UNITED FINANCIAL BANCORP, INC.

Fourth Quarter Earnings Call

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CORPORATE PARTICIPANTS

Marliese Shaw – *Executive Vice President, Investor Relations*

Bill Crawford – *Chief Executive Officer*

Eric Newell – *Chief Financial Officer*

Dave Paulson – *Head of Wholesale Banking*

PRESENTATION

Operator
Good day, and welcome to the United Financial Bancorp Fourth Quarter 2014 conference call and webcast. All participants will be in a listen-only mode. Should you need assistance, please signal a conference specialist by pressing the star key followed by zero.

After today's presentation, there will be an opportunity to ask questions. To ask a question, you may press star then one on your touchtone phone. To withdraw your question, please press star then two. Please note this event is being recorded.

I would now like to turn the conference over to Ms. Marliese Shaw, Executive Vice President, Investor Relations. Please go ahead, ma'am.

Marliese Shaw
Thank you, Denise, and good morning, everyone. Welcome to our fourth quarter conference call. Before we begin, we would like to remind you to read our Safe Harbor Advisement on forward-looking statements on our earnings announcement. Forward-looking statements by their nature are subject to risks and uncertainties. Certain factors could cause actual results to differ materially from expected results. Our comments today are intended to qualify for the Safe Harbor afforded by that advisement.

And now, I would like to introduce Bill Crawford, our Chief Executive Officer.

Bill Crawford
Thanks Marliese. Good morning, and thank you for joining us on today's call and for your continued interest in our company. With me this morning I have Eric Newell, our Chief Financial Officer; Marino Santarelli, our Chief Operating Officer; Betsy Wynnick, Chief Risk Officer; Mark Kucia, who heads up Credit for us; Dave Paulson, Head of Wholesale Banking; and Brandon Lorey who heads up our Consumer Lending Division.

Yesterday, United Financial Bancorp released its fourth quarter earnings results, our second full quarter as a combined company. Clearly, the results for the quarter reflect this was a complex and eventful time at the new United Bank. We successfully completed our core system conversion, repurchased 6% of our share count, grew owned by 10%, executed previously announced cost saves throughout the quarter, announced additional branch closures and staffing cost saves and announced commercial banking team lift outs in Western and Central Mass from People's United and Santander.

We were further pleased to see United receive recognition for both our financial advisory and mortgage lending business lines. Our financial advisory group was recognized as a national leader in fee income generation, ranked third in the list of top five performing bank wealth management businesses based on their year-over-year income growth. I'm proud to say our mortgage team achieved the number one purchase money lender market share position in Hartford County for 2014.

We continue to see strong momentum building with our TD Bank commercial team lift out in Fairfield County, and our Fairfield Mortgage Team is making great progress taking share as well. Our highly efficient retail banking platform remains focused on helping customers through the system conversion and product enhancements while delivering exceptional service every step of the way. As always, we continue to focus on the right mix of activities to enhance the operational efficiency of the bank and the capital efficiency of the bank and the holding company. Our goal remains to build a first-class banking experience for our customers while producing solid returns for our shareholders.

As we all know, the operating environment for banks is especially challenging given the current and forward-yield curves. Competition for loans, deposits and all financial assets remains fierce. This is a time to remain disciplined with respect to credit, duration risks and risk-adjusted return on capital reg lock. We're in that part of the business cycle where lenders may stretch on creditor's structure and make mistakes.

With our noisy fourth quarter behind us, United is focused on delivering outstanding service experience to our customers in retail, financial advisory, commercial mortgage banking. Quality organic growth and building franchise value is always job one at United. We also look forward to demonstrating the earnings power of our new company in 2015, despite the difficult operating environment.

I want to thank my United Bank teammates and directors for their exceptional dedication towards helping us build a great bank. Now, I'd like to turn the call over to Eric Newell, our CFO, to provide some further detail on the quarter's results.

Eric Newell
Thank you, Bill, and good morning. Our GAAP earnings performance for the fourth quarter of 2014 was impacted by our late December restructuring announcement, in which we disclosed the branch optimization program with the closure of five of our underutilized branches and departures of staff to better position the company to achieve operational efficiency. This one-time expense was captured in several categories on our statement of income and is detailed in the reconciliation of our GAAP and operating results at the back of our press release.

