

Q3 Results 2009 Press Conference
SwedBank
2073075
Michael Wolf
October 20, 2009
10:30 am Greenwich Mean Time

Michael Wolf:

Good morning, everyone. We have experienced yet another hectic quarter with the completion of the rights issue being the main event. We saw quite significant interest in the rights issue and we had therefore a oversubscription of 87%, or almost 88%. We're also quite proud of the fact that so many small shareholders participated this time, and that was very much thanks to the pretty extensive information effort from our side. With the rights issue in place, the shareholders have shown their responsibility in ensuring our competitiveness going forward. Our positional strength will be utilised to continue to operate with competitive services. It will enable us to act rationally and long-term when it comes to repossessed assets, and of course we'll use it to improve the quality of our funding. Our short-term priorities will remain.

The four focus areas that you know about now I think is the asset quality issue, the earnings capacity issue, funding, and finally capital management. If we start with asset quality, I'm pleased to announce that we continue to reiterate that the level of impaired loans will level off during the second half of 2009, and the numbers in the third quarter confirm this trend. Apart from intensive efforts in the work-out units, we are preparing our-self for taking over assets. In that context, we have established a company called Ektornet; and we have recruited a seasonal and experienced real estate guy as CEO, so we'll now start to man up this organisation. Our pre provision earnings for the first nine months is at par with last year's nine months numbers, even if we were facing significant market-related headwinds. Repricing continues, and the capacity adjustment that we announced in the second quarter is running according to plan. In the area of liquidity and funding, we continue with our prudent approach. We have in the quarter prolonged the maturity profile of our funding with two months, so we're now up to average 20 month. The rights issue has helped us to gain access of funding outside the state guarantee system at competitive prices. All in all, we issued SEK 50 billion in long-term funding outside the state guarantee in the third quarter. All this enables us to start to look ahead and set the strategy for the medium-term. We are though a quarter late, mainly due to the efforts to bring the rights issue to a closure.

So in the fourth quarter, strategy will be our main focus area. First and foremost, we recognised a new environment, and we welcome it. It fits well with our traditional view of banking, and it fits well with our heritage. Our medium-term strategy will evolve around our core strength, our position in the four home markets, but also we will move to - - gradually towards a stronger tilt towards the Nordics and Sweden in particular. Our change journey will take time. We already announced that we think it will take three to five years to complete. We're moving our-self from a conglomerate to a unified group. We are facing significant cultural and structural challenges in this journey, and that will require investments in infrastructure and personnel. We'll come back with more details

in conjunction with next quarter result presentation on this strategic rotation of ours.

Let's turn over to the performance in the third quarter in the different business areas starting with Swedish Banking. I must say I'm very, very pleased with the Swedish Banking performance despite the recession that we're in. Credit losses remains very low, and we don't see any significant up pick on that side, so very robust performance in Sweden. In the Baltic Banking, we continue to face a harsh reality, but it's very pleasing to see that Estonia stands out and looks strong, while Lithuania and Latvia is slightly weaker. International Banking is still affected by the poor performance in Ukraine. The only positive is that we're starting to see the end of the tunnel when it comes to impaired loans. Göran will come back to that. Markets have had a phenomenal performance the first nine months. Seasonally the third quarter is our weakest, even though we're performing above the third quarter of 2008. Looking at Euribor, they are benefiting from this strong up pick in the equity markets. When it comes to market share in terms of new saves, we have seen increase since the bottom of the summer. And after the quarter, we also agreed to compensate clients in three Estonia funds. The background is that the local regulations have not been entirely clear, nor have our fund regulations; and in light of this, we thought the right thing to do was to compensate clients for this unclarity.

With this, I would like to hand over to Erkki who will go through the financials in more details. Please.

