TRANSCRIPT

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Speakers
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PRESENTATION

MOSHE ORENBUCH: Good afternoon, everyone. Thanks for joining us. I'm very pleased to have the management of Citigroup with us. Over the past four years, Citi has repaired its balance sheet, it's well-positioned to meet the international capital rules a full five years ahead of schedule and at the same time the Company's working very hard to improve both the level and the consistency of its earnings. We believe that the Company will begin to return capital in 2013 and that probably will be a topic of conversation in our remarks and Q&A session. With us is John Gerspach, Citi's CFO, as well as Susan Kendall who runs their IR effort. We look forward to John's presentation after which we've got a few audience response questions and then Q&A from the room.

JOHN GERSPACH: Good afternoon. Thank you, Moshe. Thanks for inviting me here today. I'd like to start on slide three with some highlights from 2012. Overall, we continued to show improvement in our core franchise last year with growth in loans, deposits, revenues, and net income in each business in Citicorp. For Citigroup in total, net interest margin remained stable versus the prior year which we also currently expect to maintain - I'm sorry - for Citigroup in total, net interest margin remains stable versus the prior year which we also currently expect to maintain for full year 2013.

And credit trends remained favorable globally with losses and delinquencies near historically low levels even as we continued to grow our loan portfolios, particularly in the emerging markets. However, while the core franchise showed progress, our reported results were noisy with continued high levels of legal and related expenses, losses to exit certain minority stakes, significant negative CVA and DVA as our credit spreads tightened and, of course, the large repositioning charge we incurred in the fourth quarter.

While certain of these drags, such as the losses on minority stakes, are now behind us, we do expect elevated legal and related expenses to continue in the near-term. And even excluding the items that I've mentioned, we do not believe our performance in 2012 fully represents the amount or quality of earnings our franchise is capable of achieving. We remain highly focused on the wind-down of Citi Holdings. Assets were reduced by nearly a third last year, but Holdings continued to present a material drag on our earnings and returns, which I'll discuss more in a moment. Finally, we continued to build capital in 2012 with an estimated Basel III Tier 1 Common Ratio of 8.7% at year end, and we maintained a highly liquid balance sheet.

Let me quickly review our financial results on slide four. In order to provide comparability with prior periods, today I'll be discussing our results excluding CVA and DVA, gains and losses on minority investments and the large repositioning charges in the fourth quarters of 2011 and 2012.

In 2012, revenues grew to over $77 billion, operating expenses declined to less than $50 billion, and credit costs also fell to less than $12 billion, resulting in nearly $12 billion of net income for the full year, up 18% from $10 billion in 2011. We generated this earnings growth even with a significant decline in loan loss reserve releases, down over 50% to $3.7 billion in 2012. Earnings growth was driven by improvement in Citicorp earnings, up 9% to $15.6 billion, as well as a reduced drag from Citi Holdings where losses, excluding the impact of MSSB, were less than $4 billion for the year.

Turning to Citicorp on slide six, we believe the Citicorp business model is well-positioned to take advantage of the structural changes taking place in the global economy. Citi's major strategic advantage is its network which spans roughly 100 developed and emerging market countries. This network combined with our local market expertise and funding gives us not only a prudent financial structure but also an unparalleled ability to facilitate trade and capital flows for our clients.

We are focused on serving those clients who most value our global capabilities. Our retail strategy is geared to the growing population of high quality customers concentrated in the world's largest metropolitan areas. And in our institutional businesses we are focused on serving the world's largest multinational corporations and investors in a seamless, efficient way, wherever they want to do business around the world.

Our goal is to optimize our returns in Citicorp in a disciplined manner. This means allocating resources and capital to markets with the greatest potential and working to optimize or reduce our presence in those businesses that don't meet our targets. In keeping with these goals, we announced several actions at the end of last year to improve our efficiency and reposition our business in certain markets. While we expect to see a significant ongoing benefit from these actions, the efficient allocation of our resources is an ongoing process which needs to be engrained in daily decision making rather than being dependent on large, one-time repositioning events.

On slide seven we show financial results for Citicorp including our operating businesses as well as Corp/Other. In total, revenues grew 5% year-over-year to over $73 billion while expenses remained flat at roughly $44 billion including nearly $1.7 billion of legal and related expenses in 2012. Revenues grew in each core business last year, even in a continued low interest rate environment that was a headwind in Consumer Banking and Transaction Services in particular.

