

Final

**Anthony S. Fell remarks to
Toronto Board of Trade Annual Dinner
Monday, January 26, 2009
Metro Toronto Convention Centre**

Thank you Carol for a most generous introduction which is very sincerely appreciated.

Mr. Premier, Directors and Members of the Board of Trade, Ladies and Gentlemen.

First off I'd like to thank the Board of Trade for according me the honour of speaking at this annual dinner. It's a real privilege.

For 163 years this Board has been a powerful force for business in Toronto and a leading advocate for positive change to build a more successful GTA.

Year after year the Board of Trade continues to go from strength to strength and we are fortunate, indeed, to have such a vibrant voice for business in our community.

We live in a competitive world and I believe the Board of Trade, working with our city and with the province, is well situated to play an important role in developing sound public policy to make our business community more competitive and our city more vibrant.

Ladies and Gentlemen - This evening I thought I would focus on some aspects of the ongoing global, banking, financial and credit crisis because our city, is an important financial centre.

What happens to our financial services industry is important to our city, to the Province of Ontario and to Canada.

At their latest fiscal year-end, our five major banks had total assets of \$2.5 trillion of which almost one trillion was outside of Canada.

In terms of market capitalization the five Canadian banks headquartered in Toronto all rank within the top 35 in the world.

So Toronto is an important banking centre and, if we play our cards right, it's going to become more so.

While Canadian banks have received some shocks from this crisis, on a relative basis they have done well.

Last year total write-offs by financial institutions around the world were in excess of \$1 trillion and Canadian banks accounted for less than 1.4% of this total.

Canadian banks are in a stronger position than what we see south of the border or in Europe.

There are several reasons for this.

First, the Canadian economy and our financial institutions have benefited from certain elements of plain good public policy.

For the past eleven years the Federal Government has been running surpluses aggregating over \$100 billion.

Accordingly, Canada's economy and financial system are in a stronger position than most, going into this downturn.

Second, the national retail banking franchises of the Canadian banks provides them with a strong and stable funding base, less dependent on volatile wholesale funding.

This is a huge asset in difficult times.

Third, we have benefited in Canada from a strong regulatory framework. Our banks are the most conservatively capitalized in the world.

Fourth, in Canada we have kept tighter control of our residential mortgage market.

Finally, I believe Canada's financial institutions have been inherently more risk averse than those in the U.S. and Europe.

Less cowboy capitalism and less bet the bank mentality.

This more conservative approach over the years has served us well.

Having said all of this, there is not one inch of room for complacency.

I have learned over my years in the financial business that pride often precedes a fall, and trouble often comes out of a clear blue sky.

I keep a three foot model of the “Titanic” on my desk as a constant reminder that bad things can happen.

Now to the business at hand.

I should say that while I retired from RBC Capital Markets a year ago, I am still careful to say that the views I express are my own and may or may not reflect the views of RBC.

I should also say I feel at least somewhat qualified to comment on some of the miss-judgments in the financial business over the past decade or two, because I have made many of them myself.

Now, the IMF has described this as the largest financial crisis since the Great Depression in 1929.

I think we would all agree.

A reasonable question to ask is why banks and dealers, as well as investors, never learn from previous financial crises.

If you look back over the past 150 years, booms and busts and financial crises occur with depressing regularity – almost like clockwork.

I have often said, if your country hasn’t had a banking or financial crisis in the past decade, just wait – one will be coming shortly.

There was a major banking crisis in the U.S. in the late 1870s following an incredible railroad boom.

The U.S. Federal Reserve was created in 1913 following a series of bank crises and runs on deposits.

And then, of course, we had the stock market crash in 1929 and the Depression.

This was followed in 1934 by the establishment of the Federal Deposit Insurance Corporation in the U.S. to protect depositors and the Securities and Exchange Commission to protect investors.

Crises over the last seventy-years have been less severe, although I can tell you they seemed, and were, very serious at the time.

The LDC banking crisis in 1982 – the Canadian Bank Stock Index fell by 42%.

The U.S. Savings & Loan crisis in the late 1980s when 2,000 S & Ls went out of business – U.S. bank shares fell by 45%.

Until now, the all time high water mark for massive market and business excesses in living memory was the breaking of the Japanese bubble in 1989.

While this crisis was confined to Japan, it is the second largest economy in the world so it was big.

This was a triple whammy. A stock market bubble, a banking bubble and real estate bubble all wrapped up in one.

