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Conference Transcription

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Speakers: Vladimir Chubar, Eric de Beauchamp, Sergey Lukyanov

Operator: Good day ladies and gentlemen and welcome to the Credit Bank of Moscow 9 Month 2016 Financial and Business Results conference call. Today's conference is being recorded. At this time I would like to turn the conference over to Mr Sergey Lukyanov. Please go ahead, sir.

Sergey Lukyanov: Good afternoon ladies and gentlemen. Thank you very much for joining the presentation of 9 month 2016 financial and business results of Credit Bank of Moscow. I'm Sergey Lukyanov, in charge of investor relations, and I would like to introduce today's speakers. Here with me are Vladimir Chubar, CEO of the Bank, and Eric de Beauchamp, Senior Vice-President. It's now my pleasure to turn the floor over to Vladimir, who will give a brief outline of key recent developments, followed by Eric, who will guide you through our recent financial performance. Thereafter, we will be happy to take your questions. Vladimir?

Vladimir Chubar: Thank you Sergey. Good afternoon ladies and gentlemen.

Starting with an overview of general market trends, I would like to outline that the 3Q2016 became the turning point in terms of macroeconomic development. On one hand, we saw revival in demand in corporate lending, on the other hand, international capital markets demonstrated unprecedented interest in Russian credit, which resulted in tightening spread and thus opening a window for Russian issuers, including financial institutions, among others.

We tapped the market in late October with a half-billion 5-year Senior unsecured LPN issue, which became the first benchmark size 144A/RegS transaction by a

Russian bank since February 2014. Strong international demand converted into high quality orderbook allowed to launch the transaction at coupon rate 5.875% with a 48%-share of international accounts in the placement. Rationale behind this transaction was to further diversify funding made by sources, together with the extension of average maturity. Moreover, tapping the market was an important exercise for us from the perspective of our international capital markets positioning after a long pause which followed our latest Eurobond issues.

In this context, let's now proceed with the financial highlights overview on **slide number 2**.

CBM reported significant improvement of financial results y-o-y, which was based primarily on qualitative business growth.

- Net interest income increased by 77% to 31.4 billion roubles.
- Net fee and commission income increased by 50% to almost 8 billion roubles.
- Profit for the period amounted to 8.3 billion roubles, significantly above 1.5 billion earned in 9m2015.

Strong return on average equity of 11.5% for 9m2016 was supported by keen efficiency, with a cost-to-income ratio of 23% and stable net interest margin.

Total assets and gross loan book showed a single-digit growth, year-to-date, together with an improvement of asset quality indicators and NPL ratio decreased to 4.8%, cost cost-of -risk ratio decreased to 5.1%.

Capital positioning strengthened year-to-date, which gives the room for further business development.

Let's now move to **slide number 3**.

- Corporate lending remains the key driver of the loan portfolio growth. Though staying flat in 1H2016, it picked up the pace in the 3Q and delivered 7% growth year-to-date, as well as on a quarterly basis.
- Larger corporates still the main focus in the corporate lending.
- Retail loan portfolio decreased by 12% year-to-date due to tight

underwriting standards on one hand and lack of quality demand on the market, on the other hand.

- Target segments in retail lending are cash loans and mortgage, which represented 73% and 22% of the total gross retail loan book, respectively.

- Retail banking business key priorities are to establish an efficient branch network in Moscow and Moscow region and to further develop alternative channels of distribution, aiming to strengthen customer base primarily on the liability side. As of today, the Bank operates through 81 branches and plans to further expand its network up to 90 branches in the short term.

I now suggest moving further. Eric will provide details on the Bank's financial results. Eric, please.

Eric de Beauchamp: Thank you Vladimir, and good afternoon, ladies and gentlemen.

So, I would like to draw your attention to **slide number 4**, with a detailed overview of the Bank's income and expense dynamics.

- The total operating income grew by 87% y-o-y from 23.9 billion roubles for 9m2015 to 44.8 billion roubles for 9m2016.

- The major part - 70% - of operating income is represented by net interest income, which grew by 77% y-o-y to 31.4 billion roubles, generally reflecting expanding business volume and cheaper cost of funding in the reporting period to compare with the first 9 months of 2015.

- This trend is apparent on the bottom-right diagram, where on the one hand, interest income dynamics is outpacing interest expenses, 38% growth versus 21% growth y-o-y respectively, and, on the other hand the net interest margin slightly increased to the level of 3.6%.

