

TRANSCRIPT

Citi First Quarter 2025 Earnings Call

April 15, 2025



Host

Jennifer Landis, Head of Citi Investor Relations

Speakers

Jane Fraser, Citi Chief Executive Officer

Mark Mason, Citi Chief Financial Officer

PRESENTATION

OPERATOR: Hello and welcome to Citi's First 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.

JENNIFER LANDIS: Thank you, operator. Good morning and thank you all for joining our first quarter 2025 earnings call. I am joined today by our 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 a very good morning to everyone. First, I am going to discuss our first quarter results and then talk about the environment we are operating in and how we are positioning the bank for it.

This morning, we reported net income of \$4.1 billion and earnings per share of \$1.96 with an RoTCE of 9.1%. Overall, it was a strong quarter, marked by continued momentum in each of our five businesses. We maintained a disciplined approach to our expenses, which declined by 5% year-over-year. We delivered our third consecutive quarter of positive operating leverage for each of our five lines of business and the fourth consecutive quarter for the firm overall.

We increased both our return on tangible common equity in each business and our return of capital to our shareholders. This quarter is a further proof point of how the consistent execution of our strategy is improving our performance.

Services recorded its highest first quarter revenue in a decade. TTS continues to demonstrate momentum in the key underlying drivers across U.S. dollar clearing and cross-border activity. Securities Services gained share and grew its Assets Under Custody and Administration to \$26 trillion.

Markets had a good quarter with revenue up 12%. The three most significant Fixed Income businesses – Rates, Spread Products and FX – each contributed to an overall 8% increase over last year. And in a good macro quarter for Equities, we were up 23% as we continued with our long-term strategy to augment our high derivatives share with a larger prime business.

Banking was up 12%, as we continue to gain share in Investment Banking across most industry sectors. Most notably M&A revenue nearly doubled. We are seeing the benefits of our talent investments – as you can see

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by the leading role we played in some of the year's biggest transactions such as advising Altair on the Siemens acquisition and on the recently announced Intra-Cellular transaction by J&J.

Turning to Wealth, all three businesses contributed to overall growth of 24% and fee revenue drove non-interest revenue growth of 16%. We remain focused on capturing assets our clients have "off" us as demonstrated by the roughly 11% organic growth in client investment assets. Andy and his new team are making excellent progress executing our strategy, with the business delivering record revenue this quarter and improved efficiency and returns.

USPB was up 2%, driven mainly by increased loan balances and spending in Branded Cards. The high credit quality of our cards portfolio reflects the focus we have put on prime consumers and our portfolio continued to perform in line with our expectations. Overall, USPB's return increased to nearly 13%.

During the quarter, we returned \$2.8 billion in capital to our shareholders including \$1.75 billion of buybacks as part of our \$20 billion plan, which is about \$250 million more than we had originally guided. That's our highest quarterly amount since 2022 and demonstrates our commitment to returning capital. We ended the quarter with a CET1 ratio of 13.4% and our tangible book value per share crossed \$90.

Turning to our strategic priorities, our transformation investments continue to modernize our infrastructure, simplify our processes, and reduce manual touchpoints. During the quarter, we retired legacy applications and automated reconciliations to name but a few accomplishments.

We are also integrating AI directly into our business operations to improve the client experience. The latest example is "Agent Assist," our first generative AI tool for customer service in U.S. Personal Banking. It is designed to help our team resolve inquiries faster and it is now being piloted in credit cards.

From quarter to quarter, we are building on our track record of progress, and I am confident in our ability to continue delivering despite the uncertainty of the moment.

In terms of the macro environment, I am not going to try to predict the unpredictable. While our corporate and consumer clients are resilient and in good financial health, the world is in a wait-and-see mode and is facing a more negative macro-outlook than anyone had anticipated at the beginning of the year. And we know that prolonged uncertainty generally hurts confidence.

The changes underway globally will go beyond trade and tariffs. In the U.S. for example, regulation and tax policy are all likely to look different in a year's time. These changes will not only have economic impacts but geopolitical and cultural ones as well.

We appreciate the Administration taking a fresh look at regulations across all industries to unlock growth. We welcome the changes being discussed in our own industry to place more focus on material financial risks and to make it easier for banks to contribute to economic growth and to improve client service.

When all is said and done, and these long-standing trade imbalances and other structural shifts are behind us, the U.S. will still be the world's leading economy, and the dollar will remain the reserve currency.

The deep knowledge and breadth of capabilities that we have from decades on the ground in so many local markets are real points of distinction when serving our clients, from reconfiguring their supply chains, to addressing their hedging and funding approaches, to advising on their strategic agendas.

I am very confident that we have built a strategy based on a diversified business mix that will perform in a wide variety of macro scenarios and is differentiating in times like these.

With capital strength, plentiful liquidity and strong reserves, we can navigate through any environment from a position of strength. In periods of stress, we have shown that we are a port during the storm for our clients, the global markets, and the economy, and this time is no different. We are ready to lean in.

As I look forward to the rest of the year, we shall remain disciplined about returning capital and managing our expenses whilst protecting necessary investments in our businesses as well as our transformation. And we shall not allow the uncertainty to distract us from executing our strategy and improving our returns.

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Now, over to Mark and then we would be happy to take your questions.

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

On slide 6, we show financial results for the full firm. This quarter we reported net income of \$4.1 billion, EPS of \$1.96 and an RoTCE of 9.1% on \$21.6 billion of revenues, generating positive operating leverage for the firm and in each of our five businesses. Total revenues were up 3%, driven by growth in each of our businesses largely offset by a decline in All Other. Net interest income excluding Markets was up 2%, driven by USPB, Wealth and Services, largely offset by declines in All Other and Banking. Non-interest revenues excluding Markets were down 6%, as better results in Banking and Wealth were more than offset by declines in All Other, USPB and Services. And total Markets revenues were up 12%. Expenses of \$13.4 billion, were down 5%. Cost of credit was \$2.7 billion, primarily consisting of net credit losses in Cards as well as a firmwide net ACL build, reflecting the uncertainty and deterioration in the macroeconomic outlook. Before I move on, I would like to note that certain card transaction processing fees paid primarily to networks were previously presented in operating expenses and are now presented as a contra-revenue in non-interest revenue, primarily impacting USPB. This change does not impact net income, and prior periods have been aligned. We've provided additional detail in the appendix of the presentation on slide 22.