When the bubble burst many banks and insurance companies were forced to merge, restructure or were bailed out by the government.

The Japanese bank stock index topped out just after Christmas 1989 and dropped by 45% in just the first year but eventually declined by 91%.

(I call that a bear market)

It is of interest that, even now, the overall Japanese stock market, as measured by the Nikkei Dow, is 80% below where it was twenty years ago.

The Japanese crisis lasted more than a decade and total losses were estimated at about \$750 billion.

Finally, in the late 1990s we had the incredible telecom and internet bubble which broke in 2000. We can all remember this - you know, when Nortel had a market cap of over \$350 billion.

The late 1990s was a period of wild investor hysteria.

It was a true feeding frenzy with the Nasdaq tripling in less than two years and IPOs doubling and tripling on the first day of trading.

As always, the bubble broke, the Nasdaq Stock Index declined by 77% over the next three years with the bankruptcy of Enron, Worldcom being two of the biggest in American history.

That crisis brought us Sarbanes-Oxley.

When you look back on all these cycles, a central question is “why do we have to go through constantly recurring market and business bubbles.

Kindleberger, the late MIT historian, is well known for his 1978 book “Manias, Panics and Crashes” which traces four centuries of booms and busts.

Cycle after cycle the similarities are striking.

It all gets back to;

- **over-optimism and herd mentality**
 - **greed in the financial business**
 - **excessive leverage**
 - **borrowing short and lending long**
 - **flawed financial innovation**
- and**
- **regulatory failure**

(usually all wrapped up with a good dollop of fraud and corruption)

Those who don't learn from the mistakes of history are doomed to repeat them and that's why we are here again – one more time.

So what sort of mess have we gotten ourselves into this time?

Well, over the past two years we have witnessed the bursting of a twenty-five year credit bubble of monumental proportions.

The epicentre of the bubble, of course, has been in the U.S. sub-prime mortgage market.

Contrary to almost all forecasts, it spread quickly to all sectors of the banking and credit markets and now to the real world economy – main street.

This economic contraction is the first synchronized global downturn since the 1930s.

At your tables is a single sheet with two charts on each side.

1. The Total U.S. Debt Burden as a Percentage of U.S. GDP

2. Total U.S. Household Debt as a Percentage of GDP

2. The U.S. Personal Savings Rate

and

3. U.S. Housing Prices

There is little need to comment on these charts because they say it all.

They clearly indicate we have come to the end of a credit supercycle.

The final blow off period was from 2001 to 2006, but it had been building for a long time.

Look at U.S. household debt as a percentage of GDP – a huge rise in just the last ten years.

Look at the incredible decline in the U.S. personal savings rate over the last 20 years.

Look at the acceleration of U.S. housing prices starting in 2000 (existing houses doubled 2000 – 2006).

Globally, from 2002 to 2006 there grew a euphoric feeling that low interest rates, easy credit, vast liquidity and rising house prices would last forever.

It was a classic example of herd mentality, “when everyone is thinking alike, no one is thinking”.

Commodity prices took off, and the private equity and hedge fund industry exploded on cheap money.

Borrowing and spending were in vogue and saving was out.

It was obvious the trends on these charts were unsustainable, but where was the tipping point.

A credit bubble, as shown on these charts, is like blowing up a balloon – it gets bigger and bigger and bigger and you never know when it’s going to burst.

This bubble could have broken three years ago, or it could have broken two years from now.

But now we know, this bubble broke in the Spring of 07.

(One thing investors should learn about investment bubbles and manias – “it’s much better to leave the party an hour early than two minutes late”.)

Every bubble is different, but in many respects every bubble is the same.

The difference this time is that we have an all encompassing credit bubble and it’s global.

This was a bubble;

- 1. In housing prices and mortgage debt**
- 2. In consumer debt**
- 3. In new and untested financial products**
- 4. In commodities**

and

- 5. A bubble in bank lending, private equity deals and hedge funds**

Quite a laundry list.

The collapse of this twenty-five year credit bubble made 2008 a year for the history books.

I never thought I would see the day when the likes of Citigroup, AIG, Royal Bank of Scotland, UBS and B of A, the biggest names in the banking world, had to be bailed out by their respective governments and partially nationalized – to forestall collapse.

I never thought I would see the likes of Merrill Lynch, Wachovia, Washington Mutual, and Countrywide Mortgage, all huge financial institutions, being forced to sell to forestall bankruptcy.

