

TRANSCRIPT

Citi First Quarter 2026 Earnings Call

April 14, 2026



Host

Jenn Landis, Head of Citi Investor Relations

Speakers

Jane Fraser, Citi Chair and Chief Executive Officer

Gonzalo Luchetti, Citi Chief Financial Officer

PRESENTATION

OPERATOR: Hello and welcome to Citi's First Quarter 2026 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 First Quarter 2026 earnings call. I am joined today by our Chair and Chief Executive Officer, Jane Fraser, and our Chief Financial Officer, Gonzalo Luchetti.

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. We picked up right where we left off last year with an exceptionally strong start to 2026. This morning, we reported net income of \$5.8 billion for the first quarter with an EPS of \$3.06 and an RoTCE of 13.1%.

Four of the five core businesses saw revenue up double-digits; overall revenues were up sharply at 14%; and we had another quarter of very healthy positive operating leverage. The continued strong performance across our lines of business shows the benefit of a diversified model which continues to drive consistent, predictable revenue growth.

Services, our crown jewel, had an exceptional first quarter. New mandates were up 40% while the combination of client-driven growth and fees underpinned a 17% increase in revenues. Cross-border transactions were up 12%. Deposits grew by 16%; and assets under custody and administration were up over 20%.

Markets crossed \$7 billion in revenues for the first time in a decade. Equities was up nearly 40%, surpassing the \$2 billion revenue mark driven by Derivatives, Prime Services and Cash. And FICC, up 13%, saw notable performance in Commodities and FX.

Banking continued to build momentum with fees up 12% amidst a record first quarter for us in M&A. ECM was up over 60% while we continue to gain share with sponsors. We advised on the three largest deals so far this year: Paramount, McCormick and EQT/AES, demonstrating how we are far better penetrating the C-suite. Supported by continued investment in talent, clients are increasingly looking to Citi for our advice

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in addition to our execution capabilities.

With revenues up 11%, Wealth saw its eighth-straight quarter of growth and its returns continue to improve. Now as you know, its results now include U.S. Retail Banking. Citigold and Retail Banking were up 13% as we leverage our branch footprint to capture assets that our clients have with other firms. Investment revenue grew 11% with client investment assets up a pleasing 14%.

U.S. Consumer Cards saw 4% revenue growth, with spend up 5%, and delivered a 19% RoTCE as American consumers remained resilient. With our portfolio heavily weighted to prime, delinquencies and credit losses declined and are well in line with expectations. You can now see how we have lined up the reporting of this business with our strategy as we focus on growing our general purpose portfolio and optimizing our private label portfolio.

In the quarter, we demonstrated our continued commitment to returning excess capital to our investors with the repurchase of \$6.3 billion of shares and we are close to completing our \$20 billion share buyback plan. We ended the quarter with a CET1 ratio of 12.7%, which is 110 basis points above our regulatory capital requirement, and our tangible book value grew by 8% from a year ago.

As we look towards a new capital regime, whilst the latest NPR is an improvement upon the 2023 version, it is not yet where it should be and we shall be active in advocating for necessary changes in the comment period. These quarterly results reflect the execution of some of the most consequential changes in our firm's history – our business investments, the transformation, the simplification, divestitures, delayering, and modernization. That said, and I know I've said this many times, we have not yet reached our destination, and we will continue to be solely focused on executing our vision and relentlessly driving our business performance.

We have now entered the final phase of our divestitures, and we continue to drive down our stranded costs. In February, we completed our exit from Russia. We have entered into agreements with several prominent investors to sell an additional 24% of Banamex in transactions that are expected to close in the coming months. And we're on track to close the sale of our consumer business in Poland this summer.

The momentum we have established in our businesses can also be seen in our transformation, which remains our other top priority for the year. 90% of our programs are now at or near our target state and our firm is materially safer and sounder as a result of this work. We have started to reduce the spend on our transformation programs resulting in an improvement in our operating efficiency this year and beyond. We're methodically deploying AI at scale across the firm to drive revenues and process improvements, enhance client experiences, and strengthen our defensive capabilities. And you will be hearing much more about this on Investor Day.

Switching gears, the global macro economy, to date, has weathered shock after shock. However, the impact of the Middle East conflict is hitting Asia and Europe harder than countries such as the U.S. and Brazil, which are more insulated from energy shocks. Clearly, the longer this goes on, the more pronounced the second or third order impacts again to be around the world. And inflation is now a greater risk to growth and will likely cause central banks to lean towards more restrictive monetary policies.

Consistent with our position throughout the last decade, we continue to be a source of trust and financial strength for our clients during turmoil. We intentionally designed a very resilient strategy that performs in different environments, and the last few years have borne that out. You can see it in the deposit and loan growth, in our high-quality loan portfolios and robust balance sheet, built on the foundation of disciplined risk management. And we have the capital we need to continue to grow as we support our clients.

So, with a very strong first quarter behind us, we remain well on track to deliver the 10% to 11% RoTCE for

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the year. At our Investor Day next month, we will lay out a clear vision for how we will continue to grow each of our five businesses organically and deliver sustainably higher returns over time. This is an exciting time for our firm. We have momentum behind us, and we are looking forward to sharing the path ahead with you next month.

With that, I will turn it over to Gonzalo and then we would be happy to take your questions.

GONZALO LUCHETTI: Thank you, Jane and good morning, everyone. Before I begin, I would like to start by thanking Jane and Mark for their support and providing a very smooth transition to my role as CFO. I'm excited to build on the momentum they've created as we focus on delivering higher, sustainable returns and value for our shareholders.

As I stepped into the role, three elements stood out to me quite distinctively. First, we have a formidable foundation, underscored by a robust balance sheet, rigorous risk management, and a well diversified business model, which gives me confidence in our ability to produce durable results. We are a source of resilience and strength for our clients in a range of environments. Second, I'm excited about the opportunity to help deliver significant return improvement over time by driving client-led growth, continuously pursuing productivity improvement, and deploying capital to accretive return opportunities. Finally, I'm highly energized by our relentless focus on execution. I see how each of our businesses and teams operate with urgency, focused on driving performance every single day, and my role will be to ensure we are strategically purposeful and tactically disciplined in resource allocation. We are firmly in execution mode, and I feel it is time to continue to elevate Citi and leave an indelible mark on a 200-year-plus iconic firm.

With that, let me remind you that on April 3rd, we published a recasted historical financial supplement for our reportable business segments to facilitate comparability with the results this quarter and going forward. Additionally, the results for the segments this quarter reflect the TCE allocations for this year and we've included additional details on this in the appendix of the earnings presentation.

Now turning to the quarter, I'll start with the firmwide financial results, focusing on year-on-year comparisons unless I indicate otherwise, then review the performance of our businesses in greater detail.