On slide 7, we show the expense trend over the past five quarters. As we've said in the past, we are very focused on bringing down our expense base. At the same time, the transformation remains our #1 priority, and we will continue to make the investments needed, specifically as it relates to data and regulatory reporting. Having said that, the drivers of our expense reduction going forward remain consistent with those that we have referenced in the past. Savings related to stranded cost reduction, productivity from our prior investments and our organizational simplification, all of which allow us to self-fund our investments in transformation. As we look at this quarter, expenses declined by 5%, which included a favorable FX impact. The decline was driven by a smaller FDIC special assessment, absence of a restructuring charge and lower compensation. Partially offset by increases in technology and communications, professional fees related to transformation, as well as advertising and marketing. And looking at the rest of the year, we remain on track to meet our full year expense target.

On slide 8, we show key consumer and corporate credit metrics. As I mentioned, the firm's cost of credit was \$2.7 billion, primarily consisting of net credit losses in cards as well as a firmwide net ACL build. The ACL build reflects uncertainty and deterioration in the macroeconomic outlook, including a further skew to the downside scenario in our CECL framework. Our reserves now incorporate an eight-quarter weighted average unemployment rate of 5.1%, which includes a downside scenario average unemployment rate of 6.7%. Largely offsetting this build was a release related to lower balances in our card portfolios. At the end of the quarter, we had \$22.8 billion in total reserves with a reserve-to-funded loans ratio of 2.7%. Now turning to consumer credit on the left-hand side of the page, approximately 85% of our card portfolios are to consumers with FICO scores of 660 or higher. NCL rates increased sequentially in both card portfolios, consistent with historical seasonal patterns, and we continue to see stabilization in delinquency rates across both portfolios. And our reserve to funded loan ratio in our card portfolio is 8.2%. And corporate non-accrual loans remain low, reflecting the investment grade nature of our portfolio. Based on the quality and mix of our portfolio we believe we are well-reserved, but as always, we continue to monitor the evolving macroeconomic outlook.

Turning to slide 9, where I will speak to sequential variances. Citi's \$2.6 trillion balance sheet increased 9% driven by growth in trading-related assets, which is typical given the seasonal increase in Markets activity. We also built our cash position as we let investment securities roll off and opportunistically issued long-term debt. Loans increased 1%, driven by Services and Markets, largely offset by lower balances in cards. Our \$1.3 trillion deposit base remains well-diversified across regions, industries, customers and account types, and increased 2%, primarily driven by Services. We reported 117% average LCR and maintained \$960 billion of available liquidity resources. We ended the quarter with a preliminary 13.4% CET1 Capital ratio, down approximately 20 basis points, as net income was more than offset by capital distributions, RWA growth and

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higher DTA deductions. We continue to feel very good about the strength and quality of our balance sheet, and our robust capital and liquidity position us well to support our clients in a range of economic environments.

Turning to the businesses on slide 10, we show the results for Services in the first quarter. Services revenues were up 3%, driven by growth in TTS. NII increased 5%, driven by higher deposit spreads as well as an increase in deposit and loan balances. NIR declined 4%, driven by the absence of certain episodic fees in Securities Services as well as higher revenue share and the impact of FX across both TTS and Securities Services. That said, we continue to see strength in underlying fee drivers across the business, as you can see on the bottom right-hand side of the page. Expenses declined 3%, largely driven by lower deposit insurance costs, severance and legal expenses. Average loans increased 6%, driven by continued demand for export agency finance as well as working capital loans. Average deposits increased 2% as we continue to see growth in operating deposits. Services generated positive operating leverage for the third consecutive quarter and delivered net income of \$1.6 billion, and continued to deliver a high RoTCE of 26.2%.

On slide 11, we show the results for Markets in the first quarter. Markets revenues were up 12%, driven by growth across both Fixed Income and Equities. Fixed Income revenues increased 8%, with Rates and Currencies up 9%, reflecting increased client activity and monetization. And Spread Products and Other Fixed Income, up 7%, driven by higher client activity and loan growth. Equities revenues increased 23%, primarily driven by Equity Derivatives, on increased market volatility and higher client activity, and momentum in Prime Services, with Prime balances up approximately 16%. Expenses increased 2%, driven by higher volume and other revenue-related expenses. Cost of credit was \$201 million, primarily related to Spread Products, driven by net credit losses and a net ACL build. Average loans increased 7%, driven by financing activity in Spread Products. Markets generated positive operating leverage for the fourth consecutive quarter and delivered net income of \$1.8 billion and an RoTCE of 14.3%.

On slide 12, we show the results for Banking in the first quarter. Banking revenues were up 12%, driven by growth in Investment Banking as well as the impact of mark-to-market on loan hedges, partially offset by a decline in Corporate Lending. Investment Banking fees increased 14%, with growth in M&A partially offset by declines in DCM and ECM. M&A was up 84%, as we gained share overall and across numerous sectors. DCM was down 3% compared to a near-record first quarter last year. And ECM was down 26%, amid a pullback in the wallet for follow-ons and convertibles. Corporate Lending revenues, excluding mark-to-market on loan hedges, declined 1%, as increases in revenue share were more than offset by the combined impact of lower loan balances and higher recoveries in the prior year. Expenses declined 12%, largely driven by lower compensation, as we see the benefits of our prior actions to right-size the workforce and expense base. Cost of credit was \$214 million, consisting of an ACL build of \$180 million, driven by changes in the macroeconomic outlook, and net credit losses. Banking generated positive operating leverage for the fifth consecutive quarter, and delivered net income of \$543 million and an RoTCE of 10.7%.

On slide 13, we show the results for Wealth in the first quarter. Wealth revenues were up 24%, with growth across Citigold, the Private Bank and Wealth at Work. NII increased 30%, driven by higher deposit spreads partially offset by lower deposit balances. And NIR increased 16%, primarily driven by growth in investment fee revenues, as we grew client investment assets by 16%. This includes net new investment assets of \$16.5 billion in the quarter and over \$56 billion in the last 12 months, representing approximately 11% organic growth. Expenses were roughly flat, as the benefits of our prior actions to right-size the workforce and expense base as well as lower technology expenses were offset by higher revenue-related expenses and severance. End-of-period client balances increased 7%, driven by higher net new investment asset flows and market valuations. Average loans declined 2%, as we continue to be strategic in deploying the balance sheet to support growth in client investment assets. Average deposits also declined 2%, driven by a shift in deposits to higher-yielding investments on Citi's platform and other operating outflows, largely offset by client transfers from USPB, reflecting our ability to support clients as their wealth and investment needs evolve. Wealth had a pre-tax margin of 17% and generated positive operating leverage for the fourth consecutive quarter, and delivered net income of \$284 million and an RoTCE of 9.4%.

