TRANSCRIPT

Citi Third Quarter 2025 Earnings Call
October 14, 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 Third 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 Third 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. This morning, we reported another very good quarter with net income of $3.8 billion and earnings per share of $1.86, with an RoTCE of 8%. Now excluding the goodwill impairment from the Banamex transaction, our adjusted EPS was $2.24 with an adjusted RoTCE of 9.7%. Revenues were up 9% and every business had record third quarter revenue and improved returns. We continue to generate positive operating leverage for the firm and in each of our five businesses.

The consistently strong results that we have been delivering are a consequence of how we have fundamentally changed the bank in recent years. We are running the businesses differently and capturing the synergies between them. We have added new senior leaders to compliment the excellent talent we already had. We are disciplined stewards of our shareholders' capital, investing it where we should and returning what we don't deploy. And the best part is, there is much more upside ahead.

Turning to the businesses, Services had a record quarter, with revenues growing by 7%. Pleasing growth in Cross Border transactions and USD clearing reflects the sharp focus we have put on increasing fee revenue. AUCA grew 13%, reaching nearly $30 trillion. New client wins and share gains demonstrate the confidence our clients have in our ability to help them navigate a very dynamic global environment and to lead through innovation.

Despite low volatility, Markets had a record third quarter. Revenues were up 15% as we continue to drive momentum and traction with clients. Activity in Rates was particularly high and Equities grew nicely, with continued progress in Prime where balances were up over 40%, complementing our historical strength in

Copyright © 2025 Citigroup Inc.

Derivatives.

In Banking, increased clarity around tariffs and record equity prices fueled CEO confidence. We capitalized on this with investment banking fees up 17%, with continued growth across all products. On the back of our investment in talent, we improved our position in Tech, Healthcare, Consumer and with Sponsors. We continue to add talent to the team, which will help us deepen or establish relationships that will bear fruit over the next two to three years.

Wealth had another good quarter with revenue up 8%, driven by Citigold and the Private Bank. Our emphasis on growing investment assets resulted in record Net New Investment Assets of $18.6 billion and Client Investment Assets increasing by 14%. We announced a new partnership with BlackRock where they will manage $80 billion of our clients' assets, fully aligning to an open architecture strategy.

USPB had record quarterly revenue of $5.3 billion, reaching twelve straight quarters of positive operating leverage, and delivered an RoTCE of over 14%. We drove momentum in Branded Cards with the well-received launch of our Citi Strata Elite card. And this quarter, we will introduce a new mid-tier product to round out the Citi/AAdvantage portfolio. It will elevate the travel experience for American Airlines customers and create access to premium benefits.

In the Retail Bank, we continue to innovate, including by the launch of instant payments through FedNow and enabling digital issuance for Citibank debit cards. And the Retail Bank continues to strengthen as a pipeline to our Wealth Business, with $4 billion in deposits transferred in the quarter. Wealth is capitalizing on those transfers, and we continue to see improved investment penetration and significantly higher investment-related revenue from those customers.

We returned over $6 billion in capital to our common shareholders during the third quarter. The $5 billion in share repurchases was $1 billion more than we guided, and this reflects our commitment to returning capital. Year-to-date, we have repurchased $8.75 billion of shares as part of our $20 billion repurchase plan. We ended the quarter at a Common Equity Tier 1 Capital ratio of 13.2%, over 100bps above our regulatory requirement at quarter-end.

The agreement with Fernando Chico Pardo to purchase a 25% equity stake is a very significant step towards the divestiture of Banamex and progresses the overall timeline to deconsolidation and beyond. We are confident that this path is in the best interests of our stakeholders in terms of certainty and value. And we could not be more pleased to have Fernando, with his proven track record for investors, as our partner.

As we simplify, we continue to invest in technology to catalyze our transformation and become a more agile and modern bank. We have been relentless in our execution, and it is creating results. Over two-thirds of our transformation programs are at or are close to our target state and we are making very good progress in the remaining areas. I am particularly pleased with the improvement in our controls this year through standardizing, automating and digitizing them.

We continue to lead in digital payments innovation, enabling payments, clearing, and settlement capabilities that operate on an always on basis, across multiple borders and currencies. As networks evolve toward an always-on future, we are taking the next step by integrating Citi Token Services with our 24/7 Clearing platform. Now this integration will allow Citi clients to seamlessly send funds to third-party banks real-time within our USD clearing network — and that's delivering true interoperability across more than 250 institutions.

We are committed to embedding AI into how we work. Nearly 180,000 colleagues in 83 countries now have access to our proprietary AI tools and have used them almost 7 million times this year. These tools save hours each day by automating routine work, analyzing data and creating materials in minutes instead of

Copyright © 2025 Citigroup Inc.

hours.

Our Services and USPB teams are using AI to resolve client inquiries faster. In Wealth, advisors are gaining real-time insights that help them deliver more personalized advice. And AI-driven automated code reviews have exceeded 1 million so far this year and are dramatically improving our developers' productivity. This innovation alone saves considerable time and creates around 100,000 hours of weekly capacity – that's a very meaningful productivity uplift.

In September, we launched a pilot of Agentic AI for 5,000 colleagues. It allows complex, multi-step tasks to be completed with a single prompt. And the early results are very promising, and we'll expand access to this in the months ahead.

Finally, we have launched a firmwide effort to systematically embed AI in our processes end-to-end to drive further efficiencies, reduce risk and improve client experience.

Taking a step back, the macro environment reflects a global economy that has proved more resilient than many anticipated. The U.S. continues to be a pacesetter, driven by consistent consumer spending as well as tech investments in AI and data centers. That said, there are pockets of valuation frothiness in the market so I hope discipline remains. But overall, while growth is cooling somewhat and we are keeping an eye on the labor market, America's economic engine is indeed still humming.

In Asia, China's domestic spending has slowed. However, the investments they are making in technology are staggering and the world should take notice. India's fundamentals of a young, tech-savvy labor force and robust domestic consumption continue to drive high growth there. But in Europe, structural challenges still need to be dealt with for the continent to escape this low-growth cycle. One certainty through all of this is our commitment and ability to serve our clients with excellence, no matter what challenge they face.

As you can see, the steady and disciplined execution of our strategy is delivering better business performance quarter after quarter and improving our returns. The cumulative effect of what we have done over the past years – our transformation, our refreshed strategy, our simplification – have put Citi in a materially different place in terms of our ability to compete. We know success isn't linear, but I am so proud of the progress our people have made and how things are coming together.

We intend to end the year with momentum into 2026 as we close in on our medium-term return target. In terms of what will come next, we very much look forward to sharing that with you at our next Investor Day, which will be on May 7 of next year. There is still so much upside left for us to capture, and we look forward to laying out how we are going to do it.

With that, I will turn it 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 $3.8 billion, EPS of $1.86 and an RoTCE of 8.0% on $22.1 billion of revenues, generating positive operating leverage for the firm and each of our five businesses. On an adjusted basis, excluding the impact of a notable item consisting of the goodwill impairment that Jane mentioned earlier, we reported net income of $4.5 billion, EPS of $2.24 and an RoTCE of 9.7%.

