TRANSCRIPT

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HOST
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SPEAKERS
John Gerspach, Citi CFO

PRESENTATION

RICHARD RAMSDEN: Okay. So, we're going to get started with the next presentation. So, we're delighted to welcome back Citigroup's CFO, John Gerspach. John has played, I'm sure as many of you know, a critical role in steering Citigroup through both the wind-down of Citi Holdings and various divestitures, but he's also played a key role in improving returns and refocusing the company on growing again.

So, John, thank you very much for joining us again. I know you've been here, I think, seven times over the last eight years. So, thanks a lot. Perhaps we can start with your outlook for 2017. Clearly, a lot has changed. There's clearly a lot of question marks around what this new administration is going to do. I appreciate that you don't have all of the answers at this stage.

JOHN GERSPACH: I have very few answers.

RICHARD RAMSDEN: Sure.

JOHN GERSPACH: Almost none, but we have hope.

RICHARD RAMSDEN: Yeah. But, perhaps, maybe the best way to think about this is what is your base case and how does that base case change if you get some of the things that this administration seems to be very focused on such as corporate tax reform and infrastructure spending? Perhaps we can start with that.

JOHN GERSPACH: Yeah. Sure. I mean, as I said, I think the difference going into 2017 is that we do have hope. But as you probably have heard me say in the past, hope is not a plan. And so, we can't build a plan on hope. So, our base plan going into next year is really looking very similar to an environment that looks like 2016. We don't know what the new administration is going to do.

I think during the campaign trail, both candidates said a lot of things and now exactly what gets rolled into policy and new laws and what gets repealed, we don't know. We don't know the timeframe in which they're going to handle things. We don't know the priority in which they're going to handle things. So, for us, you build the plan based upon what you see, and then you make sure that you're poised to take advantage of the opportunities.

We think that's exactly where we are. When you take a look at how we've built now our Markets business, we've got the infrastructure in place to handle increased volumes without adding a bunch of additional expenses. Very similar with our Treasury and Trade Solutions business, and we've made the appropriate investments on the consumer side, certainly in our cards business, so we want to make sure that we're poised to take advantage of the opportunities, and we'll see where that goes.

RICHARD RAMSDEN: One of the most tangible things that has changed is interest rates and interest rate expectations, so the 10 year has moved, what is it? 70 basis points almost now I think for the election and obviously Fed funds futures are also now pricing in a much faster rate of tightening. How do you incorporate that into you budget process, or do you ignore it taking into account that we're just back to where we were a year ago?

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JOHN GERSPACH: Well, that's the whole thing. That is exactly the point. With all of that change, we're smack-dab where we were at the beginning of the year. Even when you take a look at something like the impact on OCI, the gains that we accrued during the year now have basically gone away, but we're right back to where we were. I think the more important thing is obviously there's a change now in perception, almost everybody is fairly certain, 100% certain, 95% certain that we're going to get a rate increase next week. Fine. We had already assumed that.

The key then becomes what happens after that, and, I think even more importantly, why. If you're just getting rate increases for the sake of getting rate increases, yeah, that's kind of nice. If those rate increases are because the economy really is growing at a faster rate, you do get stimulus as far as – whether it's tax reform or if it's infrastructure spending, that would all be a big positive for us.

RICHARD RAMSDEN: So, just, again, short term, puts and takes of the rate hike hopefully, that we're going to get this month. How do you think they differ relative to what we saw a year ago? I mean obviously, deposits betas ended up being a lot lower. The outflows out of the banking industry ended up being a lot lower. Do you think we're going to get a replay or you think it could start to be different this time around?

JOHN GERSPACH: I think that initial increase will be largely similar to what happened last year. Again, everything is going to depend on what you hear coming out of the administration, I'd say, beginning in late January and then we'll just see. You look at the enormity of the task of an administration moving in. The first thing that needs to get done is he needs to get his team in place. There's a lot of confirmation hearings that have to go on. And so, how much real things can get done early on, I'm not quite sure.

RICHARD RAMSDEN: Okay. The other thing that's changed, not just with the election, but kind of going back to Brexit is capital market activity. Since the election, how has activity been tracking? And perhaps you could go a level deeper and say, when you look at the type of activity that you're seeing now, how broad-based is it both by product and by geography, but also by client type so that point to the sustainability? I appreciate these things can change very quickly, but it's obviously an important part of the revenue outlook.

