

# Bank of America Merrill Lynch The Future of Financials Conference

November 14, 2017

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Global Head of Treasury & Trade Solutions



# Agenda

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**Strong Foundation for Growth**

**Technology-Driven Franchise**

**Key Takeaways**

# Treasury & Trade Solutions

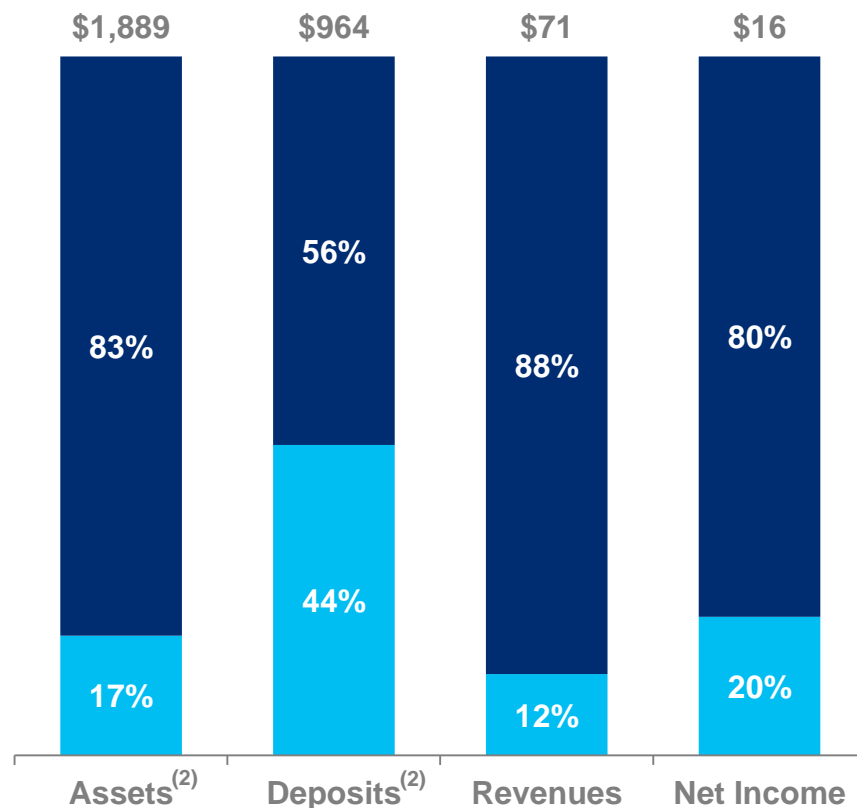
(\$B, LTM'17)

## Highlights

- Leading global working capital, cash management and trade solutions provider
- Serving >80% of Global Fortune 500 companies, as well as top financial institutions and public sector clients
- High quality loan origination platform
- Significant generator of operating deposits
- Driver of significant adjacent revenue opportunities
- Technology and innovation-driven franchise
- Highly efficient business with attractive returns – LTM efficiency ratio of 43% and 20%+ RoTCE<sup>(1)</sup>

## Contribution to Citigroup

■ TTS ■ Other Citigroup



Note: Throughout the presentation, LTM is defined as the last twelve months ending September 30<sup>th</sup> and totals may not sum due to rounding. Other Citigroup includes Global Consumer Banking, the Institutional Clients Group ex TTS and Corporate / Other.

(1) Return on Tangible Common Equity (RoTCE) is a non-GAAP financial measure. For additional information on this measure, please refer to Slide 25.

(2) End of period as of September 30, 2017.

# Integrated Global Solutions

	Key Product Lines	Highlights
<p><b>Cash</b></p> <p>LTM'17 Revenues: \$6.8B</p>	<p><b>Client Access Channels</b></p> <ul style="list-style-type: none"> <li>• Cash management</li> <li>• Payments</li> <li>• Receivables</li> <li>• Commercial cards</li> </ul>	<ul style="list-style-type: none"> <li>• Facilitating ~\$4 trillion of payment flows daily in over 135 currencies</li> <li>• \$428 billion of deposits<sup>(1)</sup></li> <li>• &gt;500,000 online corporate banking users in 95 countries in 26 languages</li> <li>• ~6 million commercial card accounts with ~\$41 billion of purchase volumes<sup>(2)</sup></li> </ul>
<p><b>Trade</b></p> <p>LTM'17 Revenues: \$1.5B</p>	<ul style="list-style-type: none"> <li>• Trade services</li> <li>• Trade finance</li> <li>• Working capital finance</li> <li>• Export agency finance</li> </ul>	<ul style="list-style-type: none"> <li>• Over \$200 billion of trade finance originations<sup>(2)</sup></li> <li>• \$68 billion of loans<sup>(1)(3)</sup></li> <li>• Providing over 700 active supply chain finance programs globally</li> </ul>

Delivering comprehensive solutions on a global basis

Note:

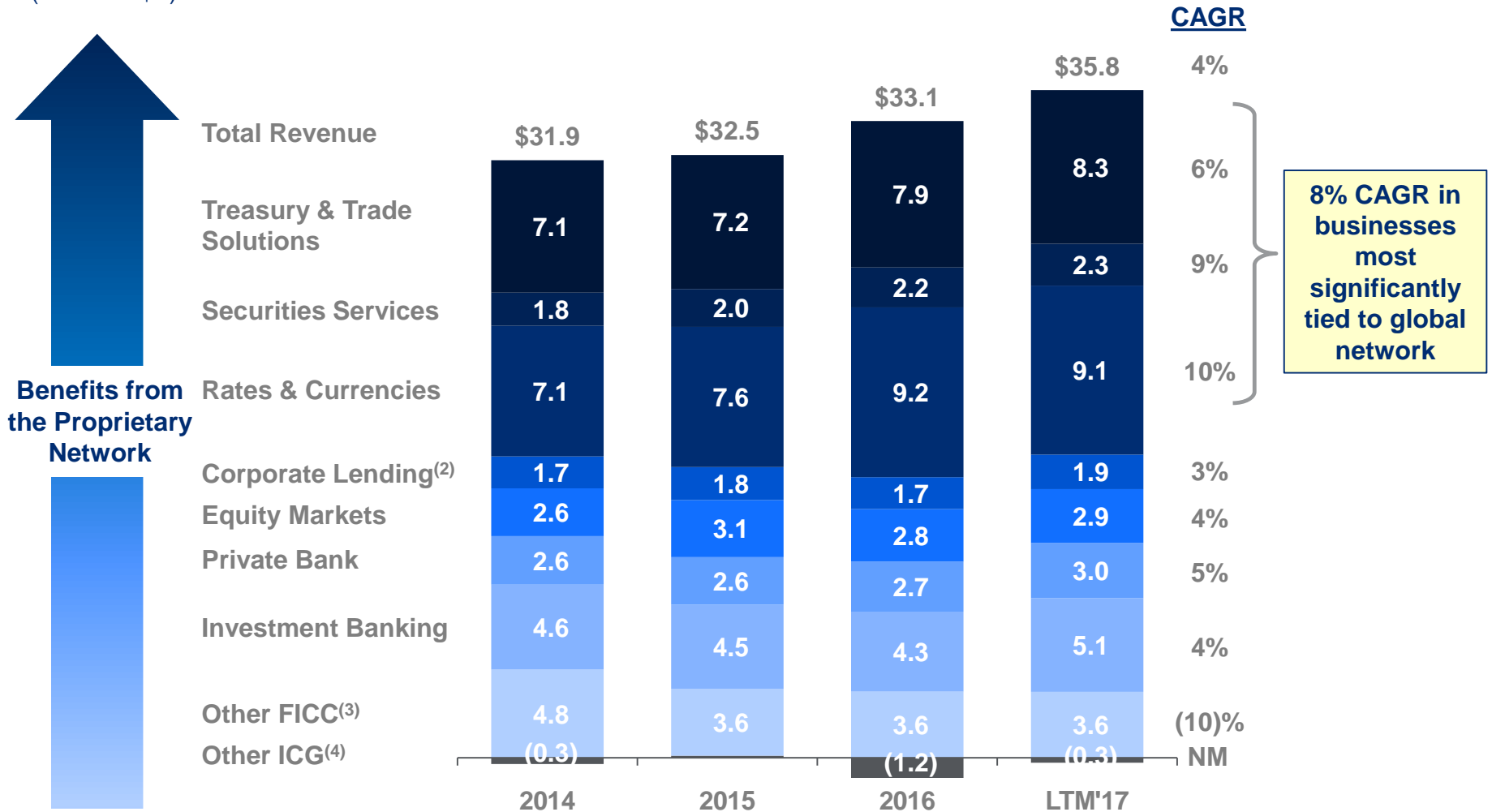
(1) As of September 30, 2017.

