

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF INCOME

Citigroup Inc. and Subsidiaries

Years ended December 31,

In millions of dollars, except per share amounts

	2018	2017	2016
Revenues ⁽¹⁾			
Interest revenue	\$ 70,828	\$ 61,579	\$ 57,988
Interest expense	24,266	16,518	12,512
Net interest revenue	\$ 46,562	\$ 45,061	\$ 45,476
Commissions and fees	\$ 11,857	\$ 12,707	\$ 11,678
Principal transactions	9,062	9,475	7,857
Administration and other fiduciary fees	3,580	3,584	3,294
Realized gains on sales of investments, net	421	778	949
Impairment losses on investments			
Gross impairment losses	(132)	(63)	(620)
Net impairment losses recognized in earnings	\$ (132)	\$ (63)	\$ (620)
Other revenue	\$ 1,504	\$ 902	\$ 2,163
Total non-interest revenues	\$ 26,292	\$ 27,383	\$ 25,321
Total revenues, net of interest expense	\$ 72,854	\$ 72,444	\$ 70,797
Provisions for credit losses and for benefits and claims			
Provision for loan losses	\$ 7,354	\$ 7,503	\$ 6,749
Policyholder benefits and claims	101	109	204
Provision (release) for unfunded lending commitments	113	(161)	29
Total provisions for credit losses and for benefits and claims	\$ 7,568	\$ 7,451	\$ 6,982
Operating expenses ⁽¹⁾			
Compensation and benefits	\$ 21,154	\$ 21,181	\$ 20,970
Premises and equipment	2,324	2,453	2,542
Technology/communication	7,193	6,909	6,701
Advertising and marketing	1,545	1,608	1,632
Other operating	9,625	10,081	10,493
Total operating expenses	\$ 41,841	\$ 42,232	\$ 42,338
Income from continuing operations before income taxes	\$ 23,445	\$ 22,761	\$ 21,477
Provision for income taxes	5,357	29,388	6,444
Income (loss) from continuing operations	\$ 18,088	\$ (6,627)	\$ 15,033
Discontinued operations			
Loss from discontinued operations	\$ (26)	\$ (104)	\$ (80)
Provision (benefit) for income taxes	(18)	7	(22)
Loss from discontinued operations, net of taxes	\$ (8)	\$ (111)	\$ (58)
Net income (loss) before attribution of noncontrolling interests	\$ 18,080	\$ (6,738)	\$ 14,975
Noncontrolling interests	35	60	63
Citigroup's net income (loss)	\$ 18,045	\$ (6,798)	\$ 14,912
Basic earnings per share ⁽²⁾			
Income (loss) from continuing operations	\$ 6.69	\$ (2.94)	\$ 4.74
Loss from discontinued operations, net of taxes	—	(0.04)	(0.02)
Net income (loss)	\$ 6.69	\$ (2.98)	\$ 4.72
Weighted average common shares outstanding (in millions)	2,493.3	2,698.5	2,888.1
Diluted earnings per share ⁽²⁾			
Income (loss) from continuing operations	\$ 6.69	\$ (2.94)	\$ 4.74
Income (loss) from discontinued operations, net of taxes	—	(0.04)	(0.02)
Net income (loss)	\$ 6.68	\$ (2.98)	\$ 4.72
Adjusted weighted average common shares outstanding (in millions)	2,494.8	2,698.5	2,888.3

(1) Certain prior-period revenue and expense lines and totals were reclassified to conform to the current period's presentation. See Notes 1 and 3 to the Consolidated Financial Statements.

(2) Due to rounding, earnings per share on continuing operations and discontinued operations may not sum to earnings per share on net income.

The Notes to the Consolidated Financial Statements are an integral part of these Consolidated Financial Statements.