These actions were taken to continue to drive the company's results towards those 2015 financial goals that Bill and I have been communicating to our investors since shortly after the 2013 announcement of our merger. We continue our approach toward annualized non-interest expense to average assets of 2% and return on tangible common equity of 10%. We remain dedicated to the achievement of these goals. It's indicative of operational efficiency and responsible deployment of capital with commensurate returns for our shareholders.

It's worth highlighting how much the yield curve has changed since these goals were originally communicated. At year-end 2013, the ten-year had a three handle and the spread between the two and ten-year treasury yield was 265 basis points. I contend both our measures of the operating environment for banks with the latter being a barometer of incremental profitability for that next loan originated.

At yearend 2014, the ten-year treasury yield and the spread between the two and the ten-year declined 85 basis points and 116 basis points, respectively. This decline, particularly the yield curve flattening, has changed the calculus of operating performance and achievement of our goals. While we believe we'll meet our non-interest expense to average assets in our return on tangible common equity goals, we've had to position our expense framework more aggressively than we originally expected, and the incremental profitability of our earning asset growth will not be as beneficial as we expected in late 2013.

Therefore, the third aspiration we discussed in late 2013, approaching a sustainable one percent return on the average assets by the fourth quarter of 2015, will take longer to achieve than initially expected. Given our current revenue mix and dependence on spread income, we will need to seek out non-margin revenue opportunities which can help us achieve a one percent ROA.

Having the benefit of completing the budget process for 2015, I would like to additionally refine my commentary on non-interest expense level for 2015. On the third quarter call, I guided to non-interest expense on an annualized basis of 108 million by the fourth quarter of 2015. A better indicator of our non-interest expense spending will be to use our goal for non-interest expense as it relates to average assets, which will cause NIE dollar growth commensurate with our expectation to grow loans outstanding at a high single-digit level and that structure of the balance sheet remains consistent with the composition we reported at December 31.

Our operating results for the fourth quarter of 2014 were also impacted by activity that is not anticipated to recur in the run rate. Significantly impacting our operating results was the increased level of the provision for loan losses, rising 1.7 million in the fourth quarter to 4.3 million. The provision expense represents an annualized 45 basis points on average loans for the period, relative to 28 basis points in the third quarter of 2014. The prior quarter is more indicative of our loan loss provision run rate assuming the fundamental credit risk in our portfolio remains steady.

It's important to note that the level of the loan loss provision does not reflect broad degradation of the company's asset quality or predict any trends in the loan portfolio. Over the last three quarters, Mark Kucia, our Chief Credit Officer, and his team have completed a review of the entire purchased loan portfolio, and as a result of this review, we believe we have achieved consistent application of our internal risk rating across the commercial portfolio including the purchase portfolio, which is a critical factor in our loan loss allowance methodology.

Furthermore, the company has incurred incremental loss recognition on a previously disclosed relationship that had an idiosyncratic business disruption. The company's asset qualities and metrics remain strong.

While on the topic of the provision for loan losses, looking forward to 2015, I would like to reemphasize our provisioning expectations. It's important to consider our uncovered portfolio, which totals 1.6 billion at yearend. Over time we'll refinance, payoff or have other actions that will cause it to move into our covered portfolio and will require a reserve.

We estimate the prepay adjusted life of the legacy United loan portfolio was five years at legal close, and while six months may not be long enough to validate our assumptions, the behavior of the portfolio has been meeting our expectations. Therefore, the company has a significant provision requirement in order to cover the loans that mature and amortize out of the uncovered portfolio exclusive of the forecasted net loan growth and estimating that charge-off activity.

Other factors impacting our operating performance in the fourth quarter include an elevated marketing spend through the company's rebranding campaign that began after the data conversion, the effective lower market interest rates on our mortgage servicing asset valuation and expenses captured in other expense lines. In each of these cases, as well as in salaries and benefits expense, the future run rate is not reflected in the fourth quarter results. As we had anticipated, we experienced a notable decline in our FTU in the period due to the optimization opportunities that were available subsequent to the completion of the conversion to one provider. Additionally, we reported a significant improvement over the third quarter in fee income realized from loan level hedging activity, which totaled approximately one million on a gross basis during the fourth quarter.

