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HOST
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SPEAKER
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QUESTION AND ANSWER

SUSAN KATZKE: Good afternoon. I'm Susan Katzke. I cover the U.S. large-cap banks at Credit Suisse. Next up for the banks at the conference, we turn to Citigroup. We're pleased to be joined this year by CFO, Mark Mason, and look forward to a broad-based update on the macro and the path of recovery onto the strategic road map and refresh underway at Citigroup today. So let's get started. And by all means, if there are investor questions along the way, please just send me an e-mail, and I will try and weave it in. So welcome, Mark. Good to have you with us.

MARK MASON: Hi, Susan. Thank you, Susan. Good to see you.

SUSAN KATZKE: Great. So to level set at the start, if you will, can we talk about your macro view and the path of recovery as you see it in the U.S. and global economies?

MARK MASON: Sure. So I think I'd start by saying that our view is very positive as it relates to the path of recovery. And when you think about it and you look at kind of GDP and the improvement we've been seeing in that forecast, particularly in the U.S. and in parts of Asia, if you look at what we're seeing in the way of unemployment forecast, if you look at the vaccines that are being rolled out and the take-up there as well as the stimulus programs being contemplated, there are a lot of positive reasons to feel good about the path to recovery.

When I think about our business specifically and start with consumer – this quarter, we're likely to see purchase sales that are down year-over-year, but that's on the heels of good, strong purchase sales in the fourth quarter. And the trend for improvement is likely to continue.

Payment rates remain elevated. Now that's going to mean pressure on loan growth, but it's good from a credit perspective, which is good. And really, beyond the first quarter, we think we will see sales continue to improve and loan growth towards the back half of the year, but slower than normal just given the higher payment rates.

If I kind of pivot internationally – internationally, we're likely to see losses peak really in the early part of 2021. And so looking at a credit recovery in the back half of 2021, particularly in Asia. On the corporate side, our commercial card spend really remains muted, and that's likely to be the case until the second half of the year. And really, it's going to be a recovery in travel that's likely to fuel that.

But outside of cards, corporate card spend, the TTS business has been very resilient. So I look at things like clearing and cross-border flows. They were up 6% and 5% in 2020. We're seeing continued momentum in the first quarter as it relates to that activity.

We're seeing robust growth in emerging payments, things like instant payments that really reflect e-commerce and B2C activity, which is great. And that's driving fee revenue that we think will be pretty important going forward. In terms of loan growth, that's muted on the corporate side as well, given the markets that we've seen thus far.

SUSAN KATZKE: Okay. And when we step back and we think about the course of the last 12 months, do you consider – putting together a fiscal stimulus and monetary support – is there really a new playbook for recession in the U.S. and globally, having seen the efficacy of Fed support? And how does that impact the bank's risk appetite, if at all?

MARK MASON: Yes. A good question. I mean we're still in the midst of this, right? And so we're seeing consumer behavior that, frankly, is not something that we're all familiar with, right? So the stimulus, obviously, has fostered higher savings, higher payment rates, but it is, in fact, bridging the economy. And I think the thing that's unclear is does this end up being a delay of higher losses or a deflation of losses or both, right?

And I think more -- increasingly so, it's looking like it's likely to be both. But if I take your question around how we think about things going forward and how we manage and think about risk appetite going forward, what I'd say on the consumer side and the corporate side is we've been very disciplined about our risk framework and risk appetite. And it's one of the things that make us -- that allow for us to feel good about managing through this crisis.

And so I don't see our risk appetite or our risk framework changing as a byproduct of this experience. What I do see on the consumer side is remaining very focused on when we leg back in, so to speak, in terms of trying to drive increased volumes because, as you know, we dialed that back, right? We looked at credit lines and dialed those back as a cautious effort going into this -- a period of uncertainty. And what's going to be important is as the economy starts to turn, turning that back on.

