TRANSCRIPT

Citi Third Quarter 2026 Earnings Call

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Host
Margo Pilic, Head of Strategy, M&A and Investor Relations

Speakers
Jane Fraser, Citi Chair and Chief Executive Officer
Gonzalo Luchetti, Citi Chief Financial Officer

PRESENTATION

OPERATOR: Hello, and welcome to Citi's Third Quarter 2026 Earnings Call. Today's call will be hosted by Margo Pilic, Head of Citi Investor Relations. As a reminder, this conference is being recorded today. If you have any objections, please disconnect at this time. Ms. Pilic, you may begin.

MARGO PILIC: Thank you, operator. Good morning and thank you all for joining our third quarter 2026 earnings call. I am joined today by our Chair and Chief Executive Officer, Jane Fraser, and our Chief Financial Officer, Gonzalo Luchetti. I'd like to remind you that today's presentation, which is available for download on our website, citigroup.com, may contain forward-looking statements, which are based on management's current expectations and are subject to uncertainty and changes in circumstances. Actual results may differ materially from these statements due to a variety of factors, including those described in our earnings materials as well as in our SEC filings. And with that, I'll turn it over to Jane.

JANE FRASER: Thank you, Margo, and good morning to everyone. This morning, we reported net income of $5.2 billion for the third quarter with an EPS of $2.85 and a RoTCE of 11.5%. Our returns improved meaningfully in Services, Banking, Wealth and U.S. Consumer Cards. The firm's RoTCE grew by 180 basis points over last year, and our net income was up 17%. With revenues up 8% year-over-year, we delivered our best third quarter revenue in a decade, and we saw revenue growth in four out of our five businesses.

As previously shared, we brought some of our planned investments and severance into this quarter. We remain very intentional around our expenses and our investments in talent and technology. Even with this pull forward, we delivered positive operating leverage, holding expense growth to 3%, excluding last year's notable item. Our overall performance continues to demonstrate the disciplined and consistent execution of our strategy.

Now let's go through our five businesses. This was another standout quarter in Services, with revenues up 15%. Growth was broad-based across every driver, from deposits to commercial card spend, and we saw continued momentum in trade loans and cross-border activity across the network. We continue to lead through innovation, bringing new real-time capabilities to our clients with the launch of Citi Token Services in the UAE and Japan and the introduction of Custody+. Assets under custody and administration grew by 16%, and we are laser-focused on winning and onboarding further new mandates.

In Markets, revenues were up 6%. Equities revenues were up 14%, driven by our performance in prime and in Asia, where we have been investing to gain share. Fixed income was up 4%. Rates was pressured by the trading environment, but we saw good growth in FX and spread products, both stable revenue streams.

In Banking, revenues were up 6%. We performed particularly well in ECM, where we played meaningful roles in the six largest transactions of the quarter, including leading SK hynix, the largest ever IPO of an Asian based issuer. And in leveraged finance, we led SoftBank's $11 billion high-yield offering, the largest ever of its kind. I am proud of these wins and how our client relationships and bankers, including the new talent we have attracted, allowed us to land these mandates.

As you've seen this quarter, we are continuing to invest responsibly in high-quality talent to build on our strengths and fill identified gaps in our franchise. Wealth performance continues to steadily improve with

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growth across all three businesses. RoTCE was over 14%, significantly higher than last year. We brought in $38 billion in net new investment assets this quarter, up over 100% from a year ago. We continue to launch new offerings, such as Premium Boost, to deepen client relationships, and are seeing strong uptake of our Wealth offering by our retail bank clients.

In U.S. Consumer Cards, revenues were flat as a result of higher partner payments. At the same time, our general-purpose portfolio drove 6% growth in total average loans. We are increasing investment in this business, both through our deep relationships with key partners and differentiated rewards for our customers, as you saw with the acquisition of Kard. With returns of over 21% in the quarter, this is already a very attractive business, and the benefits of our investments will continue to scale overtime.

In Legacy Franchises, we closed on the sale of a 1.4% equity stake of Banamex, bringing the total amount divested so far to 49%. We're now preparing for Banamex's deconsolidation from Citi next year. The IPO would happen after that, when market conditions allow and when the usual regulatory requirements are met. At that point, our international consumer divestitures will be nearly complete.

Turning to capital, we returned over $4 billion to our shareholders this quarter, including $3 billion in share buybacks. We have also utilized about $900 million of our disallowed DTA so far this year, slightly above the path we discussed at Investor Day in May. Our tangible book value per share rose 6% to $101.59, and our CET1 ratio stood at 12.8%, remaining about 120 basis points above our current regulatory minimum.

Now, I know that the opportunities and risks that AI presents are on everyone's mind. Our transformation has modernized our core technology platform, giving us the foundation we need to implement AI firmwide. As I've said before, we're approaching AI through four lenses: how it can help us grow, how we can deploy it to operate more efficiently, how we can teach our people to use these new capabilities, and how we can strengthen our defenses given the enhanced threat environment we and our clients face. I've talked frequently in the past about what we're doing on the first three, and we're excited about the top-line benefits and the efficiencies we are delivering and the many opportunities to do more for our clients. Let me spend a minute on the fourth lens.

Our cyber defense strategy is about being on the front foot, moving fast and retaining trust. We don't wait for risks to happen. We're constantly preparing and improving our defenses. We're in the business of managing risk every day, and this is no different. We've been hardening our systems and running challenging and disruptive scenarios to stress test our defenses and our responses. We then modify our playbooks based on what we've learned, so we're ready before an event occurs, not after. We are focused on our resilience and working with our peers and regulators on reducing systemic risk, even as we deploy AI to improve the performance of our firm.

Finally, on the macro environment. Conditions did soften a bit during the third quarter. While various headwinds, most recently higher energy prices and tighter monetary policies, have been challenging, the global economy has held up remarkably well. In the U.S., while much has been made of the AI boom, the consumer is still driving much of the growth. The labor market is stable, and companies remain active.

Our near-term economic outlook remains positive. China is seeing similar benefits from AI, but without the consumer spend needed for balanced growth, so their economy leans heavily on exports. Europe remains structurally challenged. That backdrop is exactly why clients are leaning on our network. They're engaged, and they are healthy, as you will see from our credit numbers. They're open to strategic opportunities, while being keenly aware that there could be more disruptions ahead. Our focus is on delivering our network and providing the intellectual firepower to help them compete more effectively, raise capital or manage their supply chains. They know we will be at their side no matter what environment they face. This quarter was another proof point of our consistent execution and delivery in the face of a dynamic environment.

In terms of the journey ahead, as you know, we expect to exceed this year's RoTCE target of 10% to 11%, even as we pull forward the investments to support our near-term target of 11% to 13%. These are simply the next

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waypoints on our path to reach 14% to 15% in a sustainable manner, which we will do.

With that, let me turn it to Gonzalo, and then we would both be delighted to take your questions.