In particular, the five big investment banking firms in New York, which a year ago had total assets of \$4.2 trillion, blew themselves out of the water.

Bear Stearns, with total assets of \$350 billion, forced to sell out for a pittance and Lehman, with assets of \$700 billion, bankrupt.

Merrill forced to sell to Bank of America which overreached itself and is now in trouble.

Morgan Stanley and Goldman forced to raise equity at distress prices and convert to bank holding companies to get federal aid.

For these five big investment banks, this has been a complete and unmitigated self-inflicted disaster.

The old model of investment banking for these five big firms on Wall Street is dead.

I don't think even today that we truly comprehend the incredible magnitude of what has happened, and what is happening, to the global banking and financial business.

With so much government involvement and government ownership of big banks in both the U.S. and the U.K., we won't know the full impact of all of this for a decade.

The stock market impact has been significant.

- **the Standard & Poor's diversified bank stock index is down 72%**
- **the financial index is down 76%**
and
- **the insurance composite index is down 72%**

The TSX Bank Stock Index is only down 50% - isn't that wonderful – (we have outperformed).

I am not going to dwell on the causes of this crisis because they have been extensively and well covered in the press.

They include;

- **Major public policy failure in the U.S. in the housing area.**
- **Far too low interest rates and easy credit under Alan Greenspan.**
- **Failed financial innovation on a massive scale.**
- **Almost complete regulatory failure in the U.S., U.K. and Europe – it was the age of deregulation.**
- **Total rating agency failure - - for the tenth time**
and
- **Finally, too much leverage everywhere you look.**

You could write a book on each of the above but I will comment on a few major issues based on my experience.

THE DISMAL SCIENCE

Thomas Carlyle, who died in 1871, called economics the “dismal science”. How right he was.

I have always said that “banks and dealers should have as many economists on staff as possible to increase their chances of having one that’s right”.

Along with Wall Street, it is quite incredible that central banks and the IMF, with all the firepower they devote to economic analysis and forecasting, did not pick up on this credit bubble and a possible crisis.

The second largest financial crisis in a hundred years wasn’t on the radar screens.

Worse still, since the crisis first started, policy makers have vastly underestimated its rapid spread and devastating impact every step of the way.

Actually, all of us in the financial business should be wondering why we did not see this crisis coming.

All the signs were there. We should have picked it up.

There were a small handful, probably less than one-half of one percent of all economists and market participants, who did foresee some of these major problems.

But when everyone is making money, no one wants to listen to a naysayer.

In the future we must do a better job of forecasting.

BOARDS OF DIRECTORS – This crisis clearly highlights a massive failure of corporate governance.

**Failure of Boards to oversee management
and
Failure of management to oversee the business.**

When you look at all these big banks and dealers in the U.S. and the U.K., these were all star studded big name Boards who could check off all the independence and good governance boxes of the regulatory authorities but obviously they were still completely ineffective.

You can't legislate a good Board by rules, regulations and checking off good governance boxes.

You can only have a good Board if you have hard hitting Directors prepared to stand up and be counted.

I wonder if every Board member of Royal Bank of Scotland voted in favour of the takeover of ABN Amro which was the straw that broke the camel's back.

I wonder if every Board member of the Bank of America voted to take over Countrywide and then over-reach themselves by buying Merrill Lynch.

I have always found it curious why so few Board members resign over matters of principle. Does every Director agree with everything?

On Boards there is far too much of a tendency to just "go with the flow" and few Directors want to "rock the boat". And when trouble comes, Boards just circle the wagons.

In short, just because you have a Board where you can check off all the good governance boxes doesn't mean you have a good Board.

It all depends who's on the Board.

TOO BIG TO FAIL

Many today say that Lehman, with total assets of \$700 billion, should not have been allowed to go bankrupt.

Ladies and Gentlemen.

Lehman deserved to go bankrupt.

Capitalism is the freedom to do outstandingly well and make a lot of money and it's also the freedom to go bankrupt and that has to be demonstrated from time to time.

There has to be at least some discipline in the market place.

It is unfortunate indeed, that many more like Citi, AIG and RBS were too big to fail because of systemic risk

but

Make no mistake - - they all deserved the same fate as Lehman - to go bankrupt because they all mismanaged their businesses and had lost the confidence of the market place.