As it relates to the corporate side, again, very disciplined about the clients that we focus on. We've been there by their sides through this crisis, whether it's through the early part this time last year where people started to draw on lines or ask for new facilities or the middle of last year when things turned to debt capital markets and accessing markets more broadly for liquidity. And we think that discipline and commitment, frankly, to clients is going to pay off going forward.

SUSAN KATZKE: Okay. Fair enough. So we were chatting before this session, and some of the optimism that you have about the outlook seems to be reflected in a steepening yield curve. So let's spend a minute talking about your net interest revenue prospects and what you see as both the path of interest rates going forward.

And let's talk a little bit about Citi's rate sensitivity. And maybe then we'll wrap that into the 2021 guidance of down $1 billion to $2 billion in net interest revenue and talk about where you put that in the context of this steepening that we're seeing right now in terms of the yield curve?

MARK MASON: Yes. Why don't I start there? So I mean, we -- our net interest revenue forecast I talked about at earnings was about -- was to be down $1 billion to $2 billion in 2021. And when I discussed that -- and that is still our view, to be down $1 billion to $2 billion in 2021. When I talked about that, I talked about things stabilizing off the fourth quarter and in the first half of the year and then seeing loan volumes pick up towards the back half of the year. We still see that stabilization playing through the first half. That said, when you look at the first quarter, keep in mind, there are 2 fewer days in the first quarter than in the fourth quarter. So that dynamic is obviously going to play out.

When you think about the drivers of that, we've got interest rates, obviously. And there were -- there are headwinds associated with rates as we saw reductions in the first quarter and through last year. And so that's going to play out in terms of impacting the net interest revenue and that guidance that I've given.

The other dynamic, obviously, are loan volumes, and the pressure on loan volumes is likely to kind of play through the first half. We expect that to pick up in the second half. A lot of that is going to be the consumer balances that I referenced earlier. And a factor there through all of this is, obviously, what happens with the stimulus. And so there, we'll see what happens tomorrow and in the future as it relates to that. But that's kind of a factor that's out there.

As it relates to kind of how we think about rates and kind of funding cost optimization and things of that sort, we've been very disciplined about trying to manage the liquidity that has been infused into the market throughout 2020. You saw us kind of pay down debt, given some of the higher deposit balances that we had last year. We've also made some investments through the course of 2020, and we kept powder dry in light of kind of the lower loan volumes that we've seen through the year.

And having kept that powder dry, that creates an opportunity as we see the steepening of the yield curve. We do tend to be more sensitive to the short end. But having this liquidity and dry powder does create an opportunity that we'll look at kind of going forward. But net-net, we're holding to our NIR guidance, notwithstanding some of those moving variables, including the stimulus and the like.

SUSAN KATZKE: Okay. And curious, you spoke to the dry power. What would give you -- are you willing to start using the dry powder now given the steepening that we see?

MARK MASON: Yes. We're always looking at the opportunities to put that to work first with our clients and then just to optimize the balance sheet if we have that excess liquidity. And as you mentioned, we are seeing a steepening there, and we're looking closely at it.

SUSAN KATZKE: Okay. So let's just stick with the near term for a moment here, and let's talk about the market environment so far this quarter and any other first quarter guidance updates specifically that you're willing to give out.

MARK MASON: Sure. Yes. Look, we -- I think we're off to a very good start to the year when I look at our performance thus far. The quarter is not over. But if I look at markets, broad-based client engagement, if I look at our fixed income and equities trading activity off of a strong quarter last year, I would expect that we would be down kind of mid-single-digit range, if you will. If I look at Investment Banking, continued strength, good momentum in equity capital markets, I'd expect to be up in the high teens, call it, low 20s year-over-year.

In our consumer business, we still have pressure from the lower levels of spending, the higher payments I mentioned. And we're likely to have higher card partner payments as credit performs well. That plays through our retail services business.

And then we just talked about rates, right? And so lower rates. And given the multiple rate cuts that we saw last March, we're going to see the impact of that play through, not just our consumer business, but our accrual businesses in the ICG like TTS at probably similar levels to what we saw in the prior quarter. So that's revenue, right?