GONZALO LUCHETTI: Thank you, Jane, and good morning, everyone. I'm 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 4, we show financial results for the full firm, which demonstrate the progress we've made and the momentum of our strategy. This quarter, we reported net income of $5.2 billion, EPS of $2.85 and RoTCE of 11.5% on $23.8 billion of revenues, generating positive operating leverage. Total revenues were up 8%, driven by growth in Services, Wealth, Markets and Banking, partially offset by a decline in All Other.

NII, excluding Markets, was up 7%, driven by growth in Services, Wealth and U.S. Consumer Cards, partially offset by declines in All Other and Banking. NIR, excluding Markets, was up 12%, driven by growth in All Other, Services, Banking and Wealth, partially offset by a decline in U.S. Consumer Cards. Total Markets revenues were up 6%.

Expenses of $14 billion were down 2% on a reported basis, with an efficiency ratio of 58.5%. Excluding the impact of the $726 million Banamex goodwill impairment notable item from the third quarter of last year, expenses were up 3%. Cost of credit was $2.6 billion, which included a firmwide net reserve build of $369 million. Looking at the firm on a year-to-date basis, we generated positive operating leverage and an RoTCE of 12.6%.

On Slide 5, we show the expense and efficiency trend over the past five quarters. Excluding the impact of the notable item last year, expenses were up 3%, primarily driven by higher transactional and product servicing, deposit insurance costs and compensation and benefits, partially offset by lower professional services expenses. On a year-to-date basis, we have recognized over $1 billion of severance, largely across functions, technology and operations, as we continue to drive structural efficiencies and bring down transformation expenses and stranded costs to create capacity for business growth.

On Slide 6, we show U.S. Cards and corporate credit metrics. At the end of the quarter, we had over $22 billion in total reserves with a reserve-to-funded loan ratio of 2.5%. Our reserves incorporate an eight-quarter weighted average unemployment rate of 5.3%, which includes a stress scenario average unemployment rate of nearly 7%. We maintained a high-quality credit card portfolio, with approximately 86% of balances extended to consumers with FICO scores of 660 or higher, and a reserve-to-funded loan ratio in our U.S. cards portfolio of 7.7%. We continue to see strong consumer credit performance, as both NCL and delinquency rates in our overall card portfolio declined year-over-year.

Looking at the right hand side of the slide you can see that our corporate exposure is 79% investment grade. In the quarter, corporate nonaccrual loans as well as corporate net credit losses remained low. We are confident in the high-quality nature of our portfolios, which reflect our robust risk appetite framework and rigorous client selection.

Turning to capital, liquidity and the balance sheet on Slide 7, speaking to sequential variances. Our total assets of $2.9 trillion increased 2%, driven by growth in trading-related assets and loans. Net end-of-period loans increased 3%, driven by growth in Markets and Banking. Our $1.5 trillion deposit base remains well diversified and increased 1%, primarily driven by growth in Services. We reported a 114% average LCR and over $1 trillion of available liquidity resources.

In the third quarter, we continued to deploy capital to support accretive growth activity while, at the same time, prioritizing the return of capital to common shareholders, as evidenced by the $3 billion in buybacks and the

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12% increase in our quarterly common stock dividend. We ended the quarter at a 12.8% CET1 ratio under the binding standardized approach, approximately 120 basis points above the 11.6% regulatory capital requirement.

Turning to the businesses on Slide 8, we show the results for Services in the third quarter. Revenues were up 15%, driven by growth across both TTS and Securities Services, reflecting the benefits of our continued investments in the business. NII increased 17%, driven by higher average deposit balances and deposit spreads. NIR increased 12%, driven by growth in fees as we continue to see strong activity and engagement with both corporate and commercial clients, driving momentum across underlying KPIs. Expenses increased 10%, primarily driven by higher severance as well as volume and revenue-related expenses. Average loans increased 14%, largely driven by working capital loans and export agency finance. Average deposits increased 16%, primarily driven by growth in the U.S. Services generated positive operating leverage, net income of $2.6 billion and an RoTCE of 31.2% in the quarter and 29.7% year-to-date.

Turning to Markets on Slide 9. Revenues were up 6%, driven by growth across both equities and fixed income. Fixed income revenues were up 4%, with spread products and other fixed income up 13%, driven by an increase in spread products financing revenues. Rates and currencies was flat, with growth in currencies and higher volumes offset by lower revenues in rates. Equities revenues were up 14%, driven by continued momentum in Prime Services as balances grew by over 40%, partially offset by a decline in derivatives revenues. Expenses increased 7%, driven by higher transactional expenses and compensation. Average loans increased 30%, primarily driven by spread products, as we execute against our Investor Day strategy to drive more stable financing revenues. Markets delivered net income of $1.7 billion and RoTCE of 12.3% in the quarter and 15.9% year-to-date.

Turning to Banking on Slide 10. Revenues were up 6%, driven by growth in Investment Banking and gains on loan hedges, partially offset by a decline in corporate lending. Investment Banking revenues increased 9%, driven by 77% growth in ECM, partially offset by declines of 4% and 3% in advisory and DCM, respectively. Corporate lending revenues, excluding gains on loan hedges, declined 16%, driven by lower loan spreads, partially offset by higher average loan balances and commitments. Expenses increased 8%, driven by higher compensation and continued investments in the business. Cost of credit was $23 million, consisting of $43 million in net credit losses and a net reserve release of $20 million. Banking delivered net income of $378 million and an RoTCE of 19.2% in the quarter and 17.7% year-to-date.

Turning to Wealth on Slide 11. Revenues were up 15%, driven by growth across all businesses. NII increased 20%, driven by higher deposit spreads and average deposit balances, partially offset by lower mortgage spreads. NIR was up 5%, largely driven by higher investment fee revenue. Client investment assets were up 15%, primarily driven by net new investment asset flows, which were $38 billion in the quarter, contributing to over $75 billion in the last 12 months, representing 11% organic growth. Expenses increased 3%, driven by higher compensation. Cost of credit was $102 million, consisting of $70 million of net credit losses and a net reserve build of $32 million. Average loans were up 4%, as we continue to grow securities-based lending and mortgages. Average deposits were up 3%, driven by growth in the Private Bank, partially offset by a modest decline in Citigold and Retail Banking. Wealth had a pretax margin of 22%, generated positive operating leverage, net income of $585 million and an RoTCE of 14.3% in the quarter and 13.2% year-to-date.

Turning to U.S. Consumer Cards on Slide 12. As a reminder, our year-over-year results continue to reflect the impact from the acquisition of the American Airlines co-branded card portfolio onboarded in April. In the quarter, revenues were flat, with growth in NII offset by a decline in NIR. NII was up 6%, driven by higher interest-earning balances. NIR was down 62%, driven by higher accruals from partner payments as well as rewards costs, reflecting our investments for growth, partially offset by higher interchange and annual fees. Consistent with the strategy we laid out at Investor Day, we saw growth in general purpose cards, with spend volume up 13% and average loans up 9%, both partially offset by declines in private label cards. Expenses increased 2%, driven by higher transactional expenses as well as advertising and marketing, as we invest to

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drive future acquisitions and continued customer engagement, largely offset by lower compensation. Cost of credit was $1.9 billion, consisting of $1.7 billion of net credit losses and a net reserve build of $208 million, primarily driven by changes in the macroeconomic outlook. U.S. Consumer Cards delivered net income of $851 million and RoTCE of 21.8% in the quarter and 21% year-to-date. As I mentioned last quarter, while we expect RoTCE to remain around our through-the-cycle target for the business, in certain quarters we do expect expense growth to outpace revenue growth as we invest in the business to drive engagement and acquisitions, with some of these investments reflected as contra-revenues and others as expenses.

