National Bank of Kuwait

1Q 2021

Earnings Conference Call

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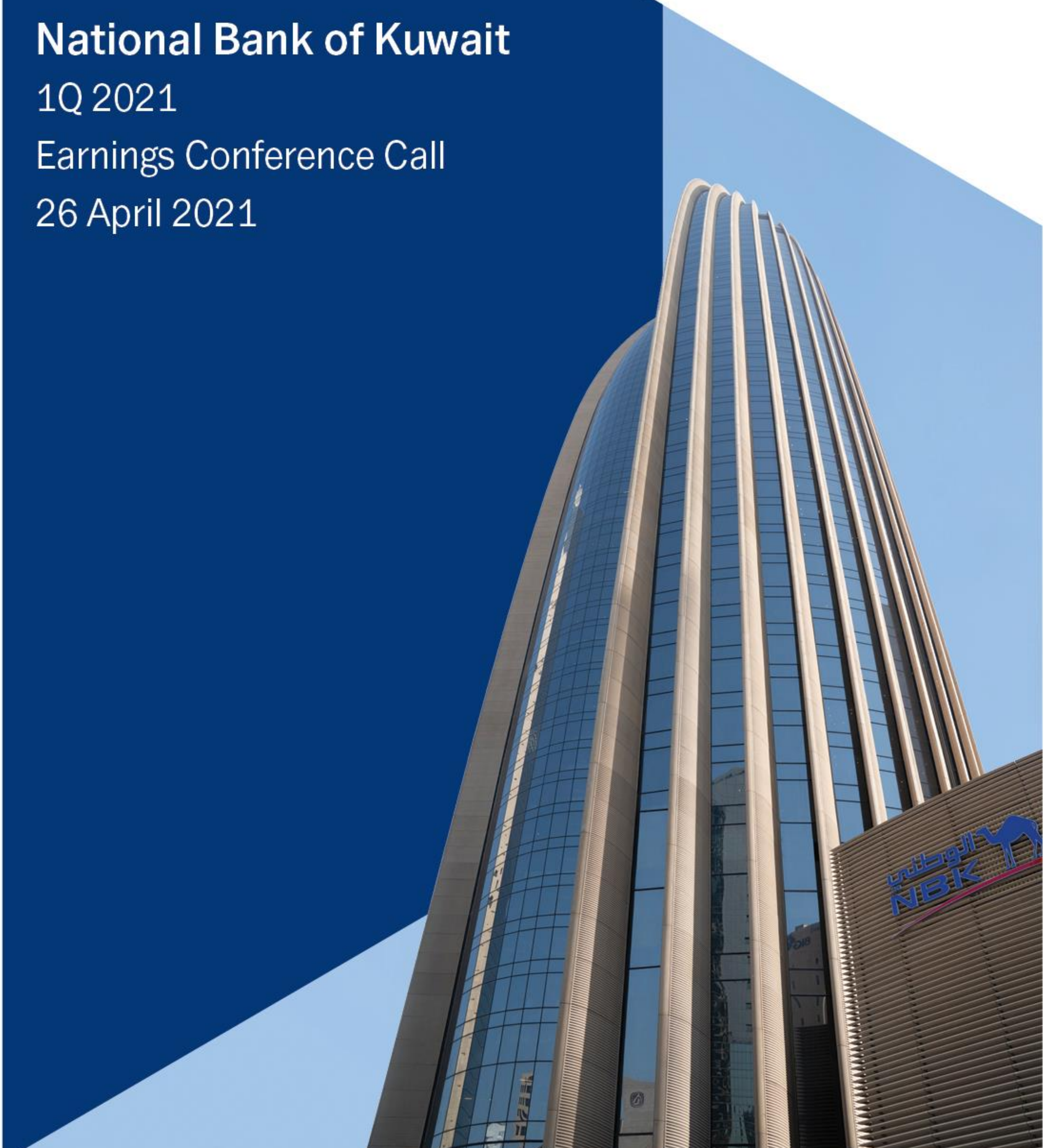

1Q 2021 National Bank of Kuwait Earnings Call

Tuesday, April 27, 2021

Edited transcript of National Bank of Kuwait earnings conference call that took place on Monday, April 26, 2021 at 15:00 Kuwait time.

