RICHARD RAMSDEN: Okay so we are going to start with the next panel. I'm delighted to have John Gerspach here. John has been CFO of Citigroup since 2009 and I do think it is fair to say that he has been core to some of the restructuring at Citigroup over the last four or five years.

What we are going to do is a fireside chat. And we will leave plenty of time for questions. So please start thinking about your questions now.

So, perhaps we can start off by talking a little bit about your goals as we head into next year. And I went back and looked at I think what your primary objectives were last year. And it was – CCAR was clearly number one, improving efficiency I think was number two, and improving ROA was number three.

Reflecting back on those, it seems to me as if you have succeeded in a lot of those areas. Are those still your objectives as you think about both 2016 and 2017? And what are your top strategic priorities?

JOHN GERSPACH: Yes, that’s a great way to start. So you know, Richard, sitting here today I’d say 2015 is a pretty good year. You mentioned CCAR; we started the year by passing both the qualitative and quantitative aspects of CCAR, which was key. We continue to work down the Holdings assets; we will end the year with $70 billion to $75 billion in Holdings, which is somewhere between a 40% to 45% reduction in Holdings assets during the year.

Continue to utilize DTA. We will have generated – at least through the first three quarters, we’ve generated $14 billion worth of regulatory capital, and we have been able to return $4 billion of that to our investors. And I think most importantly, as you mentioned, we were able to demonstrate the core profitability of the firm and be able to demonstrate that we can operate in a very efficient manner, and both from an expense point of view as well as then producing those ROAs.

For us it’s been kind of a two-year journey when it comes to earnings. For the last two years we have incurred a – 2013 and 2014, we incurred a significant amount of repositioning charges as we were trying to get the businesses to where they needed to be. We needed to incur a large amount of legal charges and legal accruals as we tried to deal with some of our legacy legal issues.

So, while we could tell ourselves that we were making progress from an operating point of view, I think that large amount of repositioning and legal charges were heavily – a heavy weight on our earnings and therefore tended to mask the performance.

Now 2015 – I think now we can look back and say, okay, this is really what Citi looks like; even in a tough environment, this is the level of profitability they can get. So from a moving forward point of view, I think priority number one for us is to do it again; demonstrate that we can do this on a consistent basis and maintain that discipline when it comes to return criteria. So that is clearly number one.

And not only do we need to operate in an efficient manner, but we need to demonstrate that within that efficiency we’ve created the capacity for investment because we do want to be able to invest in some of the businesses. We talked about credit cards, we want to continue to invest in wealth management, we want to continue to invest in some of the core banking propositions. So we’ve got investments that we do want to fund.
Second, let's go back to CCAR. We did successfully pass the qualitative aspect of CCAR this past year. That's something clearly we need to do on a consistent basis. We need to consistently be able to pass that qualitative element of CCAR. We've never had a problem with the quantitative aspect of CCAR; it's been the qualitative. So focus on that qualitative pass, and therefore have the ability to increase the amount of capital that we are returning to our investors. And I think that's the message that investors should take away.

RICHARD RAMSDEN: Okay. So how does that get reflected into your financial targets? So if we look at the 90 to 110 basis point ROA in Citigroup, the mid-50% efficiency ratio in Citicorp, I think it's safe to say that you're going to come comfortably within those ranges.

I also reflect back on what you said last year, which is a 10% return on tangible common equity, which is going to be difficult to achieve this year. As we sit here at the nine-month stage, you are actually pretty much exactly at that number. So as you think forward, how do you see those types of targets evolving?

JOHN GERSPACH: When we first set those targets out at the very end of 2012, March of 2013, we set those targets out thinking that 2015 would still be somewhat of a challenging environment. I can tell you that 2015 was every bit, and probably then some, challenging compared to what we had thought it was going to be. We certainly weren't prepared for this type of environment and yet we've demonstrated the performance in the environment that we've seen in 2015.

RICHARD RAMSDEN: So what was different in the environment relative to your expectations?

JOHN GERSPACH: Well, you take a look at even GDP growth, we're still at the point now where we're celebrating a GDP growth when it gets somewhere above 2% and we're thinking, oh, wow, maybe we will get to 2.5%. We would've thought that we would've been consistently above 2.5%, touching 3% at this point in time.

From a rate environment, we would've thought that we would've already been dealing with some level of increase in rates. So it's a different environment than what we had envisioned. But again, nevertheless, we've been able to perform in that environment.

