



ESG at Citi

2021 Executive Summary



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for the love of progress





About This Summary

This is an Executive Summary of Citi's 2021 Environmental, Social and Governance Report, which covers our ESG activities and performance for the calendar year 2021. This summary and the full report highlight how we bring our mission and value proposition to life through our business. All reporting and performance data are limited to information for the owned and operated facilities of Citigroup Inc. and its subsidiaries unless stated otherwise. Additional information about Citi can be found on our website at citigroup.com. For more information on Citi's ESG efforts, please visit citigroup.com/citi/about/esg/ or contact:

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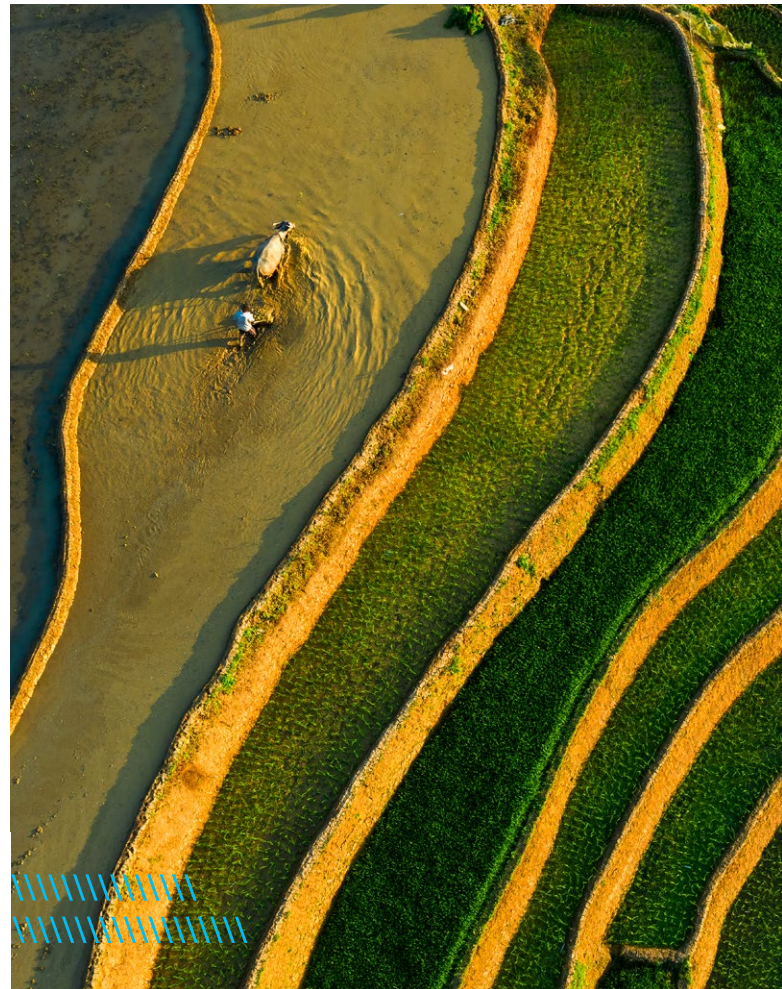
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ESG at Citi

At Citi, our ESG agenda reflects the role and responsibility we feel as a global bank to help solve many of society's toughest challenges. It's a part of our business model, and embedded in the products and services we offer. As we continue to evolve our ESG priorities to address ever-changing realities around the world, we remain committed to sharing our progress – as we believe transparency and accountability are key to success.

2021 Highlights

Furthered the acceleration to a sustainable, low-carbon economy that supports the needs of society

- Committed \$1 trillion in sustainable finance by 2030, including \$500 billion for environmental finance and \$500 billion for social finance
- Financed and facilitated \$222 billion in sustainable finance activity in 2020 and 2021

Played a leading role in driving the transition to net zero

- Unveiled initial plan to reach net zero emissions by 2050, including 2030 targets for our Energy and Power loan portfolios
- Co-founded the Net Zero Banking Alliance, which will help establish an industry framework for decarbonizing the banking sector

Maximized positive social impact and advanced financial innovations in emerging markets

- Issued a first-of-its-kind \$1 billion social finance bond to expand access to essential services in emerging markets
- Announced a new commitment, through which we aim to invest in opportunities for 15 million low-income households, including 10 million women, globally by 2025

Deepened our efforts to help close the racial wealth gap and increase economic mobility in the U.S.

