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CITY UNION BANK LIMITED

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C.O/Shares/LR-5/2023-24

November 01, 2023

National Stock Exchange of India Ltd.,
Exchange Plaza, 5th Floor,
Plot No.C/1, G Block,
Bandra-Kurla Complex,
Bandra (E),
Mumbai 400 051

Scrip Code: CUB

BSE Ltd.,
DCS – CRD,
Phiroze Jeejeebhoy Towers,
25th Floor, Dalal Street,
Mumbai 400 001

Scrip Code: 532210

Dear Sir / Madam,

Sub: Transcripts of the Earnings Conference Call – Q2FY2024

Pursuant to Regulation 46 of SEBI (LODR) Regulations, 2015 (as amended), the Bank has hosted in its website the transcript of Earnings Conference Call – Q2 FY 2024, with regard to the Un-Audited Financial Results for Quarter and Half Year ended September 30 2023, as approved by the Board of Directors of the Bank, on October 27, 2023. The weblink is given below.

https://www.cityunionbank.com/filemanager/Oct23/2QFY2024EARNINGSCALLTRANSCRIPT.pdf

Kindly take the same on record.

Thanking you

Yours faithfully
for **CITY UNION BANK LIMITED**

Venkataramanan S
Company Secretary

CITY UNION BANK LTD * Admin. Office, Kumbakonam

"City Union Bank
2QFY24 Earnings Conference Call"

October 27, 2023

ANALYST: **MR. PRABAL GANDHI – AMBIT CAPITAL**

MANAGEMENT: **DR. N. KAMAKODI – MANAGING DIRECTOR & CHIEF EXECUTIVE OFFICER – CITY UNION BANK**
MR. J. SADAGOPAN – CHIEF FINANCIAL OFFICER – CITY UNION BANK

Moderator: Ladies and gentlemen, good day and welcome to City Union Bank 2Q-FY2024 Earnings Conference Call hosted by Ambit Capital. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing '*' then '0' on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Prabal Gandhi from Ambit Capital. Thank you and over to you Sir!

Prabal Gandhi: Thank you Savesh. On behalf of Amit Capital, I once again welcome you all for City Union Bank 2Q earnings call. From the management side we have Dr. N Kamakodi, MD and CEO and Mr. J. Sadagopan, CFO. Without further ado, I will hand over the call to Dr. Kamakodi for his opening remarks post which we can open the floor for Q&A. Thank you and over to you.

N. Kamakodi: Good evening everyone, Dr. Kamakodi here. A hearty welcome to all of you for this concall to discuss the unaudited financial results of City Union Bank for the 2Q and the first half year ended September 30, 2023. The board approved the results today and I assume you all have received the copies of the results and the presentation. During March 2023 and June 2023 concalls we had shared with you all some of the expectations as follows :-

a) For the FY2023-FY2024 we are aiming for 12% to 15% growth which should be skewed towards the yearend.

b) We hope to close the FY2024 with ROA of 1.5% for which NPA recovery will be a major contributing factor.

c) In the absence of treasury profit opportunities in the increasing interest rate scenario, the cost to income ratio will be in the range of 42% to 45%.

d) We expect the NIM pressure and expect NIM at current level plus or minus 10 basis points.

Things are happening almost on the expected lines and even getting better in some of the aspects. We have seen about Rs.1,280 Crores or 3% credit growth during the Q2 2024. The soft launch of the digital process for the MSME lending below Rs.3 Crores have started. The project executed by the Newgen Software team and coordinated by BCG is on track. We hope to achieve the number we shared with you during the year and particularly for the credit disbursement and growth as we move forward.

We closed the Q2 FY2024 with the profit after tax of Rs.281 compared to Rs.276 Crores in the Q2 FY2023. In fact if you remember we had the highest profit after tax of Rs.276 Crores in the Q2 of last year. After that we had some moderation in the subsequent three quarters.

The ROA for the Q2 FY2024 is 1.69% compared to 1.40% in the Q1 FY2024 and the same was 1.46% for the whole year FY2023. As you all know we typically used to have 1.5% plus during the pre COVID years. In the FY2020 we had 1% ROA and sequentially it increased 1.15%, 1.30% and 1.46% in the subsequent years. In this quarter, we have 1.69% ROA.

