TRANSCRIPT

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HOST
John McDonald, Bernstein Analyst

SPEAKER
Mike Corbat, Citi Chief Executive Officer

QUESTION AND ANSWER

JOHN MCDONALD: Okay. Good morning, everyone. We're ready to start with Citigroup up next. Quick reminders, you can submit questions throughout the talk by clicking the Pigeonhole link on your left side of your screen. We also encourage you to participate in our poll run by Procensus, which also is done via a link on the left side of your screen. We're really happy to have Citigroup CEO, Mike Corbat, returning this year. Mike has been a consistent supporter of this conference and we thank him for that. Mike has been CEO of Citi since 2012. He has led the post-crisis turnaround and refocusing of the company on its core strengths and businesses since that time. And he has held numerous leadership positions at Citi in a career spanning over 30 years at the company. Mike, thanks for joining us today. We really appreciate you coming back.

MIKE CORBAT: Thanks for having me back. It's great to be back.

JOHN MCDONALD: Thought it would be good to start at a high level with some historical perspective. Maybe you can start off talking about how you feel Citi is better prepared to go through the COVID-19 macro challenges and credit cycle compared to past cycles including the Great Financial Crisis.

MIKE CORBAT: Sure. Well, it's certainly, relatively speaking, good to be in a crisis and not necessarily be at the center of it. And I think that what we've seen is that the banks, the big banks and Citi are playing an important role not just in terms of our day jobs, in terms of being a bank and the usual things we do, but I think also playing a very important role as being that transmission mechanism between, in some cases, extraordinary monetary and fiscal responses in the real economy, and I think there's lots of examples of that.

From a Citi specific perspective, we come into this crisis or this challenge with a strength of balance sheet, both capital and liquidity. We come in with a refined set of businesses and risk management approaches. We come in with I think very good operational resiliency as a consequence of significant investments that we've made, and obviously we come into this with earnings power and the diversification of that earnings power in fact as you saw coming to the end of the first quarter. And so, I think as each of those – we look at where we are, we feel good about where we are in this crisis and I think we feel like we're in a position to be able to serve our clients, but at the same time keep a real eye towards safety and soundness and the things that we need to do.

JOHN MCDONALD: Citi employs a much more branch-like structure compared to peers and the pandemic seems to have accelerated the trend towards digital. Where have you seen that and the most rapid changes on that front?

MIKE CORBAT: Well, I think one of the things that this pandemic has done is stay-at-home orders or stay-in-place orders or distancing orders have been out there. We've seen a significant move towards our digital channels; in fact, just last quarter we talked about mobile users being up 20% year-over-year. That trend continues. A great example is in our Private Bank. We introduced last year a new digital platform and we've seen a 40% increase in terms of utilization there. So, I think the digital use – and by the way, we've continued to see it on our institutional side in terms of our trading platforms, in terms of our settlement, in terms of our TTS platform, so big moves towards digital and the investments that we've made there are serving us well.

JOHN MCDONALD: Something that we're asking all the CEOs that are speaking at the conference this week across all industries, what do you see as some of the longer term implications of the pandemic for both the US economy, the banking industry and might it affect where Citi chooses to invest or maybe cut cost?

MIKE CORBAT: Well, I think, first, it absolutely reinforces the importance of the investments that we have been making in terms of technology. So, we're a company that employs slightly over 200,000 people around the world. All of those people are entitled into our systems and in fact as I look at my dashboard on a daily basis, there are points of time during the day where we have over 150,000 of those people in our system simultaneously. And I think the fact that we can do that and that there's stability, there's reliability, there's low latency in that is important, and I think it has completely changed the way we think about working remotely.

Second is what we really need to be responsive to is the needs of our clients. And if I just look at so far this week the things that I've done, I helped host an industrials investment banking conference in our EMEA franchise earlier this week where we had over 100 clients on remotely. I've had several client interactions, one last night, with one of our large clients in Japan. The amount of employee communication in terms of reaching out and the number of venues that I'm going to, and traditionally probably most or all of those would have been plane trips and time coming and going.