One thing to think about. If some banks in the U.S. were too big to fail before this crisis, with all the mergers and acquisitions, they are going to be much bigger still after the crisis.

While in the U.S. there will always be thousands of banks, the system is gradually reducing down to three or four super giants which are going to be so big and so highly regulated, they will operate almost as arms of the government.

TOO BIG TO MANAGE

Forget about too big to fail, how about too big to manage.

There are six banks in the world with assets in excess of \$2 trillion each and perhaps another twelve with assets of between one and two trillion.

Banking has become incredibly complex.

If a bank has a trillion dollar balance sheet, operating in perhaps thirty countries, with trading desks, loans and proprietary trading books all over the world, it becomes immensely challenging.

In the financial business, risk grows exponentially with the size and complexity of your balance sheet and I think many of these banks just became too big to manage and they lost control.

That's what the record shows.

I learned long ago not to expand your business beyond your ability to closely and tightly manage.

I think a strong case can be made to break up these big global banks into smaller, more focused and more manageable institutions.

I think it's going to happen.

In fact, it has already started.

GLOBALLY COMPETITIVE

In Canada over the past fifteen years there has been a constant drumbeat, from every point of the compass, for our banks to make large foreign acquisitions to become, so called, globally competitive.

What is globally competitive anyways?

Does that mean like Citigroup, Deutsche Bank or UBS?

If so, forget it. If there's a pothole, these big global banks will find it.

There are probably more than 12,000 banks in the world.

Why do you have to be in the top five or ten.

It's all egos run amok.

What's wrong with being the twenty-fifth, or the fiftieth, largest bank in the world and growing your business organically by offering good service.

Shares of the biggest banks in the world have been the worst performers as long as anyone can remember.

**I have learned that the financial business is a marathon and not a hundred yard dash –
- slow, steady and dull often wins the race –
in many cases because your fast moving hot shot competition blows up.**

Bear in mind every time a competitor blows up and goes out of business, the survivors win.

In my view Canadian banks are plenty big enough to compete where they want to compete.

FINANCIAL ENGINEERING AND INNOVATION

This has been a big problem area – actually disastrous.

Toxic complex structured products developed and aggressively marketed around the world by U.S. dealers and banks were the multi-trillion dollar time bomb that finally blew up the system.

In the five years or so up to 2006, big U.S. banks and dealers were bringing new and complex highly leveraged structures to market a mile a minute.

There were CDOs, CLOs and CMOs and a dozen other acronyms.

Many of these structures were leveraged more than ten times with exotic derivatives.

For hundreds of billions of these structured products there is now only a market at distress prices – if there is a market at all.

The financial industry should get out of complex structured products.

If a security has more than two bells and one whistle, just say no.

Think \$32 billion of frozen Canadian non-bank asset backed commercial paper.

It took a small army of top lawyers and top accountants a year to figure it out and, even now, no one knows what it's worth.

It's an amazing story that this could happen.

CENTRAL BANKS

In just the last ten years we have had two explosive bubbles which have been extraordinarily destructive.

The telecom and internet bubble which burst in 2000 and the U.S. housing bubble which burst in 2007.

In my view, the record clearly shows that the Federal Reserve should have moved to choke off these euphoric, speculative manias.

They could have done this by aggressively raising interest rates at an earlier date, increasing stock margin requirements and perhaps by also increasing bank capital requirements.

It didn't happen.

Once again it was the age of deregulation.

Let the market take care of itself.

It's been said that one of the primary jobs of a central bank is "to take the punchbowl away just when the party is getting started" which, in retrospect, looks like sound policy.

In short, should central banks target, and rein in, overheated and speculative industry and market bubbles even if it causes a slowdown or a recession – the answer is yes.

REGULATION – For over 100 years increased government regulation of financial institutions has followed financial crises as night follows day.

This time will be no exception.

The fact is the market has lost confidence in the Federal Reserve, the SEC, the Bank of England and the Basel One or Basel Two regulatory regimes.

This crisis built for years under their watch.

I believe OSFI and the Bank of Canada have provided better oversight.

In particular, the SEC has acted like a head waiter to the securities industry in the U.S.

In any event, there is a ray of light and that is Paul Volcker age 81, who was Chairman of the Federal Reserve from 1979 to 1987 and is arguably the greatest central banker alive today.

Last July the group of 30 nations launched a project on regulatory reform under the leadership of Paul Volcker.

