TRANSCRIPT

2024 Services Investor Day – *Q&A*
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MARK MASON: Good afternoon. I hope you all got a lot out of that today and we look forward to your questions here. Before we jump in, I would imagine there's at least one question for me, so I'll go ahead and answer it, which is what do we think about the quarter? How are we thinking about the quarter?

And I'd start by saying, I'd start with kind of NII ex-Markets since there's a lot of talk about rates and what have you, and as we look at the quarter for NII ex-Markets, it's a lot consistent with what we've said for the full year, so we expect that to be modestly down. And that's, frankly that's less about rates as the full year is less about rates and it's more around some of the tailwinds and headwinds that we see outside of rates.

So, things like Argentina FX and Argentina rates that have played through. Things like the exits that are playing out. Things like late fees that flow through our NII line, Betas outside of the US. Those are the things that kind of impact both the full year and that are playing through a bit in the quarter. So, first guidance for the second quarter, NII ex-Markets modestly down.

The second thing I'd say is for Markets, when I look at kind of activity there, remember we skew towards fixed income more so than equities from a size point of view. But Markets should be down or flattish, I should say to down a bit. And so, think about Markets flattish to down a bit.

Investment Banking fees and we talk a lot about kind of the wallet recovery and the importance of that. We are still seeing good activity from a DCM point of view and ECM point of view, M&A announced deals look, continue to look pretty good, healthy I would say. And so, for Investment Banking fees, we're looking at up about 50% year- over-year. And so, that's kind of the businesses, if you will.

Expenses, expenses consistent with our full year guidance, generally consistent with what's out there from a consensus point of view. So, think $13.450 billion, or so, $13.45 billion or so for the quarter.

And then cost of credit as well is pretty consistent with consensus at about $2.6 billion or so. So, that'll give you some sense for the quarter. I think generally consistent, as I mentioned with the full year guidance that we've given and just want to kind of get that out on the table. So, you all have that to work with.

So with that, I'm happy to kind of open it up, or turn it back to you, Jenn for questions.

JENN LANDIS: Great. We'll start with Mike and then Betsy.

MIKE MAYO: Hi, since we have the whole panel there, it's Mike Mayo with Wells Fargo. You know, you talk about some tech features that seem pretty unique for your business line compared to a lot of the other parts of Citi. Real-time 24/7 US dollar clearing, cross-border instant payments, Payment Express, which you said had 100 times more volume capability, own a proprietary tech stack, right. I always thought of the back office of Citi being like a bunch of people with slide rollers and duct tape and stuff. But maybe each one of you can highlight another concrete metric or reiterate what you said during the presentation that really differentiates your technology when you go to market, maybe just go through the panel, perhaps?

SHAHMIR KHALIQ: So, Mike, I'll start off. I think your points a really valid one. I think the point you made was that we've got a unique set of technology capabilities across all our products and services that we've developed over the last three to four years. This is not the first time we're developing these capabilities. We've been on this journey to develop this network and capabilities over time. But as you heard, we fast-tracked and expedited a lot of this development over the last three to four-year period.

So, I'll start, first of all, with Okan and his business. I would say that single custody platform that we talked about from a settlement standpoint, bringing that together, effectively collapsing a direct custodian, i.e. a sub-custodian and a global custodian operation, bringing that together is, as Okan said, a game changer. That is absolutely unique to Citi. There is not too many custodians who can actually get that done. As Okan said, it's already live, I think, in five markets, Okan, and the game plan is to increase that.

I think if I go to Stephen's business, you heard about Target Balancing and you heard about Real-Time Funding. It's an integral part of the proposition. I think whenever the market talks about payments, I think one of the things that they forget about payments is liquidity and financing support that business. So, bringing balance sheet and the ability to move money around the world seamlessly on a 24/7 basis is a game changer in that business. So, it's important that the market understand it, the investor community understands it, because our clients definitely understand it.