(2) Last twelve months ending September 30, 2017.

(3) Trade and working capital finance loans, excluding commercial card receivables and overdrafts.

# TTS is Integral to Citi's Network-Driven Strategy<sup>(1)</sup>

(Constant \$B)



Note: Totals may not sum due to rounding. Constant dollar excludes the impact of foreign exchange translation into U.S. dollars for reporting purposes and, as used throughout this presentation, is a non-GAAP financial measure. For a reconciliation of constant dollars to reported results, please refer to Slide 26.

(1) Revenue excludes, as applicable, CVA / DVA in all periods prior to 1Q'16 and is a non-GAAP financial measure. Please refer to Slide 26 for a reconciliation of this information to reported results.

(2) Corporate Lending revenues exclude the impact of mark-to-market gains / (losses) on hedges related to accrual loans.

(3) Other FICC consists of Spread Products and Commodities.

(4) Predominantly the impact of mark-to-market gains / (losses) on hedges related to accrual loans and a gain on the sale of a fixed income analytics business in 3Q'17.

# Power of the Global Network

Local licenses and financial market utility memberships



Regulatory expertise and compliance infrastructure



Understanding of risks in local markets



Access to local market infrastructure and capabilities



Connectivity between global flows and local infrastructure



- Using technology to amplify the power of our physical footprint in 98 countries
- Delivering integrated client solutions on a global basis
- Helping our developed and emerging market clients expand rapidly into new markets / businesses through physical or digital channels
- Shaping and facilitating the development of local financial infrastructure and economy, while leveraging best-in-class local market innovation globally

Delivering value for clients by combining an integrated global business model with local market expertise

# Leveraging our Network and Expertise for our Clients

## TTS Value Proposition

### Long-Standing Multinational Clients

*Large, sophisticated clients with long-established global presence*

- Optimizing liquidity and working capital positions
- Improving the efficiency and robustness of supply chain
- Improving analytics and decision-making capabilities
- Facilitating transition to digital business models
- Centralizing and automating global Treasury operations
- Operational support in event of M&A and/or restructuring

### Next Generation Clients

*High growth, new economy clients with rapidly expanding global footprint*

- Robust operational infrastructure and global capabilities to support rapid expansion
- Access to scale efficiencies of global TTS platform
- Providing local market banking and regulatory expertise
- Optimizing and expanding distribution channels
- Operational support in event of M&A and/or capital raising (e.g. IPO)

**Global footprint, diverse product set and local market expertise to serve evolving client needs**

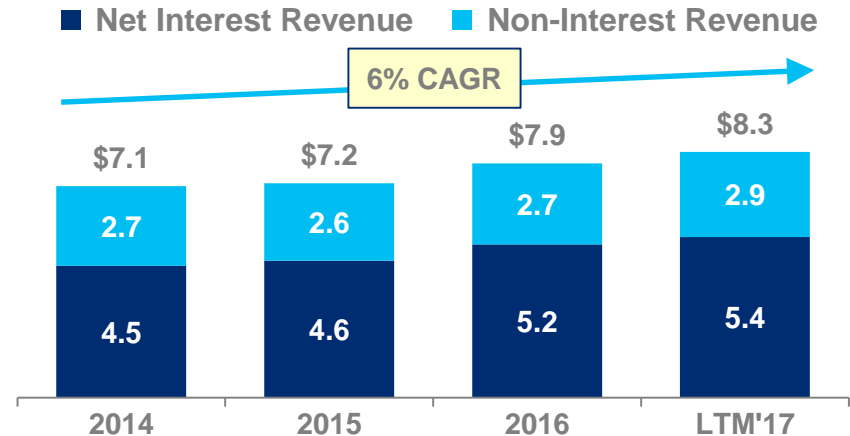
# Treasury & Trade Solutions

(Constant \$B)

## Execution Priorities

- Invest in platform and client experience – digitization and client onboarding
- Maintain and grow high quality deposit base – benefit from improving interest rate environment
- Continue to grow Payments and Receivables solutions, Commercial Cards and Supply Chain Finance
- Drive revenue in adjacent products – Rates & Currencies

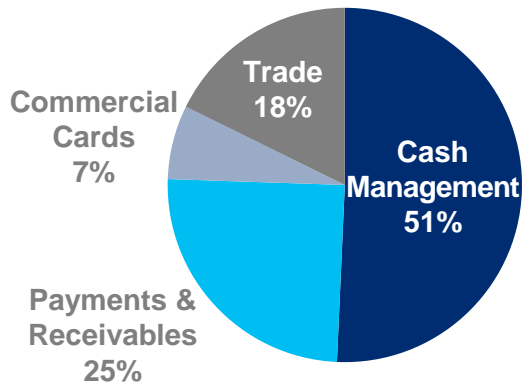
## Stable and Growing Annual Revenues



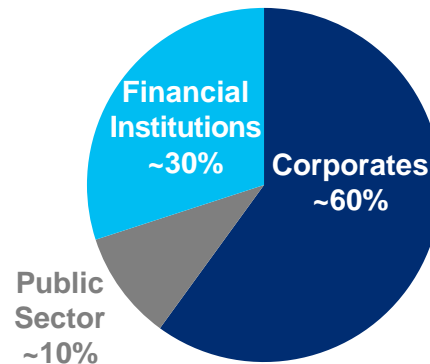
## Diversified Revenues by Product, Client and Geography

