TRANSCRIPT

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HOST
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SPEAKER
Mark Mason, Citi Chief Financial Officer

QUESTION AND ANSWER

JASON GOLDBERG: This is Jason Goldberg, U.S. large-cap bank stock analyst here at Barclays, and this is our 19th Annual Global Financial Services Conference. A Global Financial Services Conference cannot be complete without having Citigroup, one of the most global financial institutions in the world. From the company, very pleased to have Mark Mason, their Chief Financial with us -- Chief Financial Officer, with us once again. Given that Goldman Sachs, Morgan Stanley, JPMorgan, they all now changed CFOs in the last 3 or 4 months, it's good to have some stability with us. So Mark, thanks for joining.

MARK MASON: Thank you, Jason. Great to see you. Great to be here.

JASON GOLDBERG: Mark, I guess given I alluded to at Citi's global presence, you always tend to provide us with unique insight around what's happening around the globe. Maybe can you help us update us on your macro view, especially in light of the Delta variant?

MARK MASON: Yes, sure. Look, I think I'd start, Jason, by saying that I think we can all agree to the fact that we're in a much better place today than we were 12 months ago, 9 months ago, et cetera. And I think that shows up in many of the indicators as they sit today, whether it's GDP or unemployment, but also the forward look on those indicators.

And so the overall view that we have is that we have an improving macro environment, and that's a good thing. The global economy and sentiment remain quite positive. There are things we're obviously watching closely. They include, as you referenced, the Delta variant and how that's impacting people around the world. They include inflation, and we saw CPI information come out just today that might support or might be further support that inflation might be transitory. They include the labor shortage that many of us are seeing and experiencing, and we hear about that a lot from our clients. And they obviously include the shortage on supply chain and raw materials in some instances.

And so many of those factors we are watching very, very closely. We're also watching China. And in particular, as an emerging market, we're seeing a slowdown in China really driven from 2 directions: one, policy-induced as policymakers there are in the process of withdrawing credit stimulus; but also household-induced as we see a lack of confidence from Chinese households, and that's partly driven by the Delta variant and the lockdowns that is causing around parts of Asia. But it's also driven by the small- and medium-sized businesses that have been significantly impacted by this COVID-19 situation.

But when I put it all together, Jason, I'd say that we are looking at an economic backdrop that remains constructive, and the overall sentiment, it remains quite positive.

JASON GOLDBERG: Helpful. I guess before we kind of move into some of the key topics for Citi, can you maybe update us in terms of what kind of trends you are seeing so far this quarter? And then within that, may help us decide how to think about the normalization of trading revenues.

MARK MASON: Sure. It's interesting because as we come out of this, I think it's important that we look beyond just the top line in terms of what revenue performance is suggesting. And I say that because you've got -- or we see the continued impact of interest rates, but also the continued normalization in parts of the markets business as we're coming out of that, and those are 2 headwinds that we're going to continue to see.

With that said, there are some strong underlying key drivers where we see continued momentum, not the least of which is our fee revenues. And so last quarter, you heard me talk about our TTS fee revenues being up some 26% year-over-year. We're seeing continued momentum in our fee revenues in TTS. We're seeing continued growth in fee revenues in our Security Services business. We're seeing very strong performance in investment banking, particularly in M&A. So all of those businesses are showing strong client engagement, which is very important.

You mentioned markets and you mentioned normalization there. As I think about that, we've seen a very strong start to 2021. We exceeded, frankly, our initial expectations around normalization, particularly in the first quarter as we saw our constructive trading backdrop, in part driven by continued treasury issuance and fiscal stimulus. In quarter 2, we really started to see some of that normalization come into play on the back of lower volatility and really modest trading volumes. And as we sit here in the third quarter, we're looking at revenues likely to be down in the low to mid-teens year-over-year, largely driven by fixed income and rates and currencies in particular but offset a bit by a really bright spot in our equities performance, particularly in derivatives and in prime. And this is on the heels of investments that you've heard us having made over the past several years in our equities business as well as a favorable environment in some of the major markets. And so we are continuing to see that normalization, particularly in fixed income. That said, Jason, as you know, there are a couple of weeks left to the quarter. And so we'll see how that plays out.