The other thing I would say on Debo's business is the 24/7 clearing. We've been a big believer, there have been lots of solutions out in the industry, which I have talked about blockchain solutions, building a particular mousetrap. What we've really focused on is both sides. We've said, how do we take conventional rails on which 10,000 banks operate, how do we take those rails and actually take those rails into the next century? And secondly, how do we think about new technology like blockchain and drive that towards what we want to achieve? And there today you heard the marriage we're making between conventional rails and between new rails. And it's really important that we understand that there is not one single solution that's going to win the day for anybody in the industry. It's going to be a unique set of solutions that we construct, put together, integrate and drive to scale, that's going to be the winner. And therefore, we feel that with the network that we have, with the 24/7 clearing solution we've created, we think that between the 24/7 solution and with the blockchain solution, we think we have a winner on our hands.

And lastly, on the Chris' side of the business, I would say, as I think about supply chain finance, where we have a preeminent market share, we'd seen competition from FinTechs and we'd lost deals. And so, what we did was, we went back to the drawing board and said, we have a solution. How do we take this and make this compete with FinTechs at scale? We rebuilt the front end, we rebuilt the entire solutioning process. And within a very short period of time, we had our own solution called Nirvana, which is now winning and competing against the FinTech community.

So, the way I would position it is across the board, including what Naveed talked about, reimagining CitiDirect and our API connectivity. Across the board, the goal, the aspiration for all of us across Citi is to build operationally resilient platforms that enable us to win not just now, but also for the future.

Hopefully that gives you a little bit of an idea. The journey doesn't stop now to be honest with you, because we're still on a journey to challenge ourselves and make sure we're doing the best we can for the business, as we think 5, 10 years into the future. I hope I addressed your question.

BETSY GRASECK: Thanks so much. Betsy Graseck, Morgan Stanley. We've been writing about banking at the speed of light for the last two decades, and I am so thrilled to hear about global settlement at T, because FinTechs have been on our case for a long time and you guys are winning. So, that's great. Nice to see. I have two questions. One is just on how, if you could give us a little bit of color around how you're planning on taking share in the Commercial Banking side in the TTS business, because that seems to be a key area of market share gain that you're looking for. And I'm asking in part because Commercial Banking, yes, you have not as strong as some of your US domestic competitors. So, help us understand how you're going to take that share in that space.

And then my follow-ups for Mark. This business model has been viewed to be a rate sensitive business model. When rates moved higher, revenue growth soared. As rates go lower, help us understand what we should be expecting in the revenue trajectory here? Thank you.

SHAHMIR KHALIQ: So, Betsy, first of all, very good question. Thank you for that. But I would just add, I think first and foremost, FinTechs are our clients, as you saw some of them and you heard it from some of our business heads. We really value our partnerships with FinTechs. We value it because we partner with them to create the right solutions. Secondly, we partner with them to give them the right solutions, so they can run their business as well. And sometimes we'll compete, and so be it.

But I would say as I think about Commercial Bank, the journey started for us quite a few years ago, right. We used to have a Commercial Bank. And then over the last three, four years, under Jane's leadership, we rebooted the leadership and we brought in Tasnim, who runs the Commercial Bank for us. So we've been on a journey to invest further. And so we've hired bankers, we've hired some product sales teams both in trade and cash. Also, the Commercial Bank is a fantastic feeder into our investment banking business in our episodic business. So there's been a lot of investment that's happened from a people standpoint in Commercial Bank.

The second piece of that puzzle is that we're also investing on the platforms that we used to service Commercial Bank. So as we think about the go-forward, we're not going to build those platforms, unfortunately, I'd love to if I could in two years, but we can't. So this is a journey that we're going to be on for the next 5, 10, 15 years, similar to the journey we've been on with the large institutional clients. And as we think about the capabilities we're going to build, whether on the front-end, CitiDirect for Commercial Bank clients, that's one critical front-end platform that we're building that is largely powered by our institutional CitiDirect platform. Coupling that and making that a unique, singular platform that our clients can use, and then adding the right products and services, which we've been on a journey to build out. So as you saw and as I mentioned, we've been growing faster than where the wallet's grown at.