Erkki Raasuke:

Thank you, Michael. Good morning as well. As (inaudible) so nicely introduced, so I'm going to do the figures now. Yes indeed, we're operating in a challenging environment, and these challenges are also seen at our results, also at our third quarter results. First six months 2009, we saw very strong trading results and also our results were helped by some of the extraordinaries. They were particularly sizeable in the second quarter. Third quarter, we have some of the extraordinaries. They are mostly cancelling each other out, so what we see is perhaps more continued and clean numbers, if we can put it this way, and we also see continued pressure on the earnings of our Eastern European businesses. Group net interest income was falling slightly more than 200 million over the quarter. As already Michael was introducing, Swedish Banking is showing very resilient and robust results, and I'll be back into that. We see business contraction in the Baltic Banking as well as International Banking, particularly Ukraine and banking inside of International Banking and a part of this business contraction is obviously seen also that our revenues are getting smaller, and I also will open that one up in the following slide. Swedbank Markets had a strong NII over the third quarter, but their results should be seen in combination also with net gains and losses which were slightly weaker over the third quarter. Nevertheless year-on-year, but the four months has already said quite a strong as human *[sic]*. If we look more closer to so called headwinds, what we have in around our revenues, particularly in the Baltic Banking and International Banking scene, then we're seeing historic low interest rates, and we as a bank with - - in our four home markets where we have sizeable pools of demand deposits while interest rates are falling, our asset yields are falling, but the part of our liabilities cannot be repriced, so this has been putting significant pressure on our Baltic Banking revenue developments, and here we also have tried to open up that what are the contributing factors really to the NII reduction in the Baltic Banking

and you can - - we surely see that the largest part of that is actually Europe interest rates, which have been falling from 5.25 year ago to the almost 1% level.

Also over the third quarter, Swedish regulators were putting in place the stabilisation fee, and this one is rolling back to the full 2009, so we took it on over the third quarter and that was in a size of 195 million, 110 million of that were posted to the Swedish Banking. We do see the increased overdue loans in Baltic and Ukrainian Banking, and this obviously is also putting pressure to the revenues as part of the loan portfolio does not earn any more income. We have sizeable open local currency positions in the Baltic Banking. This is a unique position what we have, only one in the market, and this does not come without a cost. But we retained these positions, they have been built over the almost decade, and we maintain these positions as long as we starting to see the improvements in a macro scene. But this is actually also quite a substantial cost to our Baltic business to have these positions. And there is a general deleveraging happening in Central Eastern European markets so all of all the loan portfolios are getting smaller and business is contracting, so this is a natural phase in the cycle what we are seeing where the revenues are under the pressure. But few of these same contributing factors are actually also positive or giving us a positive outlook in medium-term. I said we have just largest pool of demand deposits and that every uptick in interest rates, if that is starting to happen, in particularly in euro area, we starting to benefit very quickly out of that. Over the third quarter, interest rates were falling another 30 basis points. Let's hope that we have been bottoming out. We probably going to be around this level - - levels for a while. But once interest rates are starting to climb, our business model is going to benefit on that. Already mentioned, also open currency positions. Once when we have a better outlook in macro scene, we're starting to close down these positions, and that also will enhance our earnings, meaning we can do actually - - we can and we will do more of the local currency lending, which is generally higher yielding lending in our Baltic operations. And finally then repricing is going on throughout the portfolios. We think that it's going to be fairly long process in the Baltic Banking where really it takes due to the product specifics but also due to the high credit concerns, credit risk concerns right now, so this process cannot be speeded up over limits at that point of the time. But to get back to the sustainable interest spreads and margins in the Baltic Banking, this is going to take some time, but eventually we will see significantly bigger margins in these markets.

As we have been discussing also in the previous quarters, we are continuously witnessing high volatility in our net gains and losses. Third quarter was giving some valuation effects in Swedish Banking, which is more directed to the funding of the Swedbank Mortgage, our SEK 650 billion sizeable portfolio. And partly these negative effects should be seen as a slightly stronger than expected NII in Swedish Banking, which I was just explaining a few slides ago. In Ukrainian Banking, inside of International Banking, we had regulatory driven effects losses, which partly were actually offsetted by positives directly into the equity. We have adjusted our accounting treatment - - treatments and we also have been acquiring some regulatory waivers from the Ukraine regulators, which would allow us to close down our effects positions and to get rid of that volatility in the coming quarters. So any change, further change in (inaudible) change rate, we're starting to see that through the equity and not through the P&L, so we should see that as extraordinary impact over the third quarter. And as already mentioned, Swedbank Markets had generally year-on-year quite a solid

performance, particularly if you combine the net interest income together with net gains and losses, but it is seasonally lower or slower period and there is quite a drop from the quarter previously and also first quarter where Swedbank Markets was showing the historically high income levels.