Now you've touched on RoTCE, yes, we are at that 10% for the first three quarters. I don't think it comes as a surprise to anybody that normally with a financial services firm, the fourth quarter is a bit weaker than the first three. So, we will likely fall a little short of that 10% goal. But over time that still is where we want to get to, clearly above that 10%.

In the near-term, I think that in this type of environment – and I don't see the environment getting much better in 2016 or 2017 at this point in time – I think that the targets that we have laid out still hold: mid-50% from an efficiency ratio and an ROA between 90 and 110 basis points.

RICHARD RAMSDEN: You mentioned the fourth quarter. Perhaps we should talk a little bit about that. So we've heard from a number of your peers who said that activity did pick up in November, but we should still expect normal seasonal patterns within the securities business. Does that apply to you? I know you are obviously more skewed towards rates and FX, which I think has been a little bit better as products.

And then secondly, there's a lot of moving pieces around Holdings, you have got the OneMain gain coming through. How should we think about that flowing through to the bottom line?

JOHN GERSPACH: Yes, good question. Let me – you're right, there's a lot of moving pieces – let me start with revenues and then we will move through.
When you think about revenues, underwriting activities in the second half of the year have certainly stayed lower than what we had seen in the first half of the year. Although I would say that we’ve had a nice rebound in M&A activity during the fourth quarter, and we’ve seen wallet share gains pretty consistently throughout investment banking.

In our other core banking businesses, when you take a look at things on a constant dollar basis, still solid year-over-year revenue growth in TTS, private bank, securities services.

And then you get to markets. And we still have three weeks or so to go to the end of the quarter. But I’d say that right now what we’re looking at would be fixed income and equity markets revenues down somewhere between 15% to 20% sequentially. And we’re seeing a combination of some of the things you talked about: seasonal factors as well as continued macro uncertainty.

And I think it goes without saying that probably one of the biggest uncertainties out there is what does the Fed do next week. And beyond what they do next week, I think the other uncertainty is really, how does the market react to whatever it is they say that’s associated with their action? And I think the market reaction to what the Fed says is really going to be the determinant as to where we fall within that range of 15% to 20% down. So that’s revenues.

From an expense point of view, we will be taking a repositioning charge of say about $300 million in Citicorp in the fourth quarter. That’s as we continue to resize our infrastructure and our capacity to deal with a continuing low revenue environment.

RICHARD RAMSDEN: Is that predominately within fixed income?

JOHN GERSPACH: No, it’ll be spread throughout all the businesses. And again, it’s continuing. So, but when you look at what we’ve done on the full-year basis, we talked about legal and repositioning charges being somewhere around 200 basis points of revenue. We will fall right within that range for the full-year.

From a cost of credit point of view, you can imagine that we constantly re-examine our portfolio. And when we take a look at where we are today compared to where we were at the end of the third quarter, I think our assessment is that it is probably more probable at this point in time that we’re going to have a period of sustained low oil prices. We’re looking at that as far as what the impact then is on our portfolio.

So with that is a primary factor, we’re likely to take additional reserve builds of say $300 million to $400 million over the level we took in the third quarter. We think that that’s the right approach. We don’t see an increase in our realized net credit losses, nor do we see any growth in our nonaccrual loans. But again, just given where we are with energy prices right now and the prospects for the future, we will be building incremental reserves.

RICHARD RAMSDEN: And just to be clear, that is just for your energy portfolio or are you seeing any deterioration in the consumer portfolio elsewhere around the world?

JOHN GERSPACH: No, we don’t really see much else. Even on the corporate side, there’s always going to be an individual credit here or there, but we don’t see any real knock-on effects yet from the energy on other aspects of our C&I book. And certainly from a consumer point of view, right now what we are looking at is very steady credit performance.

Again, you’re going to have blip up here or there, but for the most part very steady credit performance both from a delinquency point of view as well as from a credit loss point of view.

Now, we talked about the continued drop in oil prices, sustained low oil prices, and the impact therefore as far as reserve builds. Curiously what we’re not seeing right now is a continuing widening of spreads on
some of the CDS that we use to hedge the loan book. So we're not likely therefore to see that same level we had of offsetting gains in the third quarter as far as the hedges on the loan book.

And then I guess the final thing you asked about was Holdings. Lots of moving pieces in Holdings this quarter, all right, we think for the good. So we had the sale of our retail business in Japan, we concluded the sale of OneMain, we've had a series now of successful buybacks for debt. We've tendered successfully for a lot of the high-cost debt that we talked about retiring. There's other aspects of the portfolio now that we will be cleaning up in that fourth quarter.