This report was tabled just ten days ago and contains four core recommendations and eighteen sub-recommendations, focused directly on problem areas which have emerged over the past two years including;

- **structured products**
- **proprietary trading by banks**
- **regulation of hedge funds and private equity firms**
- **leverage**
- **and several more**

At the press conference tabling the report last week Mr. Volcker called the current financial system by a four letter word – he called it a “mess”.

He said “we are going to have to rebuild this system from the ground up”.

We are fortunate, indeed, that the highly capable, blunt talking, Volcker has been appointed Chairman of President Obama’s Recovery Board.

The long and the short of it is;

The grand experiment of deregulation of financial markets and financial institutions which started with President Ronald Reagan’s appointment of Alan Greenspan in 1987, is over.

HERD MENTALITY

One of the most difficult things in banking or investment banking is not to follow your competitors over a cliff.

This is incredibly difficult because if one, or a few, banks increase their risk profile and start taking your clients, there is strong pressure within your own company – and from the market place to, increase your own risk profile to maintain your competitive position.

In boom years this process ratchets up the risk profile across the entire industry on a continuing basis.

The business goes to the bank prepared to take the most risk.

It's the same thing in investment banking. If one firm increases their risk profile on new equity issues, usually the others fall in behind.

I don't know how many times I've heard we've got to go into this business, or we've got to make that loan or we've got to go into that deal because everyone else is in it.

My conclusion is that the most important word in the financial business, apart from please and thank you, is the ability to say no.

- **No, we are not going to do that deal.**
- **No, we are not going into that new business.**
- **No, we are not going to make that stupid acquisition.**

- **No, we are not going to make that loan.**

Many times the best deals you do are the ones you don't do.

In the course of my career I wish I had said "no" more often.

LEVERAGE – there is just too much leverage in the financial system. Banks, dealers, hedge funds and private equity firms. Too much leverage.

The big U.S. investment banks were, by far, the worst offenders followed closely by European banks.

In April 2004 the SEC granted the five big U.S. investment banks virtually unlimited leverage.

Following this decision, the assets and leverage ratios of the five firms exploded.

In just the four years to the end of 2007, the aggregate assets of these five firms doubled from \$2.1 trillion to \$4.2 trillion and the average leverage ratio, as measured by total assets to common equity, increased from 23 times to 33 times.

These ratios were “off the charts” – especially when you consider these weren’t investment banking firms at all.

Over a decade these firms had morphed into being gigantic hedge funds, dealing in risky assets and they were financed largely by wholesale money.

They were an accident waiting to happen.

Financial firms love leverage because it can do wonders for your profits and your return on equity in the good times.

Unfortunately, leverage can kill you when business turns down.

Most people do not appreciate the destructive power of leverage.

At 33 times leverage, as these five big investment banks were, if your assets drop by just 3.3%, you are out of business.

And at 40 times leverage, where some European banks were, if your assets drop by just 2.5%, you are gone.

With these leverage ratios, there was zero room for error – no cushion.

Leverage is especially destructive in a deflationary environment.

Asset prices decline, debt remains the same and the equity gets crushed.

CREDIT RATING AGENCIES – I have spoken many times about the credit rating agencies. Their model is broken.

Pennsylvania Railroad went into receivership in 1970 – rated triple A.

Venezuela defaulted in 1982 – rated triple A.

Over the past several years lots of structured products were rated triple A only to go to triple C in the blink of an eye.

Rating agencies are paid by the issuer. Why would a buyer of securities rely on a rating provided by the seller.

Companies rate shop. They visit all the rating agencies and give the business to the agency which accords them the highest rating.

Mary Schapiro, the incoming Chair of the SEC, testified earlier this month.

“until we deal with the compensation model, we’re not going to deal with a conflict of interest and people are not going to have confidence that the ratings are worth relying on, worth the paper they are printed on”.

In my opinion, rating agencies are dangerous because they provide investors with a false sense of security.

So, what does “back to basics” mean for the financial business. To me, it means.

- **running a more conservative business across the board**
- **it means reining in your growth expectations to more realistic levels.**
- **it means reducing leverage**
- **it means much less financial innovation and much less financial engineering**
- **more focus on client business**
- **more organic growth and fewer grandstanding acquisitions**
- and**
- **for the world’s biggest financial institutions it means downsizing your business and scraping your plans to rule the world**

Of course, running a more conservative business, with less leverage, will mean somewhat lower profitability than we have been accustomed to in the past.

