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Host
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Speaker
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QUESTION AND ANSWER

JASON GOLDBERG: Morning. So, coming off the heels of the Investor Day, you kind of laid out a fair amount of goals. One of them was a fully-loaded RoTCE of at least 10% by 2019, 11% by 2020. A few years ago, you laid out some similar targets – trying to get to double digits by 2015 – couldn't get there. What gives you kind of more confidence that you can actually hit these new objectives and what's changed?

JOHN GERSPACH: Yes. Fair question. Fair question. You take a look at those targets that we laid out six weeks ago and they're all predicated on our ability to produce sustained incremental progress over the next several years. And when you look at it, it's really based upon revenue growth, positive operating leverage and continued balance sheet discipline.

But I think that the three words that really sort of are the foundation of that plan are balance, measured and momentum. And when you think about balance, I think it starts with the fact that the plan that we've laid out really have got components of improvement that both focus on the numerator – earnings – as well as the denominator with the capital actions. Let's talk maybe about the numerator first.

When you look at it, I think that any sort of forecasting, any sort of planning, starts with the environment that you've based that on. And here I think the key word is measured. We've taken a very measured approach to our assumptions as far as the economics. In that plan, as we laid out six weeks ago, what we've said is our view is that interest rates will increase about 100 basis points over that timeframe. So, it's not that we're talking about crazy increases in interest rates, we're also not assuming that interest rates stay flat, but 100 basis points seems fairly reasonable.

When you take a look at the economic growth that we've got baked in there, from a U.S. point of view and even from the world, we're talking about rather modest increases from where we are today. So, U.S., we're currently somewhere in that 2%, 2.1% range. We're assuming that the U.S. goes up to about 2.5% by 2020. So, a little bit of an increase, but not much. So, again, we've tried to be measured in the economic backdrop that we've laid out.

The balance then also comes from the fact – and also another point of measured, you take a look at the revenue assumptions that we've got in the plan now. Those revenue assumptions, overall, we're talking about 3% annual revenue growth over those next three years, so that's 4% from the base business offset by continued rundown on legacy assets. So, again, it's measured.

The balance continues in the fact that we're not overly reliant on any one product, any one region, any one business to produce those results. And I think that the real difference, that you guys say, what's different, is momentum. We've got existing momentum now in those base businesses. You take a look at the momentum that we've already built up in TTS, the momentum that we've got in our Fixed Income business, Investment Banking.

On the Consumer side, we're starting to see growth coming out of both Asia, Mexico. We've had five consecutive quarters of revenue growth and positive operating leverage coming out of our Consumer business in Mexico, four consecutive quarters of that in Asia. So, those businesses have got existing momentum.

And then, just to finish it, when you take a look at the capital point of view – again – measured and momentum. We've already just received the approval this year to get $18.9 billion of capital returned to our shareholders. That's a far cry from where we were when we laid out those original targets in March of 2013 when we were struggling at that point in time to not just return incremental capital, but also to grow the capital ratio that we've had.

We've already got the capital ratio, 13.1% CET1. Now, it's a matter of can we demonstrate to people that we can actually return the capital that we're generating plus some, and we did that this year. And the goals that we've baked into that plan, again, they're fairly measured when you compare that to the momentum that we've already established. So, we feel pretty good about our ability to deliver. Sorry for the long-winded response.

JASON GOLDBERG: No, appreciate it. You mentioned momentum a couple of times. I just looked at your target, looks like maybe two-thirds driven by GCB, one-third by ICG. Can we just talk about some key initiatives in each of those businesses? How do you expect to kind of carry the load?

JOHN GERSPACH: Yes. Well, I mentioned a couple of them in that first response. When you take a look at the ICG, let's start with the Institutional Group. Fixed income, it has definitely become a scale game. There's no doubt about that. Even over the last year or so, as we've seen revenue pools not just stabilize but actually grow a little which is a little different than I would have thought. But revenue pools in Fixed Income grew 5% overall in 2016, our FICC revenues grew 15%. First six months of this year, revenue pools are virtually flat overall in FICC. We've seen 5% growth. So, again, I think that there's evidence of momentum of continuing to be able to capture additional wallet share.

You're seeing the same thing in Investment Banking. Investment Banking results, we had a great second quarter – best quarter in seven years – but beyond that, this year we've gained about 70 basis points in wallet share, and that's fairly broad-based, based upon both geography and industry. So, we feel good about that.