(LTM'17)

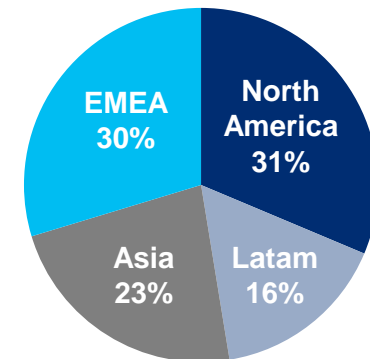
### Product



### Client



### Geography





# Cash Management / Payments & Receivables

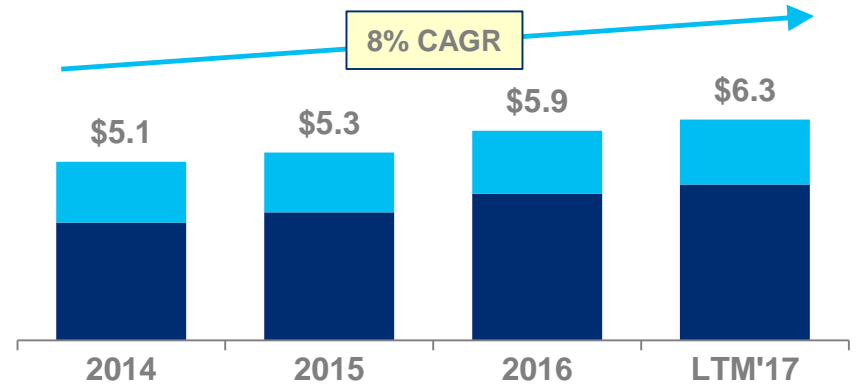
(Constant \$B)

## Execution Priorities

- Capture greater share of current and emerging flows
- Enhance client experience with improved self-service and straight-through-processing capabilities
- Capture benefits of improving interest rate environment
- Maintain and grow high quality deposits consistent with Citi's funding needs by market and currency
- Continue to innovate to provide faster, secure and more transparent payments and receivables solutions

## Revenue Composition and Growth

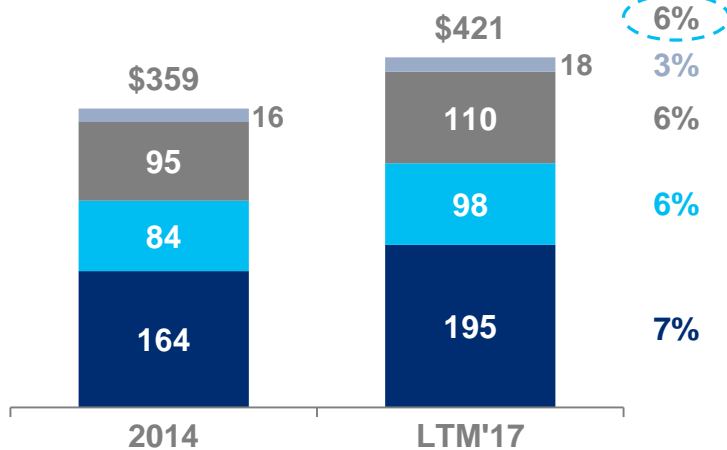
■ Net Interest Revenue ■ Non-Interest Revenue



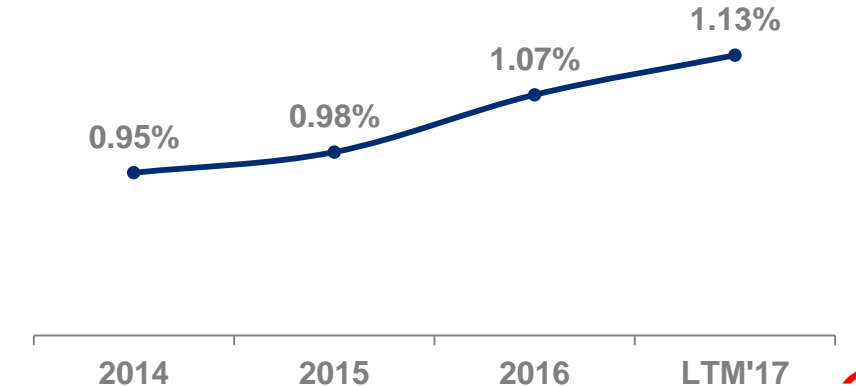
## Growing, Diversified Deposit Base<sup>(1)</sup>