So if that's kind of the ICG picture, I'd say on the consumer side, we continue to see, again, here, very good engagement. If I look at our purchase sales across our cards businesses, they're up pretty meaningfully. That said, payment rates are up as well, and that's putting pressure on loan volumes as it relates to our card businesses. But again, we're investing in that business. That is to say reentering that market, and we're seeing very good purchase activities as well as new card acquisitions coming into play.

And then finally, I'd mention as it relates to how the quarter is trending just very quickly on expenses that, as you know, our full year expense guidance is that expenses will be up in the mid-single digits year-over-year. That remains our guidance at this point. We obviously could see some impact to both revenues and expenses as it relates to our Asia exits. And on the revenue line, you heard us mention the Australia transaction, so there's going to be an impact there from that. But aside from that, our revenue guidance on the full year and on expenses for the full year have not changed.

JASON GOLDBERG: Helpful. We'll maybe unpack some of that as we go.

MARK MASON: Sure.

JASON GOLDBERG: I guess maybe start with net interest income. I think year-to-date, down about $2.2 billion. On the second quarter earnings call, you talked about you did not expect a further significant decline from current levels. This implies a nice stabilization in the back half of the year and has NII bottomed, and also when you kind of talk about your outlook and you were kind of thinking about loan growth picking up in the back half of the year.

MARK MASON: Yes, and so we continue to see stabilization in our net interest revenues in the back half of the year. Important to point out, and you know this, Jason, that markets NIR is difficult to predict. And I often push us to focus on total revenues for our markets business just given its nature, and I point that out because we need to be mindful of the volatility in markets and how that might play out on the net interest revenue line.

That said, as I said at the second quarter earnings, I would expect the declines that we see in markets NIR are likely offset in non-NIR. That's – and keep in mind that, as I just mentioned, the impact of the Australia sale will be reflected in that noninterest revenue line.

So again, as we pull it all together, I'd expect total revenues to be down in the mid-single digits, consistent with the previous guidance ex-Australia, but you could have kind of those puts and takes around NIR and non-NIR because of markets.

JASON GOLDBERG: Got it. And then you mentioned good purchase sales volume but also elevated payment rates. We're starting to hear payment rates stabilizing. It's something JPMorgan mentioned, something U.S. Bank mentioned. Is that something you're beginning to see? And just when would you expect the sales volume growth to translate into more meaningful card balance growth?

MARK MASON: Yes. So again, here, we are seeing higher purchase sales activity. That's a very good sign. If you think about the cards business, it matters a lot when you pull out in times of crisis. And it matters a lot when you decide to reenter, right? And so knock on wood, we've got that timing right. And so we're seeing both purchase sale activity as well as new account growth as we have reentered into the market and trying to bring in new card customers. We'd expect third quarter purchase sales to be up about 15% or so year-over-year, and we're expecting acquisitions to be up as much as 13% or close to that versus 2019 levels, and so really good acquisition activity from that point of view.

In terms of the payment rates, they have been running at elevated levels. And again, there's a lot of liquidity that's in the market, and that's what's playing -- coming into play here. And what we're looking to see is as the stimulus continues to roll off, what impact does that have on customer behavior? And we'd expect that towards the end of the year, we'll start to see some of that normalization start to come through, particularly in U.S.-branded cards and are likely to see that contribute to an increase in balances and ultimately in loans. So towards the end of the year, we're expecting to see that play out for U.S.-branded cards.