Total revenues were up 9%, driven by growth in each of our businesses and Legacy Franchises, 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 6%, driven by USPB, Services, Wealth, Legacy Franchises and Banking, partially

Copyright © 2025 Citigroup Inc.

offset by a decline in Corporate/Other. Non-interest revenues excluding Markets were up 12%, as better results in Banking, Wealth and Legacy Franchises were partially offset by declines in Corporate/Other, Services and USPB. And total Markets revenues were up 15%.

Expenses of $14.3 billion were up 9%, largely driven by the goodwill impairment I just mentioned. On an adjusted basis, expenses of $13.6 billion were up 3%.

Cost of credit was $2.5 billion, primarily consisting of net credit losses in U.S. Cards as well as a firmwide net ACL build.

Looking at the firm on a year-to-date basis; Total revenues were up 7%, driven by growth in each of our five businesses along with the benefit of foreign exchange translation, partially offset by a decline in All Other. Expenses, which have also been impacted by foreign exchange translation, were up 2%, and flat on an adjusted basis. We've generated positive operating leverage for the firm and each of our five businesses. And reported an RoTCE of 8.6%, and 9.2% on an adjusted basis.

On slide 7, we show the expense and efficiency trend over the past five quarters. On an adjusted basis, this quarter we improved our efficiency ratio by approximately 360 basis points. The increase in adjusted expenses was driven by higher compensation and benefits, along with the impact of foreign exchange translation. As you can see on the bottom right side of the slide, the increase in compensation and benefits was driven by performance-related compensation, higher severance, and investments in transformation and technology, with productivity and stranded cost reduction partially offsetting continued growth in the businesses. Year-to-date, we have incurred approximately $650 million of severance, slightly above our original expectation for the full year. As we've said in the past, we are very focused on managing our expense base in a disciplined manner – reducing stranded costs and generating productivity savings to largely self-fund investments in transformation, technology and the businesses. This discipline, combined with top-line revenue momentum will continue to drive improvement in our operating efficiency.

On slide 8, we show consumer and corporate credit metrics. As I mentioned, the firm's cost of credit was $2.5 billion, primarily consisting of net credit losses in U.S. cards as well as a firmwide net ACL build. Our reserves continue to incorporate an eight-quarter weighted average unemployment rate of 5.2%, which includes a downside scenario average unemployment rate of nearly 7%. At the end of the quarter, we had nearly $24 billion in total reserves, with a reserve-to-funded loans ratio of 2.7%. We continue to maintain a high credit quality card portfolio, with approximately 85% to consumers with FICO scores of 660 or higher, and a reserve to funded loan ratio in our card portfolio of 8.0%. And it's worth noting that across our U.S. cards portfolios, delinquency and NCL rates continue to perform in line with our expectations. Looking at the right-hand side of the slide, you can see that our corporate exposure is primarily investment grade, and while corporate non-accrual loans increased in the quarter, resulting from idiosyncratic downgrades, they remain low, as do corporate net credit losses. We feel good about the high-quality nature of our portfolios, which reflect our risk appetite framework and our focus on using the balance sheet in the context of the overall client relationship.

Turning to capital and the balance sheet on slide 9, where I will speak to sequential variances. Our $2.6 trillion balance sheet increased 1%, driven by growth in cash and loans. End-of-period loans increased 1%, driven by Markets and Services. Our $1.4 trillion deposit base remains well-diversified and increased 2%, driven by Services and Wealth. We reported a 115% average LCR and maintained over $1 trillion of available liquidity resources. We ended the quarter with a preliminary 13.2% CET1 Capital ratio, which is 110 basis points above our 12.1% regulatory capital requirement during the third quarter. Effective October 1, our new Standardized CET1 Capital ratio requirement is 11.6%, which incorporates the reduction in our SCB from 4.1% to 3.6%. That said, we are still waiting for clarity from the Federal Reserve on whether the averaging of SCB results from the previous two consecutive years will become effective in the next few months. Given this uncertainty, we will be targeting a Standardized CET1 ratio closer to 12.8%, which incorporates a two-year average SCB of 3.8%, as well as a 100-basis point management buffer. As we've said in the past, we remain very focused on efficient utilization of both Standardized and Advanced RWA while providing the businesses with the capital needed to pursue accretive growth opportunities. And we will continue to prioritize returning

Copyright © 2025 Citigroup Inc.

capital to shareholders through buybacks, as evidenced by the $5 billion of buybacks in the third quarter and nearly $9 billion year-to-date.

Turning to the businesses on slide 10, we show the results for Services in the third quarter. Revenues were up 7%, driven by growth across both TTS and Securities Services. NII increased 11%, primarily driven by the increase in average deposit balances as well as higher deposit spreads. While NIR was down 3%, due to the impact of higher lending revenue share, total fee revenue was up 6%. We see very strong activity and engagement with corporate clients and momentum across underlying fee drivers, with cross-border transactions up 10%, U.S. Dollar Clearing Volume up 5% and Assets under Custody and Administration up 13%, as we continue to roll out our innovative products and services with digital capabilities into new markets. Expenses increased 5%, primarily driven by higher compensation and benefits, including severance, as well as higher volume and other revenue-related expenses. Average loans increased 8%, driven by continued demand for trade loans, as we continue to support clients as they plan for potential shifts in trade corridors. Average deposits also increased 8%, with growth across both North America and International, largely driven by an increase in operating deposits. Services generated positive operating leverage for the fifth consecutive quarter and delivered net income of $1.8 billion with an RoTCE of 28.9% in the quarter and 26.1% year-to-date.

Turning to Markets on slide 11. Revenues were up 15%, driven by growth across both Fixed Income and Equities. Fixed Income revenues increased 12%, with; Rates and Currencies up 15%, largely driven by growth in Rates amid policy uncertainty and elevated client activity. And Spread Products and Other Fixed Income was up 8%, largely driven by higher mortgage trading, higher financing activity and lower commodities activity. Equities revenues were up 24%, driven by higher client activity in Derivatives and increased volumes in Cash, as well as continued momentum in Prime with balances up approximately 44%. Expenses increased 5%, primarily driven by higher compensation and benefits along with the impact of FX translation. Transactional and product servicing expenses were down as growth in transaction volumes was more than offset by efficiency actions. Average loans increased 24%, primarily driven by financing activity in Spread Products. Markets generated positive operating leverage for the sixth consecutive quarter and delivered net income of $1.6 billion with an RoTCE of 12.3% in the quarter and 13.5% year-to-date.

Turning to Banking on slide 12. Revenues were up 34%, driven by growth in Corporate Lending and Investment Banking. Investment Banking fees increased 17%, with growth across all products. M&A was up 8%, with momentum across several sectors, and with continued share gains with financial sponsors, and more sell-side activity. ECM was up 35%, with growth across all products, notably in convertibles given the favorable environment. And DCM was up 19%, driven by Leveraged Finance. Corporate Lending revenues, excluding mark-to-market on loan hedges, increased 39%, driven by an increase in lending revenue share. Expenses increased 2%, driven by higher volume-related transactional and product servicing expenses as well as compensation and benefits, which includes recent investments we've made in the business. Cost of credit was $157 million, which included a net ACL build of $148 million, driven by changes in portfolio composition, including exposure growth. Banking generated positive operating leverage for the seventh consecutive quarter and delivered net income of $638 million with an RoTCE of 12.3% in the quarter and 10.7% year-to-date.

