FINAL TRANSCRIPT

VersaBank

Third Quarter 2022 Financial Results Conference Call

Event Date/Time: August 31, 2022 — 9:00 a.m. E.T.

Length: 37 minutes

CORPORATE PARTICIPANTS

David Taylor
VersaBank — President and Chief Executive Officer

Shawn Clarke
VersaBank — Chief Financial Officer

CONFERENCE CALL PARTICIPANTS

Greg MacDonald
LodeRock Research — Analyst

Brad Ness
Choral Capital — Analyst

PRESENTATION

Operator

Good morning, ladies and gentlemen. Welcome to VersaBank's Third Quarter 2022 Financial Results Conference Call.

This morning, VersaBank issued a news release reporting its financial results for the third quarter and year-to-date ending July 31, 2022. That news release, along with the Bank's financial statements and supplemental financial information, are available on the Bank's website in the Investor Relations section, as well as on SEDAR and EDGAR.

Please note that, in addition to the telephone dial-in, VersaBank is webcasting this conference call live over the internet. The webcast is listen-only. If you are listening to the webcast but would like to ask a question in the Q&A session following Mr. Taylor's presentation, please dial in to the conference line, the details of which are included in this morning's news release and on the Bank's website.

For those participating in today's call by telephone, the accompanying slide presentation is available on the Bank's website.

Also today's call will be archived for replay, both by telephone and via the internet, beginning approximately one hour following the completion of the call. Details on how to access the replays are available in this morning's news release.

I would like to remind our listeners that the statements about future events made on this call are forward-looking in nature and are based on certain assumptions and analysis made by VersaBank management. Actual results could differ materially from our expectations due to various material risks and uncertainties associated with VersaBank's business. Please refer to VersaBank's forward-looking statement advisory in today's presentation.

I would now like to turn the call over to Mr. David Taylor, President and Chief Executive Officer of VersaBank. Please go ahead, Mr. Taylor.

David Taylor — President and Chief Executive Officer, VersaBank

Good morning, everyone, and thank you for joining us for today's call. With me today is Shawn Clarke, our Chief Financial Officer.

Before I begin, just a quick reminder regarding the adjustments we made last quarter to the way we are describing our business in our quarterly results. These include breaking out non-interest expense into its component Digital Banking and DRTC parts to provide a clearer picture of the individual performance of each of the operations and enabling better comparison to our peers in each sector.

In addition, within our Digital Banking operations, we now present net interest margin based on both total assets, as is convention with publicly traded banks in Canada, as well as excluding cash securities and other assets from total assets, as is the practice of US banks.

Finally, we began to report our efficiency ratio for only our Digital Banking operations, which excludes the impact of DRTC.

Now onto the results for the quarter, which are reported and will be discussed on this call in our reporting currency of Canadian dollars.

I will note that we provide US dollar translations for most of our financial numbers in our standard investor presentation, which will be updated and available on our website shortly.

In the third quarter, we saw outstanding loan growth in our core Digital Banking operations as a 75 percent year-over-year and 24 percent sequential increase in our Canadian Point-of-Sale financing business drove our loan portfolio to another new high of more than $2.8 billion.

And I will note that 75 percent year-over-year growth batchers (phon) a very healthy 51 percent year-over-year growth in the Canadian Point-of-Sale portfolio last quarter.

It is worth mentioning here that we exceeded this growth with essentially no impact on our interest margin and without relaxing our stringent credit [audio gap].

The continued growth in our loan portfolio drove record quarterly revenue for the third quarter, both for Digital Banking operations and on a consolidated basis.

We achieved near-record profitability as we returned to both year-over-year and sequential growth net income, even with net income being dampened by transitory non-interest expenses related to strategic growth initiatives that we believe will accelerate our growth in both the near and long terms.

Specifically, we continue to incur short-term costs related to our acquisition of a national US bank, which I will discuss more in a moment; development of the equivalent of our highly successful Point-of-Sale financing solution for the US market; continued preparation for launch of our Canadian dollar version of our revolutionary Digital Deposit Receipts; as well as incremental costs associated with listing on Nasdaq last September.

Combined, these transitory costs [audio gap] approximately $3 million to our Q3 non-interest expenses. We expect these costs to dissipate over the fourth quarter and return to normalized levels for 2023. [audio gap] these transitory costs, third quarter 2022 net income would have been by far our best quarterly profitability in our history. Shawn will discuss the financials in more detail in a moment.