- A significant part of customer and interbank deposits was placed in low risk, highly liquid assets such as: top-tier debt securities or interbank placements. This was reflected in the dynamics of interest income: about half of the y-o-y growth for 11 billion roubles out of the total growth of 23 billion roubles was attributable to «securities» and «deposits in financial institutions».

- The net fee and commission income grew by 50% y-o-y to 7.9 billion roubles.
- The structure of fee and commission income is represented on the bottom-left diagram. It has undergone changes with cash handling fees becoming the main component of fee income, with a 20% share, which resulted from the acquisition of INKAHRAN in November 2015. Generally, commissions from cash handling and plastic card represent the most stable sources of fee and commission income.
- On the upper-right diagram, corporate income showed a moderate 37% increase y-o-y. The growth came from salaries and administrative expenses, which was mainly attributable to acquisition and integration of cash-handling business of INKAHRAN to the Bank. The Bank expanded its core business but managed to keep operating expenses under control, with a cost income ratio decrease to 23% over the reporting period.

Now I suggest turning to **slide number 5** with a breakdown of total assets.

- Total assets - as at the end of September 2016 - were represented by the loan portfolio with 47% share, by liquid assets representing 50% and some other assets representing 3% share.
- Year-to-date growth of total assets by 9% to 1.3 trillion roubles was mostly due to the enlargement of the Bank's liquidity buffer, while net loan book showed moderate dynamics, growing by only 4%.
- Tightened standards in lending to individuals led to a controlled slowdown of retail loan portfolio, thus partially offsetting positive dynamics of corporate loan portfolio growth.
- The Bank's primary focus remains asset quality, therefore accumulated strong liquidity cushion was represented by highly-liquid low-risk instruments, such as top-quality securities, 82% of which are included in the CBR Lombard List.

Now let's move to **slide number 6** on the loan portfolio quality.

- As described in the upper-left diagram, loan portfolio coverage by impairment allowance decreased from 7.4% as at the end of June 2016 to 5.6% as at the end of September 2016. Negative dynamic was observed due to write-offs of a number of big problem exposures in corporate loan book as well as some part of retail loan book. Most of these credits were already provisioned between 80 and 100% during the previous reporting periods.

- Impairment allowance provides comfortable coverage of NPLs of 117% as at the end of September 2016, which is shown on the upper-right diagram.

- NPL ratio decreased to 4.8% thus demonstrating steady downward trend since the end of the first quarter of 2016.

- The cost of risk decreased from 5.4% for the full year 2015 down to 5.1% at the end of September 2016.

- The related party lending is still low, representing 1.06% of the total gross loan book as at the end of September 2016.

Now I suggest turning to **slide number 7** with a detail overview of corporate and retail loan portfolio metrics.

- On the backdrop of moderate growth of gross loan book, on the left, all the indicators went in positive direction in the reporting period, with NPL ratio down to 4.2% and cost of risk down to 4.7% and NPL coverage ratio slightly increased up to 123%.

- The retail loan book NPL ratio stabilised at the level of 7.9% on the backdrop of loan portfolio reduction by 12%, down to 106 billion roubles year-to-date. Cost of risk grew up to 6.7% and the NPL coverage ratio increased from 96% to 99% year-to-date.

- The substantial part of retail NPL was originated in mortgage loan portfolio, which is comfortably collateralized by real estate, taking into account that loan to value ratio is far below 100%. Non-performing cash loans and credit card loans are fully covered by provisions.

The next **slide, number 8**, illustrates the funding structure of the Bank.

- Total liability grew by 8% during the first 9 months of 2016, up-to 1.2 trillion roubles as at the end of September 2016.

- Customer accounts represented the main source of funding with 71% share in total liabilities. At the same time, deposit by credit institution grew significantly in the reporting period, enlarging their share in total liabilities up to 19%. Bonds issued decreased by 14 billion roubles, down to 107 billion roubles, mostly due to the FX revaluation effect. Bonds repayment schedule is comfortable for the Bank, with the bulk of international debt being due in 2018.
- Additionally, and as was already mentioned by Vladimir, in late October, we placed 500 million USD Senior Eurobonds with maturity in 2021. This Eurobond was realised in order to diversify the Bank's funding base from a currency and maturity standpoint. Another effect is that this new bond issuance is the extension of wholesale debt repayment schedule beyond 2018, which, coupled with the Bank's extended presence in international markets, gives us additional comfort in potential liability management exercise at some point in the future.

On the next **slide, number 9,** let's look at liquidity breakdown of the balance sheet.

