

# 2017 Investor Day

## Franchise Overview & Strategy

Michael Corbat, Chief Executive Officer  
July 25, 2017



**Citi Today**

**Franchise Transformation**

**Strategy & Execution Priorities**

## Streamlined model focused on target clients in two core franchises: Consumer & Institutional banking

### Unparalleled Global Presence

- Largest proprietary global network (98 markets)
- Largest direct clearing and custody network (63 markets)
- Largest global credit card issuer with strong proprietary offerings and partner relationships
- Unique presence in faster-growing financial markets in the emerging markets

### Industry Leading Franchises

- #1 Treasury and trade solutions franchise<sup>(1)</sup>
- #2 Fixed income markets franchise<sup>(2)</sup>
- #1 Global credit card issuer<sup>(3)</sup>
- #5 Global investment banking franchise<sup>(4)</sup>

### Robust Capital & Liquidity

- Currently above every minimum regulatory requirement
- Able to support our clients' growing needs
- Significant capital generation and return capacity
- Increased planned capital return by 55% to ~\$19B in 2017 CCAR Cycle

## Strong Franchise Position and Capital Return Potential

Note:

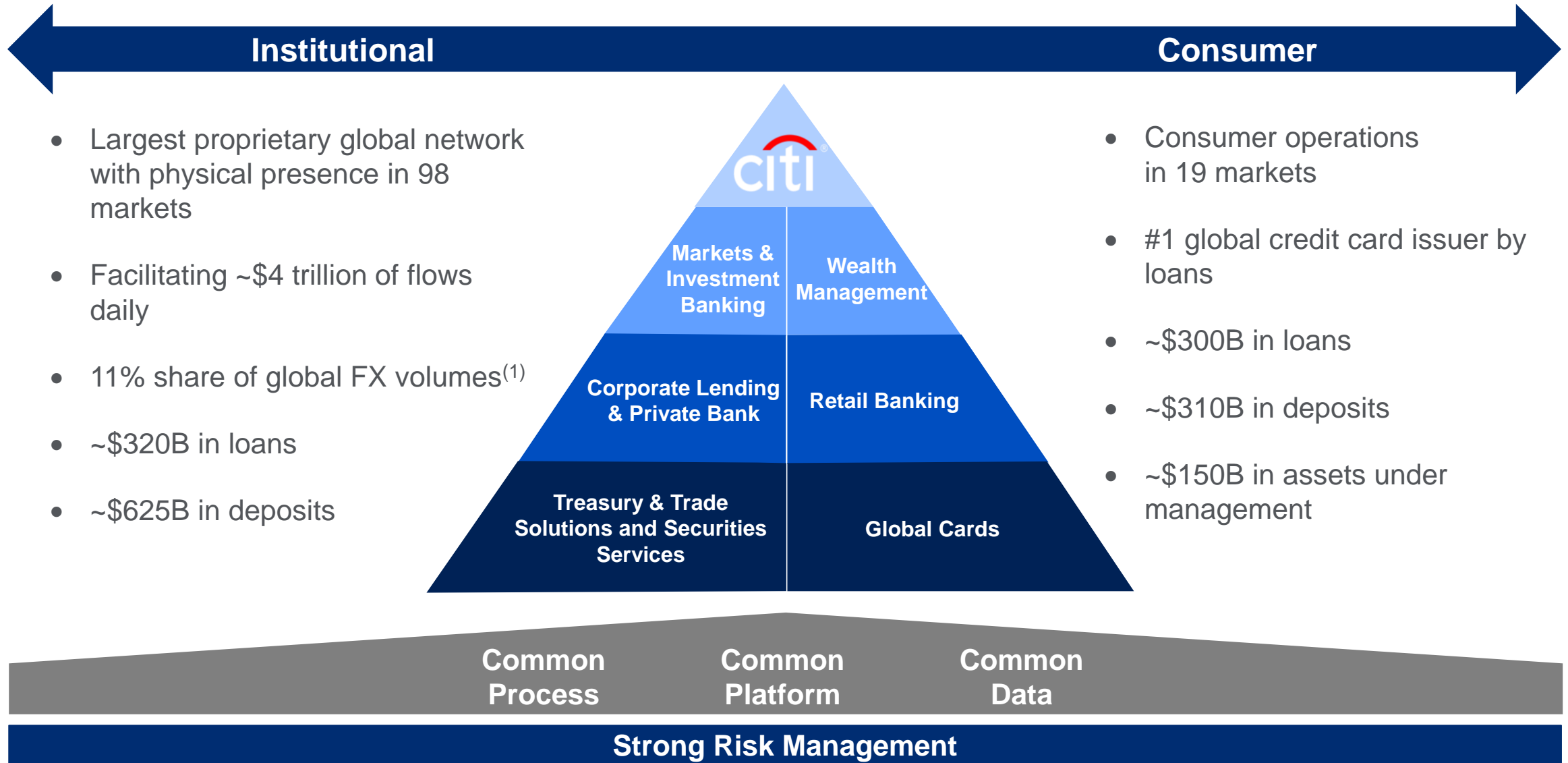
(1) Source: Coalition. Results are based upon Citi's internal product offering taxonomy. LTM'17 as of 2Q'17. 2Q'17 reflects results based on preliminary industry revenue pool. Peer group includes: BAC, BARC, BNP, DB, HSBC, JPM, SG, SCB and WFC.