On slide 6, we show financial results for the full firm, which demonstrate the progress we've made and the momentum of our strategy. This quarter we reported net income of \$5.8 billion, EPS of \$3.06 and an RoTCE of 13.1% on \$24.6 billion of revenues, generating positive operating leverage for the firm and the majority of our five businesses. Total revenues were up 14%, with growth driven by each of our businesses and Legacy Franchises, as well as the impact of FX translation, partially offset by a decline in Corporate/Other. Net interest income excluding Markets, which you can see on the bottom left side of the slide, was up 7%, driven by growth across all businesses and Legacy Franchises, partially offset by a decline in Corporate/Other. Non-interest revenues excluding Markets were up 29%, driven by growth across all businesses and All Other. And total Markets revenues were up 19%. Expenses of \$14.3 billion were up 7%, with an efficiency ratio of 58%, which I'll provide details on shortly. And cost of credit was \$2.8 billion, primarily consisting of net credit losses in U.S. cards as well as a firmwide net ACL build of \$597 million.

On slide 7, we show the expense and efficiency trend over the past five quarters. As I just mentioned, expenses increased 7%. And you can see on the bottom of the slide, we incurred nearly \$500 million of severance, as we target efficiencies across our expense base and bring down headcount. Excluding severance, the increase in expenses was 4%, primarily driven by FX as well as volume and revenue-related expenses, including compensation and transactional and product servicing expenses, partially offset by lower legal expenses. As you can see on the bottom right side of the slide, in addition to severance, growth in compensation and benefits included investments we've made to support growth in the businesses, as well as performance-related expenses, partially offset by productivity saves, stranded cost reduction and lower transformation expenses in Corporate/Other. And it is worth noting that this expense increase was against 14% revenue growth, resulting in an improvement in our efficiency ratio of approximately 400 basis points.

On slide 8, we show U.S. cards and corporate credit metrics. As I mentioned, the firm's cost of credit was \$2.8 billion, primarily consisting of net credit losses in U.S. cards as well as a firmwide net ACL build.

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Embedded in the firmwide net ACL build is a further skew to the downside scenario, reflecting the increased uncertainty in the macroeconomic outlook. And our reserves now incorporate an eight-quarter weighted average unemployment rate of approximately 5.4%, which continues to include a downside scenario average unemployment rate of nearly 7%. At the end of the quarter, we had nearly \$22 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% of balances extended to consumers with FICO scores of 660 or higher, and a reserve-to-funded loan ratio in our U.S. cards portfolio of 8.0%. Looking at the right-hand side of the slide, you can see that our corporate exposure is 78% investment grade, and in the quarter, corporate non-accrual loans, as well as corporate net credit losses, remained low. We are confident in the high-quality nature of our portfolios, which reflect our robust risk appetite framework, rigorous client selection, and our focus on using the balance sheet in the context of the overall client relationship. And this quarter we included a slide in the appendix of the presentation that shows Citibank's loans to non-bank financial institutions, including \$22 billion of corporate private credit, which is 100% securitized, 98% investment grade and not a significant component of our overall exposure.

Turning to capital and the balance sheet on slide 9, where I will speak to sequential variances. Our total assets of \$2.8 trillion increased 5%, driven by growth in trading-related assets, cash and loans. Net end-of-period loans increased 1%, with client-driven growth in Banking and Markets, partially offset by a seasonal decline in U.S. cards. Our \$1.4 trillion deposit base remains well-diversified and increased 3%, driven by growth in Services, as we continue to deepen with clients with a focus on high-quality operating deposits. We reported a 114% average LCR and maintained over \$1 trillion of available liquidity resources. In the first quarter, we continued to deploy capital to support client-driven growth while at the same time, prioritizing the return of capital to common shareholders, as evidenced by the \$6.3 billion in buybacks executed which includes a benefit from the sale of the remaining operations in Russia. We ended the quarter at 12.7% CET1 ratio under the binding Standardized Approach, approximately 110 basis points above the 11.6% regulatory capital requirement, including a 100 basis points management buffer.

Turning to the businesses on slide 10, we show the results for Services in the first quarter. Revenues were up 17%, with the best first quarter in a decade, driven by growth across both TTS and Securities Services. NII increased 18%, driven by higher average deposit balances and deposit spreads. NIR increased 15%, as we continue to see strong activity and engagement with both corporate and commercial clients and across key high growth segments, including eCommerce and FinTech, driving momentum across underlying fee drivers, with cross-border transaction value up 12%. And assets under custody and administration up 21%, which includes the impact of market valuations as well as new assets onboarded. Expenses increased 14%, primarily driven by higher volume and revenue-related expenses, higher compensation, as well as higher technology costs. Average loans increased 14%, largely driven by export agency finance and working capital loans. Average deposits increased 16%, with growth across both North America and International, largely driven by an increase in operating deposits, as we continue to deepen relationships with existing clients and onboard new clients. Services generated positive operating leverage and delivered net income of \$2.2 billion with an RoTCE of 27.0%.

Turning to Markets on slide 11, Markets had its best quarter in over a decade with revenues up 19%, driven by growth in both Fixed Income and Equities, with strong momentum across client segments, including corporates, asset managers, hedge funds and banks. Fixed Income revenues were up 13%, with growth across Spread Products and Other Fixed Income, as well as Rates and Currencies. Rates and Currencies was up 6% driven by FX on higher volumes and optimization of the balance sheet, largely offset by Rates, and Spread Products and Other Fixed Income was up 27%, primarily driven by strong growth in Commodities. Equities revenues were up 39%, driven by continued momentum across Derivatives, Prime Services and Cash. We grew Prime balances by more than 50%, with growth across both new and existing clients as well as higher market valuations. Expenses increased 11%, primarily driven by higher performance-related compensation, as well as higher volume-related and legal expenses. Average loans increased 27%, primarily driven by financing activity in Spread Products. Markets generated positive operating leverage and delivered net income of \$2.6 billion with an RoTCE of 18.7%.

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Turning to Banking on slide 12, revenues were up 15%, driven by Investment Banking and Corporate Lending. Investment Banking fees increased 12%, driven by growth in M&A and ECM, partially offset by a decline in DCM. M&A was up 19% and represented our strongest first quarter in a decade, with continued growth in sell-side fees and strong performance with sponsors. ECM was up 64%, reflecting growth in follow-ons and convertibles against the backdrop of an active market. And while DCM fees were down 6%, amid lower non-investment grade activity, we maintained our overall market share versus year end 2025. Corporate Lending revenues, excluding mark-to-market on loan hedges, declined 3%. Expenses increased 20%, primarily driven by higher compensation and benefits, reflecting performance and investments, and higher volume-related transaction expenses. Cost of credit was \$132 million, consisting of a net ACL build of \$126 million, reflecting the increased uncertainty in the macroeconomic outlook and exposure growth, largely offset by refinements to loss assumptions. We continue to feel good about the high-quality nature of our Corporate Lending portfolio, with non-accrual loans and net credit losses remaining low. Banking delivered net income of \$304 million with an RoTCE of 15.8%.

Turning to Wealth on slide 13, revenues were up 11%, driven by growth in Citigold and Retail Banking as well as 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 14%, driven by higher deposit spreads and average balances, partially offset by lower mortgage spreads. NIR increased 5%, driven by 11% higher investment fee revenues, partially offset by the sale of the trust business. Net new investment asset flows were approximately \$15 billion in the quarter, contributing to approximately \$43 billion in the last twelve months, representing approximately 7% organic growth. This contributed to client investment assets being up 14%, which also includes the impact of market valuations and was partially offset by the sale of the trust business assets. Expenses increased 1%, driven by investments in technology and higher volume-related expenses, partially offset by lower compensation and benefits including the impact of the sale of the trust business. Average loans were up 6%, as we continue to grow securities-based lending and deploy balance sheet to support clients and drive client investment asset growth. Average deposits were up 4%, largely in the Private Bank, as net new deposits were partially offset by outflows and a shift from deposits to higher-yielding investments, including on Citi's platform. Wealth had a pre-tax margin of 18%, generated positive operating leverage and delivered net income of \$432 million with an RoTCE of 10.8%. We remain confident in the path to higher returns from here, as we continue integrating our Retail Banking business within Wealth and building on its improved performance this quarter.