We're seeing the momentum continue to build up in transaction services businesses, both in our TTS business, Treasury and Trade Solutions, as well as in Security Services. So, again, those businesses are both contributing.

And then, when you move to Consumer, I mentioned about the growth that we're seeing already in Mexico and Asia. And now, we expect to start to see positive earnings growth coming out of Consumer in North America beginning in the second half of the year. So, again, fairly widespread. There's that balance again. So, it's that combination of balance and momentum.

JASON GOLDBERG: Helpful. I guess an important measure to get to kind where you are with results with just returning capital, you talked about the $18.9 billion coming up. I think it's maybe $60 billion or so over the next three years. Maybe talk to how you think about buybacks versus dividend, I think there's more emphasis on buyback given what the valuation is but just how you kind of think about that over time presumably as the stock goes to your $100 target?

JOHN GERSPACH: Yes. Well, obviously, where we're trading right now still is a discount to book value. Finance 101 sort of says to you, okay, if your stock is trading below book, you might look to buy back the stock as far as from a capital return point of view. And that's reflected in the distribution of the capital return that we've laid out. Of that $18.9 billion, we anticipate $15.6 billion being returned in the form of stock buybacks.

Now, we're not completely oblivious to the importance of dividends because in that capital plan that we just put out, we're doubling the dividend each and every quarter. So, we've gone from a $0.16 per share dividend in each quarter, now to $0.32 a share. So, we've doubled the dividend and we've gotten the dividend now up to I think a level where we're somewhat in line with our peers. If you take a look, most of our peers are somewhere in that 2%, maybe 2.5% yield. This last dividend increase sort of puts us just a shade below 2% now. So, we're in line and I think that's really where we need to be, somewhere in line with our peers, and we'll get there over time.

JASON GOLDBERG: Before we get into individual businesses, maybe if you could just talk about the third quarter operating environment and kind of what your outlook is?

JOHN GERSPACH: Okay. When you look at the third quarter, I think the first thing that you need to comment on, and it's been commented on a lot, is the fact that volatility has remained somewhat subdued throughout this quarter, especially when you compare it to the third quarter of last year where we had a lot of activity in the markets in the third quarter of last year, both on the heels of Brexit and then in advance of the U.S. elections. We're not seeing that right now.

So, in this environment, we're currently expecting our total Fixed Income and Equity Markets revenues to be lower year-over-year, perhaps around 15%. But as I probably would have said every early September, the whole third quarter, though, you really don't know what happens until you figure out what the operating environment is in September. So, a lot will depend on what really happens the rest of this month.

The other – from a revenue point of view, we also – we recently closed on the sale of our Fixed Income analytics business. And so, we expect that sale to generate a gain of about $0.5 billion this quarter. And expenses, we had guided expenses to be down, and we do expect expenses to be down as our guidance had indicated. But just given the revenue environment, our operating efficiency ratio will probably be a little bit higher this quarter than the 58% that we had targeted for the full year. So, it will come in a little bit higher than 58%.

And maybe then just to close out with credit, overall, again, in line with the outlook that we had put out at the close of the second quarter. The expectation would be that credit will increase from the second quarter, cost of credit would increase largely due to reserve actions. And probably the mix of that has changed a little bit with a slightly higher contribution from U.S. cards, offset by some more favorable credit than we would have expected coming out of the ICG. So that's kind of a rundown of what we're expecting right now.

JASON GOLDBERG: Yes. So, maybe a follow up on efficiency ratio. It's a little bit above your target of 58% for the full year, which I think on a year-to-date basis, you're kind of also running slightly above that?

JOHN GERSPACH: A little bit below, I think.

JASON GOLDBERG: A little bit below. And so, you're still comfortable with the 58% for the full year?

JOHN GERSPACH: Still comfortable with the 58% for the full year. But when you target something like 58% for the full year, you're going to get changes quarter to quarter to quarter. And as you think about, normally, the third quarter would be your revenue-challenged quarter. And so, the expectation would be that the efficiency ratio would be. And maybe one thing I should make clear is that when I talk about that efficiency ratio being somewhat higher, that's excluding the impact of that $0.5 billion gain that I talked about.