So as you think about the next 3, 4, 5, 6 years, given our relatively small market share, we will be focusing a lot on multi geography multiproduct clients, where truly, as Jane mentioned right at the start, where we are going to provide, so to speak, the gateway to Citi for these clients. So when they come in extending capital, extending liquidity, extending payments, FX solutions and building four or five products as an out-of-the-box proposition for our commercial bank clients. That is what we're already starting to see on a multi-geographic basis for those clients. So you should see good news over the next three to four to five years with this business is going to grow through the cycle, we just need to be careful around how we invest and build out this business. But we feel very, very good about where we're at today and where we see the next three to five years. So lots of good news to come.

MARK MASON: So let me make a couple of comments on your second question, Betsy, and then Stephen, if you want to chime in, you can feel free to chime in as well. So the first thing I'd say, and this is true not just for the Services business but more broadly as well, which is, I hope one of the things that you walk away from today with is that the momentum that we've seen in Services is not just from the benefit of rates, but also good underlying NIR growth as well. And that is going to be an important driver in the future. And you heard us talk about, you heard the team talk about payments, you heard the team talk about clearing commercial cards, cross-border activity. All of those things contribute to the NIR part of the equation as well.

In terms of your question with regard to NII, we certainly did benefit from rates without question. And as we look forward, we actually still expect for rates to be a bit of a tailwind (sic) for us. And they're couple of drivers underneath that I think are important to point out here. One is volume growth, right. And we expect to see, as we talk about winning and doing more with clients, we expect that to contribute to NII. And the other is, if we think about the investments that we make with the deposits that we have, those tend to be five year in duration or so. And so as those tend to roll off, they'll still be rolling off into a higher rate than they were in. And so as a result, we expect the yield on those securities to contribute to NII as well. And so as I look at the horizon, those two factors will be important contributors to, albeit not at the same rate of growth we've seen in the past, but continue to benefit from the rate environment that we're in and to the NII line. Stephen, anything you want to add to that?

STEPHEN RANDALL: Yeah, I think I have two things to add. One is back on the graph that I put up of the diversification. So we're very diverse in terms of dollars and non-dollars. So if you think about the rate environment, you think about that rate sensitivity, it's a split pretty much 50/50 across that international space as well. So that plays into the resiliency and our sensitivity. Other thing as Mark said, the way that we've invested those deposits, as those investments mature, we will see a tailwind from that. But I think what also hopefully you've taken away from today is the platform that we offer our clients and with that becomes the operational nature of those deposits. And so we are very focused around making sure that the clients that work with us leave operational balances with us. And we make sure that as we think about the overall relationship with that client. That is how we think about the pricing of those deposits, et cetera. So I think, I'd add those two points, Mark.

EBRAHIM POONAWALA: Ebrahim Poonawala from Bank of America. Maybe for you, Shahmir, I think the question is, you did a good job talking about the technology, the investments, what we often hear is competitors are catching up, gaining share. Talk to us maybe anecdotally, what drives market share loss, like what are the events where you actually lose a customer to a competitor bank? Is it technology? Maybe some of the regulatory constraints that Citi's been operating under, that would help in terms of just contextualizing how impactful the competitive threat is.

And Mark, for you, you talked about increasing the intensity on the regulatory stuff. I guess in our seat, the assumption was it was already extremely intense. Just give us some perspective around what's changing? Is there sort of target moving in terms of what you needed to do today versus two or three years ago? Thank you.

SHAHMIR KHALIQ: So Mark, I'll begin, so firstly, I think, if you think about our share, we talked about shares across most of our businesses. We gained share in Securities Services, we gained about 120 basis points of share. We gained share in TTS in the institutional space. I think we hit double digits, a number that we had set for ourselves when we did Investor Day. So I think we feel pretty good about where we are at from a competitive standpoint. We're gaining share. And as Mark and Stephen just mentioned, I think as you think about the interest rate environment softening a little bit, given some of the investment portfolio we have, we should think, we think that as part of the book business that we have, we should look to continue to gain share as we go forward. So I just want to put that out there very clearly that our expectation is to continue to gain share as we go through the rest of this year and next year.

