



Global Wealth – Jim O'Donnell

Jim O'Donnell:

Thanks, Anand. And good morning everyone. I'm Jim O'Donnell. I became head of Wealth a little over a year ago after 22 years at Citi. Most recently, I ran Global Investor Sales and Relationship Management for our markets and security services business. Much like Wealth Management, it was truly a people business and having worked closely with asset and wealth managers around the world, I could not be more excited to use this experience to build Citi's wealth business and I think we have a huge opportunity ahead of us. As you all know, there's incredible wealth creation happening globally, and client demographics are shifting. More and more clients are looking for advice that encompasses their full financial lives. They're putting an increased premium on relationships and personalized service combined with a seamless digital experience.

Integrating our wealth business gives us the resources, the talent, and the platform to deliver just that. And because of our global footprint, our ability to leverage Citi's network and the strong foundation we already have, we are well positioned to deliver excellence for our clients, grow our market share, and create value for you, our investors. As you heard from Jane earlier, we have all the pieces to build a leading franchise, but we need to pull it all together. We have spent the last year integrating our wealth business, building a new leadership team, and creating a strategy for the future. We are now in execution mode and we are making clear progress. I'm incredibly confident we will build a winning business in wealth management for Citi.

So let's talk about our business today. We're not starting from scratch. We have strong assets. We have globally recognized brands, strong client relationships, best in class research, and clear synergies across Citi. As you can see on the slide, we are a \$7.5 billion dollar business today with revenues evenly split between our ultra-high net worth clients, our private bank, and high net worth and affluent clients, Citi Gold.

We serve over 500,000 clients with more than \$800 billion in client assets through nearly 3,000 advisors. Our strong foundation spans across client segments, geographies, and product capabilities. As you've heard, we are already a top three wealth manager in Asia and a top five global private bank. Our law firm group, which is the foundation of our Global Wealth At Work business is the industry leader in providing financial services to the legal industry. As you can see on the slide, we have a global footprint with nearly half of our business coming from outside the United States. This is absolutely a clear differentiator for us. We are one of the few firms that operates and has the physical presence in all key global wealth markets. And we are a major player in all of the international wealth hubs that have significant cross border flows. And we plan to scale in every one of those markets.

We also have a diverse product mix as see on the slide as well. We're particularly strong in banking and lending which account for over 60% of our revenues, but we need to earn more of our clients' investments business. We do have a best-in-class investment platform, which we were able to grow by 27% last year. However, our goal is to significantly grow this over the next few years and achieve a better balance between banking and lending and our investments business. This will very much enhance our returns. And most importantly, deliver more value for our clients. Let me tell you a little bit now about our value proposition. Our mission is to deliver a total wealth solution to our clients, integrating advice and execution across both their assets and their liabilities. Very few firms have these capabilities on a global scale. We do.

As an integrated business, we can deliver comprehensive solutions that range from core personal banking and lending to leading institutional capabilities. We deliver everything our clients need, from a checking account, a credit card, or a mortgage, to investment management and access to global capital markets. And for our wealthiest clients and family offices, we provide all of that plus specialized financing and corporate and M&A services. And we deliver these solutions across the entire wealth continuum, from the affluent to the ultra-high net worth. Now, let me give you a quick overview of our brands. Citi Gold and Citi Gold pPrivate cClient serve our affluent and high net worth clients. Our pPrivate Bank serves our ultra-high net worth clients and the family offices of the world's wealthiest individuals. Finally, Global Wealth At Work. This is our business that is focused on workplace wealth management.

We have seen that clients across all levels of wealth want their financial lives to be simpler and personalized and rightfully so. They want timely advice and recommendations all tailored to their evolving needs throughout their financial lives. Citi has the capability to deliver this at scale across all geographies and client segments by leveraging our entire franchise.

As Jane said, our global network across retail banking and ICG is a key differentiator for us. It provides client referrals and product expertise. Let me tell you a little bit about our synergies. We generated more than \$1 billion between our Wealth Management business and our Institutional Clients Group last year. We expect this to significantly increase as we scale and invest in our businesses. Citi's global businesses have also served as a major source of client referrals. As you can see on the slide, last year, we captured over 50,000 new wealth clients from our retail banking network. And we also generated a record 730 client referrals with an average net worth of more than \$400 million between our Private Bank and our Institutional Clients Group. So our partnerships with our BCMA markets and retail banking teams are already delivering meaningful results. And there's lots more to come.

We're excited to build the same type of close partnership with our Commercial bank. As my colleague Tasmin told us a little while ago, more than 90% of Commercial Bank clients are private companies, which represents an enormous opportunity for our wealth business. Now as an integrated wealth business, we're also now breaking down more silos. And in the coming weeks, we will deliver our best-in-class research to all of our 500,000 wealth clients. Doing all of this will allow us to better serve clients and improve our returns. And I think as you can see, the close and successful partnerships we have built, and are building throughout Citi are core to how we deliver value for our clients and our shareholders. And this is an absolutely critical part of our strategy. Now, I'd like you to hear directly from a few of our clients about how we're delivering value for them across all of our firm.