(2) Source: Coalition. Results are based upon Citi's internal product offering taxonomy. LTM'17 as of 2Q'17. 2Q'17 reflects results based on preliminary industry revenue pool. Peer group includes: BAC, BARC, BNP, CS, DB, GS, JPM, MS, RBS and UBS.

2 (3) Based on loans outstanding as of 2Q'17.

(4) Based on wallet share per Dealogic as of June 30, 2017.

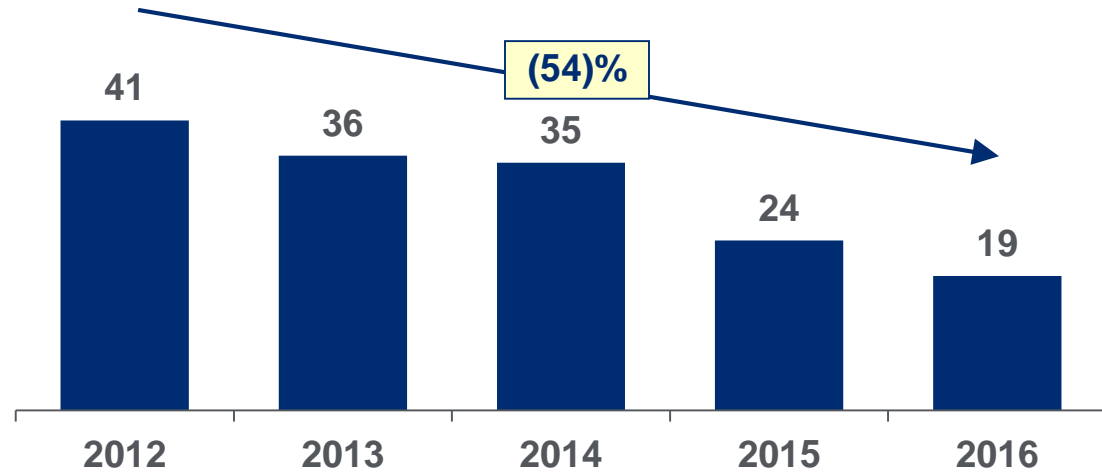
# Simplified, Integrated Business Model



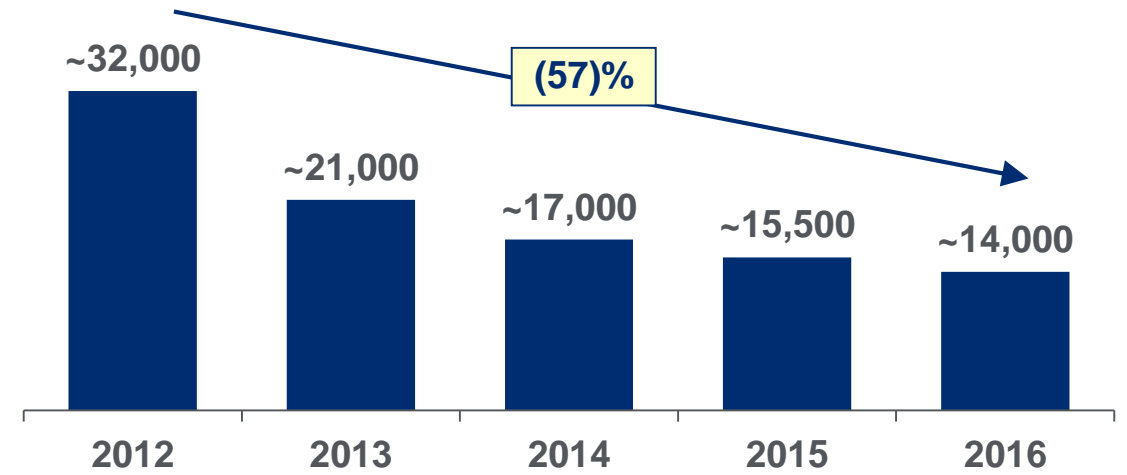
3 Note: Loans, deposits and assets under management as of June 30, 2017.  
(1) Source: Euromoney FX Survey 2017 as of 1Q'17.

