TRANSCRIPT

Citi First Quarter 2015 Fixed Income Investor Review

Thursday, April 23rd, 2015

Host
Peter Kapp, Head of Fixed Income Investor Relations

Speakers
John Gerspach, Citi Chief Financial Officer

PRESENTATION

OPERATOR: Hello, and welcome to Citi's Fixed Income Investor Review with Chief Financial Officer John Gerspach. Today's call will be hosted by Peter Kapp, Head of Fixed Income Investor Relations. We ask that you please hold all questions until the completion of the formal remarks, at which time you will be given instructions for the question and answer session. Also, as a reminder, this conference is being recorded today. If you have any objections, please disconnect at this time.

Thank you. Mr. Kapp, you may begin your conference.

PETER KAPP: Thank you, Thea. Good morning and thank you all for joining us. On our call today, our CFO, John Gerspach, will take you through the fixed income investor presentation, which is available for download on our website, Citigroup.com. Afterwards, John will be happy to take questions, joined by Deputy Treasurer Joe Bonocore. Unfortunately, our other Deputy Treasurer, Loretta Moseman, was unable to join us this morning.

Before we get started, I would like to remind you that today's presentation may contain forward-looking statements, which are based on management's current expectations and are subject to uncertainty and changes in circumstances. Actual results and capital and other financial condition may differ materially from these statements due to a variety of factors, including the precautionary statements referenced in our discussion today and those included in our SEC filings, including, without limitation, the “Risk Factors” section of our 2014 Form 10-K.

With that said, let me turn it over to John.

JOHN GERSPACH: Thank you, Peter, and good morning, everyone. We're pleased to be hosting our Fixed Income Investor Review this quarter. I'd like to begin by highlighting some key points from our first quarter 2015 results on slide 2.

Last week, we reported a strong quarter, earning $4.8 billion while making continued progress on our execution priorities.

U.S. consumer banking performed well, with growth in the retail bank. International consumer revenues were flat, but loans, deposits, and purchase sales all continued to grow, and we expect some of the headwinds in that business to abate as we go through the year.

Our Institutional businesses performed solidly, with revenue growth in Investment Banking, Corporate Lending, Securities Services, and the Private Bank. And, while parts of the fixed income business saw a slow start to the year, our rates and currencies franchise continue to see strong client activity.

Citi Holdings remained profitable again this quarter, and we reduced its assets by 19% from a year earlier to $122 billion. Over the past few months, we have made great progress towards divesting businesses in Citi Holdings, including the announced sales of our consumer businesses in Japan, Peru, and Nicaragua, as well as OneMain Financial. We expect these sales to close this year, totaling roughly $32 billion of assets, and we have several other active sales processes under way.

Also, we utilized $1.2 billion of deferred tax assets.

We continue to manage our balance sheet carefully, growing loans and deposits in Citicorp while improving our net interest margin from last year. We continue to reduce funding costs and strengthen liquidity by increasing the quality of our deposits and optimizing our debt outstanding. And our capital, leverage, and liquidity ratios remained strong.

On slide 3, we show total Citigroup results, adjusted for the items noted on the slide. As I noted earlier, during the quarter we earned $4.8 billion, generating a return on assets of 105 basis points and a return on tangible common equity of 11%. Net income grew by over $660 million year-over-year, with about one-third coming from core improvement in Citicorp and two-thirds attributable to lower legal and related expenses in Citi Holdings.

Revenues declined on a reported basis to $19.8 billion, but increased slightly year-over-year in constant dollars, driven by 2% growth in Citicorp. Expenses declined 10% year-over-year, mostly reflecting the lower legal and repositioning charges, as well as a benefit from FX translation. Our first quarter results provide a solid start to 2015, better demonstrating our underlying earnings power and the impact of the actions we've taken to simplify and streamline our operations.

On slide 4, we show trends in our balance sheet. We manage our balance sheet to optimize returns while also adapting to current and expected regulations. On a reported basis, our total assets declined by $10 billion in the quarter and over $60 billion in the past year, as a result of the dollar's continued appreciation against foreign currencies, especially the euro, Mexican peso, and yen.

To provide more meaningful insights into our underlying business trends, we've presented this slide, and several others in today's presentation, on a constant-dollar basis. On this basis, we have held our total assets around $1.8 trillion over the past five quarters. Net loans and deposits in Citicorp each grew 3% year-on-year across our businesses, offset by the continued wind down of Citi Holdings. Trading assets and liabilities also increased during the year, driven in part by increased volatility in FX and rates markets, which led to increases in both our derivatives asset and our derivatives liability. We reduced short-term borrowings by nearly $20 billion in the quarter in response to continued growth in high quality deposits. And our long-term debt declined, driven mainly by reductions of non-TLAC-eligible securities.

Slide 5 shows the trends in our loan portfolio. In constant dollars, total Citigroup loans decreased 3% year-over-year, as 2% growth in Citicorp was offset by significant reductions in Citi Holdings. Consumer loans grew 1% year-over-year, with broad based growth driving a 3% increase in international consumer loans. Corporate loans grew 4% year-over-year. Traditional corporate loans and private bank volumes increased, while TTS loans declined 10%. Spread compression in trade, especially in Asia, led us to reduce our on-balance sheet loans while we continued to support new origination for our clients. Citi Holdings loans decreased 35% year-over-year, driven by a $17 billion reduction in North America mortgages, as well as the reclassification of $10 billion of loans to held-for-sale, related to our announced agreements to sell OneMain and the Japan credit card business.

On pages 23 and 24 of the appendix, we have updated information on our corporate credit portfolio, including our energy exposures. Our total energy exposures are now $58 billion, down modestly from year end, and funded loans to the energy industry were stable at nearly $22 billion, or roughly 3% of Citigroup's total loans. While we did see some ratings downgrades during the quarter, 82% of our energy portfolio remains investment grade, in line with our overall corporate credit exposures, reflecting our strategy of focusing on large-cap multinationals. As a result of market developments and these downgrades, we built reserves against our energy exposures by approximately $100 million in the quarter. But we realized no material NCLs against the energy sector. While we are building reserves, we continue to believe that our risk is well-contained, and we continue to expect any losses we may incur to be manageable.

On slide 6, we show continued stability in our consumer and corporate credit trends. In the first quarter, consumer credit remained favorable, with a net credit loss rate of 222 basis points. In North America and

Asia, trends remain stable to improving. And, in Latin America, the NCL rate increased somewhat from last quarter on a normalized basis. However, the delinquency rate in that region continued to improve, which we expect to result in lower NCL rates later in the year. Our corporate portfolio also continues to see favorable credit performance. Nonaccrual loans improved slightly to 40 basis points of corporate loans.