JASON GOLDBERG: Got it. And maybe just touch on credit quality. Obviously, everything is benign at the moment across consumer commercial portfolios. How do you think about loss emergence trends looking out? Any new potential issues? And you're also good 50 basis points above your kind of CECL day 1 reserve level. Assuming we'll see additional releases, could you potentially even go below that level?

MARK MASON: Yes. So look, Jason, we continue to see very positive signs as it relates to credit across both the consumer portfolio as well as the corporate portfolio, so we're not seeing any particular areas of worry or concern. When we look at obviously delinquencies, our loss rates remain quite low, and so all of those things still show quite favorably. And it gets to the point that I made earlier around there's still being a lot of liquidity in the market on both the corporate side as well as the consumer side. So we don't expect credit deterioration in the U.S. in 2020 -- in 2021, excuse me.

In terms of reserving, as you know, this is -- particularly as it relates to how it normalizes and what it looks like, there are a lot of factors that come into play here, not the least of which are portfolio changes, the anticipated loan growth; how the spend that we've been talking about ultimately plays out and translates into loan growth and what that customer behavior and mix looks like; how on the corporate side, demand for credit starts to evolve; the nature of releases, which, as you know, is driven by scenario planning and that economic outlook. So there really are a lot of puts and takes there, and it makes it quite difficult to answer your question in terms of that forward look. But again, we've been very pleased with how things have been trending through 2021 and have a very favorable outlook as to how they continue to trend from a credit point of view.

JASON GOLDBERG: Before I shift gears to the strategic refresh, just a note reminder to the audience. In the upper right-hand corner of your screen, there's a few buttons. One of them is Ask a Question. If you have any questions, submit them. If we have time, we'll get to that. And also, there's a survey or response questions that we'll examine later this evening.

Mark, as part of the strategic refresh, you obviously announced some strategic actions within consumer banking, exiting the 13 markets, doubling down in wealth management. Can you talk to -- talk about the priorities and goals of the strategic refresh? And then should we expect other announcements? Or is it like this is the final phase or we're just in Phase 1 of it? And just how do you think about that process?

MARK MASON: Sure. So look, I'd point to a couple of things. So -- and you've heard Jane and I referenced this now probably a couple of times that there are a number of priorities that we're focused on, strategic priorities. So one is the strategic refresh. And frankly, we've got multiple catalysts as to why we would want to do that, not the least of which is we've got a new CEO, but also as we come out of this crisis, you want to be taking a hard look at your business model, your competitive position and where you need to be focusing one's energy, and we're doing that. That strategic refresh is an important priority for us. The second is the transformation. I know we'll talk more about that, but that's an important priority as well. And the third is talent. And we are keenly focused on all 3 of those priorities.

Now you asked about the strategy and the strategic refresh. We're very pleased with the progress that we're making there, and what I'd tell you is that we haven't been waiting to unveil decisions that we've been taking around that. And so as we said early on, it's rooted in really 4 principles, those principles being clinical, being focused and ensuring that they move us towards greater connectivity across the franchise and simplicity in how we run our business and how we think about our businesses.

So on the consumer side, as you point out, that has led us to really refocusing on businesses and regions where we can achieve scale, and that includes wealth. We've moved swiftly on that in terms of beginning that sale process for those 13 consumer markets in Asia and EMEA. And in August, we announced the sale of our Australia consumer bank, and we're in discussions around the rest of those businesses. We're continuing to invest in product capabilities and technology and talent more broadly.

But there are also other areas you've heard me reference that are very important to our go-forward strategy as we continue this work, right? And so one is TTS, obviously. And I'm sure we'll talk more about that. But core part of our franchise, high-returning, high-growth, requires continued investment. We're committed to that. We're uniquely positioned there.

Two is wealth, you've heard us mention that. And we're building out our world capabilities, but also our talent and commercial banking, which we think is a big opportunity for us, where we can leverage the breadth of our ICG businesses and products and capabilities for that customer segment. And so more opportunity there.

