TRANSCRIPT

Citi Fourth Quarter 2025 Earnings Call

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Host
Jenn Landis, Head of Citi Investor Relations

Speakers
Jane Fraser, Citi Chair and Chief Executive Officer
Mark Mason, Citi Chief Financial Officer

PRESENTATION

OPERATOR: Hello and welcome to Citi's Fourth Quarter 2025 Earnings Call. Today's call will be hosted by Jenn Landis, Head of Citi Investor Relations. We ask that you please hold all questions until the completion of the formal remarks at which time you will be given instructions for the question-and-answer session. Also, as a reminder, this conference is being recorded today. If you have any objections, please disconnect at this time.

Ms. Landis, you may begin.

JENN LANDIS: Thank you, operator. Good morning and thank you all for joining our Fourth Quarter 2025 earnings call. I am joined today by our [Chair and] Chief Executive Officer, Jane Fraser, and our Chief Financial Officer, Mark Mason.

I'd like to remind you that today's presentation, which is available for download on our website, citigroup.com, may contain forward-looking statements which are based on management's current expectations and are subject to uncertainty and changes in circumstances. Actual results may differ materially from these statements due to a variety of factors, including those described in our earnings materials as well as in our SEC filings.

And with that, I'll turn it over to Jane.

JANE FRASER: Thank you, Jenn, and good morning to everyone. This morning, we reported another strong quarter to close out what was a very good year of progress indeed. We got a tremendous amount accomplished in 2025, and I am proud of our team. That said, and we have always been clear about this, we are on a multi-year journey, and we remain focused on executing our strategy and transformation. And I am excited to update you on our progress in greater detail and to outline the next phase of our journey at our Investor Day on May the 7th.

In terms of the quarter, excluding the impact of a notable item, our adjusted EPS was $1.81, and our adjusted RoTCE was 7.7%. For the full year, our returns improved to 8.8%, a 180-basis point improvement after adjusting for Banamex and Russia, and adjusted net income surpassed $16 billion. With adjusted revenues up 7%, we delivered positive operating leverage in every one of our five businesses, as well as the firm overall for the second straight year.

Each business had record revenues and improved their returns by between 250 and 800 basis points.

Services continued to deliver, with revenues up 8% and an RoTCE of over 28% for the year. Fee revenue grew by 6% and cross-border transaction value by 10%, as we deepened client relationships and supported them across our global network. Securities Services assets under custody and administration grew 24% as a result of existing client growth and the onboarding of new client assets.

We continue to innovate to provide our clients with always-on, cross-border, multi-bank solutions. In 2025, we integrated Citi Token Services with 24/7 U.S. dollar clearing, launched in Hong Kong and Dublin, and added euro as a transaction currency. We also expanded our industry leading Citi Payments Express to 22 markets and it processed 40% of TTS' payments during the fourth quarter. In October, we began the journey to a unified custody infrastructure and enabling near real-time asset servicing by launching Single Event Processing. All the investments we have made have translated to growth and strong market share gains.

Markets delivered record revenues, even surpassing our 2020 performance. Combined with better capital efficiency, RoTCE increased to 11.6%. Fixed Income was up 10% despite a challenging year for us in Commodities. Equities revenues of $5.7 billion was also a record, with an over 50% increase in prime balances as that business continues to gain share.

Banking had a record year, including the best quarter and year for M&A revenues in Citi's history, as we gained share in our target sectors as well as in Leveraged Finance and with Sponsors resulting in an 11.3% RoTCE. Citi had a role in 15 out of the 25 largest investment banking transactions of the year and advised Boeing, Pfizer, Nippon Steel, Mars, Johnson & Johnson, Blackstone and TPG. This all drove a 30-basis point year-over-year increase in our investment banking wallet share. Overall, revenues were up 32% whilst keeping expenses flat, showing the discipline we are applying to this business.

Wealth delivered another year of strong performance in 2025, including 14% revenue growth, 8% organic NNIA growth and an RoTCE of over 12%. It's a direct result of the strategy we've executed over the past two years, attracting and retaining industry-leading talent and driving better operating efficiency that's allowed us to invest in key growth areas. And that includes notable partnerships with industry leaders such as BlackRock that have enhanced our open architecture platform and are elevating the client experience. The integration of the retail bank into Wealth makes it easier to deepen share with existing clients and unifies our U.S. deposit franchise.

USPB's returns more than doubled for the year, reaching mid-teens, driven by continued product innovation, solid customer engagement and our high-quality card portfolio. Branded Cards revenue grew 8% driven by robust engagement from customers in spend, borrowing and new account acquisitions across our proprietary offerings, and our American Airlines and Costco partnerships. While Retail Services showed some revenue softness, the business's returns remain solid.

In terms of capital, we repurchased over $13 billion in common shares during the year, including $4.5 billion in the fourth quarter as part of our $20 billion plan. Increasing our dividend resulted in a total capital return of over $17.5 billion, the most since the pandemic. We ended the year with a CET1 [Capital] ratio of 13.2%, which is 160 basis points above our regulatory capital requirement. So we have ample capital to support our growth and will continue to return excess capital to our shareholders.

We reached some significant milestones in terms of our simplification as we near the end of our international divestitures. We signed an agreement to sell our consumer business in Poland, and we are receiving final approvals to sell our remaining operations in Russia. And just three months after announcing it, we closed the sale of a 25% stake of Banamex to one of Mexico's most prominent investors.

We have made significant progress in terms of our transformation. Over 80% of our programs are now at or nearly at our target state and, while there is more work to do, I am very pleased with how far we have come as evidenced by the OCCs removal of Article 17 of the Consent Order in December. When combined with how we are deploying AI, this bank is being truly transformed in terms of its operational capabilities, its controls and its tech infrastructure compared to five years ago.

But we are also building AI into the processes that move money, manage risk and serve clients. Colleagues in 84 countries have now interacted with our proprietary tools over 21 million times, and we continue to see adoption increase and it is now above 70%.

With much of our transformation behind us, we are shifting our focus to how we can use AI tools and automation to further innovate, re-engineer and simplify our processes beyond risk and controls to improve client experience whilst reducing expenses. We have started with just over 50 of the largest and most complex processes in the firm, ranging from KYC to loan underwriting, and we're moving with speed to systematically implement modern and efficient solutions.

Turning to the macro, the global economy has powered through many shocks over the past few years, creating optimism and confidence that economic growth is poised to continue. With inflation now at normal levels globally, almost every central bank is becoming more accommodating.

And while the labor market in the U.S. has softened, capital investment remains strong, especially in tech. And it's the combination of that CapEx, the health of the consumer, the tax bill benefits and anticipated rate cuts that should be enough to sustain growth.

China is relying on exports to grow and compensate for slower domestic consumer demand. And Europe has taken some steps to accelerate its anemic growth, and we are hopeful that Germany can create a meaningful stimulus.

We have shown that our strategy can deliver results in different environments. Our corporate clients are in great financial shape and, as you know, are predominantly investment grade in terms of credit quality. We are very well positioned to continue to help them navigate an eventful geopolitical environment whether through our balance sheet or expertise developed from being on the ground in almost 100 countries.