■ NA ■ EMEA ■ Asia ■ Latam

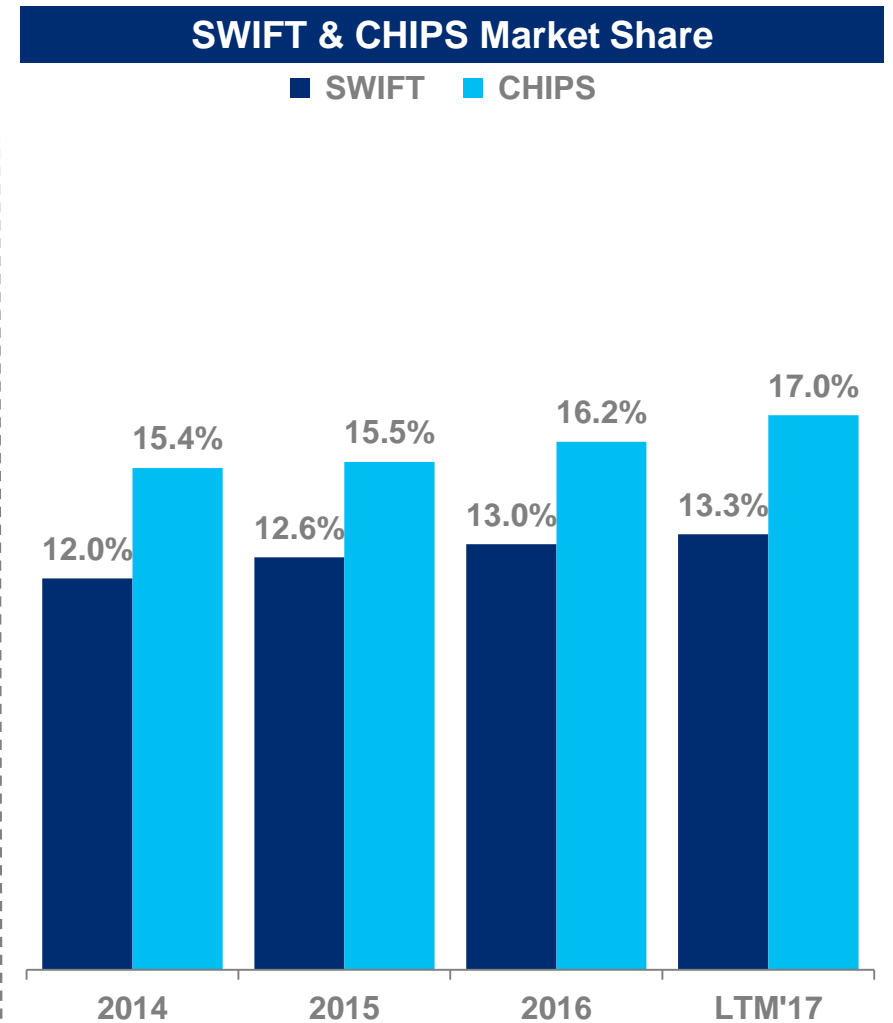
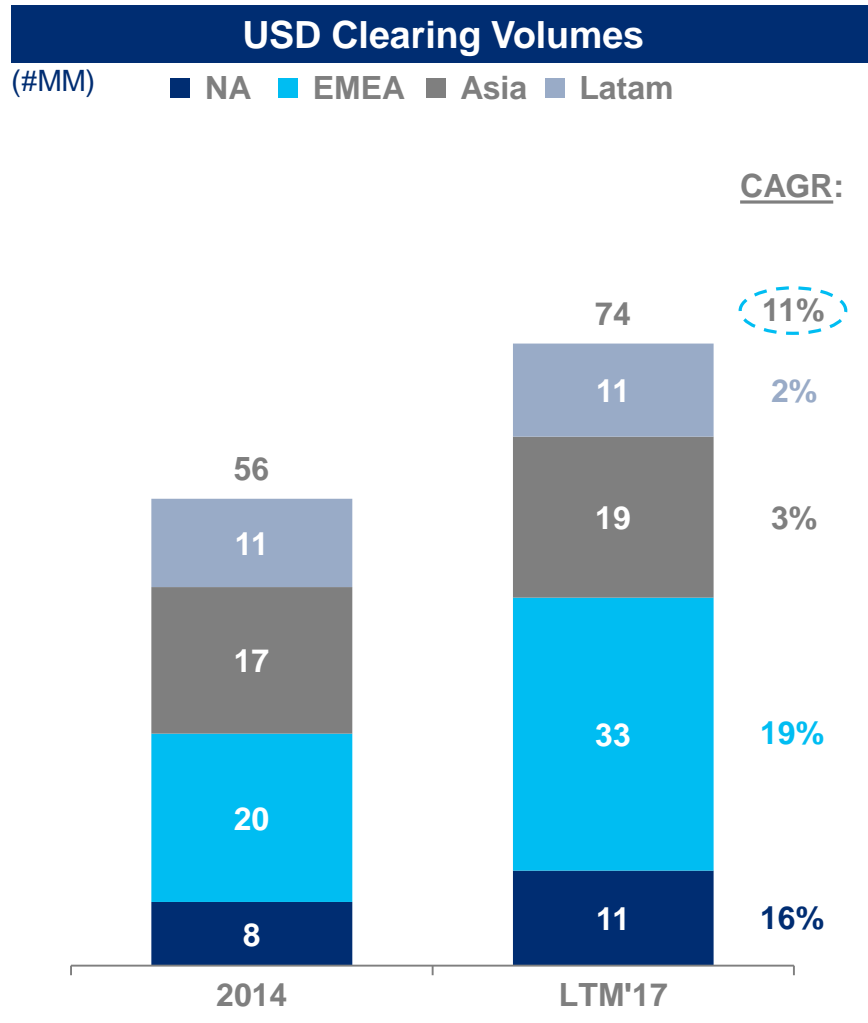
CAGR:



## Net Interest Spreads



# Growing Payment Volumes and Market Share



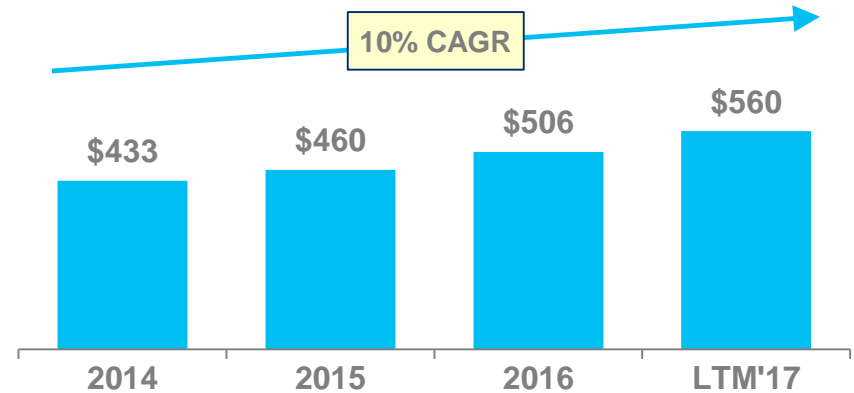
# Commercial Card

## Execution Priorities

- Continue to expand the franchise globally
- Build on strong momentum to grow market share through innovation, product offering enhancements and differentiated client experience
- Leverage network to provide seamless, global offering for multinational clients
- Continue to drive efficiency and client experience through digital penetration and servicing

## Growing Annual Revenues

(Constant \$MM)

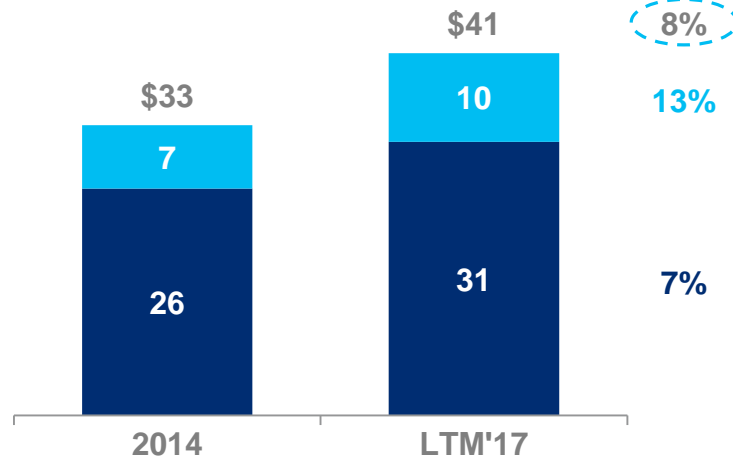


## Commercial Card Spending Volumes

(\$B)

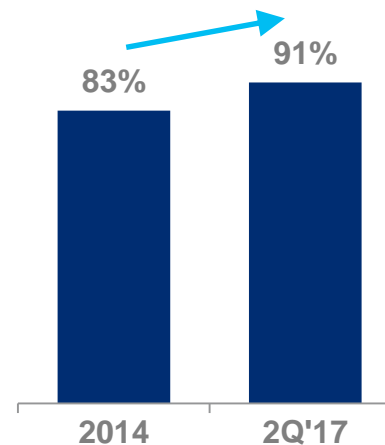
■ NA ■ International

CAGR:

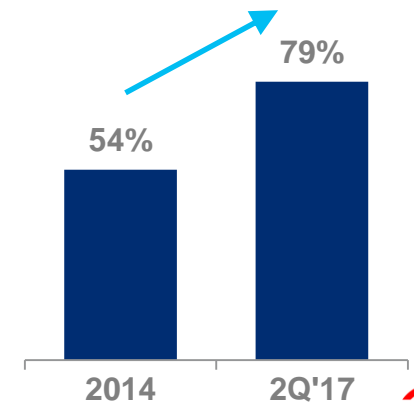


## Digital Penetration

### Digital Acquisitions



### eStatements



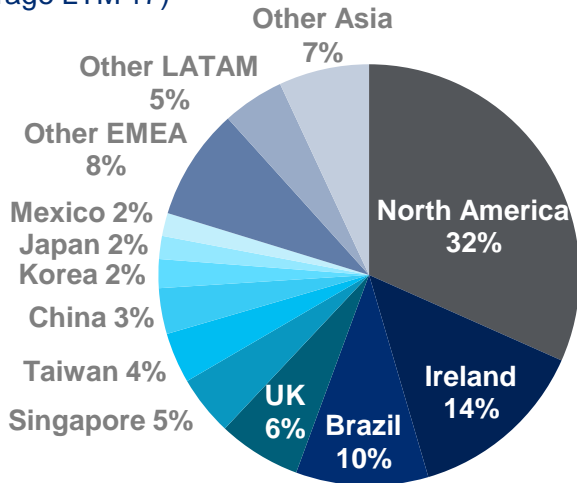
# Trade

## Execution Priorities

- Continue to scale franchise through innovation and technology
- Support clients' working capital needs globally
- Focus on providing more structured, value driven solutions by leveraging Citi's global network and capital markets expertise
- Drive adjacent revenue opportunities (e.g., Payments and Receivables, FX)

## Loan Balances by Geography

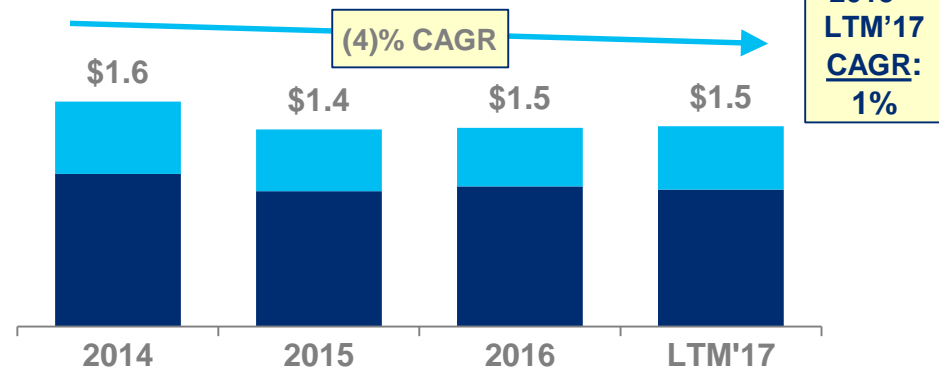
(Average LTM'17)



## Revenue Composition and Growth

(Constant \$B)

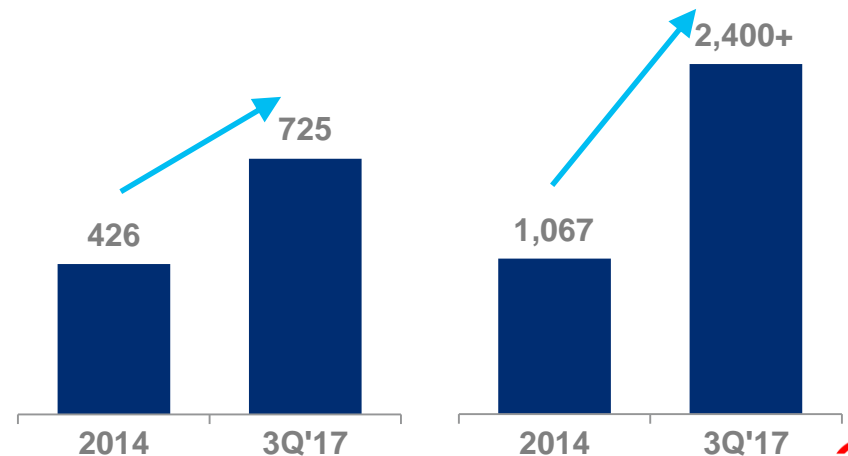
■ Net Interest Revenue ■ Non-Interest Revenue