Why do we lose clients? I talked about when we look at our clients and the size, scale, scope of our businesses, we're either a number one or number two bank for most clients that we bank with. When we bank clients, we back them with heft. We back them with the full breadth and power of our network. So when we get to a certain scale, sometimes clients will look to balance their book of business, it's not like we lose business, but clients may look to rebalance their business across their entire book of business. So that's the only situation where we sometimes see some business where we might pick up business in Latin America and we might give up business in North America, or vice versa for that matter, depending on who the competition is at that point of time.

But we track our wins, our losses, our rebids very actively. It's a daily, weekly, monthly process. We know why we lost a deal. We know why a client rescheduled or repositioned their book of business. And generally, a lot of the innovation and investment that we've shown to you today and the scope and size of that innovation investment. And I would tell you that probably there's no other player in the space who've done that kind of work and that innovation over the time that we've done it in.

So we feel particularly comfortable, given the work we've done, given what we see, given what we're building, we should continue to gain share as we think about the go-forward. Mark over to you.

MARK MASON: And Ebrahim, that your question was around the increasing the intensity of the reg remediation work that we're doing? So I guess I'd say a couple of things. One is we've been making, I think, good progress against the consent order remediation and the broader transformation work. But the reality is that we want to move faster, right. The entire leadership team wants to move faster in that effort in terms of remediation, remediating data as it comes into our systems so that we have less reconciliation work to do along the way. As it relates to improving the quality of our regulatory reporting that we do on a daily, quarterly basis as it relates to overhauling that infrastructure and automating things more rapidly as it relates to our ability to stress test the organization and address things like resolution and recovery type planning processes that we have in place. We want to accelerate our efforts, and that's what that intensity is about.

ERIKA NAJARIAN: Hi, Erika Najarian from UBS. My first question is for you Mark, I noticed in the capital slide that you said the GSIB could be flat to up as you support clients. And when we look at the first quarter GSIB score, it would imply that you would move barely to the 4% surcharge bucket. And so, as you know, as you think about the revenue targets that you put out and some of the revenue growth that may require a little bit more balance sheet intensity, how do you balance sort of the shareholder feedback that they'd like greater buybacks with the reality is some of your peers that have pretty hefty, tangible book multiples have grown their GSIB surcharge, but have kept a higher RoTCE. How do you balance that as we look forward?

And for Shahmir, in that last summary slide, I noticed that you're targeting going forward the same change in RoTCE about let's say 300 to 500 basis points under a low to mid-single-digit revenue CAGR environment as you achieved in a higher revenue environment. And just confirming that perhaps that's some expense optimization or capital optimization that you're expecting?

MARK MASON: Yeah. So let me start. So I think there are a couple of things. So one, over time, we expect to see some benefit from the exits that we've done. Right. So the nine exits and as the rest of the businesses kind of close out, we expect to see that impact the GSIB score, we expect to see that impact the stress capital buffer. We also expect to see a benefit from the mix of our businesses and what they contribute from a revenue point of view to play out in the strengthening of our PPNR. And we think those things will ultimately help that capital stack, notwithstanding some of the regulatory changes that may come out of Basel III.

It is a balancing act and I think the importance of the balancing act is that we remain returns focused. And so when we look across the franchise and we see growth opportunities driven by client demand or an ability to differentiate ourselves, like what you heard about from this team here, those are unique opportunities for us to invest and deploy capital against where that's required because they're going to generate a return that's well above the cost of capital and they're going to allow for us to bring to bear the breadth of everything else we have to offer across the franchise. And those types of areas get the investment, the incremental investment first because it has that outsized impact, but it's constantly going to be a trade off. I recognize we traded 0.6, 0.7 times book, most of the peers are trading north of 1. We've got some upside to capture there, but I don't want to turn down good client driven opportunity that's high returning and really speaks to the longevity of the franchise because that's really what this is about.

