



Host

Richard Ramsden, Goldman Sachs Equity Research Analyst

Speaker

Mark Mason, Citi Chief Financial Officer

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## PRESENTATION

RICHARD RAMSDEN: Okay, so good morning, everybody. Welcome to day two of the Goldman Sachs Annual Financial Services Conference. I'm delighted to be joined by Mark Mason from Citigroup. Mark has been at Citigroup for close to 23 years now. He's been CFO since 2019. He's been a regular attendee here. Mark, thank you very, very much for coming back.

MARK MASON: Thank you.

RICHARD RAMSDEN: There's obviously a lot going on in the world, there's a lot going on in Citigroup, so really do appreciate your time. Let's start off with just a discussion about the macroeconomic backdrop. You obviously have a unique global footprint. I think that gives you really interesting insights into what's happening around the world. So maybe you can just give us your take on the macroeconomic outlook both in the U.S. but also abroad. And maybe just talk a little bit about your thoughts about recession risk and about how that's evolved heading into 2024.

MARK MASON: Yeah, sure. So first of all, Richard, good morning, it's great to be here back with you. So, thanks for having me. And good morning to everyone here that's joining in the room and virtually. It's been an interesting year, right? And I think, you know, one of the themes that you and I could probably point to over the past couple of years is this theme of uncertainty. And that certainly has persisted this year when you think about the geopolitical tensions that are out there, when you think about the way rates have moved and inflation and so on and so forth. I think for the most part, we're surprised globally at how growth has held up, when you look around the world. With that said, our economists are calling for a slowdown in growth as we go into 2024. Generally speaking, I think that slowdown will likely be short of, certainly short of a significant recession globally. I think we're likely to see something mild.

When I think about the U.S., we're looking at a soft landing. We're looking at more of a mild recession towards the back half of the year or so. In the U.S., I'd say that the corporate and consumer base has been remarkably strong, remarkably resilient through all of this. And when you look back historically, the ability to tame inflation has significantly depended on, obviously how rates move, but also on unemployment. And we've seen that be amazingly low as well. And so, there are some things that we think are still out there in terms of some of the pressures that have to be managed in the U.S., but we feel as though it's going to be a soft landing, likely a mild recession when I think about that part of the world.

When I look at the Euro area, they've seen some contraction already in the third quarter. We think that's likely to continue as we go into 2024, they're likely to see some type of recession there. When I think about kind of global demand for manufacturing and how that's been slowing, that's going to put continued pressure on Germany and other parts of the Euro area. So, we're watching that closely. China's likely to have reached a cyclical bottom of sorts, growth for the year, our economists are expecting somewhere around 5.3% or so, likely



to see growth a little bit lower than that, call it a 4 handle in 2024. But there are some bright spots. You look at India, you look at Thailand, you look at Mexico, those are some bright spots as we kind of finish the year out here and look into 2024.

I think at the end of the day, when you kind of sum it all together, the uncertainties still persist around the geopolitical tensions that are out there. It certainly persists around how monetary policy continues to evolve and what happens with rates. And obviously, you know, there's how we manage inflation through all of that. And so how those things play out will be important factors as we look at 2024 and the macro evolves.

RICHARD RAMSDEN: Okay, that's great. So, let's talk a little bit about what's happening this quarter in Citigroup. I think last quarter, you actually saw very good momentum across a number of businesses. So maybe you can just update us on your expectations for this quarter, talk about anything that you think is notable that we should be aware of as we think about Q4.

MARK MASON: Sure. So, first thing I'd start with is the guidance that we've given on the top line. And I think I've been pretty consistent on this throughout the year, which is we expect top line revenue for the firm to be somewhere around \$78 billion to \$79 billion ex-divestitures. And as I look at the fourth quarter and we round that out, I think we're likely to be towards the lower end of that range. So closer to \$78 billion or so, which I still think is a very good performance obviously inside of the range. But if I think about the Argentina elections, for example, that's probably going to put pressure on the revenues for a couple of hundred million dollars when I think about the currency impact, it's obviously the cost of us doing business there. That's one of the factors driving me towards the lower end of that range, but we feel good about that range.

