SUSAN KENDALL: All right. Lots of familiar faces. We'll get started. Good morning, and thank you all for joining us for 2017 Investor Day. My name is Susan Kendall, Head of Investor Relations at Citigroup. For those of you in the room, if you have any questions or need assistance, there's an Investor Relations table set up by the entrance. In a moment, I'll turn it over to our CEO, Mike Corbat, and our CFO, John Gerspach to kickoff the presentation.

But before we start, I would like to remind everyone that today's presentation may contain forward-looking statements, which are based on management's current expectations and are subject to uncertainty and changes in circumstances. Actual results and capital and other financial condition may differ materially from these statements due to a variety of factors, including the efficacy of Citi's business strategies and execution of those strategies, such as those related to key investment, efficiency in capital optimization initiatives, governmental or regulatory actions or approvals, macroeconomic challenges and conditions, such as the level of interest rates, as well as the precautionary statements referenced in the presentations today, and those included in Citi's SEC filings, including, without limitations, the risk factors section of the 2016 Form 10-K.

With that said, let's begin.

MIKE CORBAT: Good morning. It's nice to see, as Susan said, so many familiar faces here, and with all due respect to those familiar faces, it's even nicer to see some new ones here. So welcome.

As you know, it's been a while since we've hosted an Investor Day. Along the way, some of you have asked, why now? Why on a July summer day we're doing this? I want you to know that we chose this time because we, the management and our board, believe Citi has crossed an inflection point. We're now clearly on a path toward growth and stronger returns and today we want to discuss where we are as a company, where we have come from and what you can expect from us going forward.

When I think of Citi, the word that comes to my mind is "pride." I have to tell you how proud I am of the progress we've made and how we've executed through tough decisions in terms of our capital, our balance sheet and our business model. We have been rebuilding our credibility, our relationships with our regulators and, very importantly, a culture that's based on ethics and execution. And our progress, it can be seen not just through the robustness of our businesses, but also through the investments that we've made in controls – to improve processes across risk, compliance and audit – which gives us our licenses to run and to grow our business. The combination of those gives us confidence in our ability to serve our clients while securing the significant CCAR results that are necessary for improved returns on capital going forward.

And today, when we speak about the company that we are, it's just as important to recognize the company that we're not. We don't try and be all things to all people. We're not an asset manager, we're not a hedge fund, we're not an insurance company. We're a bank. A bank with the clear and stated mission of enabling economic growth and progress as we have been doing since we opened our doors in Wall Street in 1812. We come to work every day with a singular focus on delivering for our clients and for our shareholders.

But, for all of our accomplishments, of which my 215,000 colleagues and I are extremely proud of, we recognize our job is not done. We haven't yet delivered the level of returns that you, our investors, both
expect and deserve. You've been patient with us and I want you to know that we don't take that patience for granted, and we know that it's not inexhaustible. But we have used that time and our resources wisely. Honing our focus has allowed us to concentrate on our resources and franchises and markets that are critical to our future and to invest for a level of growth we couldn't have supported in the years immediately following the crisis.

And now these actions are showing tangible results. We've made important investments to streamline our infrastructure and to improve the client experience. We've invested in U.S. Cards, focusing on our products, our rewards programs, technology infrastructure and our partnership agreements. We've returned to growth in both Asia and Mexico Consumer. We've extended our leadership in franchises such as Treasury & Trade Solutions and Fixed Income. And we've positioned ourselves for further share gains in Equities, among other areas. This momentum, it gives us confidence that we are now on a path towards steady improvements in returns from this point going forward.

As you're going to see, our strategy is focused on executing in three areas. First, delivering sustainable, client-led revenue growth by deepening our relationships with our existing clients. Second, using technology – you'll see around the room here – to enhance our capabilities and to lower our cost to serve so that we can bend the cost curve and deliver sustainable positive operating leverage. And third, through the optimization of our capital base, including the return of all capital above the amount needed to prudently operate and to invest in our franchise.