Moving on to the expense side, then quarter ago we were discussing our capacity adjustment plans as our business in Central Eastern Europe is contracting so we also adjusting our capacity down. So we're putting up our plans for the second half of 2009 and first half of 2010 and here we tried to show is that we are actually quite well following these plans in terms of the reducing the headcount, so we are about half there for this year. All in all, this is - - I'm just repeating something we also discussed quarter ago, if we Swedbank Group at peak of its headcount, about 22.2 thousand people, second 2008 within current plans we're seeing this to come down about 20% at least when we reach to the bottom part of the cycle.

I need to apologise for the next slide. This is... It's slightly technical, but this asks some explanation. We have had some challenges to get our tax treatment genuinely reflect the increased loan losses during the 2009. So we started the year off with making some quite the sizeable deferred tax assets in Ukrainian market but then became over more concerned of the tax treatment in that market going forward and we have been writing back this deferred tax asset. That means that when we are currently facing the losses in Ukrainian market, so we do not take any tax benefit out of these losses at this point of the time because of the many regulatory constraints in there. So it's a rather conservative approach. In the Baltic Banking also where it has been slightly (inaudible) right to get the levels right in terms of recognising in a tax accounting the losses, and we in the third quarter were probably slightly over conservative here. We have a sizeable part of our business also which is in profitable markets and in profitable business areas and there is a fairly constant tax charge on these businesses and also going forward. But I was putting up this slide because we were reporting tax charge of over 700 really in the environment where the full year, our tax charges is just about 900 and going forward we should see - - over the coming few quarters we should see the more normalised numbers in between SEK 300 to 350 million, so we have been taking - - we have done some catch-up here and we are taking the higher tax charge over the third quarter.

So if we tried to sum up then the figures, then total income in third quarter was 8.1 billion. It's lower than it was quarter ago, but it is - - the difference is really coming out from the extraordinaries and lower trading income mostly. I was also explaining quite the sizeable change in tax treatment and that should be more normalised going forward, and we ended third quarter then with net operating loss of 3.3 billion, which is about at the same level as we were in the first quarter. Third quarter has been particularly strong in terms of performance of debt capital markets, and we obviously have also been benefiting out of that. Starting from July, debt capital markets have been generally rallied. The funding spreads have come in, markets have become deeper, a lot of positive events. We put in place our rights issue and, as already mentioned a number of times, one of the goals of the rights issue was also the moving away from the state guarantee program. We are currently in the middle of this quest, and I will comment that slightly closer in a following slide as well. But being in the middle of that quest, we are maintaining our very high liquidity buffers for the time being.

We are cash flow positive over the coming 24 months. And as there are still many moving parts and partly also unknowns is that which way exactly we can navigate to the position whereby we're not going to use state loan guarantee program going forward then we for ensuring this path, we keeping the high liquidity reserves. These reserves also be coming with a cost. We are ready to take these costs right now to not threaten this part we're at.

I said strong debt capital markets together with our rights issue have improved our access to the market base funding quite significantly. In the third quarter, we initially expected that we will be quite slow or quite quiet, but as the markets have been a strong so we actually have been issuing more than 50 billion long-term financing outside of the guarantee program. This was something if we just roll back quarter and half of two quarters this was absolutely not doable at that point of the time. So we also have increased our short-term net position in short-term financing by another 50 billion also outside of the guarantee. It's fair that quite a bit of that financing part is fairly short-term and you were seeing that in a previous slide as part of our liquidity buffer. But this is clearly sign that there is a deepness and there is a path we can walk moving away from the state loan guarantee program. I said when we announced our rights issue mid July, after that we haven't been using the loan guarantee program after that. The loan guarantee program was prolonged, as you know, and we have also applied for participation in that, but that's really a backdrop for us if the market will turn unfavourably once again. The current plan is not to use it going forward. We also have reduced our central bank repo dependency more than 40 billion over the third quarter. At the peak, we were at the 250 billion there, so now it has come down to the 165 billion. And we also have continued the steps what we did over the - - mostly over the second quarter prolonging maturity profile of our wholesale funding. We started the year with a 14-month maturity profile, which was extended by the (inaudible) 18 months we have moved further another two months, and that is something we seek to continue but keeping (inaudible) that we don't hurt our net interest income, so that is a major balancing act.

So with that part, the figures are over, and I hand over to Göran.

Göran Bronner:

Thank you, Erkki. Before moving into the numbers, I just want to say that the asset quality in general in the third quarter for the expected path both in terms that we started to see positive early signs of the deterioration levelling off some signs of improvement, and that's very good. But also that problem areas that we are facing are the same that we saw in the second quarter, so the PEP* kind of problems and also (inaudible) where we see stabilisation were also the same and that gives us comfort.