And so, I've found that the ways that we come to work and some of the efficiencies that we've created likely have some permanence too. But at the same time, John, what I would say is that I think a number of firms have come out and said that their employees don't have to come back to the office. I think in our case it is our goal to get our employees back. And so, over time, we'll be implementing a plan, obviously safely, being driven by data and not by dates, but we want to get our people back in the office.

JOHN MCDONALD: You have a unique global franchise. What insights can you share about the progress of COVID-19 and the path to recovery that you've seen in Asia and elsewhere that you'll apply to what might happen in US and elsewhere?

MIKE CORBAT: Yeah, as you described, our global franchise and, in particular, our Asia franchise in this case has really given us an interesting insight. So, one is, we saw this pandemic potentially coming. We started taking actions as early as January. And I think as the pandemic moved west, we tried to get ahead and stay ahead, and I think that allowed us to get our employees working remotely. It allowed us I think as, an example, to be the first to put forbearance programs in our Consumer business in place in the US with the hindsight, or the things that we saw, in Asia. And I think the one thing that we've got to recognize about this challenge is that it's uneven. It's not moving. The responses haven't been the same and the pace is different.

And I think what Asia has taught us is it needs to be granular because if you look today, we've had a slow and measured response today. We've got about 75% of our people back in office in Taiwan. We've got about 50% of our people back in office in Hong Kong, and we've got significantly less than that in Singapore and other places. And so, again for us, it's been about the data, not about a date and we've tried to I think be very prescriptive. And in here with this, as I describe unevenness, you've got to get granular, really site-by-site, client-by-client, industry-by-industry, and I think Asia has very much shown us that.

I think the other thing that's really resonated itself nicely in this is our global model and the flexibility that it's given. And so with this uneven nature as example, we've been able to move workloads and do different things from different places in the world to supplement others, and so that ability to shift I think gives us great flexibility.

JOHN MCDONALD: Great. Let's shift and talk about some of the dynamics you're seeing across your businesses. We start on the Consumer side. Are you seeing some of the stabilization of card spending that others have talked about after that precipitous drop that we saw in March and early April?

MIKE CORBAT: Yeah. I would say we are seeing and again, going back to my last point, you've really got to take it at a granular level. So, as an example, in essentials, we're seeing actually spending up on a year-over-year basis and obviously we're continuing to see depressed levels in terms of travel and dining. And so, I think it's mixed. And again, as I talked about, we're seeing some of the trends coming from Asia as those economies start to reopen. And again, it's country-by-country, it's sector-by-sector, but we are starting to see some pickup, but it remains down on a year-over-year basis.

JOHN MCDONALD: I think in mid-April, you were trending kind of down 35% or so in total spending. Any update to share from where things stand today in terms of credit card spend?

MIKE CORBAT: No. I'll just kind of reiterate what I said in terms of things starting to pick up, but still down and I think later in the quarter we'll try and give some insight in that.

JOHN MCDONALD: Okay. Great. And how about on the forbearance and deferral, what kind of trends are you seeing there in terms of new deferral requests and the behavior of people that have requested and gotten deferrals?

MIKE CORBAT: It's really interesting because, again, we were first out on the blocks in the US in terms of forbearance again with the ability to kind of have seen Asia and some other places, and we put our programs out there in mid-March. So far, we've had about 1.5 million of our consumer clients sign up for those programs – that makes up about 4% to 5% of our outstanding balances. But what's really interesting, John, is a pretty significant portion of those people that have signed up actually haven't taken advantage of the programs or at least as of yet. And so, I think that talks about or speaks to potentially the significance and the positive effect that a number of these government programs have had and whether that's been the checks or whether that's been the Payroll Protection Programs coming out of the SBA and others.

And so, again, it creates challenges around the measure in some of the credit models in terms of what performance is going to look and feel like in an extraordinary move like this because you just don't know exactly what the impact of those or, as an example, we're seeing higher balances and those higher balances are not only what we described, but also the government's actions in terms of allowing people to delay tax payments. And so, again, we've seen, I think, pretty positive reaction to the programs that we've put in place. And I think we still see, certainly amongst our consumer demographic, people with pretty ample resources.

JOHN MCDONALD: And how about on the commercial side, what have you seen in terms of corporate line draw demand and pay down activity as an interaction with capital markets?