Ida Liu:

With a global network and local expertise, we're uniquely positioned to advise our ultra-high net worth clients, their families, and their companies around the world.

Marc Lasry:

Citi was my first bank. When I got to New York, I was all excited to get my little Citi card. I didn't know you could take money out of cash machines. So I was all excited. My relationship with Citi just became longer and deeper. They're phenomenal. I mean, you wouldn't think for such a large bank that they would be so personal about all the little details. We can break it down on the business side and then on the personal side. Our firm is global and so the things I do are global in nature. So I need a partner who can understand that.

Stavros Niarchos:

Our relationship with Citibank goes back more than half a century with my family at large. Citi as an institution is a truly global one. And it really helps when they want to serve a client who actually also travels, who actually also has needs in different places. And it's something which is taken for granted by many, but it's in my view, something very rare.

Naz Vahid:

We have tried and tested our business model with Law Firm Group for over 50 years. With that as our foundation, we are expanding our business to further meet our clients' needs.

Dan Zubkoff:

My personal life cycle, professional life cycle as a partner of the firm has mirrored my relationship with Citibank. I'm now working with Citibank proactively on my sort of longer-term plans in terms of retirement income and asset accumulation and estate planning. And it's been a tremendous partnership.

Jim O'Donnell:

A huge thank you to our clients who are part of that video. I absolutely love hearing how we help them achieve their goals. These are the type of relationships that define our wealth strategy, and we are focused, just a refresher, on three core client segments. The ultra-high net worth space, our private bank, regional strategies in the affluent and high net worth market, especially in the U.S. and in Asia, and our Global Wealth At Work business. Underscoring all of these initiatives is our investment in both talent and technology.

Hiring and retaining talent is one of the most important parts of our strategy. As I said, we're very much a people business, focused on the fastest growing markets. We are significantly increasing the number of our client advisors. And despite the talent war across the industry, we are attracting great external candidates. We added more than 400 advisors in 2021, an increase of nearly 20%. And above all, we're also keenly focused on investing in and retaining our existing talent. We've seen that our own advisors and the ones that we're hiring value Citi's network. That includes our ability to source clients through our retail and institutional platforms and the access to our best-in-class banking and wealth solutions. And across the board, we are focused on creating a diverse talent base that very much reflects the clients we serve.

We are confident we can double our advisor base over the next five years. And as you can see in the slide, we're also building a digital experience that better connects our talent and our technology. Now, this is an area where we historically underinvested. By integrating our wealth team, we have now created a single technology unit. This will allow us to more effectively invest in three core priorities. Client experience, advisor experience, and product capabilities. For our clients, we're creating an enhanced digital experience with new products like Citi Self Invest, which I'll discuss more in a little bit,

and better online tools. For our advisors, we're enhancing and simplifying how they serve their clients through a unified CRM system and improved workstation and easy digital client onboarding.

And finally, we are investing in our infrastructure to improve product capabilities, such as enhancing our separately managed account and margin lending platforms and developing personalized content and solutions. Now, I'd like to take you through our growth initiatives in a bit more detail. Starting with our top five pPrivate Bank, it's a great business with great people. It represents 40% of our revenues with nearly half a trillion dollars in assets and 10,000 clients who have an average net worth of more than \$400 million. We've had strong growth over the last few years, especially in client acquisition. Last year alone, we onboarded 800 new clients, a record and grew our assets by 9%. And we've only just begun.

To build on this strong foundation and capture new sources of wealth, we are scaling across geographies and building new client segments. We are already on the ground in our Private Bank in 50 cities, across 18 countries, including all key wealth markets. Our physical presence ensures we are viewed as both a global and local bank wherever we are. And we're expanding in the fastest growing ultra high net worth markets, specifically China, which has the second largest concentration of wealth in the world, and significant cross border flows. We're also expanding key markets in the U.S., especially California, Texas, Florida, and here in New York. And in Europe, where we have a limited presence in some markets such as Germany and France. Today, we cover more than a quarter of the world's billionaires and 1,400 family offices. Growing this business is a critical part of our strategy.

Additionally, to expand our client segments, we're very focused on a full family approach to wealth management. This means we embrace the entire family, the spouse, the children, grandkids, and beyond. We recognize the importance of the intergenerational wealth transfer that's occurring. A few months ago, I had the opportunity to speak with a Private Bank client whose family has been with Citi for more than 90 years. His father first started banking with us in Shanghai in 1932. This client is now based in Brazil, has family in Miami, and the Bahamas. Multiple generations of his family are now Citi clients. He proudly told me, which was pretty cool, that his family would not be where it is today without Citi. Relationships like these are the bedrock of our business, and we have many more to build upon and we absolutely will.