So, we enter 2026 with visible momentum across the firm. You see it quarter after quarter in the business performance, the improvement in our risk and control environment, investments in innovation, our ability to attract top talent and the pace of capital return. As I told our people at a town hall in December, this was the year we changed the conversation around Citi. We are now decidedly on the front foot.

But we aren't taking any victory laps. We are intensely focused on completing our transformation and maintaining our trajectory to deliver the 10% to 11% RoTCE we have spoken to you about, as well as another year of positive operating leverage. Those are our top priorities for this year.

And we are really looking forward to hosting you for Investor Day, where we will lay out how we will take our strategy forward and our path for improving our returns in a sustainable manner. As you'll see, we are just getting started in capturing the upside in front of us.

Now before I turn over to Mark, I want to say a few things about him. As you know this is Mark's last call as CFO, and he has done a fantastic job for us as I know you would all agree. He helped guide the bank through the pandemic, provided continuity during my transition to CEO and has driven a significant part of the remediation work for the consent orders. Through it all, he has been a level source of strength and wisdom. There are few people as responsible for where Citi stands today, especially in terms of its financial performance as Mark, and I wanted to take a moment to thank him for all that he has done for our firm. Gonzalo has big shoes to fill indeed.

And with that, I will turn it over to Mark, and then we would both be happy to take your questions.

MARK MASON: Thanks, Jane and good morning, everyone. I am going to start with the firmwide fourth quarter and full-year financial results, focusing on year-over-year comparisons unless I indicate otherwise, then review the performance of our businesses in greater detail, and close with our current expectations for 2026.

On slide 7, we show financial results for the full firm. This quarter we reported net income of $2.5 billion, EPS of $1.19 and an RoTCE of 5.1% on $19.9 billion of revenues, generating positive operating leverage for the majority of our five businesses. On an adjusted basis, which excludes the notable item consisting of the impact of the held-for-sale accounting treatment of Citi's remaining operations in Russia, we reported net income of $3.6 billion, EPS of $1.81 and an RoTCE of 7.7%. Total revenues were up 2%, driven by growth in Banking, Services, USPB and Wealth, primarily offset by a decline in All Other. Adjusted for the Russia notable item, revenues were up 8%. Net interest income excluding Markets, which you can see on the bottom left side of the slide, was also up 8%, driven by Services, USPB, Legacy Franchises, Wealth and Banking, partially offset by a decline in Corporate/Other. Non-interest revenues excluding Markets were down 17%. However, adjusted for the Russia notable item, non-interest revenues excluding Markets were up 23%, driven by better results in Banking and All Other, partially offset by declines in Services, USPB and Wealth. And total Markets revenues were down 1%. Expenses of $13.8 billion were up 6%, driven by increases in compensation and benefits, tax charges, legal expenses as well as technology, partially offset by productivity savings and lower deposit insurance expenses. Cost of credit was $2.2 billion, primarily consisting of net credit losses in U.S. cards. And for the full year, we generated positive operating leverage for the firm and each of our five businesses, with $14.3 billion of net income, up 13%, with an RoTCE of 7.7% on a reported basis. And adjusted for the Russia notable item this quarter, as well as the goodwill impairment related to Banamex in the third quarter, we delivered $16.1 billion of net income, up 27% versus the prior year, with an RoTCE of 8.8%.

On slide 8, we show the full year revenue trend by business from 2021 to 2025. This year, we reported revenue of $85.2 billion. Adjusted for the Russia notable item and excluding divestiture-related impacts, revenues of $86.6 billion were up 7%, our strongest growth in over a decade. With each of our businesses achieving record revenues, 2025 demonstrates another year of our investments in the franchise driving solid top-line growth. And it is worth noting, that since 2021, we have generated a compound annual revenue growth rate of 4% on a reported basis, 5% adjusted for the Russia notable item this year and excluding divestiture-related impacts. And 6% excluding Legacy Franchises, which has declined by over $2 billion over that period.

On slide 9, we show the full year expense trend from 2021 to 2025. This year, we reported expenses of $55.1 billion. Excluding the Banamex Goodwill Impairment in the third quarter, expenses were $54.4 billion. The increase in reported expenses was driven by higher compensation and benefits, the Banamex goodwill impairment, technology and communications and transactional and product servicing expenses, partially offset by lower deposit insurance expenses and restructuring charges. As you can see on the bottom right side of the slide, the increase in compensation and benefits was driven by performance-related compensation, higher severance, which totaled approximately $800 million for the year, and investments in technology, with productivity and stranded cost reduction partially offsetting continued investments in the businesses. And as you can see on the bottom left side of the slide, we have been reducing headcount, and we expect that trend to continue. As we take a step back and look at the trajectory of our expense base, over the past five years we have invested significantly in the transformation and technology to modernize our infrastructure, simplify and automate our processes, and enhance and streamline our data. At the same time, we have incurred restructuring and severance charges to simplify our organizational structure and invested in the businesses to drive top-line revenue growth in a disciplined way. We continue to see the benefits of these investments play through this year, with continued productivity saves as well as revenue growth, both contributing to an improvement in our firmwide efficiency ratio to 63.0% on an adjusted basis.

On slide 10, we show consumer and corporate credit metrics. As I mentioned, the firm's cost of credit was $2.2 billion, primarily consisting of net credit losses in U.S. cards. Our reserves continue to incorporate an 8-quarter weighted average unemployment rate of 5.2%, which includes a downside scenario average unemployment rate of nearly 7%. At the end of the quarter, we had over $21 billion in total reserves with a reserve-to-funded loans ratio of 2.6%. We continue to maintain a high credit quality card portfolio, with approximately 85% to consumers with FICO scores of 660 or higher, and a reserve to funded loan ratio in our card portfolio of 7.7%. And it's worth noting that across our U.S. cards portfolios, delinquency and NCL rates continue to perform in line with our expectations. Looking at the right-hand side of the slide, you can see that our corporate exposure is primarily investment grade, and in the quarter, corporate non-accrual loans, as well as corporate net credit losses, remained low. We feel good about the high-quality nature of our portfolios, which reflect our risk appetite framework and our focus on using the balance sheet in the context of the overall client relationship.

Turning to capital and the balance sheet on slide 11, where I will speak to sequential variances. Our $2.7 trillion balance sheet increased 1%, driven by growth in loans, partially offset by a decline in investments. Net end-of-period loans increased 3%, driven by growth in USPB and Markets. Our $1.4 trillion deposit base remains well-diversified and increased 1%, driven by growth in Services, partially offset by a decline in Corporate/Other. We reported a 115% average LCR and maintained over $1 trillion of available liquidity resources. We ended the quarter with a preliminary 13.2% Standardized CET1 Capital ratio, approximately 160 basis points above our 11.6% regulatory capital requirement, which reflects a 3.6% stress capital buffer. As we've said in the past, we remain very focused on the efficient utilization of both Standardized and Advanced RWA while providing the businesses with the capital needed to pursue accretive returns. And we will continue to prioritize returning capital to shareholders through buybacks, as evidenced by the $4.5 billion of buybacks in the fourth quarter and over $13 billion for the year against our $20 billion buyback program.