MIKE CORBAT: Well, clearly, in the first quarter and in particular through March, we saw in the system and at Citi, significant draws coming through. We spoke to that in terms of the first quarter. I think the programs that the government has put in place have been very effective. And at the same time, I think not just that the programs has been effective, but I think in their messaging really what we've seen is the capital markets really wide open and running at in many cases unprecedented volumes in terms of new issuance.

And so, we've seen a lot of those companies, as opposed to drawing on lines or taking advantage of government facilities, actually out raising significant monies, which we've been a big part of in the debt capital markets. And so, we've seen certainly our big caps out there significantly raising liquidity. And again, I think the combination of the SBA programs and I think the movement that were going towards the programs in terms of the Main Street facilities has put ample liquidity and resources out there really for businesses of all size. And so, I think you've seen the pressure in many cases coming off the banks and that's certainly what we've seen at Citi.

JOHN MCDONALD: Deposit activity seems to continue to be very robust across the industry, Mike. Are you still seeing that as well?

MIKE CORBAT: We are, we are. And when you just think about whether it's the checks going to people, or the Payroll Protection Program, or the debt raising or some of the other programs that I just mentioned, a lot of that money is kind of working its way right back to coming on deposit and obviously the extraordinary monetary actions by the Fed and other central banks. And so, the system is certainly awash with liquidity and we certainly have been a beneficiary of that liquidity as it's coming to the system.

JOHN MCDONALD: How about in terms of capital markets? We've heard from a number of bank CEOs this week that the favorable conditions for markets revenues, both in terms of client activity and wider spreads seems to have carried through to April and May. What are you seeing in your FICC and equities businesses?

MIKE CORBAT: Well. We've seen, again, I think great momentum coming to a strong close to the first quarter. I think that momentum has largely continued in particular on the fixed income side. And I think you see a lot of portfolio rebalancing. I think a lot of people kind of rethinking different trajectories of the yield curve and credit and where they want to be. As I spoke to, there's been a very active debt capital markets business. And I think the new issue calendar always leads to more secondary activity, in particular on the credit side of things. And so, it's been an active period. And again, we'll give some numbers later in the quarter. But I think good – very good momentum sustained and continuing to build coming out of the first quarter.

JOHN MCDONALD: Yeah. You mentioned the debt issuance. The broader investment banking, maybe just kind of the color between M&A and ECM, DCM, just general trends there, what you've been seeing?

MIKE CORBAT: Yeah. I think that the clear outperformer has been the debt capital market side of things and you can look at the volumes and what's going on there. And again, I think that there is a real desire out of many, many of our clients to build and to have ample or excess liquidity obviously as we go through this and I think that the markets have been open. We talked about the amount of liquidity that's out there. We've talked about people kind of looking to rebalance. And really what's been good about it is the markets have been open across a range of issuers. It hasn't been just limited to the top echelon of investment grade. And again, as you said, spreads and pricing has changed to reflect that. But the good news is, is those markets are open and they're receptive.

I would say on the M&A side of things that closing deals has slowed. But I would say that conversations remain very active, and I think as we start to see our way through to the other side of this, as we've spoken about, we're going to see various shapes of recovery. And I think that those that are positioned will likely look to take advantage of this situation in terms of looking at things from a strategic perspective that are out there and might not have been out there otherwise. And so, I think on the back side of this, we're going to see a pretty significant pickup in terms of M&A activity.

JOHN MCDONALD: Okay. Going to shift gears, talk a little bit about credit quality. The industry is obviously going to go through a cycle. What have you done at Citi in terms of taking action to reduce tail risks both in the consumer and the commercial books that you have?

MIKE CORBAT: Well, as you know, we, coming out of the last financial crisis, significantly restructured or changed the underlying dynamics and demographics of our company. So we shed about $800 billion of non-core assets ranging from auto finance to student lending to many different things. We reduced the number of countries that we operate. Our Consumer business in from 40 to down to 19. We've significantly reduced the number of institutional clients that we deal with. So, I think one is just really refining and tightening what our target market is, at the same time, really kind of thinking about risk appetite around that and kind of going back and thinking about, as an example, our Cards business and really where we are and our exposures that are there continuing to move up in terms of FICOs, continuing to look at the open-to-buy lines and kind of where those are, looking at our partners in our portfolio who we represent. I think all of those things across the board. So going into this, I think we go in with a very clear position in terms of where we are, the customers we're serving and how we think about that portfolio.