JOHN GERSPACH: Coming out of the third quarter, we had a lot of good client activity, we mentioned during our third quarter earnings call, coming out of the Brexit vote. That got a lot of people going. Coming out of the election that client engagement stayed very, very high and it's fairly broad based.

When we gave guidance during our third quarter earnings release where our expectation was that we would get a seasonal decline in Markets revenues and that's largely held true. But on a year-over-year basis, I'd say we're looking at about close to 20% increase in Markets revenues year-over-year, which again that's continued strength in rates and currencies. That's been a constant theme for us during the course of the year. And we're getting continued recovery in spread products. So, that's all good.

Also in line with our expectations, Investment Banking revenues broadly in line, broadly stable with what we had in the third quarter. But we're seeing a mix shift. DCM activity I'd say is lower this quarter. That could be with just due to the rate environment. But we're making up for that with stronger M&A. And that M&A engagement with clients remains strong.

RICHARD RAMSDEN: So, I think you said around Brexit, it was corporate activity that saw the biggest shift. Are you seeing institutional activity also now pick up?

JOHN GERSPACH: We're seeing continued engagement on the corporate side and, yes, a pickup on the investor side as well.

RICHARD RAMSDEN: Okay. So, let's talk a little bit about financial regulatory reform. And again, I know there's a lot more questions here than answers, but I think you've previously said that on a stand-alone basis, a lot of these rules actually make some sense. But the interplay between the different rules can be

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problematic, so, the interplay between the leverage rules and sort of the liquidity rules as an example. When you think about the rules and you think about this new administration's agenda, what do you think they should consider around bank regulatory reform?

JOHN GERSPACH: I'd say the first thing that I would say is, one, we remain firmly committed to the safety and soundness of the financial services system. There's no doubt about that. But we also want to see a system, a framework, that allows American companies to remain competitive. So, the first thing I would ask for is nothing new, no new rules. Let's reconsider the whole Basel IV impact.

RICHARD RAMSDEN: And just for those in the audience, when you say Basel IV, you're referring to which components of Basel IV?

JOHN GERSPACH: Yes. Yes. All of Basel IV.

RICHARD RAMSDEN: It's a very broad charge.

JOHN GERSPACH: No, I mean, if you haven't figured out yet how all the existing rules work together, don't put on anything else. Let's figure out what we've done already first. When it comes to taking a look at things, and I don't expect big changes right away, I just don't think we're going to get that. But I do hope that at some point in time, we'll figure out things like, one, and I guess it's a bugaboo of mine, the interaction between the LCR and NSFR and the SLR. So, Liquidity Coverage Ratio, Net Stable Funding Ratio, and the Supplemental Leverage Ratio. I think it makes a lot of sense for banks to have the right amount of liquidity. We currently are carrying on our $1.8 trillion balance sheet in excess of $400 billion worth of high-quality liquid assets.

RICHARD RAMSDEN: And that gets you to an LCR ratio of about 120%?

JOHN GERSPACH: About 120%.

RICHARD RAMSDEN: Yes. Okay.

JOHN GERSPACH: Okay. And that's above where we need to be specifically for the LCR, but there's a bunch of other things that feed into liquidity as well including resolution planning. And I think you're seeing everybody's liquidity levels coming up now as we all work our way through resolution. So, when you've got that type of liquidity and then you start focusing on SLR, I'm all for an SLR ratio, but do I really need to carry capital against cash and high-quality liquid assets at the same level that I carry capital for a credit card loan. I don't know.

RICHARD RAMSDEN: So, I know you're not going to answer this, but I'm going to ask it anyway.

JOHN GERSPACH: You never know.

RICHARD RAMSDEN: If it was up to you, what would be the appropriate level of liquidity that you would...

JOHN GERSPACH: Yeah. I'm not going to answer that.

RICHARD RAMSDEN: Okay.

JOHN GERSPACH: You're right. You're right. I'm not going to answer that.

RICHARD RAMSDEN: Clearly lower than $400 billion level?

JOHN GERSPACH: Clearly lower than $400 billion. I mean, when you think about it, there's a whole bunch of these things that I say, individually, they make sense. Banks should have more liquidity, absolutely. It gets you right into Volcker. We don't want to do proprietary trading. We said that back in

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2009, probably when I spoke at this conference. Proprietary trading is not part of our business model. We agree with that.