ERIKA NAJARIAN: You were looking to target a RoTCE improvement in your business that's in a lower revenue growth environment as you achieved in a higher revenue growth environment. And I just wanted to understand what the expense assumptions were on the surface.

MARK MASON: Yes. So as you know, Erika, at the top of the house, we've put out a target of $51 billion to $53 billion at the end of the medium term. We're on track to that. We gave guidance to kind of bring down expenses this year. That's going to be fueled by the three things that I mentioned earlier, including the benefits from the org simplification, the exits that have taken place as well as we think about the investments that we're making and those starting to yield benefits. And all of those things at the top of the house ultimately trickle to the different parts of the business, including Services, and ultimately at some point contribute to the funding of the investment that's required. Because one of the things that I'm sure you heard Shahmir and others mentioned is the importance of investment. And so, the top of the house and those efforts across the firm ultimately play out and are contributed to from the businesses.

SHAHMIR KHALIQ: Yeah. And I would just add to that that as the top of the house, overall expense comes down as part of the overall transformation that Mark just talked about. Obviously, we expect to see continued momentum from what we are building and have built already. You saw some of the drivers. So we feel particularly comfortable about how we see the world playing out. That should play to the strengths of what Services has built out. So I think both with the combination of the revenue line, expense line and then very active capital and TCE management from our side, which we've again demonstrated as part of this conversation, the idea is for us to continue to improve that RoTCE towards a number.

The last thing I would mention is there were some significant one-offs during 2023 that you know about, Argentina and others, which were part of our numbers as well, which are not intended to be or not expected to be recurring to the extent that they were during 2023. So, as you think about normalizing for that, coupled with expenses, coupled with revenues, I think you should arrive at that number that we talked about.

MATT O'CONNOR: Matt O'Connor, Deutsche Bank. Just Mark, a clarification on the guidance for 2Q. When you talked about banking being up 50%, 5-0, that's year-over-year, the Markets flat to down was year-over-year. And then the net interest income commentary, was that versus 1Q?

MARK MASON: Yeah, the net interest income was ex-Markets was a year-over-year as well, down modestly year-over-year. And it happens to be sequentially as well. And just to be clear, the Markets was flat to slightly down.

MATT O'CONNOR: Thank you. And then just separately, you talked about rates still being beneficial, given the repricing of fixed rate assets and volumes. And as we think about kind of more medium term and rates start shifting down, what's the sensitivity to Services revenue like maybe a rule of thumb, a 100-basis-point drop and every rate magically would impact revenue by 1% or 2%, just some way to frame that?

MARK MASON: Yeah. Look, I'm not going to give it specific to Services. But let me kind of point you to the IRE analysis that we have in our Qs, right? And again, you've got to remember, it's a static balance sheet, it assumes a parallel shift across currencies, right? So the likelihood of that scenario happening is very low, but it's the best proxy or way to kind of think about it. So, if we see a 100-basis-point drop across currencies again and across the curve, it would be roughly about $1.6 billion of a reduction in revenue, right? And about $300 million of that would be US dollar related and about $1.3 billion, the balance of it would be non-US dollar related, right? But again, a lot of assumptions in there, including that static balance sheet. We're talking about volume growth and things like that, but that's kind of the rough math for a 100-basis-point move.

KEN USDIN: Ken Usdin from Jefferies, thanks. Shahmir, I wanted to ask you, when you talk about the top of the house segment revenue growth outlook, low to mid-single-digit near term, mid- single-digit long term. I'm wondering if you or maybe the segment leaders can talk about the specific that underline that in terms of TTS growth potential versus Securities Service potential? Obviously, they have a different mix of NII versus fees. We asked about rates already. So, are there different underlying growth rate assumptions between those and can you kind of detail those? Thank you.

SHAHMIR KHALIQ: I think we can give you a little bit of a flavor on the drivers. And just as we think about the interest rate environment that we just talked about. And we can kind of go through it. And if you don't mind, Okan, if you can just start-off and just give a view, as interest rates soften a little bit, what do you think are the positive drivers from your standpoint across both custody, issuer, the overall end-to-end Securities Services space?