- Invested \$1 billion in strategic initiatives as part of Citi and the Citi Foundation's *Action for Racial Equity* commitment in year one of a three-year commitment
- Launched the Diverse Financial Institutions Group to lead and expand firm-wide engagement with minority depository institutions, diverse broker-dealers and diverse asset managers
- Worked exclusively with five Black-owned firms to syndicate a \$2.5 billion bond issuance
- Directed 68% of the Citi Impact Fund's 2021 asset allocation to women and/or racially/ethnically diverse founders of companies

Increased affordable housing in the U.S.

- Provided \$5.6 billion in loans for affordable housing projects in 2021, making Citi the largest U.S. affordable housing development lender for the 12th consecutive year

Continued transparency around pay equity and increased diverse representation

- Disclosed annual, public update on our pay equity review, highlighting progress on median pay for women globally and U.S. minorities
- Exceeded our three-year representation goals set in 2018 to increase representation for women globally and for Black talent in the U.S.
- Promoted one of the largest and most diverse Managing Director classes in recent years

Letter from Our CEO

As I write this note in late April, a war is raging in Ukraine with significant global ramifications.

From the beginning, we have prioritized the humanitarian crisis, doing everything we can to help the people in Ukraine, including our own colleagues, whilst keeping our business there operating so we can support critical supply chains and the NGOs delivering essential aid. We are also helping our multinational clients who have decided to wind down their business in Russia.

Although it might be too early to predict the war's long-term impact on the world order, it's not too soon to begin asking what it means for the issues at the heart of our ESG agenda – and the ESG agendas of so many other companies.

I recently returned from seeing clients in Europe and the Middle East, and it is security – be it energy, food, defense, cyber or operational – that's now consuming their attention. The challenges facing our society have not only reinforced the need for businesses such as Citi to step up, but also the critical importance of collaboration on a global scale.

Consider the climate crisis. At Citi, we've been proud to play a leading role in our industry's drive to a more sustainable future, and in recent months, we released our initial plan for reaching net zero emissions by 2050. But Russia's role as a major energy producer is forcing governments to reevaluate their energy security and supply. Ultimately, combating climate change cannot be done by any company or country alone; we need businesses making the right investments to achieve the necessary shift in supply, and consumers joining companies in advocating for governments to create the policy frameworks that will be essential to stimulating demand for clean technologies and providing the foundation for the clean energy transition.

This tension, of course, is not new. While Citi plays an enabling role in the transition to a net zero economy, we understand that it cannot occur overnight. We have to be thoughtful with the transition, meeting our clients where they are in their efforts, and then helping and pushing them to accelerate their low-carbon transitions.

Similarly, our efforts to expand financial access and opportunity have also gained new urgency. We have engaged every level of our business to think and act in support of equity and the goal of helping close the racial wealth gap and increase economic mobility in the United States. In order to effectively do this work and serve our clients and communities, we've set – and recently exceeded – talent representation goals to further diversify our own workforce and make progress toward pay equity at Citi.

We also continue to advance financial inclusion in underserved communities globally, expanding the scope of our work to areas such as healthcare, education, affordable housing and basic infrastructure. These efforts have become even more important amidst surging inflation and an emerging global food crisis that could be devastating for the world's poorest countries, which import much of their food and where households spend more than half of their income on food.

There are, of course, lessons to learn and apply to these challenges, particularly from the pandemic. COVID-19's disregard for borders underscored the interconnectedness of society. It also reminded us that global challenges demand a global, collective response. As the world becomes more fragmented, it is even more important for our global community of business to come together to confront the big challenges of our time.