# Radically Streamlined the Franchise...

## Consumer Markets

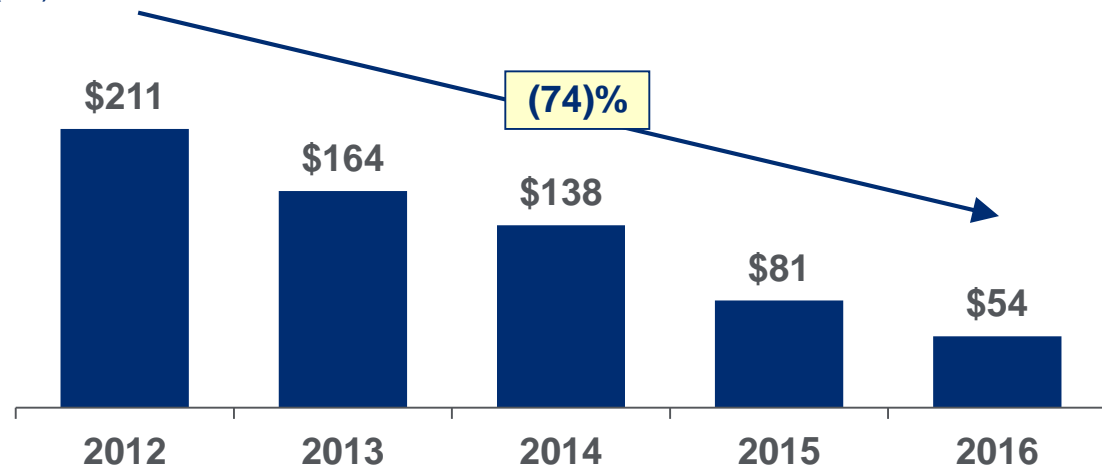


## Institutional Clients



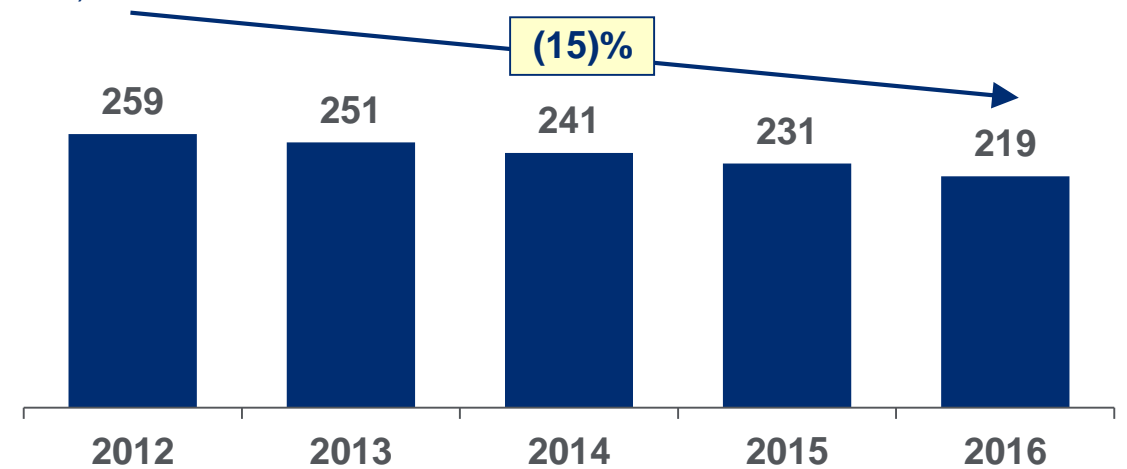
## Legacy Assets

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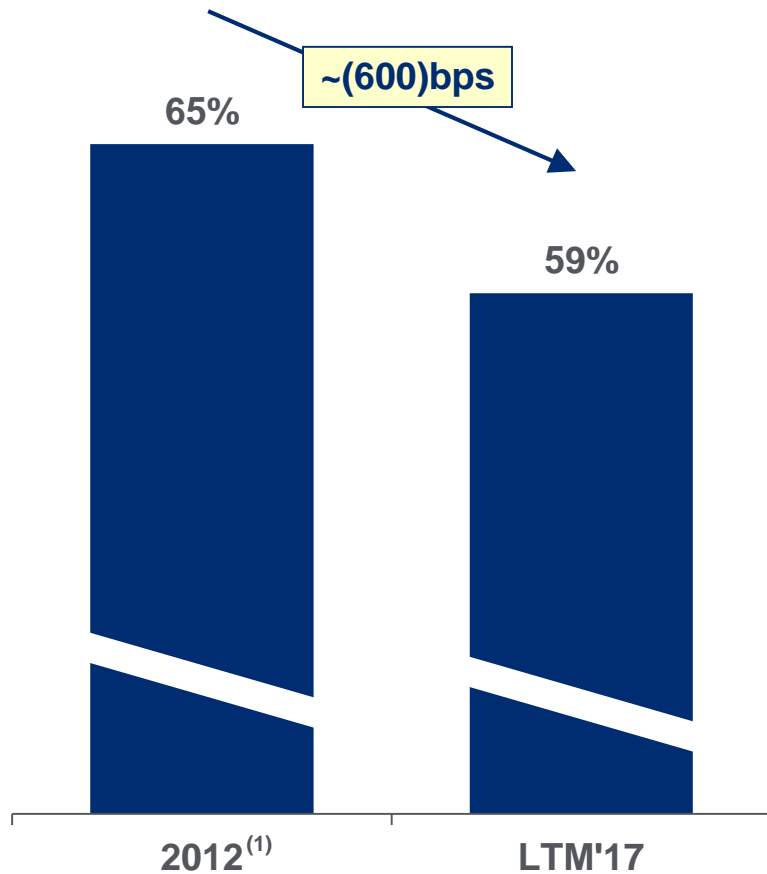
## Headcount

