Addiko Bank

Addiko Group 3Q21 Results: Webcast Transcription

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Speakers:
Herbert Juranek (CEO)
Edgar Flaggl (CFO)
Tadej Krašovec (CRO)
Ganesh Krishnamoorthi (CMO & CIO)
Constantin Gussich (Head of Investor Relations)

Operator	Dear ladies and gentlemen, welcome to the conference call with the management of Addiko Bank AG. At our customer's request, this conference will be recorded. As a reminder, all participants will be in a listen-only mode. After the presentation, there will be an opportunity to ask questions. If any conference call participant has difficulties hearing the conference, please press * key followed by 0 on your telephone for operator assistance. May I now hand you over to the Addiko team, who will lead you through this conference. Please go ahead.
Herbert Juranek	Good afternoon, ladies and gentlemen. My name is Herbert Juranek. I would like to welcome you to the presentation of the results of the third quarter of Addiko Bank. We have prepared the following agenda for you: In the beginning, Ganesh and I would like to give you an overview of the status of our Transformation Program and the key highlights of our third quarter results. In the second chapter, Edgar will present you more insights on the financial performance, and Tadej will inform you about our asset quality and the risk perspective. And finally, I will do a quick wrap-up before we will go to the Q&A. This page you know already. No changes in the management board since last time. But we implemented already a reorganisation of the management structure in the holding during September and October. This restructuring helps to streamline our cost base, to support our business strategy and to address the targets of our Transformation Program. Here you see the status of our transformation at a glance. We enhanced the slide from last time by the measures which we have started in the meantime. Let's start with business. Ganesh has put a special emphasis to boost our focus business for Consumers as well as for SMEs. At the same time, he and Tadej developed an initiative to accelerate the run-down of less profitable non-focus business in Large Corporate and Public Finance. We see already the first positive effects of our work. Ganesh will give you more insights on that later. Secondly, the management board has launched an initiative under the leadership of Edgar to reduce our cost base to achieve a sustainable reduction of EUR 10 million vis a vis our guidance going forward. This program includes the restructuring measures in the holding as well as cost initiatives in the local banks. We will keep you updated on the implementation progress. On our third pillar, Tadej started a group-wide program to reduce our non-performing exposure efficiently. He will give you more insights later on a separate slide. From my perspective as the CEO of the Group, I would like to give you the confidence that we are highly motivated and - even more important - progressing well. It is our clear goal to make Addiko the

leading specialist bank for Consumers and SMEs in South-East Europe. Let me give you more background on that on the next page.

We will concentrate our energy on our core markets in the countries we operate in. Our region offers not only higher growth rates than matured markets, but also provides underserved niches, especially in the Consumer segment and in the area of our targeted SME business. That is why we believe the combined strategy to grow our focus business and to generate capital by simultaneously decreasing the non-focus business will create shareholder value, although short-term income might be impacted.

We are confident that our advanced risk systems provide a sustainable advantage to execute our strategy, and we will continue with our prudent risk approach also in the interest of our shareholders. In this context, we will further invest into our digital tools and capabilities. And last but not least, cost optimisation is and will stay an important factor on our path to become the leading specialist bank in our region.

Now let's go to the results of the third quarter. Well, as of 30 September, our net profit improved to EUR 9.6 million compared with a loss of EUR 6.4 million at the end of the third quarter last year. Out of the EUR 9.6 million, a net result of EUR 3.5 million after tax was achieved in Q3.

The provisioning improved to 0.4% Cost of Risk with EUR 12.9 million after EUR 37.8 million and 1% cost of risk last year. It is important to note that no releases of IFRS 9 post-model overlay provisions are reflected so far.

The operating results was at EUR 43.5 million. This number is influenced by the cost of the management changes, regular bonus accruals and restructuring costs.

The return on tangible equity is at 2.1%, and the earnings per share are at EUR 0.49. The already announced dividend payment of EUR 2.03 per share will be paid on the 11 November 2021.