On slide 14, we show the results for U.S. Personal Banking in the first quarter. U.S. Personal Banking revenues

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were up 2%, driven by growth in Branded Cards and Retail Banking, largely offset by a decline in Retail Services. Branded Cards revenues increased 9%, with interest-earning balance growth of 8% and we continue to see spend growth, which was up 3%. Retail Banking revenues increased 17%, driven by the impact of higher deposit spreads. And in Retail Services revenues declined 11%, primarily driven by higher partner payment accruals. Expenses were roughly flat, due to continued productivity savings offset by higher advertising and marketing as well as legal expenses. Cost of credit was \$1.8 billion, consisting of net credit losses, partially offset by a net ACL release of \$172 million. This included a build related to changes in the portfolio composition and macroeconomic outlook, which was more than offset by a release due to lower card balances, largely in Retail Services. Notwithstanding this release, our cards reserve to funded loan ratio increased to 8.2% from 7.9% last quarter. Average deposits declined 11%, driven by client transfers to Wealth that I just mentioned. USPB generated positive operating leverage for the tenth consecutive quarter and delivered net income of \$745 million and an RoTCE of 12.9%.

On 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 declined 39%, with declines across both Corporate/Other and Legacy Franchises. Corporate/Other was largely driven by lower NII as well as the impact of mark-to-market valuation changes on certain investments on NIR. Legacy Franchises was driven by the impact of Mexican peso depreciation, expiration of TSAs in our closed exit markets and continued reduction from our wind-down markets. Expenses declined 17%, driven by a smaller FDIC special assessment, absence of a restructuring charge, reduction from exit markets and wind-downs and the impact of Mexican peso depreciation. And cost of credit was \$359 million, largely driven by net credit losses of \$256 million, driven by consumer loans in Mexico.

On slide 16, I'll briefly touch on our full year 2025 outlook, which we've adjusted for the impact of the card transaction processing fee presentation change that I mentioned earlier, but is otherwise unchanged. As you know, in January, we provided guidance for full year revenue and expenses as well as card NCLs – and that guidance was informed by a number of scenarios and assumptions. Based on what we know today, and assuming markets remain open and constructive, we still expect to deliver full year revenues of approximately \$83.1 to \$84.1 billion, with net interest income excluding Markets up approximately 2% to 3%. And we expect full year expenses to be slightly lower than \$53.4 billion. Clearly there remains a lot of uncertainty, but we are confident that our diversified business model and resilient strategy can withstand many environments, and we remain well-positioned to support our clients. So, while a lot is changing around us, we remain steadfast and focused on continuing to execute on our transformation and strategy while remaining disciplined with our expenses and capital with an eye towards improving returns over time.

And with that. Jane and I would be happy to take your questions.

OPERATOR: Our first question will come from the line of Glenn Schorr with Evercore. Your line is now open. Please go ahead.

GLENN SCHORR: Hi, thanks very much. So, I know it's early, but I'm curious if you could help us with a refresher on Treasury and Trade Solutions and Services in general. In terms of what opportunities there's risk, but also opportunities in helping clients manage through this re-tariffing and redrawing of economic lines. I think about nationalization and vertical integration as bad things, but a lot of shifting, and maybe you can help clients deal with all that shifting. But anything any help there would be great.

JANE FRASER: Glenn, I would be delighted to do so. So, our diversified business mix is very well positioned for a variety of scenarios. We think we've got a very broad suite of products and services. And they are the ones that clients need if they're going to be repositioning for a new order in trade or broader impacts here. And think about what you've seen over the last few years where we played a very central role: the Ukraine-Russia war, China, the COVID-related supply chains. We saw a lot of growth from deepening with clients and acquiring new ones because they need us, because we have exactly the expertise and the products and services that multinational institutions need, and we have them in the places that they need it. Now, the mix of those different revenues, different products and services we have could be different depending on which scenario prevails. And what I have to say at the moment, the level of engagement that we have with our

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clients all around the world, is just off the charts, given the unique depth of our presence and the insights we have in all the markets.

So, if I dig down a bit more, what would the persistence of high tariffs, what would it mean? Well, it would dampen economic activity here in the in the U.S. and abroad. Cross-border trade flows will change, we'll be in the middle of facilitating that. So, we expect to be very busy there along with the hedging and associated financing activity that goes with it because it's not just about TTS. This is about the bundle of different capabilities we bring to bear. And take some comfort, look at what happened with the Ukraine war. We grew a lot in that time period. Equally, most of our business is very local. Think of what Services is, it's payroll, it's supplier management, it's liquidity, it's payables, it's receivables. And we're very deeply embedded into our clients' day-to-day operations in every market they work in as well as across market flows. And that's not going to change. It's not nearly as sensitive to tariffs. And I would say, I think all of us recognize the environment is very fluid right now. So let me also just say for clarity sake, at the firmwide level, our RoTCE targets for 2026 are still 10% to 11%. The drivers behind them are the same, but the revenue mix might be different. We'll certainly know more as things get clearer as to how that plays out.

I think actually the other thing you mentioned about nationalization. Most of our clients have been clients for decades. I mean, a number of them have been clients for over a century. And it would not be British understatement to say that we are deeply embedded into them. I mean, it is extraordinary how deep we are. We've been on the ground for over a century, and we are viewed as quasi-local in most of these markets. Citi is not a bunch of suitcase bankers that fly in. We're not transactional. We're very unique in the footprint. And these factors do make us less vulnerable to the different geopolitical dynamics that are going on.

OPERATOR: Our next question comes from the line of come from Jim Mitchell with Seaport Global. Your line is now open. Please go ahead.

JIM MITCHELL: Hey good morning. Maybe Jane, just following up on that conversation, and you talked about leaning into, as being a port in the storm and leaning into it. So, I guess in the near term, are you seeing sort of demand already in terms of your balance sheet, whether it's raising liquidity and deposit flow like sort of flight to safety deposit flows and sort of the trading aspect of it from this volatility in April, have you sort of already seen greater demand from clients?

JANE FRASER: What I'd say about the clients at the moment, you're seeing deals still happening. We've done a number of them, as we've talked about, even over this last weekend, we were pretty busy, but I would say that most clients are pausing their plans. Now no one is taking bets in the market right now. We're seeing them prep for more headwinds. So, we're seeing some bolstering of already strong balance sheets. Remember, our client base aren't the smaller companies in the mid-market that are going to get more pummeled in this type of environment. So that our clients are getting ready. We're seeing some accelerating of imports to stockpile inventories. We are seeing a pausing on significant CapEx, while everyone waits to get clarity on the full agenda. And in that full agenda, remember, there's tax bill, there's deregulation actions. These are some positives that will be coming. It's a very big agenda. Clients appreciate it's going to take time. In terms of the trading side, what we're seeing is it is pretty orderly out there. There's a lot of complicated dynamics happening, but it's not being catalyzed by liquidity crisis or other things going on. Let's not fight the war, the last war. The issue we're tackling at the moment is something different. And we're seeing clients taking the opportunity to de-risk. We are, others are, so that if we have more turbulence ahead, everyone is in a stronger position for it, and that is a good thing. But it's early days, Jim. We've got to see how this unfolds.