(000's)

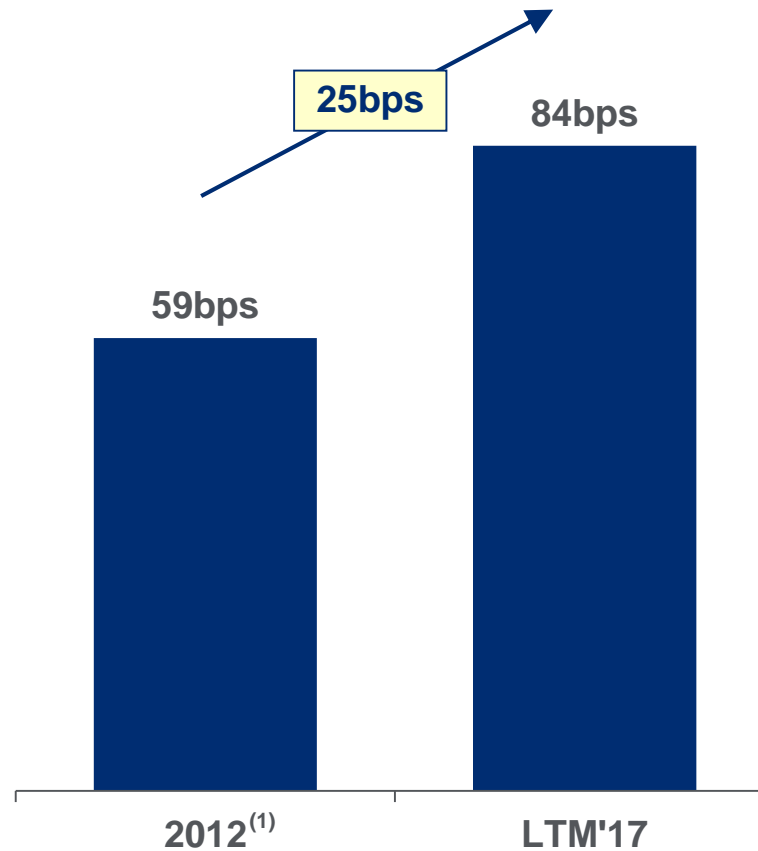


# ...Resulting in Improved Operating Efficiency and ROA

## Operating Efficiency



## ROA



## Achievements

- Divested non-core assets
- Maintained scale in attractive, global franchises
- Grew base of efficient, recurring accrual revenues
- Simplified product offerings
- Rationalized infrastructure
- Improved credit quality

## Headwinds

- Muted economic recovery
- Lower than expected interest rates
- Increased regulatory and compliance costs
- Increased liquidity to satisfy LCR and resolution requirements

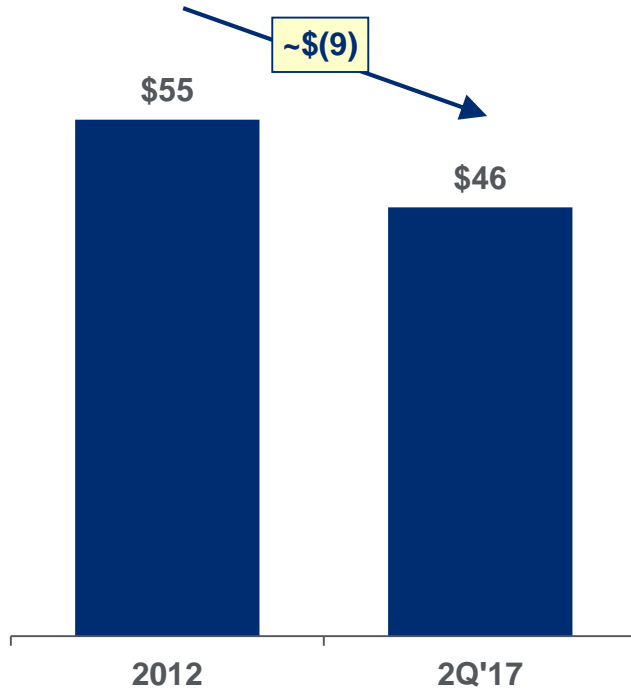
Note: Totals may not sum due to rounding. Throughout this presentation, LTM'17 is defined as last twelve months ending June 30, 2017. LCR: Liquidity Coverage Ratio.