Turning to Wealth on slide 13. Revenues were up 8%, driven by growth in Citigold and the Private Bank, partially offset by a decline in Wealth at Work. NII, which you can see on the bottom left side of the slide, increased 8%, driven by higher deposit spreads, partially offset by lower mortgage spreads. NIR increased 9%, driven by higher investment fee revenues, as we grew client investment assets by 14%, despite a reduction of approximately $33 billion related to the sale of our trust business. We had record net new investment assets of $18.6 billion in the quarter and over $52 billion in the last 12 months, representing approximately 9% organic growth. Expenses increased 4%, driven by investments in technology and volume-related transactional and product servicing expenses, partially offset by continued productivity savings. End-of-period client balances continued to grow, up 8%. Average loans were up 1% as we continue to be strategic in deploying the balance sheet to support growth in client investment assets. Average deposits were flat, as operating outflows and a shift from deposits to higher-yielding investments on Citi's

Copyright © 2025 Citigroup Inc.

platform were offset by net new deposits as well as client transfers from USPB. Wealth had a pre-tax margin of 22%, generated positive operating leverage for the sixth consecutive quarter and delivered net income of $374 million with an RoTCE of 12.1% in the quarter and 12.5% year-to-date.

Turning to U.S. Personal Banking on slide 14. Revenues were up 7%, driven by growth in Branded Cards and Retail Banking, partially offset by a slight decline in Retail Services. Branded Cards revenues increased 8%, driven by higher loan spreads, higher interest-earning balances, which were up 5%, and higher gross interchange, partially offset by higher rewards costs. We continue to see strong customer engagement, with spend volume also up 5%. Retail Banking revenues increased 30%, largely driven by the impact of higher deposit spreads and balances. And Retail Services revenues were down 1%, largely driven by higher partner payment accruals. Expenses were flat, as lower advertising and marketing expenses as well as compensation and benefits were offset by higher volume-related transactional and product servicing expenses. Cost of credit was $1.8 billion, driven by net credit losses in cards. Average deposits increased 6%, as net new deposits were partially offset by the client transfers to Wealth that I mentioned earlier. USPB generated positive operating leverage for the twelfth consecutive quarter and delivered net income of $858 million with an RoTCE of 14.5% in the quarter and 12.9% year-to-date.

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 down 16%, with a decline in Corporate/Other partially offset by an increase in Legacy Franchises. The decline in Corporate/Other was driven by lower NII, resulting from actions we have taken over the past few quarters to reduce the asset sensitivity of the firm in a declining rate environment, as well as lower NIR. Growth in Legacy Franchises was driven by Mexico, which included the impact of Mexican peso appreciation, partially offset by the impact of continued reduction from our exit and wind-down markets. Expenses increased 4%, with growth in Corporate/Other, which included higher severance, largely offset by a decline in Legacy Franchises. And cost of credit was $331 million, primarily consisting of net credit losses of $297 million, driven by consumer loans in Mexico. As you can see on the bottom right side of the slide, divestiture related expense items in the quarter included the $726 million goodwill impairment, which is capital neutral and based on the fair value of 100% of the entity.

On slide 16 we provide an overview of the agreement with Fernando Chico Pardo to purchase a 25% equity stake in Banamex. This transaction progresses the overall timeline to exit Banamex but is subject to certain closing conditions and local regulatory approvals. Before I walk through the financial impacts related to this stake at closing, I'd like to ensure you understand the net capital impact at a full exit. The cumulative capital benefit to Citi upon full exit will be driven by two things, one, the capital release associated with the RWA reduction and, two, the cumulative impact of any potential gains and losses on sales. However, between now and then, there will be a few steps to get there. And it starts with this transaction. So, looking at the right-hand side of the page, at the time of close and subject to the book value of Banamex at closing, we expect assets to increase by approximately $2.3 billion for the total consideration paid for the 25% stake, which reflects the fixed price-to-book value multiple of 0.80. And total equity will also increase by a net $2.3 billion, but it will be driven by a few factors. First, there will be a temporary benefit to stockholders' equity due to the reclassification of the negative cumulative translation adjustment from stockholders' equity to non-controlling interest, which will be slightly offset by the loss on sale. Second, the non-controlling interest will increase by the 25% of the Banamex book value sold, but this will be largely offset by the CTA that was reclassified as part of this transaction. So net net – a $2.3 billion increase in assets, and on the equity side, a $1.8 billion increase in stockholders' equity and a $500 million increase in non-controlling interest. At deconsolidation, there will be balance sheet impacts and P&L impacts. As it relates to the balance sheet, all of Banamex's assets and liabilities will be removed from our balance sheet and be partially offset by any remaining equity stake. In terms of the P&L, the entire amount of the cumulative translation adjustment related to Banamex, which is approximately $9 billion, will flow through the P&L as a loss, and will reverse the temporary capital benefit from prior sales. Therefore at deconsolidation, the cumulative impact of CTA is capital neutral. So, to wrap it up, while there are a number of accounting nuances between now and full exit, the cumulative capital impact to Citi will be the full release of RWA associated with Banamex and the cumulative impact of any potential gains and losses on sales.

Copyright © 2025 Citigroup Inc.

Turning to the full year 2025 outlook on slide 17. Before I get into the outlook, I want to say how proud I am of the company as we execute against our strategy and drive top-line revenue growth which continues to be fueled by our investments across the businesses and in key areas such as technology and data. We've made significant progress in terms of improving returns, with an adjusted year-to-date RoTCE of 9.2%. So now with regard to the outlook, given the very strong year-to-date top-line revenue growth of 7%, we remain confident in our ability to exceed $84 billion in revenues for the year. We now expect NII ex-Markets to be up around 5.5% for the full year, incorporating stronger performance as well as the impact of FX relative to our previous expectations. For NIR ex-Markets, we expect continued momentum in underlying fee drivers. And in Markets, historically we have seen revenues decline 15-20% from the third to the fourth quarter, however given the strong performance in the third quarter, the sequential decline could exceed that range this year.

Now turning to expenses, our year-to-date expense base incorporates both the level and mix of revenue we've seen, as well as the impact of FX. And given what I just mentioned about revenues, full year expenses will come in higher than we previously guided. However you should expect the efficiency ratio for the full year to be consistent with the revenue and expense guidance that we've provided during the course of the year, which is slightly below 64%, excluding the impact of the goodwill impairment this quarter. In terms of credit, our expectations for the year remain unchanged. And we will continue to repurchase shares in the fourth quarter under our $20 billion program. As we take a step back, the performance in the quarter, and so far this year, represent significant progress towards our goal of improved firmwide and business performance. We remain steadfast and focused on executing on our transformation, achieving our RoTCE target of 10 to 11% next year and further improving returns over time.