Turning to U.S. Consumer Cards on slide 14, as we've said in the past, customer preferences have continued to shift toward general purpose cards, and as such, we've provided disclosures for this segment to show metrics split between our general purpose and private label portfolios. This quarter, revenues were up 4%, driven by growth across both NII and NIR. NII was up 3%, driven by higher interest-earning balances and spreads. And NIR was up 14%, driven by lower partner payment accruals and higher annual fees. We saw momentum in underlying drivers supported by growth in general purpose cards, with acquisitions up 12%, spend volume up 6% and average loans up 4% partially offset by declines in private label cards. Expenses increased 1%. Cost of credit was \$2.1 billion, consisting of \$1.7 billion of net credit losses, which declined 11%, as well as a net ACL build of \$350 million, reflecting seasonal portfolio mix changes, the forward purchase commitment of the Barclays American Airlines co-branded card portfolio as well as increased uncertainty in the macroeconomic environment. This was largely offset by lower seasonal volumes and refinements to loss assumptions. U.S. Consumer Cards generated positive operating leverage and delivered net income of \$732 million with an RoTCE of 19.2%.

Turning to slide 15, we show results for All Other on a managed basis, which includes Corporate/Other and Legacy Franchises and excludes divestiture-related items. Revenues were up 15%, driven by growth in Legacy Franchises, largely offset by a decline in Corporate/Other. Growth in Legacy Franchises was driven by Mexico Consumer, which included the impact of Mexican peso appreciation, momentum in underlying business drivers and a gain on the sale of an investment, partially offset by the impact of continued reduction from our closed exit and wind-down markets. The decline in Corporate/Other was driven by lower NII, which included a lower benefit from cash and securities reinvestment resulting from actions taken to reduce Citi's asset sensitivity in a lower interest rate environment, partially offset by higher NIR. Expenses were down 4%,

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driven by lower legal and transformation expenses, as well as expenses related to closed exits and wind-downs and professional services expenses. This was primarily offset by higher severance and the impact of FX translation. Cost of credit was \$400 million, primarily consisting of net credit losses of \$371 million, driven by loans in Mexico.

To close, we've included our full year 2026 outlook on slide 16. While there remains a lot of uncertainty, at this point, our overall expectations are unchanged. Subject to macro and market conditions, we continue to expect NII ex-Markets up approximately 5% to 6%, NIR ex-Markets growth driven by momentum in Services, Banking and Wealth, and an efficiency ratio of around 60%. In terms of credit, we expect a total U.S. credit cards NCL rate of between 4.0% and 4.5%, which is lower than the aggregate of the expectations that we provided previously for Branded Cards and Retail Services, reflecting the delinquency trends and loss performance we've seen year to date, and the ACL will continue to be a function of the macroeconomic environment and business volumes. Additionally, we remain well-positioned to return capital to shareholders, and plan to provide more detail on our expectations for share repurchases going forward at our Investor Day in May.

As we take a step back, the results in the first quarter represent significant progress towards our goal of improved firmwide and business performance. We remain steadfast and focused on executing our transformation and confident in delivering our RoTCE target of 10% to 11% this year, and we look forward to laying out the path to delivering higher returns beyond that at Investor Day. With that, Jane and I would be glad to take your questions.

OPERATOR: At this time, we'll open the floor for questions. If you'd like to ask a question, please press star five on your telephone keypad. You may remove yourself at any time by pressing star five again. Please note you'll be allowed one question, and one follow up question. Again, that is star five to ask a question. And we'll pause for just a moment. Okay. Our first question will come from Glenn Schorr with Evercore ISI. Your line is now open, please go ahead.

GLENN SCHORR: Hi, thanks very much. Wonder if, I think we get the great trading and Banking results. I want to talk about Services if we could. One is if you could give any color on the \$4 trillion win on the BlackRock middle office servicing ETF platform or portfolio? And then two, maybe bigger picture, talk about what you think, maybe I and the rest of us could be underappreciating in terms of the growth outlook in Services, including tokenization as a good thing as opposed to maybe the threat that people might think it is. Thanks.

JANE FRASER: Glenn, good to hear from you. Look, Services' exceptional performance this quarter comes from successfully executing the strategy that Shahmir and his team precisely outlined at our Investor Day two years ago and then going beyond it. We've told everyone this is a through-the-cycle business, which consistently delivered strong returns in a range of environments. And this quarter, the team did just that. Revenues up 17%, deposits up 16%, fees up 14%, returns at 27%. This is firing on all cylinders.

But part of your question, why is this business growing so much? So, the growth is coming from deepening with existing clients, new client acquisition and new product innovations. Our investments over the last few years, I think, are best demonstrated by the 40% growth in new client mandates. We have a very high retention of existing client business, and we have what can only be described as exceptional win rates, right? We are the leading franchise not only in share, but in innovation.

And you're seeing momentum across the board. For example, as you point out, in digital assets, we are leading in tokenization. We've been investing in this for many years. I've talked about it on many of the recent calls on this. This is a benefit for us in driving and meeting more of our client needs in an always-on world, in an instant world. You're seeing us in real-time payments where we are doing a lot of business with the global e-commerce juggernauts. And as you say, in Securities Services, we laid out a strategy of growing share with North American asset managers, ETFs and in other spaces.

And frankly, BlackRock is the most notable win we've had, it is far from the only. And we're also benefiting from our focus on fee generation, which continues to make over 30% of our revenues across different macro

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environments. So, there's a reason we call Services our crown jewel. It is incredibly durable, while our offerings are deeply embedded in our client operations that creates lasting relationships and stable deposits. There is always a flight to quality when there are things going on in the world, and we are quality.

GLENN SCHORR: Maybe we can just follow up with a lot going on in the world. There was some conversation about linking you to some interest in being a bigger retail bank in the United States. Watching you fold the business into Wealth and tweaking the strategy, I know that lack of low-cost deposits has been a thing in limiting your profitability the past, but you seem to be getting by now without that. I wonder if you could just comment in terms of just aspirations or not on that front, thanks.

JANE FRASER: Let me kick off. I want to be crystal clear. We are only interested in, and focused on, organic growth. Period, end of story for the whole firm. We have achieved a lot in the last five years. We have a lot more to do and there is a large organic growth opportunity ahead of us across all five of our businesses. And that is what we're focused on. And we're excited about it. So, I would say, Glenn, and for everyone listening on the call, if you walk away from this call thinking of nothing else, let it be this.

Citi has a lot of momentum, and we're not going to be distracted from it. Now let's turn to the question about the Retail Bank and what are we looking at there? The retail branch network, it's 650 branches, the deposit base that we have across Wealth and the Retail Bank in U.S. is about \$284 billion. The footprint is a targeted one. It's in six urban markets with an affluent client base that covers 1/3 of the nation's high net worth and affluent households and that's 40% of the ultra-high-net households.