Corporate participants:

Mr. Isam Al-Sager – Group CEO, NBK

Mr. Sujit Ronghe – Acting Group CFO, NBK

Mr. Amir Hanna – Head of Investor Relations and Corporate Communications, NBK

Chairperson:

Elena Sanchez – EFG Hermes

Elena Sanchez: Thank you and Good afternoon and good morning everyone. This is Elena Sanchez and on behalf of EFG Hermes, I would like to welcome you all to the National Bank of Kuwait 1Q 2021 results conference call. It is a pleasure to have with us in the call today Mr. Isam Al-Sager, NBK Group CEO, Mr. Sujit Ronghe, NBK Acting Group CFO and Mr. Amir Hanna, Head of Investor Relations and Corporate Communications at NBK. At this time, I would like to handover the call now to Mr. Amir Hanna.

Thank you.

Amir Hanna: Thank you Elena.

Good afternoon everyone. We are glad to have you today with us for our 1Q 2021 earnings webcast.

Before we start, I would like to bring to your attention that certain comments in this presentation may constitute forward-looking statements. These comments reflect the Bank's expectations and are subject to risks and uncertainties that may cause actual results to differ materially and may adversely affect the outcome and financial effects of the plans described herein. The Bank does not assume any obligation to update its view of such risks and uncertainties or to publicly announce the result of any revisions to the forward-looking statements made herein. Also I would like to refer you to the full disclaimer in our presentation for today's call.

We will start the call by some remarks from our Group CEO, Mr. Isam Al Sager, followed by a detailed presentation on the quarterly financials by Mr. Sujit Ronghe, our Acting Group CFO. Following the management presentation, we will answer your questions in the order they were received. Also, feel free to send any follow-up questions to our Investor Relations email address. And for your convenience, today's presentation is already available on our Investor Relations website.

Now let me handover the call to Mr. Al-Sager for his opening remarks.

Isam Al Sager: Thank you Amir.

Good afternoon everyone. Thank you for joining us today in our first earnings call for the year 2021 and hope that all of you are safe and healthy.

During the first quarter of the year we continued to experience some of the challenges faced in 2020, with the Covid-19 pandemic still putting pressure on the International as well as local economies. Despite the headwinds in the markets we operate in, we are pleased to have demonstrated resilience by maintaining good loan growth and safeguarding our asset quality and capitalization metrics.

During the quarter, we continued to see economic activity gradually recovering as vaccines were rolled out across the region. In Kuwait specifically and despite a slow start of vaccine role out, the pace of the trend picked up significantly, with the administered doses exceeding one million as of today, representing more than 20% of the population. This has led to economic growth slowly returning with private and government consumption as well as higher oil prices driving the rebound.

For the rest of the year we expect the accelerated vaccination program to continue leading to some easing of restriction on movement and accordingly a steady pickup in economic activity. We are expecting non-oil GDP growth to recover to around 4% this year before normalizing to 2.5% in 2022.

Moving to our results, we achieved net profit of 84.3 million Kuwaiti Dinar during the first quarter of 2021. This represents a growth of 8.5% compared to first quarter of 2020 and 8.6% compared to the previous quarter. The growth in profitability was a result of steady recovery in operating income, continued cost management efforts and improved cost of risk, trends that we will continue to build on throughout the rest of the year. Additionally and on the business side, we started 2021 from a position of strength as the Group recorded adequate growth across all business lines even in these challenging conditions.

Strategically, we continue to focus on exploiting our diverse geographical presence, which benefits from an increasingly wide range of products, services and business lines. Our regional focus will be to grow organically in key markets, in particular Egypt and Saudi Arabia. In our domestic market, we will continue to leverage our market leading position in both consumer and corporate banking segments while growing Islamic banking contribution through our subsidiary Boubyan Bank, which remains an important driver for earnings growth and diversification.

At the same time, the implementation of our Digital Transformation program continues to carry heavy emphasis. The program is designed to have the dual impact of improving the efficiency of operations while catering to a wider clientele in all our markets through a more holistic and seamless experience.

With that, I want to conclude my comments and will now pass over the call to my colleague Sujit Ronghe, our Acting Group CFO, who will take you through our quarterly financials in more detail.

Please go ahead Sujit.

Sujit Ronghe: Thank you Mr. Isam.