Turning to Slide 13, results for all other on a managed basis, which includes Corporate/Other and Legacy Franchises and excludes divestiture-related impacts, notably the $726 million Banamex goodwill impairment in the third quarter last year. Revenues were down 3%, driven by declines in Legacy Franchises and Corporate/Other. Expenses were down 14%, driven by lower transformation expenses in Corporate/Other as well as lower expenses from our exits and wind-downs, which declined to a run rate of approximately $100 million in the quarter, partially offset by the impact of Mexican peso appreciation. Cost of credit was $532 million, consisting of net credit losses of $433 million, driven by consumer loans in Mexico, and a net reserve build of $99 million. We've reduced the total firmwide DTAs deducted from CET1 capital by approximately $900 million year-to-date, as U.S. profitability continues to improve.

Additionally, in the appendix of the presentation on Slide 20, we have provided an overview of financial impacts related to the Banamex divestiture. There are three points I would like to highlight. First, upon our full exit from Banamex, we expect the cumulative net capital impact to reflect the release of CET1 capital associated with the Banamex RWA, removal of certain CET1 deductions and the cumulative gains or losses over the divestiture horizon. Second, as we have shared previously, as part of the deconsolidation process, we expect to recognize an approximate $9 billion CTA related loss through the P&L in early 2027. Third, we expect the impacts related to the deconsolidation process to be slightly accretive to our CET1 Capital ratio.

To close, we included our full year 2026 outlook on Slide 14. We expect to deliver an RoTCE above 11% for the full year, supported by NII ex-Markets growth in the mid-to-high 6% range and continued NIR ex-Markets growth, driven by fee momentum in Services, Banking and Wealth, partially offset by USCC. In Markets, we expect a typical seasonal decline in the fourth quarter around the same magnitude as last year, which was 20%, or possibly a bit more given the strong performance so far this year. Given this outlook for revenue, combined with our continued focus on expense discipline, we expect our full year efficiency ratio to be below 60%.

As it relates to credit, based on the strong performance we have seen so far this year and our expectations for the fourth quarter, we now expect a full year total U.S. credit card NCL rate of around 4%, the low end of the range we provided previously, while the ACL will continue to be a function of the macroeconomic environment and business volumes. We will continue to provide the business with capital to pursue accretive growth opportunities while returning capital to shareholders.

We remain confident in the strategy we laid out at Investor Day and in our ability to deliver on all of our commitments. As we take a step back, the results in the third quarter and year-to-date this year represent significant progress towards our goal of improved firmwide and business performance. Our strategy is working, and we have a clear path to delivering higher sustainable returns.

With that, Jane and I would be glad to take your questions.

OPERATOR: Our first question will come from the line of John McDonald with Truist Securities.

JOHN MCDONALD: Hi, good morning, I was hoping to kick off, could you put your strong year-to-date results on RoTCE into context? Obviously, you've got the 12.6% RoTCE for the year and 11.5% this quarter. It implies a little bit of deceleration in the fourth quarter if you do something ending up at 11% to 12% for the year. Understanding there are lots of factors around seasonality and how much spending you pulled forward, could

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you speak a little bit to the near-term expectations and trajectory for RoTCE for the fourth quarter, and then as you look out for the next two years?

GONZALO LUCHETTI: Good morning, John, thanks very much for the question. It's a great question. A couple of thoughts to step in there. The first is our number one priority is driving sustainable return improvement. That's very clear. The second piece you can see from our results throughout this year is that our strategy is working. You're seeing the compounding effect of client intensity and execution milestone after milestone, in a constructive backdrop, but that execution is clearly there.

The next piece I would mention is we have lifted our guidance now, again, from the high end of 10% to 11%, or a bit better than 11%, to above 11%. That hopefully gives you a sense of the confidence that we have and the discipline that we have going into the end of the year.

Now, to your point, and I think you alluded to this in your question already, there is a natural seasonality, I just mentioned that in my remarks as it relates to Markets, and there are other elements beyond Markets too. When you think about the Markets component alone, last year was about a 20% decline quarter-on-quarter between Q3 and Q4. This year, as I mentioned a few minutes ago, it could be a bit worse on the basis of how strong the year has been so far and the dynamics in the market right now.

So, when you flow the math similarly for RoTCE, even if you look historically over the last couple of years and adjust for typical notable items that may be there from time to time, you land at a high single-digit rate. That more or less sets you up for the above 11% that we're looking at. You can see the confidence coming through in how we've been raising the estimates over the last 30 days, a couple of times over.

As you look forward into 2027, undeniably we have business momentum. You can see that in our revenue growth: 7% a year ago ex-notable items, first half of this year about 14%, this quarter about 8%. If you look at the drivers, you can see client momentum driving that revenue growth so we feel very good about that. We haven't moved an inch from our Investor Day commitments. The near-term targets for returns, as a reminder for everyone, are 11% to 13% into the 2027 and 2028 time period, so we're comfortable with that, and we've also tested those for a range of environments. So, we're not expecting the sun always to be shining, the wind in our backs, and us walking downhill. We have tested that for a range of outcomes. Thank you.

JOHN MCDONALD: Thanks, Gonzalo, appreciate that. Maybe just as a follow-up, a question on capital. How are you thinking about the glide path to the capital target you laid out at Investor Day? How do rates factor into that in terms of rates and what it means for buybacks?

GONZALO LUCHETTI: Thank you for the follow-up. Just to baseline everyone again, today we're at a CET1 of 12.8%, which is about 120 basis points above our regulatory minimum. As per Investor Day, the regulatory minimum that we have talked about, and you were alluding in your question on the glide path. We have talked about how we are now at 11.6% as a regulatory minimum, and our assumption is that we go into 12.1% as a regulatory minimum starting in January 2028. At Investor Day, we gave a directional target of 13.1%. That gives you a sense of the direction of travel, we continue to be comfortable with that direction of travel, so that I think is the key piece.

The second piece, going into the buyback component of your question too, I would say a couple of things. First, maybe restating our framework. Our framework is that we hold capital for resilience and flexibility, and we deploy it for returns and to distribute to shareholders. That's what we talked about at Investor Day, and hopefully you're seeing us apply that in every quarter this year. When you look at this quarter, as one example, I feel good about how we were able to deploy our balance sheet to fuel revenue growth that you are seeing, the improving returns year-on-year that you are seeing, and at the same time return $4 billion of capital to shareholders, $3 billion of which are in buybacks, while still holding an appropriate cushion above regulatory requirements to be able to navigate the environment. By the way, along the way absorbing some OCI shifts that

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happened due to rates in the quarter. So, I feel good about our ability to balance that equation. We did that in preceding quarters as well, maybe with a bit less OCI action, but that hopefully gives you a sense that the business has momentum. We do have a balanced framework in place and we try to find the appropriate balance there, always starting with being a source of resilience. Thank you.