In addition to our strong financial performance, the major highlight for the third quarter was the announcement of our signing of a definitive agreement to acquire a fully operational OCC-chartered national US bank, Minnesota-based Stearns Bank Holdingford. This is a transformational next step in VersaBank's long-term growth strategy, something that has been a priority for us for several years, and one of the key reasons for our Nasdaq listing. We are steadily progressing towards closing the transaction, which we expect by the end of the calendar year.

To be renamed VersaBank USA upon closing, Stearns Bank Holdingford will provide VersaBank with a platform from which to roll out our immensely successful Canadian Point-of-Sale financing model to underserved US market.

While substantially the same as our Canadian Point-of-Sale offering, going forward, you will hear us refer to the US version of this program as our US Receivable Purchase Program, which is the language that is more consistent with the US market environment.

We are currently enjoying working with the team's Holdingford parent company, Stearns Financial, and look forward to exploring future opportunities for collaboration to our mutual benefit.

On our Q2 earnings call, I discussed having signed up our first customer the limited early rollout of our Receivable Purchase Program in the US. That customer is a large North American commercial transportation financing business focused on independent owner-operators. They're a great example of the inherent value of our offering, addressing an unmet need in the market by providing highly flexible and economically superior, technology-based (unintelligible). They have already significantly expanded their business with us.

The US customer and small business Point-of-Sale financing market is massive—$1.8 trillion and growing rapidly. Our unique and attractive solution arrives at a time when one of the two primary sources of funding for Point-of-Sale business in the US, the public market has all but dried up.

We continue to be very encouraged by the discussions we're having with potential partners in the US and very much look forward to closing on our US bank acquisition to be able to fully capitalize on this opportunity.

I'd now like to turn the call over to Shawn to review our financial results in detail. Shawn?

Shawn Clarke — Chief Financial Officer, VersaBank

Thank you, David. Before I jump in, folks, just a quick reminder that our full financial statements and MD&A for the third quarter and year-to-date 2022 are available on our website under the Investor Relations section, as well as on SEDAR and on EDGAR. And, as David mentioned, all of the following numbers are reported in Canadian dollars as per our financial statements, unless otherwise noted.

Starting with an overview of the balance sheet, total assets at the end of the third quarter surpassed the $3 billion mark for the first time—$3.1 billion, up 35 percent from $2.3 billion at the end of Q3 last year and up 14 percent from $2.7 billion at the end of the second quarter of this year.

Cash and securities at the end of Q3 was $218 million or 7 percent of total assets, down from $297 million or 13 percent of total assets at the end of Q3 last year and up from $198 million or 7 percent of total assets at the end of Q2 of this year. These trends are a result of the Bank deploying cash into higher yielding lending assets and low-risk securities over the course of the quarter.

Our total loan portfolio at the end of the third quarter grew to another record balance of $2.81 billion, an increase of 44 percent year over year and 15 percent sequentially. I'll come back to this in a moment.

Book value per share increased 8 percent year over year and 2 percent sequentially to $12.14, which is also a record for the Bank.

These trends were both a function of higher retained earnings resulting from net income growth, partially offset by dividends paid, with the year-over-year increase also being impacted by our common share offering in the US last September.

Our CET1 ratio was 12.51 percent, up from 11.94 percent at the end of Q3 of last year and down from 13.6 percent at the end of Q2 of this year; while leverage ratio at the end of Q3 was 10.38 percent, up from 9.99 percent last year and down from 11.63 percent at the end of Q2 of this year. Both our CET1 and leverage ratios remained well above our internal targets.

Turning to the income statement, total consolidated revenue increased 35 percent year over year and 14 percent sequentially to a record $21.2 million, with the increase driven primarily by higher net interest income from our Digital Banking operations resulting from the strong growth in our loan portfolio that I mentioned earlier.

As David noted previously, we returned to both year-over-year and sequential growth in consolidated net income in Q3, with increases of 5 percent and 16 percent over the respective periods.

Net income for Q3 was $5.7 million and, as with the case in Q2, was dampened by a number of transitory costs related to critical investments in several strategic growth initiatives, including the US bank acquisition, the launch of the US version of our Point-of-Sale offering, and preparation for the launch of our Digital Deposit Receipts, all incurred in advance of these initiatives generating incremental profitability for the Bank.