At Citi, this sense of responsibility is something that continues to shape our decisions, business strategy, and firm-wide goals and

commitments. We continue to be focused on action and partnering with like-minded organizations that are also doing the work. And for us, it's not just about the big numbers; it's the small number – helping society get closer to zero. Zero carbon emissions. Zero wealth gap. Zero pay gap. Zero poverty. Some might say this is idealistic, but having ambitious goals is what helps us make meaningful progress. And it's going to take all of us, working together, to make sure we continue to go in the right direction.

I invite you to learn more about these initiatives in the pages that follow. Our ESG agenda is not a separate layer that sits above what we do day-to-day. It is an effort that we began at Citi many years ago that has become core to who we are as a company and our daily worth as a bank. While our efforts will continue to evolve to reflect new global challenges, our commitment to transparency and accountability will remain constant. We will continue to share our progress and lessons learned, and we will continue to innovate and push to use our core capabilities, expertise and talent to lead by example and demonstrate how Citi is truly a bank with a brain and a soul.

Jane Fraser

JANE FRASER
Chief Executive Officer





IT TAKES EVERYTHING TO REACH

ZERO

— NET EMISSIONS BY 2050 —

NET ZERO

Leading Transition Finance to a Net Zero Future

As a global bank with bold, public commitments to help tackle climate change, we are often asked the question: “Wouldn’t it be better for the climate to divest from the fossil fuel industry?” What appears at first glance to be a straightforward question is a more complex issue that is often oversimplified. Climate science tells us that in order to limit global warming to 1.5°C above pre-industrial levels, we must reach net zero greenhouse gas (GHG) emissions by 2050 – which requires us to collectively reduce emissions while also accelerating clean energy solutions. That is exactly what Citi is focused on doing, and as a global bank, our job is to help our clients do the same.

Q&A



VAL SMITH

Chief Sustainability Officer



JASON REKATE

Global Head of Corporate Investment Banking

Q: *Why doesn't Citi's net zero approach include plans for divestment?*

Smith: A net zero plan is predicated on the idea that we will transition different sectors of the global economy to net zero emissions within specified timeframes. The key concept here is transition, which means reducing GHG emissions to as close to zero as possible by mid-century, and charting that path with the aid of climate science-aligned emissions targets between now and 2050. For Citi, we've started by establishing interim 2030 targets for our Energy and Power sector loan portfolios to help us meet our 2050 net zero commitment.

Divestment of certain sectors – such as fossil fuels – implies that there is no possibility of a low-carbon transition for these sectors. Citi's view is that this transition is not only possible, but also essential, to achieve the economy-wide GHG reductions we need. It's our role and responsibility to work with our clients and help them find more low-carbon ways to do business.

Rekate: In fact, our clients are looking to us to advise and partner with them on transition strategies. We have the opportunity to provide the resourcing, capital and expertise they need to decarbonize their businesses responsibly. Divestment would leave many of our clients who otherwise need our help with less capacity and incentive to make that transition. Given the size, scale and globality of Citi, we can offer better prospects for achieving net zero together by staying engaged in this work with our clients, rather than exiting it. After all, being a dependable and reliable partner for our clients, and helping them to navigate challenges, is a hallmark of our business.

Q: *What does a responsible and orderly transition look like?*

Smith: The reality is that the world has significant needs for energy, and although we are beginning to decarbonize, we currently rely on high-emissions energy sources to power the global economy. Different countries are in different stages of development, so the transition cannot happen in the same way or at the same pace for everyone across the globe.

We're particularly focused on how we can help developing countries make the transition, while also meeting their current economic and social needs. We know that many low- and moderate-income communities are also often the most vulnerable and disproportionately impacted by climate change, which presents a dual dilemma – how can they continue to develop in a lower-carbon way, while also increasing their resiliency to potential climate shocks? We want to support their transition in a way that minimizes economic disruption and unintended social consequences, such as economic dislocation and negative impacts on labor forces.