Finally, as it relates to fourth quarter operating performance, as we indicated in our last earnings call, we have a benefit from a tax credit investment made in the third quarter. A large portion of partnership expense is related to the amortization of the alternative energy tax credit investment. However, it was more than offset from the income tax line which was the driver of the tax benefit in the third quarter in addition to the low level of pretax income on a GAAP basis and the end the year in a high level of permanent deferences, which benefits our tax rate.

We continue to expect the tax rate of 30% for the full year 2015, barring any changes to tax law or future tax credit opportunities which may impact our effective tax rate. During the quarter, our GAAP and operating NIM declined by 12 and 8 basis points, respectively. The greater decline in GAAP and net interest margin was due to a lower benefit from increase on the purchase asset consistent with our expectations and disclosure in our third quarter earnings release.

On an operating basis, earning asset yields were relatively flat with a one basis point decline. The yield on held for investment loans declined by five basis points largely driven by commercial origination and was partially offset by an increase in the yield of the investment portfolio, due to some repositioning that occurred in the credit fleets during the quarter. Interest-earning liabilities had the largest impact on the NIM during the quarter as a result of the first full period inclusion of the 75 million of subordinated debt that we issued in the third quarter and any associated interest expense. The cost from our interest bearing deposit was relatively flat from the third quarter.

Looking ahead, if we keep in mind market expectations and the forward-yield curve, there appears to be yet more flattening projected for the yield curve in 2015. The company does not form an opinion on future interest rates, but keeps an eye on market expectations and seeks to have a balance sheet structure that is nimble enough to respond and limit any adverse impact on net interest income from rate changes. Stating the obvious, a flatter yield curve challenges the revenue growth the company would experience on incremental loan growth from that interest rate environment. We expect that in 2015, commercial loan yields will decline further placing additional pressure on the earning asset yield given that the commercial portfolio represents 50% of earning assets.

Additionally, as our expanded commercial banking team achieves more success from selling loan level hedges, this also places pressure on the portfolio yield as these originations are variable and generate exposure to three-month LIBOR. Interest-bearing liabilities are expected to contribute to compression or operating NIM due to the full effect of the subordinated debt issuance, more active competition for deposits and aggressive rate specials in portions of our footprint, as well as an expectation of rising rates from the second half of the year and the impact that that would have on our rolling full-sale funding. Our modeling and expectations reflect on an operating basis, four to five basis points of NIM compression each quarter throughout 2015. On an opportunistic note, market rates have been more volatile which allows for increased opportunities for our secondary mortgage staff to obtain more favorable gains on the sale of loans.

I wanted to touch on our deposit growth in the quarter. Needless to say, we're disappointed at the level of deposit growth, and we do not believe that this is indicative of anticipated growth performance in 2015. We attribute the lackluster growth in deposits to the merger and our competitors aggressively pricing deposit specials to take advantage of our core provider conversion, which led to a significant change for many of our customers. Legacy United customers were on-boarded to a new online banking platform, and Legacy Rockfield bank customers experienced a name change. Customers don’t generally respond favorably to unwanted change and we understand that. We responded appropriately with a reassurance campaign which introduces the new brand while assuring our customers that what they loved about their bank remains unchanged.

At the time of the October conversion, we introduced new deposit products and services that we believe better fit what our customers seek from us when it comes to flexibility and convenience. Furthermore, as we have become more successful in being commercial and municipal deposits as a percentage of total deposits, we see seasonality in those lines of businesses in the fourth quarter and have historically experienced a rebound in the following first quarter.

We've also adjusted our pricing strategy to be more proactive to our competitors' deposit rate environment as well as to increase our nimbleness with a continued desire to shift our value proposition away from solely interest rates. This value proposition shift will take time and continued investment. Our emphasis on deposit growth will be to maintain retail market share, successfully grow our de novo branches to capture the aspirational market share that we believe is achievable, as well as expand and deepen our commercial and municipal deposit relationships. We've also altered our compensation strategies to better align and reward our employees' behavior with profitable and meaningful deposit acquisition.

Turning to capital, during the quarter, we were aggressive on the repurchase of our shares. Our decision-making process on share repurchases has not changed. We believe it's a risk-free acquisition of our own company, but we used the same analytical framework on share repurchases as any other capital deployment opportunities we analyzed. In this case, we did not buy our shares back at a level that exceeds the five-year payback.