JASON GOLDBERG: Good point. Good point. I guess you did mention kind of Investment Banking fees. Maybe just talk in terms about kind of what you're clients – maybe what pipelines look like, how the current uncertainties may be impacting that business positively or negatively?

JOHN GERSPACH: Yes. Well, Investment Banking is always a timing game, when do deals close. But from a dialogue point of view, dialogue remains very strong with clients. So, when you take a look at the deals that are getting announced, those are still happening. We're still actively involved in a large number of the large deals that have been announced right now. So, we feel really good about the Investment Banking revenues.

Now, I mentioned the second quarter being the best quarter that we've had in seven years. We don't anticipate repeating that quarter in the third quarter, and we mentioned that when we did the earnings call. We had said, think in terms of the third quarter looking more in line with the first quarter, maybe a little bit down from that. But still in all pretty good.

JASON GOLDBERG: And then the Equity business is an area you talked about trying to improve your positioning. So, maybe talk about in terms of some initiatives there and how's that progressing?

JOHN GERSPACH: Yes. Obviously the Equities business is something that we've been investing in for several years now. And we've invested in the people. We've invested in technology. We put more balance sheet to work. And we had been an equity markets business that would be ranked 8 or 9 which is really far below where we think a more credible level really is.

So, we've set out a target to, over time, get to a number 5 position in equity markets. We've begun to see some impact now, with the end of the second quarter, overall, the ranking had improved to about number 7, so slowly, slowly. But, again, we do feel good about the progress that we're making there and then we think that we can make progress over time.

You mentioned the Investment Banking business. If you look at equity underwriting, we've got a number 4 ranking in equity underwriting. So, we don't think that targeting the equity markets to move from a number 8 or 9 position to number 5 is really out of line with where we rank overall when it comes to equity underwriting. There's no reason to think that we can't get to a number 5 position.

JASON GOLDBERG: I guess another area you guys have been investing in is credit card. So, maybe just talk to in terms of the investments you did, how the second half of the year should look like particularly as you kind of anniversary the Costco purchase and how competitive the landscape is.

JOHN GERSPACH: Yes. You're right. Card is something – we began investing in cards – well, I think you had to go back to the background. When we came out of the crisis – we went into the crisis with a powerhouse credit card business. And just given everything that went on in the crisis, we did not invest in new products during the time of the crisis. We cut back on marketing and that significantly impacted the business. So, beginning in 2011, 2012, we really began to develop the new products there. And we brought in Jud Linville, and that really started round two of Citi with credit cards.

So, the focus on introducing new proprietary products and really putting some marketing dollars and heft behind that really started in 2015, which is what you're talking about. And we really wanted to focus on changing up the product mix. We had a big hole in our portfolio of products at that point in time. We had no offering in Double Cash, which was probably the fastest-growing credit card segment. So, we needed product there. And we spent some time then rebuilding the value proposition in several different card families – value, rewards, and Double Cash – and all of that began in earnest in 2015.

We said when we started to put those marketing dollars behind those card offerings is that, look, you're going to see card accounts improve. You're going to see spend improve. You'll then see receivables grow. But the real earnings coming off of those investments won't be visible for 24 to 30 months, and that puts us at the second half of 2017 beginning of 2018.

Same point in time, when you take a look at the other half of that portfolio, it has to do with Co-Branded Cards. And there, the most significant investment we made was the acquisition of Costco last year. And, again, what we said was, Costco is going to have an immediate impact on our credit card sales, on the receivables, but it's going to be at least 12 months before you begin to see Costco be accretive to earnings just given the way purchase accounting works.

So, both of those big events puts you in the second half of 2017. And, again, our expectation is that what you're going to see is the card business now contributing to that positive earning – year-over-year earnings growth in North America Consumer in the second half of this year.

JASON GOLDBERG: Well, maybe talk to just maybe the competitive landscape because you and others kind of have improved your product offering and it seems like now maybe there's a potential plateauing, leveling off or have you seen that at all? Is it still intense?

JOHN GERSPACH: The credit card business has been competitive. I first started to work in the credit card business in 1992, and we talked about it being competitive. So, 25 years later, it's still competitive. And it goes through cycles. There's new products and then people catch up. There's new offering. I remember when the big thing was no fee cards, everybody was going to drop their fees. Oh, my god, what was that going to do to the industry? The industry has survived pretty well.