CONSOLIDATED BALANCE SHEET

Citigroup Inc. and Subsidiaries

December 31,

In millions of dollars

2018

2017

Assets

Cash and due from banks (including segregated cash and other deposits)	\$ 23,645	\$ 23,775
Deposits with banks	164,460	156,741
Federal funds sold and securities borrowed and purchased under agreements to resell (including \$147,701 and \$132,949 as of December 31, 2018 and 2017, respectively, at fair value)	270,684	232,478
Brokerage receivables	35,450	38,384
Trading account assets (including \$112,932 and \$99,460 pledged to creditors at December 31, 2018 and 2017, respectively)	256,117	252,790
Investments:		
Available-for-sale debt securities (including \$9,289 and \$9,493 pledged to creditors as of December 31, 2018 and 2017, respectively)	288,038	290,725
Held-to-maturity debt securities (including \$971 and \$435 pledged to creditors as of December 31, 2018 and 2017, respectively)	63,357	53,320
Equity securities (including \$1,109 and \$1,395 at fair value as of December 31, 2018 and 2017, respectively, of which \$189 was available for sale as of December 31, 2017)	7,212	8,245
Total investments	\$ 358,607	\$ 352,290
Loans:		
Consumer (including \$20 and \$25 as of December 31, 2018 and 2017, respectively, at fair value)	330,487	333,656
Corporate (including \$3,203 and \$4,349 as of December 31, 2018 and 2017, respectively, at fair value)	353,709	333,378
Loans, net of unearned income	\$ 684,196	\$ 667,034
Allowance for loan losses	(12,315)	(12,355)
Total loans, net	\$ 671,881	\$ 654,679
Goodwill	22,046	22,256
Intangible assets (including MSRs of \$584 and \$558 as of December 31, 2018 and 2017, respectively, at fair value)	5,220	5,146
Other assets (including \$20,788 and \$18,559 as of December 31, 2018 and 2017, respectively, at fair value)	109,273	103,926
Total assets	\$1,917,383	\$1,842,465

The following table presents certain assets of consolidated variable interest entities (VIEs), which are included in the Consolidated Balance Sheet above. The assets in the table below include those assets that can only be used to settle obligations of consolidated VIEs, presented on the following page, and are in excess of those obligations. Additionally, the assets in the table below include third-party assets of consolidated VIEs only and exclude intercompany balances that eliminate in consolidation.

	December 31,	
In millions of dollars	2018	2017
Assets of consolidated VIEs to be used to settle obligations of consolidated VIEs		
Cash and due from banks	\$ 270	\$ 52
Trading account assets	917	1,129
Investments	1,796	2,498
Loans, net of unearned income		
Consumer	49,403	54,656
Corporate	19,259	19,835
Loans, net of unearned income	\$68,662	\$74,491
Allowance for loan losses	(1,852)	(1,930)
Total loans, net	\$66,810	\$72,561
Other assets	151	154
Total assets of consolidated VIEs to be used to settle obligations of consolidated VIEs	\$69,944	\$76,394

Statement continues on the next page.

CONSOLIDATED BALANCE SHEET (Continued)

Citigroup Inc. and Subsidiaries

In millions of dollars, except shares and per share amounts

	December 31,	
	2018	2017
Liabilities		
Non-interest-bearing deposits in U.S. offices	\$ 105,836	\$ 126,880
Interest-bearing deposits in U.S. offices (including \$717 and \$303 as of December 31, 2018 and 2017, respectively, at fair value)	361,573	318,613
Non-interest-bearing deposits in offices outside the U.S.	80,648	87,440
Interest-bearing deposits in offices outside the U.S. (including \$758 and \$1,162 as of December 31, 2018 and 2017, respectively, at fair value)	465,113	426,889
Total deposits	\$1,013,170	\$ 959,822
Federal funds purchased and securities loaned and sold under agreements to repurchase (including \$44,510 and \$40,638 as of December 31, 2018 and 2017, respectively, at fair value)	177,768	156,277
Brokerage payables	64,571	61,342
Trading account liabilities	144,305	125,170
Short-term borrowings (including \$4,483 and \$4,627 as of December 31, 2018 and 2017, respectively, at fair value)	32,346	44,452
Long-term debt (including \$38,229 and \$31,392 as of December 31, 2018 and 2017, respectively, at fair value)	231,999	236,709
Other liabilities (including \$15,906 and \$13,961 as of December 31, 2018 and 2017, respectively, at fair value)	56,150	57,021
Total liabilities	\$1,720,309	\$1,640,793
Stockholders' equity		
Preferred stock (\$1.00 par value; authorized shares: 30 million), issued shares: 738,400 as of December 31, 2018 and 770,120 as of December 31, 2017, at aggregate liquidation value	\$ 18,460	\$ 19,253
Common stock (\$0.01 par value; authorized shares: 6 billion), issued shares: 3,099,567,177 as of December 31, 2018 and 3,099,523,273 as of December 31, 2017	31	31
Additional paid-in capital	107,922	108,008
Retained earnings	151,347	138,425
Treasury stock, at cost: 731,099,833 shares as of December 31, 2018 and 529,614,728 shares as of December 31, 2017	(44,370)	(30,309)
Accumulated other comprehensive income (loss) (AOCI)	(37,170)	(34,668)
Total Citigroup stockholders' equity	\$ 196,220	\$ 200,740
Noncontrolling interest	854	932
Total equity	\$ 197,074	\$ 201,672
Total liabilities and equity	\$1,917,383	\$1,842,465

The following table presents certain liabilities of consolidated VIEs, which are included in the Consolidated Balance Sheet above. The liabilities in the table below include third-party liabilities of consolidated VIEs only and exclude intercompany balances that eliminate in consolidation. The liabilities also exclude amounts where creditors or beneficial interest holders have recourse to the general credit of Citigroup.