Rekate: This kind of economic disruption is precisely what would happen with short-term fossil fuel divestment. We don't currently have sufficient replacement sources of energy or alternative technologies for both developed and developing countries to step away from all the fossil fuels we use. We need to make the investments that will drive these technological advancements – especially in developing markets that produce energy, like India and Brazil – and also lower the development costs before they can be used in a meaningful way. We also need to take into account current



world events and the impacts they have on energy resources and costs, just as we're seeing now with the continuing conflict in Russia and Ukraine.

As our clients look to divest from or retire carbon-intensive assets, we also need to consider how to help them do that responsibly. While certainly not easy, the overall goal is to reduce emissions, rather than simply changing ownership.

Q: How are we working with our clients, and what kinds of conversations are we having with them?

Rekate: The transition won't look the same for all our clients, and that's why we are engaging client by client, sector by sector. We've already begun having conversations with our clients to better understand where they currently are, their climate exposure profiles, and their perspectives on making the transition. Our client engagement and assessment process takes into account various considerations for how

we'll work with our clients – for example, will they publicly disclose their emissions? What are their near- and long-term transition opportunities? Are they willing to partner with us on a transition plan? We expect these kinds of discussions to deepen as we work towards our 2030 targets.

While this work is still in early stages, I'm encouraged by the level of interest and engagement we've seen so far. Many of our clients understand the advantages of transitioning to a low-carbon economy, and they are looking to work with us on solutions that will help them reinvest capital into cleaner forms of energy, or even fundamentally change their business models.

Smith: This area of work represents a major pivot for us. The way we talk to our clients about their businesses and decarbonization efforts has really evolved, and it's an exciting time to be helping to support this change.

Q: How is Citi uniquely positioned to be the leading transition bank?

Smith: Citi's net zero commitment builds on a sustainability track record of more than two decades, which is a substantial amount of time in the ESG space. We've been setting and meeting increasingly ambitious climate goals and commitments over the years. As a result, the building blocks needed to reach net zero by 2050 are deeply integrated in our business, with the critical support and engagement of our CEO. It's a commitment we take very seriously, because as the world's most global bank, we see a real opportunity to help drive the transition on a global scale.

Rekate: Not only are we the most global bank, we also deal with a large number of clients across Energy, Power and other sectors that will be working intensively on their transitions for years to come. Being helpful to these clients necessarily means that we must continue building our toolbox of client offerings, developing new products and structuring our business to optimize this work.

For example, in our Banking, Capital Markets and Advisory business unit, we have a dedicated team of bankers who are specifically helping our clients to transition. We also combined the knowledge and expertise of existing teams to form the Natural Resources & Clean Energy Transition team, to more effectively drive client engagement efforts in the energy, power and chemicals sectors.


Q: What are some of the biggest challenges and opportunities over the next few years?

Rekate: Perhaps the biggest challenge we're currently faced with is limited data. This includes the quantification of emissions associated with our clients, which is essential to understanding how our clients are planning to transition. As the availability and quality of data continue to improve, we'll be better positioned to assess, make decisions and execute on our decisions.

Smith: Since climate data, disclosure and technologies continue to evolve, there is no rulebook for what a good transition plan looks like. Despite this uncertainty, we are forging ahead to pursue our net zero commitment given the urgency of the climate crisis. Each step of our journey is a learning experience and an opportunity for progress – even if results are not realized right away. As we learn, we'll continue to share our progress, because transparency and accountability are cornerstones of our work.

There's also a critical opportunity for governments to enact strong climate policy and create the environment we need to accelerate our efforts and meet our climate commitments. We need policies that drive consistent standards for climate disclosure globally, send the appropriate price signals, create the right incentives, and ultimately level the playing field in this collective effort to reach net zero. ■

■ Given the size, scale and globality of Citi, we can offer better prospects for achieving net zero together by staying engaged in this work with our clients, rather than exiting it.