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

OPERATOR: Our first question will come from Mike Mayo with Wells Fargo. Your line is now open. Please go ahead.

MIKE MAYO: Hi. So, I think you said you're at least two-thirds done with a lot of the transformation, and I assume that relates to the Consent Order. So, can you just give us an update on your actions with the Consent Order as it relates to risk, compliance, controls and reg data? And if you can elaborate on the reg data part because in this current regulatory environment, I don't know why so much effort needs to go to something that's more process-oriented, which they're trying to get away from, as opposed to just financial strength. Thank you.

JANE FRASER: Good morning, Mike. So yes, I do feel good about the progress we've made. And as you refer, over two-thirds of our programs are at or mostly at Citi's target state. And some of the biggest bodies of work are now embedded just into how we run the bank and operate it on a BAU basis.

So, you've heard me talk about risk and the progress we've made in compliance, and those are two areas where we are largely at the target state and are running through sustainability. But we're also now at the back end of the working controls. And this is a big body of work this year to drive automation, to implement more preventative controls. So we now have preventive controls for any large and anomalous payments in 85 countries, that covers about $1.3 trillion in payments daily, covers 35 payment apps. We also have preventive controls covering over 99% of manual payment flows in our institutional businesses. We've standardized controls to common processes across the firm. That was very much enabled by the org simplification that we did. And we're now in line with peers in terms of level of automation and preventative controls. And all of this work is going to help us implement AI across our processes as I referred to in the earlier remarks.

Now, data for reg reporting is going to take more time but we have made significant progress in the last twelve months. Through our own testing, we're seeing really improved, dramatically improved accuracy for our most critical regulatory reports. We're also putting in tech- and AI-enabled capabilities to ensure we sustain these improvements on a BAU process and basis. In terms of regulatory environment, we are clearly seeing changes in the reg environment coming from D.C., and I think like everyone we welcome the proposed changes, including recalibration to center on safety and soundness. But for us, we're on track with what we're doing across all the programs including data. We're focused on getting over the finishing line for our work. And we're looking forward to the transformation expense coming down next year because as we complete

Copyright © 2025 Citigroup Inc.

the different bodies of work, the associated expense comes off, both as a result of the implementation, but also from the efficiencies that we're gaining.

MIKE MAYO: And a short follow-up, the transformation expense for 2025, maybe this is for you, Mark, you said it was going to be more than $3 billion, so it is like $3.5 billion, $4 billion, $5 billion? Any kind of range for that?

MARK MASON: Mike, I'd say it's a little bit under $3.5 billion in 2025. And again, as Jane mentioned, a lot of work being put in place to execute on that more efficiently, which is going to help bring that number down in 2026.

OPERATOR: Your next question will come from Betsy Graseck with Morgan Stanley. Your line is now open. Please go ahead.

BETSY GRASECK: Hi, good morning. Jane, I did just want to understand how you're thinking about the Banamex transaction. I heard all the prepared remarks, and we understand that you prefer to go with IPO route in ultimate value for shareholders. And I guess I wanted to understand how you're thinking about the timing between the offers that you've received versus the IPO timing that you are planning on executing and is there a timeframe in mind for ultimate value determination? Thank you.

JANE FRASER: So first, I'd just say, look, the 25% stake is a very significant part and step in our path towards deconsolidation and ultimately a full exit, which is what everyone is focused on. We firmly believe that this transaction and subsequent IPO, is going to both maximize value for our shareholders and, critically, has a high degree of certainty around it. And those two have been our North Stars as we've been going through this process. And I would also just point to the Mexican President and her government have been publicly very supportive of this investment and our path forward. And that obviously gives us a higher degree of comfort around the certainty of close.

Now, when we look at this path forward, I think the investment by Fernando is a real show of support for Banamex, and we believe his partnership is going to be very valuable as we move towards an IPO, deconsolidation and ultimately, full exit. And there's a couple of big reasons for that. One, he's a highly reputable business leader. He's got a 50-year track record of really driving value in his investments. So, he's going to be a strong partner in realizing greater value from Banamex. He also brings a lot of experience and credibility that is very attractive to other investors, and his investment alone is a strong endorsement of Banamex's relevance and potential. And that's also going to be very helpful as we look at bringing other investors and through the IPO and the like into the mix here.

So, in terms of the next steps, the 25% stake requires regulatory approval in Mexico. That typically takes nine to twelve months. And then, for obvious reasons, it makes a lot of sense to get Fernando's regulatory approval ahead of the IPO. So, he has filed his regulatory approval, it's already in with the government. So that will go through the process. He is not dillydallying and hanging around on this, I'm delighted to say. And we will be ready to move forward once we get those approvals. And we're not hanging around either in terms of getting all the work done for that.

BETSY GRASECK: Okay. And the nine- to twelve-months approval timing, when does that commence?

JANE FRASER: That's already started because his regulatory approval filing was put in this week.

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

GLENN SCHORR: Hello, there. So, what I want to get at with this question is this, is the evolution versus revolution in stablecoin adoption. So, I've seen some press releases. I've seen you join the euro stablecoin banking coalition. I saw your announcement on Citi Payments Express. I'm assuming you're making a lot of investments towards this evolution. So, what I want to do is take your pulse on what is the pace of stablecoin adoption? How important is it to your traditional banking and payments pipelines? Do you feel like you're ahead of the curve and you can make more money, not less, as this all plays out? Thank you so much.

Copyright © 2025 Citigroup Inc.

JANE FRASER: Yes, of course, Glenn. Look, I want to take a step back on this one because, frankly, for our client base, the institutional client base, we see tokenized deposits as delivering what the client needs, and this is an area that we've invested in most heavily. And what the clients are after is real-time money movement with minimal to no friction and low cost. And as we talked about last earnings call, we've been driving innovation around digital assets for many years. What is it our clients want? They want interoperable, multibank, cross-border, always-on payment solutions. They want it provided in a safe and sound manner, and they want all the complexities solved for them: compliance, reporting, accounting, tax, AML. That, frankly, is best done by tokenized deposits. And we are that one-stop shop for our clients.

We're constantly linking new capabilities, emerging technologies, we're bringing in partners. So, we offer that holistic killer app for the institutional clients. You saw us this earnings call, we're talking about linking our Citi Tokenized Services to the 24/7 U.S. dollar clearing network. Now that means we can facilitate transactions across 250 banks in 40-plus markets, and that allows clients to frictionlessly transfer funds 24/7 to suppliers and third parties who hold accounts within Citi's extensive 24/7 U.S. dollar clearing network. We are seeing demand and adoption increasing, but frankly, the gating factor is our clients' treasuries departments being ready for an always-on environment. And they just aren't at the moment.