- 50% of total assets are represented by a liquidity buffer, which amount is comparable to the total corporate deposits as at the end of September 2016.
- Historically, retail deposits proved their stickiness being one of the most reliable and stable sources of funding, while demonstrating sustainable growth over the years.
- The Bank's strong liquidity position is additionally supported by stable balances of annual liquidity, available from CBR, which accounted for 270 billion roubles as at the end of September 2016.

Now let's proceed to the final **slide, number 10**, on the Bank's capital.

- The Bank maintained a strong capital position with capital adequacy ratios maintained at comfortable levels.
- The IFRS Basel III Total CAR increased up to 17.4% and Tier-1 capital adequacy ratio up to 10.7%.
- Capital adequacy ratios under Russian accounting standards are far above the regulatory minimum, with N1.0 ratio of 13.9% and N1.1 and N1.2 ratio of

7.6%.

Now, these were the main highlights of the Bank's financial and business results for 9 months of 2016.

Thank you very much for your attention and now let's proceed to the Q&A session.

Operator: Thank you, sir. Ladies and gentlemen, if you wish to ask a question at this time, please press the * key followed by the digit 1 on your telephone. Please ensure that the mute function on your telephone is switched off to allow your signals to reach our equipment. Again, please press *1 to ask a question. We will pause for just a moment to allow everyone to signal. Once again, that's *1 to ask your question. Our first question comes from Yulia di Mambro from Barclays. Please go ahead, madam.

Yulia di Mambro: Hi, thank you very much for the presentation. I have a few questions, please. Firstly on your corporate deposits in Q3. It looks to me like you saw some deposit outflows in the quarter, in the region of 100 billion roubles. Would you be able to give us a little bit more colour on these deposits? Were these deposits from one of your top-5 depositors and what is your deposit concentration now? What currency were the outflows in? And it looks like most of that was replaced with interbank loans, so I just want to understand why you decided to attract more interbank loans rather than using your existing liquidity, and are these interbank loans short-term and this is a temporary measure or do you expect to continue to operate with the current funding structure? And what kind of assets are these interbank loans funding on the asset side? Was some of the loan growth that you describe funded with these interbank loans or were they used to purchase more liquid assets? That's my first question.

Vladimir Chubar: Thank you for the question. You're right, we had a slight decrease in terms of the deposit book, but at the same time I want just to outline that our loan-deposit ratio was really low historically, I think you remember, we had more than 100%, this year we had even lower than 70%. So for us it was just a slight decrease in terms of corporate deposits. You're right that it was one of the top-5 depositors, a number of them, but at the same time, we decided not to decrease our asset book in terms of the bond portfolio. We decided to make more repo operations, so these bonds we have in the portfolio. So this interbank, what you saw, it was more repo. So that's why in terms of the composition of the balance sheet my view is now more close to the universal commercial bank composition than it was even a half year ago when we had loan-deposit ratio less than 70%. Thank you.

Yulia di Mambro: Thank you. And do you expect further deposit outflows? What have you seen since the end of Q3?

Vladimir Chubar: We saw a number of deposits just left the Bank, some new deposits or some deposits we have in the Bank, so we really saw no material changes in terms of deposit base in the Bank currently. And what we expect in the last month of this year, you know that every December in Russia there is a kind of big inflow of money from Russian budget and a number of Russian companies, they are receiving this money and we really expect, as usual, seasonal inflow of corporate deposits in December.

Yulia di Mambro: Thank you very much. Moving on to asset quality, so you mentioned that you wrote-off some of your corporate loans and some retail loans. It looks to me like you wrote-off some impaired loans which were past due by less than 90 days but were already impaired. What is your outlook for cost of risk for next year? And also what are your thoughts on the impact of IFRS 9, which is expected to come into force in January 2018? Have you made any estimates on the impact yet and how are your preparing for it?

Vladimir Chubar: I start to answer with IFRS 9. You know, it's better to talk about this later, because now we're just making our models and we've hired a number of consultants for this, but what we are trying to do now, we try to make some kind of management provisioning and add some extra provisions to the loans. We expect that it's better to make it there, you know. That's why we are trying to prepare ourselves for IFRS 9 this way.

But if you're asking about write-offs, yes, we did a number of write-offs in the Q3. But I didn't understand; you said that we made some of them which were less than

90 days. Am I right in this?

Yulia di Mambro: Yes, that's what I see in your numbers, so it looks like I – yes.