However, when you look at the record-keeping requirements in order to demonstrate that we are not engaging in proprietary trading, I'd say that they are a bit burdensome. The amount of record keeping that a bank needs to do in order to demonstrate that it is meeting the RENTD analysis, the Reasonably Expected Near Term Demand is a bit over the top. Plus, it's administered by three different agencies. One agency looks at it from a bank point of view, another from a broker-dealer point of view, another from a swaps dealer point of view. So, we don't want to do propriety trading, but I also would love to work with regulators to lessen the burden of proving that we're not engaging in proprietary trading.

RICHARD RAMSDEN: Do you think the Volcker Rule has materially impacted market liquidity from your perspective?

JOHN GERSPACH: I certainly think it's had an impact. You're going to get a debate over material, or significant, or measurable, but it's had an impact.

RICHARD RAMSDEN: Okay. So a restrictive trade policy between the U.S. and Mexico would also impact, I guess, Citigroup more than many other banks just given the operations you own in that country. I think we've calculated that about 25% of your Mexican corporate loan book is to border states with the U.S. If there was a more restrictive policy, how would you think about the impact of that from a credit quality and perhaps a growth standpoint, or is it again just too soon to say?

JOHN GERSPACH: I'm going to say it's probably too soon to say at this point in time. We really don't know what the administration is going to do. It's also unclear not only what they're going to do, but how they're going to do it and there's certainly to the extent that there was more protectionist policies perhaps here that could also have an impact on U.S. manufacturing. There is a lot of trade that goes back and forth, and it's really unclear as to what they're going to do, how they're going to do it and where that impact is going to be.

As we look at Mexico, we still feel very good about Mexico's ability to compete based upon labor rates, access to natural resources. We like the reforms that their new administration has put in. So we still feel broadly constructive about Mexico. We announced $1 billion investment program in Mexico. We may re-pace some of that, but we're still planning to go ahead with it. A lot of that investment has to do with improving the infrastructure. So it's not that we're looking to capture new market share in Mexico. A lot of that is an efficiency play and therefore, it makes a lot of sense to go through it.

You mentioned from a credit point of view, our credit profile in Mexico, especially on the wholesale side is stellar, absolutely stellar. When we take a look our loan book in Mexico, I'd say from a geographic point of view within Mexico, it pretty much matches the geographic distribution of their GDP. So, it's very much in line with that. And when you take a look at the loss rates that we're currently experiencing in Mexico, they're at levels of about 20% of what the overall market is experiencing. So, we feel really good about the exposure that we have to Mexico at this point in time. We remain vigilant, but we feel good.

RICHARD RAMSDEN: So, last year, you talked about Brazil and Russia as countries that you thought could pose some credit issues. The impact hasn't really been as big as I think many people thought given some of the economic issues those countries have faced. Can you talk a little bit about why you think that was the case vis-à-vis Citigroup specifically? And secondly, as you look forward over the next couple of years, are there any countries that you would add to the list?

JOHN GERSPACH: Yeah. I think when I sat here last year, I did mention that Brazil and Russia were two countries that we would stay focused on. And each of those countries now, I'd say they've improved. Each seem to be coming out of their recessions. Again, as we do everywhere else, we're watchful, we're vigilant, but we're no longer overly concerned about what's going on with Brazil and Russia. When I look

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at the world, there really isn't a spot in the emerging markets that really stands out as something that says, oh, wow, watch here. You watch everything, but there's no special area of concern right now.

RICHARD RAMSDEN: So, let's talk about Europe then in that context because obviously you've had Brexit, you've had the Italian referendum, you've obviously got operations across that region. How has the risks or the opportunities in the Eurozone changed including the UK?

JOHN GERSPACH: Yeah. I was going to say the one area that we actually are spending more time looking at right now is Europe, especially with the vote for Brexit. And there, again, it's another example of we're just not sure as to how that Brexit is going to be negotiated. So, a lot of that is going to be determined over the course of the next several months and, perhaps, even years. And therefore, it's a little uncertain as to what the impact will be on the UK and uncertain as to what the impact is going to be on the remaining countries in the EU.

RICHARD RAMSDEN: But how much of an opportunity is that for Citigroup? Because you're clearly seeing this retrenching in Europe, the European banking systems…

JOHN GERSPACH: Well, I'm going to separate the economic impact from what's going on with the banks. It is somewhat linked, but from an economic point of view, we'll look at each country. From an activity point of view, we do see some of the banks retrenching, and a lot of the European banks, not all, but many are still dealing with trying to come to grips with capital requirements. I'd say, their constraining factor for the most part would be the leverage ratio. And when you take a look at what opportunities that gives you, it gives you opportunities in both the Rates business. It gives you opportunities in Equities, specifically Prime Brokerage. And where we see the ability to provide more services to target clients that we have, that's what we're doing.