Moving then into the development of impaired loans, they increased during the quarter with SEK 6.1 billion, but stripping out a very positive strengthening kronor effect in the real increase was SEK 8.9 billion. That is slightly less than that what we had in the second quarter, so it's a slight positive sign going forward. What are the regional differences then? I think Sweden's (inaudible) considering where we are in this recession, it's really good quality. We have actually seen a decrease of the impaired loans in Sweden with a little bit more than SEK 250 million. We have also just recognised provisions of SEK 115 million so considering this being one of the worst recessions in Sweden, so far the quality is extremely good. I also would like to point to Estonia. We saw last quarter that there was a clear difference between Estonia and the 200 Baltic countries, and

that has been clarified further during the third quarter that that's the case, not only in our book, but also I think in the macroeconomic indicators that we are seeing that Estonia actually are a different animal than the other two countries and developing well. Then moving on to the more problematic part of our portfolio, I think it's fair to say that Latvia has improved somewhat, even though we have seen high political risk lately. Lithuania is slightly worse. But the big worse development has really been seen in Ukraine where we now have almost half of the portfolio being impaired. The only good aspect of that is of course that we're coming to the end of the portfolio.

Positive signs then. I mentioned Sweden definitely and Estonia, but perhaps most importantly is that we are seeing the growth rate of impaired loans in the Baltics, all three Baltic states coming down in this quarter compared to the prior quarters. It's an earlier indicator. It's too early to say we're over the hill, but it's definitely a positive sign.

Moving into provisions, we have taken SEK 6.1 billion in provisions. Out of that 2.3 roughly is Ukraine, a little bit more than 3 is the Baltics, while the rest is a mixture of Sweden, Norway, and Russia. The provisioning ratios are left roughly the same. We've reduced them somewhat in Ukraine, but on group level they are still the same. There has been a reallocation from group collective provisions over roughly SEK 2 billion into individual assessed provisions, and that's quite natural as the work-out units are becoming further advanced in their work, so more to be expected of that as we go forward. Total provisions now in the group stands at 22.5 billion where we have roughly 7 billion in group collective. If we think we are in the middle of this crisis roughly now, I think in terms of write-offs it's still quite early days. It's a little bit less than 800 million during the quarter that we have actually recognised as write-off, but that will increase going forward.

So the restructuring work done, I think it's fair to say that work-out units now have been up and operating at full speed more than a quarter and we have on the Baltic portfolio, we are more than 70% through the corporate portfolio in terms of having an active business plan and ongoing discussions with the clients. We will aim to be 100% through that portfolio by yearend. One negative aspect that is coming to surface for us in the Baltics and especially in Latvia of course that when we move into recovery phase, then we need to repossess collaterals, the court and the legal system are becoming over crowded in some of the Baltic countries, and the legislation also are - - needs to be changed in order to speed up this development. That is something that we are putting pressure on the authorities going forward. Ukraine, we have been through main part of the portfolio. We still think that during next quarter there will be an increase of impaired loans. But since we now feel that we have come through the portfolio and the visibility for us are increasing, we have this quarter started to reduce the provisioning ratio from 101% to 92%, and we think that will be the case going forward as well as we don't think we will lose 92% or what is being classified as impaired. Sweden then, the positive part of things. Just want to emphasise that the Swedish operation is generating fantastic returns and very low level of problematic loans. And if we look at the (inaudible) developments where you have sort of pre impaired that has increased very - - for the very small amount during the quarter, which is also sort of sign of the good quality. Of course, it's very early days, and we would like to see the exit strategy on the normalisation of interest rates before we say that we're through it, but we are cautiously optimistic

on this part. There's nothing in the quarter that makes us change the previous guided provisioning ratio to between 30 and 50% during the cycle.