Vladimir Chubar: Yeah, yeah. Okay.

It's one of our biggest problems from last year, so one of the biggest Russian airlines, former Russian airline, and now we – after we had 100% provision – and after the loan of this company came to overdue, so this year, and we decided that we don't see any potential, I'll say, money that we would have from this company, so that's why we decided to write it off.

Yulia di Mambro Understood, thank you. And what's your outlook for cost of risk next year?

Vladimir Chubar: We expect it should be lower than this year. This is our target actually. And we are still making our budget currently and we are thinking anyway that it would be lower than this year in terms of the total cost-of-risk.

Yulia di Mambro: Okay, and are you seeing any new NPL inflows or is it just legacy stock that you're working through now?

Vladimir Chubar: From the last call, when I said that we don't see any new big potential or current problem loans, I can tell you the same. So currently we don't see any new big problems. So in case of, if we're talking about small and medium companies, let's say small companies - yes, but it's more processes. If I'm talking about bigger corporates from first quarter of this year, nothing new, material.

Yulia di Mambro: Okay, thanks. And my last question is on capital. So your last reported N1.2 ratio was 7.4%, that's as far as I can remember, which is quite a bit below the 8.5% Basel 2019 requirement. How are you planning on filling that gap? Are you planning to just generate capital organically or were there any capitalisation plans in the pipeline?

Vladimir Chubar: What do you mean about 2019?

Yulia di Mambro: So, if we include the combined buffer requirement for the capital conservation buffer in the requirements, the fully loaded Basel III requirement for Tier 1 ratio for

N1.2 ratio 2019 will be 8.5% and you're now at 7.4% and your loan book has started growing again. So how are you planning to increase your N1.2 ratio to 8.5% by 2019? That's my question.

Vladimir Chubar: Okay, first of all, if you're talking about current N1.2, you're right, it's a bit lower than it was before but at the same time, we think that we can generate a good profit in terms of Russian accounting standard this year and next year, so it will add some extra capital to the Bank. At the same time, maybe you saw that we registered a prospectus in CBR for some potential issue of the shares of the Bank in the future, so we are not talking about this year business, so it can be next year, we will see. Anyway, if you're asking me about this new regulation, so we just want to understand, because it's more regulation from Basel III, but if you are talking about Basel III in terms of IFRS, we are much higher than this minimum level currently.

Yulia di Mambro: I was asking about the Russian accounting standards ratios.

Vladimir Chubar: Maybe we just will look once again, just maybe to you a more detailed answer, maybe you just can send it to our IR-team and we'll answer to you on bilateral basis.

Yulia di Mambro: Sure, that's fine, thank you. And just one final question, please. So, you mentioned that the recent issuance you did makes you more comfortable with doing liability management exercises, versus perhaps one of the 2018 bonds. Are you thinking more about the senior part of the capital structure or the subordinated debt part of the capital structure in terms of liability management?

Vladimir Chubar: You know, in terms of liability management, you mean that are we going to make some kind of buy-back or not?

Yulia di Mambro: Yes.

Vladimir Chubar: Because, I mean, we just meant that we are more comfortable in terms of making the curve longer and making our name just coming back to the market. But in terms of making kind of buy-back of our bonds, I mean, senior or sub-debt, currently no decisions like this. And, you know, for me it's a bit tricky all the time to discuss with a kind of liability management if we are the Bank, because it's much more important for the corporate because they have cash flows, they have just limited sources of the cash, of the money in the liabilities side. For the bank it's much more open market, so we can make a number of different transactions in terms of taking money from the market, we can, just, you know, that we can take money from the clients, corporate clients and the retail clients. That's why, for us, was much more important when we made this transaction just come back to the market, test the market and making our curve longer.

Yulia di Mambro: Understood. Thank you very much.

Vladimir Chubar: Thank you.

Operator: Our next question comes from Greg Palffy from Pala Assets. Please go ahead.

Greg Palffy: Hi, thanks for the presentation and today's call. I was just wondering, what's your net margin, net interest margin for 2017? And also, if I'm correct, your goal was 4.0% for this year, are you guys going to reach the 4% with a stronger 4th quarter? Because quarter on quarter the net interest income was a bit weak in the second quarter.

Vladimir Chubar: Yes –

Greg Palffy That will be the first question.