The NPE ratio was reduced from 3.5% to 3.4% year on year. The NPEs were stable at EUR 238 million. And the exposure in moratoria went down to EUR 75 million. Tadej will give you some background on that later.

Our overall portfolio behaviour is very stable, with more than 93% of our portfolio without overdues. Our NPE coverage ratio is at 71.2%.

Finally, our funding situation is solid at EUR 4.78 billion customer deposits and a liquidity coverage ratio at 224%. Also, our capital ratio is very strong at a transitional CET1 ratio of 19.8%, IFRS fully loaded at 19.1%.

Having said that, I would suggest we go on the next page and I will give you a look at the macro-economic environment of our region.

The forecast numbers that you see here are based on the studies of the Vienna Institute for International Economic Studies. The development in 2021 so far supports our view that we will see a beneficial progress going forward. We anticipate a positive outlook for our region based on household consumption and a steady recovery trend.

Of course, also this region is dependent on the development of Covid with all potential impacts as we have seen them previously. However, the positive message for the mid and long term is that our region is expected to continue to grow faster than the Euro area on average.

Ganesh will give you now more insight into the development of our business.

Ganesh Krishnamoorthi

Many thanks, Herbert. Good afternoon, everyone. I am glad to share some progress around business growth in the third quarter in the next few slides.

On page 8, I would like to highlight some key messages about our loan book development on both focus and non-focus portfolios.

Our focus segments in both Consumer and SME on the top left side of the page are showing positive signs of EUR 121 million growth and are well on track to deliver higher than 5% growth by 2021. The positive trends are also reflected in new business growth in lending, which is up by 43% year-over-year, year to date. The current focus book represents 71% of gross performing portfolio and our mid-term ambition is to accelerate to around 90%.

On the non-focus portfolio development, as Herbert mentioned, Tadej and I have defined strategies to run down less profitable and large-exposure corporate and public portfolio faster than planned. We are seeing the first effects of non-focus portfolio reduced by EUR 328 million, which is -25% less year-over-year. We believe in the short term it will reduce income generation. However, in the long term, this will help us to free up capital and resources and increase our focus in our core segments in Consumer and SME.

Moving on to Page 9. On the right side of the page, I would like to highlight the quarterly progress in three growth areas, Consumer, SME and Digital. Please let me start with the four key revenue growth levers in Consumer compared to last quarter.

Our first lever is growing net disbursements. I am glad to inform you, our several growth initiatives together with strong marketing, sales productivity and digital performance have resulted in 10% growth in our net disbursements, better than the previous quarter, beating the low seasonality effect observed in pre-Covid year of 2019.

The second lever is about growing our active customer base. Our key growth initiatives like driving digital business and launching fast cash loans with lower ticket size and lower tenor loans are driving 23% growth in new customer acquisition over previous quarter. Furthermore, our investments in data-driven technologies are helping us in better targeting our existing customers through few clicks lending mobile banking solutions and driving cross-selling up by 5% quarter-over-quarter.

Thirdly, driving high margins is a key revenue driver. With higher digital contributions, we believe that we have reached a sweet spot in risk-adjusted margins for driving growth. The market launch of risk-based pricing in Croatia, Slovenia and Montenegro this month will further balance them going forward in the next six months.

The final lever is driving the fee income up more. In 3Q21, we have also progressed well to drive 9% quarter-over-quarter increase in our net commission income, supported by higher sales in account packages in lending, complemented by higher penetration of bancassurance and recent economic revival in tourism driving more payment fees. Last but not least, we are also looking at other fixed-income opportunities through promoting instalment functionality in cards.

At the same time, we are also improving the operational efficiencies with two more initiatives:

One, our branch transformation initiatives resulted in five branch reductions in Q3 and increased operational efficiency through enhancing the customer relations role of all branch staff to sell loans.