When we look at the pieces underneath that important factors, we always talk about, we can start with Markets and when we look at Markets, I'd say that client activity across a broad set of asset classes has been somewhat muted through the quarter. We started off probably pretty strong early in the quarter, but we saw pressure certainly in rates as we went through the quarter as we're going through the quarter, I should say. FX has held up pretty nicely. Commodities is probably a bit softer in light of kind of the lack of volatility. So, it's stabilizing there. And in equities, we've seen good continued momentum in prime, but a little less so in cash when we think about volumes kind of tapering off there. And so, when I pull all of that together, Richard, I think we're looking at a quarter, recognizing there's still a couple of weeks left to it, that's likely to be consistent with what we've seen historically, the seasonality you see Q3 to Q4, which has been, you know, down call it 15% to 20% quarter-over-quarter. So that's what we're likely to see for Markets, a mix of fixed income, obviously, and equities.

When I think about Investment Banking, in Investment Banking, this is an area we've been investing in certain sectors like healthcare and the like. At the last earnings call, I talked about a pull forward we saw of activity from Q4 into Q3. Despite that, we have seen continued momentum, which is good, particularly in areas like debt capital markets and issuance activity there. And again, healthcare has held up pretty nicely, a sector that we've invested in.

So, when I pull all of that together, I think we're looking at a quarter that's probably up in the high single digits. Again, both recognizing that there's still a couple of weeks left to the quarter. And all of that activity inside of that roughly \$78 billion of revenue.



If we look at expenses, again guidance that I've given here has been expenses of roughly \$54 billion ex the impact of divestitures, ex-FDIC for the full year. I'm sticking to that guidance. I think that on top of that, we will have an FDIC special assessment charge that will be around \$1.650 billion, somewhere around there. So that'll be on top of the \$54 billion. But I'm sticking with the guidance there. That would suggest an uptick in the fourth quarter, and I'm looking at fourth quarter, roughly \$14.2 billion. That uptick will include a restructuring charge, if you will, of a couple of hundred million dollars associated with the org simplification that we announced just a couple of months ago. So that will be expenses.

And then cost of credit, not seeing anything outside of what I've been talking about through most of the year and the normalization that's occurring. But I'm looking at a cost of credit for the quarter that's somewhere between \$2.2 billion and \$2.3 billion, so a little bit higher than what we saw last quarter. Again, the normalization of both the Branded and Retail Services card portfolio, and some volume.

RICHARD RAMSDEN: Alright thank you, that's very comprehensive. So let's unpack a little bit of that. So let's talk about, start with NII. I think last quarter you increased the NII guidance to \$47.5 billion ex-Markets, that would imply a step down this quarter, so is that still your expectation? And I guess as a follow on, obviously you've talked about this, there's a lot of uncertainty over the rate environment as we head into next year. How are you positioning the balance sheet given the uncertainty in terms of higher for longer versus the prospect of rate cuts, which is obviously what the markets now pricing again in the U.S.?

MARK MASON: So yes, the guidance that I've given has been increasing throughout the year actually. And when we last talked about it, it was \$47.5 billion, as you said, ex-Markets. I'd expect to come in probably a little bit better than that, just given the way things have played out. But that would suggest a tapering down in the fourth quarter. And if you think about what drives that, it's a combination of the exits that we've been managing through. In particular, we've closed Taiwan and Indonesia, and the revenues there obviously have a big NII component to that, so that'll be part of what we see play out there as well as just mix and how mix has evolved will be another important factor. But those factors will kind of play through the NII and put a little bit of pressure on the fourth quarter.

In terms of how we're positioned. And we've talked about this before in the sense that when you think about our book, we obviously have a global business. At this stage, we are positioned in a neutral way as it relates to U.S. rates. And given our globality, the positive impact from rates would likely be outside of the U.S., so non-U.S. rate.

RICHARD RAMSDEN: Okay. So maybe we can pull the lens back and talk a little bit about revenue guidance. And you've talked about this, you're going to come in towards the lower end of the range, but I think that still does imply year-to-date revenues of up 6% if we look at the third quarter and you have actually grown the top line at a CAGR of around 4% to 5% since the Investor Day in 2021. You know, if we assume that U.S. rates have peaked, what are the key drivers you see to get to the 4% to 5% revenue CAGR over the medium term? How easy is it going to be to continue to grow, assuming we don't have the tailwind from higher rates going forward?

MARK MASON: So, Richard, as you know, one of the things we talked about at Investor Day was that, one, it wouldn't be a straight line, and two, that the diversification, if you will, and the resiliency of our business model would be really important. And I think we've seen that play out amidst all the uncertainty that we've



experienced since Investor Day. What I would point to, Richard, in particular, is look at the third quarter year-to-date and look at where the strength associated with that top line growth has come from.