IT TAKES EVERYTHING TO REACH

ZERO

— PAY GAP —

TALENT & DEI

Driving Diversity, Equity and Inclusion is More Critical Than Ever

The COVID-19 pandemic and the disproportionate impact on communities of color, the murder of George Floyd, the resurgence of anti-Asian hate, the challenges working parents face balancing the needs of work and home, mental health struggles, an increase in anti-LGBTQ+ legislation and the widening racial wealth gap – these issues and events within the past few years have highlighted societal inequities and served as a catalyst for real change, fundamentally shifting how we talk about and take action around diversity, equity and inclusion (DEI) issues.



WRITTEN BY ERIKA IRISH BROWN

Chief Diversity, Equity and Inclusion Officer & Global Head of Talent at Citi

When I started working on Wall Street about 30 years ago, the conversation around DEI was practically nonexistent within banking. But today, we're past the point of making a case for DEI, and we recognize it's foundational to how we do business and impacts the bottom line.

Institutionalizing DEI is core to our business and culture at Citi, and it's not only evident in what we say but it is clear in what we do. As the world's most global bank, effectively integrating DEI requires a data- and business-driven strategy to enable growth and progress. Data tells a story and can influence people's thinking more so than anecdotes can. Also, our efforts are fueled by transparency and accountability, which we embed across our ESG and DEI work – including our

track record of disclosure and publicly setting measurable goals for our initiatives, like pay equity and aspirational diverse representation goals, respectively.

This approach has enabled us to make progress on our talent and DEI initiatives over the years. Our executive management team reflects the diversity of our employee and client populations, and we have exceeded gender parity on our board of directors. Our recently promoted Managing Director (MD) class was the most diverse ever. Over a third of the class were women and over a third in the United States were racial/ethnic minorities, and the MD class also included members of the LGBTQ+, Veteran and Disability communities.

We recently met and exceeded our representation goals for women globally and Black talent in the United States, and we have no plans of stopping our commitments on this front – we'll set new, aspirational representation and recruiting goals that will expand to new markets and additional underrepresented groups later this year. At Citi, we have built a solid foundation of talent and DEI work, and we're proud of the progress we've made and the opportunity to build on it in the future.

The globality of our bank allows us to glean perspectives from different cultures, races/ethnicities, and backgrounds, while also advancing issues that are important to our people, clients and the communities we serve. It's important we have globally consistent practices that seamlessly integrate the needs across talent and DEI to help us recruit, attract and retain professionals who are reflective of diversity in all its forms.

So what are some of our top priorities for 2022?

- **Continuing to lead with transparency**

To promote credibility and effectiveness in reaching our goals, we'll continue to break down barriers and be open and transparent about where there are gaps and opportunities for improvement across our talent and DEI initiatives. This includes representation and promotion metrics, progress on pay equity and our participation in the Management Leadership for Tomorrow Black Equity at Work certification. It's also important to continue updating our key stakeholders about our advancements along the way and to welcome diverse opinions and constructive feedback to strengthen our work.

- **Extending our track record of accountability**

Corporate policies, measurement and metrics are the cornerstone to a successful talent and DEI strategy, and it's critical to publicly set clear, measurable goals to hold ourselves accountable on progress. So, we will continue our efforts on this front, including expanding our aspirational representation and recruitment goals to new markets and underrepresented groups; embedding DEI goals in our executive scorecards; and participating in industry benchmarking surveys, including the Human Rights Campaign's Corporate Equality Index, Bloomberg's Gender Equality Index, Disability:IN's Disability Equality Index and the Hispanic Association on Corporate Responsibility Corporate Inclusion Index (CII).

- **Fostering more inclusion and allyship**

Engaging diverse perspectives from our people, our clients and the communities we serve across the world not only enriches how we do business but will also help us build our next generation of leaders at the firm. This includes developing inclusive leaders; strengthening our employee networks' programming; empowering allies (e.g., bystander and intervention training to stop AAPI hate); and deepening our relationships with diverse suppliers, professional development organizations, and community partners – all with a goal of embracing and empowering different dimensions of diversity and identity.