So all of that activity is going to have impact on our revenue line, the expense line in Holdings, the cost of credit. So there's going to be a lot of moving pieces in Holdings, so it's hard to actually lay out here's where revenue is going to be, here's where expenses are going to be.

The simplest way of talking about it might be that when we take a look at Holdings right now for the fourth quarter, we'd be looking at pretax earnings in Holdings somewhere in the range of $500 million to $700 million for the quarter.

RICHARD RAMSDEN: Okay, that's great. Perhaps –

JOHN GERSPACH: Sorry for the long-winded –

RICHARD RAMSDEN: No, I think that's very helpful.

JOHN GERSPACH: All anybody wanted to hear was 15% to 20%, I know, and I went way beyond that.

RICHARD RAMSDEN: But let's turn to CCAR. I think it is actually very telling that CCAR is question number five this year as opposed to one, two and three. But let's turn to that for a second. And I think you talked about the amount of capital that you have generated this year. That's on top of a lot of stressed capital last year.

So that sets you up potentially for I think a very healthy CCAR ask. Against that the test has got a little bit more confusing in that Governor Tarullo has talked about the possibility of increasing the minimum. How do you weigh that up in terms of the appropriate CCAR ask for 2016?

JOHN GERSPACH: Yes, well, obviously we don't have the 2016 scenario as yet. Also, don't forget, 2016, the way the test is constructed, the last quarter of 2016 will be 2018, which means that we'll have to deal with the impact of two years worth of phase-in capital with this one test. Normally every other test is you had to deal with one year.

So those are all things that we will have to deal with with this ask. And I can't respond to what Governor Tarullo has been talking about because we haven't seen what he will propose. What we do know is that whatever they come out with will be geared toward the 2017 and 2018 test, not impact 2016.

RICHARD RAMSDEN: But do you need to think about the flow through effect in 2017 and 2018 as you calibrate your ask in 2016?

JOHN GERSPACH: Well, we'll have to take some of that into consideration; again, it's going to depend on exactly how he structures the changes. But again, from our point of view, I want to focus mostly on the qualitative aspect right now. The quantitative aspects of CCAR are not something that we control. Quantitative really comes out of the Fed's models, which we have no view towards – complete lack of transparency, everyone's talked about that. So for me to try to game of what they're going to come up with in their model, can't do it.
We can control the qualitative aspects of CCAR and that's where we are going to put our emphasis. And that means making sure that CCAR is nothing more than just another output from our normal activities. We use the same models that we used in order to generate our base budgets, that's what we use with CCAR. We think through how will the firm absolutely perform in a stress situation.

And then you have to take a look from a prudence point of view, what is the prudent capital ask given this will be two years of really I think successful earnings, be two years in a row of a successful pass. So, to the extent that you do have the capacity to return capital, and we will, how much of that do you really want to put on the table this year as opposed to waiting one more year when you get into a third year.

RICHARD RAMSDEN: Yes. So you conceptually talked about the fact that you typically generate $7 of capital a year. That your intention over time is to get to a 90% payout ratio on that $7. Is that still an aspiration and what is the –?

JOHN GERSPACH: I’ve never said that our goal is 90%. I have hypothesized that if we were to return 90% of it, how would you feel about that, what would your view of our performance be. But we're still in that position of being able to generate, even in this type of environment, $18 billion to $20 billion of capital a year, which gets you into that roughly $7 a share figure. And I still think that over time that's the capital base that we are capable of putting back into the hands of our shareholders. But we’re not going to do that in 2016.

RICHARD RAMSDEN: Okay. So perhaps we can talk a little bit about your view of the world and you do business in 100 countries around the world, that gives you a pretty unique insight into the health of the broader economy. What has surprised you over the course of the year? What are you expecting going into next year? Are there geographies that you're either incrementally more positive about or incrementally more negative about?

JOHN GERSPACH: All right. Take a stroll around the world I guess. When I take a look at what our economists are forecasting, I think right now they’ve got 2015 pegged at overall global GDP of somewhere around 2.6% and basically – 2015, 2.6% with 2016 roughly flat at 2.8%. That certainly is below where we would have pegged it at the beginning of the year. And I think it generally – it talks to what we’re all seeing in terms of slower global growth and including slower growth here domestically in the U.S.