We were able to offset this rate headwind by growing our client volumes with growth in loans, deposits, purchase sales, and other metrics stemming from the investments we began to make in these businesses in 2010 and 2011. Securities and Banking also showed a strong recovery in 2012 while expenses in that business declined year over year. Revenue growth generated an improved efficiency ratio for Citicorp, declining from 63% in 2011 to 60% in 2012. Growth in operating margin drove the increase in net income to $15.6 billion as well as an improvement in ROA to 85 basis points for the year.

On slide eight we show Citicorp's pretax earnings by business, excluding the impact of loan loss reserves, on a trailing 12 month basis. As you can see on the slide, we grew pretax earnings year-over-year in every quarter in 2012, resulting in a 40% improvement for the year largely driven by Consumer Banking and Securities and Banking. Nearly half of the pretax earnings in 2012 were generated by Consumer Banking as we have successfully rebalanced the earnings contribution of our consumer and institutional businesses over the past two years.

Our earnings are also diverse by geography as shown in slide nine. Year-over-year we grew Citicorp's pretax earnings in every region in 2012. Turning to our Global Consumer business on slide ten, once we complete the repositioning actions announced last quarter, we will operate over 4,300 branches in 35 countries around the world with a continued focus on banking a growing population of high quality customers in the world's largest cities. At year end 2012 we had a consumer loan portfolio of nearly $300 billion supported by a diverse deposit base of other $330 billion. Consumer loans grew 3% globally in 2012, including 7% growth outside North America driven by a strong growth in Latin America. And importantly, the credit quality of our consumer portfolio remained very strong with net credit losses of less than 2.8% in the fourth quarter and historically low delinquencies. Total consumer revenues for the year were $40 billion and net income grew 8% to over $8 billion.

Taking a closer look at our consumer results on slide 11, international revenues grew 5% to over $19 billion in 2012 driven by volume growth in every region while North America revenues of over $21 billion were also up 5% on higher mortgage gains. Consumer Banking expenses grew from 2010 into 2011 as we ramped up our investment spending to grow these businesses, particularly in the emerging markets, and these investments have now leveled off with expense growth in 2012 mostly reflecting higher volumes.

Revenue growth drove the efficiency ratio down modestly to 53% in 2012, and we believe we can generate further efficiencies going forward, particularly as we build out a common global technology platform and standardize processes. On a pretax basis, excluding the impact of loan loss reserves, we have more than doubled our consumer earnings over the past two years to over $10 billion as we steadily grew our international business and credit continued to normalize in North America. This is also reflected in our return on assets in Consumer - again, excluding the impact of loan loss reserves which has doubled over the past two years to 1.8%.

On slide 12, we show consumer credit trends and provisions over the past two years. As you can see, the net credit loss rate in our international business has been relatively stable over the past two years with an increase in absolute dollars of losses over time as we continued to grow our loan portfolios. While loan loss reserve releases had provided a significant tailwind in the international consumer business in 2010, these releases tapered off in 2011, and we have booked modest reserve builds in recent quarters in line with loan growth. In North America the net credit loss rate continued to improve through the fourth quarter of 2012, although at a slower pace than in prior periods. As credit has normalized in North America, we have also slowed our pace of loan loss reserve releases and expect our average quarterly loan loss reserve release in 2013 to be roughly equal to fourth quarter 2012 levels.

Turning to Transaction Services on slide 13, as I mentioned earlier, both Consumer Banking and Transaction Services have experienced significant headwinds in the low interest rate environment - first in developed markets, such as the U.S. and Europe, and more recently in Asia. Despite this pressure, we grew revenues in Transaction Services in both 2011 and 2012, driven by increasing client volumes and a growing share of trade finance. Revenues grew 3% to nearly $11 billion in 2012 while expenses remained flat - despite the pressure of higher volumes - resulting in an improved efficiency ratio of 52% for the year. Growth in operating margin drove an improvement in net income to $3.5 billion. However, the return on assets for Transaction Services in 2012 was flat at 2.6% as we also grew our trade finance assets. Our average assets in Transaction Services grew significantly from 2010 to 2011 primarily driven by our expansion in trade finance, particularly as some European peers retreated and we gained market share. Trade finance is an ideal fit for Citi as it leverages our global footprint and capabilities and gives us the opportunity to establish banking relationships to support the full supply chain for our large corporate clients. We expect to continue to grow this trade finance business, however the pace will most likely moderate going forward, as we began to see in 2012.