JIM MITCHELL: Sure. No, I appreciate that color. And then maybe for Mark, I mean, you highlighted at least on a period-end basis, deposit growth and commercial loan growth looked pretty good on a period-end basis quarter-over-quarter. So, I guess when we think about the NII assumptions, deposit and loan growth looks good, but anything different given the strong start to the NII ex-Markets story and seemingly some good momentum in deposit and loan growth. Do you feel good, better, worse on sort of your NII outlook for this year?

MARK MASON: Yes. Thanks, Jim. Look, I continue to feel good about the NII outlook. There's obviously uncertainty that Jane has referenced, but that 2% to 3% ex-Markets. We've talked in the past about what

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the tailwinds and headwinds are. And you referenced, we saw some of that play through in the quarter in terms of deposit volumes. We saw a good operating momentum in our Services business in TTS in particular. The loan growth saw not just in average interest-earning balances on the Branded Cards side, but also saw trade loan growth as well. And so those are going to be important tailwinds as I think about the balance of the quarter. You've heard me reference as well, reinvestment from maturing securities in our investment portfolio into higher-yielding assets, including cash, and you can see that on the balance sheet that some of that started to take place as well in helping deposit spreads. And then the team has been very, very engaged as it relates to deposit repricing and managing beta through the current environment. So, the combination of those things, along with the removal of the reduction of late fees are really tailwinds that contribute to that 2% to 3% growth, and then there's some headwinds. So lower rates on floating rate assets would be a [headwind]. The potential of FX translation, primarily in Mexico would be a [headwind], but net-net, I feel good about the 2% to 3% growth in NII ex-Markets.

OPERATOR: Our next question comes from Mike Mayo with Wells Fargo. Your line is now open, please go ahead.

MIKE MAYO: Hi, I just wanted to continue the discussion about, on one hand you're a port in the storm. You've been embedded decades and you're not a bunch of suitcase bankers. So that message has landed. On the other hand, I mean, you are the bank that facilitates global trade in the middle of a global trade war. And so, I think the concern is not just the possibility that that revenues will nosedive, but credit will implode or as I've heard many, many times that Citigroup is going to stub its toe, just 100 countries in the mix of it all. What else can you say in addition to what you said to either reassure investors that the oversight is strong or that you have your arms around the situation, the best that that you can, again, recognizing it's a fluid situation. Thank you.

JANE FRASER: So, you've seen us perform extremely well over the last few years in the face of pretty wrenching changes in the global economy. You've seen it with say, shifts in supply chains after COVID and then between the geopolitical tensions that are going on, you saw it in pretty significant changes that were happening from the Russia and Ukraine war. And you see us exactly as that, we are where the clients come, it's hedging for foreign exchange, interest rates, commodities, you see it for how they're looking at changing their financing around, and we tend to be the ones that are helping them reconfigure the flows. So, from that point of view, we are the active agent in a lot this mix. And we are a port in the storm as I said, Mike, we've got very strong balance sheet, capital and liquidity to deploy. We have the big strategic changes and organization changes behind us, and they're enabling us to be on the front foot. And this is a firm that is much more agile and able to respond and be much more focused on clients right now. So, I feel good about this.

MARK MASON: Yes. The only thing I'd add, I mean, Jane, you're spot on, right. We come in with a strong balance sheet, strong capital, strong liquidity. If you think about your point around credit, Mike, we've said repeatedly, and you can see it in the numbers. We skew towards the higher investment grade, larger multinationals who also come into this with strong balance sheets. We've been very disciplined about that risk framework, our risk appetite, both on the corporate side as well as it relates to our consumers. And then what we tend to see in times of stress is a flight to quality as it relates to deposits. And so again, depending on how this evolves, we're well positioned to manage whatever the needs are of our clients, whether that be lending needs or the storing of liquidity, and we're very well reserved to manage whatever credit risk may come with that despite us being skewed towards higher quality names in both of those demographics.

MIKE MAYO: Okay. The flip side of this is you did say the drivers are same. They might be different in magnitude to take you from where you are now you had over 9% RoTCE in the quarter. You said you're on track to get to 10% to 11% next year. Can you put a little meat on the bones kind of verbal waterfall chart, if you would, or maybe some numbers around org simplification stranded costs, productivity savings. How do we get from 9% in the first quarter to that magical double-digit return target for next year?

MARK MASON: Again, as we talked about before, it is a combination of continued momentum on the top line. And this is Jane's point around how that mix may evolve, but the 3% plus that we're expecting this year, and again, in 2026, is an important contribution to that. You often see in our business where one may be

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under pressure, the other one tends to outperform and overcompensate whether it be Banking fees and how those evolve, but volatility that may come with that, that uplifts the Markets business. So that continued focus on top-line performance will be important. You've heard me reaffirm the expense target for 2025 in terms of getting down to the \$53.4 [billion]. We still have a path to getting less than \$53 [billion] in 2026. That will be important. Obviously, if revenue softens there, we will see expenses come down in tandem with that, a combination of volume-related transaction costs but other levers that we will look to pull in the productivity savings we expect to come from prior investments is an important aspect as well. And then we've continued to optimize the use of our balance sheet and the capital that we have. You see that we have brought our CET1 down to 13.4%. We're continuing to return capital. Those become very important aspects to getting to that target. Now look, it's uncertain and how the world evolves is hard to forecast at this point, right? So could a stressed macro environment create an impact on credit and a build of reserves, absolutely, right? That could happen towards the end of 2025. If it does happen in 2025 and losses end up showing up in 2026. They end up being self-funded, so to speak, by the reserves that would have been established. So, we sit here today and as Jane mentioned, we're seeing nothing that would suggest that we shouldn't be targeting the 10% to 11% [RoTCE]. So, we remain committed to that 10% to 11% [RoTCE]. There's a path with the combination of those levers that I've mentioned. And importantly, this quarter is yet another proof point that our strategy is resilient, that we've got the right team on the ground to execute against it and that it's showing up in our numbers it's showing up in our returns.

JANE FRASER: And I'd just remind everyone, we're a very different bank than the one we were a few years ago in terms of our business mix, our risk profile and all the investments we've made into the business. And I think you can see us managing the bank doing what we say we'll do and please take some confidence in that.

OPERATOR: Our next question will come from the line of Ebrahim Poonawala with Bank of America. Your line is now open, please go ahead.