OPERATOR: Thank you. For today's call, we invite a limit of one question plus one follow-up. Our next question will come from Mike Mayo with Wells Fargo. You may now unmute and ask your question.

MIKE MAYO: Hey, Gonzalo. On the second quarter earnings call, you talked about pulling forward investment spending of the $5 billion over three years to now, I guess, $500 million this year. How much of that has been spent in the third quarter? Why did you pull it forward? What are you spending it on? Does that mean after this year it's $4.5 billion of investment spending, or will you increase the total? Thank you.

GONZALO LUCHETTI: Good morning, Mike. Thanks very much for the question. Maybe let me spend a second on how we think about expenses and how we think about efficiency. Again, returns, number one, sustainable return improvement. When we think about how we approach expenses, hopefully you can see a very sharp expense discipline. That's not an initiative. That's how we operate the business every day and for every dollar. We talked about at Investor Day, that in order to unlock the client-driven growth that we are aspiring to, we needed to deploy incremental investments over three years of about $5 billion, which you just alluded to. We also said that we're going to fund these investments the hard way, via relentless structural efficiency focus, right? We talk about stranded costs, about transformation costs, and about the structural efficiency.

So that hopefully gives you a sense for how we think about expense management. The pull forward that we talked about, maybe to answer one piece of the question quickly, is 100% inside the $5 billion, right? The $500 million or so that I spoke recently about being part of that pull forward in the second half of the year, that's fully embedded inside the $5 billion. We have not moved anything related to our Investor Day expectations.

To your other sub-question around how much of that landed into this quarter, you can think of it as about half of it landed in this quarter. You can see about $200 million of severance in the quarter. So that's a good portion of it. There's a few investments extra around technology, around marketing, around client experience that we also supported. Again, that severance is directly linked to one of those three, the biggest of the three legs of our self-funding investments, which are the structural efficiency focus with the processes that Jane has alluded to in the past, the 100+ end-to-end processes that we have looked at. We review those every week, and those are part of the unlocking through automation and AI the efficiencies that we're looking to deploy. Thank you.

MIKE MAYO: Then one follow-up. Like you said, you're not always planning for the sun to always be shining and the wind at your back. But the return for the fourth quarter, if you back into it, looks really lousy for you to get to 11%. When you say the sun might not always be shining and the wind is not at your back, you did say Markets won't be as strong, I get it, but are you assuming something might go terribly wrong in the fourth quarter, or are you just giving the usual caution and caveats?

GONZALO LUCHETTI: Let me go with the latter on that. Thank you, Mike. Yeah, so, we're guiding to above 11%, which is again, an improvement from the a bit over 11% that we talked about 30 days ago. Of course, there's a range. We could do better, but it's hard to predict early in the quarter, especially how some of the activity will play out in the market mostly. So it's really anchored on that.

JANE FRASER: Yeah.

GONZALO LUCHETTI: Yes, abundance of caution. Thank you.

OPERATOR: Our next question will come from the line of Erika Najarian with UBS. Feel free to unmute and ask your question.

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ERIKA NAJARIAN: Hi. Sorry about that delay in unmuting. Thank you for taking my question. I wanted to double-click on John's question on capital. I guess this is a bit of a compound question for my first question, and I apologize. The way you responded to John's question is that you can continue to deploy capital into growth as well as keep up this pace of buybacks. I just wanted to make sure we heard that correctly because, AOCI aside, I think a lot of your investors, the buyback pacing is important. I guess, just wanted to confirm that you can continue this pace of buyback at around these levels, even with higher rates. In terms of the glide path to a CET1 minimum of 12.1% by January 1, 2028, is your understanding that Basel III endgame revisions and GSIB revisions would be mostly prospective and you won't get any sort of retrospective or retroactive adjustments that could help you in terms of forward GSIB surcharge increases?

JANE FRASER: Maybe if I jump in just in terms of the big picture here. You've heard us talking about a lot of upside potential. We've got a lot of different opportunities which are high returning to be investing in. As Gonzalo said, once we're comfortable around the resiliency of our capital base, which we feel very good about, we see a lot of opportunities to deploy capital into high-returning opportunities that will drive the growth and scale that underpins the presentation we gave at Investor Day and laid out that in a lot of detail. We know buybacks are important. We know return of capital is important to our shareholders. We make that judgment as to what the right balance is. But I think all of our investors will want us to make sure that we are investing behind these long-term, high-return growth opportunities that will drive the performance and competitiveness of the bank. Gonzalo, over to you for the nitty-gritty.

GONZALO LUCHETTI: Thank you, Jane, and thank you, Erika, and good morning. Thank you for the question. I think maybe a couple of thoughts on maybe to start on buybacks and then pull back up into the path on capital. Just as a reminder, what we said for this year, let me start in the here and now and then maybe without giving you the decimal precision going forward, I can describe the shape of how we think about it. In the here and now, we just completed with this quarter about $3 billion of repurchases, year-to-date, $13.3 billion. Last year was $13 billion, and we had said earlier that we expected this year to do more than last year, which we just achieved in the third quarter. We are, in that sense, doing what we said we are going to do.

When you think about the framework going forward, I think you highlighted what I was talking about a little bit earlier, that we plotted at Investor Day, that glide path for capital for us. Let me talk in maybe regulatory minimum terms, going from 11.6% to 12.1%. That is on the back, of course, of having enabled the business, the balance sheet, to support the high levels of activity that we have seen over the last couple of years and have you seen us grow various businesses, not only the Markets business, but also Banking and Services and some of our franchises. That is directly linked to that. It was expected. That is why we discussed it at Investor Day.

To your point, it's unknown exactly how all the rules will land. We should see more of those over the next several months, and then we'll have full visibility with models and market shock scenarios. We will know probably around next year the full impact that may have on that glide path. As of now, we're operating on the basis of current rules, and on the basis of those current rules, a glide path that goes from 11.6% to 12.1%, which obviously means we will need to build that capital trajectory, absent some changes from the rules.

Then what you see in the future is what you have seen year-to-date. We managed that very balanced framework of holding capital for resilience and flexibility first, and then deploying it as you've seen us do this quarter and even in the prior quarters, supporting very strong activity or pursuing returns that are accretive and supporting our clients as well as distributing to shareholders. You can see how much of a priority it is on the basis of the progress we've made even in the last couple of quarters against our $30 billion program that we announced at Investor Day. Thank you.

ERIKA NAJARIAN: Thank you. Just as a quick follow-up here on the Markets commentary. Just to put a framework around it, you mentioned that you continue to deploy balance sheet and high returning opportunities. One of your peers that is typically quite conservative had talked about deploying capital and not

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having that much seasonality in the fourth quarter because of all the activity levels. In terms of your comment of Markets down 20% quarter-over-quarter, that underpins sort of the implied high-single-digits RoTCE, is that conservatism in terms of the typical seasonality, or is that more of a comment on mix in terms of you guys are still building out the equities business to a more optimized size? Just trying to unpack the Markets commentary for the fourth quarter.