So, what does that mean for stablecoin? We will stand ready to support our clients' needs, whatever they are. We view stablecoin as another option in the overall digital asset tool kit. It's got more friction because of the on-off ramp. It's got more friction because of the tax, the accounting, the AML, these are the requirements that our tokenized deposit capabilities avoid. But we will continue to provide the on-off ramp solutions for stablecoin exchanges. We'll be providing and are providing custodial solutions to crypto assets, to our asset manager clients. And we'll be providing corporate cash management services to the stablecoin providers. We're about to go live with a number of new capabilities in that. And we're considering issuing our own true Citi stablecoin. But I think there's is an overfocus on stablecoin at the moment, whereas as a major payments player, most of this is going to get solved by the tokenized deposit capabilities.

GLENN SCHORR: That was a great, full answer, thanks Jane.

JANE FRASER: I'm passionate about it. Sorry, Glenn.

GLENN SCHORR: I love it. I can't wait for May. This is a super quick follow-up, you're fired up about tokenized deposits and what that can mean and you're way ahead of that. Is there a potential for the tokenization of all securities? Does that change how financial markets operate in general? I just wonder if you could just expand that and then I'll back off. Thank you.

JANE FRASER: Absolutely. I was just talking about the payments piece. In the future, clients are going to want solutions that seamlessly offer financing, securities issuance and settlement in a regulated, trusted environment. If you can imagine oil, you can imagine equities, like this is going to go much more broader, and we will be providing that as part of our toolkit. So that is definitely in the equation here. And it's really terrific that the regulators are now letting us innovate in a responsible way because I think that is going to help the development of the market as we and other banks participate in this space. It will really help scale up.

OPERATOR: Your next question will come from John McDonald with Truist. Your line is open. Please go ahead.

JOHN MCDONALD: Thank you. I wanted to ask about the efficiency path for next year. It seems like you have some potential tailwinds to drive expenses lower next year, potentially lower severance, transformation spend and stranded costs. So, Mark, I wanted to ask, is that fair that you see a path for directionally down expenses next year even if revenues are strong and do you still see the potential to exit next year at an efficiency ratio of below 60%?

MARK MASON: Thanks, John, and good morning. I'd point to a couple of things as we think about 2026. And I'd just remind you and others that we're targeting an RoTCE of 10% to 11% next year. And it's important that we continue to show progress in our returns across the franchise. The second thing I'd point to is that, if I just kind of go back to where we are year-to-date for a second, we are demonstrating strong top-line momentum. The year-to-date revenue is up 7%. And if you look at our expenses against that, leaving out the

Copyright © 2025 Citigroup Inc.

goodwill impairment, our expenses were flat. So, we're showing very strong top-line momentum and very strong discipline around managing our expense base.

So, as I think about 2026, that has to continue for us to deliver on the 10% to 11%. That is to say, continued top-line momentum. Obviously, it's more of what you've seen through the year-to-date performance and continued expense discipline. And that expense discipline is going to consider at least two things. So, one, are the greater efficiencies that we've talked about in the past, you've mentioned some of those, the transformation expense coming down, the Legacy/stranded costs continuing to come down, productivity from BAU activity. I've mentioned in the past, a lower severance, a more normalized severance. But it's also going to require investments in order to continue fuel that top-line momentum. So, investments, one, that's tied to those higher revenue levels but also continued investments in parts of the franchise like Banking, in parts of the franchise like Services, you just heard Jane mention the investments we're making in Token Services. And so, striking that right balance so that we are not only delivering 10% to 11% but north of that beyond 2026 is really important. So, what does all of that mean? That means, as I think about 2026, I lead with the 10% to 11%. I follow on by productivity and the need for investments. I'm targeting the less than 60% as I come out of 2026 or in 2026, as I've said before.

JOHN MCDONALD: Great. That's really helpful. And then just a quick follow-up. Thinking a little bit longer term, what's the ultimate end state for the $3.5 billion or so in transformation spend? Does it go away? Does it morph into kind of a regular BAU investment spend at some point? And how does that evolve over time?

MARK MASON: I'm smiling here, John, because I knew as soon as I shared the number, the very next question would be what happens with it, right? And I think, as I mentioned, it's going to come down in 2026 for all the reasons we've mentioned, including making significant progress on the transformation. We'll obviously share more with you in terms of where the expense base is going, and the transformation expenses are going beyond that at Investor Day. And so, I'll ask you to kind of stay tuned as it relates to that. But I don't want to kind of miss the opportunity to state again that in order for us to get the improved returns beyond 2026, we've got to have that right balance of squeezing out as much as we can in efficiencies and redeploying so that we can capture growth and upside as we serve our clients beyond 2026.

JANE FRASER: And I'd encourage everyone to just to look at the track record we've got. I mean, we've been consistently growing revenues whilst investing in the transformation, whilst investing in the businesses. And at the same time, we've been keeping the expense base at a low and very disciplined level. And that's a discipline you can expect to see us continuing.

OPERATOR: Your next question will come from Jim Mitchell with Seaport Global. Your line is open, please go ahead.

JIM MITCHELL: Good morning, Mark, maybe just a question on NII. I think based on the guidance for this year, seems like you're flat to up in the fourth quarter as you guys have pointed out in your Qs, you have limited sensitivity to U.S. dollars. Is 4Q a decent jumping off point for next year? Can you grow from that level? How should we think about the puts and takes around asset repricing and balance sheet growth and headwinds from rates?

MARK MASON: Yes. What I'd say is a couple of things. One, I do expect to see continued growth in NII [ex-Markets] as we go into 2026 at this point. We're obviously putting together our operating budgets now, but I do anticipate continued growth. And I think there are a couple of drivers, many which have played out through most of the year here. So, one is, I expect that we'll see continued growth in deposits, operating deposits, deposits on our Retail Banking side, both of which have shown up quite healthily in the quarter, I expect that to continue. I expect to see continued loan momentum, particularly on the Branded Card side, but also in the trade lending activity, which also showed up very nicely this quarter. And I'd expect that the investment portfolio that you've heard me talk about before, will continue to roll off and mature, and we'll be able to deploy that yet still at higher rates in cash and other securities as we go through 2026.

And then the final piece is, obviously, I would also expect that there'd be more rate cuts and the discipline around pricing and the importance of us reminding our clients that our offering is a lot more than just holding

Copyright © 2025 Citigroup Inc.

their deposits, will help to mitigate some of that pressure. And so, when I put all of that together, I do see continued growth in NII [ex-Markets], perhaps not at the same pace, but certainly continued growth, ex-Markets, as I go into 2026. I hope that helps a little bit.

JIM MITCHELL: No, that's very helpful. And maybe just on the capital target of 12.8% and the stepped-up buybacks this quarter, is this a pace we should expect until you get to 12.8%? Just sort of curious on your thoughts on how quickly you get to 12.8%.

MARK MASON: I'm smiling again, Jim, because the last quarter I said that we weren't going to give guidance on a quarterly basis as it relates to buybacks. And I want to stick to that. But I would remind you that we do have a $20 billion buyback program that's out there. We've been making good progress against that. We'll continue to make progress against that. 12.8% is what we will target from a CET1 ratio. And I think you'll see that 13.2% come down towards that over the next couple of quarters. And we're going to strike the right balance between deploying capital back into the business at accretive returns in order to continue to drive growth that improves returns and returning capital to shareholders, particularly given where we're trading, right?