On the expense side, I continue to feel good about our full year outlook. We're at 2% to 3% year-over-year increase in expenses tied to the transformation. It's likely to trend higher this quarter, up maybe mid-single-digit range, just really as we ramp up the transformation. Think about costs like consulting expenditures and headcount and technology. But again, 2% to 3% year-over-year tied largely to the transformation there.

On credit, it's interesting. We're continuing to see the positive signs in terms of delinquencies. We feel good about the way that's trending kind of from a macro standpoint. And remember, as we think about reserves, we look at things like those macro variables, GDP, unemployment. Those become very important.

I think we're likely to see a release in the quarter, and it could very well exceed the release that we saw in the way of reserves in the last quarter of the year, in the fourth quarter of 2020. And that's going to be driven again mainly by those improved macro variables but also the seasonality in the card balances, right? So they're generally higher in the fourth quarter than in the first. So obviously, it's early. There's still uncertainty there, but that's kind of the current view.

SUSAN KATZKE: Okay. And just to clarify on the trading comparisons, I want to be sure we're considering your outlook for the entirety of the quarter against what was a very strong March last year. As opposed to -- yes, January and February, perfect.

MARK MASON: Yes. Yes, that guidance is for the full quarter, mid-single-digit range, down mid-single-digit range.

SUSAN KATZKE: Perfect. Any update on the Revlon-related situation and potential charges in the quarter?

MARK MASON: Look -- you know this already, right? I'm very disappointed by the decision, as you would have imagined. I do believe that we have good grounds for an appeal, and we're going to pursue that. There'll be additional information in the K, which will be filed very soon. And beyond that, Susan, there's really not a whole lot more that I can say at this point on it, right? But we do feel good about the grounds we have for an appeal.

SUSAN KATZKE: Okay. I felt compelled to ask.

MARK MASON: I understand.

SUSAN KATZKE: So let us turn to the good stuff. Let's turn to the work underway at Citi today, including the work around consent orders and the infrastructure and operating environment transformation as well as some of the other strategic initiatives that are underway now. And I want to start with the expenses in your infrastructure transformation. And you've touched on this a little bit. But there's been some question around what it seems to be an upward drift in the expense guidance from a couple of percentage points in December to 2% to 3% now, which you articulated that 2 to 3 percentage points hold. As we -- as you drifted upward, can you just talk a little bit about the process. And the 2% to 3% presumably follows a conclusion of the process of mapping out the priorities?

MARK MASON: Yes. So look, remember, we -- when I discussed that, we were finalizing the plan, and that's where the 2% to 3% came from as we put together our 2021 plan. And let's take a step back for a second, right?

So the way -- I think we are in a unique place with a unique opportunity as a firm, right? And the reason I say that is because if you think about the fact that we're all managing through this crisis now, this pandemic, in our case, we have a new CEO, who is committed to taking a fresh look, doing a refresh of our strategy. And we have this consent order that, in many ways, we've taken and built our transformation around.

And I think that is a unique opportunity for us to build and become a better bank, and a bank that is actually on a path of -- or back on a path, I should say, of improving returns for the long term. And so the combination of kind of the interconnectedness, if you will, of a transformation that includes risk and controls, includes improving our operating environment, includes using data as a strategic asset with a strategic refresh that's focused on improving value to our customers and leveraging our competitive advantage, I think, is a unique opportunity.

Expenses, up 2% to 3% driven by the transformation. In many ways, I've -- and I've echoed this a number of times, these are investments that we're making, right? This is spend that I think is critical to improving the way we're able to compete in the future, right? And so we're going to make those investments. It is informed by the planning that's been done through the establishment of the 2021 plan.

As you know, as it relates to the consent order, there's a gap that we recently submitted. There's a more fleshed-out plan that we submit in May. That obviously will further inform kind of the path forward, but we feel good about this 2% to 3%.

The final point I'd make, and the reason that I wanted to start with why I think this is an opportunity is that as Jane and I and the executive management team work through this strategy refresh, if we identify investments that are aligned with that strategy and put us on a trajectory of improved returns over time, we're going to make them, right? We're going to make them.