RICHARD RAMSDEN: You didn't mention balance sheet lending. Is that an opportunity in Europe?

JOHN GERSPACH: I'd say the overall movement in Europe, there's more of a movement now towards capital markets. And I think that long term, that's going to be good for everybody. So, we're not doing a lot of balance sheet lending in Europe unless it's to, again, part of our platinum client base.

RICHARD RAMSDEN: Okay. So, let's switch gears a bit and talk about your strategic objectives. So, last year, you talked about consistent execution, you talked about investments in the Cards business and Wealth Management and increased capital returns. It feels like you've made a lot of progress on all of those areas over the last 12 months. If you were to give yourself a scorecard, what would it look like? And are those still your objectives as you think about the next two or three years?

JOHN GERSPACH: Yeah. I'm sure that when I spoke last year, I talked about the need to demonstrate consistent sustainable earnings. And we had good earnings in 2015 through 2016. I mentioned how the fourth quarter was looking from an ICG point of view, which basically, as I mentioned, the ICG revenue trends are broadly in line with what I had talked about during the third quarter earnings call. And from a consumer point of view, as we look at the fourth quarter and how that's going to finish, North America continued strong momentum year-over-year led by Cards and, perhaps, a bit of a seasonal decline coming out of Mortgages. I think that will impact the fourth quarter revenues. We just don't see that same level of Mortgage activity. Some of that has to do with the rate environment, some of that is just seasonal.

International Consumer, the way we're looking at it right now, we still expect year-over-year revenue growth and positive operating leverage. Expense management has been a focus of us, obviously. Fourth quarter expenses in our Citicorp business, should be a bit lower than what we had in the third quarter. And so, everything is pretty much in line with what we had laid out. I'd say the one area where we're probably going to run a little bit short would be in Holdings. Holdings, we're probably expecting now a modest loss in Holdings in the fourth quarter. And that's just due to the fact that some small transactions have shifted out of the fourth quarter into the first quarter.

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So, against where we would have talked about in the third quarter, Markets revenues probably doing a wee bit better, and Holdings doing a little bit worse. But that just continues the trend as to what we've been experiencing during the course of the year. So, we've been putting the investments, as you said, into Cards. I'd say that Cards has done everything that we've asked of it this year. We went into the year knowing that we needed to bring on the Costco portfolio, integrate that, that's done. A little bit of a rough patch in the beginning, but the Costco portfolio is performing extraordinarily well.

Just this past weekend, we got to our 1 millionth new account since we've taken on the portfolio. So, we've added 1 million accounts in less than six months. Don't take that as a run rate. But it's a great way to start. That's pretty good. You take a look at how we're growing revolving balances with Costco. All of that is good. We've secured extensions on most of our key co-brand partnerships now. So, we've got that moving forward. Again, Cards, I think, is a bright spot. And we're still focused on bringing Cards to the point where it earns 225-plus basis points on an ROA basis in the future.

RICHARD RAMSDEN: Okay. So, let's talk about the financial targets, the 90- to 110-basis-point ROA, let's start with that. It looks as if you'll come in below that range.

JOHN GERSPACH: Come a little bit short.

RICHARD RAMSDEN: But part of that is obviously the liquidity that you're carrying.

JOHN GERSPACH: I'd say it's two things. One, the first quarter was just so bad, and that just became a very difficult thing to get over. The expectation going into the year is that the first quarter should be your highest net income quarter of the year. That is not going to be the case. So, that's a tough thing to overcome when you're focused on ROA. From an expense efficiency point of view, we went into the year expecting 57%. We got that 60% efficiency ratio in the first quarter. And we said, look, we're going to re-target and try to get to 58% for the full year. We should deliver on that 58%.

Get back to ROA. ROA, I think, 90 to 110 is still a realistic target range for us. When we first set that range out back in March of 2013, so it's almost four years ago, we were not contemplating at that point in time the need to hold $400 billion worth of liquidity on the balance sheet. Having said that, I still think that we should be able to operate in that range, so we're not changing that target.

RICHARD RAMSDEN: And the mid-50s efficiency target for Citicorp, what sort of environment do you think you need to see either economically or from a revenue standpoint to get to that number?