We really don't see the world's GDP getting above 3% until 2017 at this point in time. Now, within that, we still see emerging markets growing at a faster rate than the U.S. So I think it’s roughly 4% growth in the EM and 2 points low-single-digit growth here in the U.S. So that also gives you a view as to where we were thinking about.

China continues probably somewhere in that 6% to 6.5% range, slower than where people would have pegged it a few years ago. But again, we see that there should be some recovery now coming out of Mexico. Again, you’re not going to see a big bump up, but we think Mexico should begin to generate higher amounts of GDP, India is performing well for us. So there are pockets. There are pockets.

RICHARD RAMSDEN: But there’s no new countries that have come onto the watch list. I think previously you talked about Brazil, you talked about Russia. Anything outside of that or –?

JOHN GERSPACH: No, I think you still have your favorites. We’ll see what the election does now with Argentina. Venezuela is almost too small to really pay much attention to other than it’s always interesting to see what goes on there.

RICHARD RAMSDEN: Okay. Let's talk a little bit about rising rates. And obviously your footprint is different to a number of other banks. So can you talk a little bit around what you will be watching when interest rates go up to figure out whether your asset sensitivity is going to end up tracking above or below what you have publicly disclosed?
And secondly, can you talk a little bit about the gamma around what you expect your deposit betas are going to do when interest rates hopefully finally start to go up next week?

JOHN GERSPACH: Let's hope that we get that answer out of the Fed next week. We'll see. We've had head fakes before. So we'll wait with baited breath. But from what happens after – the day after, I think a lot of that's going to again depend on Fed commentary. So are we going to see a rate increase next week and then what's the prospect, how do they think – how do we think that they’re going to handle rate increases into the future?

I think that the pace of future rate increases will have some impact then on how deposit spreads move to see what pricing actions people take and then ultimately then what is the impact on the overall deposit book, what are your betas and what is the gamma around that beta. If you’re into a very slow rate of increases, I’m not quite sure that you are going to see a lot of variability there.

Plus I know that what we’ve spent the last several years doing is really addressing the quality of our overall deposit book. So we feel pretty good about the stickiness, if I can use that term, of our deposit base. And it really now is a deposit base that is heavily weighted towards operating accounts both from a corporate point of view as well as a consumer point of view. And I think that that will have some – should play out in the ultimate beta that we see.

RICHARD RAMSDEN: Okay. So let's talk a little bit about some of the growth initiatives which I think are relatively new compared to last year. So I know you’ve talked about rolling out Citigold in the U.S., which is a product I think you’ve had for a while in Asia.

Can you talk a little bit about what the value – first of all what are your aspirations around the rollout? Secondly, what do you think the value proposition is? And thirdly, wealth management is something I think every bank has talked about expanding. What do you think differentiates your offering?

JOHN GERSPACH: Yes. When you take a look at what you've mentioned, Citigold is our wealth management offering that we really target towards the affluent or emerging affluent customer base. It is a brand that we've had really rolled out in Asia for some time and it does quite well there.

Globally, I think we have got something to the tune of north of $250 billion worth of deposits and assets under management currently in our Citigold offering. And it does very well in countries such as Hong Kong, Taiwan, Singapore and India just to name four. And we did introduce it to the U.S. about three years ago, but we had so much else going on in the U.S. as we were trying to deal with our branch footprint and it isn't something we'd put a lot of muscle behind.

When you're taking your branches down from roughly 1,000 branches down to where we are now in the 700s and likely to come down somewhat below that, you’re not going to put a lot of muscle behind Citigold. We think now is the right time to actually start to reinvigorate that type of offering in the U.S. But it is a pure wealth management offering. It does appeal to the client base that I talked about.

When you look at our natural client base, it is a client base that gears towards the emerging affluent, urban-based with a global mindset, and we think that that gives us sort of a leg up. There are an awful lot of people that live in the cities where we want to concentrate in in the U.S. that actually have interests outside. So from a global offering, we think it is something that is sort of unique to us and something that will appeal to our particular client base.

RICHARD RAMSDEN: Right. And the cost of that investment, is that embedded in the run rate that we see today, or is that something that will ramp over the next one to two years?
JOHN GERSPACH: No, obviously as we ramp it up, it’s one of those investments that I talked about where we want to make sure that we’ve created the capacity for it. So it isn’t an investment that you’ll hear me talking about as to why we’re going to operate outside of our efficiency targets. It is an investment that we think that we can accommodate within those efficiency targets that we talked about.

RICHARD RAMSDEN: Okay, and then on the cards space, I think you’ve talked about a two-year timeframe before we’ll see the full revenue benefit of some of the initiatives you’ve put in place.