Followed by our second initiative to combine the sales force from Consumer and SME segments, I am glad to inform you we have implemented this One Sales Force concept in Croatia, our biggest market, and we are seeing good synergies to drive operational efficiencies up and costs down.

On the SME front, our experiments to offer better services to underserved micro-SMEs through our digital platform are seeing good results and it is already amounting to around EUR 74 million new businesses with higher margins year-to-date already. We believe there is a good, scalable market opportunity to drive profitable organic growth in this focus area for the future.

Moving on to a digital-focused area in SME, we are working on further automating end-to-end digital lending platform for micro and small SMEs and enhancing it with functionalities such as loan prolongations and multipurpose frames, which will provide a better service to customers than the competition. Finally, we are also building a new best-in-class mBanking app for SMEs.

While in digital Consumer, we are working on improving customer experience, in digital loan platforms, digitalising overdrafts in our app and simplifying processes like income verification, using PSD2 functionality.

To summarise my growth session:

Firstly, we have clearly focussed on revenue-driven growth initiatives in both Consumer and SME, and they are showing good positive signs of growth results in the KPI, which you can refer on the left side of the page.

Secondly, as a digital specialist bank, we are taking future bets in embedded financing and are constantly in the process of innovating, simplifying and offering a better service and value to Consumer and SMEs.

We believe this is the key to continue to provide strong differentiation to other players that are active in our region.

Please let me hand over to Edgar.

Edgar Flaggl

Thank you, Ganesh and hi everyone.

Now on page 11, to our financial performance for the first nine months of this year in a nutshell.

On the left side of the page, you see the composition of the P&L for the first nine months, as well as, in bubbles, the quarter to date for the third quarter. On the right, we printed key operational P&L drivers for the last five quarters, as we did in the previous earnings call.

Starting on the left side: Our first nine months 2021 net profit amounted to EUR 9.6 million compared to a net loss of EUR 6.4 million in the same period last year, as Herbert pointed out already. This includes a solid third quarter profit of EUR 3.5 million despite several negative restructuring one-offs.

Net banking income continued to recover with net fee and commission income as main driver, compensating the reduction in NII due to our accelerated rundown in non-focus. This accelerated reduction, which we alluded to in our last call, is also the reason for our adjusted year-end guidance for this year regarding gross performing loans of now EUR 3.35 billion versus EUR 3.5 billion previously. As to the other components for our full-year guidance 2021, there are no changes.

The other income, comprising the net result of financial instruments and the other operating result, is slightly down versus last year. This is mainly driven by lower realised gains from bond sales, and that is simply due to less bonds having been sold, as well as one-off restructuring provisions of EUR 2.7 million in the context of the Transformation Program during the third quarter, partially compensated by lower deposit guarantee costs.

Now down to OPEX, which has been one of the key priorities of the transformation program also during the third quarter. Our operating costs would be, on a more like-for-like basis, actually at EUR 121.3 million for the first nine months if you take out the following main items:
First, the regular bonus accrual of EUR 4.7 million year-to-date, which were not included last year.
And second, the EUR 1.5 million costs for the management changes which happened in the first half of this year.

So, reported OPEX of EUR 127.5 million are now up only 2% year-to-date on a year-over-year basis, related to these mentioned factors as well as a more normalised spending specifically on marketing activities. So overall, a solid operational third quarter on the OPEX front.

Now the credit loss expenses that remain more benign than expected due to the stable portfolio quality. Tadej will provide an update and share insights on that front in a moment.

The other result is predominantly influenced by impairments on non-financial assets such as investment properties and a renegotiated IT contract that will essentially bring down costs of a main provider going forward. In addition, we had limited bookings for legal provisions related to Croatia and Serbia, reflecting the already communicated prudent approach of the team on legal risks and the dynamics during the third quarter.

Now over to the right-hand side of the page with the key operational P&L drivers and their development over the last five quarters.