Vladimir Chubar: In terms of our current year, yes, we thought about 4% but currently, as you saw from our statement, it's a bit lower and there are a number of facts for this. I personally don't think that we can achieve during last quarter 4%, because, first of all of course competition is a bit higher than we expected, number one, and number two, we have a number of transactions, number of borrowers on our balance sheet with a quite tight margin and very low risk. So that's why overall net interest margin is a bit, I'd say, lower than we predicted. But at the same time I want to tell you that our net interest income which we have currently, I think it's higher than we predicted because, as I said, we have number of transactions with a zero weighting on the capital and they are also bringing us some kind of interest income in the Bank.

Our projection for the next year, I can tell you that we hope and try to make it up to

4% and currently it's the bigger discussion in terms of budget. It's about net interest margin for next year. Cost of risk and net interest margin are two parts, we really care about much more than about others because it's – for example, fee income and number of other positions in the budget in potential P&L of the Bank, it's much easier to predict. So here we are carefully saying about up to 4% in terms of net interest margin for 2017.

Greg Palffy: Okay.

And regarding the top-10 clients, or top-20 clients, per cent of corporate loans, do you have that breakdown for 9 months 2016?

Vladimir Chubar: For, you mean? Or – so it's about 40%. Yes, top-20 creditors about 40% currently.

Greg Palffy: 40%. And the top-10?

Vladimir Chubar: Top-10, I don't have it now with me.

Greg Palffy: Okay.

Vladimir Chubar: We can answer to you, I think we have your email, we'll come back to you by email with this answer, okay?

Greg Palffy: Sure, sure, sure. I guess that was it from me, thanks.

Vladimir Chubar: Okay, thank you so much.

Operator: Again, ladies and gentlemen, if you wish to ask a question, please press *1 on your telephone keypad. We will now take the next question from Nick Sinclair from Aberdeen Asset Management. Please go ahead, sir.

Nick Sinclair: Thank you, and thank you for the presentation. I was hoping you'd be able to offer some information about where the rapid increase in credit institutions' deposits came from. Thank you.

Vladimir Chubar: Could you please repeat the question, because I didn't hear it. It was a bit loud here.

Nick Sinclair: Yes, of course. I was wondering if you could offer me some information about where the increase in credit institutions' deposits came from.

Vladimir Chubar: It came from a number of Russian entities. The biggest Russian banks and biggest Russian brokers in terms of making a repo operation, if you mean this.

Nick Sinclair: Yes, thank you.

Vladimir Chubar: Thank you.

Operator: We will now take a follow up question from Greg Palffy from Palla Assets. Please go ahead.

Greg Palffy: Yes, sorry, I forgot to ask about these pledged repos. Can you just remind us what was that in the 2d quarter? Because I calculate 27% just under repo for both the available sales securities and the financial instruments. And at the end of 2015 it was 3% and now it seems 27%, so can you just give us some colour on that?

Vladimir Chubar: That one you find in our press but could you just give us a second or if you don't mind we just can also get back to you by email because we need some time for it.

Greg Palffy: Sure. Well can you just give us colour on these? These are still a central bank type of repos?

Vladimir Chubar: No, if you mean with the repo, no, no, we are not using CBR in terms of repo operations, or most. Sometimes yes but very seldom.

Greg Palffy: These are not CBR? That was kind of used in the bank.

Vladimir Chubar: CBR is much more expensive in terms of pricing if we are talking about the repo operations. If we are talking about, for example, about FX repo, about dollars repo operations, CBR is about 1% more expensive than the market currently, and if we are talking about roubles it's almost the same.

Eric de Beauchamp: Yes, in fact it's – repo deal is with top Russian banks mainly. And to give a figure for at the end of June the amount was 266 billion roubles and at the end of September it's 234. That's the only information we have on the IFRS accounts.

Greg Palffy: Yes, okay, okay.

Vladimir Chubar: Okay, thank you.

Greg Palffy: Okay, thanks.

Operator: As there are no further questions I would now like to turn the call back to our speakers for any additional or closing remark.

Sergey Lukyanov: I thought there was another question from the participants.

Operator: Certainly, sir. Again, ladies and gentlemen, if you wish to ask a question, press *1. We will now take a question from Anubhav Srivastava from Société Générale. Please go ahead.

Anubhav Srivastava: Hello, thanks for the call. I have a question, if I may. I see good volume growth in the 3d quarter particularly on the corporate side, so do you see further expansion in the 4th quarter or was there any particular transaction which boosted growth this quarter? And secondly, if you can provide any outlook on the retail side, then that would be beneficial. Thank you.