We closed the first half FY2024 with a profit after tax of Rs.508 Crores and hope to cross four digit profit after tax figure for the whole year FY2024 for the first time. The current quarter is highest ever profit what the bank has declared so far in its 120 years of progress. We hope to achieve this figure despite having headwinds in the operating profit. This is mainly due to the positive contribution from the credit cost.

Our slippage ratio for the Q2 has come down to 2.06 almost equal to the pre COVID level. Our absolute slippage number for the Q2 FY2024 is Rs.225 Crores while the total recoveries made is Rs.299 Crores comprising of Rs.238 Crores from the live NPA accounts and Rs.61 Crores from the technically written off accounts. For the first time in the recent past, live recovery has surpassed the live slippage and we expect this trend to continue as we move forward. The net NPA has come down below Rs.1,000 Crores mark after many quarters and the overall SMA2 numbers to the total advances as on September 30, 2023 stands at 2.05% which reduced from 2.45% in the Q1 FY2024.

We also wish to inform you that the RBI inspection for the position as on March 31, 2023 was completed and there is no requirement of disclosure with respect to the divergence and asset classification or provisioning as per the extant guidelines.

To sum up, we are finally into a phase where NPA slippages have come down significantly and NPA recoveries have started surpassing the slippages. Hence going forward we will see substantial reduction in the credit cost and reduction in the NPA getting back to the pre COVID level which will reduce the provisions required substantially and take care of the profit after tax. The soft launch of digital lending products have started which is expected to help us achieving improved credit growth in the second half as we discussed in the earlier concalls to achieve double digit credit growth for the whole year. The project is executed by the Newgen Software team and the coordination done by the BCG and the entire project is on track which will be helping us to achieve better growth as we move forward. ROAs are back to 1.5% plus which used to be our run rate and the net interest margin is also at the range shared with you all in the earlier quarters and for the current quarter it is currently standing at 3.74%. Despite headwinds in the growth we should be closing the FY2024 with the four digit PAT. ROA will be around long term average of 1.5% plus and substantial reduction in the net NPA levels. If you remember, pre COVID we had a positive progress in all parameters like growth, net interest margin and ROA and there were certain setbacks after the onset of COVID particularly on the slippage ratio and also moderation in the growth. As we explained we had taken our leg off the growth pedal way back in FY2020 and we continued our growth with gold loan. But because of certain regulatory observations we had to stop the agri gold loan KCC product which became a sort of headwind to our growth and also the growth in the other core sector has also started like showing some amount of progress which should be improving from now particularly with the arrival of the digital lending platform. Overall things are aligning with our long-term process and the progress is visible and we will be able to show the PAT growth by saving the credit cost up to this year and once the growth also pick up we should be getting back to our long-term bench marks which we had set over a longer period of time. Overall things are settling well and we hope things will improve from where we are now going forward. With these opening remarks, I open the floor for questions and discussions.

Moderator: Thank you very much. We will now begin the question and answer session. The first question is from the line of Rohan Mandora from Equirus Securities. Please go ahead.

Rohan Mandora: Thanks for the opportunity and congrats on the improved set of numbers. Sir firstly in terms of the upgrades that we have seen this quarter if you can share some color on which segments are they coming and when did this account slip?

N. Kamakodi: Yes in fact we had discussed during the last concall itself. Basically, whenever account upgrades before the release of the quarterly numbers we used to effectively take that on our collections. But after that there are certain observations during the inspection and hence we had stopped that. Regarding upgrades, it is basically across the sectors. The largest one being upgradation from about Rs.19 Crores from a resort which started seeing improvement in the collection. The second one came from a contractor for the Government of Tamil Nadu who received the payment subsequent to the quarter end which was pending for him. The third one was from the fishing side where the the recoveries came and the account got upgraded. Like that the composition of the upgraded accounts is from the various sectors and various types of accounts and you do not have any specific sector. This is basically due to the delay in the receivable which happened from the sectors like government and other sectors which got released. After receipt this accounts got upgraded.

Rohan Mandora: And Sir secondly on the PCR. Despite we having a contained provisioning line item for this quarter, we have not increased the PCR? It is hovering around at 50% to 51% mark so will we remain comfortable at this level or over the next two years we will see some increase on the PCR level and what will be the credit cost for FY2024?