On slide 14, we show central bank rates which are indicative of the rate movements driving the spread compression in major markets. While rates in certain countries such as Mexico stabilized in 2012, most markets continued to face lower interest rates which put pressure on both trade loan and deposit spreads. We maintained our revenue momentum in 2011 and 2012 by growing customer volumes, most significantly loans and deposits. While today's low interest rate environment is clearly a headwind to earnings in Transaction Services, we are growing and deepening our client relationships which we would expect to benefit our franchise as rates normalize over time.

On slide 15 we show recent results in Securities and Banking. Following a very challenging operating environment in late 2011, revenues in Securities and Banking recovered to over $22 billion in 2012, up 13% year-over-year including 28% growth in fixed income. At the same time we lowered our operating expenses, down nearly 4% versus 2011 as we continued to resize certain businesses. We reduced headcount and maintained discipline on incentive compensation. Higher revenues and lower expenses drove a significant improvement in our efficiency ratio, down from 75% in 2011 to 64% in 2012. While this was a substantial recovery from 2011, we believe we can generate additional improvements in the efficiency ratio, both by executing on our announced repositioning efforts as well as continuing to make progress in businesses which are undersized relative to our franchise including investment banking, equity derivatives, and prime brokerage.

Net income growth drove an improvement in ROA to 68 basis points in 2012 as average assets were roughly flat at $900 billion. Over the past 18 months we have significantly reshaped our market business to reduce those activities which will be disproportionately affected by Basel III, such as securitized products and certain parts of credit. While our GAAP balance sheet has remained essentially flat, our risk weighted assets in Securities and Banking are down 20% since mid-2011. Also to note, our $900 billion of average assets in Securities and Banking includes a corporate loan book of approximately $110 billion as well as roughly $50 billion of private bank assets.

Turning now to Citi Holdings, in summary we have two distinct opportunities to reduce the drag from Citi Holdings that we will detail in the following slides. First is continuing to reduce the size of Citi Holdings and therefore the capital needed to support these assets. We continually test the market's appetite for asset sales and if the environment changes such that a larger sale of mortgages is feasible, we would take advantage of that opportunity. Second is the mitigation of losses in Citi Holdings. As I'll discuss more in a moment, Holding's losses are primarily driven by three factors—the legacy drag from rep and warranty reserve bills, elevated legal and related costs, and the cost of credit.

On the asset side, slide 17 shows that Citi Holdings ended 2012 with GAAP assets of $156 billion or roughly 8% of total Citigroup assets, down 31% year-over-year. This GAAP decline was mirrored with a similar improvement in estimated Basel III risk-weighted assets down 30% from a year ago and representing less than a quarter of total Citigroup RWA at year end.

Looking at the financial drivers, slide 18 shows Citi Holdings' results for the last five quarters. Rep and warranty reserve bills, legal and related costs and repositioning charges continued to weight on Citi Holdings in 2012, with a pronounced increased in legal and related costs in the fourth quarter driven by the industry foreclosure review settlement. Excluding these items, we have maintained a modest positive operating margin in Citi Holdings, and our goal is to continue to generate positive margin although there may be quarter to quarter fluctuations arising from periodic gains or losses as we continued to wind down the assets.

Credit trends have continued to improve with net credit losses down to roughly $1 billion in the fourth quarter, 75% of which was driven by North American mortgages. We ended the quarter with $8.4 billion of loan loss reserves allocated to North American mortgage loans in Citi Holdings or 33 months of coverage.

On slide 19 we show mortgage loan and adjusted net credit loss trends over the past two years. Since the fourth quarter of 2010, we have reduced the North America mortgage loans in Citi Holdings by 27%—driven by $19 billion of pay downs, $6 billion of asset sales, and $9 billion of net losses. Since the start of 2010 we have disposed of close to $10 billion in delinquent loans, including over $2 billion in the past year.

We have also significantly reduced the quarterly net credit losses on the portfolio, down 40% since the fourth quarter of 2010 to $762 million, even while roughly $60 million of losses were accelerated into the recent quarter as a result of the continued actions we are taking to fulfill our commitments under the National Mortgage Settlement. We currently expect the NMS to continue to have an impact on net credit losses through the second quarter of 2013. Delinquency trends improved as well through the fourth quarter in both residential first mortgages and home equity loans. Assuming a continuation of the current economic environment here in the U.S., the net credit losses in these portfolios should generally decline over time as the portfolio continues to shrink.