During the quarter, given the level of repurchase activity that impacted our tangible book value by $0.26 on the buyback is isolated from all other impacts to book in the quarter. Our analytical approach to buyback is shifting due to the continued deployment of our access capital. We will be more cognizant of alternative capital deployment opportunities, including the preference of organic growth, when assessing future repurchase activity.

In conclusion, in 2014, we successfully merged two legacy organizations with assets of nearly $2.5 billion each. We completed a core systems conversion to one provider with limited impact to our customers, and through it all, we organically grew earning assets by $306 million since our legal close. While we are positively constructive on the level of interest rates and particular shape of the yield curve and the impact it will have on revenue growth, we have positioned our expense base in response to the potential of lower revenue growth than we expected in 2013 when we originally communicated our post-merger goals for late 2015 and we remain committed to those goals.

Thank you for your time this morning. And now, the manager team and I would be happy to answer any questions you have.

QUESTIONS AND ANSWERS

Operator
We will now begin the question and answer session. To ask a question, you may press star then one on your touchtone phone. If you are using a speakerphone, please pick up your handset prior to pressing the keys. If at any time your question has been addressed and you would like to withdraw your question, please press star then two. At this time, we'll pause momentarily to assemble our roster.

Our question will be from Mark Fitzgibbon from Sandler O'Neill. Please go ahead.

Mark Fitzgibbon
Hey, good morning, guys.

Eric Newell
Morning.

Mark Fitzgibbon

The first question I had for you, Eric, was on expenses, and I wondered from your comments, were you suggesting that the $108 million target that you had set previously is still a good number, and if so, when do you think you'll get to that level?

Eric Newell
So, when I put that 108 number out in the third quarter call, it was with the expectation that the level of earnings average assets in the fourth quarter would be between that 190 basis points and 2% that we've been talking about, but given that we've actually [indiscernible] revenue, expectations of incremental loan growth, we're going to have to grow a little faster than what we originally thought, and so, when you take into account the average asset expectation in the fourth quarter, that 108 number would bring us below the 1.9 to average asset metric.

Mark Fitzgibbon
Got you.

Eric Newell
So, I think the way to look at it is in the first quarter of '15 in the last earnings call, I talked about 112 million on an annualized basis, and I think the trail end of that comment was getting to the 108 number. We're still good on that 112 million on an annualized basis number, but 108 I think that that's the math between the NIE to average assets breaks down a bit.

Mark Fitzgibbon
So, roughly $28 million of operating expenses in the first quarter is what you're saying?

Eric Newell
Yes, and the reason for that is that in other words, there's still going to be some cost saving measures that we're going to be putting in place in the first quarter so you're still going to see some benefit in the run rate, but it's going to be a significant, it's going to be a much different, picture in our first quarter of '15 than what we just reported.

Mark Fitzgibbon
And in the first quarter it should be relatively clean from the standpoint of additional charges?

Eric Newell
That's our current expectation, yes.

Mark Fitzgibbon
Okay, and then, secondly, I wondered if you could share with us what your target tangible common equity ratio is; if you have one, where you'd be comfortable operating.

Eric Newell
Bill, do you want to take that one?

Bill Crawford
Sure. Mark, with our current balance sheet I think at 8% TCE to average assets is a pretty safe number.

Mark Fitzgibbon
Okay. And then, I'm curious when you feel like, Bill, you'd be in a position to contemplate another acquisition.

Bill Crawford
Well, most importantly, Mark, we want to deliver on the numbers that we talked about at this merger, and so, I think that's very important and that’s our focus right now, is generating strong organic growth and improving out these numbers.

Mark Fitzgibbon
Great. Thank you.

Operator
And our next question is from Travis Lan from KBW. Please go ahead, sir.

Travis Lan
Thanks. Eric, just to go back to the expense commentary, it sounds like Mark has suggested and you would agree with a $20 million run rate in 1Q '15, which is kind of close, I would think, to a 2% of average assets at that point, so is that right, or are we targeting the 2% OpEx to average assets by the fourth quarter of '15?

Eric Newell
We are targeting the 2% of average assets in the fourth quarter of 2015.

Travis Lan
Okay. And that’s a change; you had said before that we were at a range of 1.90 to 2% previously, and that changes because more of the denominator than the numerator.

Eric Newell
Yes.

Travis Lan
Just the amount of growth, okay. And all that includes the impact of the seven new commercial lenders that you’ve announced in the last month or so?