Turning to slide 7, we show our deposit composition. Citicorp deposits grew 3%, with high-quality deposit flows across our franchise. Consumer deposits increased 2%, driven by 5% growth in international markets. North America deposits were flat year-over-year, even as we closed or sold roughly 175 branches over that period, representing nearly 20% of our branch footprint. Corporate deposits increased 6% year-over-year, as we saw continued high-quality deposit growth, particularly in North America, while at the same time we constrained flows of deposits with higher expected runoff rates under the LCR. Citi Holdings and other deposits declined significantly year-over-year, mainly due to the agreement to sell our Japan retail bank, which resulted in the reclassification of $21 billion of deposits to held-for-sale last year, as well as the continuing transfer of MSSB deposits.

Slide 8 demonstrates the diversity and stability of our deposit franchise. Our deposit base is geographically diverse and provides attractive local funding as we seek to match assets and liabilities by currency in each of our markets. Over 55% of our deposits are outside the U.S. We continue to work to improve deposit quality under the LCR. Our bankers understand the importance of growing higher quality deposits and working with clients to reduce lower quality deposits. In our consumer business, our deposits, which the LCR tends to value more highly, have consistently had an 87% LCR liquidity value over the past year. And, in the corporate business, we have increased the liquidity value of deposits to approximately 66% over the past year, by reducing 100% runoff balances, such as non-operating deposits from financial institutions, and by favoring higher-LCR-value deposits, such as corporate operating deposits. Overall, Citigroup's deposits have a 73% liquidity value under the LCR, up modestly over the past year.

On slide 9, we show Citigroup's net interest revenue and margin. Net interest revenue in constant dollars increased 2% year-over-year, and net interest revenue per day, seen below the bars, has continued to increase steadily. Our net interest margin remained flat sequentially at 292 basis points in the first quarter and was up slightly from a year ago on improved funding costs. In the second quarter, we expect our net interest margin to decline, perhaps by 2 to 3 basis points, similar to the trend we've seen in prior years. Looking to the second half of the year, our results will depend, in part, on the timing of divestitures, including OneMain and our Japan retail business. We estimate that without these businesses, on a combined basis, our net interest margin would be lower by roughly 7 to 8 basis points, before using any part of the associated gains to redeem high-cost debt.

As you can see on slide 31 in the appendix, we continue to expect a NIM benefit from a rising rate environment. We estimate that a 100 basis point parallel rate shock would increase our net interest revenue by $1.9 billion over the first year, for a potential NIM benefit of 12 basis points, similar to recent quarters.

On slide 10, we show the composition of our long-term debt outstanding. During the quarter, our long-term debt declined by $12 billion to $211 billion. Bank-issued debt accounted for $6 billion of the reduction. As deposits increased, we reduced our FHLB advances and securitizations outstandings at the bank. We now expect to issue less than $5 billion of securitizations for the year. We expect to continue to support this valuable program through periodic issuance. But, as we do not expect securitizations to count towards TLAC, we will likely reduce this balance over time.

Parent company debt declined by $6 billion during the quarter, mainly reflecting the reclassification of OneMain as held-for-sale. Senior and subordinated unsecured parent debt were broadly stable in the quarter. We currently expect to end the year with total parent company long-term debt of roughly $160 billion. In addition to long-term debt, we increased our total preferred stock outstanding to $14 billion, including our offering earlier this week. As a result, preferred stock now provides nearly 110 basis points of Additional Tier 1 capital.

On slide 11, we update our issuance and redemption expectations for long-term debt in 2015. In 2015, we continue to expect to issue $20 billion to $25 billion of benchmark debt, of which we issued $7 billion during the first quarter, including offerings in dollars and euros. We offered an additional $5 billion yesterday toward our issuance expectations for the year. Year to date, in addition to $5 billion of maturities, we have reduced long-term debt by $8 billion, reflecting $3 billion of buybacks of benchmark debt, as well as the impact of our agreement to sell OneMain. For the balance of the year, we expect additional redemptions of $4 billion to $5 billion of benchmark debt.

We expect the combination of new issuance, maturities, and redemptions to result in an increase in our long-term debt of approximately $5 billion for the year. So far in 2015, we have issued $3.5 billion of preferred stock, including the $2 billion earlier this week. We will remain opportunistic around market conditions, and currently expect to issue an additional $2 billion or so of preferred in the second half of 2015, as we continue to build towards 150 basis points of Additional Tier 1 capital.

On slide 12, we update our estimates of our total loss-absorbing capacity, based on the FSB's November consultative document and our ongoing discussions with regulators and other industry participants. Comment letters recently submitted to the FSB focused on the proper calibration and implementation of TLAC requirements. Specifically, discussions continue to focus on the appropriate level of required TLAC to achieve targeted policy objectives and the kinds of instruments that will qualify as loss-absorbing capital.

Comment letters also sought clarification with respect to internal TLAC requirements and their structure, and made suggestions to improve the workability of the pending proposal. However, since November, we have had no formal proposals or feedback as to our regulators' stance on these issues. Accordingly, consistent with our prior estimates, we include CET1 capital, preferred stock, and unsecured parent-issued senior and subordinated debt with at least one year remaining until maturity, as well as a small portion of our customer-related debt, in our estimates of TLAC. We estimate Citigroup's total loss-absorbing capacity increased to $270 billion, including the recent preferred issuance, or 21% of our risk-weighted assets and over 11% of our total leverage exposure. We calibrate this 21% against potential requirements of 20.5% to 26.5%, depending on the base TLAC requirement of 16% to 20% combined with our potential GSIB surcharge. We continue to await formal regulatory guidance or rules.

On slide 13, we address potential strategies for meeting TLAC requirements once rules are established. Our plans to meet potential TLAC requirements include actions to optimize our capital structure around other regulatory requirements, as well as those specifically targeting TLAC needs.

First, we will meet our CET1, Tier 1 capital, and total risk-based capital requirements through an efficient capital structure, which implies issuance of $4 billion to $6 billion of additional preferred stock and $8 billion to $10 billion of subordinated debt by the end of 2018.

Second, while the FSB proposal excluded structured notes, we are working with regulators and industry groups to address concerns cited as reasons for their exclusion. With some revisions to the proposed requirement, we may be able to increase the TLAC-eligible component of this program, potentially providing as much as $20 billion of benefit.

We would then generate additional loss-absorbing capacity if necessary by increasing issuance of TLAC-eligible senior debt while reducing our use of other funding sources, such as securitizations or repo, to maintain our balance sheet efficiency.