Not only has Citi Holdings' mortgage portfolio shrunk in size, but we have also worked to improve its quality, as shown here on slide 20. In residential first mortgages, our portfolio has migrated to a higher FICO, lower LTV distribution. The total amount of first mortgages with a LTV above 100% has declined by over 40% since the end of 2010, and importantly high LTV loans with FICO scores of less than 580 have declined by an even greater amount, down by more than half to roughly just $3 billion. In home equity, loans with a LTV above 100% have declined by more than a third since the end of 2010 and high LTV loans with FICO scores of less than 580 are down by 50% to $1.5 billion.

Turning to total Citigroup expenses on slide 22, reporting operating expenses of $55.5 billion in 2012 declined by 1% compared to last year. Core operating expenses, excluding legal and related costs and total repositioning charges, declined by nearly 2% in constant dollars to $46.3 billion. Of the decline in core expenses, around $1 billion was attributable to Citi Holdings, reflecting the ongoing reduction in assets. Expenses in Citicorp increased by roughly $200 million as efficiency savings of $3 billion were more than offset by higher volume related costs as well as a modest increase in investments. Overall, in 2013 we expect core operating expenses to be lower than full year 2012. Citi Holdings expenses should decline over time as the wind down continues. We continue to expect to achieve $900 million of expense savings in 2013 related to our announced repositioning actions, with full year expense savings of $1.2 billion beginning in 2014. And, we will continue to pursue reengineering opportunities as part of our ongoing efforts to optimize efficiency. These savings will likely be offset in part by volume related costs as we seek to grow client volumes in the low interest rate environment. Of course, legal and related costs will likely continue to be elevated and somewhat volatile.

Turning now to capital on slide 23, we ended the fourth quarter with $155 billion of Tangible Common Equity or $51.19 per share. To note, our tangible book value per share declined in the fourth quarter as we issued an additional 96 million shares upon the settlement of the T-DECS securities originally issued in December 2009. The impact of this issuance was already included in our diluted share calculations. Our Basel I Tier 1 Common Ratio remained flat at 12.7% at year end and adjusting for the final market risk rules, our Basel I Tier 1 Common Ratio would have been approximately 11.2%. Under Basel III, our estimated Tier 1 Common Ratio increased to 8.7% in the fourth quarter, and we believe we should be able to grow this ratio to 9.5% or higher by year end 2013.

Slide 24 shows our returns on capital for 2012. On the lower left, we show our average Tangible Common Equity for the period, split between the amount of TCE which supports our deferred tax asset and that which is employed by our businesses. A significant amount of our deferred tax asset is deducted from regulatory capital under Basel III and therefore we are required to have a higher absolute level of TCE than would otherwise be needed to support our income generating businesses. The $40 billion of TCE that must be retained to support the DTA earns a return through the utilization of the specific asset rather than from the income produced by our businesses. In other words, only $111 billion of our TCE is employed in our income-producing operations. On this basis, Citigroup earned nearly an 11% return on the Tangible Common Equity supporting our operating businesses in 2012.

Turning to regulatory capital, if we assume Tier 1 Common capital levels of 9.5% of Basel III risk-weighted assets across each business, the return on Basel III capital for Citigroup would've been an estimated 9.9% in 2012, including a 17.6% return for Citicorp. Our Global Consumer franchise earned a return on regulatory capital of over 29% last year, while the Institutional franchise earned over 17%.

In conclusion, in 2012 we continued to make progress in transforming Citigroup—getting back to the basics of serving our target clients, leveraging our unique global network, and simplifying our operations. We took several steps, most notably the recent repositioning actions and the sale of several minority investments to improve our operating efficiency and optimize our capital position. We remain focused on improving Citigroup level returns with the goal of optimizing Citicorp, winding down Citi Holdings as quickly as possible in an economically rational manner, and beginning to return capital to our shareholders.

And with that, I'll be happy to take your questions. Thank you.

M**OSHE ORENBUCH:** Audience participation questions?

JOHN GERSPACH: Oh, boy.

MOSHE ORENBUCH: Yeah, exactly. If you grab your voting buttons—So, biggest macro factor driving your opinion, investors' opinion, on Citigroup; the outlook for housing, the interest rate environment, unemployment rate, GDP growth, that's the U.S. GDP growth, or global growth?

JOHN GERSPACH: I don't know how I feel about Teenage Wasteland being the background theme song, but OK.

