, compared to approximately $1.2 billion in the prior-year period. Excluding these costs in both periods, expenses increased by 5%, largely driven by transformation investments, business-led investments, and volume-related expenses, partially offset by the benefit of productivity savings and expense reduction of the market exits.

Financial Forecast to 31 Dec ’22 (cont.)

($'m, unless as stated otherwise)	2022 E	2021 A	2022 E vs. 2021 A Increase/ (Decrease)
Net credit losses	1,180	866	36%
Net ACL build / (release)[a]	640	(1,369)	NM
Other provisions[b]	25	38	(34%)
Total cost of credit	**1,845**	**(465)**	**NM**
Income from continuing operations before income taxes	**3,176**	**3,950**	**(20%)**
Provision for income taxes	640	771	(17%)
Income from continuing operations	**2,536**	**3,179**	**(20%)**
Income (loss) from discountined operations, net of taxes	(2)	-	NM
Net income attributable to non-controling interest	21	6	NM
Citigroup's net income	**2,513**	**3,173**	**(21%)**

(a) Includes credit reserve build / (release) for loans and provision for credit losses on unfunded lending commitments.
(b) Includes provisions for policyholder benefits and claims, HTM debt securities and other assets.

Citigroup’s cost of credit is expected to increase to $1.8 billion, compared to $(0.5) billion in the prior-year period, reflecting a net build in the allowance for credit losses (ACL) for loans and unfunded commitments of $640 million, primarily due to the loan growth in PBWM and the deterioration in macroeconomic assumptions, compared to a net ACL release of $(1.4) billion in the prior-year period. The higher cost of credit also reflected higher net credit losses, primarily driven by ongoing normalization in cards, particularly in Retail Services.

Citigroup’s net income is expected to decrease to $2.5 billion, representing a YoY drop of 21%, primarily driven by the higher cost of credit, partially offset by the higher revenues and lower expenses.