Eric Newell
Yes, sir.

Travis Lan
Okay. And then, your NIM guidance of down four to five basis points per quarter, I may have missed this, but was that on a core basis or is that all in with the accretion?

Eric Newell
Core basis.

Travis Lan
Okay. All right. And your accretion expectations are relatively unchanged from what you had previously laid out?

Eric Newell
Yes, in the third quarter, actually it's laid out some expectations for 2015, and they remain unchanged.

Travis Lan
Okay. And then, commercial construction has been a pretty key driver of loan growth for you guys. What are you seeing in that segment that has you allocating capital there?

Eric Newell
I will let Dave Paulson take that.

Dave Paulson
Sure. Our construction portfolio is pretty diversified, but most notably, the increase comes from an improved subdivision activity that equates to about 22% of the total construction portfolio and also an increase in non-spec office construction, some of which is owner-occupied, that's equal to about 21% of the portfolio. So, typically what you'll see in that market is as transactions come on, they might spike for a little while and then they wash off as they go into their permanent status or the subdivisions sell out, but it's a very conservatively underwritten portfolio and intensely, intensely monitored.

Travis Lan
Okay. All right. That's helpful. And then, just two more for me, Eric. So, should we believe that this is the last quarter of that limited partnership loss through the fee line?

Eric Newell
No, it just will not, based on the current investments that we have, there was an outside impact on the partnership line because of the alternative energy tax credit that we invested in the third quarter, and that's just based on how the accounting requires us to recognize it, but we purchased—Legacy United had a portfolio of tax credits as well, and so, if you actually look at their financial statement disclosure prior to the merger, you will actually see that there was some expenses associated with partnerships. So, that will continue just not at the level that we've seen based on the current investments we make.

Travis Lan
Okay. Do you have a way to think about what that number could be going forward?

Eric Newell
I do not have anything prepared to comment on that at this point.

Travis Lan
Okay. All right. And then, just the last one—with the buyback, do you know what the end of period diluted share count would have been?

Eric Newell
Marliese, is that on page F1?

Marliese Shaw
Yes, that's on F1. You wanted the diluted share count for the quarter?

Travis Lan
No, just like what we should be expecting for the share count going forward inclusive of the buyback. So, I was thinking like 49-6 maybe for diluted share count in the first quarter.

Marliese Shaw
That was the average for the quarter with us purchasing 3.2 million shares, 600,000 shares remaining. So, you could think about what the September 30th shares outstanding was minus the 3.2 million as your starting point for December 31 and take off another 632,000 shares.

Travis Lan
Okay. All right. Thank you very much.

Operator
And just a reminder—if you'd like to ask a question, please press star then one on your touchtone phone.

Our next question comes from Matthew Brief from Sterne Agee. Please go ahead.

Matthew Brief
Good morning, guys.

Eric Newell
Good morning, Matt.

Bill Crawford
Hey, Matt.

Matthew Brief
Just touching on the expenses again, the expenses to assets aside, on an absolute basis, what were some of the factors that caused you to maybe increase guidance a little bit?

Eric Newell
Well, I think a lot of that comes down to the expected revenue that we're going to generate from the incremental growth of the balance sheet. Bill often talks about the level of the ten-year, but that spread between the two and the ten, I gave you year-end 2014 numbers but it's actually even come in more significantly year-to-date. So, I think we really looked at the expectations of NII growth, and then, we then assessed the level of expenses that we need to support that level of assets, and I think it's really more driven by the revenue side than trying to backtrack on the expense side.

Matthew Brief
Right. I guess I would just presume that if we're working off a lower margin, potentially lower revenues, that expenses would follow suit as well. Am I thinking about that wrong?

Dave Paulson
I think the issue is we're growing faster, and so, by growing faster, we're going to end up with some higher expense.

Eric Newell
Without the benefit of fee income, and if you look at our revenue mix, we're very spread dependent, and we're going to seek out ways throughout 2015 and future periods to grow that fee revenue as a percentage of total revenue.

Matthew Brief
So, the new guidance incorporated maybe investments into the fee side that weren't there previously?

Eric Newell
I'm not understanding your question, Matt.

Matthew Brief
I'm not fully understanding how the revenue side of the equation is impacting higher expenses on an absolute basis.