So hopefully, that gives you a sense for the areas that we're focused on. Like I said, the refresh is well underway, and we've got a real sense of urgency around it. Just yesterday, we announced an Investor Day for March 2, 2022, and that's going to be an opportunity for us to present our plans to you and to investors in a more comprehensive way. You'll get a sense for our entire vision, and you'll also get a sense for how to hold us accountable for executing against that.

JASON GOLDBERG: Got it. And I guess you obviously announced the Australia business, 12 more to go. I guess it's hard -- how is the -- is -- are you kind of on track for the sales process? Is it taking longer than you thought or just kind of what you would have expected? And then secondly, I guess, what do you do with the capital freed up from the Australia sale and then the remaining 12 sales or exit?

MARK MASON: Yes. Look, I mean this is important stuff for us. These exit matter in a whole host of ways, not the least of which are the businesses, the employees that are there, ultimately, the shareholders and what we do with that capital, as you point out. We've got deep experience at this, just having managed a set of holding businesses and a portfolio of holdings assets. And we want to make sure that we do this and execute against this in a responsible way. That is what our objective is.

In terms of kind of timing, we're moving with a sense of urgency, but we're not going to let that supersede the idea of being responsible and getting what makes sense in the way of value for these franchises. And so we'll continue. Like I said, we're in discussions across the entire portfolio. We're looking at alternatives in the way of how we exit and get out of the businesses. And that's going to happen, I think, in due course or certainly will happen in due course.

In terms of Australia specifically, we put out an 8-K filing, where we talked about the loss associated with that, a pretax loss of about $670 million or so related to the sale. That was really tied to the currency impact, and that's already included in capital -- in our capital. And so at the time of closing, that loss on sale should be neutralized. We'll free up capital that we've invested in that business.

And to answer your question, we intend to use that capital to either invest in our business in some of those strategic areas that I've mentioned that have growth opportunities, that present return opportunities above our cost of capital or return it to shareholders. And given where the stock is trading, we would look at those 2 options and execute in that way with either more buybacks or investing it in the franchise.

JASON GOLDBERG: Got it. You mentioned TTS a couple of times, so maybe we could just delve deeper into that business. Obviously, you have a strong franchise there. What are you doing to maintain that competitive advantage, especially as the post-pandemic recovery takes shape? And then one of the questions from the audience around TTS wanted you to just talk about the supply chains issues. How does it impact that business? Is that a potential positive?

MARK MASON: Yes. Yes, sure. So look, this is an intensely competitive space and we are uniquely positioned in it, right? So as you know, we've got unparalleled, unmatched global reach as it relates to the TTS business. We're in nearly 100 countries. We're the only bank that kind of goes the last mile. We have connection to over 250 clearing houses and ability to transact in 145 currencies, and we cover more than 80% of the Fortune 500 companies, top financial institutions, et cetera, et cetera.

We've been investing in this franchise. And that is, frankly, how we maintain our competitive advantage. So we've been investing in digital capabilities. We've been investing in client onboarding and client service and the client experience. And those investments, frankly, have paid off for us as we've managed through this crisis, right? And so in the last 12 months, we've opened more than 22,000 accounts digitally. That's up over 130% versus the prior year. We have digital onboarding in more than 50 countries, and we're continuing to invest in enhancing that product capability and product capabilities more broadly. We've gone live with instant payment in 27 markets and looking to build that out to 40 markets. And so what are we doing to maintain our competitive advantages? We're investing in the franchise, not just to cover off on our multinational clients, but also new clients who are looking to go global more rapidly and commercial clients as well.

In terms of the question from the audience around supply chain, there -- this is an active area of interest for our corporate clients around the world, and I do view it as an opportunity for us because of our global presence that I referenced earlier. And so in many instances, we're part of that dialogue as clients are thinking strategically around what this crisis means for their supply chains in the future. And in many instances, it's gone from a just-in-time or real-time need as it relates to product development or product -- production, I should say, to reliability, right, and making sure that people have supply chain that's kind of dispersed in a way to ensure reliability in times of crisis. So yes, a big opportunity, I think, for Citi given our differentiated franchise here.