If you start with Services, our Services revenues third quarter year-to-date was up 18%, 18%, right? And that that's 18% for both TTS and 18% for Securities Services. And when I look at that TTS strength, about half of it was driven by rates, which means the other half was driven by good business activity and momentum, new client acquisitions, both in our multinational client set, but also with our middle market banking clients. Doing more with existing clients, opening up in places where they have their subsidiaries and the like. And that's an area we'd expect to see continued momentum even as rates start to stabilize. Similarly in Securities Services, we've grown assets under custody to over \$2 trillion third quarter year-to-date. We continue to expect to see good momentum with new client acquisitions there. So you have a really strong Services core business that as we go into 2024 and beyond, we're likely to see very strong continued revenue growth momentum.

Then if you look at our USPB business, 14% year-to-date, again, an area when you look at the cards businesses there, an area we've been talking about investing in and we have been investing in and we're seeing good client acquisition growth there. We've seen that growth turn to average interest earning balances growing, spend growing. Those types of things have contributed to that top line momentum. We'd expect that to continue.

When you look at our Markets business, it's been about optimizing the use of the balance sheet. We're going to continue to do that. We've got a very strong fixed income business. We've started to turn in terms of the growth in our equities business, we expect that to continue.

And then where the drag has been, full transparency obviously, is that in Investment Banking, the wallets have been at historical lows, and so at some point we're expecting that to turn. We talked about some of the green shoots earlier that we're seeing in terms of debt capital markets and the like. And so, the combination of the stronger parts of the franchises continuing to perform where we've had wallet pressure like investment banking, that wallet eventually having to turn.

And then there's Wealth. And just candidly, I've been disappointed. We've been disappointed in what we've seen in our Wealth business. But when you're disappointed in something, you take action associated with it. And we brought in Andy Sieg, he started just a number of weeks ago. He is off to a great start. But importantly, this is a real operator, this is someone that knows how to grow and scale a Wealth business quickly. He's focused on how we get the investment revenues up significantly in this business with the client base. He's focused on how we take advantage of the platform that we've started to build out in bringing in new clients and expanding the services that we offer to them. And so those are the areas that we know will continue to drive that top line growth. The mix will be different. It won't be 18% for Services next year, but it also won't be down 27% as it relates to investment banking.

RICHARD RAMSDEN: Okay, great. So let's talk a little bit about some of the businesses. You talked about the cards business, so let's start there, that is a business that has actually shown good momentum. So can you talk about some of the dynamics and the recent trends, both in the Branded Cards business and the Retail Services business, both in terms of what you see now, but also what you're expecting as we head into 2024?



MARK MASON: So, look, I feel very good about our number 2 position in cards. As you mentioned, we've got two sizable portfolios. About two thirds of the loans are with our Branded Cards portfolio, about a third with our Retail Services portfolio. We tend to focus on the higher FICO score customer base about 80% of the aggregate portfolio with customers with FICO scores of 680 or higher, about 86% or so with FICO scores with 660 or higher, so we tend to focus on the higher end in both.

If I think about the recent holiday activity we saw in Branded Cards, I would say good momentum year-over-year through Cyber Monday, so Black Friday and then Cyber Monday, better than kind of pre-Thanksgiving levels, and so feel good about that. The sectors I don't think will come as a surprise, think about dining, entertainment, travel, those were the areas where we saw that good activity through that early part of the holiday season. On the Retail Services side, it was probably flattish year-over-year, but a little bit better than, again, pre-Thanksgiving momentum or activity and so good signs there. And I'd say the strength there was probably in electronics and department stores and less so in home improvement. So very good quality portfolio that's important. Have invested in acquisitions, particularly on the branded side, that's important for future growth and momentum. Seeing normalization of credit, you'd expect that in the portfolio and obviously there are a number of factors that will play into how that how that persists. But these are good portfolios with good returns that I expect to see continued momentum in.

RICHARD RAMSDEN: So let's talk about expected losses in the card business. I think you said that you're expecting that card NCLs are going to reach pre-COVID levels by year end. I think you've talked about the possibility that they could tick above those levels heading into 2024, depending on macro conditions. So few questions. Maybe you can just unpack some of the key macro assumptions underlying the guidance. Maybe talk about when you expect losses to peak in the card businesses. And then if you just pull the lens back, are there other parts of the loan book that you're watching more closely from a credit perspective today than, say, six months ago?