Mandatory costs also included certain elevated costs resulting from our listing on Nasdaq, which we've been able to reduce substantially commencing in early August. As David noted previously, these transitory costs totalled approximately $3 million for the current quarter.

Earnings per share for Q3 was $0.20, which was down 20 percent year over year due to the higher number of shares outstanding resulting from the issuance of 6.3 million common shares under our US IPO in September of last year. Earnings per share was up, however, sequentially by 18 percent.

I want to reiterate David's comments earlier that we expect the costs associated with the strategic business development initiatives to mitigate somewhat in the fourth quarter and return to normalized levels for 2023.

The strong growth in our overall loan portfolio was driven by our Point-of-Sale financing business, which increased 75 percent year over year and 24 percent sequentially, reaching the $2 billion mark. This growth continues to be driven mainly by strong demand for home finance, home improvement, HVAC, and auto receivable financing.

Our Point-of-Sale portfolio continues to expand as a portion of the overall portfolio as well as per our strategy, now representing 71 percent of our total loan portfolio as at July 31, up from 66 percent last quarter.

Our Commercial Real Estate portfolio increased 1 percent year over year and decreased 3 percent sequentially to $804 million at the end of Q3. As we noted last quarter, management has taken a more cautionary stance with respect to the commercial portfolio due to expected volatility in valuations within this asset class in a rising interest rate environment and the potential impact of the same on borrowers' ability to service debt, as well as due to concerns related to higher commodity prices attributed to current global supply chain disruptions and a very tight labour market, both of which have the potential to drive higher construction costs.

Notwithstanding our cautious approach, we remain very comfortable with the risk profile of our Commercial Real Estate portfolio, which had been established through our work with well-established, well-capitalized development partners, and (unintelligible) which post modest loan-to-value ratios on individual transactions.

Turning to the income statement for our Digital Banking operations, net interest income for this segment for the third quarter increased 38 percent year over year and 16 percent sequentially to a record $20.1 million. These increasing trends were both primarily a function of loan growth in respective periods.

Net interest margin on all interest-generating assets for Q3 was 2.76 percent, essentially unchanged from the second quarter of 2022 and up from 2.61 percent from Q3 of last year. The year-over-year increase was primarily the result of higher yields earned on loans and liquid securities.

Net interest margin excluding the impact of cash, securities, and other assets for Q3 was 3.07 percent compared with 3.43 percent for the same period last year and 3.11 percent for Q2 of this year. These modest increases are primarily the result of changes in the Bank's funding mix.

Non-interest expenses for the quarter were $13.2 million compared to $8.2 million for Q3 of last year and $11.8 million for Q2 of this year. Both increases were due primarily to higher costs, approximately $3 million of which were transitory in nature related to strategic growth initiatives and our Nasdaq listing which we discussed earlier this morning.

The year-over-year increase was also a function of higher salary and benefits expense attributable to the higher staffing level to support expanded business activity across the Bank, higher costs associated with employee retention, and higher office and facility-related costs attributable to the implementation of the Bank's return-to-work strategy.

Cost of funds for Q3 was 1.94 percent, which represents an increase of 53 basis points year over year and 56 basis points sequentially, primarily the result of a higher interest rate environment and changes in the Bank's funding mix.

Notably, the increases were significantly less than the Bank of Canada's benchmark increase, which is up 50 basis points during the quarter as a result of our continued focus on ultra-low-cost funding sources primarily derived from insolvency professional deposits.

Insolvency professional deposit balances contracted slightly in Q3 despite adding more partners as we experienced the lag effect of the Government of Canada's COVID-19 financial support and historically low bankruptcy activity. Despite recent increases, bankruptcy activity is still well below pre-pandemic levels.

As a result, our insolvency professional deposits comprised a smaller portion of our overall deposit base this quarter. We do, however, expect a return to growth in our insolvency professional deposits in early fiscal 2023 driven by an anticipated increase in the volume of consumer bankruptcies, which historically accompanied their rising interest rate environment and as we continue to add new insolvency professional partners.

Our provisions for credit losses in Q3 once again reflected the prudent risk mitigation strategies inherent in our lending models and outstanding credit quality of our loan portfolio. For Q3, we recognized provision for credit losses, or PCL, in the amount of $166,000, compared to PCL in the amount of $96,000 for the same period a year ago and $78,000 in Q2 of this year.