Turning to the businesses on slide 12, we show the results for Services in the fourth quarter and full year. Reported revenues were up 15%, and 8% adjusted for the Russia notable item, driven by growth across both TTS and Securities Services. NII increased 18%, primarily driven by higher average deposit balances and deposit spreads. NIR increased 10% on a reported basis, and declined 11% adjusted for the Russia notable item, as higher lending revenue share outpaced total fee growth of 13%, which you can see on the bottom left side of the slide. We continue to see strong activity and engagement with corporate and commercial clients and momentum across underlying fee drivers. Cross-border transaction value increased 14%, U.S. dollar clearing volume increased 3% and assets under custody and administration increased 24%, which includes the impact of market valuations, as we continue to deepen with existing clients and onboard new clients and assets. Expenses increased 9%, primarily driven by higher technology expenses, compensation and benefits, as well as volume-related expenses. Average loans increased 10%, driven by continued demand for trade loans, in particular export agency finance and working capital loans. Average deposits increased 11%, with growth across both International and North America, largely driven by an increase in operating deposits. Services delivered net income of $2.2 billion with an RoTCE of 36.1% in the quarter and 28.6% for the full year.

Turning to Markets on slide 13. Revenues were down 1% against the best fourth quarter in a decade last year. Fixed Income revenues were down 1%, with Rates and Currencies flat and Spread Products and Other Fixed Income down 1%. Equities revenues were also down 1%, as growth in Prime Services, with balances up more than 50%, which includes the impact of market valuations, as well as Derivatives, was more than offset by a decline in Cash, against a strong prior year quarter. Expenses increased 14%, primarily driven by higher legal expenses, compensation and benefits, technology and volume-related expenses. Cost of credit was a benefit of $104 million, primarily consisting of a net ACL release resulting from a refinement of loss assumptions for certain portfolios in Spread Products. Average loans increased 25%, primarily driven by financing activity in Spread Products. Markets delivered net income of $783 million with an RoTCE of 6.2% in the quarter and 11.6% for the full year.

Turning to Banking on slide 14. Revenues were up 78%, driven by growth in Corporate Lending and Investment Banking. Investment Banking fees increased 35%. M&A was up 84%, reflecting a record quarter that closed a record year, with momentum across several sectors and continued share gains. DCM was up 19%, driven by investment grade and leverage finance debt, partially offset by lower participation in loans. And while ECM was down 16%, driven by lower participation in follow-ons, this was partially offset by a continuation of the IPO market recovery supported by favorable market conditions. Corporate Lending revenues, excluding mark-to-market on loan hedges, increased significantly, driven by an increase in lending revenue share. Expenses increased 10%, driven by higher compensation and benefits, which includes recent investments we've made in the business. Cost of credit was $176 million, which included a net ACL build driven by changes in portfolio composition, including credit quality and exposure growth. Banking generated positive operating leverage for the eighth consecutive quarter and delivered net income of $685 million with an RoTCE of 13.2% in the quarter and 11.3% for the full year.

Turning to Wealth on slide 15. Revenues were up 7%, driven by growth in Citigold and the Private Bank, partially offset by a decline in Wealth at Work. NII, which you can see on the bottom left side of the slide, increased 12%, driven by higher deposit spreads and average balances, partially offset by lower mortgage spreads. NIR decreased 1%. Net new investment asset flows slowed to $7.2 billion in the quarter, consistent with typical seasonality, and we continued to see growth in client investment assets, which were up 14%, including the impact of market valuations, with net new investment assets for the full year representing approximately 8% organic growth. Expenses increased 6%, primarily driven by investments in technology and volume and other revenue-related expenses. End-of-period client balances continued to grow, up 9%. Average loans were up 1%, as we continue to grow securities-based lending and deploy balance sheet to support clients with a focus on shareholder returns. Average deposits were also up 1%, as client transfers from USPB as well as net new deposits were primarily offset by operating outflows and a shift from deposits to higher-yielding investments on Citi's platform. Wealth had a pre-tax margin of 21%, generated positive operating leverage for the seventh consecutive quarter and delivered net income of $338 million with an RoTCE of 10.9% in the quarter and 12.1% for the full year.

Turning to U.S. Personal Banking on slide 16. Revenues were up 3%, driven by growth in Branded Cards and Retail Banking, partially offset by a decline in Retail Services. Branded Cards revenues increased 5%, driven by higher loan spreads, interest-earning balances, which were up 4%, and gross interchange fees largely offset by higher rewards costs, as customer engagement remained robust, with acquisitions up 20% and spend volume up 5%. Retail Services revenues were down 7%, primarily driven by lower interest-earning balances and lower loan spreads. While growth has been impacted by foot traffic and sales at some of our partners, we continue to see strong returns across the Retail Services portfolio. And Retail Banking revenues increased 21%, driven by the impact of higher deposit spreads and average balances. Expenses increased 2%, driven by higher transactional and marketing expenses to support acquisitions and customer engagement, partially offset by a reduction in other expenses. Cost of credit was $1.7 billion, driven by net credit losses in cards. For the full year, net credit losses in each of our cards portfolios were at or below the low end of our guided ranges, with Branded Cards at 3.60% and Retail Services at 5.73%. Average deposits increased 2%, as net new deposits were primarily offset by the client transfers to Wealth that I mentioned earlier. USPB generated positive operating leverage for the thirteenth consecutive quarter and delivered net income of $845 million with an RoTCE of 14.3% in the quarter and 13.2% for the full year.

Turning to slide 17, we show results for All Other on a managed basis, which includes Corporate/Other and Legacy Franchises and excludes divestiture-related items. Revenues declined across Legacy Franchises and Corporate/Other. The decline in Legacy Franchises was driven by the impact of the Russia notable item as well as the continued reduction of revenue from our exit and wind-down markets, partially offset by growth in Mexico. The decline in Corporate/Other was driven by lower NII, due to a lower benefit from cash and securities reinvestment, driven by actions taken over the last few quarters to reduce Citi's asset sensitivity in a declining interest rate environment. Expenses were down 6%, with a decline in Legacy Franchises partially offset by growth in Corporate/Other. And cost of credit was $449 million, primarily consisting of net credit losses of $341 million, driven by consumer loans in Mexico.

Turning to our current expectations for 2026, starting with net interest income excluding Markets on slide 19. Following solid growth of nearly 6% in 2025, we expect NII ex-Markets to be up between 5% and 6% in 2026. As you can see on the left-hand side of the page we expect most of the increase to come from volume growth and mix, primarily driven by higher loan volumes in cards and Wealth, and deposit volumes in Services and Wealth. And we expect a continued benefit from our investment portfolio, including fixed-rate securities and derivatives rolling into higher-yielding instruments, partially offset by declining U.S. and non-U.S. short-end rates. Overall, we expect the drivers of NII ex-Markets growth in 2026 to be consistent with those in 2025.