And you can count on -- I think that's the right thing to do, the right way to run a firm. And you can also count on the fact that we're going to continue to manage to identify productivity opportunities and efficiencies in the franchise in order to ensure that we get on that path to improve returns as quickly as it makes sense.

SUSAN KATZKE: Okay. So obviously, you're expecting pretty significant benefits on the other side of this body of work.

MARK MASON: Yes. So look, like I said, they're investments. So with that comes benefits, so I think you're right. And the benefits come in a number of different forms. They come, obviously, in the form of the strength in risk and controls. But there are also efficiencies that are tied to that, right? And those efficiencies mean that there's less reconciliation work to do, for example, and you require less manual touch points and people doing that type of work. And so there are less errors and the like that have to be worked through.

So there's efficiency in the operation of the franchise. There's an -- there's efficiency in our ability to actually innovate and create products for our clients and get them to our clients more rapidly. And those things, I think -- not I think, I know will pay dividends kind of in the future as we start to or continue to make progress on this.

SUSAN KATZKE: Great. So turning to the strategy refresh. The statement that simplification can have value caught my attention on the January earnings call. So let's talk about the process Citi is going through right now to evaluate its businesses. How clean is the slate that you're working with?

MARK MASON: Yes. Good question. So that -- the simplification point, I think a lot of people caught that. There are other components to it that I think are really important. So one is the approach that we're taking is that we want to -- we're being -- we want to be clinical about this, right? So we're doing a dispassionate review of our businesses, of our strategic positioning, of where we have a competitive advantage or where we can secure a leading market position, particularly in a world that's more digitized, right? So dispassionate review, being clinical about that.

We want to be focused, and we'll be focused. And what that means is that as we come out of that, we want to ensure we're directing investments in accordance with it, right? That capital allocation and other types of investments are aligned with those businesses where we have those advantages, where we see there's stronger growth opportunities and the opportunity for improved returns over time.

The third piece I'd mention is what I like to think of as ensuring that we're capturing the linkages across the place. So we want to be connected. We want to make sure that the businesses fit well together. And that we are -- and that there are linkages and that we can get after them. And so that's kind of, I think, another important note.

And the last one you mentioned, which is simpler, right? And that is to deliver a simpler firm. That means removing organizational complexity, means removing operational complexity and ensuring that we're easier to manage, and we can deliver faster to our clients. And so that's a little bit of the framework that we're putting to that.

To that end, this is a review that is a pretty clean slate. It's a dispassionate review. We've got a clean slate. We're looking kind of across the board. The work is still underway. As you've seen with the announcement around Wealth, we're not waiting as we identify things that make good strategic sense and speak to those 4 or 5 items that I mentioned. We're comfortable announcing those.

The wealth management business, I think, is a very compelling opportunity for us, an opportunity to create a single integrated platform. But we're also excited about things like growth in our Securities Services business, which we feel really good about. And that would include ETFs and other parts of the franchise as well, including TTS and work that we've done to kind of bring together commercial and the commercial client business into the ICG and things of that sort.

SUSAN KATZKE: Okay. So let's dwell on Citi Global Wealth for a moment. It certainly caught my eye and raised a lot of questions in terms of some of the strategic rationale for forming the business. So maybe let's start with can you quantify the revenue contribution to Citi as a whole? And given the materiality that I think you're going to share with us, will you consider -- is this going to be a new third core business to really underscore how strategically important it is to the Citi franchise?

MARK MASON: Yes. Let me take a step back and talk a little bit about why I think this is such a great opportunity for us, right? And as I started to mention earlier, we're creating a single integrated platform across the wealth continuum, right? And that's from the affluent to the ultra-high net worth.

We obviously have wealth management in our GCB part of the business, and we've got a leading global private bank that's particularly strong in Asia, which is really amongst the fastest-growing wealth markets in the world, right? And so we think now is a good time to double down on this business.