## Growth in Supply Chain Finance

Number of Programs

Number of Buyers

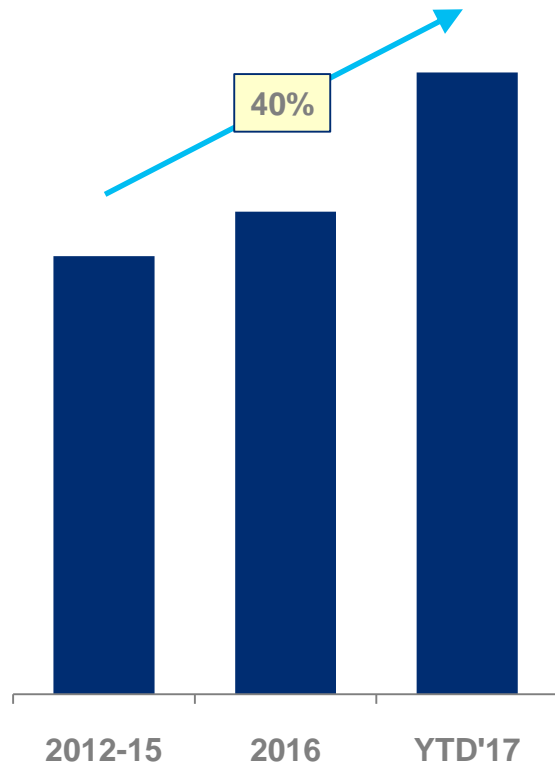


# Global Trade Growth

## Protectionism remains a source of concern...

### Discussion of Protectionism

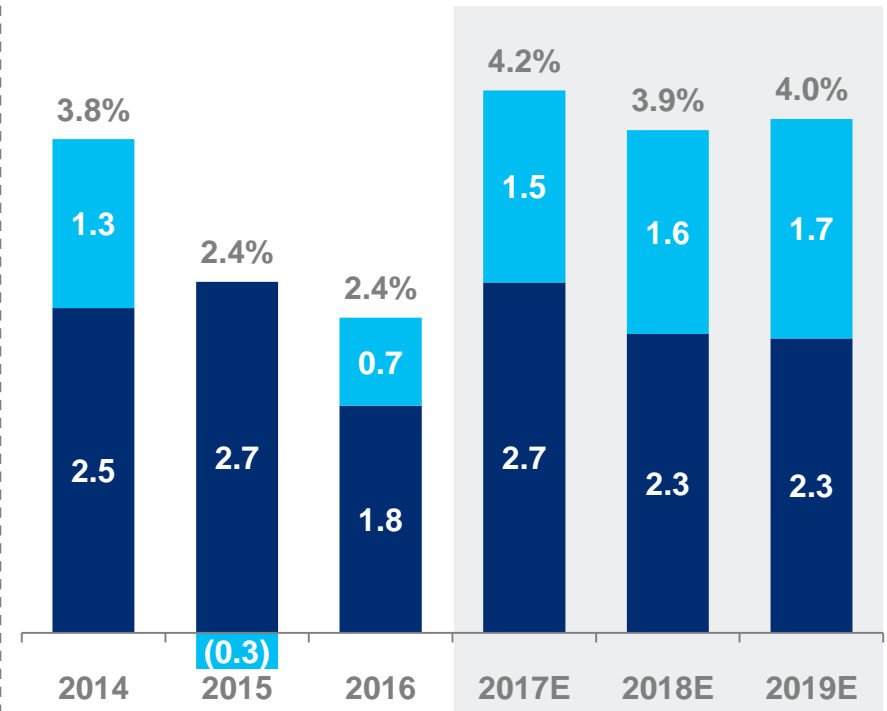
■ Weekly Average Google Searches<sup>(1)</sup>



## ...but trade growth is expected to continue

### % Contribution to Global Trade Growth<sup>(2)</sup>

■ Developed Markets ■ Emerging Markets



**Global trade growth continues to rebound despite rising trade policy uncertainty**

Source: World Bank, June 2017 Global Economic Prospects Report.

(1) Weekly average Google Trend search for "protectionism," "trade restrictions," "trade war" and "import tariffs"; YTD 2017 results through May 21, 2017.

(2) Shaded area indicates forecasts.

# Drivers of TTS Industry Revenue Pool Growth

## Macro Themes

### Globalization



- Growth in global trade and capital flows
- Development of both DM-EM and EM-EM flow corridors
- Growing base of multi-national corporates
- Cross-border M&A
- Drive for efficiency of liquidity and working capital across markets

### Digitization



- Digitizing core banking to enable client strategies and execution
- Adoption of mobile corporate banking solutions
- Emergence of new platforms and technologies
- Potential for value chain disruption

Citi is well-positioned to continue capturing share of a growing revenue pool

# Agenda

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**Strong Foundation for Growth**

**Technology-Driven Franchise**

**Key Takeaways**

# CitiDirect BE<sup>®</sup>

## Omni Channel Client Experience



- Digital corporate banking on desktop, mobile & tablet
- 500K+ users
- 135+ currencies
- 26 languages
- Customizable data analytics
- Rapid mobile / tablet adoption with >\$2T of annual volume<sup>(1)</sup>

## Awards

# EUROMONEY

Best Bank for Transaction Services (2017)

# MODEL BANK AWARD

Brought to you by CELENT



2017 Celent Model Bank Award for Open Banking API



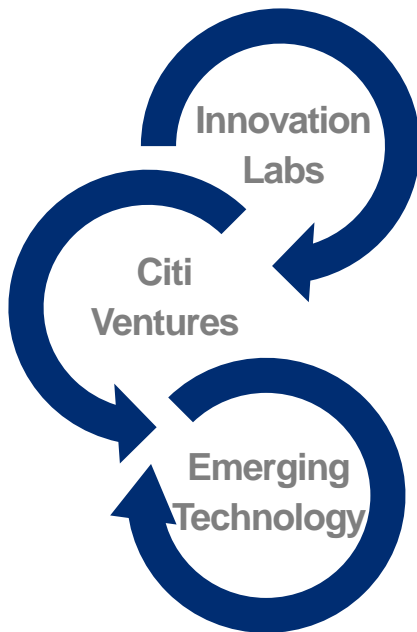
CitiDirect BE ranked # 1 in the 2016 Greenwich Associates Digital Banking Benchmarking study for 11<sup>th</sup> year in a row

Next generation, award winning banking platform



# Innovation Network Drives Next Generation Solutions

Identifying and deploying new technology to continuously adapt to changing client needs



CITI  
INNOVATION  
LAB DUBLIN



CITI  
INNOVATION  
LAB SINGAPORE



citi VENTURES

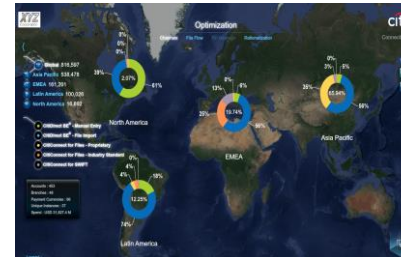
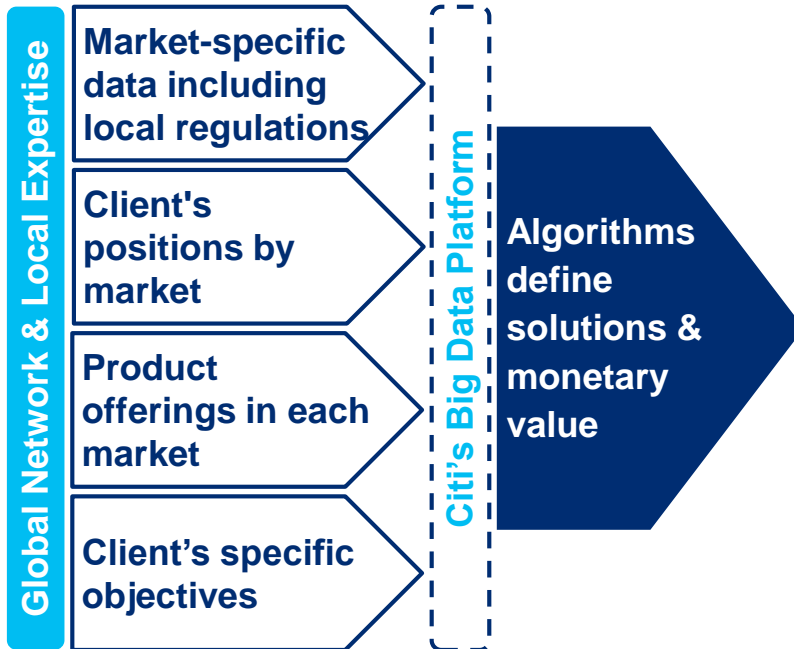