OKAN PEKIN: There's a natural healing effect priced into our financials. As rates drop, if you assume markets would react favorably to that and there is a rebound in markets, our AUC would bounce back and our AUC bounce back would increase our deposits. So interestingly the quantity of deposits would increase offsetting the rate component. Very importantly, with the improvement of markets, you also get a fee benefit of these assets on the other side, on the fee line. Also consider the effect of inflows of assets into our clients' books, which is a very important component. Also consider the effect of our efforts to gain new client business ourselves, signing up new portfolios with existing clients or signing-up new clients. That's on the investor side a multifactor help to support us in a soft rate environment.

In addition, if you follow my logic of risk assets bouncing back, that would help our capital markets activity, which would then help the issuer business, which I've tried to describe. So you have five, six factors that are countercyclical to rates and we tend to feel very good about those in a soft rate environment as long as the overall GDP growth environment is half-way friendly to us as well as risk assets and markets behaving themselves, that gives us a very positive picture for our business going forward.

SHAHMIR KHALIQ: And I would also add, I think on the TTS side, I won't request any of the other leaders to speak, but just very quickly, I think generally, if you see that as pro GDP growth from a rate reduction standpoint and you see that that spurs GDP growth levels, that is by definition a core driver for our payment volumes and what we see on the payments side, it's a core driver for what we see on the supply chain and clients engaging and interacting to see how they grow and improve and increase the size of their business, which is again, helps out Chris' business and reduce overall funding costs within the supply chain side. And lastly, on Stephen's side, I think Okan addressed it partially. But I think deposit levels are helped as well, coupled with the fact that, our book relative to our US peers is a bit more diversified, coupled with and lastly, the investment book that we have as part of our overall proposition. So, that's why we've given the numbers and the expectations we have laid out.

GLENN SCHORR: Hello, Glenn Schorr, Evercore. Two different types of threats that have come up over time for these businesses are, what you're doing to safeguard on cyber and how you protect your clients' money and their businesses and maybe get a feel for what's going on? Because I know there's a lot going on. And the other one is different and it's more digital currencies like a US stablecoin and maybe that's more threat and opportunity and how, what you're doing to potentially adapt to an environment that's more accepting of that? Thanks.

SHAHMIR KHALIQ: So just very quickly, I won't get into details on cyber, but cyber is at the, it's a top firm level priority for us. And obviously as a business within the five interconnected businesses that we operate in, Glenn, we obviously work within the guardrails laid out by the firm at the top of the house. So all of our platforms, applications, systems coding is all part of the overall process and therefore we're hyper sensitive about the fact I talked about it, risk management oversight. We're very hypersensitive that our clients see us as that integrated partner for themselves. So that's mission critical for us to making sure we're doing all we can from a cyber standpoint.

MARK MASON: It's one of the most rapidly growing expense line items.

SHAHMIR KHALIQ: Having said that, you've talked about digital currencies. Clearly, you know, I think if you think about digital currencies, a lot of what you've heard today, if you think about 24/7 clearing, for example. A lot of what you've heard today is, we are basically making sure that banking rails as we take conventional banking rails, we want to uplift conventional banking rails so we can play on an even footing with any other potential solutions that may or may not include digital currencies that effectively offer real-time or 24/7 as a capability that purports to take inefficiency out of the banking system. So our aspiration is to take inefficiency out of the banking system and therefore provide conventional rails that look, sound and act on a 24/7 basis and effectively allow us to compete on an equal footing, while being in a regulated, overseen environment, which we think is a competitive advantage for us. So that's how I would position it.

CHRIS KOTOWSKI: Chris Kotowski from Oppenheimer. Just a question on the competitive dynamics that you're getting into, starting with Ebrahim's question. I'm curious. I mean, I'm sure from the point of view of a Fortune 500 corporate treasurer, they look at their investment banking wallet and then they look at their TSS, trade service solutions wallet. And just like in the investment banking world, a certain portion goes to lead left and then there are co-leads, and then all the regional players. How, in terms of competitive dynamics in a general way, do you see kind of that wallet divided up? Who's gaining share and how do you pick off what's the most low hanging fruit, I guess?