And you know this. Kind of over the next 15 years in just the U.S., $25 trillion of assets are going to transfer. And we think this creates a real opportunity for us to scale and acquire new clients and unifying this business, to my earlier point, around not just simplification but connectedness. Unifying this business into a single platform gives us the opportunity to tap our capital markets expertise, leverage our global footprint to ensure we're leveraging the high-quality research that we produce. And so all of those things kind of come together.

And with that, we can bring access to the best asset manager partners for our clients and do that based on client needs, not just our own offerings. So we think this is a really unique opportunity for us to bring this together and take advantage of that.

Our Private Bank is a $3.7 billion business. We're still doing the work, Susan, to be honest with you in terms of how we want to define the perimeter of wealth across the ICG and the GCB. And so not going to disclose kind of a number now, but want to kind of get through to work. Don't want to kind of front-run the work that's underway.

But promise you that we'll continue the transparency in terms of how we view the opportunity, how we think we're positioned today and kind of the path forward. And we will disclose the metrics that we think are going to be important for people to see the progress that we plan to make.

SUSAN KATZKE: So just to clarify, will this be a new third business unit?

MARK MASON: We got to work through it. We've got to work through it.

SUSAN KATZKE: Well, I would vote in favor.

MARK MASON: And you know what? I understand why. And look, I don't have to say this to you. When you think about the margins in a business like this, when you think about the profitability and the returns of a business like this and the multiples that come with that, that we want to be as transparent as we can so that we get the appropriate kind of valuation, if you will, associated with what we think is a great opportunity.

SUSAN KATZKE: Wonderful. So let's just stay with this for 1 minute. And I know you've seen some of the analysis that we've done. When you look at global wealth and you look at, as you spoke to the Asian franchise and the wealth component of the Asian franchise that you run as well as its growth prospects, is this a vehicle to maybe consider splitting apart and shedding some of the Asian retail banking operations, which may not be as profitable as the wealth management franchise?

MARK MASON: Look, I think that is part of the strategic refresh, right, is to look not just at wealth, not just at Asia, but look across the businesses and do all of the things that I described in terms of reaffirming what Citi is and what Citi isn't, right? And so we want to get through that work.

We're off to, I think, a pretty meaningful start, particularly given that Jane actually is not even in the job yet. And we'll do that. And I think -- look, as I think about Asia, in particular, I think we've got a strong franchise there, particularly in wealth and huge strength across the regions but also especially in Hong Kong and Singapore. And we're going to continue to lean in on that without question. But more to come as we kind of continue to make progress on the work there.

SUSAN KATZKE: Okay. Fair enough. So simplification will obviously be key in some places. I expect there are other businesses, and you touched on these. But let's talk about the businesses Citi might like to reinforce or further scale. And maybe put it into context, while I expect your preference to be to largely do that organically, would the consent order stand in the way of Citi reinforcing any of its businesses via acquisition, if that was the path to take?

MARK MASON: Look, let me answer that this way. For now let's just assume that the organic strategy is the path forward just given the consent order. Let's just assume. And I would say on top of that, because I think there is a significant organic opportunity for us, right?

And I think that comes in the form of a couple of things that we've started to talk about already, right? So one is if you think of this wealth management space that we've discussed, and I think that we can leverage our footprint already in parts of that continuum and fill in the gaps there.

Two, I think there is an opportunity for us as I look at our commercial franchise. We moved that squarely into the ICG. That's going to allow us to further leverage the TTS platform. But in some ways, speaking of connectedness, it also potentially serves as a good partner for our wealth management business and private banking for those clients.

I mentioned earlier the opportunity for further organic growth in businesses like Securities Services. And just broadly thinking about our ICG business as a service-led model, think about TTS services for corporate clients, Securities Services for investor clients, I think there's more opportunity there.

I think there's opportunity when you think about B2B2C opportunities with our retail services partners, right? So think about the idea that we're working with those partners today in providing payment and lending services to consumers. And we've got this very significant corporate client base in the ICG that we provide services to through our TTS platform.