5 (1) As used throughout this presentation, results in 2012 exclude CVA / DVA, the impact of gains / (losses) on the sales of minority interests in certain financial institutions and a tax benefit and are non-GAAP financial measures. For additional information, please refer to Slide 15.

# While Significantly Improving Our Capital Strength

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## DTA Utilization

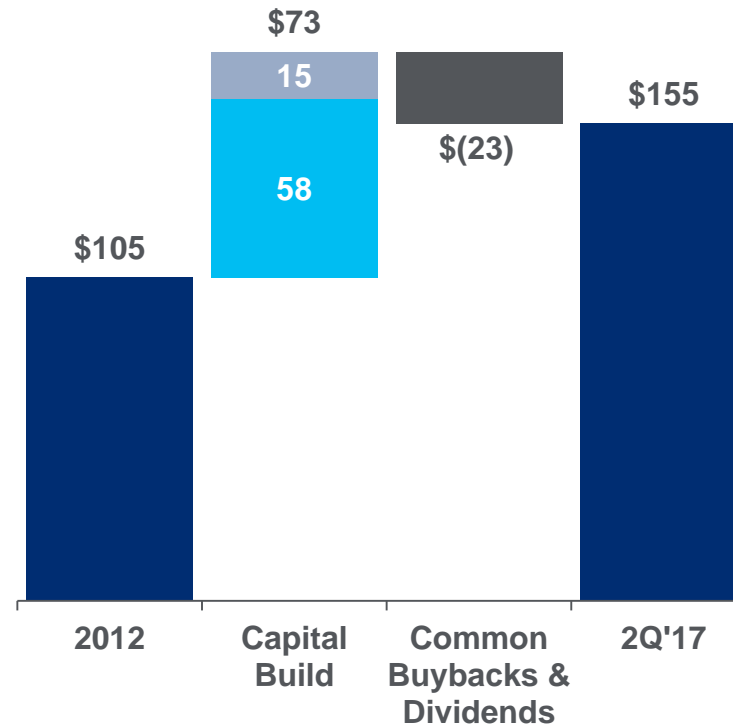


### TCE Supporting Disallowed DTA<sup>(1)</sup>

|       |      |
|-------|------|
| 2012  | \$43 |
| 2Q'17 | \$28 |

## CET1 Capital Generation

■ Net Income + OCI Related ■ DTA Related

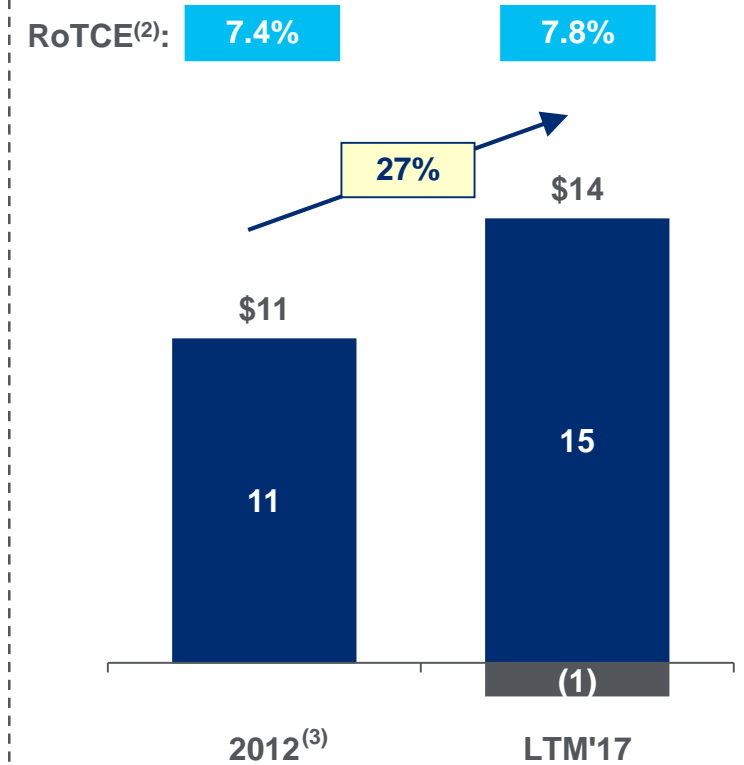


### CET1 Capital Ratio<sup>(2)</sup>

|       |       |
|-------|-------|
| 2012  | 8.7%  |
| 2Q'17 | 13.0% |

## Growth in Net Income to Common

■ Net Income ■ Preferred Dividends



### Average TCE<sup>(2)</sup>

|                     |       |
|---------------------|-------|
| 2012 <sup>(3)</sup> | \$151 |
| LTM'17              | \$183 |

Note: Totals may not sum due to rounding. All information for 2Q'17 is preliminary.