As you know, we just returned $19 billion – or we just got an approval to return $19 billion of capital. This level of capital represents a payout ratio of nearly 130% of consensus estimates for our net income. This enables us to start reducing the amount of capital we hold and to steadily boost our returns. And we hope and expect to return at least this amount in each of the next two CCAR cycles. We believe the combination of growth, continued expense discipline and credit discipline while leveraging technology will generate annual earnings in the range of $20 billion by 2020. When you factor in share repurchases, we project earnings per share should approach $9 in that year. This represents EPS growth in the high teens over that range and few firms today are in a position to be able to deliver that. And while a more favorable operating environment would certainly help, we believe that the majority of our earnings per share growth is driven by things within our control. So throughout the day, I hope you sense our excitement, our enthusiasm and the confidence in what we're going to share with you.

Let me start with our business model; then I'll turn to the progress that we have made so far; and lastly, how we aim to deliver the results that we're all striving for.

There is no doubt that we've become a simpler, smaller, safer and stronger institution over the last several years. We have improved the quality and consistency of our earnings and we're reaching our stated goal of being an indisputably strong and stable institution. As I've said, our restructuring is over. Citi Holdings is behind us. We've shifted to sustainable, targeted and self-funded investments to drive increased market share and revenue growth. We aren't going to take outsized risks. We aren't going to get into hobbies or into new businesses which are tangential to our strategy. We don't need to. We like the hand we're playing in today's environment. We have balance across our products and geographies and are well-positioned in terms of the evolving macroeconomic and the policy landscape. We're competing from a position of strength in terms of regulatory infrastructure, capital and liquidity. And this means we can support our clients' growing needs without being subject to external capital or liquidity constraints.

Our footprint is not just unique, but essentially impossible to replicate in today's economic and regulatory environment. We've built it by following our clients to where they want to conduct business, including the faster-growing emerging markets where financial services continue to be underpenetrated. I think a great example of that is if we go back to 2005, only 9% of Fortune 500 companies were domiciled in the emerging markets. By last year that number grown to over 30% and Citi banks over three-quarters of those companies.
And you've seen this come to life in our Treasury & Trade Solutions franchise, which has seen year-over-year growth for three years in spite of low rates and slower economic activity. And despite the rhetoric, trade is not going away and the rise of emerging markets is secular and not cyclical. And we're agnostic to where capital flows are occurring, as our global network covers all the corridors including the Developed Markets, Latin America, Africa and Asia. And still remember that over half of our revenue come from the U.S., where we can benefit from rising rates to drive improved operating leverage.

This means that we've got multiple engines for growth and are poised to capture opportunities anywhere we see it around the world. We believe that this positions us well in an uncertain environment, where potential changes in things like tax or trade or other policies could create opportunities for us to help our clients – from evaluating the impact on personal investment strategies to helping our corporate clients reshape their supply and their liquidity positions.

Our position today is the result of the strong foundation that we've built. And we're beginning to deliver the results that we all want to see. First, we've simplified our business model. Today, we're a bank. We're focused on serving our target clients in two core franchises: our Global Consumer Bank and our Institutional Clients Group.

On the Institutional side, the backbone of our franchise is our Treasury & Trade Solutions business. Supporting this business is our unrivaled global network and an industry-leading technology platform that allows our clients to transact anywhere, any time with seamless connectivity. We are integral to our clients' day-to-day operations; optimizing their working capital and providing core cash management services which, in turn, generate high quality, deposit-based funding. These services naturally lead to a significant amount of foreign exchange activity and opportunities in the more episodic products such as equity and debt underwriting as well as advisory. This model results in over 50% of our institutional revenues coming from highly recurring, stable businesses like cash management, custody, our private bank, corporate lending and flow-driven foreign exchange.

On the other side of our house, we operate the Global Consumer Bank, with technology that allows us to view our relationships holistically and to rapidly deploy innovation across markets. We serve consumers across the full spectrum of their financing needs in 19 markets. So whether a relationship starts with a card product or a deposit account, our goal is to deepen those relationships to include all of a client's payments, borrowing, savings and investment activities. No other financial network even comes close to matching our payments capabilities.