And guess what? Those corporate clients are increasingly interested in instant payments and how they can get direct to their consumers with payments and lending. And so there's a real opportunity to leverage that capability with that already existing corporate client base, where we're in the C-suite with the CEOs, the CFOs, the Treasurers, et cetera.

And so there are a whole host of opportunities we think we can get after there. And that's similarly true when I look at collaborations like the one we're doing with Google and many of the other things. So I think there is -- we're working through that refresh. But I think you'll find that there are organic opportunities that we will continue to get after.

SUSAN KATZKE: Okay. So let's talk about returns. Because at the end of the day, the investment community remains very focused on what you can actually aspire to in terms of returns on tangible common equity. And if I think about prior to the pandemic and the recession that came with it, Citi was on track to an RoTCE of, let's call it, 12% to 13%, which was really the target for 2020. And if I look at my model and my estimates for 2022, we have Citi on track to generate about a 10% return on tangible common equity in 2022 with something closer to normalization of credit costs embedded in that estimate.

From your perspective, I think one of the questions we're all wrestling with here, and I'd love your perspective on, whether there's anything about Citi's franchise. Putting the deferred tax asset aside for a minute, is there anything about the franchise itself that makes you or renders it unable to generate a return more comparable to what the best of the universal banking peer group is generating right now? Or any comments?

MARK MASON: Yes. So first of all, thanks for kind of recognizing the path we were on kind of before we got into this in terms of improving returns and hitting our targets. I'm going to get to your question, but I do want to stress the importance of the work that's underway now with Jane and the team because I believe that the return trajectory that we get back on and the return targets that we ultimately set and aspire to should be driven by that strategy as opposed to just financial targets that you try to achieve under any circumstance, right?

So this is going to be strategy led. So there's work that needs to be done. With that said, if you assume the sort of normalization, both in terms of credit and in terms of GDP, rates, you pick the factors you want, we do think that there's a realistic path to, call it, peer-level average returns.

We're seeing -- if I think about it, we're seeing the payback of investments that we've been making over the last several years. That was a factor in that trend that we saw leading into this crisis. That has been a positive, frankly, in our ability to manage through this crisis, having made those investments in digital capabilities, in technology, et cetera.

We will continue to make these types of investments in both our transformation and to drive future growth. And that's an important factor because those investments are going to be what helps us to achieve those higher returns.

That said, we do not see the transformation and improvement in returns or in that return gap as mutually exclusive, right? You've heard me say that transformation is an important investment that will improve our operations, that will make us more competitive and will be critical to improving our returns. So while these investments are necessary in terms of infrastructure supporting our risk and control environment, they're also beneficial in terms of creating value down the line.

In addition, we do believe we will also see improvement over time, in the utilization of our disallowed DTA, reduction in our legacy asset roll-off, et cetera, et cetera. And that's going to provide upside as well, let alone some normalization in rates. So long-winded way of saying, yes, we do believe that with the right strategy, we can get to comparable peer-level returns.

SUSAN KATZKE: I think that's an important affirmation and clarification for people to hear. Okay. So on the return framework, then we get into capital management. And so let's speak for 1 minute about CCAR 2021, your take on the scenarios and kind of where you are right now in terms of share buybacks. And are you doing your buybacks?

MARK MASON: Sure. So look, the -- we're obviously in the midst of CCAR 2021 now. We're working through the scenarios that have come out. They do appear to be a bit more severe than the last set of scenarios that were part of the resubmission.

In terms of capital return, we are pleased that the Fed has reinstated the ability for the industry to do buybacks. And we are buying back shares in the quarter.

SUSAN KATZKE: Okay. And in terms of your capital requirements, Mark, your articulated CET1 target is 11.5% – which assume that it was a 3% placeholder for GSIB and the SCB – the GSIB surcharge, at some point this year, has really been bumping up against that 3.5% level. There's probably some room. And when I look at the second round of CCAR scenarios and your results last year, there's probably some room on the downside in terms of the SCB. Net-net, is 11.5% where we're going? Can you manage to hold 3% on the GSIB surcharge? And at the end of the day, could you actually get yourself down to maybe an 11% target as part of the means to improve the longer-term return prospects of the franchise overall?

