SUSAN KATZKE: …Treasury & Trade Solutions and also have with us Susan Kendall and Liz Lynn from Investor Relations. Naveed took over this role in 2011 after having successfully led the business in the EMEA region. He’s a 20-year – 20-plus-year veteran of Citi. This business, as you all know, generates annual revenues of roughly $8 billion, accounted for 23% of ICG’s revenues in 2015, 10% of total Citigroup revenues. And most importantly, as I see it, it’s one of those businesses that in so many ways is really this is what Citi is. This business operates with all of their competitive advantage, leveraging the longstanding presence in over roughly 100 countries around the world.

So, with that, let me turn it over to Naveed, and thank you for being here.

NAVEED SULTAN: Thank you. Thank you, Susan. Thanks for having us. Good morning, everyone. Today, I want to share some insights into Citi's Treasury & Trade Solutions business, which is one of the largest businesses and the backbone of our institutional franchise. TTS is a global provider of transaction services with the largest multinational corporations, financial institutions, and public sector clients around the world. We operate the largest proprietary closed-loop payment network of any financial institution with direct connectivity to the banking systems in roughly around 100 countries.

We are a diversified and growing franchise with highly attractive returns. And our strong operating relationships drive significant revenues in adjacent areas, such as foreign exchange, interest rate, and commodity hedging, as well as more episodic businesses like equity underwriting and M&A.

Our TTS business is well positioned to continue gaining share in this growing industry segment driven by globalization and the need for integrated digital solutions. Fundamentally, TTS is a technology-driven franchise, delivering the power of our network through industry-leading digital access platforms, particularly CitiDirect BE, that enable our clients to view and analyze their positions and execute transactions anytime, anywhere around the world.

Slide three shows our key product lines in TTS. In cash management, we provide a full range of working capital and liquidity management solutions as well as commercial cards. We facilitate roughly $3 trillion worth of flows each day in over 135 currencies, and we attract nearly $400 billion of high quality operating deposits. We serve more than 80% of the Global Fortune 500 companies as they transact around the world with over 360,000 online corporate banking users across 95 countries and 25 languages. And we are seeing rapid adoption of our mobile banking platform, improving access for our clients through smartphone and tablet applications. In 2015, over $550 billion of payments were either initiated or authorized leveraging our mobile platform, including CitiDirect BE Mobile and BE Tablet.

We also serve nearly 5 million commercial card accounts with over $35 billion of annual purchase volume. And in trade, we remain a leading provider as well. In 2015, we originated over $165 billion of trade finance deals for our clients and managed over 1,000 supply chain finance programs globally. The combination of cash and trade capabilities gives us a unique ability to create from basic to highly evolved solutions depending upon a client or a market's degree of maturity and development.

Slide four shows the scope of Citi's proprietary network. This global network is a core strength and one that is becoming all but impossible for our peers to replicate in today's economic and regulatory environment.
In many ways where we do business today is a function of how our clients’ geographic presence and banking needs have evolved over the past several decades.

We entered many of the markets on this slide by leading our developed market clients into faster growing regions in the world where they could leverage our local market and regulatory expertise. And still today, a large part of our business is serving the local subsidiaries, regional treasury centers, and shared service centers with cash management, foreign exchange, and other day-to-day operating needs. But a growing part of our business is serving large multinationals who are domiciled in the emerging markets, helping these rising champions as they expand beyond their local markets. In each country, we provide the expertise of a longstanding local player with the scale and capabilities of a global franchise.

Slide five shows some of the ways we leverage this expertise for our TTS clients across corporates, financial institutions, and public sector clients. Our goal is to literally become an extension of our clients’ operating models, enabling them to focus on their strategic and commercial goals while we provide the financial infrastructure to support their operating cycle.

For corporate clients, as an example, this means we are not simply providing operating accounts, but rather we are partnering with them to optimize their balance sheets, strengthen their client and supplier relationships, expand their geographic reach, and help them identify new business opportunities.

For financial institution clients, we provide white label access to our network and local expertise in markets where they cannot directly serve their own clients. And in the public sector, we bring these private market tools to governments seeing to improve efficiency, service, and transparency.