JOHN GERSPACH: I don't think it's that much of a different environment than that we currently have. I think that as our investments mature right now in some of the businesses that we've been putting it in. We talked about Cards. Cards is a highly efficient business so that should really drive our operating efficiency to be better. TTS remains a business, Treasury and Trade Solutions, where we continue to make investments in the technology and in our capabilities to support our clients. That's a highly efficient business.

Investment Banking, we're making inroads there. I talked about the strength that we're seeing this quarter in the M&A revenues, and we think that that continues for at least the next couple of quarters. So, we think we're making progress in growing those highly efficient businesses, and so therefore, we have a path to get to that mid-50s. Again, we're not going to be that far away from it right now, 58%. It really is a short road to get to 55%.

RICHARD RAMSDEN: So the DTA is one of the single biggest issues in terms of driving this wedge between the ROA and the ROE. There's obviously a lot of talk around corporate tax reform and new tax regime, a lot of moving parts here. Do you think that could potentially give you more strategies to help accelerate the utilization of the DTA such as repatriation?

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JOHN GERSPACH: A lot of that's going to depend on the details. And so, let's just wait and see. We will obviously take advantage of anything we can to try to utilize more of that DTA faster. But you can't do detailed tax planning without understanding the details of the tax law.

RICHARD RAMSDEN: Okay. So, let's talk a little bit about Costco because that's obviously been a huge success, as you said a million sign ups. Some of the offsets to that success just from a near-term profitability standpoint of being the impact on having to build the reserve and having to obviously build rewards. We heard exactly the same thing from JPMorgan yesterday. How long do you think it will take for profitability in that book to normalize it? And what do you now think is a realistic range given the fact that it has been more successful than I think you thought at the time of launch?

JOHN GERSPACH: When you bring on a portfolio like that, it's going to take you a good year before it really becomes accretive and it's probably six months after that before it normalizes. And that just has to do with the way the accounting works from a reserve point of view more than anything else. You know, when you're growing a proprietary book as we have done, you get a drag initially because you're dealing with rebates and rewards. When you bring on a portfolio, you do purchase accounting, you have to bring it on without any reserves and therefore, you just need to build reserves with each new transaction. And so, it just takes a while. We had a $150 million reserve build on Costco in the third quarter. That should be the highest reserve build that we ever have on Costco. So it should decline from here, but it's still going to take until the second half of 2017 before it's really accretive to earnings.

RICHARD RAMSDEN: And that's similar on the reward component as well.

JOHN GERSPACH: On the reward component for Costco is baked in there. There's no front end on that. So, everything with the Costco portfolio as far as that value proposition that we've put out in partnership with Costco is operating at or better than what we had expected. We mentioned in the third quarter earnings that 70% of the spend on the Costco card is occurring outside of the Costco stores, and that's better than what we had planned.

RICHARD RAMSDEN: Okay. So, let's talk about capital returns. It's obviously a critical component of the investment thesis in Citigroup. Obviously, your numbers have been moving in the right direction. I think faster than many people had anticipated. But you're still a long way off where you would ideally get to, which is I think a $15 billion to $18 billion level of capital returns. Governor Tarullo gave a speech recently that did seem to imply that payout ratios were no longer going to be something that he'd focus on as much. Obviously, it would have a very significant impact on you. What was the interpretation of that speech and how are you thinking about the path to higher capital returns from here?

JOHN GERSPACH: Everything that Governor Tarullo said in his speech matched what we were telling investors along the way. We didn't see that the fed had a mandated cap. Everyone was talking about, well, there's a payout ratio of 100% of earnings. We never heard about a payout ratio that that was capped at 100%. I think what Governor Tarullo said in his September speech pretty much put that to bed.

We need to see how the NPR obviously comes through, but we felt that, even with the introduction of some of the new measures that he talked about, everything in his speech was manageable and it was right in line with what we were planning. You talk about the progress that we've made and the gap that we have to our target. When you go back to the CCAR cycle of 2014, we got approved to do a capital return of $1.3 billion. Now, that is a gap to where we needed to get to of $15 to $18 billion.

The next cycle on an equivalent four-quarter basis, we were at $6.8 billion, still a gap. Now, including the additional $1.75 billion that we announced a couple of weeks ago, that puts our CCAR capital distribution this cycle at $12.2 billion. $12.2 billion to $15 billion to $18 billion, while it still is a gap, it is a lot less daunting to deal with than $1.3 billion to $15 billion to $18 billion.