And so, while we have seen good performance in the stock over the course of the year, we're still at and around kind of one-times tangible book value, and I think there's more upside to the stock. And so, we want to strike that right balance between return on and return up.

OPERATOR: Your next question will come from Erika Najarian with UBS. Your line is open. Please go ahead.

ERIKA NAJARIAN: Good morning, my first question, Mark, just wanted to make sure I understand all of the technical nuances that you laid out on Slide 16. So, the CTA impact is essentially neutral at deconsolidation. And in addition, we should get the capital release from the RWA reduction, I think it was $27 billion from the Mexican financial statements, and any gains and losses on sales. So, the CTA is separately capital neutral, but the ultimate capital benefit will be determined by that capital release and the ultimate valuation of Banamex. And if I'm understanding that correctly, had to slip it in there, what is the allocated TCE to Banamex?

MARK MASON: Sure. So let me just kind of clarify one point. I think you've largely got it, which is there's an important distinction between deconsolidation and full exit. The deconsolidation, as you point out, would trigger that CTA flowing through the P&L and ultimately, that will be capital neutral, right? So that is absolutely correct. And then at the full exit what we would expect in the way of the capital impact will be the capital associated with the risk-weighted assets and the gain or loss, the cumulative gain or loss on sale.

The capital associated with the risk-weighted assets, the risk-weighted asset is about $37 billion, okay? So, you can kind of run the math of a 13.2% against the $37 billion and get a proxy for how much capital we have allocated here.

ERIKA NAJARIAN: Perfect. And my second question is for Jane. Jane, your reward for all the improvement that you've shown is a higher bar right, I think, is what you're seeing, and we're all looking forward to this May Investor Day. And I guess this is a two-part question. As you approach the 10% to 11% return on tangible common equity goal for next year, and you think about being two-thirds of the way done with the transformation, is May the right time to address maybe more end-state capital targets the way JPMorgan has addressed and Wells also gave us an update today, and if we get more regulatory certainty, you've obviously gotten a lot of volatility in the past from stress test results. And especially as we think about deconsolidating and fully exiting Banamex and the regulatory momentum, is a 100 basis points still the right buffer for this company as we look forward?

JANE FRASER: There's a lot in that. Let me just try and pick a few pieces of it. So, we've always been clear 10% to 11% RoTCE target is a waypoint, not a destination. And so, in May, as I talked about earlier, we see a lot of different areas of upside. Mark talked about some of the different areas earlier in the call on the revenue growth dimension. So, we'll lay out what do we see for the different businesses, what is the path forward? And therefore, what is the longer-term targets that we're expecting to see. In terms of the regulatory environment, I think we're very happy to see a lot of the proposals, getting more clarity. We saw eSLR coming

Copyright © 2025 Citigroup Inc.

through. We would expect to see G-SIB, Basel III, CCAR with much more clarity in the first quarter. So that will be good timing for being able to lay out what that that means for the May Investor Day, assuming that remains at pace, obviously, not in our hands, the timing around it. And so, I think you will end up with much more clarity about what is the end state if there ever is an end state. Mark, why don't you jump in?

MARK MASON: Yes. The only thing I'd add to that is with the progress we're making in executing on strategy, I'm sure you've noticed that we're generating a more steady and predictable earnings stream and on top of that, growing our earnings. And that, in part, has shown up in the stress capital buffer reduction that we've now seen for two years in a row. Now we have to get clarity on kind of how that's going to be applied, whether it will be averaging or not. But I highlight that because we're going to continue the work and how we're running the franchise in order to improve, and therefore, continue to reduce, you know, what happens in a CCAR stressed analysis.

The other piece that I'd highlight is that there are obviously other aspects to the regulatory environment that are still in flux, although they look like they will be favorable, G-SIB, the Basel III Endgame, etc. And by the time we get to May, we hope to have clarity on that, which can therefore, inform how we think about the future.

As it relates to the management buffer, you've heard me mentioned repeatedly that we look at that all the time, and we're constantly looking at everything from the certainty we're getting in the regulatory capital requirements, and that's improving as we mentioned before, to how we think about internal stress analysis and the volatility in RWA and the like. And so, we'll continue to look at that and look for opportunities where it makes sense to reduce that, and we'll share that if and when we get to that conclusion.

OPERATOR: Your next question will come from Ebrahim Poonawala with Bank of America. Your line is open. Please go ahead.

EBRAHIM POONAWALA: Good morning, I guess good afternoon at this point. Just a quick question, Mark. You talked about credit reserves and the unemployment rate that you have there. But just talk to us when we think about, and I think Jane said like some softness in the economy, when we think about the consumer cards book, expectations, any kind of red or yellow flags that you're seeing there? If you don't mind addressing like I'm looking at sort of the non-accrual loans, a pretty decent jump in sort of corporate non-accrual quarter-over-quarter. Like was that a one-off? Do you expect that as some of the sort of, I guess, Banking book seasons? Would love some perspective there.

MARK MASON: Sure. Let me start with that piece and then we can come back to the consumer. We did see a tick-up in NALs in the third quarter. The quarter-over-quarter increase is really driven by two idiosyncratic downgrades. I'd say the NALs represent a relatively small percentage of our funded loans. And when you look at the percentage there, you can see on the page it is a small number. We're well-reserved from a coverage point of view, so the NAL reserve coverage remains adequate at over two times, and in many cases with sufficient collateral and some upgrades expected. And so, I think that while the number is large in terms of the increase, we could really point to two idiosyncratic names as the major driver and take some comfort in the NAL as a percentage of funded loans remaining low in the quarter. We're obviously watching this very closely. But again, with many of these still paying, we feel good about our exposure at this point.

And in terms of consumer, I'd point to a couple of things. So, one, the losses that we've seen in the quarter are inside of the ranges that we've given both for the Branded Cards portfolio as well as for the Retail Services portfolio. I think consumers are being very discerning in terms of how they spend. The spend increase that we've seen is largely in Branded and that has tended to be in the higher income consumers. And I think importantly when I look at the delinquency trends, the delinquency trends are also performing in a very normal fashion. In terms of early buckets I'm not seeing any signs of a change in that direction or in that normalcy. And so, as I look at our book, I'm very comfortable with our exposure. I'm very comfortable with the reserves that we have. I'm very comfortable frankly with some of the actions we took a year-plus ago as we looked at how we wanted to underwrite consumers. And I think that has afforded us some of what we're seeing here.

Copyright © 2025 Citigroup Inc.

I'm still very cautious. We are running our operations in a recession-ready mode. We're watching min payments in order to get any early signals of stress. But again as I look at the book, I feel comfortable with where we are and where our consumers are trending. Jane, you may want to add to that.