MARK MASON: There's a lot there. So let's see, so I already shared kind of where we focus in terms of the risk profile of customers. So I won't go through that again. I think I've said before and this seems to be the way things are playing out that we'd expect to reach kind of the normal cycle loss rates, normal being old normal to some extent in the fourth quarter and that's still the case. So Branded Cards 3% to 3.25%, Retail Services 5% to 5.5%. We still think we'll get there kind of in the fourth quarter. I think that we're not seeing, we would expect that would continue to increase as we go through the early part of 2024. And there are a number of factors that play into that, not the least of which is how the mix has evolved, how the vintages that play through these portfolios, having acquired new customers and obviously how economic factors continue to evolve, the most important of which is how unemployment shakes out, right, and we talked about that earlier.

When I look at kind of the reserve levels, and I'm going to come back to unemployment in a second, both portfolios, we feel very good about the reserve levels that we have, right? So the aggregate we have 7.8% reserve to loan ratio, the Branded Cards portfolio about 6.3% reserve to loan ratio and the Retail Services portfolio about 11% reserve to loan ratio. So feel very good about how we're reserved. When I look at those reserves, or the macro variables under those reserves, we're probably looking at an eight-quarter average for unemployment, that's about 5%. And as you know, when we do all these analyses and different scenarios, there's a downside scenario, but downside assumption is probably close to a 7% unemployment rate. So how those things evolve will certainly factor into when we peak out in terms of loss rates. But I feel very good



about the reserve levels that we have and our preparedness for that.

On the corporate side, we feel, again, loss rates have been minimal as we look back the last eight quarters and beyond. We don't have any particular areas of concern, but we obviously watch everything from the minimal amount exposure we have in commercial to every other sector and country and region around the world. So no particular areas, but we're watching everything.

RICHARD RAMSDEN: Okay, so, let's talk about the reorg. You know, obviously, it's got a lot of attention. You talked about it, I think, or announced it last quarter. Maybe you can talk a little bit about some of the benefits that you expect to realize from the reorg. Give us an update in terms of the progress that you've made and maybe talk a little bit about the path forward from here in terms of the reorg.

MARK MASON: Important to, for me at least, to kind of just harken back for a second to Investor Day and what I often try to remind folks of is that to some extent, the reorg was foreshadowed at Investor Day. We talked about these five core businesses at our Investor Day, and we talked about the growth we expected, we talked about how they'd contribute to return targets that we have. And we also talked about exiting the 14 countries, consumer that is, in the 14 countries, and we have made significant progress on that. And when Jane announced this, she pointed to that as one of the reasons we felt so comfortable and moving ahead with the org simplification. Because in fact we had simplified the organization with the progress around exiting those countries. And so, the org simplification was about removing those layers, removing the ICG and the PBWM layer and all of the structure that supported those layers as well as the regions, and the structures that supported those regions. And by doing that, you simplify the organization, you flatten the organization, you bring to Jane's table, to my table, those five core businesses in a very direct way that allows you to ensure that the strategy is clear, that allows you to ensure that execution is progressing the way it needs to, that allows you to ensure that where there are synergies that should be captured across those five businesses that they're actually being captured, right? And that the incentives are aligned with progressing against that as well as the operational excellence that's needed to achieve that. And so that direct connectivity, I think is very powerful in us being able to achieve the return targets that we've set.

What we announced was obviously, you know, Phase 1, Phase 2 in terms of Jane's directs one down from those directs and one down from there. We are on track to have completed the other phases by the end of the first quarter. But this is important work towards the simplification and towards saves. So, we talked about going from 13 layers to 8 layers. I'll give you an example for finance, a very quick and simple example. Before we announced the reorg, I had an ICG CFO and a PBWM CFO and a Latin America CFO, as well as an EMEA CFO and an Asia CFO. And underneath them they all had CFOs for the five core businesses. Well, by eliminating those roles, those businesses are now sitting at my table, the CFOs for those businesses. And by the way, when I eliminate those roles, the support for those roles goes away as well, right? And that's how we get at the saves, but at the same time, the efficiency that allows us to run the business more effectively. Does that help?

RICHARD RAMSDEN: That really does. And then maybe just two quick follow-ons, because obviously you've gone through a number of reorgs before. You know, and I think I understand what's different this time around, but it would be very helpful for you to go through it from your perspective in terms of why you think it's different. But maybe we can also talk about it in context of expenses and as we think about expenses heading into next year. So, I guess linked question is, look, you've talked about \$54 billion of expenses, ex-





divestiture related impacts and the FDIC assessment, that does imply quite a significant step up from expenses in Q3. As we think about 2024, is the Q4 run rate for expenses a good jumping off point or should we be thinking about it in a slightly different way? So, kind of two interrelated questions around that.