JOHN MCDONALD: Yeah. And obviously, we're all dealing with a new accounting regime with CECL. Just at a high level, how do you deal with the kind of complexity of working under CECL, which requires you to frontload? At the same time you've got a shifting economic environment while the government stimulus and forbearance is going on. How are you handling all of those together? Maybe just talk about that challenge.

MIKE CORBAT: Yeah, I think it's an interesting and challenging time around the implementation of CECL. Obviously, we're in an unprecedented period in terms of what's happening coming as a consequence of the pandemic. And as you described, John, that when you look at the traditional drivers of cost of credit and whether it's GDP, whether it's unemployment or whether it's housing prices, and the models certainly have sensitivities to those, the assumptions that you make around each of those when you're calculating and projecting out expected lifetime losses have big ramifications. And so, as we've gone through it, obviously we are continuing to update those assumptions in terms of real time.

And again, from the unprecedented perspective, it's very hard to read or to extrapolate what the benefits exactly are or will be in terms of all of these extraordinary programs and not just in the US, but around the world. And again kind of going back to my earlier point, we had 1.5 million people sign up for the ability to use forbearance programs, and we had a number significantly lower than that that have actually, to-date, chosen to take advantage of that. And again, we think that a lot of that is because of some of these programs. And so, it's difficult right now to forecast that.

And I think the other piece that's really important as we talk about this uneven recovery, it's got to be very granular, right, because we're going to see again, I think within the recovery, we will see some things that have a V-shaped recovery. We will see some things that have a U-shaped recovery and we'll see other things obviously that have a much longer or actually have a significant impairment challenge. And so, it's going to be granular, really sector-by-sector, name-by-name in terms of how that is and, again, we're working in real time to try and project that.

JOHN MCDONALD: Yeah. And we've heard from a number of banks including yourself that it's likely the industry will need to take sizable reserve bills again in the second quarter due to the evolving economic situation since March. A number of folks have pointed to the first quarter level of reserve build as kind of a proxy for where the second quarter might shake out. I know it's still early, but is that a decent frame of reference in your mind?

MIKE CORBAT: Yeah. I think to your point, John, that we – as we approached the end of the first quarter, we made our projections and I would say again around those things, those sensitivities, in particular unemployment and GDP, we have seen a deterioration since those numbers. And so, from our perspective, it is likely that we will continue to build and our levels will probably be above, a bit above, where we were in terms of the first quarter, but again it's early and/or evolving and these things have real sensitivities to them in terms of projections. So, as things get better and as we see some recoveries, that can help. And obviously the same goes to the other side.

JOHN MCDONALD: Yes. There's been a lot of investor focus in this environment on Citi's exposure to credit cards and you've got a large business both between the Branded Card business and the Retail Services portfolio. What actions have you taken to improve the credit quality of both of those books over the years?

MIKE CORBAT: Yeah. So, kind of going back to coming out of the last crisis and the way that we have repositioned the company, one is that about 85% of our exposure is in the US to the combination of our Branded and Retail Services portfolio. If you look at that portfolio and as we've talked about, over 60% of that portfolio in branded is to consumers with FICO Scores greater than 720. I would say pre-crisis that number was probably less than 40%, so significant movement there. On the other end of the credit spectrum, we've got only about 15% of our portfolio in Branded that has FICOs of less than 660. That number was somewhere north of 30% last crisis. And Retail Services again, similar relative type moves; 40% of our portfolio there greater than 720. Only 25% less than 660. And again, to remind people, in the Retail Services piece of things, while we take the reserve, we actually share those losses with our partners. So again, I think from a business perspective, an appealing aspect to that.

JOHN MCDONALD: And there often are questions about the Retail Services business, it's unique. There's only a few players and you're one of the largest players there. Any other unique challenges that COVID environment presents given the nature of your partners there and maybe just what makes you feel good about the business and your position longer-term?