N. Kamakodi: Basically we have explained multiple times in the earlier concalls our average recovery at the portfolio level is if Rs.100 slips we recover about Rs.65 to Rs.70 so anything about say Rs.35 to Rs.40 provisioning is something which is required based on our track record because of collateral available and liquidation of the collateral. The 70% coverage ratio something which came once upon a time and which got repeatedly asked so we thought okay we will improve it to 70% and we do not expect any major significant improvement in the coverage ratio because we do not think we need extra provision coverage ratio as we have collateral and this coverage ratio is by and large aligning with our recoveries that are happening. On the other side we want to get to the net NPA level. I mean our focus is more on the net NPA number and not specifically on the coverage ratio so with the current trend we expect we should be getting back to between 1% and 1.5% net NPA as we move forward. When that happens the coverage ratio may automatically improve as byproduct. So this is our approach for the coverage ratio to which we have been communicating for quite some time.

Rohan Mandora: Got it Sir and any specific for credit cost guidance for this year?

N. Kamakodi: As we have seen, when the recoveries are more than the slippages the incremental provision required automatically comes down. We will reduce our net NPA to get it closer to the pre COVID level and you can do your math accordingly.

Rohan Mandora: Got it and Sir lastly there has been an increase in yields this quarter just if you can quantify what was the benefit coming in from the interest reversal and was there any other reasons for the increase on the yields on advances?

N. Kamakodi: No basically there was incremental pass on of rate somewhere in the middle to end of the Q1. The whole effect has come only in 2Q in the incremental yields.

Rohan Mandora: Got it. Thanks.

Moderator: Thank you very much. The next question is from the line of Nilesh Jethani from BOI Mutual Funds. Please go ahead.

Nilesh Jethani: Good evening and thanks for the opportunity. My first question was on the macro level. Lot of the peers are talking about the reducing in the MSME side? What is our outlook on the same.

N. Kamakodi: See basically two dichotomous observations we are seeing on the ground. The first part is all of them have come out of the issues and particularly the stress during the COVID and almost all the MSME who are surviving are doing extremely well with good cash flows and having their head above the water. The asset quality issues have by and large subsided and things are on track. On the other side if you look into the growth coming from this particular segment, we are not seeing like in the previous cycle are yet to see the capacity expansion or investment cycle to pick up. Bulk of the investment that is coming is for renewable energy like solar. We are seeing quite a good number of people going for that but at the same time we are not seeing similar to whatever we could see in huge number in the earlier. We are waiting for that and yet to see that happening in a big way.

Nilesh Jethani: I am asking one is the external reason you said that there is external issues with regard to growth in the MSME but internally at what GNPA levels or what provision numbers you would press the peddle for the growth?

N. Kamakodi: See as I have told you our slippage ratio pre COVID for multiple years used to be between 2 to 2.5 to closing advances. During FY2020, FY2021, FY2022 it increased to about 3% to 3.5%. If you had observed most of our peers and the banking sector per NPA numbers were peak at double digit after the corporate lending, consortium and things like that. So after 2018 most of them were busy in cleaning up their books and things like that. But even when our slippage ratio increased, our gross NPA peak in this cycle had not crossed about 5.7% and net NPA was at about 3.5% to 3.6%. We were able to have the slippage ratio basically getting at that level but there were problems during the COVID because of the recoveries not happening, DRTs and courts were not functioning and there were some slippages. Now we could clearly see visibility and also the SMA numbers which we used to have about 6% to 7% have come around 2% and we could see substantial. As we told if Rs.100 slips at an average, we recover about Rs.60 to Rs.70. Because of that we do not see the requirement of incremental provision just for taking care of the losses. The current live recoveries have started superseding the slippages and that is what we foresee for the next multiple quarters. Honestly speaking the incremental provision ratio we should be seeing very drastic reduction and we have our own internal target of getting our net NPA to pre COVID level first and then see our comfort zone had been between 1% to 1.5% which we should be achieving over the next few quarters. This is the current status now.

Nilesh Jethani: So will this translate into we setting the sight on the growth if we are expecting this numbers to come down so can you also press for the growth going ahead?