But you're right, we go through these cycles of competition. And it's one of the reasons why I mentioned when we look at where we were back in 2012, we were in a competitive bind because we didn't have updated value propositions for our customers. We weren't meeting their needs. We're doing that now.

Everybody's focus is on the reward aspects of the competition, but the other aspect is also the services that you put out there. And so we're all also competing on how we improve the client experience behind the cards. And that really is important to consumers as well which is why we've not only put a lot of effort into improving the rewards offering or the value proposition behind the Costco card but also improving the way that customers can reach us digitally, the way that they can access us through our apps on iPhones and Android devices. And so, that's another area of competition as well. And we're going to continue to compete and the industry will continue to find new ways of offering value to clients because, ultimately, that's the way you grow.

JASON GOLDBERG: And maybe shift gears and talk about, I guess, on the businesses and products, maybe from a geographical standpoint, maybe talk to in terms of any particular geographies you see, particular growth opportunities or areas of potential concern.

JOHN GERSPACH: Well, again, the advantage of being global is we do have a pretty good view on things that are going on. And we really like the fact that we get a large amount of our revenue base coming out of the emerging markets. The emerging markets, even with the slowdown that's gone on in the emerging markets over the last several years, when you take a look at the GDP in the emerging markets, the GDP is still about double what you're getting in the developed world. The developed world is somewhere maybe in that 2%, little below range, emerging market's somewhere over 4%.

We continue to see growth in trade flows. The EM-to-EM trade flows are still a big area of growth and as much as – since sometimes people get hung up in the well, the trade flows between developed and emerging markets are slowing a bit, yeah but the emerging market to emerging market, big growth area.

Intra-Asia growth. Just Intra-Asia trade flows now, $2.5 trillion and one of the fastest growing corridors that we've got. So, we feel good about our ability to service our clients as they continue to grow in those regions. So, I'd say that we're still looking for reasonable growth coming out of the emerging markets. Our competitive advantage is our global network. Our ability to connect our clients to the clearing systems in 98 countries around the world, and that's still where we see things.

JASON GOLDBERG: I guess over the last few years, you've been – I guess, scaled back your retail presence globally. Is that kind of process now complete? Do you now look to begin to maybe – are there new markets you want to expand into? How do you think about that?

JOHN GERSPACH: Yes. We've spent – when we started this thing, five, seven years ago, we had 40 markets that we were offering consumer products in, way too many. We feel good now that the 19 that we're in right now and I don't see any significant change in that. We'll always re-evaluate where we are from a returns point of view to see whether or not the markets that we're in are capable of generating the returns that we feel are important to our shareholders, but I don't see any big changes. As far as adding on markets, I don't see us getting into new consumer markets at this point in time.

JASON GOLDBERG: I guess Mexico has been an area of attention, I think an area looking for pretty good growth from and investing a lot of money there. So, maybe talk to in terms of how that landscape is shaping up and how is that progressing?

JOHN GERSPACH: Yes. And when you talk about Mexico, we did announce $1 billion investment program in Mexico. We continue to like the underlying demographics in Mexico. We like their access to natural resources, a very competitive labor market, the proximity that Mexico has to the U.S. We really think that that positions Mexico well for growth in the future.

And so, when we talked about that $1 billion investment program, it's really to make sure that we can continue to grow our business as Mexico grows. It's a matter of increasing the level of service that we can provide to the clients. A lot of that $1 billion is really in the form of infrastructure, improved branches, new ATMs. So, it's not that we're looking to expand into new products, new services in Mexico. It's being able to grow what we have.

When you look at the Consumer business that we have in Mexico right now, we're currently getting revenue growth rates of 5% to 6%. We've got growth rates approaching 10% in retail banking. And so now it's a matter of making sure that our cards offering is starting to improve. And we believe that we'll be looking at year-over-year growth in cards revenues, if not at the end of this year, certainly at the beginning of 2018 so we can see the progress now in the cards offering. But Mexico, yes, it's important to Citi, and we still think that it's an important vehicle of growth for the future.

JASON GOLDBERG: Maybe shifting gears back home but there's been, I guess, a lot of discussion of late in terms of regulatory rollback. Treasury obviously put out a whole list of recommendations. Maybe talk in terms of just what you're hearing from D.C. How you think the next year or two plays out from a regulatory standpoint?