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RICHARD RAMSDEN: So, how are you thinking about mix shift? So, at the moment, 85% is buybacks, 15% is dividend. In an ideal world, is that where you would like it to be or would you like to see a more even shift?

JOHN GERSPACH: Well, I think you need to take a look at where your stock price is trading even now with the stock price elevating over the last couple of weeks since the election, we're still trading at 90% of tangible book and 80% of overall book value. So, I think it still makes sense to do the majority of your capital return in the form of buybacks. But as we've always said, we want to be responsible from a dividend point of view. You saw the increase that we put through last year. We increased the dividend last year threefold. Of course, when you're at $0.05 a share and you increase it to $0.16 per quarter, that's still – but it's still three times, give me that – but there's still ways to go. We're at a yield right now of just slightly over 1%. I think we could probably get to a yield closer to 2%, 2.5% over time and we'll gauge it appropriately.

RICHARD RAMSDEN: Okay. So, let me stop there and see if there's any questions from the audience. We got one here.

QUESTION AND ANSWER

SPEAKER #1: When you're talking about individual Emerging Markets that you have big exposures to, the outlook actually sounds very benign. In broader terms for EMs, how do you assess the risks in terms of whether it's strong dollar or higher bond yields or more protectionism?

JOHN GERSPACH: When we take a look at our book, again, I think you need to take a look at the business model that we have. Our book is concentrated in large multinationals that are doing business in these countries and some very large local companies. But we don't go down to middle market. To the extent that we're making loans in a currency, one, we make sure that on our local books, that is matched so we don't lend in a currency when we don't have funding in that currency. And when we take a look at the borrower and assess what currency is that borrower taking that loan and are seeking that loan, we look to see that they've got the ability then to generate that type of currency.

So, I don't want to sound as though we are not vigilant on taking a look at this. So, when you use the word benign, I have to admit, that rubs me because I never think in terms of things being benign. I worry about everything as does Brad Hu, our Chief Risk Officer, but we do feel pretty good about the way, one, the way we've got our book structured, and that the way we run our risk appetite framework in each of the countries.

RICHARD RAMSDEN: Do we have any other questions from the audience?

JOHN GERSPACH: Have you ever heard benign come out of my mouth?

RICHARD RAMSDEN: Go ahead, one more? Okay.

SPEAKER #1: You mentioned how burdensome Volcker Rule demonstration of compliance is. Can you kind of size what the operational cost of that is?

RICHARD RAMSDEN: Actually, let me add to that. I think you've said that you've got something like 30,000 compliance officers.

JOHN GERSPACH: 29,000.

RICHARD RAMSDEN: 29,000, okay, rounded.

JOHN GERSPACH: Risk and compliance and audit. Let's look at it that way.

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RICHARD RAMSDEN: So if we broaden that question, what do you think about those 29,000 people that you have, how many of them make sense to you from a risk management perspective? And I know it's a tough one to answer...

JOHN GERSPACH: Yeah. I am not going to come out with a headline percentage as far as, John says X-percent of these people are actually useful. That's no, no, no.

RICHARD RAMSDEN: Okay. But It does seem like an incredible number though, 29,000 people.

JOHN GERSPACH: When you take a look at our entire workforce of 220,000 people and you think about 29,000 people being involved in Risk, Compliance, Audit, yeah.

RICHARD RAMSDEN: What was it five years ago?

JOHN GERSPACH: Well, you're going to say it's not adequate five years ago. But five years ago – let's go back eight years ago, all right? Eight years ago, we would have had a total workforce of 375,000 people, and we probably would have had half as many.

RICHARD RAMSDEN: Half as many?

JOHN GERSPACH: So, it's been almost a threefold increase from a percentage point of view. And I don't want to ignore the question, no single regulation would you look at and say, my God the cost to do that is hundreds of millions of dollars, but they each run into several millions of dollars, in some cases, perhaps tens of millions of dollars. And so, they add up.

CCAR, I'm a big fan of stress testing. I really am. And I think that the whole CCAR process has really helped the safety and soundness. But now there's a requirement that a CFO certify to the submission. And even if I feel comfortable with it, I can't just sign it. I need to make sure that there's a process in place to produce the evidence that I've got all the support that I need to sign it. And I have to have my audit group audit the fact that we are producing that and that my whole signing process. So, there's some expense dollars that could come out.

RICHARD RAMSDEN: Okay. I think we're out of time. But John, thank you very much. That was great. Thank you.

JOHN GERSPACH: Thanks a lot, Richard.

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