Turning to slide 20, we show our outlook for operating efficiency and the drivers of our expense base in 2026. In terms of expenses, we will continue to invest in our businesses to support continued top-line revenue growth, and expect higher volume and other revenue-related expenses, with capacity generated from productivity savings from our prior investments, reduction of transformation expenses, continued reduction in stranded costs, as well as a lower level of severance versus 2025. We expect our disciplined expense management, combined with top-line revenue momentum, will drive another year of positive operating leverage as we target an efficiency ratio of around 60% for the full year.

On slide 21 we show a summary of our expectations for 2026. In addition to our outlooks for NII ex-Markets and efficiency ratio, we expect continued fee momentum across the businesses to drive growth in NIR ex-Markets. In terms of credit, we expect card NCLs to remain within the ranges that we gave for 2025. We will continue to provide the businesses with the capital needed to pursue accretive returns, while we optimize our Standardized and Advanced RWA and capital usage. And we will, of course, continue to buy back shares against our $20 billion buyback program.

Now before we take your questions, I want to say a few words as this is my last earnings call as the CFO of Citi. I have been with Citi for nearly 25 years, and I've been the CFO for the last seven. During my career here I have seen Citi go through many different evolutions and face some very challenging times. Yet I have shown up every day for the last 25 years wearing my one Citi jersey, surrounded by colleagues who have the same mindset. I have always believed that what sets Citi apart is the heart and determination that it takes to drive real change and deliver for all of our stakeholders – our clients, employees, regulators and, of course, our shareholders and analysts.

As I said at our 2022 Investor Day, there was a lot to do and there were no quick fixes, but we had a clear strategy to set the company up to have a higher quality earnings mix and higher sustainable returns. And to achieve these financial goals we were going to do three things. First, invest in our businesses to grow our revenue. Second, become more efficient by investing in the transformation and technology and simplifying our operating model. And third, manage our capital to drive improved returns. And while there is still a lot more work to be done, as I sit here today, I could not be prouder of the progress that we've made as a firm in terms of executing on our transformation and improving the performance of our firm and each of our five businesses.

Since Jane took over, she has built a truly impressive team, and one that I have been incredibly proud to be part of. I want to thank Jane, my colleagues, and all 226,000 employees for the privilege of serving as your CFO over the last seven years. It has been the most exciting and rewarding time of my career, and it has been an honor to be a part of one of Citi's most significant chapters.

Looking ahead, I remain fully committed to supporting Jane, Gonzalo and the broader leadership team as the firm continues its path towards achieving its RoTCE target of 10% to 11% this year and delivering higher returns over time.

So, I am leaving the role not at the peak for Citi, but on the upswing with nothing but upside from here. And with that, Jane and I would be happy to take your questions.

OPERATOR: Your first question will come from Glenn Schorr with Evercore.

GLENN SCHORR: Hi thank you. And Mark, you're the best, you deserve to sit on a beach for a little while.

MARK MASON: Thank you Glenn.

JANE FRASER: Not yet**.**

GLENN SCHORR: Not yet, not yet, but exhale at some point. Okay. I have a question in Markets. And I feel like Markets is one of the big pieces of the puzzle to get to improved returns. So, it could be just one quarter, but I see the flattish revenues in the quarter, you talked about a tough year-on-year comp. Let's more focus on the interesting PB balances up around 50%, allocated capital about the same, trading assets are up like 23%, loans are up a bunch. I'm curious on how those things are growing while allocated capital is the same and yet the RoTCE in the quarter is like 6%, so those are just a couple of things that make my head scratch a little bit, so I just need a little help there. Thanks.

MARK MASON: Yes. Look, I'd point to a couple of things. So first of all, you can see the top-line revenue for the full year up 11% for Markets. So very strong performance. The fourth quarter was very strong last year, so it was a tough year-over-year comp. But we're seeing particular momentum over the course of the year in parts of the franchise, like spread products where we've been doing more around financing and lending activity, and that is a very optimal use of RWA, it's very high returning, low RWA for us.

Similarly, that momentum in Equities is supported by Prime with Equities up 13% for the full year. And a lot of the action that we see in 2025 is on the heels of having spent a lot time optimizing RWA in the prior years, and ensuring that we're deploying it where we get the highest return for it. And so we come into the year with lower levels of capital. You know we set that once for the year. We've allocated more GSIB capacity towards the business and allocated more higher returning use of the balance sheet towards lending activity, and those things have contributed to the higher RoTCE that we see here for all of 2025. So, a combination of optimization of balance sheet and deploying balance sheet in higher-returning areas of the franchise

GLENN SCHORR: Okay. All helpful and good perspective. And then this is a small one, but on the expense and efficiency, slide 20, and correct me if I'm wrong, I thought the last look was efficiency ratio below 60%, and now we're targeting around 60%. In the grand scheme of the Citi story, I don't think it's a big deal. I'm just curious if it changed or if it meant to change, or am I reading that wrong?

MARK MASON: No, you're reading it right, Glenn. It's a couple of things. Your last point is well taken as well. In the grand scheme of Citi, like what are we talking about. But let me make the bigger point, which is, in 2026, as you know, we are focused on ensuring we deliver on the 10% to 11% return, right? That means top-line momentum, good expense discipline. But in that expense discipline is both creating capacity through greater productivity, bringing down our transformation costs, et cetera, and investing in the business. And that investing in the business point is a really important one because Jane has said a number of times now that 2026 is just a way point. And in order for us to ensure we're delivering greater returns in 2027, 2028, et cetera, we have to continue to invest in the franchise. And so what you've highlighted as a less than 60%, moving to an around 60% is giving us the flexibility to ensure that where we see the opportunities to invest beyond 2026, that we're taking advantage of those. Does that make sense?

GLENN SCHORR: Yeah. Yeah, it makes sense, and I appreciate it. Thanks.

OPERATOR: Your next question will come from Mike Mayo with Wells Fargo.

MIKE MAYO: Jane, if you could elaborate on the new data point that over 80% of your progress with transformation is at the target state or near target state, what remains? And out of what remains, how much of that relates to safety and soundness? Thank you.

JANE FRASER: Yes. Thanks, Mike. Well, while we have some more work to do, let me just say, I do feel really good about where we are. As you'll remember, the orders mainly revolved around four areas, so compliance, risk, controls and data. And we are at operating or almost at our target state, these are the Citi-defined ones, for compliance, risk and controls. And in data, we've significantly accelerated progress over the past year. And some of that's really been helped by AI as well. And we're seeing this translate quickly into both outcomes. And that's including the detailed accuracy of our most critical regulatory reports and in the modernization of our underlying data.

So we're focused on completing the work. And we have a finely tuned execution machine that's delivering on time and at the appropriate quality. And I am highly confident in our ability to get the remaining work done. And I think we all took it as a positive sign that our regulators are also seeing demonstrable improvement in Citi's safety and soundness, and that's publicly evidenced by the OCC's termination of the July 2024 amendment.