JANE FRASER: Erika, I think you're reading too much into it. This is just the normal seasonality that we have seen over many, many years between a strong third quarter and the typical fourth quarter. It's no more than that. Don't read too much into it.

OPERATOR: Our next question comes from the line of Glenn Schorr with Evercore ISI. You may now unmute and ask your question. Glenn, I see I have you in with two connections. Both are enabled. Feel free to dial star six if you prefer to use your phone.

GLENN SCHORR: Thank you. Sorry about that. So, follow up on the equity side. Your prime balances are up over 40%, your revenues are up 14%. Still a pretty good gap versus the biggest peers. Maybe let's talk about where you're investing and what your aspirations are for the equities business because there is a pretty big upside if you continue to strengthen the franchise there. Thanks.

JANE FRASER: Yeah, look, as Andy said at Investor Day, we were late to invest in equities. What we are systematically doing is scaling our equities business primarily by committing the resources to grow the prime balances, making the necessary investments in technology. We see a lot of room to gain share ahead in prime. We're doing so with very diligent client selection and risk management. But the client appetite for Citi is clearly there. Clients, I meet with them all over the world, they keep telling me they want an alternative in this market, and they want that to be Citi because they know and trust us, particularly from the fixed income side over history. That gives us an easier path for expansion and our growth in equities and continued momentum there. So, you'll see us steadily investing in execution. I think we feel confident in our ability to continue growing there.

GLENN SCHORR: Okay. Maybe a similar but different follow-up on the Wealth side. You've had some very strong net new money flows. You had good 15% investment asset growth, but I think the Wealth fees were only up 5%. I don't know if that's a mix, get them in the door, mix them up, provide more advice. Just curious if you can provide a little color behind those trends. Thanks.

GONZALO LUCHETTI: Sure. I will answer your question directly and as asked, then I will give you maybe the broader perspective on Wealth. But very quickly, that is only the result of a couple of strategic decisions that we took a year ago that we are lapping. So that is what is dampening that growth rate on the 5%. One that gets lapped, you are going to see a closer matching between some of the drivers and the revenue. That is kind of the simplest version, I think. Thank you for the question.

I think the broader piece there, we are pleased with what we are seeing in terms of momentum from our Wealth business. Revenue growing 15% with good expense discipline at 3%. We are accumulating several quarters of very positive operating leverage, and that is what is driving the improvement on returns. Returns for the business were about 7.6% a year ago, then 10.8% in the first quarter. Now, this quarter and last quarter, they were a bit above 14%. So that gives us confidence that soon we will be able to get into the 15%-20% near term target window that we spoke about at Investor Day. But yes, the business has good momentum, good NNIA quarter, and overall, we are seeing good traction. Thank you.

OPERATOR: For our next question, we will go to Manan Gosalia with Morgan Stanley. Please use star six to unmute. I see your line is open, Manan. We are not hearing you. You may need to unmute locally.

MANAN GOSALIA: Hi, can you hear me now?

JANE FRASER: We can. Yes.

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MANAN GOSALIA: All right, perfect. Sorry about that. I just want to clarify the comment on the capital side. The 13.1% capital target for next year, that excludes finalization of the capital rules. Once we get finalization and maybe as you go through the stress test and you see the results of that, revisiting that 13.1% is still on the table?

GONZALO LUCHETTI: Thank you, Manan. Good morning, and thank you for the question. To the first part of your question, yes, the 13.1%, which anchors to a minimum reg requirement of 12.1% into January of 2028, anchors to current rules. It does not include anything related to any of the rules that are in play that some of which have been released and others haven't. But obviously, to your point, we need to see what the first run of the new set of SCB happens, and then as well as the Basel III and the GSIB components as well.

That build up between the 11.6% minimum now to the 12.1% that I was just describing, incorporates exactly and only the current rules. The second thing I'll mention as it relates to capital, which is also not baked in, and is the part that, number one, we control, number two, I feel better about. You can kind of see that even though it's still with old models in the release results from this year. You can see our SCB from the peak of 4.3% coming down over a few years into 3.6%, which is the current level, and then the latest run, which obviously doesn't count, at 3.3%. But directionally, it gives you, hopefully, the reaffirmation of the signal of what I was talking at the very beginning of the call, which is that the strategy is working. The strategy working means we have simplified the bank quite a bit. We have increased the level of accountability. You can see the progress on returns and the proof points quarter after quarter. As you think about that, the PPNR increases, stabilizes, and the loss absorption capacity improves. All of that is a lot more within our control, and that's what we expect over time to also flow through. Again, not considered in. Thank you.

MANAN GOSALIA: Okay, perfect. Just pivoting over to rates and rate sensitivity. With short-end rates moving higher in both the U.S. and internationally, how should we think about the rate sensitivity of the business? Given the strong Services business that you guys have and the strong deposit growth there, I'm sure that drives a lot of the rate sensitivity. If you can just talk about that and how we should think about it over the next year or so.

GONZALO LUCHETTI: Yeah, thank you. Very good question. I think maybe a couple of thoughts. The first one, let me talk for a second about the here and now, and then the going forward. In the here and now, you just saw us upgrade our guidance again of going NII ex-Markets to mid to high sixes versus the original beginning of the year, 5% to 6%. What we said a few weeks ago that we were going to be high end of that spectrum. That gives you a sense for, again, the confidence that we have.

The second piece is, as a reminder, the vast majority of the business for us is driven by client volumes. It really is up to us having success in deepening relationships and also attracting new clients across the range of our franchise. You saw NII ex-Markets at about 7% this quarter. You're seeing deposit growth of 11% and loans ex-Markets growth of 7%. Good momentum really across the franchise there. When you think about a higher for longer environment, that should be for us net positive given aggregate asset sensitivity positioning that we have. Even if, of course, you have to, in the short term, absorb the OCI as we just did.

When you think about that asset sensitivity, maybe to give you a bit more color there, and hopefully not a lot more than what you bargained for, is overall that asset sensitivity you can see in our disclosures is non-USD from the structural position that we have across the world from our Services franchise. We feel we're very well-positioned there to take advantage of the global rate hikes, many of which have already happened between February and now across the world. You will see also we're relatively neutral on a USD basis, at least within 12 months, because given the short duration of our portfolio, we actually do turn asset sensitive in year two and relatively quickly as those reinvestments come in.

Net-net, all of that should put us in something that is constructive as it relates to higher for longer rates. Of course, some businesses, and you alluded to this, Services would be a large beneficiary in this particular

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picture. The reason for that, even if there are, as always, some puts and takes, you have to think about the volumes and how those will play out. There will be competition for deposits, money supply may tighten. So far what we have seen is the betas are performing in line with our expectations. The team in Services, this is true also in our team in Wealth, very focused on quality and not on giving away pricing. That discipline pricing and discipline quality focus, even if I look at Q3 as a proof point for me, is our deposit growth in Services was faster for operating deposits than it was for the overall deposits. That gives you a sense of how much focus Shahmir and the team have on the quality of what we are engaging with clients. Thank you.