So, it's highly aligned with the Wealth business. It's an important source of clients for our investment franchise. We saw a lot of top-line momentum from the franchise last year. It was up 21% on the Retail Bank. And we look forward to continue improving its profitability and its performance and realizing the synergies between it and Wealth organically.

OPERATOR: Our next question will come from Mike Mayo with Wells Fargo. Please go ahead.

MIKE MAYO: I just wanted for you to be even more clear than you were already, so you're only pursuing organic growth. Does that mean that Citi is not pursuing a deal or an acquisition? There's been so many articles that as investors say to me, where there is smoke, there's fire. There have been so many articles that Citi is pursuing an acquisition. So, are you saying the Citi is not pursuing a deal, you're not thinking about Citi pursuing a deal and that's 1,000% off the table?

JANE FRASER: I am always transparent. I'm always straightforward with you. I wanted to be crystal clear, we are not interested in anything other than organic growth.

MIKE MAYO: Okay. And then a separate question as it relates to the transformation. You're now up to 90% done. And I guess the question you can't answer is, since you're done with the safety and soundness part of the transformation, I have a tough time reconciling while the consent order is still on when regulators are focused on safety and soundness, but I'm sure you put your best foot forward in that argument, but what you can answer is the last 10%, is there a last mile problem with the last 10% of the transformation? Or is this continuing to move forward? And what does that last 10%? What's left?

JANE FRASER: Yes. So, there is no challenges for us ahead. 2025 was a real turning point for us on the transformation, and we just continued the strong execution into 2026. We're finished with the vast majority of the work. As I've said earlier, 90% of the transformation programs are now at or mostly at Citi's target state, and they're operating in BAU mode. So, what does that mean? What's left.

Each major body of work, what you have to do is define - we defined our target state and the work that needs to be done to achieve that target state. We are at or nearly at those Citi defined target states for all the bodies of work, except our data programs. And the remaining work of that 10% is primarily related to data used in our regulatory reporting.

And Mike, I'm pleased with our progress on this. We are executing well. However, once we operating well at our target state, what happens next? We pass that work over to our independent audit team for validation. Once it's validated, each major body of work is then handed over to our regulators, and they go through their

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assessment. They moved to their closure process when they are satisfied with the work. And this takes time, and let's be very clear, they control the timeline. So, completing the work is just the beginning of the end.

From an investor point of view, you can see the transformation expenses have started to come down as we complete the different bodies of work. This is helping create capacity for investments in AI and other strategic business priorities. And at Investor Day, Mike, I will detail the many benefits that we have been gaining from the transformation.

OPERATOR: Our next question comes from John McDonald with Truist Securities. Please go ahead.

JOHN MCDONALD: Hi, good morning. Gonzalo, I was wondering if you could give a little bit of a take on the new Basel and GSIB proposals and what they mean for Citi. Any initial estimates on the impact if they were approved as proposed?

GONZALO LUCHETTI: All right well thank you, John, and good morning to everyone. Pleased to be here. As we're looking to the rules, our expectation is that overall, there will be a net benefit to Citi. You have seen that in the estimates from the regulatory agencies as it relates to the category 1 and 2 banks. And we see a moderate net benefit on what has been published. But of course, when you look at the full stack with the stress capital buffer, we expect an additional benefit there.

Some puts and takes, of course, when you think about RWAs. And those things related to Basel III, you have the components of retail and corporate credit providing benefits, and that mitigated by the operational risk, the CVA and the market risk, as you probably would expect. And then on the other side, on GSIB, even if we probably have feedback for regulators there. At the same time, you can see in this GSIB, there's benefit from the coefficient going back to 2019 as we have been advocating for. Thank you.

JOHN MCDONALD: So does that result in a net benefit to Citi at this point, Gonzalo in terms of the RWA, presumably up a little bit and the GSIB down a little bit. Is there a net benefit that you see on the initial proposal?

GONZALO LUCHETTI: Moderate net benefit. Yes. Thank you.

JOHN MCDONALD: Okay. And then just a question for you also on the efficiency ratio. You started off very strong at 58%, Even with the big severance in the quarter. Could you give some context to the target for 60% for the full year? What are the puts and takes you're starting at 58%, I assume there's some seasonality from the first quarter, but just walk through the 60% target versus starting so strong at 58%.

GONZALO LUCHETTI: Thank you very much, John. I'm glad you kind of answered your own question there, given how much you know about us. So that's good to see. And maybe before I get into the specifics, maybe it's worth and grounding ourselves in how we think about expenses, right? Our approach is really to maintain very strong cost discipline on a tactical basis and in addition, is to be driving structural efficiency over time so that we can enable and allow ourselves to make the targeted investments that we think are necessary in order to drive our returns consistently over time to a higher place.

So that's really our mantra and what we're focused on. So when you look at and you break down those expenses for the quarter and you have that 7% growth, obviously, anchored by the 14% revenue growth which drives that 400 basis points improvement in operating efficiency. You have the effect of the severance that you mentioned there, and you can see at the bottom of the page we provided, on earnings. You have FX playing a role. Of course, the revenue-driven costs and transactional costs attached to our revenue that you can see in transactional costs and also in some of the compensation pieces. And we're also making targeted investments, right?

We've done it in Services. We're doing it in Banking, we're doing in Wealth. And for us, it's important to be able to have that balance. And so, as we look through the year, we're comfortable sitting with the around 60% for operating efficiency. And it's primarily on the basis of, yes, you alluded to it, there's seasonality that comes with the first quarter. Usually, Markets had the strongest quarter of the year on the first, and that is true in this case as well. And we also think it's important to be able to balance that seasonality as well as recognize that we're trying to make targeted investments so that we can get our returns to be higher, right?

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Our objective in my mind, is very simple, right? We're focused on driving sustainably, improving returns over time, not just to give you short-term upside. Thank you.

OPERATOR: Our next question comes from Ebrahim Poonawala with Bank of America. Please go ahead.

EBRAHIM POONAWALA: Good morning. I guess just following up on that, so Gonzalo and Jane appreciate the seasonality in the business. But when sort of putting together the momentum you have, the way you're talking about sort of just across businesses, when we look at the 13% return on tangible equity that you earned this quarter, I have a hard time thinking why it should go down to the 10% to 11% range, even adjusting for some of that seasonality on expenses and Markets revenue. Just maybe frame it, if you think there are areas where Citi may be over-earning in any given quarter that's boosting RoTCE to 13%? And if that logic is missing something?

JANE FRASER: Let me jump in with one point, and I'm going to go British on you. One good rate first quarter does not a full year make. The first quarter is always the strongest. And we do have an unclear macro environment ahead, and we want to continue investing. So, I think what you're hearing from us clearly is we have confidence in being able to deliver the 10% to 11%. We want to keep investing in the business, as Gonzalo was just talking about, revenue growth is important. We'll be talking through the investments we want to make to continue the pretty impressive revenue growth we've had the last few years and intend to continue having. So, I would just make it as simple as that.