(1) The amount that is excluded from average tangible common equity represents the average net DTAs excluded for purposes of calculating Citigroup's CET1 Capital under full implementation of the U.S. Basel III rules.

(2) As used throughout this presentation, Common Equity Tier 1 (CET1) Capital Ratio, Tangible Common Equity (TCE) and Return on TCE (RoTCE) are non-GAAP financial measures. For additional information on these measures, please refer to Slides 13, 14 and 15.

(3) Results in 2012 exclude CVA / DVA, the impact of gains / (losses) on the sales of minority interests in certain financial institutions and a tax benefit. For additional information, please refer to Slide 15.

# Strategic Priorities to Increase Returns

Serving as trusted partner providing financial services that enable growth and economic progress

## Client-led Revenue Growth

- Invest and innovate to deepen relationships and transform the client experience
- Extend leadership positions and continue to gain wallet share in areas where we have a differentiated ability to serve our target clients
- Leverage our global footprint and expertise on behalf of our clients

## Capabilities & Operating Discipline

- Drive scale efficiencies through common platforms and processes
- Rapidly seed innovation across markets and businesses, with unique ability to leverage digital capabilities across global footprint

## Capital Optimization

- Optimize capital deployment to deliver improved returns
- Return capital above the amount needed to prudently operate and invest in the businesses



Improving  
Return  
on  
Capital



Increasing  
Return  
of  
Capital



# Leveraging and Extending Global Capabilities – Digital

Transforming the client experience while improving our cost to serve

Transforming the client experience

Accelerating time to market with new features

Sharing and leveraging across the firm

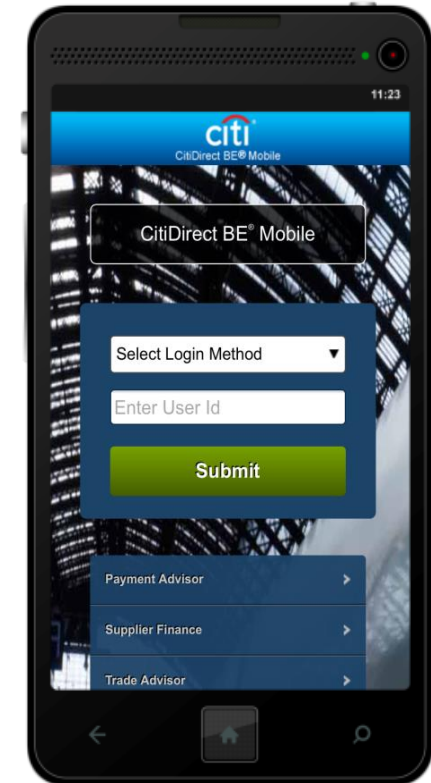
Sourcing innovation from a broad network

Co-creating with our clients

## Mobile Consumer Banking with Citigold integrated app



## Mobile Corporate Banking with CitiDirect BE



# Poised to Deliver Attractive and Sustainable Returns

## Our Future

### Consumer bank with light physical footprint and high digital capabilities

- #1 global card issuer
- Bank of choice for affluent clients globally
- Leveraging global capabilities to drive local advantages

### Institutional bank with unparalleled global reach and leading market positions

- #1 global cash management
- Leader in fixed income
- Top 5 in equities
- Top 3 in investment banking



## Sustainable Growth<sup>(1)</sup>

- Revenue CAGR: 3%+/-
- Net Income CAGR: 5 – 10%
- Implies ~\$20B of Net Income in 2020
- EPS CAGR: 15 – 20%

## 2020 Target Results

- Efficiency Ratio: Low – 50%
- ROA: 90bps – 110bps
- RoTCE: ~11%
- RoTCE ex. DTA: ~13%

<sup>9</sup> Note:  
(1) Illustrative results through 2020.

# Agenda & Key Takeaways

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## **Franchise Overview:** **Michael Corbat**

- Large-scale restructuring is over but we continue to optimize for improved returns
- Well-positioned for growth with our target clients
- Demonstrated progress in addressing surplus capital with 2017 CCAR approval

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## **Financial Overview:** **John Gerspach**

- Path to achieving ~14% RoTCE longer-term – through both earnings growth and capital optimization
- Revenue and efficiency levers to drive operating efficiency to low-50% range
- Capital optimization to drive CET1 Capital ratio to target level by end of 2019

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## **Global Consumer Banking:** **Stephen Bird** **Jud Linville**

- Path to achieving 20%+ RoTCE longer-term – revenue growth, operating leverage and credit drivers
- Diversified franchise with strong market positions
- Leveraging digital innovation to drive acquisitions and differentiate the client experience

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## **Institutional Clients Group:** **Jamie Forese**

- Path to achieving 14%+ RoTCE longer-term – revenue growth, operating leverage and credit drivers
- Diversified franchise with strong market positions
- Extending leadership positions and gaining market share in other key products

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The Citi logo is centered on a blue gradient background. It features the word "citi" in a white, lowercase, sans-serif font. A red, curved arch is positioned above the letters "i" and "t". To the right of the word "citi" is a small white registered trademark symbol (®).