OPERATOR: For our next question, we'll go to Ebrahim Poonawala with Bank of America. You may now unmute your line and ask your question.

EBRAHIM POONAWALA: Hey, good morning. Can you hear me?

JANE FRASER: Yes, we can.

EBRAHIM POONAWALA: Okay. Hey, Jane. I guess the first question, just apologies if I missed something on the capital, on the back and forth. I think, Gonzalo, you mentioned if nothing changes on capital, the requirements obviously go up by 50 basis points. Is the point there that if the Fed finalizes rules before the end of the year, then you have better flexibility than if they don't? That's how we should think about it?

GONZALO LUCHETTI: Hi. Good morning, Ebrahim. Not exactly. The way I think about it is the glide path anchors to current rules. That's on the back of our decisions also to support business growth, and that's what we're looking at. Of course, the piece on capital to your point around the rules, it's an unknown at this point. We have to see the totality of the rules come through, some of which have been published, others have not yet.

Even post-publishing, I think we will need to see how the models are running through the first run, because remember, it's going to be a brand new set of components there, and not only new models, but also how market shocks are managed and handled and the scenario piece. We have to see that come through, and probably by, I think towards the middle of the year, we're going to have perfect clarity of exactly what the glide path will look like, and obviously we'll keep you updated along the way. No, I wasn't implying that we'll have perfect clear vision by the end of the year, because I don't think that we will. I think we'll have some more information. But I do think that there's going to be some unknowns still, especially on the numerical front, which ultimately is what you and us want to have. Thank you.

EBRAHIM POONAWALA: Understood. All right. So, somewhere in there for us, the takeaway is there might be some volatility or tempering in the pace of buybacks. Understood. Then next, just the other question on Services. We're tracking about whatever, 29%, 30% RoTCE. Jane, you talked about the strength in the business. I'm just trying to understand what brings that business from close to 30% to the mid-20s target that you had. Is it just that the incremental growth will be so dilutive, assuming rates don't do anything? Why should that go from 30% to, let's say, 25%?

JANE FRASER: Look, the target we have is a through-the-cycle target. But I think we feel very good about our Services business because we see, think of it as a cumulative business, with really four pillars of further growth at high returns. Deepening with existing clients, acquiring new clients, commercial banking alike, capturing share in some of these high growth verticals, particularly the fintech space, as well as investing in next generation platforms and solutions.

That is giving us a model that is pretty almost impossible to replicate. It is a true moat between the unrivaled global footprint, comprehensive market-leading solutions, the extensive client base with ever-growing global needs, and then the indisputable scale, which is enabling us to invest significantly in the platforms in the innovation agenda. It's about $2 billion of investments a year.

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Then you add on AI into this, which is driving further process improvements, which is developing innovative solutions for us, and also improving the client experience. So all these different elements are really translating into our ability to win new mandates, up about 40% year-over-year in our win rate, with minimal client attrition, sustainable revenue growth, high profitability through the cycle. So, to my mind, this is a wonderful business in which we are the undisputed leader in, and it will continue to go from strength to strength because we're on the front foot in it.

OPERATOR: Next, we'll go to Ken Usdin with Autonomous. Ken, feel free to unmute and ask your question.

KEN USDIN: Hi. Good morning. Thanks. Just one follow-up on the Services side. Gonzalo, in a higher rate environment, the deposit growth has continued to be really strong, even sequentially. Do you anticipate any changes to how your clients use the balance sheet, given all the points that have already been made about just the ongoing strength and development of the platform? Within that, how much more room do you have in terms of the securities repricing, and can NII continue to outgrow deposit growth as it has been because you still have some more room there? How much more room do you still have there? Thank you.

GONZALO LUCHETTI: Thank you very much, Ken, for the question. Let me start first maybe on the NII ex-Markets deposit equation. Our NII ex-Markets this quarter was about 7% year-on-year vis-à-vis deposits growing at 11% and loans growing at 7%. We are not seeing that effect of NII outgrowing the drivers at the aggregate level for the firm. That is also true in our Services business.

If you look at the NII for the business, the NII for the business is more or less in sync actually, I guess, for Services in particular. That also depends on some of the interplay across the firm with Services. What I would say to your question, which I think is a great question on the sustainability of growth, and we spoke about this at Investor Day and since then, one time or two, is we do expect over time for the level of growth that you are seeing, that 16% year-on-year deposit growth, to normalize a bit. We are not saying that we are going to be able to grow into eternity at four-times money supply levels. At the same time, what you just heard from Jane, we are very confident in the moat that we have, how embedded we are with clients. We are deploying $2 billion per year of technology investments on both propelling the core capabilities and investing in the core, but also innovating. If you look back the last 90 days, we would have made four or five different announcements that give you a sense that there's a lot of tech investment and capability there. And to Jane's point, the client momentum.

We feel good about that NII trajectory, recognizing that, remember, this is through-the-cycle business. We spoke about this at Investor Day too. The business for the nine years between 2016 and 2025, remember, those years had zero rates, they had medium rates, and they had high rates, and all the different flavors. Even within that, we were able to grow the business at about 8% CAGR in revenue terms, at about 6% CAGR in deposit terms. That kind of tells you that we've pressure tested this business through different environment and weather patterns. That's why even though you may see moderation on the level of growth on deposits and have those normalized, as we said before, we are confident in the trajectory that we have there. Thank you.

KEN USDIN: Got it. One just follow up on the earlier cost point. If you're $500 million in the second half, it's kind of pretty level between 3Q and 4Q, including the severance that you spent in the 3Q and maybe some more in the fourth. What do we need to think about in terms of jump-off points? I know we're not going to get into 2027 guidance now, but I think there's an important debate about does that run rate, do we still have the benefits of transformation and stranded coming down? Can you kind of maybe just try to put that in a box for us about how we exit this year and how we start next? Thanks.

JANE FRASER: I think you should feel good about how we exit this year. I think we're demonstrating a lot of discipline in the expense side. We're taking down the stranded cost. You see the run rate now at the sort of $100 million a quarter level. You see the benefits of the transformation costs coming down. You see us investing in the structural efficiencies, particularly leveraging AI and automation in a very material, tangible way to continue to drive improvements in the operating efficiency going forward. We're making investments both to grow the

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top line as well as to drive efficiency in the firm going forward. I would say you should feel good about the jump-off point and the discipline that we're continuing to demonstrate.

OPERATOR: Our next question comes from the line of Scott Siefers with TD Cowen. You may now unmute and ask your question.

SCOTT SIEFERS: Morning, or I guess afternoon, everyone. Thank you for taking the question. I wanted to ask another rate-based question, this time just on the effect on customers. It feels like everyone's customers, yours included, have been just kind of remarkably resilient in the face of rising rates. Maybe just sort of some updated thoughts on at what point you would see higher rates affecting customer behavior more visibly.

GONZALO LUCHETTI: Thank you, Scott, for the question. So maybe let me go perhaps around our businesses a bit on the rate impact on customers that you're pointing to. Maybe starting with consumer. Again, these so far have been moderate increases. But I guess to your point, you're probably looking forward and thinking, what about the accumulation of higher rates if the curve plays out as currently predicted with three hikes.