	December 31,	
	2018	2017
Liabilities of consolidated VIEs for which creditors or beneficial interest holders do not have recourse to the general credit of Citigroup		
Short-term borrowings	\$13,134	\$10,142
Long-term debt	28,514	30,492
Other liabilities	697	611
Total liabilities of consolidated VIEs for which creditors or beneficial interest holders do not have recourse to the general credit of Citigroup	\$42,345	\$41,245

The Notes to the Consolidated Financial Statements are an integral part of these Consolidated Financial Statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

Citigroup Inc. and Subsidiaries

Years ended December 31,

In millions of dollars

	2018	2017	2016
Cash flows from operating activities of continuing operations			
Net income (loss) before attribution of noncontrolling interests	\$ 18,080	\$ (6,738)	\$ 14,975
Net income attributable to noncontrolling interests	35	60	63
Citigroup's net income (loss)	\$ 18,045	\$ (6,798)	\$ 14,912
Loss from discontinued operations, net of taxes	(8)	(111)	(58)
Income (loss) from continuing operations—excluding noncontrolling interests	\$ 18,053	\$ (6,687)	\$ 14,970
Adjustments to reconcile net income to net cash provided by operating activities of continuing operations			
Net gains on significant disposals ⁽¹⁾	(247)	(602)	(404)
Depreciation and amortization	3,754	3,659	3,720
Deferred tax provision ⁽²⁾	(51)	24,877	1,459
Provision for loan losses	7,354	7,503	6,749
Realized gains from sales of investments	(421)	(778)	(948)
Net impairment losses on investments, goodwill and intangible assets	132	91	621
Change in trading account assets	(3,469)	(7,038)	(3,092)
Change in trading account liabilities	19,135	(15,375)	21,409
Change in brokerage receivables, net of brokerage payables	6,163	(5,307)	2,226
Change in loans HFS	770	247	6,603
Change in other assets	(5,791)	(3,364)	(6,676)
Change in other liabilities	(871)	(3,044)	96
Other, net	(7,559)	(2,956)	7,000
Total adjustments	\$ 18,899	\$ (2,087)	\$ 38,763
Net cash provided by (used in) operating activities of continuing operations	\$ 36,952	\$ (8,774)	\$ 53,733
Cash flows from investing activities of continuing operations			
Change in federal funds sold and securities borrowed or purchased under agreements to resell	\$ (38,206)	\$ 4,335	\$ (17,138)
Change in loans	(29,002)	(58,062)	(39,761)
Proceeds from sales and securitizations of loans	4,549	8,365	18,140
Purchases of investments	(186,987)	(185,740)	(211,402)
Proceeds from sales of investments ⁽³⁾	61,491	107,368	132,183
Proceeds from maturities of investments	118,104	84,369	65,525
Proceeds from significant disposals ⁽¹⁾	314	3,411	265
Capital expenditures on premises and equipment and capitalized software	(3,774)	(3,361)	(2,756)
Proceeds from sales of premises and equipment, subsidiaries and affiliates and repossessed assets	212	377	667
Other, net	181	187	142
Net cash used in investing activities of continuing operations	\$ (73,118)	\$ (38,751)	\$ (54,135)
Cash flows from financing activities of continuing operations			
Dividends paid	\$ (5,020)	\$ (3,797)	\$ (2,287)
Issuance (redemption) of preferred stock	(793)	—	2,498
Treasury stock acquired	(14,433)	(14,541)	(9,290)
Stock tendered for payment of withholding taxes	(482)	(405)	(316)
Change in federal funds purchased and securities loaned or sold under agreements to repurchase	21,491	14,456	(4,675)
Issuance of long-term debt	60,655	67,960	63,806
Payments and redemptions of long-term debt	(58,132)	(40,986)	(55,460)
Change in deposits	53,348	30,416	24,394
Change in short-term borrowings	(12,106)	13,751	9,622

Statement continues on the next page.