JANE FRASER: Yes. I think one of the things I point to everyone is the advantage of our strategy. If you look at our consumer customers, 85% of them are prime. If you look at our corporate customers, we've got a pretty pristine blue-chip portfolio, and we moved from serving millions of clients internationally to a few tens of thousands. And that affords us to have focus on them, a real understanding of them, a depth of diligence around them that is very beneficial. We're very disciplined in our credit assessments, in our client selection, in our concentrations, in our hedging and in our sell-downs. So, I look at an environment where you've had a sizable run-up in the market despite tariff and other headwinds. It could well be a correction at some point. but I feel very good about how we will be positioned around that. And we have a very fiscally disciplined consumer base, and as I say a very prime one. So, we're ready for whatever the environment is and well-positioned.

EBRAHIM POONAWALA: That's helpful. Thank you, both. And I guess just one, if we could get a mark-to-market on the Wealth business, Jane? When I look at sort of the year-over-year operating leverage being meaningful revenue growth versus expense growth but again a lot of that driven by NII. Just talk to us in terms of if the low-hanging fruit has been picked in terms of what Andy is doing in that business. And what's the outlook from here, both in terms of just how you think about operating leverage and RoTCE improving? Thanks.

JANE FRASER: Yes. Thank you. No, I think this quarter is another good one for Wealth in terms of good strong revenue growth at 8%, the improvement in the RoTCE, the sixth consecutive quarter of positive operating leverage. And I think the piece we were particularly pleased about was the record $18.6 billion of Net New Investment Assets. And this is a direct result of the strategy we've been implementing over the past couple of years that you can expect continuing, and it centers on becoming the lead investment adviser for our clients. That is the center of the strategy. And what we've been doing. We've been strengthening the CIO research product. We've been retooling key areas of the investment product platform. You've seen us aligning behind open architecture as a key operating principle. We've been deepening our partnerships with top-notch third-party asset management firms. And all of this is helping us drive up the investment fee revenues and executing across this famous $5 trillion of "off us" opportunity we have with our existing clients.

We're also elevating collaboration between USPB, Banking and Markets and we're seeing some very strong two-way referrals between each of these different groups. And that again supports our growth in Net New Investment Assets and revenues in Wealth overall. And we're deploying new AI-powered capabilities and that's also getting great early feedback. We've got AskWealth, which is a Gen AI-powered inquiry engine that's handling thousands of clients and service questions with rapid updates. We have Advisor Insights, which was launched with very strong early adoption that delivers personalized data-driven engagement opportunities for advisors. We had a 75% usage rate on that. So, a lot of advisor demand. So, what all of this means is this is driving our long-term objectives of becoming the lead investment advisor for our clients with a long runway ahead of us as we scale up the business, so we will just continue.

Yes. We will continue to have good expense discipline. We'll be focused around how we use the balance sheet in the context of the overall client relationship. You can see from the numbers, we've come a long way but there's just, there's more work to do but there's just enormous upside as we scale up and that scaling is all in our control. I hope that gives you a sense of what are the different elements. Thank you.

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

KEN USDIN: Well, thanks a lot. Just a quick one on the expense side, Mark. Just you mentioned the sub-64% efficiency ratio for the year. Just looking in the deck, it looks like the year-to-date has been 62%. You typically do have a little bit of a higher exit on that. Just wanted to ask you just what should we be thinking about as far as fourth quarter expenses versus the $13.6 billion in the third quarter, ex the impairment charge in terms

Copyright © 2025 Citigroup Inc.

of the seasonality, the expected kind of downdrift in trading that you mentioned earlier and the other pieces on the severance and such? Thanks.

MARK MASON: Yeah. I think the couple of things I'd point you to. One is the FX impact, which you can see in the back of the deck on page 26. You can see that's going to contribute to the $53.4 billion that we have out there to the tune of probably close to $400 million obviously, or I shouldn't say obviously, it's going to likely be EBT neutral but that's certainly a headwind to think about as you think about how much higher the $53.4 billion might be.

And then the other piece to think about is the performance. So, what we assume in terms of how much higher than the $84.4 billion, if you include FX - how much higher that might be, will be the other factor that drives the expenses up above the $53.8 billion, if you will, right? And so, I already guided towards NII ex-Markets being around 5.5% and that obviously is going to contribute whatever the number is north of the $84 billion we have on page.

And then on the Markets piece, again, I've given you some context for what we've seen historically. But given the strong quarter here, you have to make an assumption in terms of how much sequential decline we might see in the fourth quarter. So, I think those are the puts and takes, really how much higher we are than the $53.4 billion is the byproduct of FX and outperformance on the top line. Everything else we've been very disciplined about as it relates to the expense targets that we set.

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

GERARD CASSIDY: Can you share with us, I think in your second quarter 10-Q, you gave us the interest sensitivity of the balance sheet and obviously we'll see it in the third quarter. And if I recall, I think 100 basis points instantaneous change in rates, you guys guided that NII could decline about $1.7 billion. But if we just see the Fed, I would say the long end of the curve stays anchored around 4% to 4.5% and the Fed cuts another 60, excuse me, 50 basis points over the next three months or so, how does that impact your net interest income over the next six months or so?

MARK MASON: I think the simple way to think about it is what I shared in the second quarter was for total U.S. and non-U.S. dollars. And it was a drag of about $1.8 billion for a 100 basis point decline across all currencies and across the curve. So, when you break that down, Gerard, it's only about $400 million in the U.S. dollar, right? And that's again for assuming a parallel shift across the curve, 100 basis points. We've been working to bring that down further. So, we'll report a number in the third quarter 10-Q, and you'll see that number coming down. I don't want to disclose it at this point, but coming down from the negative $400 million. So, you can kind of do the math on that. Again, that's a parallel shift. It's not that different if you were to look at kind of just on the overnight rate change, most of our short-term exposures out in the non-U.S. dollar. So hopefully, that helps. But you can see the number is relatively small and declining assuming the 100 basis points.

GERARD CASSIDY: And then as a follow-up question, there's been a lot of discussion on other calls today and amongst investors about loans to non-depository financial institutions, especially since, when you look at the industry, it's more than doubled in about 5 years, and rapid loan growth is always something we want to pay attention to. And you guys have, according to the regulatory filings at the end of the second quarter, about $104 billion here. Can you give us some color or insights into the different lines that you lend into, and how comfortable you are with this credit?

MARK MASON: Sure. So, the first thing I'd point out is that this NBFI disclosure that all the banks do in the FR Y-9C consists of a very broad set of exposures. It includes private credit, but it is very broad. The second point I'd make is that it's primarily made up of securitization exposures with diversified collateral pools. So, there's some consumer-related mortgage, credit card, auto, there's some corporate-related that includes the private credit or broadly syndicated. There's some commercial real estate. All of that is kind of captured in this NBFI category.

Overall, I would say the NBFI exposure is predominantly investment grade. So that's a consistent theme for us as firm, certainly is the case as it relates to how it's reflected in this disclosure. That means we're working

Copyright © 2025 Citigroup Inc.

with top-tier asset managers that are sponsors of private credit or established consumer platforms. We're maintaining collateral pools that are well diversified with concentration limits. We're ensuring that there are structural protections, including ample subordination that helps to result in the high investment-grade attachment point. And we're monitoring all the underlying collateral, and we have transparency at the loan-by-loan level. And so, when I kind of take a step back and look at that, we're very selective from a risk perspective as to how we play across all of these subcategories, but particularly as it relates to private credit. And I think the key takeaway is that, that category is very broad.