JOHN GERSPACH: No, that usually happens in year three.

RICHARD RAMSDEN: Right. So if we look at year three relative to today, what’s the delta that we should expect?

JOHN GERSPACH: We haven't put out those types of targets as yet. But what we have seen already in the investments that we’re making – and don’t forget, where we’ve talked about making the investment in cards, we feel very good about our branded cards business. It is a business that we underinvested in for a period of time. It’s a business that, as I’ve talked it through with Jud, there is a natural progression that you go to.

I’ve sort of worked it out with Jud that you’re dealing with a series of Rs. The first R is reposition. And he spent the last couple of years restructuring, repositioning our cards offering. That means really developing a good set of proprietary products as well as now building out our co-brand offerings. And we think that we’ve got the right level now of co-brand offerings when you bring in Costco, which is a leading retailer, which marries then nicely with our travel oriented co-brand cards with American Airlines and Hilton. So you’ve got a nice balance now between a co-brand offering and those proprietary products.

Now we want to put some more marketing dollars behind those proprietary products. And that means the first thing that you’ll hit then next year is the second R which is rebates. As you start to bring those new accounts on, there will be new rewards offerings, those will hit you on as a contra revenue, that will be the rebate.

Then you start to build up the spend, that will build up a little bit of a rewards cost, the third R. Then by the second year you get the revolving behavior and then in that third year is when you get your revenue and ultimately your returns.

Now the metrics that we’ve talked about so far would be to focus on how are we doing in those core products as far as account – active account growth and spending? Third quarter year-over-year we grew active accounts by 6% and we had purchased sale growth of 12%. That type of performance is continuing so far into the fourth quarter. So we feel good so far about the prospects.

RICHARD RAMSDEN: Okay. Let me ask you one more question before I turn it over to the audience. I think since you last spoke we’ve had TLAC come out, the fundamental trading book review. On TLAC I think we estimated roughly an $11 billion shortfall for you, is that roughly right? And then on the fundamental trading book review, was there anything in there that surprised you one way or another?

JOHN GERSPACH: Well, we had a couple of curveballs that hit us with TLAC that I don’t think anybody was quite expecting some of the things that got put in there as far as the debt level restriction, which ends up being our binding constraint, the disallowance of foreign debt and then the haircut on debt maturing between one and two years. Those were three interesting curveballs that hit us.

But even given that, you’re good, because I would put the range right now at somewhere between $10 billion and $15 billion worth of additional origination that we’re going to – additional issuance that we’re going to have to do for TLAC, which is totally manageable. The cost of TLAC right now, it’s not something that’s really going to be a significant drag.
From the fundamental trading book review, I’m trying to say something in a constructive fashion about that. But this has been dragging on for so long, and people have been talking about this, it’s been proposed, I would guess it’s at least four years. We’ve had four different QISs out on it.

For us, it’s focused on our market risk assets. Market risk risk-weighted assets for us are roughly 7% of our total RWA. So we obviously have a very—we’re very focused on this. But it’s not something that no matter how it turns out is really going to have a really significant impact on it.

Having said all that, I continue to look at it as being a bad rule based on flawed reasoning. And I think certainly I don't see a great passion for this rule from the people I talk to down in Washington. It seems to be more of a rule that is being driven by other geographies. And I think it might speak to the fact that people are concerned about the validity of some of the RWA calculations in other jurisdictions.

So, there’s a long way to go on this. We’ll see—I would guess that we’ll get something out of Basel first. It may come out this month, I think it’s probably more likely to come out in January. And then we’ll see what is in there. We’ll see how the U.S. regulators then respond to it. But I do think that there’s a long way to go yet.

RICHARD RAMSDEN: Okay, do you have any questions from the audience? Steve.

QUESTION AND ANSWER

SPEAKER #1: I don’t remember—can you translate that down 15% to 20% sequentially into a year-over-year figure just to make it easier for us?

JOHN GERSPACH: Last year was so bad in the fourth quarter, I don’t have a year-over-year comparison. I can give it to you sequentially. I almost want to forget the fourth quarter of last year, Steve.

SPEAKER #1: Okay, so that means it’s presumably up. I just was curious, there were some press reports that you’re going to keep your bonus pool flat in the investment bank. I know that was just press reports. But there does seem to be a lot going on.