EBRAHIM POONAWALA: I guess Mark, just wanted to on Slide 9 and the capital waterfall. I guess we are all thinking about what buybacks can do in the second half of this year. So, if you don't mind, one, the RWA sort of drag, the 32 basis points. Is that normal as we think about what the RWA consumption should look like? Just talk about that in the context of getting to a 13.1% CET1 by the end of the year. And how we can back into the pace of buybacks.

MARK MASON: Yes. So, I'd say a couple of things. So one, last quarter, we announced a \$20 billion share repurchase program. And we continue to feel good about that program, as you would expect. And we increased our buybacks this year, or this quarter, I should say, to the \$1.75 billion, seeing the strength of the performance that was playing out through the quarter. And so those are both, I think, indications of our continued commitment to returning capital to the shareholders. We're clear on where we're trading, and we're clear that, that is a smart thing to do once we've funded demand from a client point of view across our businesses, that's accretive to returns. And so, the RWA consumption is tied to that demand that we see. We think we've seen good client demand across the platform that's helped drive the top line momentum that you see in each and every one of our businesses that's helped to drive the improved returns that you see in the quarter in each and every one of our businesses. And as we see that demand, again, accretive in returns, we'll be looking to meet that as a first priority. We are targeting the 13.1% [CET1 Capital ratio] by the end of the year. But as you know, we'll get a new stressed capital buffer in June on the heels of the DFAST/CCAR work that's just been submitted, and we'll have to see what that tells us. That's hard to forecast as you well know. And so based on what that tells us will inform that downward trajectory, but that is what we're focused on. The combination of funding growth that's accretive to returns and returning capital to shareholders in a way that's consistent with that repurchase program.

EBRAHIM POONAWALA: Understood. And I guess you mentioned, I think, in your prepared remarks, the reserves on the card book went up to 8.2%. Remind us, I mean, I think, and the genesis of both questions is I think there's a fragility to your RoTCE guidance for next year that I think makes investors nervous. And I'm just trying to get to the pieces around buybacks? And then in terms of credit, like how what's it baking in around the unemployment rate? What would cause you to ratchet up provisioning in the near term? What

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kind of an implied job market deterioration do we need to see for the credit outlook to deteriorate fast and materially? Thanks.

MARK MASON: Yes. Let me take that in a couple of different pieces. So, the first thing I'd say is that as I look at our credit exposure and I look at the consumer, the consumer continues to be resilient and discerning in their spend. And in fact, we did see spend hold up in the quarter, and we saw spend actually increase in our Branded Cards portfolio, up about 3%. The consumer has - we've seen a shift towards essentials and away from travel and entertainment. There's certainly a general performance that's consistent with what we've expected when we look at delinquencies, when we look at the loss rates that played through the quarter, there are no surprises there as we think about that.

JANE FRASER: And April is performing in line with that as well.

MARK MASON: Thank you. Yes. And April has been consistent that. As we think about reserves, we ended the quarter at about \$23 billion of reserves across the entire business. That's about a 2.7% reserve-to-loan ratio. When I look at the drivers of that, as you know, when we establish when we do our [CECL] analysis on a quarterly basis, we have three scenarios that we run. A host of other stress scenarios, but that inform the [CECL] analysis, there are three scenarios, the base case scenario, there's a downside scenario and there's an upside scenario. And as we looked at the macroeconomic outlook and key variables that go into those scenarios, we assumed a deterioration in that macro-outlook. And we increased the probability or the weighting towards the downside scenario in light of what we were seeing in the macro environment. When you look through to some of the of the key variables, or one variables you referenced, unemployment, the average unemployment rate was 5.1% across those three scenarios. The unemployment rate in the downside scenario, the average was 6.7% across those eight quarters. And so, we've assumed some pretty meaningful shifts in unemployment, particularly on that downside our analysis. That informed the increase in our ACL reserves that's referenced in the deck. And that increase was offset a bit by the sequential reduction in volumes that is somewhat seasonal. So hopefully, that helps. We feel good about those reserves based on what we know and our current view of the macroeconomic environment, and we'll obviously do that on a quarterly basis as things continue to evolve.

OPERATOR: Our next question comes from the line of John McDonald with Truist Securities. Your line is now open, please go ahead.

JOHN MCDONALD: Thank you. Hi Mark, I wanted to ask you about capital optimization levers that you have to you've done, made some good progress in RWA mitigation. Is there still some room to go there. And then also, could you maybe increase the pace of DTA utilization to reduce the TCE density in a way to help the RoTCE goal.

MARK MASON: Yes, sure. So, look, we're always looking at opportunities to further optimize the use of capital. In Markets we've talked about last year a lot about the revenue to RWA as a tool that we've been using there. That's continued to increase that metric and ratio. We continue to look at, are we optimizing balance sheet and getting the broader revenue streams we'd expect from our client base, when we do our corporate lending work and some of that is showing up in how we've now introduced the revenue sharing as a tool to ensure we're capturing broader revenues from clients when we are using balance sheet. So, we're constantly working through this and identifying opportunities to ensure we're getting the highest return on that. In fact, as you look through the material we provided, you'll see that in light of the improvement we've seen across all of our businesses last year as well as our forecast for growth this year, there, in fact, is a shift in the TCE. And so, the allocated TCE has gone down for many of these businesses because they have shown good PPNR growth, good profitability. And so, as we stress test it internally, the stressed losses with the businesses have, in fact, come down. Now obviously, we have to adhere to the regulator stress test, and so that shifted from the businesses into Corporate/Other, but it is a positive sign as we think about how the stressed capital buffer might evolve and as we exit different parts of the franchise, the underlying segments are already showing that that improvement would suggest lower levels of stressed losses. And so that's another important point that we diligently manage even if we can't control the impact at the top of the house. Your point around DTA, we continue to focus on bringing the DTA down. As you know, that is largely driven

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by our ability to generate more U.S. income, which we're also very focused on. We did see a pickup this quarter, which is really just a timing difference pickup. It happens in the first quarter of every year. It is tied to deferred compensation and loan loss reserves as timing difference DTA and as we earn more income through the balance of the year and obviously create income tax liability, it will utilize that increase we saw or offset that that increase we saw in the first quarter here. We are targeting bringing down in 2025 and in 2026 in order to contribute optimizing capital.

JOHN MCDONALD: I wanted to ask Jane about the Banamex IPO planning. Just an update on where that stands, assuming that market conditions create some risk to the timing. Is it fair to say that there were pros and cons from the shareholder perspective to holding on to that business longer given that it's a profitable entity?