MIKE CORBAT: So, one is it's a business that we've been in for a long time. And again, unlike your Branded business where your customer or your consumer is the client; in the case of Retail Services, our partner is our client, and we think about the things that we can do together in terms of marketing and other types of campaigns and drive utilization of the card, usage of the card. I think it's actually quite powerful. As I said, the economics are a bit different in that we in the good times share the revenues and in the more challenged times, we share the credit cost. And when we look at the business through a CCAR lens or a stressed environment, it actually performs well. And in there, part of what we've been focused on is the diversification of that portfolio. So, we've got a combination of terrific partners, some retail, non-retail, many – or some in the crisis here actually essential purveyors of goods out. As an example, Home Depot through this has been obviously very active and things. And by the way, the portfolio has had its challenges in terms of the retail sector, but in balance through the cycle it's a good portfolio. We've got very good partners and we've had solid performance.

JOHN MCDONALD: Great. Now, that's helpful context. So, with bank, share buybacks on hold, obviously investor interest has turned to the dividend, Mike. You've made some comments publicly about supporting the dividend still and being cognizant of the risk out there for banks. So, how do you as a management team even before think about the dividend in a year where you've got a lot of capital, but earnings have been compressed at least for the first half of the year with provisions? How do you wrap that altogether and think about this question?

MIKE CORBAT: So again, John, as you alluded to, we've made the decision, as did some of our industry peers, to go ahead and suspend buybacks for now. If you look historically at the monies that we've put, about 80% of our capital return over the last several years has been in the form of buyback. We've been continuing to walk the dividend up over time and I think we've got a competitive yield in terms of our dividend. But in terms of the earnings power that we have, we feel comfortable that our dividend is not overwhelming. We're paying a very close eye and the board is obviously watching closely in terms of our capital trajectory. And as I said, we went into this from a strong capital position. We ended the year at 11.8% Common Equity Tier 1. We finished quarter one at about 11.2%. And again, using some of those buffers and to remind people or let people know that's against a minimum of about 10%, so again today ample cushion against that. And again, so resources, we've got to watch this play forward. And from the board's perspective, it's a quarter-by-quarter decision. But again, I think we feel like we've gone into this from a position of strength and so far feel pretty good about the trajectory.

JOHN MCDONALD: Yeah, yeah. And do you think the industry as it looks to that question, does the dividend need to be earned every quarter or is it a broader question about earnings power on a multi-quarter basis and the broader capital strength that you talked about?

MIKE CORBAT: I think it's a great question, John. And in some ways I think it goes back to CECL, right. That CECL likely is frontloading your cost of credit. And so, again, if you've got in any particular quarter pressures around CECL builds, but you see a diminution of those builds as you go forward, you're obviously going to take that lens and look at it. So, I think you've got to look at it in the round. And I think CECL, I won't say complicates it, but maybe CECL changes some of the ways that historically the industry has looked at dividend. And again, we'll have to see what that looks like as we go forward.

JOHN MCDONALD: Yeah. And looking beyond the near-term issues, how do you see capital management evolving over time with the new SCB methodology incorporating the stress test results into everyday capital requirements that already has a GSIB surcharge as well in there and you've got a bunch of factors together?

MIKE CORBAT: Yeah. So, I think one is I think the Fed has been pretty clear that they view what we're in as a real life stress test and they are in fact kind of reassessing, re-approaching what that means, and they are looking at the overlay of the SCB on that. I would say at this point, we don't have much information. But again, against that 10% that we have currently in terms of minimum capital, we have been running, right, we've historically said we want to run somewhere around that 11.5% level. So, we went into this recognizing that there would be some adjustments to the stress capital buffer. But I think as an industry, we don't know exactly what that is going to look and feel like, but we feel like we go into it from a position of trying to have estimated what that impact might look like for Citi.

JOHN MCDONALD: Okay. Mike, I'd like to talk about a topic you and I have discussed at this conference for many years. It's really about Citi's profitability gap to peers. If you look at RoTCE, Citi has lagged peers for most of the post-crisis years, yet you set out an agenda to improve and close that gap and you made good progress closing and narrowing it, I should say, up until the end of last year. So, when we look beyond the current issues around the crisis, just remind us, what are the drivers of that profitability gap? What's Citi's commitment to narrowing that and what are your strategies for doing that over a couple year timeframe?