Ultimately, the timing is up to the regulators. Getting the work completed is just the beginning of the end as it were, and we need to get comfortable that the work has delivered its desired outcomes, it needs to get validated by our independent audit function and then the regulators go through their assessment and closure process. That all takes time. But from the shareholder perspective, we are beginning to see the benefits of the investments we've made in our transformation. We're becoming more efficient, as you can see on the back of many of these investments. We're far better controlled. And as we complete each body of work, we're beginning to bring our expenses down. And to Mark's point earlier, that creates capacity for additional investments. It creates capacity for higher returns in 2026 and beyond. And I would also say it frees up some more management mindshare for growth and innovation.

MIKE MAYO: And correct me if I'm wrong, I think you were at the end stage for risk and compliance, but now you're saying in controls, you're mostly there?

JANE FRASER: Yes.

MIKE MAYO: So that's new. So you're really left with regulatory data, which, and again, correct me, and to me, that sounds like regulatory box-checking, the sort of thing regulators have talked about that they're de-emphasizing. So if you've addressed the substance and what remains has nothing to do with, anything to do with safety and soundness or customers anything like that, I don't know why the regulators would still have the consent order on after six years. So I guess, are you the bottleneck in the process and you just have to kind of validate what you've done in internal audit and then turn it over to the regulators? And if that's the case, how long does it take you to validate your internal progress?

JANE FRASER: I wouldn't go quite as far as you've jumped to. We still do have some work to do. And we're very focused around it, and we're making good accelerated progress with it. But yes, we have to get the work done, validate it and then hand it over to the regulators and the process we talked about. So all of those things have to happen, and I'm confident that we'll get there in good shape.

MIKE MAYO: And one little attempt at when you hand it over to the regulators? Are we talking months, years? What are you thinking?

JANE FRASER: That's up to them, they have to answer that one. That very much lies in their hands.

MIKE MAYO: Got it, thank you.

JANE FRASER: Thank you, Mike.

OPERATOR: Your next question will come from Ebrahim Poonawala with Bank of America.

EBRAHIM POONAWALA: Good morning. Maybe two questions. One, Jane, just following up, beyond the regulatory piece, what would you say, I think one of the concerns investors have is, Citi was behind the curve in terms of franchise investments, you've done a tremendous job over the last five years. How would you respond to that there is a gap between Citi and best-in-class peers? When we think about Investment Banking, capital markets, et cetera, how would you size that gap and what is needed and how long to narrow that gap or if, in fact, eliminate that?

JANE FRASER: So you're right. Over the past five years, not only have we been investing in technology and the transformation, but also in innovations and making sure that we are positioned to drive our growth and our returns and our competitive position. In terms of Services we are the leading firm in a #1 position. We've been building out digital asset capabilities, we've been expanding product innovations, as you've heard us talk about, Payments Express, real-time liquidity and other always-on digital solutions. And we're investing in scaling our Securities Services platform and broadening capabilities there, and you saw the huge growth in the assets under custody and management this year that we've achieved as a result. So Services is in a very strong position.

Markets where we've been investing as we continue filling product capability gaps, we're improving capacity, we're reducing latency, increasing resiliency to support the 11% growth that you saw this year and in particular areas like Prime, which had huge growth of 50%. But we're always looking at where are the new capabilities that can get added on in FX and Equities, Spread Products, and Rates across the board.

Now in Banking, you saw our prior talent investments driving share gains. So we saw sponsors, an area of focus, up 180 bps, LevFin up 100 bps, M&A up 90 bps. And we're going to continue to bring in top talent to fill remaining gaps that we have, notably in North America.

Wealth, re-tooling key areas of the investment product platform with open architecture as the key operating principle. So you've seen us re-tool the research product. We've been investing in deploying new AI-powered capabilities to drive continued momentum in client investment assets and investment fee revenues.

And then finally, in cards, we're driving engagement and growth with new innovative products, our commerce platform launches and various refreshing of different offerings so that we can complement the suite of proprietary cards, we can broaden out our marquee partner relationships.

So all of this investment is making us feel that we're in a very good place to compete. Our goals, as we talked about, is to be the leading player, top three or top one in all of the businesses that we're engaged in. It's very important for us that we invest for the long term and not just looking at this on a year-by-year basis. So that's the mindset we have if that helps you. And you can see, we're making progress.

EBRAHIM POONAWALA: That's helpful. And maybe, Mark, one for you. Appreciate you're moving away from revenue guidance but maybe help us fill in the blanks a little bit around when we think about fee growth maybe, there's about 6% ex-Markets when we look at 2025, just how we should think about fee revenue growth embedded in your expectations around that 60% efficiency ratio? And any color on Markets NII, at least what the puts and takes should be in terms of delta versus the $10 billion-ish that we saw in 2025? Thanks.

MARK MASON: Yes, sure. So, first thing is, we did have good fee growth this year. We'd expect that to continue as we think about 2026. Now keep in mind, the [2025] banking wallet was north of $100 billion. And so we expect a constructive wallet. We'll see what that looks like, but we also expect continued share gains against that constructive wallet. We've got a rich pipeline as we go into the beginning of the year. And as Jane mentioned, we've been investing in key parts of the franchise that will continue to pay dividends for us in 2026 and beyond. So that will be a positive contributor to fees as we think about 2026.

Similarly, we're expecting continued momentum on the investment revenue side of Wealth, as well as on deposits but in investment revenues specifically as it relates to your fee point. We saw a good growth in client [investment] assets up about 14%, good [organic] growth in NNIA of about 8%, and that momentum is expected to continue in 2026 as well, so that will be a contributor to fees.

And then you've seen throughout the year, good KPIs in our Services business and in both Securities Services as well in TTS, with U.S. dollar clearing volumes and cross-border transaction value, but also on the Securities Services side with growth in asset under custody and assets under administration, and we'd expect that momentum to continue, particularly with some of the big wins we've seen on Securities Services side in North America, in particular. So the combination of those things, I think, will be positive contributors to NIR as we think about 2026.

I've been pretty consistent in stressing the importance of thinking of the Markets business from a total revenue perspective, and I would stick to that point. With that said, I think that one way to think about Markets is probably relatively flat year-over-year. Subject to what the wallet is, revenues should be somewhat flat year-over-year. But again, off of strong momentum that we've seen in 2025. And obviously, mix will matter there. What I will point out is that we have seen meaningful growth in the spread products and financing side of the business. And that obviously does show up in part through NII inside of Markets. And so hopefully, that gives you some sense.

But again, feel good about the NII ex-Markets outlook, 5% to 6%, that will be both volume and mix. And on the volume side, I'd expect to see loan growth in cards and Wealth probably in the mid-single digits in terms of loans and deposit growth in Services and Wealth probably in the mid-single digits in the way of volume there as well.

EBRAHIM POONAWALA: That's great color, thank you Mark and all the best with the next adventure.

OPERATOR: Your next question will come from Betsy Graseck with Morgan Stanley.

BETSY GRASECK: Hi, good morning. So Mark, I had a question for you on the NII [ex-Markets] outlook. Coming into this print, I think you were looking for a slowdown in NII [ex-Markets] growth from 2025 levels of 5.5%, but you actually increased the NII [ex-Markets] outlook to 5% to 6%. And I know you mentioned also that you took some actions to reduce asset sensitivity. So maybe we could wrap this all up into what drove that better NII [ex-Markets] outlook?