JANE FRASER: Look, first of all, we continue to be on track with the preparation for the IPO, John. I was just down in Mexico last week. And the team is fully focused on driving Banamex's business performance. I was very pleased to see improvements and not the underlying drivers of their performance when is down there. And they're also focused on getting the work done to be able to go public, things like the prepared audited financial statements or filling the various regulatory requirements. As we told them we want to see the business performance improving and we want to make sure that we are doing everything in our control to be in a position to IPO by the year-end. And to the second part of your question, we will always look at what we believe to be in the best interest of our shareholders. We believe that the best interest of our shareholders is to be able to IPO this business. We think that is the right thing. It fits with Citi's strategy for all the reasons we've talked about in the past, we're the best owner of the corporate franchise we have there. We are not the best owner of a domestic bank. So, the timing of when we IPO will be driven by market conditions. It will be driven by the timing of regulatory approvals. So that could move that from 2025 into 2026. And we will always be guided by what we think will maximize value for our shareholders.

OPERATOR: Our next question comes from the line of Ken Usdin with Autonomous. Your line is now open, please go ahead.

KEN USDIN: Thanks, good morning. I wanted to follow up on the points you made about the consumer hanging in there through April. And Mark, you mentioned that there could be more uncertainty as we get later. But I believe you're still intact with your charge-off guides for the year. I think just noticing Retail Services was, I think, expectedly higher than high end at 6.43%. Can you just remind us again how you're expecting the cadence of credit card losses to trajectory for both Branded Cards and Retail Services as you go forward? Thanks.

MARK MASON: Sure. Again, we do obviously feel that we are well reserved here. We did expect to see a pickup in the first half of the year before trending down in the back half of the year. And so that's kind of the cadence that we'd expect between now and the end of the year. The first half is usually seasonally higher than the back half of the year, and you see that in Retail Services. I would also point out that and you can see it in the deck and I think it's the second page of the appendix but also in the supplement, you are starting to see that delinquency buckets, we show the 90-day plus delinquency bucket starting to trend down in Retail Services, that is also an important indicator in terms of how we look at the expected losses, if you will, in the go forward. And so that seasonality as well as that trend is a good sign.

JANE FRASER: We've also, I think one of the pieces Gonzalo and the team have done a good job with is, they've been proactive and tightening risk and acquisitions and existing programs in the last couple of years. And I think that also puts us into another reason where we feel in a good position as we head into whatever lies ahead.

KEN USDIN: Very good. And one just a follow-up on NII and your outlook. Did you make any changes to including card fee still in the NII guide? Is that now removed? Does that fill in there? I know there's a lot of puts and takes given the change in the forward curve, if you can help us understand which curve you're using and some of the balancing act there, that would be great.

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MARK MASON: Yes. So, look, the late fee impact is, for us, is important, and we included it in the range that we had given, and we still feel good. We've now removed it, obviously, with the changes that have taken place, but we have not changed our range because there's obviously going to be puts and takes that occur. It does have an impact on the Retail Services print that we have in the quarter and more importantly, the year-over-year that you see there of down 11% because, as you know, we share profits with those partners. And so that that that down 11% we see in the quarter is informed by last year where we had an assumption that the late fee rule was going to come into play and therefore, we had less profit to share with our partners versus this year first quarter where we've assumed it would not come into play and, therefore, have more profits to share with our partners. And so important to point that out on Retail Services, which jumps out in USPB, that it's unlikely that we see that downward percentage in the remaining quarters because it's really a byproduct of what we assumed last year. versus this year on late fees. In terms of the curve and the NII guidance we gave, we assumed two to three [U.S. interest rate] cuts. We're now assuming a fourth but given the timing and that it would be back-loaded in the year, it doesn't have a significant impact on the NII guidance that we've given, the 2% to 3% ex-Markets.

OPERATOR: Your next question comes from Betsy Graseck with Morgan Stanley. Your line is now open, please go ahead.

BETSY GRASECK: Hi good morning. Two questions. Just first on the buyback. I noticed you came in at \$1.75 billion. Is that right this quarter?

MARK MASON: Yes.

BETSY GRASECK: And I know you indicated that you're looking to keep pace. And I'm wondering, does that mean at \$1.75 billion or does that mean keep pace with the increased Q-on-Q, which was \$250 million? And so, I know you're laughing, just trying to understand how you're thinking about that, given what we discussed last quarter, which is you have so much opportunity here for buyback and the accretion is so powerful. So, if you don't mind.

MARK MASON: Sure. So, look, we're targeting a similar level. As you know, we've been working to bring the CET1 [Capital ratio] down. We brought it down 20 basis points this quarter. We're still focused on bringing it down to 13.1%. There is uncertainty. The uncertainty is multifaceted. And to some extent, you think about the uncertainty with the SCB. We'll hopefully get some clarity on that as we often do in the summer, and that will inform the pace at which we bring that that down. And then there's the broader market uncertainty, and we want to obviously be there to support clients, and the demand may come on the heels of that. And so, this quarter, like I said, similar level of share repurchases. \$20 billion program that we will continue to work through. SCB clarity soon, hopefully, favorable clarity, and we're steadfast focused on it. Jane, I don't know if you want to add anything to that?

JANE FRASER: We like buying back and giving capital back to our shareholders. So, it's a priority for us and will continue to be.

BETSY GRASECK: Okay. Excellent. And then, Jane, just separately, on Slide 2, you identify the main priorities for 2025 and 2026, many of which we've talked about here this call. I just wanted to understand from your perspective on the transformation, how far along do you feel you are in the modernizing your infrastructure? And what kind of time frame do we have to go from here to check the box on that one, if you ever can check the box. And then separately on the Commercial Banking segment, if you could just give us some insights there, too.

JANE FRASER: Okay. There's a lot in there. So, as you remember, the transformation is a very large body of work. We're overhauling our infrastructure. We're reducing and modernizing our applications. We're simplifying our processes. And so, we're addressing the different root causes of what held us back, thoroughly and once and for all. And I feel good about the progress we've made. We're seeing more and more of the benefit into how we run bank. As you know, we fell behind in data, particularly regarding regulatory reporting. We've taken action to get that into shape, and we're confident in how that's now progressing. In many parts, the risk management compliance programs, we're already operating at or close to the target

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state. So, our focus is now ensuring we're delivering the risk reductions and the outcomes in a sustainable way. And I'm excited about the work we've been doing in making sure that our technology and our overall control environment is what we call modern and simple. We're simplifying and standardizing controls across common activities. We've put a lot more preventative and detective controls in place. We're upgrading others that weren't effective enough. We're driving automation. We're driving straight-through processing of our end-to-end processes across the bank. And you've heard us talk pretty consistently over the last couple of years about the work to make the technology infrastructure onto consolidating on to single platforms, retiring legacy applications. So, I'd say where we are as many of the efforts are now impacting how we run the bank better and more efficiently and in a much more controlled way. There's still work to do. And as you say, I'm not sure any bank finishes its modernization because the pace of innovation is there. And we're still innovating and investing in supporting our businesses, with new innovations in different areas. Talk briefly about AI, a lot of work in Services there, USPB and Andy in Wealth. So, there's a lot going on. I think you can tell I'm pretty excited about it. I'm pleased where we're headed and at the pace we're heading.