MIKE CORBAT: Yeah. As you described, John, we have made good progress. If you go back to 2016, we had a return on tangible common of about 9%; 2017, 9.6%; 2018 was 10.9%; and 2019 we got it to 12.1%. So, I think there's been good, steady, significant progress in terms of that path. And I think the levers along the way is that we've tried to really hit the different levels in terms of the combination of solid risk-adjusted revenue growth. And again in a world with slower growth, we've said that's kind of GDP-like and it's kind of been in that 2% to 3% range. At the same time, creating good operating leverage out of that growth in terms of expense discipline. And as we continue to grow those revenues, we have largely held expenses flat and, as part of that, continue to make some pretty significant investments in our business, which again I think today are serving us extremely well.

Be smart and prudent in terms of cost of credit and continue to go at the denominator in terms of the sharecount and again our ability to drive high levels of capital and capital return and really hitting all those levers and doing that through a diversified business model in terms of our two main businesses, Consumer and Institutional. Again, different franchises and geographies and really trying to create balance out of that, and I think what you've seen is both in our Institutional and Consumer businesses good breadth of earnings generation across many, many, many of our businesses.

And again, we talked about the quality and consistency of earnings, and I would say that that is as we come out of this, the playbook. I think that the great news coming through this, I think we've absolutely served our customers and clients well. I think we've distinguished ourselves. We see and feel in our numbers that we continue to take share in many or most of our businesses. And so in here, in terms of never wasting a good crisis, I think as we come out of this, I think we've got the ability to consolidate some of those gains and get back to accelerating that path in terms of competitive returns.

JOHN MCDONALD: One of the things we've noticed as we stacked up returns across the banks is Citigroup is asset-rich everywhere, but you're under indexed in deposits in some obvious reasons – like the obvious places like the US. You've got some strategies to improve deposit growth. Digital is enhancing that. Maybe you can just talk about the progress you've made there and maybe some of that gets accelerated in this post-crisis world.

MIKE CORBAT: Yeah. Well, as we talked earlier on is one, I think we have been a very good repository or depository around deposits in excess liquidity in the system, so I think we have been seen as a safe place to come with those monies. And as you cited, John, several years ago, we really started on the investments and the structuring of the businesses around, in particular in the US, capturing more consumer deposits. And again, what you saw in the first quarter was about 8% year-over-year deposit growth. So, from a standing start a few years ago, we've been continuing to accelerate in a pretty competitive environment and I would say not at all overpaying for those deposits. The value proposition that we have, digital's been a big part of that.

And I think one of the things that we've tried to do is to take advantage of our branch-light footprint and actually go into MSAs where we've got many, many hundreds of thousands of card users in different cities around the world where we may not have a presence, but we've got a long relationship. We know them. We know their habits. And by the way, if it's not us, we know who their bank is. And so, I think we've been really trying to be targeted in terms of those offerings. And I think the early returns around this have shown that we've really started to get a foothold into this and again through this we've taken deposits, and I expect as we come out of this, that we'll continue to accelerate that.

JOHN MCDONALD: Yeah. And just a somewhat related question to the returns. Citi's valuation multiple has lagged peers, even adjusting for the ROE differential. Is there anything about the company's longer term prospects or improvements in risk management that may be underappreciated by investors you think as you have conversations with both?

MIKE CORBAT: Yeah. I think as part of that, we talked about the significant restructuring and refocusing that we put the company through, and I think many investors want to see how the company performs through challenged environments. And so in many ways that this will be a good and interesting test for people. And again, as we come through this, we hope to convert some of those skeptics in terms of the company and its trajectory.

JOHN MCDONALD: One topic I want to ask you about is ESG. Citi has really taken a leadership role in ESG in the financial space. You recently put out an ESG report, which builds on your citizenship report that you've done for many years. How is ESG factoring into the decision-making at Citi and how is this becoming a more important issue for financial institutions?