Taking the corporate client example a little further on slide six, you can see that TTS complements the full suite of other corporate finance and risk management services we provide to our clients. And as such, we don’t operate our cash management platform as a discrete deposit-taking business. Rather, it is viewed as a strategic asset, and our coverage model is designed to deliver client solutions across the full suite. So, an M&A assignment may uncover the need for new working capital and hedging solutions, or a trade finance relationship can provide insight into our clients’ long-term funding requirements. We also assist in execution and integration of M&A transactions.

But TTS is not only a valuable franchise for our clients. It also delivers strong results for Citi and our shareholders. TTS is a highly scalable, asset-light business that continues to attract new clients and build volumes. And while it represented only 11% of Citicorp revenues in 2015, TTS contributed 17% of net income and generated 44% of year-end deposits. As I noted earlier, our TTS operating relationships are the backbone for much broader client dialogues, creating a multiplier effect on total client revenues. And TTS also runs two innovation centers within Citi, in Dublin and Singapore, where we are scaling digital solutions for our clients today, while also investing in technologies with the potential to transform our business and increase the relevance to our clients tomorrow.

As you can see on slide eight, even in a low interest rate and challenging economic environment, we have been able to grow our TTS revenues year-over-year for eight straight quarters, by steadily attracting new clients, delivering newer solutions and gaining share of wallet. Our revenues are highly diversified consistent with the breadth of our franchise. We are balanced across key product families, including liquidity management, payments and receivables, commercial cards, trade finance and trade services, and there is no large concentration by geography.

We have a significant presence in every region around the world which is a unique competitive advantage versus peers with strength in only one or two regions. This is particularly true as growing percentage of flows are EM-EM, requiring cross-regional capabilities outside the developed markets. And it gives us portfolio advantage as well, as we can benefit from momentum in any given area of the world.
TTS is a highly efficient franchise with attractive returns. Last year, TTS achieved an efficiency ratio of 46% compared to Citicorp at just over 57%, reflecting the benefits of scale and digitization in our business. TTS is also asset-light, achieving a return on assets of 107 basis points last year even in the current low interest rate environment. And importantly, the assets in our franchise attract a relatively low RWA rating, as they are comprised mostly of liquid assets and high-quality short-term financings.

As a result, our return on tangible common equity, which is allocated broadly in line with regulatory capital, is highly attractive at over 27% in 2015. Of course, we benefit from being part of a larger, well-capitalized global organization. And within that structure, we are helping to drive Citi towards our company-wide objectives for efficiency, return on assets and return on tangible common equity.

I know in this environment there is a lot of focus on the nature of our exposures, particularly in the emerging markets. Slide 10 shows the trend in our TTS loans, which have declined as we have shifted our strategy in the current loan environment to sell more of our trade loan originations, thereby, allowing us to serve our clients while contracting our balance sheet and preserving our returns.

At year-end, we had $71 billion of funded loans comprised mostly of trade and working capital financings with roughly 80% rated investment grade, reflecting our focus on large multinational clients. These loans are typically short term in nature, often less than six months, uncommitted and tailored to a specific underlying transaction, so self-liquidating by nature.

We also benefit from the priority of our client's place on maintaining these relationships. And in some instances, we work with export credit agencies to provide further credit support. And as such, the portfolio has a very low historical loss rate, averaging roughly 10 basis points annually over the past five years.

Finally, from a financial perspective, I wanted to highlight the important role TTS plays in providing stable, low-cost funding. As shown on slide 11, TTS generated nearly $400 billion in average deposits last quarter, or over 40% of Citi's deposits globally. In total, average TTS deposits have expanded 7% annually over the past two years with growth in every region.

And at the same time, we have improved the quality of these deposits by focusing on our client's core operating accounts. While reducing lower liquidity value balances such as non-operating deposits, we have improved the LCR liquidity value of our deposit base to 68%. This improving quality has helped stabilize and improve our deposit spreads even in a low interest rate environment.

And as market rates begin to rise, these operating balances should help Citi capture significant revenue benefits. Our ability to provide comprehensive solutions to our clients makes the deposit taking function just one component incidental to our overall value proposition. This allows us to price the deposits competitively, taking into consideration the entirety of the relationship rather than a stand-alone component.

Clearly, TTS is a large and attractive business on its own. But as I noted earlier, we also drive significant client dialogs outside of our core cash management and trade products. Slide 12 shows one example of our relationship with a large developed market, multi-national. Over the past eight years, we have nearly doubled our TTS revenues with this client, deepening our relationship across multiple products and markets.