EBRAHIM POONAWALA: Got it. And I guess, maybe just quickly on the capital front. It was good to see buybacks ramp up this quarter. As we look forward, do you think we stay in a holding pattern in terms of the CET1 ratio where it ended this quarter? Like how do we think about incremental capital leverage at Citi beyond just optimizing how capital is deployed?

GONZALO LUCHETTI: Thank you, Ebrahim. Good morning, and good to hear you. I think a couple of things stand out. Of course, for those that are referencing the deck, you can go to page 9, and you can see there at the bottom left of the slide. Kind of it goes to the core of your question. We have guided in the past that our objective was to, through this year, be at around 12.6%. And so, we're basically there as it relates to Q1. But let me walk you through for a second on what has been driving that.

First, you can see us in this quarter, right, basically reducing the excess that we had above our regulatory capital and the management buffer that we have carried for some time. So, that gives you a signal of how we are basically at or around where we wanted to be. Now we came at this from a couple of angles, right? First, the earnings power that you saw in the quarter, right, which was very strong. And in addition, we closed the sale of our Russia entity in the middle of the quarter. That released within the quarter about \$4 billion of capital, and we've been very thoughtful and active in thinking about the deployment of that capital.

You can actually see it even on the slide and through the results that RWA deployment is really to anchor the activities that we're driving with our clients and the intense engagement that we have with them. No surprise that Markets also had a very strong quarter on the back of the support that we gave. So, as you see us, and I'm using this as a micro example of how we think about it, so that hopefully is helpful. You had an event-driven component. Obviously, you had earnings, which over time will be the primary driver, but you have an event-driven component. A part of that goes to support accretive growth return opportunities for our businesses. And in addition, another piece goes into the buybacks that we just announced for the quarter, which are a high watermark at \$6.3 [billion]. And obviously there will be more to come as we go into Investor Day. Thank you.

JANE FRASER: I'd jump in with just three observations as well. First of all, GSIB is still gold-plated relative to the Basel standard. So, the economy has grown significantly since the original framework was created, but the current proposal doesn't fully account for that growth. We're going to be very active in advocating for that, as you've been hearing from some of the other bank CEOs. Secondly, there is still material duplication between the NPR and the current stress capital buffer for operational risk, for market risk, for CVA, and that needs to be eliminated in the revised Fed SCB models.

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And the third piece, which I know you've heard from us on many occasions, our SCB still does not reflect our strategy. So fully, the divestitures we've made are the elements of it and really the risk profile the bank has today, which is so different from what it was in the past. So, I think those three elements are things that we're obviously going to be active on. And I hope will also be helping us going forward.

OPERATOR: Our next question comes from Jim Mitchell with Seaport Global. Please go ahead.

JIM MITCHELL: Hey, good morning. I think we all appreciate the breakout of the card business on its own, and we can see some solid profitability there. But it does also highlight, I guess, the low profitability of the consumer branch banking segment. I know we'll hear more on this at Investor Day, but can you just kind of discuss what the issues are there and what you see as the opportunities to improve efficiency and returns in that segment?

GONZALO LUCHETTI: Thank you, Jim and good morning. So I'm assuming, it broke down there for a little bit, but I'm taking your question as more focused on the Retail Bank, right, and how we think about the return profile?

JIM MITCHELL: Yes.

GONZALO LUCHETTI: Yes, thank you. Thanks for confirming that. So, if you look at our RoTCE for the quarter, and that's an all-in, and I know we've restated in the Supplement, you can actually see the history there. You can see that our RoTCE at 10.8% of course is not where we want it to be, and of course we have more work to do. But if you think about it from going back to a year, right, it's almost doubled in the year since.

So, Jane was alluding a little bit to this earlier. We have made progress both in our Retail Bank franchise as well as in our Wealth franchise in terms of driving consistent revenue growth and positive operating leverage. And that will take us home. That's basically the simplest version.

So, if you look at last year, the Wealth business in aggregate with this new recasted element was growing at 16% revenue and 1% expenses. That's 15% operating leverage. If you look at this quarter, you can see the 11% and the 1%, so another quarter of very strong operating leverage. And that comes on the back of the good momentum that that we have on deposit volumes, mix management, pricing management that give us the confidence that there is sustainability there, as well the good levels of activity and the focus on NNIA and driving client investment assets so that we can, over time, also balance the business there between investments and deposits.

The more quarters we can put together in the future with the same kind of profile around solid revenue growth and maintaining the discipline that Andy and the team have kept on driving continuous productivity while still investing for growth, the closer we're going to be to getting to the ranges that you would expect and that we would push and expect of ourselves as well. So, I have good confidence and you can kind of see the momentum. We know we have to show it still, but you can see in the recent past that we make the progress, and I have confidence in the future.

JIM MITCHELL: Right. Great. And maybe just as a follow-up and pivoting to just private credit. Any thoughts and detail on your exposures and how you're thinking about the credit risk there would be helpful.

GONZALO LUCHETTI: Sure. Thank you. So, maybe a couple of thoughts there. Maybe let me step back. First, I feel very good about our position. We wanted to provide additional transparency on disclosure. You can see that on page 23. But let me start with what gives me comfort across our risk on corporate exposures, including our private credit piece and I'll go there as well in a second, right?

First, we have a very strong risk appetite framework, right? When you think about customer selection, right, we're very rigorous there. You know we do business with global multinational companies with top tier sponsors and asset managers. These are folks that have strong balance sheets and have the ability to withstand different environments. And secondly, we are not one product relationships, right? We are, in most cases, multi-country, multi-product, multi-year relationships. So that gives us confidence.

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The second piece is we have very strong protections, right, and we look at concentrations, which range from single name to country to geography to sector to industry and across the board. We look for correlations to make sure that we're not missing things, right, that's maybe linked in sometimes, hidden ways. You have seen the credit performance, right, with NCLs and NALs, both low and stable. You have seen us also be very prudent in terms of reserves, right? And so, we feel we're adequately reserved there.

And then, last but not least, we are constantly stress testing our portfolios in the private credit space and in all the spaces to make sure that both for a range of macroeconomic environment, but also for event-driven aspects, that we're passing our own tests and we're comfortable with how we're sitting there. So, the constant monitoring, the risk capital framework, all play a role.

Now, we gave you a bit more clarity because we thought it was important to provide. You can see it's not a significant exposure for us, right, at \$22 billion of loans. 98% investment grade, and that's because we have ample subordination, right, in terms of the position that we take and all the protections that I was alluding to. We also have additional protections in terms of our collateral. We have broad controls. We utilize third parties where appropriate, so that we just don't rely on attestations and warranties. And so, we feel very good and comfortable that we are able to navigate a range of environments with the portfolio. And it's all anchored in the strength of our risk appetite that we've built over time. This is not built in a day. It comes from years of constantly strengthening.

OPERATOR: Our next question comes from Manan Gosalia with Morgan Stanley. Please go ahead.

MANAN GOSALIA: Hi. Good morning. Gonzalo, I just wanted to clarify, as you have some of these business exits, I know you get a temporary benefit from CTA. Are you saying that that gives you the opportunity to be more nimble on your capital deployment strategy? Whether it's in buybacks or in the Markets business, as you get that benefit between the announcement and the actual deconsolidation?