Vladimir Chubar: So, the first question about the loan growth. Look, yes, you're absolutely right, 3d quarter was good and historically the 4th quarter is one of the best in our bank because of the seasonal effect and on the both sides, on the liability side and on the corporate – on the lending side. So I think you remember that we have a lot of companies as borrowers from the segment of retailers, so shops, malls, so they are taking money, they are taking cash in the last quarter for the new season. So we expect also the growth in the last quarter. But we will see. In terms of your second question, to be honest I didn't hear it.

Anubhav Srivastava: I was just asking in case you can provide some outlook on the retail side. Retail loan-book outlook, I mean. If you can provide.

Vladimir Chubar: You mean outlook for the loan growth for the next year? Because I hear you not too well.

Anubhav Srivastava: Yes, on the retail side, basically. Yes, I'm asking on the retail side. As you say that corporate will be better, but retail loan book is still contracting, so I'm just wondering when can we see some turnaround in this?

Vladimir Chubar: Sorry, you know the connection's not very good to be honest and we hear you not very good. Maybe we can just also ask you to send to our IR-team because really it's awful with the connection.

Anubhav Srivastava: Okay, thank you.

Vladimir Chubar: Yes, just send a question, please, and we will answer it. Okay, thank you so much.

Operator: We now have one further follow up question, sir, from Greg Palffy. Please go ahead, sir, your line is open.

Greg Palffy: Hi guys, basically the same question. The retail loan book was contracting 12%, so just like previous analyst was asking, how do you see the retail business, not only for you but also for other, I mean for the whole market? When is it going to turn the corner? Or it's just going to have, like, an L-shaped recovery at best?

Vladimir Chubar: Yes. Thank you for the question.

CBR said just yesterday or today that they are predicting a tough year for the for the retail banks, this year. And so my view that we currently in a position not to increase our risk appetite in the retail sector, in the retail lending, but next year I also think that it can be some maybe more risk appetite from our side in terms of retail lending. But not – nothing material, nothing dramatic, because we still think that we don't see kind of revival of consumer demand on a level which can really allow us to be more active in terms of the retail lending.

Greg Palffy: Do you see job losses as the main factor or, or just – I mean, inflation seems to be coming down, relatively, in Russia.

Vladimir Chubar: No, the main factor, the main factor is the quality. If we are talking about the retail lending, the main factor is the quality of incoming potential borrowers. This is the only factor. We are still not comfortable with this quality and we are still not comfortable with the average quality. And if we are talking about the other banks, I've heard that some guys, they may be ready to increase their activity in terms of the retail lending, but at the same time I don't see it in their statements. So maybe next year, but I think there's still a lot of uncertainty.

Eric de Beauchamp: Both effects, double-digit inflation plus the fact that salaries did not increase, of course it has negative impact on payment capacity of customers, so this is low quality demand, we're thinking.

Greg Palffy: Going back to the Tier-1 N1.1, which is a core equity Tier-1 for Russia, one of the analysts raised this question, I just want to clarify it. For the Russian-based accounting standards, you guys don't see an increase for 2019 from the current, I think it's 5.0%, right? So you don't see that it's going to increase? I mean, IFRS

Vladimir Chubar: No. Currently, no. We're talking about – so there is N1.1, the minimum level of N1.1 is 4.5? 4.5%, yes. And N1.2 is currently, the minimum level is – which one? Just 6%, yes. Yes, because they changed it.

Greg Palffy: Yes, right.

Vladimir Chubar: And we – currently we don't see that they are going to change it and do something. There will be just a buffer but it'll be for – not for all the banks, as I remember. So it'll be for systemically important banks.

Greg Palffy: Okay.

Vladimir Chubar: We are not in this list until now.

Greg Palffy: You're not in the – okay, you're not in this list.

Vladimir Chubar: No, no.

Greg Palffy: Okay. Okay. All right, thanks, that's it.

Operator: Ladies and gentlemen, this concludes the question and answer session. I will now turn the call back to our speakers for any additional or closing remarks. Thank you.

Sergey Lukyanov: Ladies and gentlemen, thank you very much for your attention. Thanks for being with us and please feel free to contact us if you have any further questions via email or by phone.

Additionally, we would like to announce that our team will participate in the annual Moscow Exchange Forum 2016 in London, which will take place on 6th and 7th of December. Thank you very much for your attention.

Operator: Ladies and gentlemen, this concludes the Credit Bank of Moscow 9m2016 Financial and Business Results conference call. Thank you all for your participation today, you may now disconnect.