And as Citi builds on these priorities, success will be measured by how well our talent and DEI initiatives are aligned with the business and operations of our products and functions globally. Establishing the blueprint for globally-consistent talent and DEI practices for the firm and operationalizing a delivery mechanism for a data-driven and centralized talent and DEI practice will ensure we have a diverse pipeline of future leaders engaged around our commercial efforts globally. Leaders and managers will be armed with the data they need to understand where we are and where we need to go. And DEI will be institutionalized in every aspect of our business – because it's foundational to our growth and culture and a holistic part of who we are.

Dimensions of diversity and our uniqueness will only continue to evolve, and there will be more points of intersectionality as well. As a global company, we see endless opportunities to engage our people and think about talent and DEI more broadly, including connecting the conversation across regions to globalize how we think and act around issues, recognizing and celebrating intersectionality, creating solutions for socioeconomic diversity and driving opportunities to support underrepresented groups.

It's been a long and challenging road for DEI, but with the progress we've made and continue to make, I'm hopeful and excited for our future. ■



IT TAKES EVERYTHING TO REACH

ZERO

POVERTY

SOCIAL FINANCE

Maximizing Social Impact in Partnership with Our Clients

- *We often point to Citi's global footprint as our core differentiator – but this is especially true when it comes to driving social impact.*



WRITTEN BY JORGE RUBIO NAVA

Global Head of Citi Social Finance

Over 15 years ago, in one of my early roles at Citi, I was introduced to Compartamos, a pioneering microfinance institution providing working capital loans to low-income women entrepreneurs in the south of Mexico.

The company was expanding at a rapid pace, maintaining high levels of portfolio quality, and it became evident that it needed access to diverse sources of commercial capital to continue funding this growth and expand its outreach. After visiting Compartamos' operation to understand the business model, we opened their first account at Citi and quickly began to see the potential to help our new client support the needs of the local community at scale – by connecting the company, and the women entrepreneurs they serve, to capital markets.

Back then, such initiatives to drive social impact through client transactions reaching the so-called “last mile” were in the early stages, and our approach was relatively simple, focusing on improving financial access. However, a lot of work had to be done to increase investor awareness in order to establish microfinance as a new asset class.

At the time, the size and breadth of the challenges facing vulnerable communities in Mexico were enormous, with over 65% of the adult population still unbanked. I began to recognize how important it was to use the power of our business to develop scalable solutions, how much more we could be doing, and just how expansive a role an organization like Citi could play in increasing financial inclusion in developing markets by using a commercial approach. A global bank like Citi could help change the world for the better through its resources and product expertise, and maximizing these resources became the fundamental driving force of my work over the past 15-plus years.

Our work with Compartamos had a clear and increasing impact over the years: in 2007, Citi acted as bookrunner when Compartamos issued one of the microfinance industry's first IPOs. In 2011, it expanded to Guatemala and acquired a bank in Peru. In 2020, in the midst of the pandemic, Citi acted as the joint bookrunner for a local bond issuance, closing at \$80 million, despite the uncertain economic environment. And just last year, we collaborated with development finance institutions in the United States and Japan to provide Compartamos with \$70 million in financing

to reach 135,000 small businesses – 90% of which are women-owned. Throughout this period, Compartamos, now a full-fledged bank, went from a local finance company in Mexico serving 300,000 clients to a regional microfinance group serving 3 million.

This is just one example of how Citi has collaborated with our clients and partners in local markets to scale their presence and impact. Over nearly two decades, we continued to evolve our work and expand access to financial services for individuals and communities that have historically been outside the reach of traditional financial institutions. Our initial focus on microfinance – small dollar loans for individual

entrepreneurs – evolved into inclusive finance as we expanded the types of Citi clients and partners we work with to increase economic inclusion.

Fast-forward to 2021, which was a pivotal year: We announced the latest evolution of this work, building on our longstanding expertise and deepening our efforts to drive positive social impact. We broadened the scope of our work to help increase access to healthcare, education, housing, electricity, clean water, etc. – basic necessities that help improve the livelihoods of low-income communities in emerging markets. We announced a new commitment, through which we're aiming to invest in opportunities for 15 million households, including 10 million women, globally by 2025.