GONZALO LUCHETTI: All right. Thank you, Manan, for the question. So, what I would say is and I mentioned a little bit earlier, right? For us it is really a balance, right? When we have events like in the case of Russia that we just saw and I'll allude to your comment, which I think was a little bit more specific to Banamex, right, as it relates to the deconsolidation. What I'll mention is we're always looking for opportunities to deploy that capital constructively, in accretive ways to support our businesses and support our clients.

I think Q1 just gives me magically, a very good example of our behavior. So, you can actually see it come through in real life versus just me describing in general terms. But on the back of the Russia event, with the \$4 billion of release, you have seen us, both support our businesses and anchor some of the results that you just saw in the quarter from Markets, as an example, and in couple of other businesses. And at the same time, you're seeing the highest level of buybacks that we've done in any quarter on the \$6.3 billion. So that's supported by an event like that.

Now, as it relates to Banamex, as we've alluded in the past, there is a temporary capital benefit that happens both on the 25% sell-down that we announced and executed during the fourth quarter last year, as well as one to come when we complete the closing of the second tranche of the sell-down of the 24% that we announced recently, which will happen over the next few months, right? And that's temporary in nature. You were alluding to it too. Clearly, you've studied all of us very well, Manan, which is at deconsolidation, you can expect the CTA to come back, right? We've been clearing the path that that will attract about an \$8.5 billion or so CTA adjustment that will flow through the P&L, but in aggregate, it's capital neutral. Thank you.

MANAN GOSALIA: Got it. Okay. Great. And then maybe just pivoting over on the expense side. You've been pretty clear that as part of the transformation projects. Citi is not just delivering on the ask from the regulators, but also taking the opportunity to invest in modernizing. So, I guess my question is just beyond the transformation, how do you view your current tech stack versus where you want it to be? And how are you thinking about tech spend going forward?

JANE FRASER: Yeah, we'll go into a lot of detail about this at Investor Day in terms of laying out not only in technology. We'll spend quite a bit of time on AI and the structured strategic approach that we're taking to this firmwide. So, you're going, in three weeks, you're going to get a lot of clarity around all of this. I feel good

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about the modernization we've done as we've moved our tech stack from a multiplicity of different platforms into singular platforms and at the same time making sure that we've got good and singular processes end to end that we have been working on simplifying and automating over the last few years. I think we feel good about that side.

We feel good about the investments we've been making in leading edge innovations in technology, like Citi Token Services, like Payment Express in Services. I can give you a long list in Wealth and what we're doing in Markets, et cetera, but we'll leave that with the 7th. And I think above everything, the other area we're really happy about is the investments we've made in our data and architecture, where we are on a single repository for all of our data for institutional and a single one for consumer, enormously beneficial in the world of AI that we're living in. Thank you.

OPERATOR: Our next question comes from Ken Usdin with Autonomous Research. Please go ahead.

KEN USDIN: Thank you. Just a follow-up on the NII side. First of all, seeing the very strong end-of-period and average loan and deposit growth and I know looking at the Supplement, there's a little help from FX translation in there. But upper single-digit growth, just wondering how sustainable that is, especially on the deposit side? And if you saw any environmental related benefits that possibly might not continue?

GONZALO LUCHETTI: Okay. Thanks very much, Ken, and good to hear you. I think as we look at the NII ex-Markets and maybe just to refresh everybody's minds, what we guided for the year and it's on the deck, it's 5% to 6% NII ex-Markets growth and that is anchored by around mid-single-digit growth for both loans and deposits. We're pleased that Q1 is a good showing against that.

As you highlighted, there is a bit of FX playing a role there for the 7% that we delivered, but we are comfortable in that guidance. And the part that I like the most about it is that most of that growth is really anchored on client-driven activity, right? And our commercial intensity, we're pushing to win in the market with our customers, whether it's in Services, whether it's in Wealth. Both of those are driving deposits, right? Services up 16% deposits. Wealth up 4%. All of that blends to the 11% that I think you were marking.

And then in terms of loans, ex-Markets, we are growing at the 5% mark, which is, again, in line with our guidance. And you can see that coming through in Wealth. You can see it coming through in U.S. Consumer Cards and also in Services with export financing and working capital. So, as I said, most of the growth is really being driven by the commercial intensity, the client engagement and how we're winning in the market with our proposition and that's a good place to be.

There are smaller contributions into it from both the pricing discipline that we've shown, right? Beta is quite stable for us. And that to me is a proof of our value proposition is performing, how embedded we are in our clients with our global network on the Services front, and the quality of our advice and engagement on the Wealth business. And the other side, I think we mentioned this before in the past, is our investment securities portfolio, as it rolls off through the year, we're able to reinvest it at higher rates than before. So, all those pieces are helping, but it's really the client activity that drives the bus here. Thank you.

KEN USDIN: Great. And thank you for that. And then as a follow-up to your point, the first quarter also started above the range, 7% ex-Markets year-over-year. And so, I just wanted to ask, I know maybe you're still being conservative with the 5% to 6%. Can I assume that the American Airlines card is in the guidance? And why wouldn't you continue to be 7%, if the volume side you just went through, is pretty sustainable? Thanks.

GONZALO LUCHETTI: Thanks very much, Ken. I give you points for a very sneaky and smart way of asking if I want to up the guidance, and the answer is not at this stage. We are comfortable with the guidance. Yes, first, let me answer the first part of your question. The American Airlines Barclays portfolio that is coming in in this second quarter is of course fully factored in. And we know, we feel confident in the client activity that we're seeing. And at the same time, we know that it's, as Jane said a little bit earlier, right, for all those models out there, don't just do one times four because we know we have to manage through some degree of uncertainty, inflation, growth and other pieces that are playing through. Thank you.

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OPERATOR: Our next question comes from Steven Chubak with Wolfe Research. Please go ahead.

STEVEN CHUBAK: Hi good morning and thanks for taking my questions.

JANE FRASER: Hey, Steven.

STEVEN CHUBAK: Hi, Jane. You've been crystal clear using your words on the commitment to focusing on organic growth. Now, one factor which has contributed to below peer returns is the large DTA or unallocated capital base. It remains stubbornly high. The pace of DTA utilization remains pretty tepid. I think it's only been about \$1 billion or so over the last five years. Now, I was hoping you could speak to the drivers that would potentially support some acceleration in that DTA consumption, especially given your aversion to solving for it, potentially with higher North America earnings inorganically?

JANE FRASER: Yeah, I feel very good about our organic growth opportunities in North America. And you're right, the very simple driver of accelerating the DTA consumption is driving North American earnings. We're very focused on it. Every single one of our businesses is focused around it. It's also where we've been doing investing to support that growth. So, this will come the good old-fashioned way. And I feel confident that we're going to be making some very good progress on this and we'll talk a bit about that in a couple of weeks' time.

STEVEN CHUBAK: All right. Well, I anticipate a similar response in terms of additional color at Investor Day for the next question. But if you'll indulge me, I did want to ask on.

JANE FRASER: Always.

STEVEN CHUBAK: Appreciate it, on the head count reduction targets, which you guys had spoken about a few years ago. I believe at the time this was post the consent order. The head count increased from about 200,000 to 240,000. You had indicated that you would look to drive that closer to 220,000 or so employees. You're two-thirds of the way there essentially. But admittedly, we're in a very different environment where the potential for AI-driven efficiency gains are much more tangible than they necessarily were a few years ago. I was hoping you could speak to your approach or philosophy to head count management and resourcing, just in light of this new AI regime that we're all operating in?