And at the same time, we have captured significant revenues in areas like fixed income and derivatives, as well as equity underwriting, further strengthening this client with episodic transactions as they have arisen. Our relationship with this client spanned every region of the world, building upon a deep knowledge of their operations.

As we look forward, we believe the market for cash management and trade solutions will continue to grow and that we are well-positioned to continue gaining wallet share. First and foremost, we expect our industry to be driven by the ever increasing globalization of trade and capital flows. While global growth expectations
have slowed driven by the decline in commodity prices and centered largely on China, we still see sizable corridors of trade and capital flows across both developed to emerging markets as well as emerging to emerging markets.

And in an environment where organic growth may be harder to achieve, it is not surprising that companies are seeking inorganic growth through M&A, driving large volumes of corporate activity. Many of these deals are cross-border in nature as both developed and emerging market corporates seek to create their own growth engines. And this strategic activity brings with it greater complexity with pressure on our clients to achieve operational synergies across markets on a tight timeframe.

Here is where the value of our business model is most evident, being able to provide the M&A expertise to close a deal as well as the operating infrastructure to make that business combination a success.

The second macro driver for our industry will be digitization and our clients' needs become more complex. There is strategic value in digitizing core banking, allowing our clients to manage their positions and execute transactions anytime, anywhere on a seamless global platform. At Citi, we operate the industry's leading corporate banking platform, CitiDirect, which I will discuss more in a moment. And we are developing technologies today that may transform our business in the future.

Slide 14 shows the magnitude of intra and cross-regional trade flows around the world, with significant corridors connecting emerging-to-emerging markets. While growth expectations are slowing, this still represents a significant opportunity for Citi as we seek to facilitate a greater share of these transaction flows. And we are uniquely positioned to do so given our footprint and local market knowledge. Another way to think about globalization is through the profile of our target clients. Cross-border M&A volumes have nearly doubled over the past decade. And as I just described, these transactions create the need for more sophisticated and efficient operating solutions. Whereas in the past, our business grew through the expansion of developed market companies, today more of the world's largest corporations are domiciled in the emerging markets.

And in fact, as you can see on the right, EM companies comprise roughly a third of the global finance, Global Fortune 500 companies. These companies will continue to seek new growth engines in today's slower environment and Citi is there to help them operationalize their strategic plans.

As these target clients become more global and complex, they need more agile digital operating solutions. In TTS, we are digitizing our core banking processes and platforms from front to back to drive an improved client experience.

CitiDirect BE is the foundation of our client experience strategy, a single global platform that provides access to global payments and receivables, liquidity management services, trade and FX solutions. On this platform, we support clients in 95 markets in over 135 currencies and 25 languages, and we process over $50 trillion of transactions per year. As companies move towards a centralized treasury, CitiDirect BE enables them to view their global positions and flows via a single platform regardless of location or currency.

CitiDirect BE is transforming the client experience through one-click global access to an intuitive and user-friendly interface. Transactions and approvals, including reports and inquiries designed to monitor trends and increase visibility, are available across three seamless channels; online, mobile and tablet to improve user efficiency and self-service.

CitiDirect BE mobile application allows the CFO or Treasurer of a large multinational to continue to manage their business and daily treasury needs anytime and anywhere whether they are in the office or travelling around the world with the same level of security and efficiency regardless of what device they have at hand. As a result, CitiDirect BE Mobile and CitiDirect BE Tablet launched in 2011 and 2013, respectively, have been embraced by our clients since day one.
Our mobile product set is one of many that were developed in-house by the Citi Innovation Lab in Dublin, the result of agile development, methodologies and rigorous client validation processes that enable us to respond swiftly to the emergence of new technologies and evolving client needs. The growth rate and client adoption of our mobile products have been phenomenal. In just four years, we have successfully processed $1 trillion in total transaction value.

Since 2009, TTS has been investing in innovation labs that work in partnership with our product groups to respond to the challenges and opportunities of the changing landscape in our quest to build the digital bank of the future. Citi has a long track record of unlocking the value of new technologies on behalf of its clients through our Innovation Labs, which directly engage with clients to build better products that more effectively respond to their needs.