JOHN GERSPACH: Yes. The discussions have been very encouraging. Obviously, the progress to-date – we're still waiting for real change at this point in time. The proposals that the Treasury put out in June are very constructive. And now it's a matter of what can actually get done. Unfortunately, we still have a lot of empty seats in some of the regulatory areas. We're still waiting for confirmations on Fed governors. We're still waiting for the Treasury to fully staff out. And I think that's going to be somewhat of a drag therefore in just how fast things can get done.

Very encouraging about discussions on CCAR. I think that we've got a real chance to get some of the improvements that have been talked about there as far as changes in the underlying assumptions in CCAR as far as the need to continue to grow balance sheet during periods of stress. If you take a look at the current CCAR test, it also requires that you continue to do all your share buybacks during the periods of stress. Those things are just not grounded in common sense.

So I do think that those changes will happen. I do think that we'll make progress on some sort of stability, an SCB, being introduced. The question becomes timing. And the next two months are probably critical because if you're going to make changes to CCAR for the 2018 cycle, I'd argue that you really need to have them in place by the end of September. You might get away with mid to maybe late October. When you get beyond October, you're really starting to talk about 2019. So, I think the issue isn't so much will we get the changes in CCAR? It's more a question of when, and that's the big question.

JASON GOLDBERG: Why don't I pause there and if everyone can kind of grab the audience response clickers in the middle of the table and then we'll go with a few ARS questions. One of the things that we're doing at least for the bank presentations this year Matt and I, the first two questions are going to be the same for every company. So in the end we'll kind of give you a ranking in terms of where people are positioned for and kind of what matters to whom. But if we could throw up the first ARS question.

Do you own this stock, one, yes, overweight; two, yes, marketweight; three is underweight; four, net short, and four no. John picked one.

JOHN GERSPACH: My answer is definitely one.

JASON GOLDBERG: A lot of potential shareholders.

JOHN GERSPACH: That's why we still think we've got a chance to get to that $100 share price.

JASON GOLDBERG: And maybe question number two is also kind of a templated question. Just improvement of which factor would have the greatest influence on you increasing your exposure. So, basically, when earnings release comes out, what line do you look at first? NII, fee income, expenses, credit quality, profitability or capital return?

Profitability. So, I think we did a lot of covering ROE. So, as ROE goes up, those numbers of “no” shareholders should go down.

JOHN GERSPACH: That's one of the reasons why we've laid out those targets the way we did and we understand the importance of hitting those targets that we set out.

JASON GOLDBERG: Maybe another question – for question three, of the Investor Day targets, maybe which one investors in the audience are still skeptical of given it still trades below tangible book. One, capital returns; two, credit card; three, International; four, Investment Banking; five, all of the above; six, not skeptical at all.

And the answer is – so basically, card, which we talk to and Investment Banking and Equities that we talked to. So, interesting to watch how those progressed. And then the last question, and this we should get a clicker for John, what do you think Citi's earnings per share will be by 2020? Mind you with the Investor Day, the company kind of laid out a $9 type framework and there’s on the screen five different scenarios and it’s three being their guidance.

Given there's no formal consensus out there, this could be the new...First Call for Factset. Interesting. So, close but not quite there.

JOHN GERSPACH: Not quite there, but alright.

JASON GOLDBERG: Gets you to a $90 stock price instead of $100.

JOHN GERSPACH: I'm going to concentrate on trying those move those orange over into the yellow. So, that's okay.

JASON GOLDBERG: Enough fun and games. Why don't we open it up to the audience for questions? There'll be people running around with mics so just raise your hand high. We'll be happy to address those. We got one in the front.

SPEAKER #1: In the white paper by the...

JASON GOLDBERG: Can you please – one second?

JOHN GERSPACH: Yes. They're going to get you a mic, otherwise I'll end up repeating the question.

SPEAKER #1: In the white paper by the Treasury...

JOHN GERSPACH: They got to turn the mic on. Not you, them.

SPEAKER #1: Hello? Here we go. In the white paper...

JOHN GERSPACH: Sorry, we're out of time.

SPEAKER #1: I'll be selling my stock this afternoon. In some of the proposals that are out there to change the regulatory world, which is the most important to you?

JOHN GERSPACH: Well, since CCAR is our binding constraint, I tend to focus more on the CCAR process. That's the one that really is going to really drive our ability to deliver that $60 billion worth of capital return to the shareholders over the next three years. So, I would say CCAR.