JASON GOLDBERG: I have more questions on the strategic refresh, but let me skip ahead, just want to make sure I hit some other key topics. Just maybe moving towards kind of your transformation and the cost side of the house. On the transformation, my understanding is you need to submit your plan to regulators this quarter. Are you on track to submit it? And where are you in just addressing the consent orders as well as just modernizing the bank?

MARK MASON: Yes. Look, as we said, we would submit the detailed plan this quarter. And we have been, all hands on deck, focused on that. And as you know, what we're putting together in the way of a transformation is more than just addressing what's in the consent order, it goes well beyond that. And in fact, it's designed to ensure that we're modernizing the bank, that we're creating a competitive advantage as we address these issues.

Just to give you some sense, we've dedicated 3,000 people, not including technology, to -- against this, right, to achieving the initiatives across 6 major programs that include risk and controls, data, finance, compliance, et cetera. And so we're clearly committed to addressing the consent order and beyond.

And if I take a step back, you've heard me mention before, this is a multiyear effort. And so we put a lot into the planning of it, but it's a multiyear effort that's going to better position us to compete and to win. But I want to be clear that while it's a multiyear effort and it will take some time, we're approaching this with a real sense of urgency and with the goal of driving excellence across the firm as it relates to the work that we're doing here. So there's significant investment in risks and in controls and in that environment more broadly, in infrastructure, the infrastructure that we ultimately will need to serve our clients in a digital world.

We're bringing in new talent. You probably have seen that, everything from a new Chief Administrative Officer and the build-out of risk and control support around her as well as a new Chief Data Officer, given how critical data is to the organization and setting up proper governance around that. And there's a significant amount of technology work that's being used or put to work to modernize our processes and everything from strengthening controls to improving the data quality, to increasing the straight-through processing.

All of which, if you really think about it, not only make us a safer and more sound organization, but create opportunities for efficiency and enable us to better serve our clients. So keen focus here. We're looking to achieve nothing less of excellence, and we're looking forward to moving from that design phase to -- in a more fulsome way into execution.

JASON GOLDBERG: You used the word multiyear effort a couple of times when talking about the transformation. I guess how should we think about just the costs tied to this? And maybe just talk to the pace of spending. And when potentially those costs -- do they go up from here or do they go down from here, just how to think about this process?

MARK MASON: Yes. Look, I mean what I'd say here, and I think I've mentioned it a couple of times now, that for the current year, I continue to expect that the costs related to the transformation will be about 2% to 3% higher than the base cost last year on a full year basis.

We're in the process of, as you've said, making the submission this quarter. And so I'm not in a position to talk to you about when those expenses start to dissipate over time. What I can say is that we're focused on a couple of things, getting this right, so that means making the investments in a responsible fashion so that they deliver the results and ultimately the benefits that we'd expect from it. We're also focused on looking at our entire cost base, so not just the transformation spend or not just the strategic investments and the processes that drive that entire $40-plus billion cost base to ensure that we continue to identify additional opportunities that might help to fund the investment that's required here. So we're taking a very responsible approach, I think, to ensuring that we get the transformation right, but that we're also managing this investment in a prudent fashion.

JASON GOLDBERG: So I guess you have the risk and control that you're investing in. You -- earlier this year, you talked about accelerating some of the other investments you're making and kind of increased your expense guidance around that. And then I guess as you kind of start getting into the 2022 budgeting process, thinking about what you want to do, how do you, I guess, approach that? And how are you kind of of looking at the cost base for next year?

I think some of the concern that investors have as we hear is these transformation costs are going to go up. You have explained to me the investments are not going to stop and a continued increasing expense base despite some of the opportunities you have in productivity savings that we've seen as well.