Hello everyone, and welcome.

I am very pleased to have this opportunity to take you through our results for the first quarter of 2021.

We have announced a net profit of KD84.3m for the 1Q21. This is an 8.5% increase in bottom line profit over the corresponding quarter of the last year.

Before going into the details behind our results I would first however like to say a few words as to the overall operating environment so far this year.

The phased recovery in business activity level, higher oil prices and increased vaccination efforts in Kuwait reflect a cautious optimism despite the recurrence of Covid-19 lock downs and restrictions. That said, an element of overall uncertainty with respect to the pandemic still prevails.

Now turning to the financial results for 1Q21.

As profiled at the top left of this slide, the 8.5% year on year increase in the Group's net profit reflects a solid performance by the Group and demonstrates continued growth in our businesses. 1Q21 results ought to be viewed against the backdrop of a buoyant first quarter of 2020 that benefited from a significantly higher interest rate environment until March last year. That said, while net interest income for 1Q21 lagged previous year, the Group bottom line for the quarter has benefited from a strong non-interest income and lower credit provisions and impairments.

The 1Q21 net profit increased over 4Q20 by KD6.6m i.e. 8.6% reflecting a trend of gradual recovery, which we will see in the following slides.

You will also see that operating surplus i.e. pre-provision and pre-tax profit for 1Q21 at KD139.4m was 2% lower than the comparable period of 2020. Operating income dropped during the 1Q21 by 1.5%, whilst costs were marginally lower than that of 1Q20.

Also, 1Q21 operating surplus exceeded that of the previous quarter by 11.9% due to increase in both net interest income and non-interest income with lower staff costs. The operating income for 1Q21 at KD221.5m, although 1.5% lower than 1Q20, reflects an increase of KD11.4m i.e. 5.4% on the last quarter of 2020.

I will go into the main drivers behind movements in income, margins and costs shortly.

The operating income mix profiled at the bottom right hand continues to show a healthy mix with 27% coming from non-interest income sources.

Moving on now to the next slide.

Here we will look at net interest income and drivers behind its performance.

The chart on the top left reflects net interest income of KD162.4m for 1Q21, 4.0% down on 1Q20 which benefited from higher interest rates and margins. However, the trend of quarter on quarter improvement in net interest income continued in 1Q21.

As it is evident from the chart at the bottom left, 1Q21 NIM continues to lag 1Q20 stemming from the significant drop in the local discount rate and other benchmark rates in March 2020. While our yields took a significant hit early in the cycle, margins improved gradually due to a declining funding cost over the past few quarters.

You will note that the net interest margin averaged 2.38% during 1Q20 and 2.22% in 4Q20. Current quarter NIM improved to 2.26% aided by decreased funding cost and volume growth.

The Group's average yield for the 1Q21 was 3.01%, compared to 4.03% in 1Q20 and 3.08% in 4Q20. The Group's funding cost averaged 0.85% during the current quarter compared to 0.98% in the previous quarter and 1.88% in 1Q20. The Group continues to benefit from a strong growth in low cost deposits that we witnessed in 2020. This has also allowed the Group to retire relatively costlier institutional deposits.

At the bottom right of this slide, we can see the constituent drivers that moved the average NIM downwards by 12bps, to 2.26% in 1Q21 from 2.38% in 1Q20. The decrease in benchmark rates adversely affected the NIM by 103bps due to the combined movements attaching to loans and other assets, whilst the lower cost of funding improved the NIM to the extent of 91bps.

Moving on now to the next slide.

As we can see at the top left of this slide, total non-interest income at KD59.1m for 1Q21 reflected a growth of KD3.5m i.e. 6.4% on that of 1Q20. Fees and commissions income contributed KD39.4m, foreign exchange activities KD8.1m and KD11.6m from other non-interest income sources. Fees and commissions income was 2.9% higher than 1Q20 while other non-interest income (primarily net investment income) grew by KD13.8m largely due to improved market valuations. Fx income for the current quarter at KD8.1m was KD11.4m lower than 1Q20 which benefitted from very favourable effect of currency movements on our $ AT1 bond issuances.

1Q21 non-interest income rose by KD9.9m over 4Q20 with strong fee income from multiple business lines and higher net investment income.