And since growth can come from new and unexpected places, we are also building out a network of global incubators and accelerators to help us bring the outside in. Our labs complement our existing business by incubating, prototyping, and piloting new product and service concepts in adjacent and disruptive spaces. Innovations coming out of this lab include; new security and authentication technologies to enhance the client experience, new tools which use predictive analytics to reduce the risk of fraud and overpayment for our clients, and new technologies such as block chain, where we have been building our capabilities and assets for two years now. Although a relatively new technology, we are excited by the potential of block chain and are actively exploring its relevance in trade finance, cross-border payments, and national digital currency.

Our research allows us to actively engage with start-ups and other industry partners on block chain and other technologies to ensure TTS remains at the industry forefront. Because when I sit back and think about where banking is headed, it is about more than any one tool or application. It is a whole set of innovations, and Citi is on the front lines in this transformation.

So in conclusion, we believe we have some key advantages to compete effectively in our TTS franchise, including an unparalleled global footprint, strong operating relationships with our target clients, innovative solutions and a leading technology platform. Our goal is to continue to build on these advantages to generate consistent, attractive returns for our shareholders. And we believe we are on the right path to deliver on our plans.

With that, I would be happy to take any questions. And thank you for giving this opportunity to speak to you.

**QUESTION AND ANSWER**

**SUSAN KATZKE:** Let me start off with the first question, which I provided fair warning of to. Naveed, I realized that the majority of your client base is the multi-nationals. That said, you are in roughly 100 countries, it's heavily skewed towards the emerging markets. And so, I'm hoping you could give us a read on where you're seeing the most weakness, how much weakness? We see it in the loan balances to some degree, but can you walk us through some of the different markets, what's stronger, what's weaker?

**NAVEED SULTAN:** Yeah. As you can imagine, it's naturally, it's somewhat a mixed view on the global economic outlook. Naturally, China slowdown and the associated volatility is a major area of focus. We're also very focused on the geopolitical situation in Russia and Middle East, the sustained low energy prices, which naturally impact the oil exporting countries. If you look at Latin America, the Brazil probably will stay in recession in 2016.

Having said that, I think our focus is really picking up where we think there might be growth spots, such as, we believe, Mexico with projected 2.6%, 2.7% GDP growth excludes trading association with North America. If you look at India, 7.7%. Even though China is slowing down quite considerably, but it is still about 6.3% or thereabouts. And if you look at overall, the emerging markets are forecasted to grow twice
the rate of developed markets, about 3.8%, 1.8% and that sort of adds to the global outlook of about 2.6%, 2.7%.

So we believe that the footprint we have and the diversity of our revenues, as well as our credit exposure, which does not have overreliance on any market outside North America, gives us the opportunity to pick up these operating flows whatever the – in general, whatever is driving that growth, as well as whichever corridors may be gaining the momentum.

And specifically I would say that our strategy essentially have four basic very practical components. The one is new client acquisition through innovative solutions, better client experience. We’ve been consistently gaining market share over the last three to four years. We have been able to access new flows as and when they emerge. And, of course, the fourth one is we are rolling out new solutions and one of which, as we were speaking last evening, is our commercial card business, which is seeing a dramatic growth over the last few years.

SPEAKER #1: One of the slides I thought was noteworthy was just the revenue growth and the consistency of the revenue growth I think it was eight quarters in a row where year-over-year revenue growth has been positive. What I noticed was the fourth quarter of 2015 had, I think, it was 9.5% year-over-year revenue growth. That was a step-up from the previous quarters. What's driving the recent acceleration in revenue growth?

NAVEED SULTAN: It's a very good question. It's essentially a combination of all those things, which I talked about, but let me specifically answer that. If you look at the behavior of this business, when the markets are under pressure, there's economic pressure and other associated adverse impact on the businesses, the clients’ search for better operating and working capital efficiency, I'm using that broadly, goes up quite considerably. So you start seeing clients evolving into a more sophisticated structures from basic to more sophisticated structures: centralized treasuries, shared service centers. That leads to a greater pickup in our solutions. So, as you implement those solutions, you are driving greater working capital and operating efficiency for your clients. And in the process, it is giving an impetus to your revenue growth.

The other side is that when the economies come back, the solutions we have layered start seeing a greater volume coming through, and that typically creates a multiplier effect on the top line while keeping, as you saw the operating efficiency, while keeping the operating cost fairly low. So this is how it plays out, and specifically to fourth quarter, we have seen that pickup in solutions.