With the continuous economic recovery, business activities remained on an upward trend, as Ganesh pointed out earlier which supported further improvements on both NII and NCI during the third quarter this year - despite the lost income from the accelerated rundown of our non-focus loan books.

The cost/income ratio, in a sense, continued to move in the right direction during this quarter with a third quarter OPEX run rate of roughly EUR 41 million, also influenced by positive one-offs. As a reminder, the fourth quarter OPEX usually comes in the highest in any given year. However, our third quarter OPEX run rate of roughly EUR 41 million represents a pure operational run rate, which we are considering as appropriate for the following year, not taking into account one-off costs for the Euro implementation project in Croatia during the year 2022.

Now to page 12, which once again illustrates our capital position, that remains standing strong.

The overall development in terms of capital is predominantly related to changes in RWAs, driven by increased focus business, as well as the rundown of higher RWA-weighted non-focus loans.

The fully loaded CET1 stood at 19.1% versus 18.9% in the first six months this year, while the transitional CET1 ratio remained relatively flat. The year-to-date profit as well as the accrued 2021 dividend for the first nine months of this year are not yet reflected in our capital ratios, while the remainder of the 2020 dividend, which is scheduled to be distributed to our shareholders on 11 November, remains deducted as disclosed previously.

Now, briefly, on SREP, a topic we have all been working on intensively. We have no full update on the new SREP yet. So, there are currently no changes in capital requirements or guidance. That means the 4.1% Pillar 2 Requirement as well as the 4% Pillar 2 Guidance, all to be held in CET1, are intact as of today. As previously disclosed, we expect the draft for the new SREP in the fourth quarter this year as per the standard process, and we are in good spirits that moving closer to a level playing field is possible.

And now over to Tadej for an update on our risk metrics for 3Q21.

Tadej Krašovec

Thank you, Edgar! And hi to everyone. We continue with the risk part on page 13.

Here we can see that in the third quarter we continue to observe a very robust asset quality with stable NPE ratio and even slight improvements in Stage 1 in favour of Stage 2. Share of portfolio with no delays remains the same as in the previous quarter or even quarters, with even small improvements in SME and non-focus segments.

If you go to the upper left graph, we show stable NPE in nominal and relative terms. Compared to end of 2020, NPE is even lower. And we are pushing for further reductions through initiated ambitious NPE reduction program. So, by the end of the year, we are foreseeing a further decrease of NPE.

In the bottom left part, we are showing net NPE changes by quarters. And from this we can conclude that NPE flow is under control and is supported by re-initiated auction sales that are expected to continue in the fourth quarter and were stopped or significantly decreased in the previous year.

Let's go to the upper right part. Here, the quality of the portfolio can be further confirmed by a stable portfolio structure from a Staging perspective, with a slight increase in Stage 1 as I said before, and very similar is reflected in the bottom right part of the slide. 93% of portfolio, as mentioned before by Herbert, is in no overdue category. The category of delays up to 30 days has increased but is still standing below 3%. And the absolute amount of portfolio with delays above 90 days remains stable at around EUR 163 million, which is a little bit lower than in the previous quarter.

If you go to the next page, you can see that we are giving less focus in terms of disclosure on the moratoria topic compared to previous earnings calls, since the exposure in moratoria had decreased to EUR 75 million end of September. This is significantly lower in comparison to more than EUR 1 billion a bit more than one year ago. Now, the moratoria portfolio represents only 1.1% of the entire portfolio, compared to 1.5% one quarter ago. The majority of debt, EUR 48 million, comes from Serbia, where the majority of it already expired by the end of October this year. We expect almost all of the exposure in moratoria to expire by the end of this year unless there is new moratorium legislation put in place, which we currently do not see.

The quality of expired moratoria is naturally and measurably worse than the other part of portfolio. For understanding: 6.2% exposure that exit moratoria worsened compared to 1Q20, while in the same period only 1.8% of portfolio with no moratoria worsened in terms of days past due. This is logical since clients with lower credit quality usually ask for such moratoria measure. And this naturally lower asset quality does not necessarily change when these customers exit moratoria.