Our fees and commissions have been solid and are from a well-diversified pool of geographies and lines of business. Also, major sources of non-interest income are core-banking activities in respect of business related factors as opposed to more volatile income from trading activities.

Turning now to operating expenses reflected in the top right hand chart. Total operating expenses in 1Q21 at KD82.1m, were marginally lower than KD82.4m for the comparable quarter in 2020. 4Q20 costs reflected higher operating spends and staff costs, mainly due to increase in different variable pay components.

The Bank continues to manage cost to reflect the current levels of economic activity while continuing the ongoing investments in its businesses (both front & back end technologies) and processes. This enables the Group to offer best in class service to its customers and optimize resources to improve operational efficiency.

We saw last year that our digital channels played a vital role in servicing customers, with electronic transactions reaching record highs, a trend that we see continuing even in the current quarter. We also continue to press ahead with select product offerings in certain geographies e.g. Wealth Management business in Saudi Arabia, expansion of our Islamic banking operations at Boubyan Bank and our operations at NBK Egypt.

Our cost to income ratio at 37.1%, continues to be adversely affected by lower net interest income and is in line with that of full year 2020.

Moving on to provisions and impairments profiled on the bottom right hand side of the slide.

Total provisions and impairments for 1Q21 amounted to KD42.6m, a 17.2% decrease from KD51.5m in 1Q20. Current quarter's charge reflects amounts provided for corporate customers in Kuwait and overseas locations, Bank's retail portfolio and precautionary general provisions to cater for continued uncertainties of the Covid-19 pandemic.

Higher credit provisioning for the current quarter has led to an increase in cost of risk to 94bps for 1Q21 compared to 84bps for the previous quarter but remains below 121bps for the full year 2020.

It is worth noting that despite elevated levels of credit provisions and impairments, the Group's Balance Sheet remains strong with a stable credit quality. NBK's capital base along with the ability to generate healthy operating profits provides a strong credit loss-absorption capacity – we will shortly look at the capital ratios in the subsequent slides.

Moving now to the next slide.

On this slide, I would like to expand on the matter of earnings diversification through the International and Islamic banking arms of the Group.

NBK has the unique ability amongst Kuwaiti banks to conduct business in both conventional banking and Islamic banking. This diversification gives a significant degree of resilience to Group earnings and provides a strong competitive advantage to the Group.

Referring to the top left chart on the slide, operating income from NBK's international operations at KD57.3m was strong despite the decrease of 1.8% compared to 1Q20, mainly resulting from a lower net interest income although non-interest income improved over last year. International operations continue to contribute a healthy 26% to the Group operating income. At net profit level, International operations contributed 11% to the Group, as a result of provisions and impairment charges mainly emanating from exposures classified as non-performing last year.

The Group's Islamic banking subsidiary Boubyan Bank delivered a net profit of KD12.6m, up 23.3% on 1Q20 resulting mainly from a strong Islamic financing income due to continued growth in loans, business volumes and an improved NIM.

Finally, on the chart at the bottom right corner, you will note that International operations and Boubyan Bank contributed 39% and 22% respectively to Group's total assets enforcing the diversification agenda of the Group.

Moving to the next slide.

Here we will look at some of the movements in key volumes during the period.

As profiled on the chart at top left, the Group total assets reached KD31.0bn as at March 2021, a 4.3% increase on KD29.7bn as at December 2020.

Group loans and advances at KD17.9bn, grew by KD346m, 2.0% over December 2020. Growth was achieved across all business lines Kuwait, Boubyan Bank and International operations.

Customer Deposits i.e. non-bank and non FI deposits, remained at c.KD17bn similar to December 2020 levels. However, the continued growth in core franchise deposits allowed the Group to retire relatively expensive institutional deposits and thus ensured an overall favorable funding mix. The Group, in particular, experienced continued growth in retail deposits, both conventional and Islamic.

The growth in retail deposits reflects a sustained focus on the deposit gathering aspects of our business, leveraging NBK's long standing ability to capitalize on the Group's strong brand, customer appeal and credit ratings.

Customer deposits comprise a healthy 65% of total funding mix of the Group.

Additionally, in February 2021, the Bank successfully refinanced Tier1 bonds of US$700m issued in April 2015.

I want to highlight that the Group, despite the continued relaxation offered by Central Bank of Kuwait, was able to maintain originally mandated liquidity levels & Basel III ratios.