SPEAKER #2: Hi. Thank you very much. My question is how do you guys think about the cost of equity?

JOHN GERSPACH: Well we run all the analysis that everybody else runs and it gets you into a range. There's no significant, no real scientific says that, okay, this is the number. So, we tend to focus on a range that puts us somewhere in that – around 10% as being the cost of equity that we have. I've seen valid arguments that say it's above 10%, it's 10.5%. I've seen other arguments that would suggest that given the capital build up that we've had, the safety and soundness that it's down closer to 9%. So, it's somewhere in that range of a little over 9% to maybe something just above 10.5%. But we tend to think of it as being 10%.

SPEAKER #3: Thank you. Thanks, John, Jason. On your comments about third quarter, the credit provisioning. I think you said ICG will be a little bit lower.

JOHN GERSPACH: A little bit lower than when we gave the guidance at the end of the second quarter.

SPEAKER #3: And then offset by…

JOHN GERSPACH: Slightly higher reserve builds in the U.S. cards business.

SPEAKER #3: Is it just for growth, is it Branded?

JOHN GERSPACH: It's a combination of the two portfolios, Retail Services and Branded. When we talked in the second quarter, we mentioned the fact that we were continuing to see some softness in collections in Retail Services, that's continuing.

Again, it's not that initial move to delinquency from the current bucket into the first or second bucket. But we're still seeing softness in collections once accounts get to that kind of mid-range delinquency bucket. And so, as we've looked, we just think we're going to need to do a little bit more reserving in both Branded Cards and Retail Services.

SPEAKER #3: Okay. And then John, your comments, you spoke a lot about momentum in your opening comments. One thing I've noticed just over the last I'd say four, five, six months. It seems like every week, I pick up the FT, there's a comment about a new hire that you guys – you're bringing in a big gun from Goldman or you're bringing in a big gun from Deutsche Bank. That's good momentum from hiring senior people. What's the message you're selling them to get them to come to Citigroup today?

JOHN GERSPACH: It's everything we laid out at Investor Day. I mean, there's no secret book that we use for new hires. It's everything that we've put forward in Investor Day, and they're seeing the momentum themselves. So, it isn't that we're just selling a story about where we can get to in the future from a standing start. They see the products that we've got. They see the customer dialogues that we have. They hear from the clients that they're serving already, what's going at Citi. And they're interested in joining our team. So, you start to build that momentum, you start to have that level of success and you can build on it. And that's really what these new hires are doing. They're building on existing success.

SPEAKER #4: Thank you. Maybe a technical one. On the Fed balance sheet reduction, have you changed assumptions on deposit outflows and how you're managing LCR and the mix in HQLA now that we've all seen the disclosures? Thank you.

JOHN GERSPACH: Yes. I mean, obviously, we continue to reassess those assumptions every month. So, have we changed? Sure. We change weekly. Are those changes significant at this point in time? No. No.

SPEAKER #5: Just following up on the North American card question and the reserves around soft collections. My understanding was to Retail Services up to this point, is there also issues having on the Branded Cards side? And also, could you just help us – where you stand on your existing guidance for charge-offs for the full year in both of these? Thanks.

JOHN GERSPACH: Sure. Now, Branded Cards, there may be some softness in collections in Branded Cards but certainly nothing significant. So, the commentary on the softness in collections is focused on Retail Services.

You asked for an updated guidance as to loss rates. I'd say that we're seeing slight increase in loss rates in Branded Cards. We had guided to a 2017 NCL rate in Branded Cards of I think it was 280 basis points and it could be 285 basis points. So, again, very slight increase in the Branded Cards loss rates.

Retail Services, we had guided to 460 basis points. Given the continued softness in collections that could be 10 basis points higher, maybe 470 basis points. So, again, very, very small increases in the NCL rate, but obviously even small increases in the NCL rate do have an impact on our reserving actions.

And then with each portfolio, again, we still, from a longer – a medium-term perspective, consistent with what we laid out in Investor Day, Branded Cards, somewhere in that 300 to 325 basis points range and Retail Services 500 basis points. So, no change in the medium term guidance, slight increase in the 2017. I hope that was helpful.

JASON GOLDBERG: Great. With that, please join me in thanking John for his time today.

JOHN GERSPACH: Great. Thank you all very much.

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