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# Common Equity Tier 1 Capital Ratio and Components<sup>(1)</sup>

(\$MM)

|   | 6/30/2017 <sup>(2)</sup> | 12/31/2016         | 12/31/2015         | 12/31/2014         | 12/31/2013         | 12/31/2012         |
|---|--------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| <b>Citigroup Common Stockholders' Equity<sup>(3)</sup></b>  | <b>\$210,950</b>         | <b>\$206,051</b>   | <b>\$205,286</b>   | <b>\$199,841</b>   | <b>\$197,347</b>   | <b>\$186,155</b>   |
| Add: Qualifying noncontrolling interests  | 143                      | 129                | 145                | 165                | 182                | 171                |
| <b>Regulatory Capital Adjustments and Deductions:</b>   |                          |                    |                    |                    |                    |                    |
| Less:   |                          |                    |                    |                    |                    |                    |
| Accumulated net unrealized losses on cash flow hedges, net of tax <sup>(4)</sup>  | (445)                    | (560)              | (617)              | (909)              | (1,245)            | (2,293)            |
| Cumulative unrealized net gain (loss) related to changes in fair value of financial liabilities attributable to own creditworthiness, net of tax <sup>(5)</sup> | (291)                    | (61)               | 441                | 279                | 177                | 587                |
| Intangible Assets:  |                          |                    |                    |                    |                    |                    |
| Goodwill, net of related deferred tax liabilities (DTLs) <sup>(6)</sup>   | 21,589                   | 20,858             | 21,980             | 22,805             | 24,518             | 25,488             |
| Identifiable intangible assets other than mortgage servicing rights (MSRs), net of related DTLs   | 4,587                    | 4,876              | 3,586              | 4,373              | 4,950              | 5,632              |
| Defined benefit pension plan net assets   | 796                      | 857                | 794                | 936                | 1,125              | 732                |
| Deferred tax assets (DTAs) arising from net operating loss, foreign tax credit and general business credit carry-forwards                                       | 20,832                   | 21,337             | 23,659             | 23,626             | 26,438             | 29,100             |
| Excess over 10% / 15% limitations for other DTAs, certain common stock investments and MSRs <sup>(7)</sup>  | 8,851                    | 9,357              | 8,723              | 12,299             | 16,217             | 21,940             |
| <b>Common Equity Tier 1 Capital (CET1)</b>  | <b>\$155,174</b>         | <b>\$149,516</b>   | <b>\$146,865</b>   | <b>\$136,597</b>   | <b>\$125,349</b>   | <b>\$105,140</b>   |
| <b>Risk-Weighted Assets (RWA)</b>   | <b>\$1,189,490</b>       | <b>\$1,189,680</b> | <b>\$1,216,277</b> | <b>\$1,292,605</b> | <b>\$1,185,443</b> | <b>\$1,205,820</b> |
| <b>Common Equity Tier 1 Capital Ratio (CET1 / RWA)</b>  | <b>13.0%</b>             | <b>12.6%</b>       | <b>12.1%</b>       | <b>10.6%</b>       | <b>10.6%</b>       | <b>8.7%</b>        |

Note:

- (1) Citi's reported CET1 Capital ratios were derived under the U.S. Basel III Standardized Approach framework for June 30, 2017 and U.S. Basel III Advanced Approaches framework for periods prior to June 30, 2017. This reflects the lower of the CET1 Capital ratios under both the Standardized Approach and the Advanced Approaches under the Collins Amendment. Citigroup's risk-based capital ratios, which reflect full implementation of the U.S. Basel III rules, are non-GAAP financial measures.
- (2) Preliminary.
- (3) Excludes issuance costs related to outstanding preferred stock in accordance with Federal Reserve Board regulatory reporting requirements.
- (4) Common Equity Tier 1 Capital is adjusted for accumulated net unrealized gains (losses) on cash flow hedges included in accumulated other comprehensive income that relate to the hedging of items not recognized at fair value on the balance sheet.
- (5) The cumulative impact of changes in Citigroup's own creditworthiness in valuing liabilities for which the fair value option has been elected and own-credit valuation adjustments on derivatives are excluded from Common Equity Tier 1 Capital, in accordance with the U.S. Basel III rules.
- (6) Includes goodwill "embedded" in the valuation of significant common stock investments in unconsolidated financial institutions.
- (7) Assets subject to 10% / 15% limitations include MSRs, DTAs arising from temporary differences and significant common stock investments in unconsolidated financial institutions. Commencing with December 31, 2015 and for the reporting periods thereafter, the deduction related only to DTAs arising from temporary differences that exceeded the 10% limitation while at December 31, 2014 and prior, this deduction related to all three assets which exceeded the 10% and 15% limitations.