The right side of the slide illustrates one potential approach to addressing a hypothetical TLAC need. Assuming a TLAC requirement at the midpoint of the FSB range, or 18% of risk-weighted assets, and a

4% GSIB surcharge, we would face a total requirement of 24.5% of risk-weighted assets, or roughly $315 billion. As indicated on the prior page, we currently estimate our available TLAC at $270 billion, leaving a remaining need of $45 billion. With a current CET1 ratio of 11%, we would expect to retain $6 billion of additional CET1 as a buffer against ratio volatility. We could issue $4 billion of preferred stock and $8 billion of subordinated debt. And, in this example, we assume we could modify $10 billion of structured notes to qualify as TLAC. That leaves $17 billion of incremental senior debt issuance through 2018 or approximately $5 billion incremental per year. By issuing in multiple currencies, we can diversify our funding base and better align the currency profile of our debt with our risk-weighted assets. In summation, we believe that we have a number of alternatives for addressing TLAC, but we need to see proposed rules.

Turning to slide 14, let me summarize our capital position, which remains among the strongest in the industry. During the quarter, our fully phased-in CET1 capital ratio increased approximately 40 basis points to 11%, driven by our retained earnings and approximately $1.2 billion of DTA utilization. Despite the dollar's significant appreciation, FX had no impact on the CET1 ratio during the quarter. Under transition arrangements, our CET1 capital ratio increased by only 20 basis points to 13.3%, as our capital generation was partially offset by the phase-in of increased capital deductions. Our supplementary leverage ratio grew to 6.4%, driven by strong capital generation and preferred stock issuance, as well as a decline in our leverage exposure. Citibank's SLR also increased in the quarter to 6.6%.

On slide 15, we update our liquidity position. Our LCR under the U.S. rules is 111%, in excess of the 100% minimum requirement. HQLA declined modestly to remain just over $400 billion, while our improved deposit quality contributed to a modest reduction of our estimated outflows. We continue to expect the U.S. regulators to propose a U.S. version of the Net Stable Funding Ratio in 2015. We believe that we remain in compliance with the international NSFR.

Moving to our last slide, let me summarize four major points. First, we reported solid results in the first quarter, with modest revenue growth and positive operating leverage in Citicorp. We made continued progress towards winding down Citi Holdings, and we utilized an additional $1.2 billion of DTAs. Secondly, we have actively managed our balance sheet, maintaining total assets around $1.8 trillion and optimizing our assets and liabilities to support client needs and improve returns. Credit trends remain favorable across both our consumer and corporate portfolios, and we have managed our funding costs to maintain a stable net interest margin. Third, our deposit base remains a key strength as we continue to prioritize high-quality deposits. Our 2015 issuance plans are on track to support our operations and position us to adapt to regulatory changes, including preparations for formal guidance related to TLAC. And lastly, we have continued to prepare our business and balance sheet for the ongoing evolution of the regulatory environment. Our capital and liquidity remain strong.

This concludes our Fixed Income Review, and Joe and I will be happy to take your questions.

QUESTION AND ANSWER

OPERATOR: And the first question will come from Robert Smalley with UBS.

ROBERT SMALLEY: Hi. Good morning, everyone.

JOHN GERSPACH: Hey, Robert.

ROBERT SMALLEY: Thanks for doing the call. Couple of questions, one on a housekeeping note. Back on page 12, when you have the potential requirement, potential TLAC requirements, you've got 20.5% to 26.5%. In the presentation you did at the end of last quarter, that range was 20.5% to 24.5%. Is there any reason for that change?

JOHN GERSPACH: Well, at that point in time, we were still estimating, in the process of estimating, where we would be on GSIB. And I think that we've now come down squarely that our estimates would put us in a 4% bucket for GSIB. So that's the additional 2% that you've seen.

ROBERT SMALLEY: Okay. Great. Moving to slide – on page 31, the net interest revenue positioning slide – this and a question I'm going to ask about reserve releases is around the idea that we're all waiting for an interest rate rise or some change in the curve, which should ostensibly help the NIM, and in the meantime we're going to have to continue to drain reserve – we're going to have to continue to release reserves, although that's a diminishing pool. So my first question around this is, you have a number of different scenarios here – do you see one as more likely? And that's the first question. The second question is, when we look at an increase in fed funds, generally that means a steepening in the front end of the curve, fed funds to twos, but the rest of the curve historically has remained flat. Is that what you're positioning yourself for?

JOHN GERSPACH: Well, let me – you've got, as you said, several questions in there. So let me just go back to the very, very beginning. And I just want to make sure that it's clear that reserve releases have got nothing to do with interest rates. Well, they may both be contributing to earnings, but the diminishing level of reserve releases that you've seen, certainly in our books, is consistent with what our expectations were going into the year and I think consistent with the expectations that we shared with you back in January.

ROBERT SMALLEY: Right.

JOHN GERSPACH: So we're in the environment that we expected to be in.

ROBERT SMALLEY: Right.

JOHN GERSPACH: Having said that, yes, we would definitely benefit from a rise in interest rates, and we've given you – which I think is fairly traditional for most people – they shock it by 100 basis points. I would not want to opine at this point in time on what I would think is the most likely scenario for interest rates. I think that there's enough written about that. I can tell you that we, as we said in the call that we had last week, we're not expecting to be "bailed out," quote-unquote, by a rise in interest rates at this point in time. If we get a rise in rates, it'll benefit us, but that clearly is not the way that we've been planning for this year.

ROBERT SMALLEY: No, I was just going to say it speaks to the geographic and product diversity of the business, but go ahead.

JOHN GERSPACH: I was going to say, so our positioning is not – we haven't set aside a positioning saying we're betting on a rate environment. This is somewhat the natural positioning of the business. We definitely do benefit again from a rise in rates; we know that. And most of the benefit that we would expect to get would be on a rate rise concentrated in the short end of the curve.

ROBERT SMALLEY: Okay. And if we can circle back on reserve releases, most of them in the quarter came from Holdings and North American consumer business. How do you look at judging where you have excess reserves, reserves that can be released? Could you talk a little bit about the dynamism of that process? And how much more do we have left? If everything remains stable, how much more do we have left between now and the end of the year?

JOHN GERSPACH: Well, if everything remains stable, we don't have any more reserve releases to the end of the year in our – certainly in our North America consumer business – because I should have released them already. So I think from a Holdings point of view, the reserve releases that you've seen, it's consistent with the declining portfolio. So there's some credit improvement in there, but as we noted during the presentation, we've greatly reduced the amount of loans that we're currently holding in

Holdings. You've seen the reduction that we've had in U.S. mortgage levels that are in Holdings. We're down to $54 billion worth of mortgages. And so most of the Holdings releases are really coming out of the mortgage book. And, again, it's resulting both from credit improvement but I think just as importantly from asset reductions.