N. Kamakodi: Yes we have already started tuning our self for the growth as expected as we shared with you all during the earlier quarter concalls. Our growth will be skewed in the second half. Already we have about 2% to 3% quarterly growth in this Q2 and one of the major thing what we need is the introduction of the digital lending process for which the soft launching has already started. So whatever growth expectation we shared we are working overtime to achieve them and putting everything in the proper perspective for achieving those numbers.

Nilesh Jethani: Go it Sir. That was helpful. Thank you so much.

Moderator: Thank you. The next question is from the line of Anand Dama from Emkay Global. Please go ahead.

Anand Dama: Sir thank you for the opportunity. Sir my question is on the margins. Earlier on basically you had said that RBI had observation on the MCLR and add to that there was some interest recognition because of the subvention on the farm loans as such so any update over there?

N. Kamakodi: We have written to RBI and waiting for their numbers, we have made representation for which we are awaiting the results. As we told around the same time I mean couple of quarters back we are not recognizing that whatever income that normally will be done. Because of that observation, we are not recognizing that and basically some amount of transfer of yield has happened and that is why like somebody asked there is marginal improvement in the yield. Another thing, our current credit deposit ratio is about 4% to 5% below whatever we used to operate during the pre COVID level because of which a few basis point here and there we had to compromise. Ss we said in the last concall, our overall average NIMs should be plus or minus 10 bps with the existing NIM. The same numbers we are able to see in the Q2.

Anand Dama: Sir is it possible to basically share the unrecognized interest income?

N. Kamakodi: We have given in the, I think Q4 or so. It works to about Rs.20 odd Crores.

Anand Dama: Okay so in Q1 and Q2 there will not be any addition to that under realized interest?

N. Kamakodi: No. See because normally this product will get over in one year and we stopped recognizing that income once it was pointed out as explained in one of the earlier concalls.

Anand Dama: Sir secondly now basically you would have seen that Uday Kotak has got a board position and basically we also had a question long back that basically you will have to step down as an MD and CEO so whether you would look at the position in the board post your retirement?

N. Kamakodi: See I have in fact shared with you all in the earlier concall, board has already appointed a subcommittee and it has started exploring the potential candidates and you have also seen that RBI yesterday or day before yesterday announced that every bank should have at least one whole time director apart from the MD and CEO. We expected this and that is why we made required changes in the articles in the last AGM. So our plan is, keeping in mind the upper limit given by the regulation, onboarding them who should work with us for the remaining period so that there is a smooth hand over and takeover when the term ends. So the process got initiated which we communicated to the market in the last quarter itself.

Anand Dama: You can still look for yourself as I mean a board position in the way basically Uday Kotak has taken the board position in the bank?

N. Kamakodi: You have another two years Anand so I cannot say anything. Let us wait for things until and there are many more things need to happen before I answer this question.

Anand Dama: Sure third so third on the PCR front you said that basically you believe that the specific PCR that you maintain is reasonable enough but we had seen something similar in case of another bank which is AU where they were saying that they were maintaining a decent PCR as per the requirement but then it seems like RBI basically they have increased now the specific PCR more than 70%? Instead of getting into that situation where RBI comes and suggest is it fair basically to start increasing the PCR on our own and build some buffers in place?

N. Kamakodi: See in fact as I told you we have targets internal thing for the net NPA. When we reduce the net NPA portion automatically the coverage ratio also increases. These things are interlinked and you do not have any specific one circular which talks about 70. Our strategy has been as I told you by the end of the current year we should be getting back to the net NPA level of 1.5% to 2% which had been the pre COVID net NPA and we will be comfortable with 1% to 1.5% on an ongoing basis. To that extent the slow and steady provisioning will take care of that as we expect the recoveries to overtake the slippages.

Anand Dama: And Sir your guidance of 10% odd kind of a loan growth stand for full year?

N. Kamakodi: Still it stands and we are working for that.

Anand Dama: Okay sure. Thanks a lot.

Moderator: Thank you so much. The next question is from the line of Neel Mehta from Investec. Please go ahead.

Neel Mehta: Good evening Sir. Thanks for the opportunity. My first question was on employee cost? What is the reason for the 20% Q-o-Q increase in our employee cost for this quarter?

N. Kamakodi: Actually we have the annual increment kicks off from July 1, so sequentially you have that thing and first half to first half it is 6% increase.