Overall, we observed that EUR 51 million of expired moratoria have worsened in terms of days past due while in the same observation period EUR 38 million actually improved, resulting in only EUR 13 million of net worsening, which we would count as non-material. We are expecting that this good trend of expired moratoria not having material impact on our results will continue in future months.

If you go on the next page, we can see that the risk costs in the first three quarters were EUR 12.9 million. And this number is reflecting the described portfolio dynamics in an operational portfolio development that turned out better than expected. This number results in relatively low 0.37% Cost of Risk on net loans with Consumer and SME portfolio naturally generating provisions, while the development in non-focus produces releases. These releases come mainly from mortgage portfolio.

The upper graph on this slide shows the composition of credit loss expenses in the first three quarters. The majority of allocation was driven by the Consumer segment, which results in 1.38% of Cost of Risk and is in line with our expectations for the first three quarters. Low Cost of Risk was seen in the SME segment with only 0.23%, while the non-focus segment asset contributed to provision releases in a positive Cost of Risk of 0.62%. As mentioned, these releases were mainly driven by our mortgage portfolio.

Let me point out, as I have said also before, that the updated macroeconomic forecast is not yet reflected in ECL models and ECL calculations.

In a conclusion: We observe a continuation of an overall robust asset quality and limited payment delays that are on the level of the previous periods.

The moratoria volume and share have materially decreased, and we saw further reductions already in October. The loans that came out of moratoria have not had a material effect on our books, even though their performance is lagging behind the average portfolio. No cliff effect was observed so far, and we continue to monitor portfolio developments very closely.

Risk costs in general are better than anticipated. While the positive macroeconomic forecast is not yet included in ECL results or ECL calculations. Going on, we are expecting economic recovery and economic growth to continue. However, there is a certain volatility arising from Covid, and inflation trends remain high.

With that, I hand over to Herbert for the wrap-up.

Herbert Juranek

Thank you, Tadej.

Let's come to the outlook for 2021. We are committed to our goals and leave the guidance on NBI, operating expenses, CET1 ratio, other result and credit loss expenses unchanged.

Due to our Transformation Program and the accelerated rundown of our non-focus portfolio, we further sharpened our guidance for gross-performing loans from EUR 3.5 billion to EUR 3.35 billion at the end of the year.

Based on the current economic environment, we see us on a positive path to grow our focus-business furthermore. At the same time, we will continue to work on the Transformation Program to improve the bank further.

Our next steps are the following:

On the 11 November, we will pay the dividend of EUR 2.03 per share, in total EUR 39,585,000.

We will continue our professional cooperation with the ECB. This means we are dedicated and working on the regulatory topics in relation to SREP, AQR and stress tests. We expect a draft letter of

	the SREP process towards the end of the year and the finalisation of the AQR in the first half of 2022. We are currently quite busy with the review of the mid-term plan and the preparation of the budget for 2022. The year-end results for 2021 are scheduled to be presented on the 9 March 2022. At the same time, we strive to give you an update on our mid-term guidance and our dividend policy towards the end of the first quarter of 2022. With that I would like to conclude the presentation. Thank you for your attention. We are now ready for your questions.
Operator (Q&A)	Thank you. And we will now begin the question-and-answer session. If you are on the conference calls and have a question for our speakers, please dial 0 and 1 on your telephone keypad now to enter the queue. Once your name has been announced you can ask a question. If you find your question is answered before it is your turn to speak, you can dial 0 and 2 to cancel your question. If you are using speaker equipment today, please lift the handset before making your selection. If you participate via the audio webcast you can write questions why the Q&A function of the webcast by pressing the question mark button. One moment, please, for the first question. There are currently no questions via the telephone lines.
Constantin Gussich	Okay, thank you, operator. I have received a couple of questions from Hugo Cruz of KBW. And I will read them out one by one and ask the Board to answer them. So, the first question: Other income was quite weak, and the presentation talks about lower income from bond sales. Can you give guidance for the normal quarterly run rate of bond sales and what was reported in 3Q21?
Edgar Flaggl	Sure. Hi, Hugo, although you are not there, thanks for the question. This is Edgar speaking. The other income you are alluding to in terms of bonds is specifically related to the financial result. And if you combine it with the trading result, you get the net result on financial instruments. So, the net result on financial instruments year-to-date as of the third quarter amounts to EUR 4.6 million, of which EUR 0.5 million were related to bond sales in the third quarter standalone and pretty much the same amount related to the trading result. Now, when it comes to an average quarterly run rate, it is a bit difficult because, you know, selling bonds is not a linear business throughout the year. But the average during the year 2020 was,