And as we noted in the call last week, we don't – even though we're hopeful that credit quality will continue to improve somewhat during the year – we don't see where, even with improvements in credit quality, you're going to continue to benefit, or we're going to continue to benefit, from significant amount of loan loss reserve releases in our various businesses, because we're also into a period now where we're looking to – we have growth in the underlying loan portfolios.

So the two factors of growing the loan portfolio and the somewhat stabilization of credit should keep our reserve levels either steady as they are now or perhaps even require some builds later in the year.

ROBERT SMALLEY: Okay. That's very helpful. Thanks. And thanks for doing the call.

JOHN GERSPACH: Not a problem, Robert. Happy to do it.

OPERATOR: The next question will come from Ryan O'Connell with Morgan Stanley.

RYAN O'CONNELL: Good morning, John. Actually, I'd just like to focus on what you were talking about, the reduction in U.S. mortgages and Holdings, which is impressive. And then there's another area, but just to focus on this for a sec. So, one, I assume that the pending sale of OneMain doesn't have anything to do with those numbers, right? That's totally separate?

JOHN GERSPACH: That is correct, Ryan. That is correct.

RYAN O'CONNELL: Yes, so could you give us a sense of two things? One, the breakdown between just people paying down the debt or you're selling off mortgages. I guess what I'm trying to get to is what you see as the glide path for this portfolio for the rest of the year.

JOHN GERSPACH: The glide path is somewhat difficult to predict. I think that if you were looking at the mortgage book, you do have to break it down into at least two broad components. One would be the amount of home equity loans that we have, and that is I believe roughly about $24 billion right now. And that was laid out certainly in one of the slides we had last week. You see that that element of our book is really driven by paydowns, because there really is no market to do asset sales in home equity loans. And so I think that if you just look at the pace of asset reduction in home equity loans, that gives you a pretty good view as to how we would anticipate that book coming down over time, and it's slow. It's slow.

The remaining part of the book, the $30 billion, then, of first mortgages that we have, there we get the combined benefit of both paydowns as well as asset sales. I don't have the breakdown in front of me of how much the paydowns were during the quarter, but they are at a pace right now where we're going to get $1 billion to 2 billion of paydowns during a quarter from that. And the rest of it will come from asset sales. And the pacing of asset sales is really going to depend upon the markets, the economics that are associated with the various classifications of mortgages. So it's going to be somewhat episodic.

RYAN O'CONNELL: Okay. Thanks. That's really helpful. And then just the other thing I wanted to ask you about this, John – it's really just to clarify something. So in your slides, I think it's 11 or so, so you've reclassified $5 billion of OneMain debt. And I guess, is that just stuff you pay off at closing, or does it go with the deal? Just trying to get the mechanics of that.

JOHN GERSPACH: Yes, in the quarter, since we did sign a definitive agreement to sell OneMain, and since it is a significant business, we therefore reclassed all the assets and all the liabilities of OneMain into held-for-sale. So you don't net the two, but the assets come out of loans and wherever else they were, and they go into other assets held-for-sale, and the same thing on the liability side. And our estimation is that those liabilities, especially the liabilities that you're talking about, the securitization and the debt liabilities of OneMain, will go with the business at the point in the sale.

RYAN O'CONNELL: Got you. Okay. Thanks a lot.

JOHN GERSPACH: Not a problem.

OPERATOR: The next question will come from Arnold Kakuda with Bloomberg.

ARNOLD KAKUDA: Hi, guys. Thanks for having the call. Really appreciate it.

JOHN GERSPACH: Not a problem.

ARNOLD KAKUDA: I think you mentioned – I think you guys mentioned that in terms of benchmark redemptions left, it's about $4 billion to $5 billion. Could that potentially include – let's say you have some high coupon TruPS that might be redeemed at the end of this year? Could that potentially include TruPS in that number, or – ?

JOHN GERSPACH: Well, is it possible that were we to redeem TruPS, that they would be included in that number? Yes, they would be. But I'm not going to tell you that we've got current plans to redeem those TruPS.

ARNOLD KAKUDA: Okay. Got it. And then in terms of – you guys were very helpful on our last call in terms of calling out the sensitivity of your GSIB buffer to changes in the FX rates. And is there some sort of sensitivity that you guys can give us in terms of what – if the euro moved again, let's say, I don't know, to euro parity or say down to 0.95, would that kind of be enough for you to shift into potentially a – from 4% bucket to a 4.5%?

JOHN GERSPACH: I don't think that the sensitivity – you know, I haven't run that particular scenario. The additional complexity, of course, is that you're not just dealing with one pair. It would be nice, even, if it was so simple that all I had to worry about was dollar-euro. But the 79 other institutions aren't as simple as either dollar or euro banks. I've got banks that use a multitude of currencies that are included in there, and that makes the sensitivity calculation really, really, really difficult to do. So I can tell you that we don't believe that the euro moving to parity would be in and of itself enough to move it to the 4.5% bucket, but in order to be something definitive I'd have to run several models, including not just dollar-euro but dollar-euro, pound, won – all sorts of different currencies. So I apologize.

ARNOLD KAKUDA: Okay, great. Thanks. And then one more. A European competitor kind of announced a big legal settlement today, but you probably can't talk about that. But could you just remind us of – you had some legal settlements in last year. And then along with that, you had some increases in operating risk RWAs. So can you just remind us again in terms of how legal settlements could potentially lead to potential increase in RWAs? Could you just kind of walk us through that, what happened again last year with you guys?

JOHN GERSPACH: Yes. I think everyone is still going through model reviews on op risk. So I can't give you the definitive path by which a particular legal settlement then would lead to increases in op risk. But, obviously, we are impacted both by our own legal settlements, as well as operating losses – call that legal settlements – that are incurred by others. And so each can have an impact, but I can't tell you that it's – you take this, multiply it by 4, divide by 10 and that's the number. So it has an impact, but I can't reduce it to a formula for you.

ARNOLD KAKUDA: Got it. All right, great. Thanks a lot.

JOHN GERSPACH: Okay.

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

GLENN SCHORR: Hi. Thanks.

JOHN GERSPACH: Hey, Glenn.

GLENN SCHORR: Hello, there. So heard your overall comments on energy, and I do note that energy prices are up like 15%, 20% so far in April. So, with that said, I like slide 24 back in the appendix, where you give some more detail. So the question I have is if 82% is investment-grade for the overall portfolio, how that breaks down for the oil and gas sleeve of the close to $18 billion?