MARK MASON: Yes. Look, again, I think I've been pretty both transparent and direct on this in saying that the transformation is critically important to the firm. It's 1 of those top 3 priorities that I mentioned. We're going to spend what's necessary to do that, and we're going to do it in a smart way and in a responsible fashion.

Making strategic investments is critically important as well when you think about protecting these strong franchises that we have, and the importance of the strategic refresh that's underway is that it's informing that prioritization in terms of those strategic investments. It's highlighting the areas where we think there's the greatest promise for growth as we come out of this crisis and as we continue through the recovery and it's focusing us on the areas where we think they will deliver the highest returns, right, as we continue down this path of narrowing the gap between our returns and that of peers and delivering returns that are above our cost of capital. And so these investments are required in order to fuel that performance in the future.

Now in terms of -- I started to speak a little bit earlier in terms of how we intend to get after it. And obviously, we're going through the budget process now, and we'll say a lot more as we get into Investor Day. But the timing for the transformation and the strategy refresh, in many ways, is perfect because it feeds into this budget. And the budget, as I mentioned, we're looking at our total cost base. We're looking at the prioritization of strategic spend. We're looking at the requirements from a transformation point of view. We're looking at the productivity efforts that we've had underway in the past, whether that's location strategy, low-cost locations, et cetera, data centers and consolidation around that, use of the cloud, et cetera and identifying additional opportunities that are available to us to fund investment as well. And so we're taking a very comprehensive look at this to make sure that we manage this tightly as it relates to expense growth and that we manage it in a way that delivers the returns.

JASON GOLDBERG: I think that's fair. Maybe shift gears to capital. I guess the G-SIB surcharge for you could potentially increase in the first quarter of 2023. Your SCB moved up -- or moves up, I guess, as we speak. Is there room to move those both lower? And just how does that play into the 11.5% target? Is that still the right number?

MARK MASON: Yes. So look, we're continuing to manage to a CET1 ratio of 11.5%. Last quarter, we ended at about 11.8%, but we continue to manage at the 11.5% target. Remember, in that 11.5%, we considered a 3% SCB, so that's in line with the most recent results that we've seen. That said, we're actively managing all of the levers that influence or impact that. So we're obviously looking at stress losses, we're looking at PPNR that gets generated, we're looking at how the balance sheet is allocated across the franchise and all of those things that kind of factor into that.

And regarding the G-SIB score, I mentioned liquidity a couple of times. I mean like our peers, we, too, have seen pressure on our score given the liquidity that's in the market. However, that G-SIB score and the increase of 3.5%, it doesn't go into effect until 2023. The regulators thus far have been pretty consistent in the sentiment that we have about the right amount of capital in the system. And so we're hopeful that, that -- those types of changes to regulation kind of play out in a way that demonstrates some understanding for the underlying drivers there.

But what I'd say is we are focused on the management of this. We've got a particular focus on the management buffer that we have, which is roughly about 100 basis points, above the reg required there. And we'll continue to look at that because our objectives, frankly, are aligned with that of our investors and shareholders, which is we want to generate as high of a return as we can and return as much as we can to shareholders as that makes sense to do.

JASON GOLDBERG: Got it. I guess in regards to capital return, maybe this talks to your decision not to increase the dividend in the third quarter. And then what pace of share repurchase should we expect going forward? I did get a question e-mailed in to me when you were talking about the business exits and wanting to reinvest some of the [FDA] proceeds back into kind of some of the growth opportunities of why given when your valuation is, you wouldn't use that to be more aggressive in terms of buying back stock. So maybe just talk about how you're approaching capital return.

MARK MASON: Yes, sure. So look, let me make a couple of points here. One is, as you know, we've been constrained as we've managed through this crisis. The industry has been constrained in terms of capital actions. Through the first half, we've returned $7 billion or so to shareholders, which is the maximum that would have been allowed by the Federal Reserve guidance, if you will.