MARK MASON: Yes. Look, the NII [ex-Markets] guidance that we gave last year, we came in a lot better than that in 2025, and that was in part due to the higher loan volumes that we saw, the higher deposit volumes that we saw throughout the year. And in fact, that is what informing the 5% to 6% ex-Markets NII guidance that I've given for 2026. We'd expect the loan volume to continue. And as I mentioned, I'll correct what I said earlier, I expect loan volumes to probably be up mid-single digits for total ex-Markets loans. And that will be, again, the combination of growth that we see in cards. We saw good volume growth in cards this year, particularly on the Branded side. We had good purchase sale activity, up 5% in the quarter. All signs are that we should see that continue, and good loan growth on the Wealth side, particularly in securities-based lending type activity, which is tied to some of the investment momentum.

And then really impressive growth in deposits, average deposits for TTS for the year were up 6% and good operating deposit growth there, a nice healthy balance there between North America as well as internationally.

And so, the long-winded way to say, Betsy, of saying the momentum that we've seen in cards in loans, we expect to continue into 2026, and that's a big driver, big factor in the NII [ex-Markets] momentum we're showing on the page. And then as you mentioned, we've been mentioning it pretty consistently quarter-over-quarter. The way we've been managing the investment portfolio that we have is such that we have, in this case, in 2026, about 30% of those securities maturing. They're maturing at lower rates than we're able to redeploy them at, including in loans and cash and securities and other instruments. And so that's going to give us a bit of a lift as well. So it's the combination of those things that give me confidence around the 5% to 6%.

BETSY GRASECK: Okay. Great. And then just on the actions to reduce the asset sensitivity, does that play into this at all? Or what actions did you take?

MARK MASON: You can look at our IRE analysis. It's been pretty consistent in that we've been managing the portfolio in a very dynamic way. If you look at it as of the third quarter, our U.S. dollar IRE for a 100-basis-point drop is $300 million, right? And so we've taken a number of actions as it relates to the nature of securities that we hold. And exiting those in some instances to make sure that we're reducing the asset sensitivity given that we know that rates are likely to go down. And so most of that sensitivity is in the non-U.S. dollar part of the portfolio, which, as you know, represents more than 65 currencies or so. So it's active management of the balance sheet, things you'd expect that we would be doing in order to manage the direction of things that we expect.

BETSY GRASECK: Awesome, thank you so much Mark and congratulations from me as well and enjoy your 2026 into 2027.

OPERATOR: Your next question will come from Jim Mitchell with Seaport Global.

JIM MITCHELL: Mark, I think everyone appreciates your efforts over the years. So good luck with your next chapter.

MARK MASON: Thank you, Jim. I appreciate that.

JIM MITCHELL: You're welcome. Just maybe on the capital return side, you're 160 bps above your minimum CET1 [Capital ratio]. I guess, number one, are you still targeting a buffer around 100 bps? And if so, how quickly are you looking to get there? Just trying to get a sense of the pace of buybacks from here over the next few quarters and the year?

MARK MASON: Thanks for the question. We are, as you say, about 160 basis points above. We are still targeting a 100-basis point management buffer. What that would obviously equate to is us getting closer to a 12.6%, as I think I said in my prepared remarks, where over the course of the next number of quarters, we'll be working our way down towards kind of a 12.6%, which would represent that 100 basis points. We're not giving guidance on buybacks quarter-to-quarter, as you know. But as you look at what we've done in the year at $13 billion or so, I think you can expect that we would look to do more in 2026 in the way of buybacks.

JIM MITCHELL: Okay. That's helpful. And just maybe on just the deposit growth in Services. It has been very strong. It sounds like you're pretty confident in the outlook there. Can you maybe kind of just dive into a little bit more on the drivers, and why you think that should be sustainable going forward?

MARK MASON: Sure. And look, I think the team has done a really, really good job in TTS, in Securities Services, at first ensuring that our clients appreciate that what we bring to bear is more than just deposit taking in the breadth of our offering, particularly around multinational clients. The second thing that I'd say is there has been a focus on, as we work with those clients around the world and they look at new markets to enter, that we are right there by their side, ensuring that we can help them move and manage their cash and liquidity needs in an effective way. And that focus and continued dialogue has manifested itself in growth in operating deposits for our business, particularly this year.

The third thing I'd mention is that there's still, I think, a significant opportunity as it relates to commercial and middle market clients. And the team is very focused on growing front end how we capture more share with that client base. So the combination of doing more with our existing multinationals, bringing on new clients and targeting what is a relatively nascent segment for us, gives me confidence, not just in 2026, but in beyond 2026 and our ability to have some continued momentum here.

OPERATOR: Your next question will come from Erika Najarian with UBS.

ERIKA NAJARIAN: Thank you for taking my question. I didn't plan to ask this question, but this literally just hit the Bloomberg. Bilt just unveiled credit cards capped at 10%, and it will maintain those rates for a year and it will be applicable only to new purchases. Obviously, a tiny player, but I'm just wondering, obviously, we all know the main reasons why this shouldn't be capped in perpetuity, including really curtailing credit to those that need it the most. But is this going to be the end game, you think, Jane, in terms of these demands and sort of the push for affordability? I know this is all new.

JANE FRASER: Happy to tackle this, Erika. And let's start with, we applaud the President's focus on affordability. Everyone agrees that for many Americans there are pressing concerns and escalating costs that require immediate attention. And we're always interested in collaborating with the administration to put in place more effective solutions that are going to foster the expansion of accessible and affordable credit to those who need it most. And today, we provide our card customers with lower-cost products, think of the no-fee Simplicity card or our balance transfer offers. And I'd also note, we were the only big bank to eliminate overdraft fees, amongst other measures. And we're very proud of our role as the leading financier of affordable housing in the country for past 15 years when you look at the bigger picture.

And to your point, a rate cap is not something that we can support. And I think the reception from from the Hill also seemed less enthusiastic from what we could tell. And just to be clear, the impact to us and other banks would just be dwarfed by the severe impact on access to credit and on consumer spending across the country. These things just don't work out as intended. And think back when the Carter administration put credit controls in place to reduce costs, the impact was so severe they were very swiftly rescinded within two months.

And I think it's helpful to have a few pieces of data. For context, U.S. consumers spend $6 trillion on their credit cards every year, and outstanding U.S. credit card balances are over $1.2 trillion. They grow about $80 billion a year and there's over $4 trillion in untapped capacity at risk. So if you make these products unprofitable, that spending will be drastically reduced, and that's British understatement. And we've seen this as other countries have experienced when they've tried this and also the studies in the U.S. have shown a vast majority of consumers and businesses will lose access to credit cards. They'd be forced to pursue more predatory alternatives. And you'd only be left with the wealthy having access to credit cards and nobody wants that.

We'd also see some of the domino effects ricocheting through retail, travel, hospitality sectors, much broader impact on GDP. So as I said, what we want to do is engage on how we can expand credit rather than restrict it to those who need it. And that's our goal.