JOHN GERSPACH: When you say the oil and gas, you're talking about – okay, the oil and gas E&P, right?

GLENN SCHORR: Correct. Sorry.

JOHN GERSPACH: So that has been consistent. That is slightly below the overall 82%. That's roughly 75% investment-grade, and that's been fairly constant since year end.

GLENN SCHORR: Great. I appreciate it, and thanks for doing the call.

JOHN GERSPACH: Not a problem, Glenn.

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

GERARD CASSIDY: Hi, John. Thank you for taking the call.

JOHN GERSPACH: Not a problem, Gerard.

GERARD CASSIDY: Can you share with us – you touched on the home equity portfolio in Citi Holdings going down slowly due to paydowns. Are there any ways that you see – or what would need to happen for that to accelerate? Will housing prices need to rise 15% or 20% from here and a lot of people to refi out? What kind of scenario would you have to paint to see that accelerate that paydown?

JOHN GERSPACH: The truth is that the consumer behavior on home equity loans is less linked to changes in property values.

GERARD CASSIDY: Interesting.

JOHN GERSPACH: And if you recall, even back in 2009, 2010, many people were surprised by the relatively good performance of home equity loans compared to first mortgages. And that's because most consumers treat these as just revolving credit. And for a while, everybody was referring to them as second mortgages, and from a capital structure point of view, that's true. But, again, to a consumer, it's not necessarily a second mortgage. They don't view it as being part of a capital structure. They view it as the instrument that they use to go on vacation, to buy a car, to finance their child's education. So there's a whole different dynamic in consumer behavior when it comes to home equity loans. And again, I think we've all seen that over the last six, seven years, and that continues to this day.

GERARD CASSIDY: Can you refresh my memory – the reason for them to be in Citi Holdings is more of a loan-to-value issue than anything else?

JOHN GERSPACH: No, it has to do with – don't forget, when we first looked at the mortgage business back when we set up Holdings, the mortgages, including both the firsts and the seconds, the home equity loans that we put into Holdings, were those that just didn't fit the strategy that we had outlined.

GERARD CASSIDY: Okay.

JOHN GERSPACH: We had acquired a lot of these mortgages not through origination, through our branches, or under the new credit regimes that we would have put in place. But a lot of these were purchased, and therefore they aren't the type of business that we would necessarily do again.

GERARD CASSIDY: I see. Shifting over to deposits, you made a good point about the value of your consumer and corporate deposits from a liquidity standpoint. And I think you said the corporate deposits have a 66% liquidity value now, which is up from last year. Do you see much more improvement there? Or are you at a level where you think that's where it's going to stay?

JOHN GERSPACH: Well, I do believe that we can continue to improve the overall liquidity value of the deposits, but it's not going to go from 73% to 83%. Can we get that 73% to 74%, maybe at some point in time to a 75%? Yes, but it's not going to come in leaps and bounds at this point in time.

GERARD CASSIDY: Thank you.

JOHN GERSPACH: Okay. Not a problem.

OPERATOR: The next question will come from David Jiang with Prudential.

DAVID JIANG: Hey, John.

JOHN GERSPACH: Hi, David. How are you?

DAVID JIANG: Good, thanks. I had a question on slide 13 on the illustrative TLAC. This $6 billion that's management buffer, what does that represent? Is that the operating buffer on top of all the SIFI buffers?

JOHN GERSPACH: Yes, it's basically a 50 basis point buffer on top of what we would look at as being our estimated GSIB requirement based on our understanding of the current proposed U.S. GSIB rules.

DAVID JIANG: Right. Which could change, right. So the surcharge which – as you calculate it now, does any part of that count towards TLAC?

JOHN GERSPACH: When you say the surcharge, I just want to make sure you –

DAVID JIANG: The 4% GSIB surcharge.

JOHN GERSPACH: Yes, it should, because it'll be in our capital base.

DAVID JIANG: Right. But if that goes down, do you lose that credit?

JOHN GERSPACH: Well, if the GSIB surcharge went down – if it reduced from 4% to 3%, say – then that would also change the calculation of the TLAC requirement. So I wouldn't need to hold the capital, but at the same point in time, I wouldn't have the same level of TLAC requirement.

DAVID JIANG: Got it. Okay. And then when you think about the 16% to 20% FSB guidance, are you under the assumption that each of the SIFIs will get a different number within the 16% to 20%? Or depending on the jurisdiction – the U.S. or another jurisdiction would just choose a number and then kind of calibrate with the buffers?

JOHN GERSPACH: It is very possible that each country will come up with its own. I'd almost say it's likely. But, again, we don't know as yet.

DAVID JIANG: Okay, great. Thank you.

JOHN GERSPACH: Okay.

OPERATOR: The next question will come from Kevin Maloney with BlackRock.

KEVIN MALONEY: Thanks for taking my questions. First off, the LCR is 111%. Is there a target you want to be at, and can you bring that LCR down to 105%? I mean, it's fairly inefficient to be above 100%.

JOHN GERSPACH: Well, again, you're looking at the absolute – the way the rules are said. We also run, of course, our own internal LCR equivalent, and that is really what we manage to. And I can tell you that our own internal LCR requirement, or LCR-like requirement, is a little bit tougher than even what the U.S. rules have in place. So can the 111% come down? Yes, I think that we can optimize a bit off the 111%, but I certainly don't imagine us getting down to anything below 105%, 107%.

KEVIN MALONEY: Okay, great. And you were nice enough to give the RWAs for HoldCo. Can you give us RWAs for OneMain and the other assets that are being disposed of? Meaning –

JOHN GERSPACH: No, we haven't – go ahead. Keep going. Before I tell you no, let me hear the whole question.

KEVIN MALONEY: No, no. That's fine. I asked the question. Please, answer.

JOHN GERSPACH: Okay. We haven't broken out the RWA specifically associated with OneMain at this point in time.

KEVIN MALONEY: Got you. One last question. Your total assets plus off-balance sheet liabilities, you gave us the numbers, and it was down Q-over-Q. Can we expect more improvement in that ratio for the SLR? Meaning that –

JOHN GERSPACH: Well, we continuously try to optimize, again, our total leveraged assets. And so we do have active management programs in place to try to bring that measurement down. So it's hopeful that we should be able to reduce it. Now again, we were also hopeful that we'll be able to expand the overall business, so there'd be some – hopefully some growth pressure on there. But yes, we continue to optimize both the RWA calculations – and when I say that, it doesn't mean that what we're trying to do is just change the way we do calculations. We try to optimize by running the business differently. And so we continue to manage that on both an RWA and a total leveraged exposure basis as well.