# TCE Reconciliation

(\$MM)

|  | 2Q'17 <sup>(1)</sup> | 4Q'16            | 4Q'15            | 4Q'14            | 4Q'13            | 4Q'12            |
|--|----------------------|------------------|------------------|------------------|------------------|------------------|
| <b>Total Citigroup Stockholders' Equity</b>  | <b>\$230,019</b>     | <b>\$225,120</b> | <b>\$221,857</b> | <b>\$210,185</b> | <b>\$203,992</b> | <b>\$188,717</b> |
| Less: Preferred Stock  | 19,253               | 19,253           | 16,718           | 10,468           | 6,738            | 2,562            |
| <b>Common Stockholders' Equity</b>   | <b>\$210,766</b>     | <b>\$205,867</b> | <b>\$205,139</b> | <b>\$199,717</b> | <b>\$197,254</b> | <b>\$186,155</b> |
| Less:  |                      |                  |                  |                  |                  |                  |
| Goodwill   | 22,349               | 21,659           | 22,349           | 23,592           | 25,009           | 25,673           |
| Intangible Assets (other than Mortgage Servicing Rights)   | 4,887                | 5,114            | 3,721            | 4,566            | 5,056            | 5,697            |
| Goodwill and Identifiable Intangible Assets (other than Mortgage Servicing Rights) Related to Assets Held-for-Sale | 120                  | 72               | 68               | 71               | -                | 32               |
| Net Deferred Taxes - Related to Goodwill and Intangible Assets Above   | -                    | -                | -                | -                | -                | 32               |
| <b>Tangible Common Equity (TCE)</b>  | <b>\$183,410</b>     | <b>\$179,022</b> | <b>\$179,001</b> | <b>\$171,488</b> | <b>\$167,189</b> | <b>\$154,721</b> |

# Reconciliations

(\$MM, except balance sheet items in \$B)

| Citigroup                            | LTM'17          | 2012            |
|--------------------------------------|-----------------|-----------------|
| <b>Reported Revenues (GAAP)</b>      | <b>\$70,793</b> | <b>\$69,530</b> |
| Impact of:                           |                 |                 |
| CVA / DVA                            | -               | (2,330)         |
| MSSB <sup>(1)</sup>                  | -               | (4,684)         |
| HDFC <sup>(1)</sup>                  | -               | 1,116           |
| Akbank <sup>(1)</sup>                | -               | (1,605)         |
| SPDB <sup>(1)</sup>                  | -               | 542             |
| <b>Adjusted Revenues</b>             | <b>\$70,793</b> | <b>\$76,491</b> |
| <b>Reported Expenses (GAAP)</b>      | <b>\$41,507</b> | <b>\$50,036</b> |
| Impact of:                           |                 |                 |
| HDFC                                 | -               | (4)             |
| <b>Adjusted Expenses</b>             | <b>\$41,507</b> | <b>\$50,032</b> |
| <b>Adjusted Efficiency Ratio</b>     | <b>59%</b>      | <b>65%</b>      |
| <b>Reported Net Income (GAAP)</b>    | <b>\$15,375</b> | <b>\$7,491</b>  |
| Impact of:                           |                 |                 |
| CVA / DVA                            | -               | (1,446)         |
| MSSB                                 | -               | (2,897)         |
| HDFC                                 | -               | 722             |
| Akbank                               | -               | (1,037)         |
| SPDB                                 | -               | 349             |
| Tax Item                             | -               | 582             |
| <b>Adjusted Net Income</b>           | <b>\$15,375</b> | <b>\$11,218</b> |
| Preferred Dividends                  | 1,166           | 26              |
| <b>Adjusted Net Income to Common</b> | <b>\$14,209</b> | <b>\$11,192</b> |
| <b>Average Assets (\$B)</b>          | <b>\$1,837</b>  | <b>\$1,911</b>  |
| <b>Adjusted ROA</b>                  | <b>0.84%</b>    | <b>0.59%</b>    |
| <b>Average TCE (\$B)</b>             | <b>\$183</b>    | <b>\$151</b>    |
| <b>Adjusted RoTCE<sup>(2)</sup></b>  | <b>7.8%</b>     | <b>7.4%</b>     |

Note: All information for 2Q'17 is preliminary.

15 (1) For additional information, please refer to Citigroup's 2012 Form 10-K.

(2) RoTCE represents net income available to common shareholders as a percentage of average TCE.