MOSHE ORENBUCH: So, over half actually looking at global growth and it was something we've spoken about a bit that the economists generally feel like, relative to the markets in which Citi operates outside the U.S., global growth is probably accelerating by three percentage points relative kind of to the U.S. in 2013.

Second question that we've got relates to capital. What would you like to see Citi do with its excess capital? And we've got: increase dividends; share buyback; deals or acquire companies; or reinvest back into the businesses.

Okay. Clear preference here with 60% for share buyback and 30% for increasing dividend. So, kind of a roughly two to one in that context. Okay. In terms of—I guess there's a couple of areas we could start. You talked about the whole idea of Citi Holdings is both reducing the size and reducing the severity of the mortgage business, obviously being the biggest piece of it, is really the poster child for that. You mentioned kind of about $3 billion annually of losses there. Talk a little bit about at what pace could we see that get better in terms of the charge offs and then how do we think about it in terms of the implications of dollar share pretax for the Company?

JOHN GERSPACH: I think if you think back to the slide we put up, there's four different things to think about with Citi Holdings. One is, as we said, on an operating margin basis the business actually is maintaining a small positive operating margin, and we think that will largely continue over time. Losses, the net credit losses we see as continuing to improve, and I think that the big question there that certainly we get all the time is, "at what point will you begin to release some of the loan loss reserves to mitigate the impact of those credit losses?" And, I think that's something that given the current environment, if the existing economic environment continues as it is, that's something that you can expect us to begin to do sooner rather than later.

I'm not going to say it's going to be this quarter, but I don't think if the environment continues it's something that has to wait until next year in order to do. The two other factors that we mention, as far as bringing Citi Holdings closer to break even, would be dealing with the ongoing rep and warranty issue, the repurchase requests coming out of the GSEs. I can't tell you where we are in that process from an innings point of view or a quarter in a basketball game or a football game. I do think that it's an issue that not only the industry but also Fannie and Freddie are also interested in putting to an end— it was encouraging to see Fannie reach an agreement in the latter part of 2012 with one of our peer institutions, and we're hopeful then that this is a sign that says the industry could be able to get this element behind it in 2013 or perhaps the early part of 2014.

And then that leaves the last element which is those ongoing litigation reserves. I think the biggest issue there is—again, for us and the industry—the biggest unresolved event would be litigation involving private label securitizations. That one's a little bit more difficult to put a timeframe on at this point.

MOSHE ORENBUCH: That's a fair point. At least if you could whittle it down to that one, at least that's something I think people could get, could put something of a box around given your historical exposure. You mentioned that Citi Holdings is a small positive operating margin, you're confident that you can take the cost down as you shrink the size of the company. You've done a great job so far.

JOHN GERSPACH: I think we've done a reasonably good job so far, as far as doing that. And there's no reason I think that we can't continue to do that. Now, getting the foreclosure review settlement behind us also helps. That's a level of expense then that was running us a little less than $200 million a year. That is an expense then that will come out of that business in 2013. And again to the extent that we can take down the assets, we'll be able to effect operating expense improvements in Citi Holdings in 2013 and 2014 as well.

MOSHE ORENBUCH: Staying with the expense theme for a moment, you made an interesting point about the $900 million, $1.2 of expenses, that was—that brought with it or was in response to a charge that was taken and that you wanted to see more of this done on an ongoing basis without that. Could you talk a little bit about how that process would evolve and what would it take to get to that point where you can actually start reducing expenses to use that for the investment process?

JOHN GERSPACH: I actually think it's something that we've got on an ongoing basis now. If you look over the parts of the last several years I think we've been fairly successful in demonstrating that we've been able to take out $2 billion to $3 billion out of our expense base each year through efficiency savings. And I guess in 2011, the beginning part of 2012 we offset a good chunk of that expense reduction with investments in the businesses. I think during the presentation I noted investments in the Consumer franchise and Transaction Services.

Now it's a matter of continuing those efforts and really embedding them in each business—continuing to embed them in each business on a going forward basis. And encouraging businesses to take the headcount actions, not just rely on necessarily attrition but to the extent that they've identified jobs that can be eliminated, let's discuss taking charges now and not just seeing them through to attrition so that we actually get the benefit of the expenses a little bit earlier. It's a difficult decision to make, most businesses would rather wait to deal with headcount until corporate is willing to grant them permission to take a repositioning charge. We're trying to build that into more of a BAU effort so that you're not just waiting for periodic repositioning charges, large periodic repositioning charges in the fourth quarter of each year. I think there are these types of actions on a smaller scale that we can take throughout the year.