Moving now to the next slide.

Here we will look at the impact 1Q21 financial results had on certain key performance metrics.

The Return on Average Equity for the current quarter was 10.4% compared to 9.9% in 1Q20 and 7.0% for full year 2020. Similarly, the Return on Average Assets was 1.13% vs. 1.04% for 1Q20 and 0.82% for the full year 2020.

At 18.4% the total Capital Adequacy Ratio remained strong and stable, unchanged from December 2020. Also, CET1 and Tier1 ratios also remained same as at December 2020.

As regards asset quality, the NPL ratio improved marginally to 1.68% from 1.72% at December 2020. Loan loss coverage ratio increased to 225% in March 2021 due to continued precautionary provisioning.

Before proceeding to the guidance for the remainder of 2021, I would like to discuss more about credit provisions which follow CBK's instructions and Expected Credit Losses (ECL) as per 'IFRS 9 calculated in accordance with CBK Guidelines'. As you would know, on a quarterly basis, Banks in Kuwait calculate the amount of credit provision required (i.e. the amount in the balance sheet) as per CBK instructions and compare it with the ECL on credit facilities arrived at as per 'IFRS 9 in accordance with CBK guidelines'. The provisioning regime to be adopted and consequently the charge to income statement is based on the higher of the two balance-sheet amounts. The Bank has been disclosing the corresponding ECL amount by way of additional information in annual financial statements.

It is important to note here that CBK guidelines for calculating ECL on credit facilities as per IFRS 9 are on a more conservative basis compared to the original IFRS 9 standard.

However, with a view to enhance financial disclosures and thus improve transparency, CBK and Banks decided to provide additional insight in to the staging information of credit facilities and corresponding ECL calculated per the IFRS 9 in accordance with CBK guidelines.

The chart at the top left of this slide reflects the staging information on loans and contingent liabilities together with ECL on credit facilities as at 31 March 2021. The chart at the top right reflects that as at 31 March 2021, 88% of gross loans and advances are in Stage I with 10% in Stage II and 2% in Stage III. As a result of the Covid-19 pandemic, ratings of credit facilities dropped and consequently Stage II loans and advances increased to 10%, from 6% at the end of March 2020. Similarly, marked deterioration in macro-economic factors which form inputs to the model, resulted in increase in the ECL requirement from KD477m in March 2020 to KD605m in December 2020. The ECL requirement as at March 2021 reduced to KD588m from December 2020 levels due to improved macro-economic factors in 1Q21.

Although IFRS 9 ECL (calculated in accordance with CBK guidelines) and CBK provisions are two different regimes and should not be compared as such, as at 31 March 2021, the balance sheet provision as per CBK instructions exceeds the ECL based on CBK guidelines, by KD152m. This provides ample cushion for the Group to withstand any possible adverse effect of the prevailing uncertainties on ECL provision requirements.

Now to the final slide in this section

Before concluding, allow me to quickly summarize the events that characterized our financial performance in 1Q21, and to comment on how 2021 might be expected to unfold.

We saw a continuation of the trend of phased recovery we started to experience in the last quarter of 2020. For NBK Group, 1Q21 can be characterized by gradual improvement underlying operating drivers, volume growth supported by lower provisions and impairments. Although some areas of our business lines remain challenged; a healthy balance sheet, comfortable liquidity levels and a solid capital base have been a feature of NBK's 1Q21 results.

Now turning to the guidance for the remainder of 2021.

On the one hand we remain cautiously optimistic of a phased revival in trade activities, vaccination efforts etc. and on the other we are experiencing renewed challenges and uncertainties due to the continuation of the pandemic. Also, the current low interest rate environment is expected to remain unchanged during the coming year. All this makes it difficult to provide a meaningful guidance on some of the key metrics. Of course, the guidance being provided is after due consideration as regards timing and other factors, which will get refined over time.

As regards loan growth; loan growth in 2020 was 5.7% and we saw a 2% growth during 1Q21. We are expecting a mid to high single digit growth for the full year 2021.

The net interest margin averaged 2.22% in 4Q20 and was 2.26% for the current quarter. We expect the full year 2021 net interest margin to remain broadly in this range.