Neel Mehta: Okay fair enough and Sir secondly more of an accounting question in terms of recoveries do we net it off from provisions when we recognize credit cost or do we recognize it as other income in our P&L?

N. Kamakodi: Basically if the account is written off it is considered as an income but if an account gets upgraded or collected from live account it gets shifted from one account to the another.

Neel Mehta: And in that case if it is a live account that has not been completely written off you will recognize it as net of sale cost right?

N. Kamakodi: Yes whatever loss we incur that will be clear knocked off from the provision made and the balance provision will be going to some other account.

Neel Mehta: Got it Sir and Sir last question on LCR what would be the LCR level for our bank this quarter?

N. Kamakodi: It is as usual. It is close to about 200% is what we are maintaining which will be available in the website soon.

Neel Mehta: Got it Sir. Thanks a lot.

Moderator: Thank you so much. The next question is from the line of Rakesh Kumar from B&K Securities. Please go ahead.

Rakesh Kumar: Thanks a lot sir and a very strong set of performance. Sir just one question I had with respect to the BCG thing so how are we placed there? How the progress is taking place on that front and when we are planning to get done with that exercise?

N. Kamakodi: Basically as I told during my opening remarks the actual software is made by a company called Newgen and the support and other coordination and other consulting part is taken care by the BCG. For the MSME loans less than Rs.3 Crores the soft launch of the product is already on and maybe for next 10 to 15 days it will be used for select branches. After any bugs if at all anything is there, after correction maybe the second half of November it should be made available to all the branches. Next other product whatever we have they had already prepared source models. The next set of things in the next two to three weeks we should be getting that Rs.3 Crores to Rs.5 Crores, MSME then the retail part, and then renewal part. One by one they will be giving so overall everything should be set up and running fully when we probably meet during the Q3 concall. Maybe one or two on the soft launch and everything should be on full launch when we speak during the Q3 results is the expectation. The progress so far is giving me confidence that we should be able to achieve those deadlines and we are monitoring the progress pretty closely.

Rakesh Kumar: Very good Sir, so I believe sir post this transition certainly the turnaround time that we have now and what we would have then it would be a like you know quite drastic change would be there in the turnaround time for the especially for the MSME customer I think?

N. Kamakodi: Yes that is the expectation and that is the main purpose of this entire exercise and hope we should be able to see them giving full positive results in the second half as we have discussed with you all.

Rakesh Kumar: Great Sir. Thanks a lot Sir and all the best for the future performance. Thank you Sir.

Moderator: Thank you so much. The next question is from the line of Jai Mundhra from ICICI Securities. Please go ahead.

Jai Mundhra: Sir good evening and congratulations on good quarter. Sir continuing from the previous question just to understand it properly the LOS implementation across all product at the bank level should be over by let us say early January next year right?

N. Kamakodi: Yes hopefully that is the timeline with which we are moving forward. When we meet for the Q3 results somewhere in the end of January at least 50% to 60% of the products should be into full production throttle and the remaining one third maybe in the soft launch or they should have also started giving results.

Jai Mundhra: Okay and Sir does this LOS implementation in any way changes the usual growth trajectory? I mean usual growth pattern of the bank that usually we have that Q1 there is a Q-o-Q date? Q2 is where the September number is similar to March and then Q3 there is an uptick and Q4 is where the growth comes? Do you see that this LOS implementation could change the pattern or that is less impacted?

N. Kamakodi: I do not think any major changes in the usual pattern. Basically what we expect is that the turnaround should increase and we should be in a position to process things more efficiently and maybe if at all anything which is not seen by the naked eyes in terms of the financials, the LOS should be helping us to take that to reduce the slippage ratio also in the longer run. So we do not expect any major change in the pattern as we have seen in the earlier quarter.

Jai Mundhra: Right okay and then Sir my question is on yield. In your opening remarks you mentioned that the rise in the yield is also because you have done better bargaining power in terms of pricing, etc., but if I look at your MCLR you seem to have reduced your MCLR in the last one to two quarters and then at the same time you have affected a better let us say spread management so how does this work together?

N. Kamakodi: No. I did not say anything what you stated basically. What I said was that you had one interest rate transmission towards the end of the Q1 whose full effect came in the Q2 and whatever increase in the yield to happen quickly it can be only by RBI increasing the rates and that getting transformed. As I discussed with you all in the March quarter or two to three quarters back we missed in transmitting one or two rate transmissions in the last year which had some impact and further hikes we have already transmitted.