OPERATOR: Our next question comes from the line of Erika Najarian with UBS. Your line is now open, please go ahead.

JANE FRASER: I forgot to do the Commercial Bank side. We can come back to it. Sorry, Betsy, I forgot to mention the Commercial Bank in my enthusiasm on our modernization efforts. Look, I think we are positioned to be the go-to bank for commercial clients. So, these are ones with cross-border needs. We've got these unique capabilities that, particularly the born-digital clients who are then going global very quickly, they can just sit on top of our existing capabilities in Services. And we help them go global. Then we help them think about their IPO or M&A or financing opportunities and the banking wallet builds on top of it. We've got quite a unique value proposition. I've been very pleased to see the growth we've been seeing in acquiring new companies, who will be the future major players as they grow in global economies. And this is happening in many of the big bright spots around the world. It's in India. It's in Australia. It's happening in Japan. It's happening through Europe as well as in North America. So, a lot of good future growth activities there, good returns.

OPERATOR: We will now take our next question from Erika Najarian with UBS. Your line is now open, please go ahead.

ERIKA NAJARIAN: Hi, good afternoon. Just a follow-up question here on the buyback pacing. Your message has been pretty clear about the first half versus the second half. That said, with the stock at \$65 versus tangible book at \$90, I guess, are you just so scared from the volatility of the SCB result that, that just must be hurdle before you can accelerate the buyback? And Mark, perhaps if you could sort of dispel some of the notion that sometimes happens in some of these chats with buy-siders about your inability to dividend from the bank sub to the holding company in order to increase your buybacks over the near term. If you could address that, too, that would be great.

MARK MASON: Yes, sure. So, look, we have accelerated the pace of buybacks. And I think this quarter is a good example where I had guided for \$1.5 billion, and we kicked it up to \$1.75 billion. And I think you should expect that as we see opportunities to continue to do that, then we're going to do it. And you should expect that given where we are trading relative to book value that we're constantly focused on those opportunities to take it up more than we had planned or more than expected. Look, I think we are, we have seen a lot of volatility in the SCB. And we're not the only ones. Other players in the industry have as well. I think we're encouraged by the dialogue that we're hearing, but there is still some risk to the SCB coming in different this year versus last year. And I think, I don't think we should lose sight. We're not losing sight of that. So, we'll get more clarity when the SCB comes, I think that will be important. We obviously are generating good earnings quarter after quarter, which obviously creates the capacity for us to do more here. And I think we've evidenced a willingness to do that. I think in terms of your other question with regard, your question implying whether there are any restrictions. We don't have any restrictions on the buybacks. We would not have announced a \$20 billion buyback program if we didn't think we could execute the program in a reasonable amount of time. And so obviously, we disclosed what we dividend out from the bank, and you can look at that over the last three years, we've dividend somewhere in the range of \$0 to \$5 billion in any given quarter.

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But again, there are no restrictions imposed by the FRB, which governs the parent on the ability to pay dividends and buy back stock. In addition to that, we have multiple sources of funding, including loans to subsidiaries, which could be remitted as well as debt issuance programs as well as the earnings that are generated that put - we are well positioned to do, to execute on the program that we've described and to continue our desired pace of buybacks.

ERIKA NAJARIAN: Got it. And just my second question. Mark, you mentioned the four cuts that's now embedded in your NII outlook, I'm guessing that's for the U.S. How should we think about how you're thinking of global rates? Obviously, it's a basket of countries and currencies that we have to think about. And if your top exposures are exposed to lower rates, how should we think about deposit spreads in Services from here?

MARK MASON: I think I'd say, I guess the easiest way to answer the question is to point to the IRE analysis that we show on a quarterly basis. And there are a lot of - that's obviously a risk measure. There are a lot of limitations associated with taking it too deeply or taking it too literally, but as you know, it is a view on how lower rates could impact Citi over a 12-month period. It assumes a static balance sheet, no growth, no change in composition or mix or changes in our hedging actions. And it is an instantaneous shock to the entire curve. With that said, we do break out the impact for U.S. dollar versus non-U.S. dollar. Remember, as you just referenced, there are over 60 currencies, but that asset sensitivity would suggest with a - in the fourth quarter - with a 100-basis point move across the currencies that the non-U.S. dollar impact would be \$1 billion over a 12-month period. And so that take that with a grain of salt, but that gives you some sense as to the sensitivity to rates, that would assume all of those currencies and rates in those countries moved at the same time across the curve, and we did nothing to actively manage or dynamically manage the balance sheet.

OPERATOR: Our next question comes from the line of Vivek Juneja with JPMorgan. Your line is now open, please go ahead.

VIVEK JUNEJA: Thanks for taking my questions. A couple of them as follow-ups to questions that have been asked. First one for you, Mark. The doing buybacks of the dividending from the bank to the holding company that we just asked. How much are you willing to let your double leverage go up? Is there any sort of internal limits that you follow, what would be the implications of that from a funding cost standpoint?

MARK MASON: Yes. Look, we have internal limits. We have management action triggers internally. We're not anywhere close to those limits or triggers. It's not something that I'm worried about as it relates to the buyback program that I have and/or the buybacks that we forecasted over the balance of the year.

VIVEK JUNEJA: Jane, sharing about all turmoil and reading some new stories about mandates being shifted from U.S. broker-dealers to local players. Jane, are you concerned about that? Is that a shift that's starting outside the U.S. for big players like yourselves and others who are widespread globally, does this start to create stronger competitors or move some business away over time?

JANE FRASER: No, it doesn't. We haven't seen any shifts of business away from us. And just remember the nature of our business. These are many of these markets around the world we've been in for over a century. We were the first bank in, sometimes we're the only international bank in, and we truly have a unique footprint that we are everywhere, and we're able to connect everything everywhere, and there aren't other banks that have this. They don't have the scale, they don't have the depth of local capabilities. They don't have the risk management skills. You don't have all of these different elements that the clients need now. And they need in this type of environment where things are shifting around. It's very easy to move your supply chains around on our platform, to shift the mix of different businesses. You're doing different geographies you're in. And as I said, a lot of the work we do is very local, and we're at the cutting-edge leading edge, in Services, both in TTS, custody, in particular, our corporate bankers have got very strong, deep relationships. We've got balance sheet strength. So, you tend to see flights to quality in these environments. And when you're in the emerging markets, there is only one word for quality, and that's Citi.