ERIKA NAJARIAN: Very clear. Thank you, Jane. And my real question, and I'm going to try to smoosh it into one. You talked about the progress and the consent order amendment getting lifted, and Jane, you talked earlier about as you hit your target end state, expenses come off. As we think about the entirety of the consent order lifting, is it a gradual expense savings, or is there sort of a giant chunk that could be reinvested? And the sort of follow-up question is just on EB's question on Markets NII. Mark, I know that your Markets NII is probably less volatile than that of your peers. And I know you want us to think of Markets more broadly. But I'm just wondering, as we sort of square your Markets, sorry, your NII ex-Markets guide with consensus, is it prudent to, as a placeholder, put in in what you earned in 2025 into 2026 in terms of Markets NII, but perhaps with upward bias?

JANE FRASER: You snuck in a few different questions there, Erika. Let me just quickly touch on what does it mean as we get different bodies of work, I think different from some others we begin to see the benefits of the investments we've made, and we become more efficient on the back of the investments. But as we complete each body of work, we begin to bring the expenses down related to that. And that's what creates the additional investment capacity and will help us drive returns. So, it's not as if it's a cliff at the end of the consent order. You're beginning to see us doing this as we get work completed, bringing that expense down and then redeploying that either to the bottom line and as well to the investments that we need for growth.

And maybe just before I turn to Mark, just in terms of long-term return trajectory because I think we haven't talked as much about it, and we're looking forward to doing so at Investor Day. But when we're looking at our longer-term performance it's really going to be three drivers of the higher returns, the revenue growth, the expense efficiencies, and our RWA and capital efficiency.

On the revenue side, you've seen us, and we're very proud of this, you've really seen us steadily grow revenues over the past few years. 2025 is the continuation of that, and that will continue going forward.

Services will grow with new and existing clients, including the opportunity Mark just talked about with commercial clients as well as further product innovations that open up whole new revenue streams as we've seen in e-commerce.

Markets, continue to grow in Prime, where you've seen very high growth from us, the second leg to our derivative capability as well as high-return opportunities in financing and securitization that's now over 70% of our spread products business. And we'll continue filling in some of the areas that we've got with different client bases and others to continue driving growth. And I would note that we now have four, $5 billion businesses, or over $5 billion in Markets as opposed to the four, $4 billion ones we've talked about.

Banking, you saw the proof in the pudding this quarter, gaining a fuller share of our clients' wallets and just systematically building out areas we've had gaps and driving our productivity.

Wealth is about scaling up investment penetration with existing and new clients and also the value that we can see from the integration with U.S. retail.

Cards, continue growing proprietary products and platform innovations. We have the American Airlines renewal we're really excited about for next year [i.e., 2026] and all the different expansion of the offering there. And our momentum in co-brand offerings, as Mark referred to in his introductory remarks, and then a lot of synergies between the businesses.

Mark talked about where the expense efficiencies will come from in the second leg, the benefits of the investments in our transformation and the technology that we've been doing as well as the increased productivity, the stranded cost removal, et cetera. He's run through where you'll continue to see the expense efficiencies coming through, whilst we also make the long-term investments.

And then I'm very proud of our business leaders. They've been really unrelenting in the optimization of resources in RWA and capital, and we're hoping to see some reductions in our capital requirements, as we saw with the SCB results, going forward.

So there's a lot of potential both with the continued revenue growth, the durable return improvement in the years ahead, and you'll obviously get a lot more detail at Investor Day. But I think it's important to put this in the context of the long term where we're headed, rather than just the nitty-gritty of the short-term pieces here.

MARK MASON: Erika, if you're not excited about Investor Day after that, I don't know what will excite you.

ERIKA NAJARIAN: I know, I need to pick out my outfit right now.

MARK MASON: That's right. That's right. All five of these businesses are humming, so, we're pretty excited. To your question on Markets, here's how I think about it, Erika. So, what I said earlier was that total revenues, you can assume that Markets revenues will be flat in 2026. I think that's pretty consistent with what consensus has right now. If you wanted to try and parse it within that flat, I think your instincts are probably right, that NII I would forecast to be up within a total revenues of flat if for no other reason, as Jane mentioned and I mentioned earlier, the more work we're doing in financing and securitizations are likely to lead to higher NIIs in Market as we think about 2026.

And I appreciate your starting point in the question, which was that our Markets revenues tend to be more steady. And I think that is true and a byproduct of our model, our client coverage and business mix. But, thank you. See you at Investor Day.

ERIKA NAJARIAN: Good luck for your next adventure, and hopefully you don't spend too much time at the beach before we see you at another leadership role at another financial institution.

JANE FRASER: Oh, you're going to see him at Investor Day, that's for sure.

OPERATOR: Your next question will come from John McDonald with Truist.

JOHN MCDONALD: Just to follow up on the last thing and maybe just summarize it on the efficiency journey. Fair to say that both you have plenty of expense flex to deliver the efficiency improvement to 60% this year and also that the 60% is a waypoint itself, it's not the destination for efficiency ratios, are both of those fair?

MARK MASON: Look, the way I think about it, yes, we have flex is the bottom line. So, if revenues come in softer, we will dial back expenses accordingly, importantly to make sure we get to 10% to 11%, right? So, I don't want to lose sight of that point, John, I'm not avoiding your question. The answer is yes in terms of the flex point, but we are focused on ensuring we deliver the returns of the 10% to 11%.

In terms of the long-term operating efficiency, I'll leave that for Investor Day to talk about. And again, the reason I'm saying that is because we want to invest. We need to invest in this franchise, right? The earlier question that was asked in terms of closing the gap versus peers, these are not businesses that you can invest once and be done with. They continue to evolve. They require continued investment in working of them. And so, I don't want to sit here with you today and tell you that operating efficiency goes to some number that's significantly lower without giving you the full context of how we think about the next couple of years, and that's what Investor Day is about. But, Jane, I don't know if you want to add anything.

JANE FRASER: And I think you're also hearing confidence from us on our ability to do both. And AI has been an additional benefit. We talked a little bit about what we're doing with our over 50 processes in the prepared remarks, that will be driving new sources of efficiency that, three, four years ago, we couldn't have imagined. And we see that ability then to bring the efficiency down and drive our returns up and grow the franchise going forward. And you're hearing the confidence from us to be able to do that and frankly the excitement.

JOHN MCDONALD: Okay. That's fair. And then one quick follow-up. Mark, could you give a little more color on the outlook for the card NCLs? The range is the same as last year, but the mid-upper-end of the range implies a little bit higher losses than the actual 2025 loss rates, particularly on Retail Services. Are you just allowing for some macro uncertainty by keeping the ranges? Or is there anything in the delinquency roll rates that you're seeing?

MARK MASON: Look, to answer your question with the latter part of it. As we look at delinquencies, we're not seeing anything unexpected in either of the portfolios. And even when we cut it by different FICO scores and income brackets and the like. And so, are there things out there that could have an impact over the course of the next year? Sure. Does the range give us some cover around some of those things from an NCL point of view? It does, which is why we're sticking to the range. But there's nothing that I see right now.

OPERATOR: Your next question will come from Ken Usdin with Autonomous Research.