PCL as a percentage of average loans was 0.03 percent this quarter compared with a 12-quarter average of negative 0.01 percent, which continues to be amongst the lowest of the publicly traded Canadian federally licensed banks.

Gross impaired loans at the end of Q3 are $1.4 million, with $1 million of that amount having been repaid two days after quarter-end and the remaining $400,000 scheduled to be repaid in early September this year.

Turning now to DRTC, our Cybersecurity Services and Banking and Financial Technology Development operations, revenue and gross profit, which are generated entirely by the Cybersecurity Services component of the business, increased 7 percent and decreased 2 percent year over year to $2.1 million and $1.2 million respectively.

Revenue and gross profit were down 12 percent and 17 percent sequentially. The sequential decreases were a function of lower engagements over the course of Q3. However, on a year-to-date basis, both revenue and gross profit are up 27 percent and 26 percent, respectively.

Importantly, DRTC's Cybersecurity Services business continues to be profitable despite incurring higher salary and benefits and business development costs.

DRTC on a consolidated basis reported a net loss of $0.7 million compared to net income of $0.2 million in Q3 of last year and a net loss of $0.5 million in Q2 of this year, with the loss being driven by costs outside of the Cybersecurity Services business related to work on strategic growth initiatives, including DRTC's work on the Bank's Digital Deposit Receipts as well as our technology development initiatives that are not yet contributing to revenue.

I'd now like to turn the call back to David for some closing remarks. David?

David Taylor

Thanks, Shawn.

Finally, before I open the call up for questions, a quick update on our Canadian Digital Deposit Receipts, which I know is of great interest to many of you and which represents a significant opportunity within our low-cost deposit funding strategy.

But before I do that, I want to be clear with respect to VersaBank's exposure to the so-called cryptocurrencies. Quite simply, we have not. We hold no such assets. We never have. Accordingly, our balance sheet has in no way been impacted by the meltdown in the cryptocurrency market.

If anything, we expect to benefit from this meltdown. Our Digital Deposit Receipts represents an attractive alternative to the unregulated stablecoin market, with the goal of providing individuals and businesses with a highly encrypted interest-earning digital deposit with a federal regulated bank that can also be used for transactional purposes.

Recently, the Canadian Office of the Superintendent of Financial Institutions published an advisory entitled Interim arrangements for regulatory capital and liquidity treatment of cryptoasset exposures. We at VersaBank applaud OSFI's leadership in this regard as we fundamentally believe that a regulated industry is at the best interests of the users of the digital currencies.

We are confident that our Digital Deposit Receipt model is consistent with the content of OSFI's advisory as we continue to evolve our model amidst the changing macro environment. We look forward to providing updates on our progress towards commercial launch as we continue our constructive discourse with OSFI to ensure their prudential comfort.

Our Cybersecurity business in DRTC continues to be accretive to the Bank's overall earnings. Although still relatively small part of our P&L, DRTC overall plays a critical role in our competitive advantage as a digital bank. Combining technology development for our own internal benefit with a significant growth opportunity and rapidly expanding market is the best of both worlds.

The third quarter of 2022 was strong evidence of the ability of our Digital Banking operations to generate outsized growth as we continue to grow our loan portfolio, led by continued success and expansion of Canadian Point-of-Sale financing business.

We expect continued momentum throughout the remainder of the year and into 2023 as consumer spending is expected to remain robust, although likely somewhat moderate from 2022 levels due to the Bank of Canada’s actions, and our unique solution continues to be very attractive source of financing to our partners. We expect this to support increased volumes, contributing to continued strong growth in the Point-of-Sale portfolio.

Our success and growth of our Point-of-Sale solution in Canada gives us great confidence around our opportunity in the significantly larger US market. On closing our US acquisition, which will provide access to ample US dollar deposit funding, we expect to significantly ramp up our US Receivables Purchase Program, signing up new partners and expanding business with existing partners.

With each passing month, we see even more potential opportunity for our unique solution in the US as an attractive option for consumer and small business point-of-sale finance firms.

At the end of the day, our business is a very simple one, the larger our loan portfolio, the greater our profitability. And with the anticipated continued strong growth in the Canadian Point-of-Sale portfolio and the significant opportunity with our US Receivable Purchase Program, the opportunity for outsized net income growth has never been better.