MARK MASON: So look, I mean, we're -- just to kind of level set again, right? We are kind of in the midst -- still in the midst of this pandemic and period of uncertainty. And obviously, we want to be there for our clients, and that's an important factor as we think about all of this.

We have been running through this crisis. We have been maintaining a strong capital position through this crisis, well above the reg minimums, 180 basis points above the reg minimums. You're right that the stress capital buffers that we've seen come out of the Fed analysis have been good.

In terms of the first analysis that was done, we got floored at the 2.5%. The most recent analysis at roughly 2.6%. Again, we're not being held to that SCB yet, but that, I think, is reflective of us trying to manage our balance sheet very responsibly.

The industry, for all the reasons you know, Susan, has seen pressure on the GSIB score. When you think about the liquidity that's been infused into the industry to try and create some stabilization, along with some of the trading activity, that's put pressure on the GSIB score. We'll end '20 -- having ended 2020 in that 3.5% bucket. The way it works is it's the lower of the 2 years, and so we'll have 2021 to try and work through. And we'll see where we get to at the end of this year.

But even at the end of 2021, it's not until the first quarter of '23 that you have to actually have established that capital. We will work to -- responsibly, obviously, and with clients in mind, to do what we can against that 3.5% bucket in terms of bringing it down to 3%. To the extent that we aren't able to bring it down, we will, in the context of our strategy, ensure that we're able to generate a return that makes sense for the firm, right? And I think that's an important factor.

In terms of the 11.5% specifically, at this point in time, we believe that's the right level to continue to run and manage the firm. But as we -- as time kind of moves on and we get clarity and more certainty around the overall environment we're in, more certainty around many of these factors that we've talked about like GSIB and how that's likely to evolve and the balance sheet and how that's likely to evolve, that will inform kind of how we think about it in the future. But for now, that is still the target level we're going to run it.

SUSAN KATZKE: Okay. Well, we'll give you a little room to be conservative for now, and look forward to revisiting that with you over time.

MARK MASON: I'm sure.

SUSAN KATZKE: In the 1 or 2 minutes that we've got left here, I'm just curious. Any change, potential for change that you see on the horizon from a regulatory perspective, positive or negative, really reflecting on how well the banks and Citi, in particular -- I mean, think about how far this bank has come over the last decade? What do you see as potential change on the horizon?

MARK MASON: That's a good question. It's a tough question, right? I mean, I think that the entire banking industry came into this crisis in a very, very different place than certainly the last crisis, and that's absolutely true for us as well. We came in with a stronger balance sheet, a stronger capital position, stronger liquidity position. It allowed us to be part of the solution in terms of how the markets were -- how we were able to stabilize the markets, how we were able to stand up and be there for our clients and consumers through these crisis. So feel good about that.

In terms of the regulatory environment and how that changes, it's hard to tell. I mean, there's still -- I think there's still good dialogue for sure in terms of things like the view that the industry has roughly the right amount of capital. And that's been a view that's been out there for a while. And I think that's positive.

I think there continues to be good dialogue between the industry and our regulators, particularly as we manage through this period of uncertainty. And hopefully, that actually results in a continued kind of cooperative, if you will, engagement going forward.

I think the new administration, obviously, is focused, I think, on all the right things as priorities whether the health crisis that we're managing through, stabilizing the economy, providing for more in the way of consumers and individuals, ESG and climate as well as racial equality and things of that sort. So I think the focus is on all the right things, and we're looking forward to working with the administrators -- I mean, the administration and regulatory bodies as things go forward.

SUSAN KATZKE: Wonderful. I think that's a great place to finish up here. Mark, we look forward to the conclusions of the strategy refresh, and we look forward to continuing the dialogue with you, having you back next year. Thank you so much for joining us once again.

MARK MASON: Thank you, Susan. Thank you. Great to see you.

SUSAN KATZKE: Good to see you.