SCOTT SIEFERS: That's right.

GONZALO LUCHETTI: Right. Okay. Yeah, no, that makes sense. That's a fair question. I think as you see cumulative effects over time, you may start to see on the marginal segment. As a reminder for us on the consumer end, as an example, 86% of our portfolio is prime+. In addition, our strategy, because as we talked about at Investor Day, we're shifting as our clients and the market is taking us there to general purpose cards. You're seeing that in the drivers. That already tells you that mix will also be driving towards improvement in the NCL. So, what you're seeing in our NCLs is both a combination of the resilience playing through, but also our risk appetite framework and our strategy working. So, you're right, I think that at some stage, probably not with a single rate hike, but if you accumulate something that is over several quarters and something that moves quite a bit higher, some of the marginal segments probably below the FICO band, they're going to feel a bit of pressure in terms of the debt payments. Maybe on the corporate end, Jane?

JANE FRASER: Yeah. Look, on the corporate side, I think we're starting to see some of the impact. So, while spreads are remaining tight in investment grade, refinancing activity should stay elevated. I think what we're seeing is the higher rate environment may impact the tenor, however. But where the change may be felt more in some of the customer behavior is you've got an upcoming three-year maturity wall, and that is going to occur in a much different rate spread and liquidity environment. It could bring more high-yield issuers to the market, but it could also indicate some areas of potential stress. The behavior shift we've seen this quarter is syndicated debt and loan issuance moderated in favor of loans and revolvers because of the flexibility that they provide as rates move. Then, of course, you turn to the broad AI ecosystem.

I don't think that higher rates is going to trump the imperative to invest there. We're not seeing a slowdown in investment in the broader AI ecosystem behavior there. There's simply not enough compute. Energy remains a bottleneck requiring more investment. That's globally, not just in the U.S. So obviously, we keep an eye on sentiment and the other dynamics that are happening there, but we're not anticipating a lot of shift in behavior. I would say, though, we do have the luxury at Citi that we have a very investment-grade, heavy client base on the institutional and a prime heavy on the consumer front. We have a high-quality client base. Let's leave it at that.

SCOTT SIEFERS: Perfect. Thank you very much. I appreciate all the color.

OPERATOR: Our next question comes from the line of Chris McGratty with KBW. You may now unmute and ask a question.

CHRIS MCGRATTY: Great. Thanks for putting me in. If we think about capital allocation into the lending

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business into 2027, given the rate discussion, is there any change in where you see the best returns, either by product or geography?

GONZALO LUCHETTI: Hi, Chris. Good afternoon, I suppose now. I think probably a bit early to say as you think about 2027, right? Because we, as everybody else, we have to go through our planning cycles and stare at what also was this quarter and the level of activity. The market is pretty dynamic, and Jane was just alluding to a few of the elements there with what's happening with rates. What are the reverberations? Will it impact?

And some of the questions around the maturity wall that Jane was talking about and any supply competition. Does it impact for some projects, especially maybe outside of the AI and tech turbo boost? What if any impact does it have in other industries on some of the marginal projects? I think we have to see a bit how the fourth quarter plays out and how the rate environment also lands to have a clear picture as to into 2027.

JANE FRASER: Yeah. What I also just remind everyone is when we're looking at capital allocation to lending, we don't think of it just as a product. There's tremendous cross-sell off our platform. This is one of the disciplines that Vis has really driven into the business and the team is how do we think of it within that lens? What I would say is we are very attentive at the moment, given it is quite a dynamic environment. Underwriting with a lot of discipline. We have a very diversified, not a concentrated, portfolio.

We've got rigorous limits that we're putting in place. We stress test, so if the cycles disappoint, we're in a good position around it, and we lend to companies with durable cash flows and collateral. I think we feel very good about where we're sitting right now and our ability to support clients in the growth cycle, but also to be that port in a storm if things do turn a different direction at some point.

CHRIS MCGRATTY: Thank you very much.

OPERATOR: Our next question comes from Matt O'Connor with Deutsche Bank. You may now dial star six and ask your question.

MATT O'CONNOR: Hi. Wanted to ask on credit card, you've obviously been leaning in on the general purpose, and seeing good spend volume growth, good growth in loans. The cost of that is kind of contra revenue. How far along are you in kind of the drag of those initiatives as we think about the revenues?

GONZALO LUCHETTI: Right. Thank you. Thanks very much, Matt, for the question. I think, maybe just to anchor for, let me start with the technical and then I'll give you the broader piece. You're correct. I think we talked about how in the NIR front there will be, especially some of the contra revenue plays through. In this particular quarter, you can see the rewards piece playing through as well as remember, we have in place some profit-sharing agreements with some of our partners. So, the fact that losses are performing quite well, that some of that gets shared. Still accretive for us because we don't share 100%, but that is what has a little bit of an impact on the revenue.

But to your point, when you look at the drivers and what we said about our strategy, which is the pivot towards general purpose card, and you're seeing those drivers healthy. If you look back the last two or three years, those same drivers we've been growing. If you think about a cards business, always the three engines that one thinks about is spend, borrow, and acquire. On all three, we've been growing at about a 5% to 6% annual rate for the last three years compounded. That's what's driving the NII. That's what gives us confidence. What I also like about it is this is a scale franchise, and we are operating at around our through-the-cycle targets. So whilst we are investing, and to Jane's earlier point, we're not losing the discipline on returns and on expenses as we go along. Thank you.

MATT O'CONNOR: Okay. On the private label side, it is obviously a much smaller piece of the overall business, and that has kind of been grinding down. Just remind us if there are opportunities to move some of those

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balances to the general purpose portfolio over time, or if there are other kind of strategic options with that business over time. Thank you.

JANE FRASER: Yeah. I think what we have been seeing is this shift to more of the co-brand proposition. A fair number of the partners we have been in or are in discussions about pivoting to more of a co-brand, which is in line with much of the consumer behavior. So that is one of our areas of focus there. You are right.

OPERATOR: For our next question, we will go to the line of David Chiaverini with Jefferies. You may now unmute and ask your question.

DAVID CHIAVERINI: HI, thanks for taking the question. I wanted to ask about the investment banking pipeline. How should we think about the pipeline for the fourth quarter?

JANE FRASER: Look, I think you should feel pretty good about the pipeline. It's a solid pipeline, to say the least. The U.S. is the center of the action for both advisory and capital markets. We're seeing a bit of pickup in Europe and Asia, but a lot of this is about the U.S. In terms of the pipeline, equity markets is more follow-on driven. The IPO market continues to be a bit more selective, so certainly an option for issuers with durable earnings. The DCM pipeline is strong, but it's supported by clients acting before rates move higher and stay there for longer. I mentioned that we're expecting refinancing activity to stay elevated, particularly in investment grade, because the spreads are pretty tight there. As we look further out, you've got this three-year maturity wall occurring. The overall sentiment for deal-making is constructive. We're seeing continued CapEx, elevated strategic dialogues. I would say we expect to see an above-average wallet, even if it pulls a bit back from the 2026 near record levels for the rest of the year. The bit that's quieter has been sponsors. They've continued to sit on aged assets that are just slower to monetize. But we see continued engagement with them for M&A and IPOs. As long as macro is stable, we don't see that changing.