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OPERATOR: Our next question comes from the line of Gerard Cassidy with RBC. Your line is now open, please go ahead.

GERARD CASSIDY: Hi Jane, Hi Mark. Mark, you touched on in your opening comments about the seasonal increase in trading-related assets. And then the growth was very strong. Was there any types of strategies that you guys employed? Because when you go back in other seasonal periods, first quarter of prior years, we've not seen this kind of growth. So, what led to this kind of success of growing your trading assets so well this quarter?

MARK MASON: Yes. Again, it's the growth you've seen across the platform in both fixed income as well as equities and so that equities growth of 23% strong performance in derivatives in prime and prime balance growth tied to that particularly with hedge funds and asset managers as they looked at regional reallocation, strong contribution there. And then, rates and currencies, good increased client activity in portfolio trading. And then, we saw a lot of good spread product momentum driven by higher client activity and loan growth. And so, the nature of the activity, the structure of the products and what have you were all contributing factors there. Really strong performance across the business. And it obviously shows up in both the assets and the – the trading assets and the trading liabilities and the funding mechanisms associated with that.

GERARD CASSIDY: Very good. And then as a quick follow-up, you guys gave us good details about the allocation of equity. I think it was Slide 23. I was curious, I noticed that you've lowered some. The total equity doesn't change, of course, but you did lower the allocation of the equity for different lines like Wealth and Banking. What was the thinking behind lowering it in the first quarter relative to 2024?

MARK MASON: Yes. So, as you probably know, Gerard, we kind of look at this on an annual basis. It's a process that we run, and we run it at the end of the year with an eye towards how we want to make adjustments in the year that's following. As we looked at the performance of the business, overall, our five businesses have improved their PPNR and their profitability and therefore, improving their resiliency in stress scenarios and reducing their stress losses. And so, as we thought about that that underlying strength we saw as well as our forecast for what demand would be through 2025, those were important factors in that allocation or that attribution to the businesses for TCE. So, in a way, they're getting the benefit of that improved resiliency even before it shows up in our Stress Capital Buffer, right? And so, each of the businesses, we talked about Markets as a great example. We've been talking about optimizing use of capital, revenue to RWA, and the improvement all last year. We talked about that. And you see that showed up in their performance, but also showed up therefore, in the amount of TCE allocation that they have this year. So hopefully, that helps. Obviously, regulatory capital hasn't changed in the aggregate, that's comprised of the RWA, GSIB and Stress Capital Buffers. But over time, we'd expect, as we've talked about our strategy, we'd expect exits to obviously continue to come off the balance sheet, and we'd expect our strategy and the resiliency of our PPNR and the steadiness of those earnings to ultimately show up in our Stressed Capital Buffer.

OPERATOR: Our next question comes from the line of Matt O'Connor with Deutsche Bank. Your line is now open, please go ahead.

MATT O'CONNOR: Hi, just a follow-up on the expenses, came in a bit lower than expected 1Q even ex the accounting change. What's your thought process for the rest of the year? Because I'm getting at is off in 1Q the high-water mark. So, if you trickle down a little bit from here, that would imply costs coming in a below what you're expecting. Can you just talk about the trajectory here?

MARK MASON: Sure. So again, I gave kind of stuck to the guidance that we had given in January. So expenses \$53.4 [billion] for the full year. We did come in at \$13.4 [billion] in the quarter. I kind of went through the puts and takes around that. I'd expect probably a bit of a tick up in Q2 when I think about the things in front of us and some of the continued investments that we plan to make in transformation and some of the other things underneath that, like data and regulatory reporting. And then I'd expect it to trend down so that we get to the target of the \$53.4 [billion] that I referenced for the full year. And so likely see a tick up and then a trend down and landing the full year at the guidance here. Obviously, revenue moves. Sorry, go ahead.

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MATT O'CONNOR: No, no, please go ahead.

MARK MASON: I'd say, obviously, if revenue moves in either direction, we'll adjust accordingly. If we have upside to revenue, you'd expect to see some of that variable in transaction costs move in that direction as well. And if we see pressure on revenues, we'll be focused on ensuring that we are bringing our expenses down as well.

MATT O'CONNOR: Okay. And then just any way to frame how much cost will go up from 1Q to 2Q based on what you're thinking there?

MARK MASON: I'm not giving second quarter guidance kind of beyond what I've factored into the full year at this stage.

OPERATOR: Our next question comes from the line of Saul Martinez with HSBC. Your line is now open, please go ahead.

SAUL MARTINEZ: Just following up on the expenses. Your 2026 target of a 10% to 11% RoTCE, I think you're targeting expenses being below \$53 billion. I assume with the accounting change that should recalibrate to being below, call it, \$53.5 billion, is that, or \$52.5 billion, sorry. Is that a fair assumption or a conclusion from that?

MARK MASON: Sure. \$52.6 [billion].

SAUL MARTINEZ: I was just rounding down.

MARK MASON: Yes. Yes, I bet. But yes, I mean it's a change in line-item terms of that association fee. And sure, I targeted 2026 as less than \$53 [billion]. And with that \$400 million, you sure you can deduct that from the \$53 [billion].

SAUL MARTINEZ: Got it. Just wanted to clarify that. And then I guess, secondly, on wealth management. The net new assets are pretty impressive then they trend, \$16.5 billion, I think, something like 11% of beginning period of client assets over the last couple of quarters. So, it seems like Andy is really delivering there. Just anything in strength across the different products, but anything you want to highlight there as to what's driving that? And any comments just on the durability of that kind of momentum?

JANE FRASER: Look, the strategy that Andy has laid out and talked about is working. We've got the franchise very focused around net new investment assets, bringing those in from the \$5 trillion of assets that are off us with existing clients, as well as new wealth that that is being created and new clients we're bringing to the franchise. And so, I'm very pleased as well with the caliber of the team that he has brought to bear here. We've got real horsepower and firepower in our investment capabilities. And he is also investing to improve client experience, a new relationship with Palantir here as well. And it's a team that's on the front foot. And in this environment, around the world, clients are really looking to us for advice because there are not many global wealth managers. They're looking to us for a global perspective, the capabilities we've got on the ground all around the globe and helping put them into good position amidst the uncertainty. So, we are a destination of choice right now, and we're taking full advantage of it. I don't see that changing. This is the strength of Citi. The strategy is working.

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

JENNIFER LANDIS: Thank you all for joining us. We appreciate all the questions. Have a great afternoon.

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



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