KEN USDIN: Just one for me, I know we're going long here. Mark, the Services deposits last year were just really strong. And I'm just wondering if you could tie that into just the broader macro economy and rates. And are you continuing to still expect that, that part of the business can still generate that level of deposit growth?

MARK MASON: So for deposits, total deposits for the firm next year, we're expecting mid-single digits. As I look at Services for 2025, as you said, we were up about 7%. A big part of that, TTS was up about 6% year-over-year, and Securities Services was up about 12%. I do expect to see continued strength there as I think about growth, as I mentioned earlier, more with the large multinationals, more with some of our commercial middle market clients, I think a particular emphasis in growth in North America is what I would expect. We've been very thoughtful around pricing obviously, as rates have declined. And remember, we've got good loan growth. And so we want these deposits to come in. It's a lower cost of funding for us, and we see opportunities to deploy it at good margins and help drive our returns. And so this has been about ensuring that we're managing these clients with a client relationship mindset, which includes the deposits but also all the other things we bring to bear for them.

OPERATOR: Your next question will come from Gerard Cassidy with RBC.

GERARD CASSIDY: Mark, you're leaving big shoes to fill, so good luck in your future endeavors.

MARK MASON: Thank you so much, Gerard.

GERARD CASSIDY: Jane, you guys have done a good job moving the ball down the field in divesting your presence in Mexico, you talked about it today. Can you share with us where we are in terms of, I know market conditions will play a factor once you get all the regulatory approvals to do the IPO. Can you share with us where we are on the regulatory part? And then second, will you guys give us the announcement that all the regulatory approvals are in, and now it's just market conditions, you've got the green light and you're going to wait until you think it's right?

JANE FRASER: Well, look, first of all, we had a great outcome for all parties involved with the accelerated closing of the sale of the 25% stake to Fernando Chico Pardo. And the Mexican President and her government have been publicly and privately very supportive of both our path forward and of Fernando as the anchor investor. And I think we saw that that with the record closing of that stake. Normally, it would take nine to twelve months to do. So we're very pleased with that. We are focused on the next step in exit process, and we're actively looking at selling some additional smaller stakes as we lead up to an IPO. And as we've said, and you referred to, the actual timing and structure of what we do is all going to be guided by several factors, that includes market conditions with the ultimate goal of maximizing value for shareholders. But that 25% stake that we've just closed is a much bigger opening position than it would be if we had IPO'd. And so I think the next step is going to be some smaller stakes, and we'll keep going from there.

GERARD CASSIDY: Very good. And then just a real quick follow-up. Mark, you talked about Markets, you talked about Equities, the strong comparison to a year ago, how Prime balances were up nicely this quarter. But in the Cash equities business, what was the weakness there? I know you identified it, but what was it inside Cash equities?

MARK MASON: Again, I think it was more of a year-over-year comparison. We had a really strong fourth quarter in Equities last year, and that was a big driver.

JANE FRASER: We had a couple of very big alpha trades. And so, if you strip that out, it looks much more in line with what you would expect. The problem if you have a great fourth quarter, it comes back and bites you.

OPERATOR: Your next question will come from Saul Martinez with HSBC.

SAUL MARTINEZ: Thanks for taking my question, I just have one, and I'll show you some love as well, Mark, so best of luck, and we will miss you on these calls.

MARK MASON: Thank you, Saul.

SAUL MARTINEZ: The Wealth business, NIR was down 1%. I know that reflected the sale of the trust business. But op leverage was minimal, the EBT margin was pretty much the same as last year, net new [investment] assets still good, but a little bit softer. I'm just curious how you're thinking about the progress there. Your level of confidence that you're on track to continue to drive higher op leverage. And if you could just remind us, what the end goal is for EBT margin and over what timeframe do you expect to get there?

JANE FRASER: Let me kick off and I'll pass it back to Mark. Look, we had a good quarter in Wealth. It capped off a year of real continued improvement, revenues are up 14%, the RoTCE is over 12%. We grew client investment assets 14% on the back of 8% organic growth. So a lot to like there. What's the strategy and the direction that Andy is taking this, right? It's to be the lead investment adviser for our clients has been a lot of our focus. So we've been attracting, retaining industry-leading talent, strengthening the CIO research product with Kate Moore doing a fabulous job there. A lot of re-tooling of key components of the investment product platforms and some impressive partnerships that are really going to differentiate us with industry leaders like BlackRock, iCapital, Palantir, which means we're going to have a really superb open architecture platform and a far better client experience.

And all of this is helping us drive and accelerate growth in investment fee revenues over the next few years, that's the famous $5 trillion "off us" opportunity, $3 trillion of that is with clients in our U.S. retail and Citigold business, which is why the integration of the retail bank makes so much sense. But we're clear, there's still more work to be done. There's room to grow profitability and revenues from here. And Andy is going to lay out the path at Investor Day so you have a clear set of KPIs and the different elements that are needed to continue to drive that growth forward. But we remain committed and we see the path to improving the returns of the overall business to above 20% in the long run. Mark, what else would you add?

MARK MASON: The only thing I would add, Jane, is we are seeing good momentum and feel very good about the momentum we're seeing on the investment side and frankly, the opportunity with the wealth of our clients that sit in our retail banking footprint is still a significant opportunity for us that is largely not yet tapped. Your question around margins. The medium-term EBT margin that we set for the business was about 20%. So when you look at 2025, we're there. The longer term is 25% to 30%. And so we still have some headway to make. And as Jane mentioned, at Investor Day we'll be mapping out how we intend to get there.

OPERATOR: The final question will come from Chris McGratty with KBW.

JANE FRASER: Chris, we're leaving the best til last.

CHRIS MCGRATTY: No pressure, thanks, Jane. Related to Investor Day, I'm interested when the management team is getting together in the room and discussing the communication of the new targets, does the level of profitability or the timing to which you get there, carry more weight? I ask because the market seemingly wants a little bit higher and sooner, but I'm also sensitive to the bar you set and growing into the targets? Thank you.

MARK MASON: I would say both are important, right?

JANE FRASER: Yes.

MARK MASON: I mean, look, clearly, 10% to 11% is not sufficient. It shows demonstrative progress since the last Investor Day, but we're clear minded that when we're creating value, we're doing so with returns that are well above our cost of equity. And so being able to grow the return level is critically important. And if you know anything about Jane, you know the sense of urgency and kind of making things happen quickly. So without committing in any way, I would say both are factors as we think about the forward look for the firm.

JANE FRASER: I mean we want to have our cake, eat it and not put on calories. What can I say.

OPERATOR: There are no further questions. I will turn the call over to Jenn Landis for closing remarks.

JENN LANDIS: Thank you for joining the call. But before we wrap up, I just wanted to briefly echo what Mark shared earlier about Citi, and thank him for his leadership as the CFO of Citi. His focus on transparency, performance and long-term value creation has set a very high standard for Citi. And I personally want to thank Mark for his mentorship and guidance over the years. So, thank you.

And thank you all for joining, and I'm sure I will talk to you this afternoon.

OPERATOR: This concludes Citi's Fourth Quarter 2025 Earnings Call. You may now disconnect.

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