

THE ECONOMIC CLUB

O F W A S H I N G T O N, D. C.

**Excerpts from the Signature Event featuring Michael L. Corbat,
CEO, Citigroup INC.**

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Our global economy is sprawling and multifaceted. It takes financial products and services well beyond just lending to keep today's economic engine running and in gear.

Our firm isn't big just for the sake of being big. We're deliberately scaled to serve our clients in the communities and cities around the world. And third – and importantly third – in an era of globalization, this country – indeed, all countries – need banks like ours to help multinational companies grow, expand, and remain competitive in a rapidly changing economic environment.

Today we can honestly describe ourselves in four words: simpler, smaller, safer, and stronger. That's because in many ways, as an institution, we've gone back to our roots, focusing on providing banking services to consumers and institutions. We've shed more than \$700 billion of assets, 60 non-core businesses from many parts of the world. We no longer are in the insurance business, hedge funds, private equity. We aren't an asset manager and we aren't a retail broker. We're a bank. . . . our mission is, in its simplest terms, to drive economic growth and progress. Basic banking.

Citi's competitive advantage over our domestic and international peers is a network that spans more than a hundred countries. In some of these nations, our presence dates back more than a century. For a client looking to break into a new market or expand into an existing one, Citi's long-established, on-the-ground expertise is invaluable. Last year alone, Citi facilitated some \$600 billion in trade flows for our clients, about half of which was for U.S.-domiciled firms or their overseas subsidiaries. So when Apple opens a store in South Africa or Caterpillar ships a tractor to Thailand, you can be sure an American global bank will be there to support them.

. . . the world's biggest banks are overwhelmingly located in Europe and in Asia, and only one – one – of the top 10 banks in the world happens to be here in the United States. The U.S. banking system is also less concentrated than its peers overseas, where big banks hold a much higher percentage of total assets in their financial systems.

. . . banking has always been essential to growth and innovation. In fact, if you look at a long-term chart, one going back centuries, you'll see a line that stays mostly flat until about 1700, and that's more or less when modern banking and the financial system started to take shape. And from that point on, the line shoots dramatically upward.

. . . looking beyond the basic roles that banks play – such as safeguarding of money, the depositing of paychecks, paying bills – but the reality is that just about every aspect of modern life is profoundly touched by modern finance. From schools to roads and airports and financial services like insurance, to the many innovations that make life exciting, none would be possible in scope, extent, or quantity without a modern financial system. Even governments operating at every level – local, state, federal – depend on the banking system to finance their operations, build infrastructure, transfer funds, pay their employees. And, yes, our global economy is sprawling and multifaceted. It takes financial products and services well beyond just lending to keep today's economic engine running and in gear.

Citi first came into being . . . as a trade bank more than 200 years ago, when the charter of the First Bank of the United States expired and a group of merchants banded together to pool capital

and export goods. That most fundamental of all economic activities, trade, still lies at the heart of what our mission is today. Every day we – and, yes, other big banks – help American firms compete on the world stage, create jobs, and sell their products in markets around the world.

Banks also create jobs, directly and indirectly. The six largest banks in the U.S., for example, collectively employ about 1.2 million people. According to the Bureau of Economic Analysis, every financial-sector job creates and supports more than one additional non-financial-sector job, bringing large banks' total employment contribution alone to somewhere around 2 ½ million jobs. That's more than one out of every 50 jobs in the private sector of the U.S. Large banks are also critical to job creation in less direct ways. We provide 40 percent of the small-business loans, 85 percent of all consumer credit, and continue to service 70 percent of all mortgages.