Across our institutional businesses, we offer more products and reach more markets than any other financial institution in the world. Our globally integrated business model delivers significant revenue, expense and balance sheet synergies driven by natural product adjacencies, cross-referrals and shared learning and technology development, infrastructure and risk management. For example, today you're going to hear about our commercial banking business, which leverages the best of our consumer and our institutional franchises. We're confident our model is the right one, and we've worked hard to streamline our franchise so it can deliver improved returns.

In March of 2013, shortly after I became CEO, I stood in front of you, and I laid out three execution priorities, as well as financial targets you could use to measure our progress. I saw these priorities as more than just financial aspirations. They were necessary steps in establishing our credibility as a firm. As I said when I became CEO, I want us to be known for doing the things we say we'll do. They centered around our resources, our legacy assets and our capital.

First was a commitment to efficiently allocate our ample, but our finite resources, to those markets, clients and products where we could achieve the best returns. To that end, we've reduced our consumer footprint from over 40 to 19 markets with a focus on the U.S., Mexico and Asia. And we've chosen to be in those
markets for a reason. They have significant and growing revenue pools, where we can deliver our global capabilities at a local level to differentiate our franchise. And we reduced our institutional coverage from over 30,000 to 14,000 corporate and investor clients and we’re not done yet.

Second, we committed to winding down our legacy assets, formerly known as Citi Holdings, with the goal of achieving breakeven results by the end of 2015. In fact, we achieved breakeven in 2014, more than a full year ahead of schedule. And importantly, we've reduced Citi Holdings to such a small size that we stopped reporting it as a separate entity earlier this year. And I've got to say, that's a stunning achievement for a segment that once had over $800 billion in assets and was capable of losing billions of dollars in just a single quarter. And both of these goals have contributed to a significant reduction in our head count, down by over 40,000 over the past four years, even as we've added 9,000 people across risk, compliance and our regulatory functions.

The result is a significantly more efficient company with an improved return on assets. Since 2012, we've improved our operating efficiency by 600 basis points, while increasing our return on assets from roughly 60 basis points to the mid-80s. Neither of these metrics is where we want them to be, but the improvements demonstrate the underlying quality of our franchise, as we've exited non-core and low-return assets, while maintaining our scale.

Our efficiency ratio, it's among the best in our peer group, which gives us a competitive advantage in how we run our business and the efficiency with which we bring new products and services to market. And we made progress on our return on assets despite the extended low interest rate environment and higher than anticipated liquidity requirements.

The third priority that I laid out was to begin to utilize our deferred tax assets or DTA and grow our capital base to meet our evolving regulatory requirements. If you remember, our DTA had been growing and there was some skepticism about our ability to turn the tide and to start utilizing it. Since the end of 2012, we've utilized over $9 billion of DTA, contributing to the $73 billion of regulatory capital we generated over that same time period. As a result, our Common Equity Tier 1 capital ratio increased significantly, from 8.7% to 13% even as we returned over $20 billion of capital to our shareholders in the form of buybacks and dividends.

Our book capital, or TCE, also grew significantly since 2012. So even as we improved our profitability, growing our net income to common by nearly 30%, we only saw a modest benefit to our Return on Tangible Common Equity. Our key priority going forward is to improve those returns. But it's not just about capital optimization, we also have a clear line of sight to improved earnings power, and you're going to hear a lot about that today in more detail.

So that's where we are today, with a focused business model, compelling advantages and the financial strength to continue to grow our firm. As we've streamlined the franchise over these last several years, we're also investing in our future and it's this momentum that's going to define the next chapter for Citi. Our strategy relies on execution in three primary areas to drive both return on and return of capital.

First, is generating revenue growth by improving the client experience and deepening our client relationships. In consumer, we're building long-term relationships with high-quality consumers in attractive markets such as Mexico, where our scale and our investment position us to gain share. In retail banking, we're ahead of our peers on our shift away from brick-and-mortar branches to a lighter footprint with even higher digital engagement. Globally, approximately two-thirds of our clients regularly engage with us digitally and including through our mobile channels.