Our cost to income ratio is currently at c.37% similar to 2020. A challenging interest rate environment, the current macroeconomic situation together with the continuation of our investment program in support of various Group initiatives, will result in this ratio remaining in the high thirties.

Guidance on Cost of Risk is not included as although business and economic activities have partially resumed, the pandemic is not yet over and its global repercussions are still unfolding. Hence we are of the opinion that it is not prudent to give guidance on cost of risk and consequently on earnings / capital adequacy. We are however hopeful of maintaining capital adequacy ratios in line with our internal targets above the regulatory minimum.

That ends my presentation.

Thank you very much for your time.

Back to Amir.

Amir Hanna: Thank you Sujit.

Thank you Mr. Isam.

We will break for 30 seconds to get all the questions and then will start responding to them accordingly.

We got few questions that we will start going through.

First question is asking for an update on the mortgage law and the optimism around it in the market; in addition to an update on the status of the debt law.

Mr. Isam.

Isam Al Sager: Kuwait is one of few countries that don't have a mortgage law. The existing subsidized structure to finance housing by Kuwait Credit Bank has worked historically but is becoming a bottle neck in today's efforts to resolve the issue of growing residential housing demand.

With the growing size of the young population, a proper financing mechanism should be in place to help accelerate the allocation of land to eligible citizens; as land allocation is becoming very difficult.

The new law offers the same benefits to citizens but the execution will be done through the banks to ensure a faster process. Once the law gets passed, the banks will be a beneficiary as they will offer a new product that is expected to have large demand in the Kuwaiti market similar to what we have seen in other GCC countries

Amir Hanna: And with regards to the update on the status of the debt law?

Isam Al Sager: There are still ongoing discussions between the government and parliament around the details of the law and mainly the size of the debt ceiling. Talks has been present for some time and is being politically driven.

Although it is not going at the pace we were hoping to see but the overall direction is promising. Also today's low interest rate environment along with Kuwait's very low debt to GDP ratio, make debt issuance the most attractive funding alternative, provided the law gets approved.

Recently the government has managed few temporary solutions to finance the budget deficit, mainly through asset swaps between the General reserve fund and future generation fund but we don't believe this is sustainable.

To finalize my answer, hopefully the debt law passes as the government has no other alternatives other than passing the law.

Amir Hanna: A question on the extension of debt payments for locals for another 6 months. Do you think that banks will take the hit again?

Isam Al Sager: The deferral this time is different than last year. Banks have been through a similar program last year and are aware of the process and can expect the outcomes.

The major difference is that the current deferral program is approved by a government law. The government is to bear the cost of that deferral unlike last year when banks took the initiative.

Amir Hanna: Question on provision release, is there any chance the Central Bank will permit release of excess provisions or is there any plan to relax extra provisioning due to healthy buffers? Sujit.

Sujit Ronghe: The Central Bank of Kuwait's accounting guidance is for the provision to be the higher of the two whether as per the Central Bank's instructions or the ECL. From the discussions with the Central Bank ever since the IFRS9 came in to being, there is no guidance from Central Bank on possibility of releasing the excess of CBK provisions over the ECL. The Central Bank provisions continues to be the main provisions for the banks as long as the ECL required is not in excess of central bank provisions.

Amir Hanna: Question on Net interest Margin, NIM was broadly stable sequentially in Q1. How do you expect it to move in coming quarters?

Sujit Ronghe: We have seen an improving trend in the NIM over the last few quarters and that was primarily driven by lower cost of funds as our liabilities were repriced at a lower rate as and when they matured. We have got the benefit of the drop in funding cost to a large extent up till now and are not expecting expect a big benefit from the funding cost in future. That said, we are expecting a good loan growth and CASA deposits to remain stable which would in turn result in our NIM remaining broadly stable around the levels we saw between 2.22 and 2.26 in the last two quarters.

Amir Hanna: Couple of questions ion the IFRS9 disclosure, mainly asking about the increase in stage 2 from 5.9% in Q12020 to 10.5% now. Some explanation on that and the rationale behind it.