With that, I would now like to open the call to questions. Operator?

Q&A

Operator

Thank you, Mr. Taylor. Ladies and gentlemen, we will now begin the question-and-answer session. If you would like to ask a question, please press * followed by the number 1 on your telephone keypad. If you would like to withdraw your question, please press * followed by the number 2. One moment for your first question.

Your first question comes from Greg MacDonald, LodeRock Research. Please go ahead.

Greg MacDonald — LodeRock Research

Thank you. Good morning, David. Good morning, Shawn. How are you, guys?

David Taylor

Pretty good. Thanks, Greg.

Greg MacDonald

Good. Hey, I just have two questions, and then I'll pass it on to the others. First is on DRTC. You talk about a sequential decline in revenue. And then the press release itself talks also about growth that continue to be expected in that business, specifically benefitting from investments made in 2022. Can you just talk overall about the business outlook there?

And is that specifically the issue? It's getting a number of products in the suite that kind of sets that business up for growth? Is that still a business that we should expect double-digit growth on a sustainable basis? And then I have a second.

David Taylor

Well, there's some seasonality in DRTC's business, particularly with DBG, our digital penetration tester. So we expect, towards the end of the year, it'll come back as it does normally.

Some of the new products that we've been working on have now been launched and have been quite well received. And we've got I think one contract signed and maybe two more to go. So we're pretty excited about that, positive in that some of these products took a little while to develop.

There's another aspect to the type of testing we do that we've been engaged by a very large Canadian corporate. And there's a lot of revenue associated with that. So generally speaking, what we've been working on, so to speak, in the skunk works is now coming to market-ready products and, in fact, has been contracted by some parties already. So it looks very good for DRTC.

Greg MacDonald

And is pen testing is still the major demand in that business?

David Taylor

It is now. But there's another aspect to pen testing. App testing is an area that we're growing in quite rapidly. And then this compliance with anti-spam legislation software that we developed is very popular, too. So that's something we developed internally and seems to be very well reputed by the marketplace.

Greg MacDonald

Okay. Thanks for that. And the second is on the insolvency deposit strategy. This is something that's interesting to me. I would have expected more small business failures to drive more insolvency growth. And we haven't really seen that. Increased interest rates is almost certainly going to drive consumer insolvency. You state specifically that you expect growth in early 2023, which suggests to me that you're getting some signals from the market.

I know you're adding partners. But can you talk generally about what you're seeing there and the level of growth you expect in that part of the deposit structure?

David Taylor

Well, we are still the (unintelligible) Statistics Canada's reporting. We're still about 10 percent less than normal in insolvency in Canada. But that's off of 35-year low. So the 10 percent less tends to dampen the deposits that we raise in that area. And also, there's quite a lag effect. So we're still seeing a little contraction in our deposits. Even though we've signed up some new partners, the 35-year low is still sort of impacting our deposits.

Now I expect, I think as most people do in Canada hear you, Greg, that this increasing interest rate is going to create a fair amount of hardship for people and small businesses living on the edge. And those 10 percent below normal insolvencies and proposals will probably get up to 10 percent, 15 percent above normal. And with about a six months' lag, that puts the 2023 with significantly increasing deposits.

Greg MacDonald

Okay. That's helpful. Thanks, David. I'll pass it on.

Operator

Ladies and gentlemen, as a reminder, if you would like to ask a question, please press *, 1 at this time.

Your next question will come from Bradley Ness of Choral Capital. Please go ahead.

Brad Ness — Choral Capital

Hello, gentlemen. Can you hear me?

David Taylor

I sure can, Brad.

Brad Ness

Great. I just wanted to delve a little bit into the $3 million of the transitory costs. Can you break that down for me a little bit?

David Taylor

Yeah. Certainly, Brad. About 60 percent of it would be legal and some consulting primarily to do with the Stearns acquisition and the refinement of the US Receivable Program. And there's about 40 percent or so that's associated with savings we got from renewal of our directors' and officers' liability insurance.

But when we listed on the Nasdaq, we agreed to a premium of about $3.6 million per year for that insurance. And we subsequently renewed it with about a $2.1 million savings in August, just now. So those are real—they're really transitory costs. And certainly, we can look forward to about a $500,000 per month reduction in D&O expenses to do with the Nasdaq.

There was also some Nasdaq costs that we had used outside parties to do the reporting. Now we're doing that internally.