We're focused on wealth management, bringing the Citigold value proposition to life, which has worked well for us in Asia and is now delivering encouraging results here in the U.S. You're going to hear about one initiative we did right here in Manhattan later today.
In Cards, we are focused on balanced growth across proprietary products and our co-brand partners such as American Airlines and Costco. Our investments are maturing and now we are poised for organic growth. You will hear from Stephen and Jud about how we are improving every touch point, from digital acquisition to account servicing. And this is already driving improvement in our Net Promoter Scores. As we pull all of these efforts together, we expect them to result in our Global Consumer Bank reaching a 19% Return on Tangible Common Equity by 2020.

And on the Institutional side, you're going to hear from Jamie about the power of our global network and how we're leveraging it to drive revenue growth. We're doing this through both our accrual type business and those which are more episodic generating earnings of higher quality and consistency in the process. Where we've built leadership positions such as Fixed Income and Treasury & Trade Solutions, you'll see our plans to extend our lead. And where we see opportunities to capture wallet share, mainly in places like Equities and Investment Banking, you'll hear about the investments we've made and some of the early returns which we believe will help ICG reach a 14% Return on Tangible Common Equity by 2020. And I want you to know, that we'll pursue this growth without sacrificing our credit discipline.

On the Consumer side, we are maintaining our focus on high quality, prime customer segments. And on the Institutional side, our loan book also reflects our strategy, with a focus on large, predominantly investment-grade credits. And that's not going to change. I also hope people recognize how we've strengthened our risk management by the dogs that haven't barked. In recent years, we've seen Arab Spring, we've seen Brexit, we've seen near-Grexit and other geopolitical volatility and we've managed through all of them carefully. We have been steadfast in maintaining our risk appetite and aren't going to stray from it.

Next, we'll continue to strengthen our capabilities while keeping a tight hold on costs. We've made a lot of progress on expenses, and while we have declared our restructuring over, we aren't going to surrender any of the expense discipline that we've worked into the muscle memory of our firm. And where we make investments to support our businesses, they'll be incremental, they'll be self-funded and they'll be targeted. And we're continuing to identify new ways to become more efficient. We're already shifting away from data centers to the cloud, while increasing automation. We're moving to a more efficient open-plan environment, which have the twin benefits of reducing costs while increasing collaboration.

I've been in my cubicle, albeit a nice cubicle, for the last 18 months and I can tell you that I'm a big believer in terms of this type of workspace. And we've got the further potential to reduce our real estate footprint. In the last four years we've significantly reduced a number of branches and sites resulting in the reduction of our overall footprint by 17 million square feet or about 25%.

The last area is capital optimization to drive our return of capital. Simply put, this is our commitment to return all of the capital above the amount necessary to prudently operate and invest in our franchise. We believe that level to be a Common Equity Tier 1 ratio of about 11.5%. This implies that today, we've got about $18 billion of regulatory capital on hand that we need to get back to our investors as quickly as possible.

Obviously, last month's CCAR result was an important step. Our recently-announced capital plan nearly matches what we've returned cumulatively during the three previous cycles and allows us to begin to reduce both our Common Equity Tier 1 and TCE capital levels over the next 12 months. We'll also will continue to generate regulatory capital above our earnings as we utilize and wind down our DTA. As we committed to you, we've been unlocking the value of that DTA for several years. Now you will be able to directly benefit from it, and you can think of it as an annuity. And together, this gives us significant capacity to return capital on an annual basis going forward.
Our execution in these three areas will deliver sustainable earnings growth and improved returns. And I want you to know, we're committed to showing you steady progress towards each of these goals each year as we go forward.

I've mentioned technology a few times this morning. An example of where we're harnessing technology to drive growth and client engagement is digital. The integration of new Citigold capabilities into our mobile app, which we rolled out last December, is a great example of how we are approaching the design and the delivery of technology projects. In just eight months, we delivered new capabilities, which made us the first global bank to deliver banking, trading and money movement on mobile. Among its 32 features, it offers voice and facial recognition and has a 4.5 star rating on the Apple App Store. And it's been helping drive growth in the Citigold portfolio, which is comfortably outpacing last year's. Not long ago, the rollout of something like this would have been measured in years, certainly not months.