Starting in the third quarter, we are adhering to the stress capital buffer in terms of guiding that. And as you know, we -- like I said already, rather, we ended the quarter at 11.8% of a CET1 ratio. That gives us excess capital of about $4 billion or so, and we'll look to return that to shareholders as it makes sense over time. And the sales, the exits that you referenced, I think I've been out there already saying that we've got about $7 billion of capital allocated to those 13 consumer markets. And as that capital gets freed up, we obviously will make the thoughtful decision around do we invest that in businesses and opportunities that have returns that are above our cost of capital or do we return that to shareholders.

And as we think about your point around kind of buybacks in general, just given where the stock is trading, we think that buybacks make a whole lot of sense to do, and we'll continue to do that. And we'll obviously continue to look at dividends versus buybacks, given our shareholder mix and try to get that relationship correct. But right now, our dividend yield is roughly about 3% with $0.51 a share. And that's kind of where -- I think that's comparable to where peers generally are, but we continue to look at that quarter-to-quarter now that the SCB rule is in place.

JASON GOLDBERG: That's fair. I guess March 1 is Key Corp. We knew March 3 is Zions and now March 2 is Citi. So a busy first week coming in to play.

MARK MASON: We're excited about it, Jason.

JASON GOLDBERG: For us analysts, I guess we'll focus on Citi here. We're certainly looking forward to it. I think back to the one that Citi hosted back in summer of 2017, your predecessor laid out a path to 14% ROTCE. And I think just talking to you and Jane, it sounds like mid-teens is kind of where your head's at. Can you just give us a sense of the path back to closing that return gap to peers? And just what do you see as the biggest constraint for Citi to generate a return more comparable to what the other universal banks are aiming for?

MARK MASON: Yes. Well, look, I don't want to do Investor Day today so to speak, right?

JASON GOLDBERG: No, let's do it. We have 5 more minutes.

MARK MASON: Yes, no. But what I will say is, as you know, we're going to do whatever we need to do, whatever it takes to close the return gap as much as possible, full stop, right? And the work that we've been talking about is directly aligned with that objective, that work around our strategy, that work around the transformation, that work around talent. If you take a step back, I mean we brought in a lot of new talent across many of these critically important franchises that will drive value in the future.

And so without taking you through them all again, and again, there's a lot of work that's still underway, but we've talked about the importance of wealth. We've talked about how core TTS is in terms of our franchise and the broader services platform, which would include security services, where we're winning new mandates and growing that business very nicely as well when you look at those underlying drivers. We talked about the commercial segment, which is a big opportunity for us. We're in about 30 markets there, and we think there's an opportunity to grow there. And again, to leverage not just the TTS platform, but the product offering we have in capital markets origination and in markets more broadly with that commercial segment.

So we think there's some real opportunities for growth by more focus on product, service and client coverage. We think that's going to lend itself to a simplified organization as we make some of these moves and changes. And then there's the investment piece, which I mentioned earlier in terms of both the transformation component and the strategic component and, frankly, both pieces driving efficiencies over time.

And so obviously, rates matter and the other economic factors and variables come into play, but we think those are important elements of it. And then the last piece is obviously capital. And it's the capital that we run above our CET1 ratio. It's the earnings that we generate on a regular basis from the franchise that we have, including the utilization of our DTA, and it's the capital that we're going to free up from many of these exits that we're in the process of making.

So we're looking forward to March 2 and Investor Day. Again, an opportunity to pull it all together comprehensively to share that vision with you and other investors and to create an opportunity for you all to hold us accountable. And so we look forward to that, Jason.

JASON GOLDBERG: Perfect. On that note, Mark, I think that's a good place to end it. I hope we catch up before March 2, but we look forward to that already.

MARK MASON: I look forward to it as well, Jason. Thank you very much.

JASON GOLDBERG: Thank you. Appreciate it.

MARK MASON: Bye.