GONZALO LUCHETTI: Well, thank you Steven. Let me maybe highlight a couple of points there. First, you saw us this quarter take severance, we have guided that it would be a little bit higher for the quarter and it was, of about \$500 million, right? That will enable us to take earlier actions in the year in order to contribute to our productivity and our efficiency journey as well. And so that's one piece. I think we've spoken in the past, you can actually see it in the quarter when you look at our head count, right, on the expense page, coming down quarter-on-quarter from the 226,000 down to 224,000 or thereabouts.

We have spoken about through the year, you would expect us to be coming down on head count. And as I said a little bit earlier, right, not only do we expect to drive expense discipline in terms of how we're driving the day today, but in addition, we are focused on structural efficiencies over time. And what that means is both benefitting from the investments we've already made in our transformation where you saw us modernizing a lot of our platforms, but also what we have ahead of us in terms of continuing to drive, with the support of technology, automation in our processes, further automation, as well as leveraging AI to give us further opportunities to turbocharge those investments that we want to make in a self-funded way.

OPERATOR: Our next question comes from Erika Najarian with UBS. Please go ahead.

ERIKA NAJARIAN: Hi. Thank you. Just one follow-up question for me because I appreciate that we're going to have quite a day in a few weeks. So, Jane, this one is for you. You talked about your stress capital buffer not reflecting your true risk profile. Obviously, we're not going to hear more on that until next year. And you've also talked about that Basel III Endgame reform and GSIB reform is fine but hasn't gone quite far enough.

I'm really wondering about that green bar on slide 9 that represents your 110 basis points management buffer. Because even if I adjust for seasonality, as I flip through the slide in terms of business line results, again, even after adjusting for seasonality and Wealth not hitting the marks quite yet and All Other, it implies

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sort of a much higher return profile even with this 12.7% CET1. So, I guess, I'm wondering, I'm sure we'll hear about the numerator at Investor Day. But as we think about the denominator and we get more clarity on regulatory reform, does that make a management buffer redundant?

JANE FRASER: No. So, I'm pretty clear and I think Gonzalo has been as well what we're looking at the moment in terms of CET1 for the rest of the year, is looking at being sort of 100 basis points to 110 basis points above the regulatory minimum. And that is the 100 basis points of management buffer. I think that's a good number for us at the moment, and I don't have plans to change it in the immediate future.

ERIKA NAJARIAN: Got it. Thank you.

OPERATOR: Our next question comes from David Chiaverini with Jefferies. Please go ahead.

DAVID CHIAVERINI: Hi. Thanks for taking the question. So wanted to start with the capital markets. Can you talk about the pipeline looking out to the second quarter and the rest of the year following a very strong first quarter?

GONZALO LUCHETTI: So, thank you. So, what I think about that – let me maybe parse out – I'm sorry, let me ask you clarifying question, David. Are you thinking more of banking M&A, ECM, DCM or were you talking more about capital markets in the Markets business?

DAVID CHIAVERINI: Yes, the former rather than the latter.

GONZALO LUCHETTI: Okay. All right. Thank you. Yeah, I appreciate it. I'm glad I clarified. So, a couple of things I would say. The engagement with clients in the first quarter has been very robust. You can see, Jane alluded to this. We were advisers in the top three deals, right, on the Street and we're pleased with the progress that we made. And we know we have more to go and that's why we're making the investments that we're making.

When you look at the M&A pipeline, it continues to be quite strong actually and so we see good dialogue. Remember, we engage with global multi-national corporations, right, those have the resilience and the strength of balance sheet. And we've seen good levels of engagement and good levels of activity in the pipeline that is in front of us. Of course, if the conflicts were protracted, right, and deeper over a longer period of time, that may start introducing some risk of deferrals and things like that into the second half of the year.

I think you've seen, the other thing I would say is, in the sponsor space, it's a little bit less active and a bit more cautious than on the corporate side. So corporate, very active. And on the sponsor side, a bit less so. And I think what we see is selectivity, right? Selectivity in terms of you still see a lot of good quality deals getting done, right, in terms of IPOs, in terms of debt capital markets as well. But there is a little bit of flight into quality that plays through in an environment like this, probably not surprising, right? So, more momentum and levels of activity in M&A, in the high-grade space for debt, and more caution and moderation in the high-yield space, as well as in IPO, where a lot of quality stuff is still happening and there is a bit of risk out there.

JANE FRASER: I'll just add in. When we look at it and generally, I think, as Gonzalo was saying, most corporates are watchful, they're certainly not passive. And we've been very actively engaged with clients that's rerouting supply chains, hedging programs, ensuring liquidity. So, it goes – obviously, the pipeline of activity we have goes well beyond the capital markets space. And I think we benefit in North America from some greater resiliency than other parts of the world space given the macro environment and the conflict in the Middle East.

DAVID CHIAVERINI: Great, thanks for that. And my follow-up is more of housekeeping, but can you provide us with an update on the expected timing of the Banamex IPO.

JANE FRASER: Yes. So, look, obviously we've made significant progress on the divestiture. First step is actually going to be closing the latest tranche in the coming months, as Gonzalo is talking about. At which point, we'll have successfully divested 49%. And that substantially advances our ultimate full exit. And given the accelerated pace of the sell-down that we've just done, we don't anticipate any additional stake sales in 2026 ahead of deconsolidation in early 2027. The IPO most likely would happen after that, when market

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conditions are favorable and when the regulatory requirements are met. And as always, we're going to carry on making sure that we exercise the ultimate full exit of Banamex in a way that optimizes value for all stakeholders as we've done so far successfully.

OPERATOR: Our next question comes from Gerard Cassidy with RBC. Please go ahead.

GERARD CASSIDY: Hi Jane. Hi Gonzalo.

JANE FRASER: Hey Gerard.

GONZALO LUCHETTI: Hi.

GERARD CASSIDY: Can you guys share with me, just a follow-up on your advisory business, and you're talking about pipelines. As we all know, the regulators changed their leverage loan restrictions back in November, giving, I think, banks more opportunities to finance higher leverage deals. Can you share with us your color? Have you been able to use that yet? Will you use it or what opportunities does that provide to help you in the advisory business?

JANE FRASER: Yeah. I'll pass that to Gonzalo, but just make one observation. The Fed has not changed their guidance on this and so we're still bound by that regime. But, Gonzalo, over to you.

GONZALO LUCHETTI: Yeah. So not related to the regulatory guidance that Jane has just alluded to. But I would say in that space we've been both deliberate and very disciplined in our risk management, right? So you have seen us expand a little bit our momentum there because we were not really that active a couple of years ago. And we've done it with a lot of care, right? We're well reserved. We're seeing basically very good loss trajectory there. It comes out in two parts. So let's think this in terms of distribution, where it's functioning well and operating normally as well as on the whole book where we see de minimis NPLs. So really performing well and we're being very thoughtful in discipline there. Thank you.

GERARD CASSIDY: Very good. And Jane, have you guys heard any word from the Fed whether they're going to follow suit with the OCC and the FDIC on these changes?