Dave Paulson
I think when we're talking about the NIE to average assets, as we grow earning assets more, the way we're solving for this is growing earning assets faster, cutting deeper to make up for the revenue compression from the NIM, and so, as we grow earning assets higher, we incur more expense to do that.

Matthew Brief
Right. Okay. Maybe—

Eric Newell
Think about it this way, Matt. If we're putting on more loans, then there is a level of operational, certainly, there's operational efficiencies that we're going to extract throughout the year, but there is a certain level of spend to support those assets, whether it's credit administration or things like that.

Bill Crawford
I think another thing to think about, Matt, is look at the different banks around New England or the northeast or anywhere and who's got an NIE to average assets approaching 2%. So, I think we're using the merger to become very efficient from a cost structure relative to our peers, and we think that's important because of where that yield curve is, and that's why we're so focused on NIE to average assets.

Matthew Brief
Right, okay. And then maybe just staying on the growth topic, with the new lending teams in place, what are your expectations for total growth, loan growth in 2015?

Dave Paulson
Matt, I think we're looking at continued high single digit loan growth at the top of the house. We're very excited about the teams we kicked off. For example, the one in Central Mass from Santander, we have a very nice business there, but clearly, they're a larger bank with a much larger book of business. It's going to take us time to convert that. It's not going to be something you see next quarter or even the quarter after that, but over the next couple years, we really think we can grow very nice market share in Central Mass, and then going to greater Springfield, one of our foundational markets, same thing. We pulled a team out of People's United. They have a much larger book of business than we do in that market. We have a nice book. So, we think we can grow our existing book nicely there, but over time, we think we can take share in those markets, and those are markets where we have branch structure and all that so the ones where we think there's some really good operating leverage. So, we're very excited about those teams we lifted out.

Eric Newell
Hey, Matt, I want to emphasize this point. On page, I think it's F9, where we do a reconciliation of GAAP cut to operating, you can see that we spiked out the 670,000 of loss subject to assets which is due to the branch optimization. So, that's 670,000 of that expense, even though it's up in the fee income line, so we're not going to experience that in the first quarter. We had 1.9 million down in NIE for also a branch lease termination agreement, and that level of marketing spend that we experienced in the fourth quarter is not run rate that's going to come down significantly. And also, if you look at the salaries and benefits line, there was some benefit there, but most of the folks rolled out towards the end of the year. It wasn't at the beginning of the quarter. So, we're expecting some favorable benefits there as well.

Matthew Brief
Okay. And then, Eric, on the provision, I know you made some comments that the 4.3 million

incorporated some of the old legacy portfolio rolling into the Rockfield portfolio. Is this more indicative of the run rate of something around 4 million, or is it a bit lower?

Eric Newell
Well, the four million is indicative of the run rate, but not because it's really driven by our expectation of assets that have no provision to purchase portfolio, that 1.6 billion at year end. Our expectation of the amount of assets that are going to come out of that portfolio and go into the covered portfolio, they're going to need to reserve. That’s really what's going to be driving that more elevated level.

Matthew Brief
Okay. And then, my last question, I understand that the return on asset ratio target of 1.0% is being pushed out a bit. Given that, how would you expect it to shake out in the back half of 2015? How do you think about that?

Eric Newell
We think that there's going to be continued improvement in the ROA ratio, and there might be some times where we get more benefit, whether it's because the market is giving us opportunities in our secondary mortgage stuff. So, our gains on sell of loans might be higher, but on a sustainable basis, we think that that goal of having a one percent ROA by the fourth quarter is definitely delayed into 2016.

Matthew Brief
Okay.

Dave Paulson
Yes, Matt, if you think about it, we had to move our, when you look at our share count coming down, additional cost saves worked on in Q4, that’s trying to compensate for a much tougher yield curve that we're facing and ultimately it's the yield curve that’s probably the biggest driver of what our ROA is going to be, the incremental improvement.

Matthew Brief
Right. Understood. Okay. That’s all I had. Thank you.

Operator
And again, if you would like to ask a question, please press star then one on your touchtone phone.

Showing no further questions, this will conclude our question and answer session. I would like to turn the conference back over to management for any closing remarks.

CONCLUSION

Bill Crawford
All right. Well, thank you for your interest in our company, and we look forward to reporting 2015 results. Take care.

Operator
The conference is now concluded. Thank you for attending today's presentation. You may now disconnect.