	combining those two elements, EUR 2.9 million net result of financial instruments. And the average this year, the first three quarters was EUR 1.5 million. So, given the whole interest environment and developments, I would expect going forward that rather to reduce slightly from the EUR 1.5 million which we had this year as an average during the first three quarters. Now, the third quarter standalone last year was actually EUR 4.9 million, just from sale of bonds quarter-to-date. And this is predominantly the reason where the difference comes from.
Constantin Gussich	Then here is question number 2 from Hugo: What were the legal claims in 3Q21 for? Any guidance on this going forward?
Edgar Flaggl	Thanks for the question as well. First, in Croatia. Just once again, also to get all new listeners up to speed, the topic at hand is not a new one and it has been with us for quite some time already. As previously disclosed or explained in the earnings call for the first half 2021 results, where we booked actually north of EUR 7 million on this topic and communicated that we do not see this magnitude as a natural run-rate going forward. At the same time, we explained that we will, of course, continue to refine the assumptions in our model on a regular basis, on the basis of facts that we have access to, at a certain point in time when this assessment is done, i.e. on a quarterly basis. Now the small addition in the third quarter continues to reflect this prudent approach. Second, on Serbia. The loan processing fee topic in Serbia is also not a new topic and got slightly larger attention during the last months. Our third quarter booking in that context reflects these dynamics by employing our tested model on one hand. However, since we are a smaller player in Serbia, we are also less impacted. And a recently published document by the Supreme Court of Serbia towards the end of the third quarter also defused the situation to a certain extent. So, this should be, based on information that we have today, less of an issue going forward.
Constantin Gussich	Thank you, Edgar. Then here is question number 3 from Hugo, on tax rate. Tax rate was very high in 3Q21. Can you please explain what drove the miss here and give guidance on this going forward?
Edgar Flaggl	Okay, so on the tax rate. Maybe if we even go back to the second quarter tax rate, it would even be higher. So, what we need to understand is, taxation is done on the pre-tax profit of the operating entities. And since the holding is only a cost contributor and does not generate a positive profit before tax, the tax rate on the pre-tax profit, which includes the cost of the holding, always looks a bit higher. From a guidance perspective, we have in the past