SHAHMIR KHALIQ: That's a pretty broad question. So let me try and address that. But I think, as I mentioned, our institutional clients, we want to grow with them. I talked about three growth drivers for us, institutional clients, how do we grow with them. And as I said, there's Fortune 500 companies, we bank with 85% of them, we want to bank the rest of the 15%. But as we think about these clients evolving, growing, it's natural for them to come to Citi and ask for advice in how they drive their treasury or how they drive their e-commerce solutions for them.

And if they're an investor, by definition, that's a conversation to be had with Citi as we think about what we could do for them across our custody or our fund admin network. The same decision center obviously makes decisions on the issuer side as well as they think about go forward. So these clients will look at wallet, but they will also look at strengths and capabilities. So, aspirationally, when we commit capital to these clients, we want to make sure we put our best foot forward across all our products and services and make sure we get a fair share of the wallet. And that's something that our banking team as the tip of the spear drives that engagement agenda towards. So coupled with account planning, a very focused client engagement model, and the fact that we've got the right sets of products and capabilities that attack that wallet, that's how we drive that engagement model across those clients. So whether it's institutional, commercial, e-commerce that's how we're driving that agenda. Hopefully I've answered your question, but happy to take it offline and later in the lunch.

MARK MASON: I think the other thing I'd add is that while we've deeply penetrated this universe of multinational clients, there's still significantly more business that we can do with them, right. And it's not just more we can do with them in the multitude of countries that we haven't yet partnered with them in.

SHAHMIR KHALIQ: And even in the countries we're in.

MARK MASON: Even within those countries and then you put a chart up that said, I think it was 70% of them do business with us in Markets in another part of the business, there's another 30% that really aren't doing business with us across the rest of the platform.

SHAHMIR KHALIQ: That's exactly right.

MARK MASON: And this this business serves as that gateway to that dialogue. And when we're doing this the way we intend to do it, that dialogue around any number of the different services we offer whether it's M&A or DCM or ECM or whatever the case may be, is going to be tag lined with what more we can do from a TTS point of view, right. So I think there's a really unique opportunity with an embedded client base, as well as with a new target market when I think about the commercial middle market space, right. And I think we're uniquely positioned to get after that.

VIVEK JUNEJA: Thanks, similar to what Ken just asked, take another slice, Shahmir, at your outlook for low- to mid-single-digit revenue growth, given your and Mark's comments about NII still having a tailwind. So if you can slice that into what's your outlook for NII growth versus fee revenue growth as you look out for that?

MARK MASON: Yeah. We really haven't disclose kind of the breakdown of that, but I think if you think about what we've been talking about all day today, as well as, frankly, at Investor Day was how does the business mix and the revenue that we generate evolve over time. And that mix was meant to frankly skew more towards fee revenue in the early years. But we saw this dramatic change in what happened with rates, so much so that you were able to outperform in kind of the early part of this medium term. And so what you should expect to see is not the same level of growth from a Services point of view, because we won't have the benefit of that rate of that rate environment, but you should expect to see fee growth contributing as a major driver while NII or rates being a moderate tailwind, if you will, as we kind of play into this low- to mid-single-digit revenue growth for Services.

VIVEK JUNEJA: How much of your revenues is what you'd call sub-custody fees and how have those done in the last couple of years?

OKAN PEKIN: As I said, we have a dominant market share in direct custody of 26.8%. Our overall market position is fourth, very, very close, inching towards the third. Watch out for our numbers, we are very, very pleased with our momentum, but we do not disclose the specific breakdown of what we do with whom. We disclose one, the broad custody number. I think look at the points I've made with respect to our growth momentum; very clearly focusing on asset managers and asset owners and maintaining our dominance with banks. And the combination of these factors makes us feel really, really good about the custody business coupled with our technology. So I can't give you that specific breakdown, but we're very positive about the growth momentum we have going forward.

JENN LANDIS: Thank you, everyone, ok thank you, everyone, for joining us.

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