Digital is transforming our institutional business as well. We're among the first to offer online corporate banking on a global scale. Today, our CitiDirect platform, which you can see here in the room, has over a half a million users, is active in a 135 currencies and operates in 26 languages. And we're rapidly moving it from the desktop to the laptop to smart devices. Our mobile platform enables our clients to manage their daily treasury needs anywhere, anytime. And while the industry spends a lot of time talking about consumer applications of digital, the money movement on the corporate side is truly remarkable. Since launching our mobile CitiDirect, volumes have grown from $1 billion in 2012 to over $2 trillion in the last 12 months.

So as you interact with the teams at each of our booths, I'd encourage you to not only ask what the technology is doing to enhance our client experience, but also how the innovations were sourced and where we're sharing and deploying our learnings across our franchise. And while we're always mindful of the threat landscape, I want you to know that we don't see FinTech as the competition. We see it as an opportunity to improve the client experience and to continue to reduce frictions.

And today, around technology we use a multipronged approach. We source new technology by inviting the outside in. Through Citi Ventures, we co-create with our clients in our innovation laboratories in Singapore, in Dublin and in Tel Aviv. Through our partnerships with other external stakeholders: from corporations to universities. Just yesterday, we announced a collaboration at Cornell Tech on their new Roosevelt Island campus. The scale and breadth of our footprint makes us a great partner to start-ups who we can work with to pilot different solutions. And if they're viable, we can take them global very quickly.

Before I go through the agenda and hand it off to John, I want to conclude by telling you about what Citi is going to look like and what we believe we can deliver for our shareholders. So against a backdrop of rising rates and more consistent economic growth, our vision encompasses every part of our firm. We'll continue to operate the largest, most advanced global payments network, seamlessly connecting our clients across more markets than any peer can offer. We'll have become the most important banking partner to even more of our institutional clients. We'll have continued our shift away from brick-and-mortar branches to interact with our customers anywhere, anytime they need us through digital and mobile channels. We'll benefit from the long-term relationships that we've secured between our credit cards business and some of the world's leading brands. We'll have the best customer service as measured by Net Promoter Scores having dramatically improved the client experience.

Throughout the franchise, we will be bending the cost curve, building on our industry-leading efficiency, by optimizing our processes through machine learning and robotics and rapidly deploying technology to verify our clients’ identities while diligently safeguarding their information. We'll work out of the most efficient locations, and our people will enjoy the collaboration and the constructive collisions that come from open-plan layouts. We will have reestablished Citi as a leading aspirational, iconic brand in financial services and we'll be known as an indisputably strong and stable institution.
All of this supports our commitment to deliver results that look much different from today with potential annual earnings power in the range of $20 billion within the next three years and the return of at least $20 billion in capital per year over that same time period. That level of earnings, combined with the reduction in share count, leads to an earnings per share of about $9 by 2020. As I said, Citi has crossed an inflection point. Simply put, we’re clearly the world’s most global bank. But our goal is to be recognized as the world’s leading bank, and generating the net income and returns one would expect from a holder of that title.

Let me spend a few minutes on today’s agenda that will build on the points that I have made. Next, John is going to discuss the path to achieving our medium and longer-term Return on Tangible Common Equity targets in more detail. This includes our revenue and expense levers, the capital optimization necessary to bring our Common Equity Tier 1 capital ratio to our target level by the end of 2020 as well as our commitment to achieving our interim milestones. Stephen and Jud will cover our Consumer business, including our path to higher returns and the status of our key investment initiatives. After lunch, Jamie will cover the key execution priorities for our Institutional franchise. We have leading positions and momentum in many of our franchises, and we’re investing in areas where we can gain share. And then we’ll all come together at the end of the day to address your questions.

Thank you for being here and please enjoy the day. Welcome.

Certain statements in this document are “forward-looking statements” within the meaning of the rules and regulations of the U.S. Securities and Exchange Commission (SEC). Such statements may be identified by words such as believe, expect, anticipate, intend, estimate, may increase, may fluctuate, target, illustrative and similar expressions or future or conditional verbs such as will, should, would and could. 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 efficacy of Citi’s business strategies and execution of those strategies, such as those relating to its key investment, efficiency and capital optimization initiatives, governmental or regulatory actions or approvals, macroeconomic challenges and conditions, such as the level of interest rates, the precautionary statements included in this document 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.