JANE FRASER: I have not.

GERARD CASSIDY: Okay. Thank you. And then just to move to a different area on Consumer Cards, Gonzalo, you pointed out how, I think, in slide 14 you guys break out the general purpose versus the private label card. And I go back, and I know I'm not probably comparing apples to apples, but I look at the first quarter 2024 slide deck, I think it's page 9 where Retail Services were 33% of U.S. card loans, and now they're much lower. Again, it's probably not apples to apples because now it's called private label.

But here's my question. With the changes, you guys obviously have done a very good job in divesting businesses that didn't hold up their profitability to the levels you wanted them to attain. With the advent of buy now pay later, AI, is the retail private label credit card business a business that is going to have challenges in reaching profitability levels that they need to reach because of this competition?

GONZALO LUCHETTI: Thank you, Gerard. Very good question. I didn't know you were a historian there. I was trying to get back, play back in my memory. You took me back. And unfortunately, it's in front of my boss. I was running the business at the time, so I can't say that I didn't know. So, I appreciate your question there.

But no, what I would say is a couple of things. Now what we're seeing in the private label space, and maybe there could be a contribution for what you're bringing up, but I attach it more because I've seen it even before BNPL started to play any role in terms of the lending elements. I attribute it more to changing customer behavior as it relates to borrowing preferences, right. And that's a change we have seen over a number of years.

And that's why I think I alluded to earlier in the conference, and I think you're going to hear a lot more from Pam at Investor Day. You can see it in the numbers already, right. Our investments are really in the general purpose credit card space because that's where our clients are taking us, right. And so over time, a lot of the retailers themselves are also pivoting into co-brand relationships. And some of the more successful ones like

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Costco that we have and many others, they have made some of those pivots because they're basically following the customer behavior there. So that's what I would say as it relates to that.

And yes, you have seen us be very disciplined in terms of returns, right. So, obviously, those scale relationships still work very well as it relates to returns. But if you have pockets where some of the relationships have low scale, Jane has been the first one to impress upon me when I was running the business that we're not in the business of hobbies. And so, we have been very disciplined about exiting smaller portfolios where we didn't see a path to improve returns, and that discipline we're going to keep. Thank you.

OPERATOR: Our next question comes from Vivek Juneja with JPMorgan. Please go ahead.

VIVEK JUNEGA: Hi. Thanks. Just a couple of clarifications for you folks, for you both. Could you dimensionalize a couple of things? One is what do you mean by when you say moderate capital benefit? Gonzalo, are you talking about 3%, 5%? Any range in terms of under the current proposal for capital benefit?

GONZALO LUCHETTI: Vivek, first of all, thank you, and good to hear you. The modeler in me really appreciates the question, but I would say we're not giving specifics at this time. Thank you, though.

VIVEK JUNEGA: Okay.

JANE FRASER: We'll be able to do that when we get the final proposal.

VIVEK JUNEGA: Okay. DTA, Jane, since you talked about it, any sense of the pace has been very slow as the question came up earlier. What's the pace do you expect to get in the next couple of years?

JANE FRASER: I'll give the CEO answer, which is better, and then pass it over to Gonzalo.

GONZALO LUCHETTI: Yeah. So, Vivek, maybe let me give you a bit. Here, I will be able to give you some precision, just to make up for my last one there where I didn't want to go into specifics. So, first quarter, the disallowed DTA increased by about \$200 million quarter-over-quarter. Now that is attributable – and we have this, I think, every year. That's attributable to higher U.S. income that was offset by seasonality of the carryback support. So that usually happens.

Now as you see us go through the year, and we've been clear on trying to increase U.S. earnings over time, we would expect that the disallowed DTA would reduce this year in excess of \$800 million. That's roughly what we expect. And we're very focused as we – and again, you're going to hear more at Investor Day, on what's the multi-year path for that so that we can continue to accelerate that trajectory and really burn down that disallowed DTA. Thank you.

VIVEK JUNEGA: Okay. We look forward to hearing more at the Investor Day on this. Thanks Gonzalo.

OPERATOR: The final question comes from Chris McGratty with KBW. Please go ahead.

CHRIS MCGRATTY: Yeah, great. Thanks for squeezing me in. Just going back to the tech AI conversation for a moment, I'm interested in how today's outlays could ultimately yield ROE benefits. And how are you thinking about that when you are putting together this Investor Day over the next few weeks? How does that influence the medium-term ROE outlook? Thanks.

JANE FRASER: You're going to hear a lot more about AI at Investor Day and sort of how we are approaching it. I think with the rapid advances with the models, agentic AI, we have established a more strategic, structured firmwide approach. And that's looking at four different buckets, which will ultimately yield ROE benefits.

One is around business strategies. That's covering revenue generation, client experience improvements, and also potential changes to our business model. So many with a direct driver to either revenue growth or to RoTCE.

Second one which you've heard me talk more often about is productivity and end-to-end process improvement. And that body of work that's underway is further simplifying our most complex and manually intensive processes leveraging both AI and automation. So that's a direct operating efficiency benefit with

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investments needed to get there, which we're making. Final area, it would be the defensive capabilities covering cyber, fraud, AML, general risk management. So, I see that as issue avoidance. And we're also looking at the longer-term talent and workforce implications.

So, our approach is structured and deliberate. It's not just about tech. It's about people and our processes and our business model, but that's trying to give you a bit of a framework for what we'll run through in three weeks, and how that then translates into growth, how it helps translate into RoTCE benefits, wallet capture, et cetera.

CHRIS MCGRATTY: That's helpful. Thank you for that. And I guess my follow-up would be global rates are moving in various directions at any moment. Interested in just the broader rate sensitivity, domestic, international, and how we should think about the whole Citi entity. Thank you.

GONZALO LUCHETTI: All right. Thanks very much. Yeah, and I know we provide disclosures on IRE, which even though is a static measure, the ones that we disclose gives you a little bit of a sense, at least from a risk management perspective. But let me backtrack for a second, right, so, because your question is also linked to NII ex-Markets, and what one could expect. So I'll just repeat a little bit what I said earlier on NII ex-Markets, which is the vast majority of the growth that we have baked in for the year that is anchored to our guidance is really driven by the client engagement, the client momentum that we have across the business, and that's reflected into our deposit and loan volume growth, right. That really drives the bus as it relates to that.

Now, when you were talking about interest rate sensitivity, you have two pieces for us. One is U.S. dollar sensitivity. You have seen us over time, number one, very actively manage our balance sheet and being deliberate there and bringing down our asset sensitivity over time to be more or less in a relatively neutral position today as it relates to U.S. rates. We like that position, given what's going on out there, and not only the direction that we all thought rates were going to have, but even in the current situation. I think we like that position.

And then on the non-USD rates, right, we're structurally more asset sensitive. That has to do with our strategy. It's well-diversified sensitivity, right, because it's across 65-plus currencies, and it's very much anchored by our Services and Wealth franchises that we have around the world. Thank you.

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

JENN LANDIS: Thank you all for joining the call. We look forward to talking to you this afternoon with any follow-up questions.

JENN LANDIS: Thank you.

OPERATOR: This concludes the Citi first quarter 2026 earnings call. You may now disconnect.



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