Jai Mundhra: Okay Sir this quarter the yields were better because you had better card rates or you managed to have better pricing power or both?

N. Kamakodi: Nothing. There was a transmission which happened in the Q1 which increased the overall yield. You can also interpret that we had a better bargaining power to have the transmission. How I view it is if you incrementally bargain with each and every customer for a better rate that is one thing but when the rate actually increases, the transmission happens for all the accounts together that is when you see a better increase.

Jai Mundhra: Right and Sir was there any impact because this quarter we had a negative net slippages? If you can quantify what could be the impact on interest I mean NIM because earlier we were on the live account we were having net slippages and this quarter there is a net negative slippages so is there any?

N. Kamakodi: The difference is hardly say Rs.30 Crores to Rs.40 Crores and it is not going to be very significant and it is not that significant as you think particularly on that differential interest part in the slippages.

Jai Mundhra: Right and last question Sir I mean this quarter of course this net slippages have been negative right and the gross slippages are also coming are declining right? Some of the other peer banks they have had negative net slippages? They are running at negative net slippages but we have done for the first time? Is there any structural changes in the recovery process apart from what we mentioned in the beginning of the call of the timing and everything but is there any other reason and what is the underlying reason for confidence in sustaining this negative net slippages?

N. Kamakodi: When you look at most of our peers they had heavy slippages about three to four years ahead of us and in fact many of them had even double digit gross NPA and their cleaning up process started much earlier because when an account slips into NPA there is a time delay at which you start recovering the money. Normally it used to happen say about 75% gets recovered between the second and third year but since many of the slippages for us happened during the COVID period there was a delay particularly in the DRT, auction and other parts the recoveries are little bit delayed. Similarly the slippages have also started coming down. So the phase of positive recovery and slippages getting lower than the addition - we are probably about one or two years behind many of our peers because they had much larger impact and much larger issues earlier and their recoveries started happening at least two years ahead of us. In fact they had gone through at least half the cycle even before the onset of the COVID and that is why this cycle has a difference between them and us. So whatever we are undergoing now maybe they all had undergone about three years back or so.

Jai Mundhra: Right and we should be sustaining this trend of negative net slippages right? That is the indication you have?

N. Kamakodi: Yes as long as you have NPA available to recover. So this scenario will continue for another couple of years when you will have the amount of NPA available for recovery.

Jai Mundhra: Thank you Sir and all the very best.

Moderator: Thank you very much. The next question is from the line of Arvind R from Sundaram Alternatives. Please go ahead.

Arvind R: Thank you for the opportunity. Can we expect any like any further increase in rates?

N. Kamakodi: Actually we do not expect any more hikes going forward. Even with 25% probability if something is left out maybe at the best 25 basis point. 75% probability we do not expect any rate hikes going forward.

Arvind R: Okay and like I am just asking this if I have understood correctly so the credit cost would be like lower at lower levels like for the second half just as how we have seen in for Q2 am I right?

N. Kamakodi: Yes okay. Yes Sir thank you.

Moderator: Thank you so much. As there are no further questions from the participants, I now hand the conference over to the management for the closing comments.

N. Kamakodi: Yes once again thank you all for participating in this concall. As you might have observed finally we have entered into a phase where the slippages have come down, recoveries have increased and the overall credit cost has come down significantly. The trend which we expect is to go for a few more quarters. Our ROA and other efficiency numbers have also come closer to our long-term averages and even better than whatever we had anticipated to start with. Basically the only thing which is left is the growth which we have to show for which the initial signs are visible. We expect this digitization and introduction of the LOS should also improve our efficiency in managing the things and we should have the double digit growth of advances mainly from the second half as we have seen in the earlier years. Overall looks like our expectation is that when the amount of NPA reduces and before this advantage from the credit cost evaporates, we should be having sufficient growth to take care of our profitability growth going forward with all the efficiency and profitability ratios in that. Yes almost we feel things have come back to the normalcy and we should be able to see much better numbers as we move forward is our expectation. With these closing remarks, I thank you all for participating in this concall.

Moderator: Thank you very much. On behalf of Ambit Capital that concludes this conference. Thank you for joining us and you may now disconnect your line.