MOSHE ORENBUCH: John, you mentioned $40 billion of capital that's kind of trapped in the DTA regulatory capital that you can't use. Lots of ins and outs in that, obviously, although that number, the total amount of the DTA did rise during 2012. Could you talk about what the ins and outs might've been and what that means for the prospects for that number kind of starting to come down in the future?

JOHN GERSPACH: Sure Moshe. If you look at the DTA in 2012, it actually did as Moshe said, it built by about $3.8 billion. Different components of that bill, the losses in Citi Holdings, including the loss we took on the impairment of the Morgan Stanley Smith Barney investment, added $4.5 billion to the DTA. The fourth quarter repositioning charge along with the DVA impacts that we had during the year as our credit spreads tightened added about $1.3 billion to the DTA. And then finally we noted in the third quarter we had a tax audit settlement which gave us a tax benefit of roughly $600 million and then we also had some OCI impacts in the fourth quarter, mostly due to pension related items. They added another $1 billion to the DTA.

So, those three groupings—Holdings, repositioning DVA, and then OCI and tax—actually added $6.8 billion to the DTA. The ongoing operations in Citicorp consumed or utilized $3 billion of DTA. So, for us, the path forward is avoiding those one offs and continuing to drive Citi Holdings to more of a break even or certainly to reduce the losses in Citi Holdings, which would then allow the “good earnings” in Citicorp to actually positively impact the DTA.

MOSHE ORENBUCH: Just to summarize that, if you did $3 billion, you're able to use that in your ongoing operations and profitability at least we would hope is improving, that number could be higher in 2013 and subsequent years?

JOHN GERSPACH: Yes. Although I don't think we're going to get Holdings to break even in 2013. I think you have to look at some level of drag coming from Holdings and therefore some addition to DTA as a result of the Holdings losses.

MOSHE ORENBUCH: Any questions from the floor? We've got Larry? Can we get a mic over here? Thank you.

SPEAKER 1: Thanks. Hi, John. If you were able to recapture some reserves at Holdings in a sufficient amount, I suppose, what effect might that have on the DTA given that there are always going to be a lot of moving parts there?

JOHN GERSPACH: That would have a positive impact on the DTA.

SPEAKER 1: So, it is GAAP earnings driven?

JOHN GERSPACH: Absolutely. Don't forget there are elements of the DTA that come about because of actual tax returns that are filed. You see that mostly in the foreign tax credits and we'll give you a full run down of that when we publish the 10K in a couple weeks. But then there's also a whole series of timing related issues and that mostly comes about as a result of reserve movements.

MOSHE ORENBUCH: We've got a question in the back there. We'll take one last one.

SPEAKER 2: In the past week, including this morning, you've had a couple of your capital markets competitors talking about how the year started off pretty strong. Can you talk about your start to the year in Securities and Banking and share kind of your near-term outlook there?

JOHN GERSPACH: I'm not going to give you a near-term outlook because markets move all the time but I would agree that January was a pretty good month and so the year got off to a good start. I wouldn't rate the year as 2009. January 2009 is still in the record books I think, but still a pretty good start. I'd say it's at least on par with where we were in January 2012.

MOSHE ORENBUCH: John, just a follow-up, you had mentioned a couple of areas in Securities and Banking that you were looking to kind of gain additional scale and you mentioned equity derivatives, investment banking, and prime brokerage. It seems like the first two primarily are hiring people. Are there other strategies beyond that?

JOHN GERSPACH: No. I think in both— certainly in banking we made investments in the latter part of 2010 and throughout 2011. I think you began to see that we built up momentum in banking in 2012 and so we closed out with some fairly sizable momentum, we gained wallet share in virtually, among our client group, in virtually every product in every region in 2012. So, it's a matter of continuing that momentum in 2013. Equity derivatives, I still think that is still some work that we need to do. We did change out some teams during the latter part of 2011 and it's also the early part of 2012 we began to see some improvement in that towards the end of 2012. We'll see whether or not we get that continued improvement in 2013.

MOSHE ORENBUCH: Great. We are now out of time. Citi will be doing a breakout in Hong Kong A around to the left. And in five minutes, it will be Newcastle Corp. Thank you John.

JOHN GERSPACH: Thank you.

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