KEVIN MALONEY: One last small question. On page 13 you show the customer-related debt restructuring, which is the structured notes. And you're suggesting 10 billion could be changed, but you have much more than that. I was wondering why you picked $10 billion?

JOHN GERSPACH: Well, again, this is a hypothetical. It's just meant to be illustrative. And there we would look at it as being hopeful that we could get $20 billion, but I have to tell you I think that that's probably being optimistic at this point in time. Again, we don't know anything. We haven't seen the rules, but what I would say is probably a bit more realistic is that we could get half of it back, say $10 billion. So it's just an estimate.

KEVIN MALONEY: Okay. Great. Thank you.

JOHN GERSPACH: Not a problem.

OPERATOR: The next question will come from John McDonald with Sanford Bernstein.

JOHN MCDONALD: Hi, John. I wanted to ask about rates in the rest of the world. With QE starting up in other parts of the world, and half of your deposits outside the U.S., is low-for-longer rates in the rest of the world a potential concern for your net interest income margin as we look out into 2015 and 2016, when we just think about what low rates did for U.S. banks as it was going through QE? Is that something that we have to kind of worry about in the rest of the world, given where your deposit base is?

JOHN GERSPACH: Well, again, we tend to take all of that into consideration, but in general we prefer rates to be higher. Low rates do give us some issues. But, again, it's consistent with the environment that we've been planning for. And so we're not seeing an environment that is greatly different from that which we anticipated going into this year. And it's reflective of the comments that Mike and I would've made back in January about the type of environment we're looking at and our expectations that even in this type of environment we still believe that our Citicorp businesses should be capable of low- to mid-single digit revenue growth, and you saw the 2% that we generated in the first quarter. So is it a concern? I wouldn't say it's a concern. It's a consideration and one that, again, we try to bake into everything that we're doing.

JOHN MCDONALD: Okay. And just a separate question. In terms of the fixed income results that you talked about, kind of a dichotomy between rates and currencies on the one hand and the credit business on the other. Have you seen that same kind of market conditions kind of persist as we've gotten into April with the one business doing better than the other?

JOHN GERSPACH: Well, I don't think I want to talk this early in the quarter as far as where we think the markets are going. We'll give you updates on that later in the quarter. But I'd say that, as of now, April of 2015 is sort of looking like April of 2014.

JOHN MCDONALD: Got it. Okay. And any color on that kind of split within the FICC business, or do you not want to go there?

JOHN GERSPACH: No, I really don't want to get into business by business after the first 15 days, 14 days of the month or the quarter.

JOHN MCDONALD: Can you help us think about what was the drag on the credit business, whether it's just lower issuance year-over-year, what you experienced in the first quarter, and why that was challenged year-over-year?

JOHN GERSPACH: Well, I think we've pointed out – at least I tried to point out – it was really lower activity levels across all categories of distressed credit. Especially non-investment-grade CLOs and as well as munis, and these things, they started at the beginning of the quarter, and it kind of stayed there for the entirety of the quarter. So it just was an off quarter for spread products.

JOHN MCDONALD: Okay. That's very helpful. Thanks, John.

JOHN GERSPACH: Alright, John.

OPERATOR: The next question will come from Brian Monteleone with Barclays.

BRIAN MONTELEONE: Hey, thanks. A couple questions on slide 13. The CET1 management buffer, the $6 billion. To the extent that the 50 basis points is the right buffer across your CET1 ratio, wouldn't you need that buffer above whatever your TLAC requirement is, to the extent TLAC ends up being like a Pillar 1 requirement where if you fall below, in this example, 24.5%, that has the same implications as if you had fallen below the 11% CET1 ratio?

JOHN GERSPACH: That is certainly a possibility, but again, in the absence of rules, I didn't necessarily want to build hypotheticals on top of hypotheticals, but you can certainly treat that $6 billion in your own individual models any way you'd like to.

BRIAN MONTELEONE: Okay. Got it. And then on the sub debt, the $8 billion to $10 billion on the left-hand side of the slide, and the $8 billion on the right. I guess I look at the left-hand side as a gross number, but then on the right-hand side I would assume that's a net number. Can you help me think about what the right way to think about the sub debt issuance guidance is?

JOHN GERSPACH: The left side would be what we might need to do in order to get all the way up to the 26.5%. And if we were just trying to get to 24.5%, we're just trying to give you a menu that we might pick from, then, in order to get to that 24.5%. It's nothing more than, again, as I think it says on the top, it's just illustrative.

BRIAN MONTELEONE: Okay. And the illustration is $8 billion of potential sub debt issuance, that's gross, so not net of what you have maturing over the next four years?

JOHN GERSPACH: It would have to be additional. It would be have to be additive to our TLAC.

BRIAN MONTELEONE: Got it.

JOHN GERSPACH: So you're quite right.

BRIAN MONTELEONE: Very helpful. Thank you.

JOHN GERSPACH: Okay. Thank you.

OPERATOR: The next question will come from Mark Kehoe with Goldman Sachs.

MARK KEHOE: Hey, good morning. Just wondering whether on your understanding of the advanced versus standardized approaches, whether there is a blanket methodology applied to the ratios overall? Or whether one ratio could be an advanced ratio and another be a standardized ratio, so much so that you face the more punitive ratio per each methodology?

JOHN GERSPACH: You went pretty quickly there, so I'm not quite sure I caught the gist of your question.

MARK KEHOE: When looking at the standardized versus the advanced approach, whether those approaches would be across your capital structure, or whether it would depend on each ratio. So, for example, if one ratio is a standardized ratio, another could be advanced ratio, depending on which is the lower ratio of the two?

JOHN GERSPACH: Well, let me try, and then you tell me if I'm helping. Even under the current rules right now, your constraining ratio is the lower of your CET1 ratio under either advanced or standardized. That's per Basel rules. However, what we have seen is that individual countries can pick and choose what they want to use. You've seen the U.S. in CCAR for a while was focused on standardized. Now, they may move to advanced in this next CCAR. So we have to calculate our ratios under each methodology and certainly be aware of it, but it's going to potentially vary from year to year as to what the most constraining ratio is. I don't know if I'm being helpful.

MARK KEHOE: Oh, you are. It just really is to see whether you could be penalized by having a lower ratio under the advanced approach, say, for CET1 ratio, and then the other one would be – your total capital ratio could be – the constraining one would be the advanced ratio. So in a sense, you operate under the standardized approach for one ratio and then the advanced approach for another ratio?