We also published our new Citi Social Finance Framework and issued a first-of-its-kind \$1 billion social finance bond, which supports Citi's broader \$1 trillion commitment to sustainable finance.

While the range of social issues we aim to address are complex, our mandate for Citi Social Finance is clear. We collaborate with clients and partners working in low-income communities, from microfinance organizations, local banks and fintech companies to local governments, multinational companies, investors and Development Finance Institutions. We then leverage our local expertise, balance sheets and access to global markets to mobilize capital. Our goal is to provide support to social enterprises and small businesses in these communities to accelerate and optimize their work, and to integrate social impact into our business model as a part of this process.

We often point to Citi's global footprint as our core differentiator – but this is especially true when it comes to driving social impact. One thing I've seen reinforced over the years is that our social finance efforts are inherently localized, and they can

change fundamentally depending on the culture, history and population makeup of a market. There is no one-size-fits-all approach. This is where Citi's status as the world's most global bank really comes in handy. Unlike other major banks, we have not only local currency capabilities, but also a true local presence with colleagues and networks on the ground to address specific needs. Over half of our global footprint is rooted in emerging markets. Our Social Finance specialist team works with Citi bankers on the ground who understand the local dynamics well and partner with us to develop and deliver innovative solutions.

While I'm incredibly proud of the progress we've made, I continue to look forward. Advances in technology, data collection and analytics, and many other innovations will enable us to expand our efforts. I'm more excited than ever for the future of social finance as we continue to deepen Citi's focus on embedding social impact in all that we do. ■



IT TAKES EVERYTHING TO REACH

ZERO

WEALTH GAP

ACTION FOR RACIAL EQUITY

Fueling the Economic Engines of Local Communities

Black entrepreneurs and small business owners across the United States continue to face systemic inequities, most notably access to capital. Even before the COVID-19 pandemic, Black entrepreneurs were nearly three times more likely than white entrepreneurs to see negative impacts on business growth and profitability due to a lack of access to financial capital. Studies also show Black entrepreneurs apply for bank loans less frequently than white entrepreneurs – they are about three times less likely to apply for credit when starting a business. Many hesitate to apply for a fundamental reason: They lack access not just to capital, but to the information centers and financial networks that connect them to that capital.

Q&A

**HAROLD BUTLER**

Managing Director and Head of Diverse Financial Institutions Group, Citi

**JIM SILLS**

President & CEO, M&F Bank

In September 2020, Citi and the Citi Foundation launched *Action for Racial Equity*, a \$1.1 billion initiative to help close the racial wealth gap in the United States. Citi has already invested \$1 billion in strategic initiatives just one year into the three-year commitment, including \$44 million in growth capital to support minority depository institutions (MDIs)—trusted sources of banking and access to capital for communities of color.

Recently, Citi created the Diverse Financial Institutions Group—a dedicated team within Citi that will lead and expand firmwide engagement with MDIs, diverse broker-dealers and diverse asset managers. This will enable Citi to provide equity, where possible, promote growth through deal opportunities and inclusion, and engage in capacity building—all of which will help reduce the racial wealth gap by strengthening the financial institutions that know the communities best.

Harold Butler, managing director and head of Citi's Diverse Financial Institutions Group, and Jim Sills, president and CEO of M&F Bank, a Black-owned bank servicing communities in North Carolina and one of Citi's first MDI partners, discuss the importance of providing equitable access to capital to communities of color, including Black entrepreneurs and businesses, and how financial institutions like Citi can help.