So you’ve had some major European banks announce fairly— you’ve got new CEOs at several of them, you’ve got major restructurings going on, you’ve got CEOs saying bankers are overpaid, which is remarkable. You’ve got Morgan Stanley supposedly cutting 25% of their FICC staff globally. And yet you guys, if the press reports are to be believed, generally look like you’re going to keep your bonus pool flat. There doesn’t seem to be any dramatic restructurings taking place in the investment bank.

Is that because you feel like it’s right-sized? Is there room for opportunity to grow, do you feel, based on the actions of others? Or when you look at the returns in that business do you feel that at some point, if FICC revenues don’t start growing again on an industry level, that you might also have to take some more dramatic action?

JOHN GERSPACH: So, Steve, we’ve never sat still in making sure that we’ve got the right capacity in our businesses. We took repositioning charges in the past and we certainly have had those discussions where we took rather significant repositioning charges beginning in the fourth quarter of 2012. So I think that we have been resizing our business actively for the last three years and will continue to do so as we see the future revenue environment change. So we’re not going to sit still.

I am not going to comment on bonus pool levels because that’s—we will pay competitively based upon performance. And that’s just something that we’re going to do.
When you talk about others getting out of businesses in which they are not successful, well we’ve done the same thing. We’ve gotten out of businesses where we don’t think that we are successful and we’ve gotten out of businesses where we don’t see a pathway to getting the types of returns that we think is appropriate.

And you’ve seen that through everything that we’ve put into Holdings over the course of the last several years and have been disposing of. You’ve seen that in some of the actions that we took as late as last year exiting 12 consumer markets. So we will continue to make adjustments in our business going forward based upon where we see our ability to compete and generate appropriate returns. And I think it’s nice that others are doing the same thing.

RICHARD RAMSDEN: Perhaps I can ask a follow-up. When you look at the return on equity within the FICC franchise today, given the level of activity, is it within the bounds of what you think is acceptable?

JOHN GERSPACH: It is in the bounds of what we believe is acceptable in a normal environment.

RICHARD RAMSDEN: Do we have any other questions from the audience? Sure, one here.

SPEAKER #2: Hi, John. The question is about the Costco deal, which is – if I have a typical Visa card, now it will work on Costco as well. So there is a chance that if you are a Visa cardholder you do not need a Citi-branded Costco card. Can you just share any dynamics, any thoughts on whether you’ve been – how you think about what percentage of Visa cardholders you would need to switch to Citi Costco card to make returns on this deal?

JOHN GERSPACH: Yes, I can't go into what percentage of Visa cardholders, but I think that that’s not necessarily a bad thing for us. If anything, that can draw non-Costco members into the stores, which is great. What we want to focus on are people that are actually very loyal to Costco and therefore are interested in gaining the Costco rewards.

So you’re quite right that anyone with a Visa card can use that card in Costco, but they will not be getting the Costco rewards. For us, we think that the real value proposition that we can offer in conjunction with Costco is actually focusing on those customers that are Costco members, that generate – that want – that are interested in generating additional rewards and we will be able to offer them a value proposition which should be compelling.

So in some ways the fact that somebody else can walk in with a Visa card is not a bad thing if it then interests them in Costco. And we can actually then, with Costco, sign them up as a Costco member.

RICHARD RAMSDEN: We have time for one last question if there is one. Sure, Larry.

SPEAKER #3: Commodities prices have taken another sort of pretty sharp leg down in recent weeks. You guys have a not necessarily big presence in the commodities markets, but you do have a presence globally. What do you see are the implications, the economic implications for this in some of the markets where you operate?

JOHN GERSPACH: I think you’re seeing the implications in just the overall GDP. Again, as you mentioned, Larry, we don't have a large scale commodities business, so commodity pricing in and of itself is not going to have a big impact on us. But I think what you see is as commodities go, it’s more reflective of what is going on in the world. And commodity pricing is coming down because there is just less growth, there is less demand.

So that’s I think much more reflected in some of the GDP numbers that I talked about before. I view more commodities for us anyway being an effect as opposed to being a cause.

RICHARD RAMSDEN: Okay, John, thank you very much.
JOHN GERSPACH: Richard, always a pleasure, sir. Thank you.

Certain statements in this document are “forward-looking statements” within the meaning of the rules and regulations of the U.S. Securities and Exchange Commission. These statements 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 those included in these statements due to a variety of factors, including the precautionary statements included in this document and those contained in Citigroup’s filings with the U.S. Securities and Exchange Commission, including without limitation the “Risk Factors” section of Citigroup’s 2014 Annual Report on Form 10-K.