MARK MASON: Yeah. Let me take the latter first, which is, so 2023, roughly \$54 billion is what we've talked about. And what I'd say is that as I look at that, we've got call it \$1 billion or so, some combination of repositioning and restructuring charges that may be part of that, right? And so the restructuring being largely tied to part of this org simplification that we've just announced, right? So, as I think about 2024, 2024 is going to be lower than 2023. So, I've talked about in the past about Q3 to Q4 seeing a drop, the aggregate dollars of total reported expense dollars will be lower. It'll be lower not just because of the FDIC. So, I'm saying it'll be lower, ex- FDIC, right? **And I'm also saying it'll be lower ex the restructuring charge.** So, my point in that is we are doing again what we've said we were going to do, which is pulling the levers, the three levers I've talked about before to ensure that our expenses start to come down. They're going to come down quarter three to quarter four and they're going to come down in 2024 in aggregate.

In terms of how this is different, in so many different ways, right? One, we've got a different strategy. Two, we've actually executed on revising the org design to align with that strategy. Three, we've been very deliberate and not just doing it at the top of the house, so to speak, and then allowing for leaders to independently impose it on their org structures but managing it through the organization. So, we're meeting multiple times a week. I don't get to just kind of say I eliminated my CFO, now leave me alone. We go through as a leadership team how we're translating that to the next four layers, right? And not just for finance, across the functions, across the businesses. So very deliberately looking to drive that efficiency and ensure that simplification, that's very different. We've got a different set of leaders around the table that's very different. The incentives, I think, are quite aligned with achieving this. When we report on this new structure next year for the fourth quarter earnings, you're going to see those five core businesses and what the returns are associated with them. Those leaders know that they are now held accountable to that in a very transparent way to our investors. That's very different.

RICHARD RAMSDEN: That's really helpful. I know this is very important to folks. So just two very quick questions. I mean, as we think about the benefits of this over the course of 2024, I mean, is it backloaded towards the end of 2024? And then as we think further out into 2025, I mean, are there benefits that you think will come further out that you think the market needs to see and think about?

MARK MASON: So, what I want to point to here, Richard, is we've been consistent on there are three drivers of what's going to drive our costs down towards the medium-term targets that we've set for ourselves, right? So, one is the org simplification, which we've been spending a lot of time on, that's the most current one. The other is the transformation and the benefits that come from the transformation, right? That's going to be an important impact as well. And the third are the divestitures, which we've made good headway on, but ensuring we're driving and eliminating that stranded cost. Those three things in varying degrees will play out over the next couple of years and beyond, right? So again, I said third quarter to fourth quarter next year, expenses in absolute dollars coming down, aggregate dollars down, you can probably kind of figure out how that is likely to trend through the year. And then obviously going into 2026, we'd expect continued downward pressure on expenses.



RICHARD RAMSDEN: Great. So, let's talk a little bit about capital. Basel III, obviously got a lot of attention at this conference. I know you've talked about a 16% to 19% increase in CET1 based on the proposal. You've obviously had more time with the proposal now. So, can you just give us an update on your thought process around, the ramifications of Basel III? Maybe talk a little bit about the changes to the proposal that you think may happen to the extent you think it could change relative to the initial rule. But then maybe also talk a little bit about mitigation strategies that we should think about when we're thinking about steady state capital for Citigroup going forward?

MARK MASON: Yeah, you know, look, and I think many of the bank CEOs are in D.C. today at a hearing. And so, they're probably talking real time.

RICHARD RAMSDEN: Including Jane.

MARK MASON: Yeah, including Jane exactly. I'd say a couple of things. One, it's very clear to me at least that this wasn't the holistic review that we had expected and hoped for. And that is, I think, of concern, but I think very obvious. I think the other things that we worry about is the impact on competitiveness between U.S. banks and outside of the U.S. just in terms of how the rules are being applied differently. We worry about movement of activity to non-regulated spaces and outside of the banking institutions. And we worry about the impact to consumers and corporates from a lending point of view. So those are things that I think we should all be concerned about and mindful of as this kind of continues to evolve. When I look at the areas of impact, operational risk is a major area of impact, I think across the industry and one where I think there's overlap in other aspects of the capital regime. We've got to see how that plays out and how the advocacy kind of plays out on that.