We're also focused on strong growth segments, where we see significant opportunity. This includes new economy entrepreneurs, and especially women. Women are one of the most important and fastest growing markets in the ultra high net worth space and a key focus for us. Going a bit further out, one of our goals is to grow our share of the investment wallet and enhance our advice to clients. We are materially increasing the number of dedicated investment counselors. Now, let me explain that a little. Some of our competitors in the private bank space have a ratio of close to one investment counselor for every banker. We have one investment counselor for every three bankers, far too few. We are committed to significantly improving that ratio to better serve our clients and support our growing focus on investments. So in summary for our Private Bank, I am confident that our strategy combined with our strong franchise, and our team positions us to be the world's leading private bank in the years ahead.

Moving on to our affluent and high net worth businesses, let's begin with Asia, which is the fastest growing market in the world. We are well positioned to capture that growth by expanding in our key wealth hubs, increasing our advisor coverage, and driving digital innovation. Citi is already a top three wealth manager in Asia with nearly \$90 billion in client assets, across 110,000 wealth clients. Today, we have 800 advisors, which we increased by 130 in the last 12 months alone.

As Jane mentioned earlier, yes, we are exiting non-core markets in the region, but this allows us to have a sharper focus on the key wealth hubs of Hong Kong and Singapore, two of the fastest growing

wealth markets in the world, with a full service business for both onshore and offshore clients offering our total wealth solution. Capturing the offshore market in China is a key driver of our strategy, especially the Greater Bay area with the industry's role out of Wealth Connect. We have an exciting new partnership with China Guangfa Bank who have 230 branches in the Greater Bay area alone. In addition, we are significantly expanding our sales and market teams on the ground. In fact, we will more than double them by the end of this year.

We've also already been recognized as the best digital bank in Asia, and we will continue to invest in our digital platforms to drive our client experience and client acquisition. Now let's turn to the U.S. As you all know, the U.S. is the largest and most competitive wealth market in the world. We currently have more than \$180 billion in client assets and 320,000 clients with significant opportunity to grow. Our focus is on building on our strong presence in Citi's six key retail markets, expanding our advisor base and client coverage, and especially leveraging the client referrals we've mentioned from our branches. We are also enhancing our digital capabilities. We've already seen early success of that with the soft launch of our self-directed offering, Citi Self Invest. Focused on internal marketing, we have seen a 27% increase in asset growth year to date in that product. And 90% of Citi Self Invest users did their first investment transaction with Citi in the last four months.

We have an exciting plan to roll this out across all of our client segments and launch a broader external marketing campaign to acquire new clients. Today, I'm also excited to announce the creation of a new business for us. Citi Alliance, to build new distribution partnerships. With Citi Alliance, we will be providing core banking and lending solutions to independent advisors and broker dealers. One of the fastest growing segments in the United States. We're working with a great digital partner in InvestCloud who will offer our banking and lending products to the nearly 150 wealth management firms on their platform. We're excited that we've already signed agreements with several wealth managers with a very strong pipeline. And we see this as a great opportunity in the months and years ahead.

The final pillar of our growth strategy is Global Wealth At Work. As many of you know, workplace management is the fastest growing channel in the industry. And we are uniquely positioned to build a winning business here. We know our strategy works because we've road tested it for the last 50 years with our Law Firm Group, where we are the undisputed wealth management leader in the legal industry.

Our 50,000 clients in this segment mirror our focus on the entire wealth continuum. We serve professionals from the beginning of their careers, right through the C-suite, providing the breadth of our services from banking to cards to investments. This is a great model for client acquisition and building longstanding client relationships. In fact, we have Law Firm Group clients who have been with us the whole time we've been in this business, from their time as a junior associate to managing partner through their retirement.

And we plan to grow this business in three ways. First, we will continue to scale the Law Firm Group, where we already work with nearly 1,000 companies. Second, we are expanding this model to targeted new industries like professional services, asset management, private equity, and venture capital firms. This year, we're excited too, that we've already signed agreements with several large firms adding thousands of clients in these new industries. And third, as I've talked about before, in this space, we're incredibly excited about growing our partnership with Citi Commercial Bank, where we see significant opportunity to access their client base.

So in summary, we are incredibly excited about our opportunity to win in wealth management. We are going to succeed by scaling our business, driving the synergies across all of Citi's network, investing in talent and technology, and delivering that total wealth solution for our clients across the globe. We do have ambitious targets over the next few years, but I have no doubt we will succeed. With

double digit growth and client acquisition and client assets, we have a lot of work to do, but we have the platform, the people, and the resources to winning wealth management. And as we execute, we will significantly grow our revenue and enhance our returns. And with that, I'd like to hand it back over to Anand. Thank you all very much.