MIKE CORBAT: Well, I think it's really driven by the expectations of society. People want to work for, people want to do business with institutions that they respect. And so, if I just kind of look at and use this health crisis as an example, we've really kind of thought about things through the lenses of our employees. How do we keep our people safe? How do we make the right decisions? We chose around about 60,000 of our people to send them an incremental stipend. We sent them an extra $1,000 to help them with child care or spouses out of work or whatever that may be.

We've, from a community perspective, been very active, right. We've so far donated over $100 million in monies and in PPE. Great idea, out of our people was to repurpose our headquarters' eatery. We've already made and delivered over 35,000 meals around New York to people. And again, I think food supply, food shortage is a real issue. And obviously, the things that we're always focused on in terms of our clients and the things that we do. And so, I think the expectation out there is that's just what good companies do and I think banks play an important societal role and that expectation's there. So for us, we think it's just good business in terms of the ability to attract and retain great people, our ability to be viewed as responsible and a good firm in society and obviously as a firm or bank that our customers and clients can count on, have trust in, have respect for and want to do business with. So, I think it pays dividends across the board, John.

JOHN MCDONALD: Right. We've got a few more minutes. I just want to remind folks, if you want to ask a question or vote on a question, you can click on the Pigeonhole link. Mike, one question that's come up is about your Latin American franchise. What kind of business environment are you seeing in Mexico? What are some of the near-term challenges there that you see and long-term opportunities for Citi in that region?

MIKE CORBAT: I think going back, John, to my comment of unevenness. We've seen governments respond differently in terms of health. We've seen governments respond differently in terms of fiscal and monetary economic response. And I think in Mexico's case, what we've seen in particular is the response that they haven't necessarily put the big stimulus programs in place. And so, we have seen a slowdown certainly in terms of new clients to – new customers into the bank. We've seen a slowdown in terms of card usage and lending as part of it. And so, I think Mexico is kind of one of those places that is still probably in the earlier stages of its recovery or, relatively speaking, earlier stages. But again, we like the demographics of the business and the population there. And I think through the cycle see good things and good returns in the business.

JOHN MCDONALD: You've been investing on $1 billion in Mexico in your franchise there over the last few years. Where are you in that process? Are you seeing some of the benefits from that play out?

MIKE CORBAT: Absolutely. We're in the later stages of that investment and again I think the big thing is that when you go to Mexico and looked at it historically, it has been largely an analog society and banking approach that i.e. that a lot of our traffic has traditionally gone through the branch. And with stay at home and distancing and those, the investments that we've made in mobile and digital, they are I think have served us, served us really well. And again, I hope in Mexico and the rest of the places that we've talked about that there is likely some permanence to that. And that the acceleration that we did in terms of those investments I think have served us and will continue to serve us really well.

JOHN MCDONALD: And last question, Mike. I want to ask about the Treasury and Trade Solutions business within ICG. Both maybe comment on the near-term trends that you're seeing. Obviously, you had some revenue pressure there coming through March. How has that trended in April and May? And just longer term, what's unique about your franchise there? Obviously, you've got some competitors looking to build there and you've got a really unique position competitively.

MIKE CORBAT: Yeah, I think near-term, John, what we've seen and you saw it coming out of the first quarter is that without a doubt top line has been under pressure really exclusively from the reduction in interest rates not just in the US, but around the world and there's no way to escape that. But on the other side to the intermediate and longer, our levels and types of engagement in the business have never been higher. You see that manifesting itself in terms of deposits, you see that and you will continue to see that manifest itself in terms of the things that we're doing. So, you think of the world today in terms of supply chain disruptions and our ability to work with our clients as they rethink those. That actually is a C-suite, that is a boardroom discussion, in this environment, and I think our ability to bring that global perspective as people look to diversify their supply chains, as they look to diversify their own manufacturing or places and ways they do business, Citi is the best partner out there in terms of being able to give them advice and to be able to implement the changes that they need and want to make very quickly. And so, the business on its underlying metrics is performing really well.

JOHN MCDONALD: Great. Sounds like a great business and great opportunity. Mike, thanks so much. As always, we appreciate your insights and your perspective and we thank you for participating in the conference.

MIKE CORBAT: John, thank you, and everybody stay healthy. Have a good day.

JOHN MCDONALD: Have a great weekend.