FRTB and the impact on models, the enhancements that are required there, that's an area that we've been actively investing in to make sure that we're ready for the application of the rule. But that's going to be another area of high impact. As is the case for equity investments, where you see risk weightings jump from 100%, 150% to 400%. All of those activities potentially impact the way we think about pricing, the way we think about collateral that's required against positions and the way we think about how much we want to be in those different types of businesses. And so, we'll have to manage that. But I think the real takeaway here is that, two things, one, the numbers that I've given have assumed no mitigation. Mitigation involves everything again, from how we think about repricing to how much collateral we need to hold, to whether we want to be in the business and at what level or not and we're looking at all of those things to ensure that we're ready for however the rule evolves and whatever that means in terms of its implementation.

RICHARD RAMSDEN: Oka, got it. And then just obviously, there is a lot of uncertainty around steady state capital requirements. You know, other changes coming potentially to CCAR as well. Buybacks are a very important part of the investment thesis for Citigroup. I think you talked about modest buybacks on the last earnings call, I mean, is that still the case? And how are you thinking about capital returns just given some of this uncertainty?

MARK MASON: It certainly is still the case. We ended last quarter with pretty strong CET1 ratio, 13.6% or so. We – I talked about buybacks. We're doing buybacks in the quarter. We'll probably do around \$500 million or so, we're well into that for the quarter. And I continue to look at it every quarter with an eye towards how the capital regime is continuing to evolve, how much I need to invest in the businesses to capture the growth





and ensure improved returns. And then how much I can buyback and given where we're trading, we want to buy back as much as we can, right? And we've been trying to do that responsibly.

RICHARD RAMSDEN: Okay, so, we've only got a few minutes left. So, let's just talk about the targets. Again, look I think there is still this question mark around how you get from the current returns to the target of 11% to 12% RoTCE by 2025. And certainly, when you look at consensus, you know, they're not at those levels. You've obviously talked a lot about the restructuring, the reorg, about the ability to grow the business even if interest rates don't go up. So maybe you can help us pull this together and bridge the gap in terms of how you think about the path to those returns versus the market. Maybe talk about what you think investors could be missing because I do think it is a very important part in terms of the rerating of Citigroup's valuation.

MARK MASON: Yeah, it is a very important part. And again, what we're trying to do is build credibility with our investors, which means proof points along the way that we can deliver and do what we said we're going to do. So let me answer your question. So illustratively, let's just kind of walk through what I've said before, the guidance that's out there and what it means for our ability to achieve 11% to 12%. So back at Investor Day, we talked about top line growth, 4% to 5% CAGR, you said it in your question earlier, we've demonstrated that to date. My targets right now suggest that we'll get to 4% to 5% for 2023, right? And it would be required for us to do that to get to 2025-26, let's call it 2026, but medium term is 2025, 2026, right? That would mean revenue, top line growth, \$87 billion to \$92 billion or so of revenue.

We talked about cost of credit at Investor Day. We talked about cost of credit being about 1% or so of our loans, loan growth of 6% to 7%. We know about the growth has been coming from Cards, right? So, let's call loan, let's call cost of credit about \$9 billion, right, in our medium-term. Okay. Tax rate, kind of where we've been trending, so, 25% or so. And in your other question you just talked about capital of 16% to 19%, unmitigated. So, you apply that to our current capital base, call it \$180 billion to \$185 billion, we can debate whether we're on the low end or the high end, but I did say was unmitigated.

And so, you pull all of that together, all of that is existing guidance, that's out there. I just walked you through on the revenue line how I thought we could maintain 4% to 5%. So, we're solving for 11% to 12% by trying to figure out what our expense level needs to be. So, when you run that math, that would suggest expenses of \$51 billion to \$53 billion, right? I said for 2023, we're at roughly \$54 billion with a \$1 billion or so of repositioning/restructuring charge in it. That's \$53 billion. So, it seems reasonable, it seems doable that we'd be able to get to \$51 billion to \$53 billion in our illustrative example of 2026, with the expense levers that I've discussed, those three levers, in order to achieve kind of an 11% to 12% return, right? So that's kind of how I how I think about it. And again, we can debate, okay, what would if you don't do 4% to 5%, well, then that reduction of \$1 billion to \$3 billion, I probably have to do some more on that. But those levers to me seem reasonable to achieve, right?

RICHARD RAMSDEN: Okay. I think with that, we're out of time. But Mark, that was really helpful. So, thank you so much for coming along.

MARK MASON: Thank you, thank you. It's good to see you, Richard. Thank you.



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