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	since our listing, a guidance for a normalised tax rate of 21% for the full year. And that should still be valid.
Constantin Gussich	Then here is Hugo's last question. Mid-term guidance and dividend policy will be updated in 1Q22. Is this with the 4Q21 or the 1Q21 results presentation?
Edgar Flaggl	I think that question Herbert answered already in his wrap-up. And the answer is from a time perspective very close with the full year 2021 results.
Constantin Gussich	Okay, thank you, Edgar. Then I have a couple of questions on the webcast, also from Mladen Dodig of Erste Bank. Since *1 does not seem to work. Question number one: The reduction dynamic is substantial and impressive. Will there be same or similar amounts reduced in 4Q21?
Herbert Juranek	Maybe if I start here and then my colleagues chime in. We have the clear ambition now that the portfolio shall be restructured, and we want to move faster towards our target business model. And this combines two things. One is to grow our focus business more intense and faster, but controlled, with the necessary risk tools in place. And at the same time, to reduce our non-focus business on an accelerated path. What does that mean? It means that we will focus, on the one hand, on profitable business. So, all what we do in the new business area shall be profitable to the full extent. And the second part is that we also want to reduce our concentration risk on that. Maybe if Tadej can comment on this part.
Tadej Krašovec	Yes. To give concrete numbers how the portfolio will go down is hard since there are several approaches in this reduction. What we are doing is leaving amortizing loans to go down with no new financing. And at the same time, looking for the options on the market to sell some of the loans that have a negative profitability. And such selling process happens when it happens. And it is because of that very hard to forecast what the numbers will be in each quarter. But we follow this accelerated decrease strategy in non-focus segments.
Edgar Flaggl	Maybe, this is Edgar, just to briefly chime in here. This is one of the reasons why we sharpened our gross performing loans outlook for the full year slightly down to EUR 3.35 billion versus previously EUR 3.5 billion.
Constantin Gussich	Then here is the second question from Mladen. The approval rates for loans, I believe they were part of Slide 39, can you give us an update? Thank you.

Tadej Krašovec	Sorry, here I don't remember that we were showing that, but this is where Edgar will jump in.
Edgar Flaggl	Yes, maybe briefly. We usually show that on a half-yearly basis and not in the first quarter or third quarter. We will, of course, include that again in the full-year deck. Now approval rates - and Tadej, Ganesh, feel free to chime in - have slightly been inching up. But the prudent risk approach remains the key anchor of the strategy and will continue to be such anchor.
Constantin Gussich	Here is the last question from Mladen on CHF provisions. Were there any in 3Q21, or the amount is referred to 2Q21? Would there be more in the other results in 4Q21? Thank you.
Edgar Flaggl	Well, let's dissect the question one by one. So, first of all, the amount in the third quarter is EUR 2.5 million related to Croatia and EUR 1.4 million related to Serbia. So, I think both I already explained before and also previously. Now, with regard to Q4. Also as mentioned previously and also as disclosed in our last earnings call, we are assessing the situation on a quarterly basis. We have limited amount of data still and try to reflect the best possible picture on the basis of the data and the facts and figures that we have at the point in time. And this is the reflection on what can be booked. Now, can there be a further addition based on today's data? No, but we don't know yet how the rest of November develops, and December develops. So, we will see. But as mentioned previously, the magnitude of the second quarter run-rate we do not see as a natural run-rate, if any, going forward.
Constantin Gussich	Then I have one last question here on the webcast from Csongor Nemeth: What are the plans of management with the potential excess capital the banks would have in case the new upcoming SREP is lowered by the regulators by, for example, 100, 200, 300 basis points?
Herbert Juranek	Thank you for that question, Csongor. We can answer this question if we know what we will get and what the result will be from the SREP. And we expect that, as I said or as we said previously, this year, at the end of the year. And then we will, of course, discuss it with the regulator, the interpretation of the results and then we will form our management opinion. And my take would be, our target is when we give the new guidance at the end of our first quarter next year, we could give a more concrete and specific answer to this question.
Constantin Gussich	Okay, then I probably just read out Mladen's last comment in the webcast: Thank you very much and congratulations on the results.
Edgar Flaggl	Well, thanks, Mladen. It's a pity you are not dialling in.

Constantin Gussich	Okay. I do not have any more questions on the webcast. Back to you, operator. Do you have anything on the phone line?
Operator	No, there are no questions via the telephone lines.
Herbert Juranek	In that case, I would like to thank you for your attention and for your participation. We look forward to our next call in the year 2022. And in the meantime, we as a management team, will focus on the improvement of the bank. Thanks a lot for participating. Goodbye.
Operator	Ladies and gentlemen, thank you for your attendance. This call has been concluded. You may disconnect.