OPERATOR: Your next question will come from Scott Siefers with Piper Sandler. Your line is now open.

SCOTT SIEFERS: Thanks for taking the question. I was hoping you could expand a bit on the strategy in the card portfolio. I think with the Strata card, you kind of left the impression that Citi is becoming a more visible competitor near the upper end. So, is there a sort of a conscious change in the complexion of the card portfolio overall that we should expect to see evolve over the next few years? Or is this more just that you're kind of layering on a product that was a bit of a gap previously. What's the best way to think about that?

JANE FRASER: So, I think the first thing you center around is we're a leader in payments and lending today, top three rank with the U.S. card balances. And we're growing our position by launching competitive innovations and new capabilities. And as you see, you've seen a considerable expansion in our Branded Cards product and offering suite this year. So, we reentered the premium rewards segment with the Citi Strata Elite that's had a very strong reception in the market. We refreshed the value proposition in Costco's portfolio. We've begun to roll out the new and very unique, pretty exciting capabilities, thanks to our partnership with American Airlines like the points transfer with our Branded Cards portfolio and our own proprietary cards. And as I have hinted, the team will shortly be announcing additional new offerings in particular as we expand our partnership with American Airlines.

I think you can expect to see more growth in the co-brand space versus the private label space. And we're also investing significantly in AI capabilities to help us better serve our customers, also manage risk better and drive efficiencies. And so, I think in all of this area, you're seeing us very much on the front foot, building out the ecosystems around our cards capabilities and being at the forefront of a lot of the innovation in AI and the like, applying it for our clients' benefit and for the shareholders' benefit.

So, I'm excited by what we've got coming up. We'll also have the acquisition of the Barclays portfolio in the second quarter next year, which will be a nice boost to the scale of the franchise as well. Lots of good stuff going on.

SCOTT SIEFERS: Perfect, thank you very much for the color.

OPERATOR: Your next question will come from Chris McGratty with KBW.

CHRIS MCGRATTY: Building on Ebrahim's question on Slide 4 and operating leverage. You touched on Wealth, Jane. That was helpful. Can you speak to the sustainability or perhaps source of improvement in operating leverage by segment as you near the 10% to 11% goal for RoTCE next year?

JANE FRASER: Well, as we look at it, it's fairly simple in terms of Services, as we say, we continue to grow the fee revenues, we're continuing to grow the volume, acquiring new clients and existing clients. I'm also on the Markets side, you've seen us be very disciplined there, where we're looking at the revenue growth potential that comes particularly in prime, you're seeing us financing and in securitization that's helping. Wealth, we talked about. In USPB. It's going to be the growth coming partly from the Barclays portfolio as well as from the product innovations and really driving customer engagement as well as bringing new customers in. And then you've got synergies across the businesses like the Alpha trades we're seeing between Markets and Banking, two-way referrals that we were talking about between Wealth and other businesses the like. And then Mark laid out, I think, very succinctly the efficiencies that we're going to continue to be driving on the operational efficiency side. So, I think you've got a story of both revenue growth, investment in the businesses, and, as Mark said, continued productivity improvement. And they'll be common across the board.

Copyright © 2025 Citigroup Inc.

MARK MASON: Yes, I think you can expect, obviously, we are targeting positive operating leverage for the full firm in 2026. You should expect that across most of the segments. If you don't see it in a segment, it's likely because we're leaning in on investments there. But generally speaking, the positive operating leverage for the full year, we should continue to see good momentum there. So, we'll give you more color on that at the Investor Day in terms of how we think about it. But with all of these businesses driving improved return in 2026, that's likely to be how it plays out. I'd be careful on the quarterly look at that. For example, a Markets business, for example, in the fourth quarter, where we see downward pressure on the top line, there could be a quarterly dynamic there. But again, I'd point you to a really strong year-to-date across every one of these segments. And as the chart points out, consecutive quarters, of positive operating leverage. And I'll just remind you that, continued top-line momentum we certainly expect, but the need to invest is what's going to drive those improved returns beyond 2026.

OPERATOR: Your final question will come from Mike Mayo with Wells Fargo. Your line is now open.

MIKE MAYO: One more for Jane. How do you balance between celebrating wins and ensuring your team keep the intensity on for all hard work ahead? I guess I heard a story that people are celebrating when the stock hit $100 a share, which I can understand you met recent targets, you made progress with the transformation, you have a new team in place. But for those who've been around for a long while, we wouldn't want you to miss the forest from the trees. The returns are still under 10%, efficiency still over 60%, the stock still has underperformed this decade. So, I just thought that sort of celebration may have been premature, but you do want to celebrate the win. So how are you ensuring that intensity remains at Citi?

JANE FRASER: Look it was a milestone moment for us and an important one for everyone as we go down this journey. To me, it's always there are waypoints and there are destinations. The destination is the one that we're excited about. And as I said at the top of the call, there is tremendous upside ahead for us. And so, we're very motivated by the opportunities that are ahead of us. We've got a long list of them by the different businesses. We can't wait to tell that story at the Investor Day by each of the businesses and for the firm overall because all these different elements come together. But there isn't, I think, a single person in our firm that feels that we are declaring victory. We've still got a long way to go. It's great to have the momentum behind us. It won't be a linear path, but we are really excited to be so laser-focused on the opportunities and the upside that still remains and relentless in our execution against them.

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

JENNIFER LANDIS: Thank you very much for joining us. Please reach out if you have any follow-up questions.

OPERATOR: This concludes the Citi Third Quarter 2025 Earnings Call. You may now disconnect.

Copyright © 2025 Citigroup Inc.

Certain statements in this transcript are “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. These statements are based on management's current expectations and are subject to uncertainty and changes in circumstances. These statements are not guarantees of future results or occurrences. Actual results and capital and other financial condition may differ materially from those included in these statements due to a variety of factors. These factors include, among others: (i) macroeconomic, geopolitical and other challenges and uncertainties, including impacts related to trade and tariff policies; the U.S. government shutdown; slowing economic growth; elevated inflation and unemployment rates; changes in interest rates; and conflicts such as the Russia-Ukraine war and in the Middle East; (ii) the execution and efficacy of Citi’s priorities regarding its simplification, transformation and enhanced business performance, including those related to revenues, net interest income, expenses, capital-related expectations, as well as divestitures such as Banamex; (iii) deterioration in business and consumer confidence and spending; (iv) changes in regulatory capital requirements, interpretations or rules; and (v) the precautionary statements included in this transcript. These factors also consist of those contained in Citigroup's filings with the U.S. Securities and Exchange Commission, including without limitation the “Risk Factors” section of Citigroup’s 2024 Form 10-K. Any forward-looking statements made by or on behalf of Citigroup speak only as to the date they are made, and Citi does not undertake to update forward-looking statements to reflect the impact of circumstances or events that arise after the date the forward-looking statements were made.

Copyright © 2025 Citigroup Inc.