SPEAKER #2: Thank you. Can you walk us through the various impacts to your business, I guess, specifically, revenues and deposit flows and also payment flows in the event that China were to devalue their currency by, say, 20% in one step function? Thanks.

NAVEED SULTAN: Like I had mentioned, our exposure to China and what we do in China for our – primarily that is to the subsidiaries of our multinational clients. And, therefore, the percentage of business we do from China, in the overall scheme of things, is not significantly large because that's the portfolio logic, yeah? And we believe, in the last few quarters, as we are seeing China slowing down, we are seeing other volatility. Our revenues generally and our flows have generally been holding up quite well. While there is a pressure on the top line, but it has not declined in a very dramatic fashion because our exposure is really on those investment grade clients who continue to do good business in places like China and elsewhere.

SPEAKER #2: Of course, there's a knock-on effect on the rest of Asia and also maybe as far away as Europe. So, these are all things that...

NAVEED SULTAN: Interconnected.

SPEAKER #2: Yeah, that are interconnected.
NAVEED SULTAN: Yeah, definitely. I mean, the overall – if you look at in Asia today, the overall – I'm forgetting the statistics, but the overall trading flows have gone down quite significantly, overall, within emerging markets, as well as cross-border. And one of the sources of that is really China. But like I mentioned, the diversity of our flows – the diversity of our revenues, as well as the flows associated with us, create some inherent mitigants in our portfolio and in our revenue base, which allows us to continue to grow, as you saw that in the last eight quarters.

And one more point on that, we very actively keep allocating capital and organizational resources to higher return opportunities and that is along three dimensions: product, client, and geography. So this is a dynamic process, you have to keep making adjustments. And the advantage of being a network is that you don't really have to start building a capability from the scratch. When you have global platforms and you have presence of the nature we talked about, your ability to adapt, to focus on high-value return opportunities is relatively stronger than, I would say, somebody who may not have a presence of the kind of network we have.

SPEAKER #3: [INDISCERNABLE]

NAVEED SULTAN: Yeah. It's a very good question. As you know, we have been operating in a very low interest rate environment for a considerable period of time. And, of course, certain markets have negative interest rates: Switzerland, Euro, Nordics, and now lately Japan. And since we don't deal with the clients on a single currency or a single country, we have lot more embedded, lot more value-driven deep and broad solutions. And, therefore, we view the pricing adjustment in the context of our overall interest rate management strategy and the relationship, and whether or not we want to pass the impact of negative interest to the clients.

Having said all that, considering all those factors and elements, we have been very successfully, in consultation with our clients, been able to pass a very high percentage of that negative impact to the clients. So because the clients appreciate the value we deliver to them as opposed to, like I said in my prepared remarks, rather than just deposit in itself a product, it's part of a much broader value added solution. And, therefore, clients amenability to take on negative interest rates.

And the other thing I would say that, on the other side what we do with our clients in an environment like this, naturally the point I made earlier, they continuously look for operating and working capital efficiencies. So the conversation typically is with a solution, how can we help you drive greater efficiency out of your working capital cycle, operating efficiency, assist you in preserving your capital. And in order for us to deliver that value, this is the pricing structure. And within that, then you have the interest rate pricing on the negative side.

SPEAKER #4: Based on your slides, it appears as though your business is both LCR-friendly and capital-friendly. And so what is your business' biggest kind of operational constraint, if it's not those two areas?

NAVEED SULTAN: Okay. Naturally, even though we are growing quarter-over-quarter and that demonstrates the resilience and the diversity, but naturally for us to realize – continue to realize its full potential, the current economic environment naturally puts the pressure, the low interest rate environment. Having said – so these are those macroeconomic factors, but internally, we don't believe that there is much constraints. We continue to make investments in technology. As you can imagine, it's a very technology-driven business. And we continue to invest in areas like our global platforms, digital channels, and new solutions.

So I think we are very well-positioned, considering all those things we talked about and you just picked up – pointed out. As soon as the environment picks up, like I said earlier, it creates a multiplier effect on our P&L. So we are very confident that we are very well-positioned as we move forward.
SUSAN KATZKE: Great. Naveed, thank you so much. Citi is going to move to the breakout room directly to my left.

NAVEED SULTAN: Thank you.

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