Q: *What led you to do this kind of work?*

Sills: Earlier in my career, when I was working at a national bank in Delaware, the African American CEO tapped me on my shoulder and said, "I want you to help me buy a minority-owned bank." At that time, I did not know that individuals could acquire financial institutions. During the Savings & Loans crisis,

we purchased an MDI founded in 1894 by Booker T. Washington from the Federal Deposit Insurance Corporation (FDIC). It was one of the best work experiences in my career. Given the size of the community, we could see the tangible difference we were making when providing access to capital to purchase homes and cars and expand businesses. I am pleased to report that I get the same feeling working at M&F, which is the second-oldest minority-owned bank in the country.

Q: *Describe Citi's work with MDIs, including the newly launched Diverse Financial Institutions Group.*

Butlers: Our work with MDIs is not new. We have a history of intentional focus and prioritization on strengthening the economic growth of MDIs. For example, in 2016, Citi piloted the Citi® ATM Community Network—a program that enables clients of participating MDIs, community banks and credit unions to access Citibank ATMs free of charge. One year later, the U.S. Department of the Treasury worked closely with Citi to develop and pilot their Financial Agent Mentor-Protégé Program. This program pairs large financial institutions with MDIs, with the goal of expanding Treasury's Financial Agent Selection Process, as well as helping interested MDIs become Financial Agent Banks able to perform and win U.S. Department of the Treasury contracts as prime contractors or subcontractors.

Yet, we knew more was needed. During 2020, in the midst of the global pandemic and the spotlight on racial injustices in the United States, we asked ourselves, "What more can we do? How can we make a meaningful impact in underrepresented communities by helping improve the way people live and what they have access to?" That began with deepening our

investments in MDIs through *Action for Racial Equity* to provide MDIs with more access to capital and the broader spectrum of Citi resources. Racial equity funds and loan commitments are a good first step, but to solve the nuanced problem of racial wealth disparity, large banks, like Citi, need to do more to democratize the myriad processes involved in enabling access.

With the creation of our Diverse Financial Institutions Group, it will help us institutionalize our work with diverse financial institutions and embed racial equity across our firm, enabling us to better support the communities we serve.

Q: *What were some of M&F Bank's needs when Citi first approached your team on partnership opportunities?*

Sills: We were in need of capital to continue to serve underserved communities in North Carolina. Without capital, it is very difficult to grow and expand. Capital is king! So, our relationship with Citi started with an equity investment in 2021. Then it blossomed quickly into lending opportunities, Bridge built by CitiSM, technical assistance for our bank, and of course the connection to the Mentor-Protégé Program. The work of the Diverse Financial Institutions Group collectively serves as an excellent partner.

Q: *This work involves fairly complex financial tools and processes, but ultimately, what's the impact it has on someone's life and the community in which one lives?*

Sills: Over our 115-year history, M&F has provided financing to thousands of customers across North Carolina, totaling over \$1.5 billion. I have a current tangible example. As a result of the Citi equity investment, M&F was able to participate in PPP (the Small Business Administration's Paycheck Protection Program). In 2021, we provided PPP loan funding for 630 businesses totaling \$35 million in 81 different markets across

North Carolina. Further, we've also been able to attract new businesses and customers, which has increased our assets from \$265 million to \$370 million over the past 20 months. The bottom line is that Citi's work with MDIs makes the banking sector a better sector. Collectively, we can help way more people. That's good for the economy, good for people of color and good for the industry.

Q: *What's the benefit of collaborating together across so many different areas – including equity investments, lending opportunities and the Mentor-Protégé Program?*

Sills: The key words are exposure and access. Small banks like ours are little economic engines for our communities, but we can only focus on a few things at a time. Partnering with banks like Citi exposes us to opportunities, partners and support. All that builds our growth potential and our sustainability. We're empowered and enabled, so when opportunities present themselves, we'll be ready; we can take off and go.

Butler: The power of banks like M&F comes from their locality – they know the local residents well, can reach people and build relationships on a deeper level. What we are doing helps them carry out the mission and provide lending products and other programs like financial education that can make a true difference in the greater community.

At the end of the day, it's about supporting communities. We've consulted with other big banks and have shared best practices about what we're doing in this space. We need all banks to have initiatives like this – that's how we can help close the racial wealth gap. ■



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