Brad Ness

Okay. Great. Thank you. And I'm just trying to look at my math here. You had the $500 (sic) [$500,000] reduction per month. So that's $3 million right there. And that just related to the D&O expense?

David Taylor

No. Sorry. That's $500 (sic) [$500,000] per quarter.

Brad Ness

And—

David Taylor

It was $2.1 million—

Brad Ness

Oh. You said per quarter.

David Taylor

Yeah.

Brad Ness

Okay. Per quarter. Got it. So that should fall off in August. And would the other 60 percent of that $3 million basically fall off once you complete the acquisition, do you think?

David Taylor

Absolutely. Yeah. It might tail off a little bit in the quarter we're in now and that we're very close to submitting the application (unintelligible) for the acquisition.

But I can't say for sure with legal expenses. Who knows what will occur a little bit? But we believe we're sort of at the tail end now of the creation of the application. And the consulting fees and the legal should tail off and diminish in the first part of 2023.

Brad Ness

Okay. Great. Thanks. And regarding the DRTC, it seems like revenues have been flat but expenses have grown $1 million—

David Taylor

Yeah.

Brad Ness

—versus the year ago quarter. It does seem like you're incurring some VCAD expenses in there. Is that correct?

David Taylor

VCAD expenses and expenses in respect to the sort of skunk works type project that we've got going in DRTC. So, yeah, we've got, we think, some exciting projects, but we're not ready yet to reveal them.

Brad Ness

Okay. And when I think about how you divided up the Bank with the digital bank and DRTC and financial reporting, if you're incurring a fair amount of costs from VCAD in DRTC, is that where the VCAD is going to show up entirely is in DRTC? Is it just going to be partially in DRTC?

David Taylor

It would show up in the Bank because it's a Bank product. But DRTC is providing the service. So there'll be service agreement between DRTC and the Bank. Basically, DRTC owns, we call it VersaVault. And VersaVault is a key technology for the issuance of these digital [audio gap]. It'll (unintelligible).

Brad Ness

Okay. Okay. Maybe as a recommendation, if you could break out kind of the VCAD-related expenses from DRTC, it would clean it up for me. That would definitely be appreciated.

Let's see, two more and then I'll open it up to someone else. So what is the balance of the US Point-of-Sale loans now?

David Taylor

I think it's $39 million right now, US.

Brad Ness

$39 million. Okay. Thank you. And lastly, here on the VCAD commercial launch, now that you are totally within the OSFI guidance, what's the time frame then as you're thinking about that launch?

David Taylor

Well, I'm thinking about it before the end of our fiscal year, which is October 31. And, yes, as I said in the presentation, I was very pleased that OSFI came out with the definitive guidelines because it's now fairly easy for us to tick the boxes with our Digital Deposit Receipts. They've given a nice lift of a Group 1 cryptoasset, they call it. But from our perspective, it's crypto liability. So we're very pleased to see OSFI come out with that clear direction.

So presently, we're just going home for our product and ensuring that it meets OSFI's guidelines completely.

Brad Ness

Okay. You think that's a two-month process? I know you guys were ready to go six months ago or so, maybe even longer.

David Taylor

It might be less. We're working with OSFI, FINTRAC, and CDIC to ensure they're comfortable with it and saving the wine. No wine before its time. I don't who've said that. I'd like to go, of course, a lot faster. I live in a fast-paced world. But we think it's a wonderful product. It's a product that the market wants, definitely wants and stablecoin industry nail down. And we think it also provides a huge increase in the security of a bank's deposit utilizing distributed ledger and highly encrypted.

It's a quantum leap, I think, in the bank industry over what is presently being used. So, I mean, I'd love to go faster. But I'd hedge my bet a little bit by the end of the year.

Brad Ness

Okay. Thank you, gentlemen.

David Taylor

Thank you, Brad. Look forward to seeing you [audio gap] some time.

Brad Ness

You got it.

David Taylor

Okay.

Operator

Mr. Taylor, there are no other questions from the phone lines, sir. I'll turn the call back to you for closing remarks.

David Taylor

All righty. Well, I'd just like to thank everybody for dialling in and those that asked me questions. And look forward to talking to you again at the end of our fiscal year. Thank you.

Operator

Ladies and gentlemen, this does conclude your conference call for this morning. We would like to thank everyone for participating and ask for you to please disconnect your lines.