DAVID CHIAVERINI: Thanks for that. I also wanted to ask about the AI infrastructure build-out. In what ways is Citi participating in or not in the financing of this build-out? Talk about the appetite Citi has for it.

JANE FRASER: Yes. The tech and the related AI activity has been very busy for us. If you look at it, we were in equity capital markets. We're involved in the lead roles on SK hynix and Intel in equity capital markets this quarter. Same in DCM. We're on 17 of the top 25 investment-grade deals, including the lead left in the largest-ever high-yield bond issue that was for SoftBank. So we have been very active in the AI space, really across the board, financing, advisory, and helping advise clients on how they can be growing. Yep.

OPERATOR: Our next question comes from Kunpeng Ma with China Securities.

KUNPENG MA: Good afternoon, Jane and Gonzalo. I have a question on the Services business. It's a very good time for global transaction banking. Could you give some color from the client side, what kind of client activities and client demand are supporting this strong performance, and the sustainability of that kind of typical client demand?

JANE FRASER: If you think about, what do our clients need, they are looking at liquidity, payment, custody solutions across the board and across the world. They are looking for, increasingly, always-on, real-time, interoperable, efficient and secure solutions for their cash management, for their custody and all of their liquidity and payment needs. So it’s a little bit of they want to have their cake and eat it without putting on the calories. We're in a position to provide that comprehensive, market-leading set of solutions to those clients holistic needs. We're seeing the client base growing a lot as we get new high-growth verticals coming in, particularly in the fintech space and some of the digital asset players, but also we’ve seen it in e-commerce. As the world gets more fragmented, ironically we’re seeing a lot more activity, clients moving money differently around the world, we’re seeing clients connecting the Middle East to Asia in a way that didn't happen five years ago, or Latin America to Asia, that had not been a major corridor, that’s been growing, in addition to all the usual

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ones that we see. The client base is really ripe for a platform like Citi's, and that's where we're seeing very little client attrition, we're seeing a lot of growth and deepening with existing clients, but we are also excited to see a lot of new client acquisition coming through as well.

KUNPENG MA: Very helpful. May I have a quick follow-up on the digital assets. Could you share some color about the contribution of digitalization and related activities?

JANE FRASER: The area we've been focused on comes back to what the client needs: an instant, always-on way to move money, which involves a connection between the traditional financial world and stablecoins. Interoperability and choice are important, we want to give clients a choice between different platforms and capabilities so they can choose what's best for their particular need. There's no one-size-fits-all here.

As I've said before, Citi Token Services and deposit tokenization are probably the area we're most excited about, because it's so easy for clients to move money from one account within Citi to another, taking advantage of our blockchain capability. This capability is now operating in seven markets around the world and connects into our 24/7 clearing capabilities, meaning it's not only instant and always-on between Citi accounts, but also connects into 300 peer banks around the world. That's a compelling proposition for clients.

We see less activity on stablecoins, honestly, given the nature of our client base. Stablecoins can be a bit more clunky, with more complexity around compliance, accounting and tax when moving money around the world, whereas tokenization provides the easiest way to do it, which is why we've seen more growth there. We're also building out digital asset custody, with our platform going live later this year, which will offer one-stop shopping custody, including for digital assets.

OPERATOR: For our next question, we'll return to the line of Mike Mayo with Wells Fargo Securities.

MIKE MAYO: I'd like to return to the implication of AI on Citigroup. Is Citi an AI victim or beneficiary? The victim scenario being the AI scare trade that deposits will flow out of Citigroup due to more advanced cash sorting. Could you also address how much you spend on cybersecurity and protecting customer privacy and identity, and on the other side, how you're deploying AI for additional efficiencies? I saw Citi move up in the most recent AI survey ranking, could you describe what you've done at the enterprise level and the benefits you're getting from AI?

JANE FRASER: Well, I was somewhat surprised we were only near the top 10, I think you've understated where we should be, Mike, but we'll talk about that later. We're deploying AI at scale with measurable results. Let me talk about the benefits first, then cybersecurity.

First, we're supporting our clients on the build-out and transformation of their businesses, capturing a significant share of client activity as that ecosystem mobilizes capital at pace. Second, our own adoption of AI is both earning and saving us money, tangibly improving productivity and efficiency through the bank. AI is accelerating our product development life cycle, we're launching new products at lower cost and faster speed, typically seeing a 30% to 40% increase in the speed of product launches. Another example: 14,000 of our engineers use our main agentic coding tool, Devin, making it much more efficient to do work in-house. We've been in-sourcing work and have reduced our tech vendor spend by 30% year-over-year as a consequence, with a long way still to run.

Perhaps the biggest example: around 100 of our most manual processes have been or are being reengineered end-to-end, leveraging AI and automation. This is a firmwide, systematic program and an important pillar of the structural efficiencies that will further improve our operating efficiency in the near term. This year alone, we're seeing the financial benefits from AI and automation significantly outweigh the investments we've made year-to-date, and that will accelerate in coming years, since the benefits recur year after year once the investment is made. We're also using AI to generate revenue and improve the client experience. It's earlier days

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still on revenue generation, but in Services, our AI tools for client service agents operate in 82 countries, response times have improved for clients by 21%, and client satisfaction scores are better. You've heard us talk about Citi Sky, in pilot now in our Wealth franchise. AI is happening across our firm, helping us earn and helping us save money.

On making Citi safer, we continue to invest in leading-edge capabilities to bolster our cyber defenses and deploy AI responsibly. AI is tremendously exciting, but it also puts powerful tools in the hands of bad actors. If we're going to innovate at speed, we have to manage risk at speed and retain trust. I'm pleased with how we're deploying frontier models securely through a structured harness across our entire perimeter, identifying and addressing vulnerabilities at speed and scale, and working closely with peers and industry leaders to ensure defense is coordinated across industries, given how interconnected AI systems are arriving in the world.

I am not worried about deposit flight risk in Services. The benefit we have, the network we've built, is so hard to replicate across its multiple dimensions. We constantly demonstrate that we're at the forefront of applying innovations and new capabilities to disrupt ourselves and advance our proposition, which is why we have this very high win rate and continue bringing in new clients and new business onto the platform with very little attrition. My job is always to worry, but it's also to make sure we do something about it, and we're doing that in a constructive way that retains trust.

OPERATOR: And there are no further questions. I will turn the call over to Margo Pilic for closing remarks.

MARGO PILIC: Thank you, operator. Thank you all for joining us today. We look forward to speaking with you and addressing any follow-up questions you have.

OPERATOR: This concludes Citi's Third Quarter 2026 Earnings Call. You may now disconnect.

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, macroeconomic, geopolitical and other challenges and uncertainties, including higher interest rates, elevated inflation and conflicts in the Middle East; and 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 2025 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.