Investing in technology innovations with potential to transform our business

# Case Study: Using Big Data for Interactive Solutions

## TTS Interactive Solutions

## Concrete, Fact-based Client Benefits



Payment Capability



Payment/Collection Efficiency



Working Capital Liquidity Management

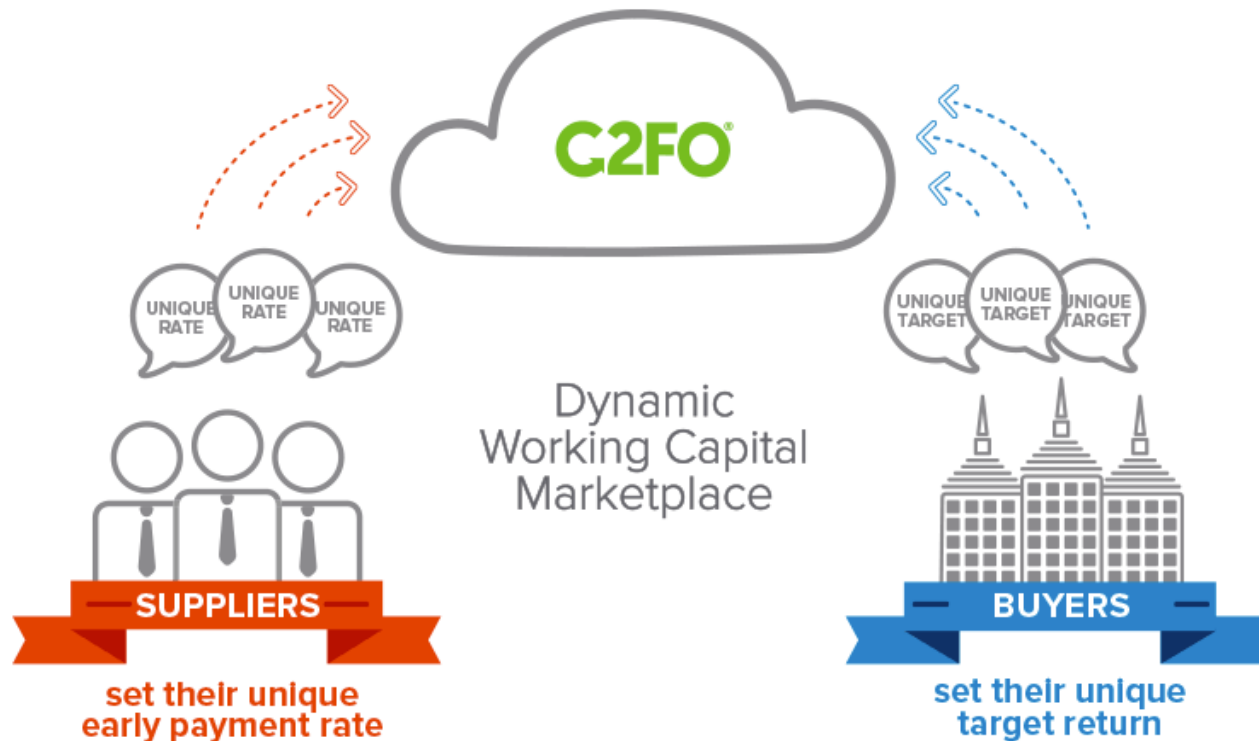


Supply Chain Solutions

## Solutions tailored to each client and their specific treasury objectives

- ✓ Access to liquidity
- ✓ Efficient working capital
- ✓ Strong and stable supply chains
- ✓ Enhanced yield
- ✓ Cost savings
- ✓ Enhanced distribution channels

# Case Study: Citi Dynamic Discounting Program



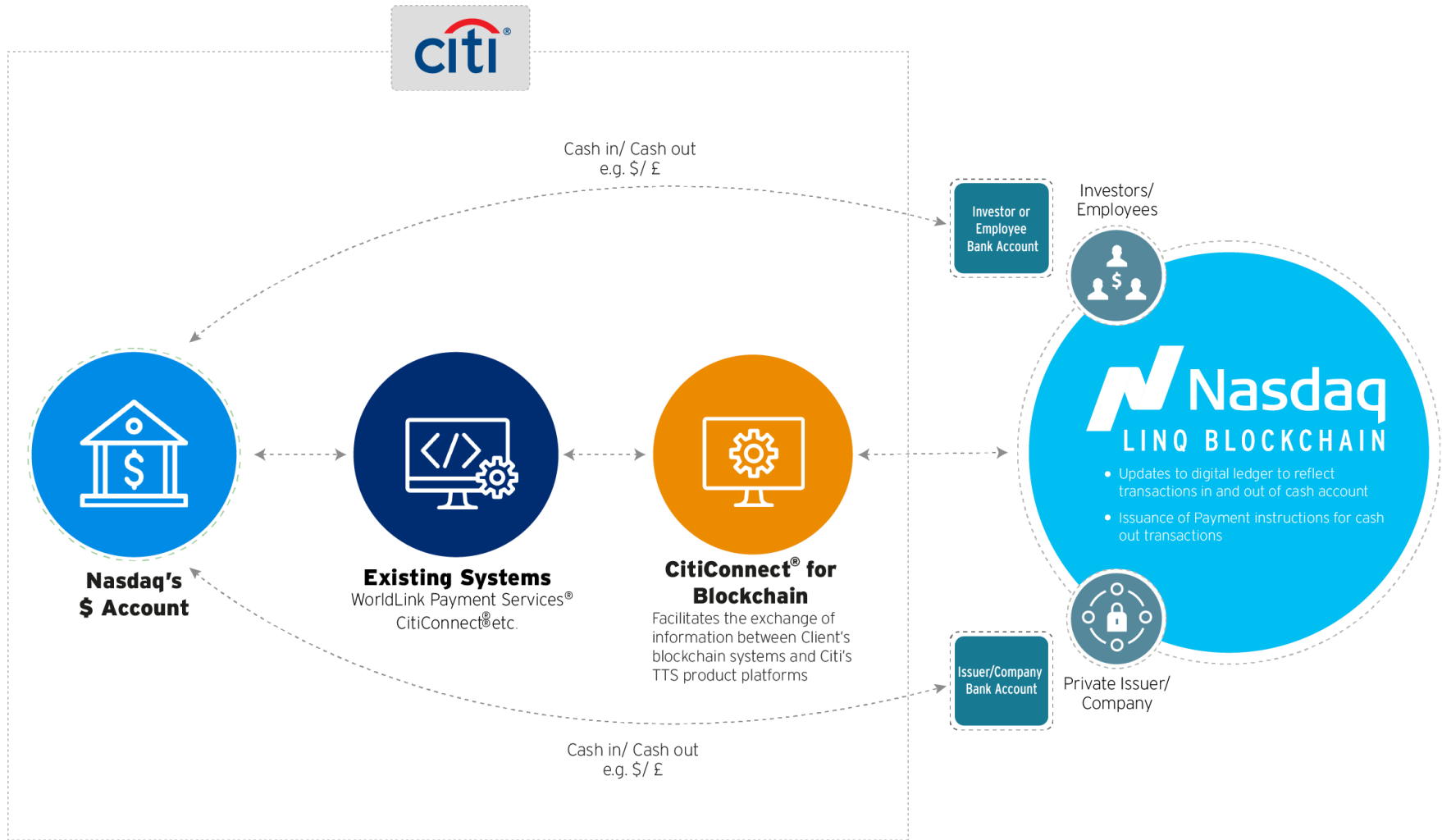
## Benefits for Suppliers:

- Improved cash flow
- Access to early payment securely and on demand

## Benefits for Buyers:

- Revenue and expense management benefits
- Improved financial health of supply chain

# Case Study: CitiConnect<sup>®</sup> for Blockchain



Launch represents a crucial bridge between blockchain platforms and Citi's global network

# Agenda

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**Strong Foundation for Growth**

**Technology-Driven Franchise**

**Key Takeaways**

# Key Takeaways

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## **TTS has unparalleled global reach and diversification**

- Leading cash management and trade solutions provider with unique footprint
- Revenue base diversified by client, product and geography
- Efficient business with attractive returns, generating high-quality deposits

## **Well-positioned for fundamental growth**

- Able to leverage scale on behalf of clients, facilitating global commercial and financial flows
- Significant adjacent product revenue opportunities with target clients
- Well-positioned to capture share of growing cash management and trade revenue pool
- Serving client demand for integrated end-to-end global solutions

## **Technology-driven franchise**

- Enabling client strategies through digitization
- Innovation labs for next generation technology

Certain statements in this presentation are “forward-looking statements” within the meaning of the rules and regulations of the U.S. Securities and Exchange Commission (SEC). These statements are based on management’s current expectations and are subject to uncertainty and changes in circumstances. These statements are not guarantees of future results or occurrences. Actual results and capital and other financial condition may differ materially from those included in these statements due to a variety of factors, including, among others, the precautionary statements included in this presentation and those contained in Citigroup’s filings with the SEC, including without limitation the “Risk Factors” section of Citigroup’s 2016 Form 10-K. Any forward-looking statements made by or on behalf of Citigroup speak only as to the date they are made, and Citi does not undertake to update forward-looking statements to reflect the impact of circumstances or events that arise after the date the forward-looking statements were made.





# TCE Reconciliation

(\$MM)

<b>Tangible Common Equity</b>					
	3Q'17	2Q'17	1Q'17 <sup>(1)</sup>	4Q'16	3Q'16
<b>Total Citigroup Stockholders' Equity</b>	<b>\$227,634</b>	<b>\$230,019</b>	<b>\$227,976</b>	<b>\$225,120</b>	<b>\$231,575</b>
Less: Preferred Stock	19,253	19,253	19,253	19,253	19,253
<b>Common Stockholders' Equity</b>	<b>\$208,381</b>	<b>\$210,766</b>	<b>\$208,723</b>	<b>\$205,867</b>	<b>\$212,322</b>
Less:					
Goodwill	22,345	22,349	22,265	21,659	22,539
Intangible Assets (other than Mortgage Servicing Rights)	4,732	4,887	5,013	5,114	5,358
Goodwill and Identifiable Intangible Assets (other than Mortgage)	48	120	48	72	30
<b>Tangible Common Equity (TCE)</b>	<b>\$181,256</b>	<b>\$183,410</b>	<b>\$181,397</b>	<b>\$179,022</b>	<b>\$184,395</b>

Note:

(1) In March 2017, the FASB issued Accounting Standards Update 2017-08, Premium Amortization on Purchased Callable Debt Securities (ASU 2017-08), which revises existing U.S. GAAP by shortening the amortization period for premiums on certain purchased callable debt securities to the earliest call date, rather than the contractual life of the security. During the second quarter of 2017, Citi early adopted ASU 2017-08 on a modified retrospective basis effective January 1, 2017, resulting in a \$156 million net reduction of Citi's stockholders' equity. 1Q'17 regulatory capital ratios, book value and tangible book value per share have been restated, although the retrospective application was immaterial to these ratios and amounts.

# FX Impact

(\$MM)

Institutional Clients Group	LTM'17	2016	2015	2014
Reported Revenues	\$35,754	\$33,227	\$33,332	\$33,362
Impact of CVA/DVA	-	-	269	(343)
Adjusted Revenues	\$35,754	\$33,227	\$33,063	\$33,705
Impact of FX Translation	-	(94)	(531)	(1,808)
Adjusted Revenues in Constant Dollars	\$35,754	\$33,133	\$32,532	\$31,897

Treasury & Trade Solutions	LTM'17	2016	2015	2014
Reported Revenues	\$8,293	\$7,897	\$7,482	\$7,808
Impact of FX Translation	-	13	(247)	(663)
Reported Revenues in Constant Dollars	\$8,293	\$7,910	\$7,235	\$7,145

Equity Markets	LTM'17	2016	2015	2014
Reported Revenues	\$2,902	\$2,812	\$3,101	\$2,721
Impact of FX Translation	-	19	(14)	(141)
Reported Revenues in Constant Dollars	\$2,902	\$2,831	\$3,087	\$2,580

Investment Banking	LTM'17	2016	2015	2014
Reported Revenues	\$5,062	\$4,302	\$4,557	\$4,730
Impact of FX Translation	-	6	(18)	(136)
Reported Revenues in Constant Dollars	\$5,062	\$4,308	\$4,539	\$4,594

Rates & Currencies	LTM'17	2016	2015	2014
Reported Revenues	\$9,121	\$9,289	\$7,616	\$7,305
Impact of FX Translation	-	(120)	(45)	(249)
Reported Revenues in Constant Dollars	\$9,121	\$9,169	\$7,571	\$7,056

Private Bank	LTM'17	2016	2015	2014
Reported Revenues	\$2,988	\$2,709	\$2,582	\$2,664
Impact of FX Translation	-	0	(17)	(46)
Reported Revenues in Constant Dollars	\$2,988	\$2,709	\$2,565	\$2,618

Securities Services	LTM'17	2016	2015	2014
Reported Revenues	\$2,255	\$2,152	\$2,114	\$2,050
Impact of FX Translation	-	2	(76)	(266)
Reported Revenues in Constant Dollars	\$2,255	\$2,154	\$2,038	\$1,784

Fixed Income	LTM'17	2016	2015	2014
Reported Revenues	\$12,671	\$12,853	\$11,277	\$12,174
Impact of FX Translation	-	(114)	(91)	(365)
Reported Revenues in Constant Dollars	\$12,671	\$12,739	\$11,186	\$11,809

Corporate Lending <sup>(1)</sup>	LTM'17	2016	2015	2014
Reported Revenues	\$1,861	\$1,718	\$1,827	\$1,886
Impact of FX Translation	-	(1)	(49)	(170)
Reported Revenues in Constant Dollars	\$1,861	\$1,717	\$1,778	\$1,716

26 Note: Totals may not sum due to rounding.

(1) Corporate Lending revenues exclude the impact of mark-to-market gains / (losses) on hedges related to accrual loans.