Sujit Ronghe: The bank employs a model for ECL and there are various inputs that go in to this model. One of the inputs that affects the staging is the internal rating assigned to different obligors by the Bank. The effects of COVID 19 pandemic, started showing in Q2 2020 and we saw that the internal ratings given to various companies started coming down because of lower cash flows and results being not as good as prior years. The drop in ratings automatically resulted in classifying the obligors to stage 2. We would expect to see some improvement if conditions continue to get better. As you would see that at the end of first quarter of 2021, the ECL requirement dropped because of improvement in macroeconomic factors. As these factors in turn, result in an improved performance and consequently ratings, the staging of the loans could improve but it would take some time.

Amir Hanna: Can you please remind us if rising US bond yields will have an impact on your NIM. How are you positioned for any rate hikes at the Fed?

Sujit Ronghe: The yields on the US bonds primarily impact our investment book but significantly large part of our investments are hedged. So we don't see any material impact of increases in the any US bond yields on our NIM. As far as the hike in Fed rate or any benchmark rate is concerned, the bank has traditionally benefitted from an increasing interest rate scenario and any such rate hikes will help us increase our net interest income.

Amir Hanna: What is the reason behind lower asset yields sequentially? and how should I think about asset yield outlook given limited opportunity to deploy liquidity?

Sujit Ronghe: The lower asset yield is primarily coming from the significant drop in interest rates that we saw in the last year. We think that this should improve a bit depending on the loan growth and its timing but yes the yields have suffered because of the drop in interest rates.

Amir Hanna: Also around the same lines of Net Interest Margin a question on cost of funding. Cost of funding continues to improve when the liquidity requirement will tighten again? Do you expect cost of funding to pick up this year?

Sujit Ronghe: The bank had a significant increase in its CASA deposits coming from retail portfolio in both Islamic and conventional banking. As the economy started opening up in the last quarter of 2020, we were cautious and monitoring the levels of CASA deposits. We have not seen any attrition in CASA deposits even though loan installments resumed and people started spending. We are optimistic that the current lower funding cost will continue and don't expect the funding cost to pick up during this year. Also, the second deferral of consumer loans instalments which is underway, could result in additional CASA deposit for banks. If that happens to a sizeable extent, in fact there could be more CASA deposits coming into the system thereby impacting funding cost favorably.

Amir Hanna: Again on the loan deferral; should there be an equity impact from loan deferrals?

Isam Al Sager: There isn't any effect.

Sujit you want to add on that?

Sujit Ronghe: Unlike the last deferral where the banks had to bear the cost of the modification loss. This time the government will carry that cost; so no impact to profit and loss statement or to equity.

Amir Hanna: Why have asset yield fallen from Q3 to Q42020?

Sujit Ronghe: It was related to loan settlements, which happened during that quarter changing the mix slightly and repricing of some assets that led to the drop. Also Libor and other rates dropped further during the quarter, affecting yields on loans and investments.

Amir Hanna: What is the current CASA ratio at the Bank?

Sujit Ronghe: Currently we observe CASA deposits as a percentage of the total non-bank deposits to be around 40-50%. This has been steady over the past 2 quarters while historically it was in the range of 35-40%. This increase in CASA ratio has really benefited the bank.

Amir Hanna: Outlook on the fee income?

Sujit Ronghe: We saw some growth in the fee income during the first quarter and we expect the fee income to do better than last year although some sectors remains challenged. For example, a portion of our income comes from credit card spend overseas, and as long as travel restrictions continue we would have to bear with lower income from that side of cards business. But we are seeing a pick in the trade activities so we are expecting the fee income to be better than last year although probably not as good as 2019 levels.

Amir Hanna: There are few questions on the mechanism of how the government will cover the impact of the loan deferral?

Sujit you want to talk about the mechanism?

Sujit Ronghe: The Central Bank's circular and instructions came to us last week, which outline the mechanism for the deferral process and mentions that the government will compensate banks for this cost. The details of the mechanism to compensate Banks is yet to be made public by the CBK or the Government.

Isam Al Sager: Actually we didn't experience such a postponement before as the one that we made last year was totally different when the banks took the initiative; this time the burden is 100% on the government.

Amir Hanna: For how many months have the loans been deferred?

Isam Al Sager: For six months.

Amir Hanna: I think that is it for the questions.

Thank you very much for attending today's call. If you have any further follow up questions, please send it to Investor Relations email and we will be more than happy to answer all follow up question.

Thank you very much everyone. Thank you Elena.

With that we will conclude the call.