JOHN GERSPACH: That's not my understanding of the existing rules. They start with the lower of advanced versus standardized for CET1, and then your total capital and your Tier 1 capital are built off of that. But again, I can't say that the rules wouldn't change. But based upon certainly my current understanding of the rules, it's that lower of is only applied at the CET1 level, and then the Tier 1 and total capital ratios are built off of whatever your most constraining base is.

MARK KEHOE: Okay, great. Thank you.

JOHN GERSPACH: Not a problem.

OPERATOR: The next question will come from Justin Ziegler with Aberdeen Management.

JUSTIN ZIEGLER: Hi. Thanks for taking my call. You've reflected a little bit on it in previous questions, but just in terms of talking about operating risk-weighted assets again, and I'm trying to think about it in terms of to 2018, when TLAC and everything comes into full effect. Can you give any insight in terms of how you're looking at that, and how you're looking at modeling operating risk-weighted assets as Holdings kind of goes into the rearview mirror, and given your global footprint? How are you thinking about that, and any sort of strategic moves over the next three years that might give you any sort of relief on the denominator side?

JOHN GERSPACH: Right now, again, based upon our understanding of op risk and where we think op risk is headed, it's unlikely that just disposing of the Holdings assets is going to get us immediate relief from the op risk associated with Holdings. So when you take a look at the risk-weighted assets associated with Holdings, there's about $179 billion of risk-weighted assets in Holdings. Of that $179 billion, about $49 billion of that is op risk. And our current view is that that $49 billion of op risk is going to be with us for some period of time. I can't tell you that it's going to be with us all the way through 2018, 2019, if every dollar of that's going to be with us. But right now, I would believe that most of that, if not all of that, will be with us through at least 2018.

JUSTIN ZIEGLER: Okay. That's very helpful. And, maybe I'm getting into the nitty-gritty here too much, but away from Holdings in group, what kind of op risk-weighting assets do you have on the non-U.S. businesses? Do you have that broken out, or – ?

JOHN GERSPACH: We don't go into the op risk on the non-operating business, and when we file the 10-Q in a couple of weeks, we'll give you, as we normally do, the breakdown of what the total op risk risk-weighted assets are. But right now I would say of our total $1.288 trillion, there's approximately $312 billion – well, we just added to that, so about $325 billion of op risk RWA.

JUSTIN ZIEGLER: Okay. That's very helpful. I appreciate your time. Thanks.

JOHN GERSPACH: Not a problem.

OPERATOR: The next question will come from Don Jones with Sterne Agee.

DON JONES: Great. Thanks for hosting this call. You guys are still best-in-class for disclosures, so it's very helpful.

JOHN GERSPACH: Thanks for saying that, Don.

DON JONES: Sure. Thanks. It helps all of us. Two quick questions, and it's really more just a characterization, but slide 31, you provide the adjustments or the expected estimated hits to accumulated other comprehensive income. If rates shifted out, say, 200 basis points, from 100 to 200, is it a hypersensitive relationship, or kind of one-to-one, or how much of the, I guess, evaporation of the carry trade on balance sheets is taking away the hypersensitivity for, like a jump in the rates?

JOHN GERSPACH: Well, as we've disclosed in the past, most of the sensitivity in OCI to – is that what you're going after, the sensitivity in OCI? Or are you going after the sensitivity on page 31 that just talks about the overall $1.9 billion?

DON JONES: Yes. So for AOCI, the $2.6 billion, but if there's, say, a 200 basis point spike in rates, is it, just as a characterization, I'm sure you guys don't have it mapped out, but how – since we are at such a low-rate environment, if there's a big spike in rates, is there a big sensitivity – a hypersensitive relationship, or just generally, not even giving a probability of expectation, how hypersensitive is that relationship if rates go up from not even 100 bps but 200 bps?

JOHN GERSPACH: Yes, it's been a long time since I would've seen anything associated with a 200 basis point immediate shock in interest rates. And I think that giving you the interest rate sensitivity on a 100 basis point immediate shock – that's what this is, it's an immediate shock – I think that that is about as hypothetical as I would like to get at this point in time.

DON JONES: Sure. All right, fair enough. And then lastly, this is really kind of a hypothetical scenario again, but do regulators have any discussions or have there been any – in terms of the development of the living will – talk about funding out of separate, not just the bank OpCo but other operating entities, like the broker-dealer, for instance?

JOHN GERSPACH: Again, I just want to make sure that I'm responsive to your question. As part of resolution planning, one of the things that of course we need to do is to make sure that the significant entities would be self-sufficient from a liquidity point of view.

DON JONES: Right, right. And since the broker-dealers, well, captive broker-dealers don't issue, yours included, is that – clearly you have talked about it internally, but to regulators – I don't know how much you can characterize this – but do regulators bring that up as something that they want tested or effective? Because hypothetically saying you can issue out of the broker-dealers is one thing, but actually doing it is another, right?

JOHN GERSPACH: Yes. We don't typically issue out of broker-dealers. The regulators haven't put any real benefit to issuing out of broker-dealers. As a matter of fact, if you think about it, what really is important from a TLAC point of view would be to have the senior debt issued from the holding company level. So there's no current plans to test the issuance out of individual broker-dealers.

DON JONES: Okay. Alright, great. Again, thank you very much.

JOHN GERSPACH: Okay.

OPERATOR: The next question will come from John Giordano with Credit Suisse.

JOHN GIORDANO: Good afternoon. Thank you for taking my questions. Just a couple. There's been a lot of really good questions asked already. Just in terms of the structured notes, or as you call them, customer-related debt, because you do highlight that a number of times, is there anything – can you give us a little more specificity in what you think you can change actually to make that eligible? And then you sort of answered it a little bit, but what your confidence is that you could actually make that count?

JOHN GERSPACH: Well, again, we don't have final rules, so I can't tell you what my confidence level is in any specific modification, since I don't know how the rules will change over time, if they will change over time. What we've tried to lay out for you on slide 12 is that when you take a look at the customer-related debt, based upon our understanding of the NPR that is out there, only $4 billion would count. Now, there has been, as we mentioned, there've been a lot of the comment letters that have gone in have been reflective on this. And so I think that as an industry, we're hopeful that there will be some modifications to the final rule that will therefore allow us the ability to include some of this debt in the final calculation. But I can't tell you specifically what we would change, because I don't know what would count. Right now, only $4 billion of it counts.

JOHN GIORDANO: Okay.

JOHN GERSPACH: Hopeful of more.

JOHN GIORDANO: Okay. And so if the $10 billion that you used on slide 13, the $10 billion, was zero, how do you think you might allocate that versus senior, sub and preferreds?