- **that’s the price of running a more conservative business**
- but**
- **at least, over time, you will be in business.**

So, where does the economy go from here?

My views are no better than anyone else's except to say that this credit crisis and economic downturn has turned out to be vastly more serious than anyone anticipated every step of the way.

Notwithstanding the major stimulus plan currently under consideration in the U.S., I'm not sure why that should change.

Accordingly, I would anticipate a longer and deeper recession than many observers envisage at this time.

I wish I had a more definitive view, but there are just too many unknowns.

The first step to recovery is stabilization of the banking business in the U.S. and the U.K.

At this stage we still don't know which banks in the U.S. and Europe are going to survive in their present form – or who is going to own them.

To date, various initiatives to repair these banks have failed, but a new plan is under consideration in the U.S. and due to be announced in the near future.

If this fails, there's a real possibility, even a likelihood, that some of these major banks will have to be nationalized or perhaps put in "conservatorship" a la Fannie Mae and Freddie Mac.

The second key to economic recovery in the U.S. is the consumer and the key to the consumer is housing.

The consumer accounts for about 70% of GDP in the United States.

Most recessions over the past fifty years have been caused by excessive inventories or over capacity.

This is different. This is a consumer led recession.

There is too much consumer debt and it won't turn around until consumers have restored their family balance sheets and are confident once again to start spending.

The American consumer has over-borrowed and overspent for a decade and is now tapped out.

Irrespective of much lower interest rates and the prospect of lower income taxes, I believe we have moved into a multi-year period of consumer retrenchment and thrift.

The consumer in the U.S. is shell shocked.

Their equity and retirement portfolios are down but, far more importantly, 68% of American families own their own homes and home prices are down by more than 20% and likely to fall further.

If the value of your home drops by 25%, it shakes your confidence.

As a matter of interest the average Canadian carries 2 credit cards whereas the average American carries more than 6.

The average credit card balance per family is \$2,000 in Canada and over \$8,000 in the U.S.

On top of all this, the job market is uncertain.

In this environment I expect consumers to pull back and the U.S. personal savings rate, having fallen for more than twenty years, will now start a gradual rise back to the traditional range of 6% to 8% or higher.

The only way consumers can restore their balance sheets is by saving more and spending less – and spending less will delay recovery.

In addition, with all that has happened, I think that systemic risk in global financial markets has increased quite dramatically.

- **What is the long term impact of one to two trillion dollar deficits in the U.S. annually for the next few years?**
- **Who will purchase all these treasury bonds”?**
- **Will the Federal Reserve ultimately resort to printing money?**
- **Will some of these big banks have to be nationalized.**
- **Do we have now, in effect, a bubble in U.S. treasuries?**
- **Will all the credit creation lead to major inflation three or four years out?**
- **Will we have a major crisis in the U.S. dollar over the next year or two?**

This is all uncharted water and, no one on the face of the planet knows how it will play out.

There is one thing, however, that is clear to me.

The banking business has been around for a thousand years, it's the life blood of any economy and it's not going to go away.

This crisis, when it's all over, will have taken huge capacity out of the international banking and financial business.

Those banks that survive this turmoil will be extraordinarily well positioned to do outstandingly well and I think that includes the Canadian banks.

In 1873, there was a financial panic and banking crisis in Paris and Baron Rothschild said the time to buy is "when there is blood in the streets". Well, we must be getting close.

Booms, busts, bubbles, panics, crashes and bankruptcies – to some extent we've seen it all before, but somehow the system always survives, adapts and moves on to bigger and better things and, in time, I am sure it will again.

Also, we should remember that the U.S. economy is;

- the most entrepreneurial**
 - the most innovative**
 - the most competitive**
 - the most flexible**
- and**
- by far the most resilient**
- in the world**

For two centuries, it has demonstrated time and again an enormous ability to bounce back.

This time it may just take longer.

Will this be the financial crisis to end all crises – not a chance.

Twenty years from now, this crisis will be ancient history and long forgotten, and the young people running the businesses at that time will set out to do the same thing all over again.

Nevertheless, hope springs eternal and I hope the lessons of the past year and a half are indelibly ingrained;

- **on central banks**
- **on regulators**
- **on Boards of Directors**
and most especially
- **on top corporate management**

so that the financial business may once again become an industry of choice for investors.

Thank you so much for your time and patience.

Now I will call on Paul Massara to close off the evening.