JOHN GERSPACH: Well, again, we've laid out one hypothetical. We'd have to make it up elsewhere. And beyond that, I'm not going to go into it in any great detail. This is the hypothetical that we've been looking at. If the final rules indicate that this is not good, then we'll have to take a look at what the overall final rules are, and then we will optimize off of those final rules.

JOHN GIORDANO: Okay, great. So I guess this is more of a forward-looking question as well. Once the rules are finalized and are part of law, do you foresee making changes in the prospectus to either the risk factors or putting specific bail-in language into the prospectus?

JOHN GERSPACH: Again, I'm going to have to see what the final requirements are, and then we will adjust it off of that.

JOHN GIORDANO: Okay. I know that was a hard one to answer, but I just thought I would –

JOHN GERSPACH: No. Actually it was pretty easy.

JOHN GIORDANO: Okay. And then the last one is you talked a lot about the disposal of assets specifically out of Citi Holdings. I'm curious, with a large seller in the market, if you see yourself as a buyer for any particular parts of that, or you're really just disposing of assets right now?

JOHN GERSPACH: No, I think you've seen that, where different portfolios of assets are in line with our strategy, we would be buyers. Two years ago, we bought the Best Buy portfolio in our retail cards business, retail services business. This year, we announced an agreement with Costco and Visa. And as part of that agreement, we're in discussions as far as the acquisition of the Costco portfolio from the company that previously had that relationship. So we're not averse to buying assets where it fits in with our strategy.

JOHN GIORDANO: Okay, great. Well, let me pass it on. There's been a lot of questions, so I appreciate you taking my questions.

JOHN GERSPACH: Not a problem.

OPERATOR: The next question will come from Michael Rogers with Conning and Company.

MICHAEL ROGERS: Yes. Good afternoon, John. Wanted to ask you, the rating agencies seemingly are going in the opposite directions right now when it comes to your senior holding company debt ratings. And I'd welcome any comment on your part on where you think that process may end. But have you as a firm examined the potential impact on the breadth of the market, as well as the potential incremental costs for your senior holding company paper if indeed two of three rating agencies ultimately have BBB ratings on your senior holding company debt?

JOHN GERSPACH: We've looked at a variety of different scenarios. We don't think that that one is likely. But we have looked at it. And let's not, again, deal necessarily in the hypotheticals right now. So when you look at it, certainly from a Moody's point of view, it seems as though they have us on review and for a potential upgrade. We're stable with Fitch. We obviously have some work to do with the S&P, but I think so does the entire industry. So that's kind of where that is.

MICHAEL ROGERS: Are you hopeful that the recent better numbers could stave off a two-notch downgrade at S&P?

JOHN GERSPACH: I don't think that a two-notch downgrade is necessarily going to be something that we're dealing with with S&P, but obviously they have to do their work, and what they are facing, as is Moody's, is they're looking at wholesale changes to their methodology. So presumably, any change that they're looking at will impact not just us but the industry in total. And so just concentrating on one rating agency and one financial institution, I think that's a bit myopic at this point in time.

MICHAEL ROGERS: Okay. Thank you very much.

JOHN GERSPACH: Not a problem.

OPERATOR: The next question will come from Eric Wasserstrom with Guggenheim Securities.

ERIC WASSERSTROM: Thanks, John, for taking my question. I'm just following up on some of the commentary on slide 13, and you've done a lot to explain all the components here, and I recognize that it's illustrative.

JOHN GERSPACH: But maybe not enough?

ERIC WASSERSTROM: So let me just belabor it. Just following up on that structured notes issue, if the final rule were to develop in a way that maybe there was some relief, but not up to the $20 billion mark, if we were to look at the example on the right side of the page, and you couldn't do $10 billion but a lesser number, where is it in the capital structure that would make up the difference? Would it be in the benchmark debt?

JOHN GERSPACH: Well, again, unfortunately, I guess this horse isn't as dead as I thought it was. But I'd have to look to see where the final rule comes out. What we've laid out here is, again, purely an illustrative example. I realize that may be a bit of the committee to end redundancy committee, but it's meant to be an example. It's meant to be purely illustrative. And we'll have to wait and see where the rules come out. We do think that what the example should be showing is that we have several different levers to pull in which to make up whatever our current shortfall is against TLAC requirements, if any. Technically, right now, there is a scenario that says we're done.

And so what we're dealing with is how much more might we be required to do. Answer? We don't know. However, if we were asked to hit a 24.5% TLAC requirement, here is one way that we could possibly do it. It doesn't require Herculean effort on our parts in order to get this thing done. We have areas of funding right now that we currently employ in our business that don't count for TLAC. And so what we would do is shift away from them and move towards levels of – types of funding that are TLAC eligible. But in order for me to tell you exactly what I would do, I need finality as to what actually is TLAC eligible.

ERIC WASSERSTROM: Sure.

JOHN GERSPACH: And, unfortunately, I just don't have that right now. But, again, if you look, these are things that we clearly can do. Preferred stock issuance, we've told you that we're going to be issuing $4 billion to $6 billion of additional preferred stock. So that's what we're going to do in order to make sure that we've got a capital stack that's reflective of 150 basis points of our RWA in preferred stock. We have additional subordinated debt to issue. We know that in order to get our total capital up to a 200 basis point level. So all of these things are already in our existing plans. The additional that we would need to do get to the TLAC requirement does not appear to us to be something that is – it's just going to be – I don't want to say it's not going to be difficult, because everything is difficult – but it's not going to be something that forces us to dramatically alter our existing business plans or our existing way of managing our balance sheet.

ERIC WASSERSTROM: I think that that point is very clear. I was just wanting to understand where the positive points of evolution could be inside this example and where the potentially negative ones are. And it sounds like the most positive one would be where in fact the TLAC requirement falls out in terms of that range. It doesn't sound like there's really much optimization left in risk-weighted assets, and then I guess on the negative side it would be the actual instruments and how they count towards the TLAC requirements. I guess is that generally correct?

JOHN GERSPACH: That's a generally good summation of exactly where we are.

ERIC WASSERSTROM: Great. All right. Thanks, John. I appreciate it.

JOHN GERSPACH: Not a problem at all.

OPERATOR: That concludes the question and answer session. Mr. Kapp, do you have any closing remarks?

PETER KAPP: Thank you, everyone, for joining the call today. If you have follow-up questions, please don't hesitate to reach out to us in Investor Relations. We'll talk again next quarter.

OPERATOR: Ladies and gentlemen, thank you for participating in today's conference. You may now disconnect.