Then we have as we have earlier announced put in place now Ektornet AB, which is a wholly owned subsidiary of Swedbank AB where we will book all our repossessed collateral that we are envisioning sitting with for some time. It will be a completely independent organisation from the bank with its own processes, its own reporting and systems and also with people working there with completely different skills done running a bank. This is very much about real estate management. So far what we are seeing there are going to be most dominantly real estate-related assets being booked in this company. There are very few industrial companies that we could become shareholders of at this stage, and that's very positive as well. The organisation will be fully operational at year-end where we will dock in all the current overtaken real estate that we have different companies in the banks, in the system, and we will establish business plans for each asset that goes into this company or in order to see to it that we have covered all the risks before we take it over and there will also be an external valuation of the assets before they move from the bank into this company. We have employed an experienced CEO, as Michael was mentioning. We are very pleased with that. It means a lot. And going forward with the visibility we're having today, we're estimating that the repossessed assets going into Ektornet will be in the range of SEK 5 to 15 billion and mainly out of the Baltic countries.

Leaving asset quality then and looking at capital management, risk-weighted assets has been reduced with 44 billion in this quarter as well, which is of course quite a significant number and that has been partly helped by the strengthening of the Swedish kronor and also by the deleveraging continuing in Eastern Europe, but also that we have worked very hard with improving the processes and collateral positions and also seeing to it that our book is becoming repriced. Going forward we think there will be less possibilities for us to continue to reduce risk-weighted assets in terms of improved processes. On the other hand, we think that the credit demand and the deleveraging in the Baltic countries will continue the next quarters, and the big unknown for us is of course what the credit demand in Sweden will do on the corporate side, but we are after the rights issue transaction ready to follow our core clients and if credit demand picks up, we will increase there if we see healthy transactions.

Lastly then moving to the capital ratios of the Bank, I just want to show this picture. It shows where the core Tier 1 capital ratio were at the start of this year, which was 9.7%. We have taken losses of 8.7 billion during the first three quarters. We have managed to reduce the risk-weighted assets to counteract that, and we actually by the end of the third quarter have a better capital ratio than we had at beginning of the year, even though we have taken 20 billion in provisions during the first nine months. I think that's - - it show strength. On top of that in order to be secure for the future and being able to control our own destiny, we have during the third quarter completed the rights issue. That puts the capital or core Tier 1 capital ratio one of the strongest in Europe.

With that, please.

Michael Wolf:

I just want to take the opportunity to summarise. I think we could say that at the end of this quarter, we were also at the end of the first phase of our recovery

journey. All the things we have done in the last two quarters have been with the focus of being long-term and reestablish more traditional banking model. We have raised 15 billion in capital. We have reduced risk-weighted assets with more than or 90 billion. We have put in place resources and structures to handle the work-out units, and we have also adjusted capacity to ensure that we are right size for the future. So with that, we will now start looking slightly more towards the future and hopefully enjoy a better environment going forward.

With that, I would like to hand over to Thomas, who will open for Q&As.

Thomas: Okay. Do we have any questions? No, no, we start here.

Male Speaker: Thanks. (Inaudible). **I was just wondering, I looked at the full-time employees, which are now down 7% year-over-year, meanwhile the fixed staff costs are up 1%. Are they fixed in a new sense or are they actually going to come down to some extent that (inaudible)?**

Erkki Raasuke: Yeah, obviously these two trends should go hand-in-hand, so there are some timing lags in there and a lot of this also what we were reporting to in - - I won't flip to the slide, has been actually very crowded at the later part of the third quarter. So, yes, you should expect to see the similar trends in staff cost side.

Male Speaker: **Is it possible to say anything about the timing or is it just eventually?**

Erkki Raasuke: The demands for the changes which have happened over the one quarter, you should start to see them in - - mostly on the following quarter already.

Magnus Andersson: Hi. Magnus Andersson at ABG. **I have two questions. First of all, you highlighted your large pool of demand deposits and your sensitivity to rising interest rate primarily in the euro area. Could you give us a feeling for potential sensitivity in Sweden given the interest rate - - given the hedge you have in place and the duration of that? And secondly, on Slide 15 where you highlight the growth in 60 days overdue, if you could give us a feeling for if you think there might be any seasonal effects coming in there in the Baltics with the season be coming higher energy bills, et cetera, or if this trend could very well continue.** Thanks.

Göran Bronner: I think it's very early days. I don't want to draw too many conclusions, but of course it's a positive first sign. The seasonality of it I think considering what goes on in the Baltics, I think the seasonality is a minor affect of things.

Erkki Raasuke: Yes, Swedish NII and dependence on the level of the interest rates. The hedge has been there in place. We have been communicating the average duration of the hedges is around 2.25 years, so... And while we're going forward also some of the hedge part is falling off we are replacing, so the effectiveness of the hedge is slightly reducing over the time, but it is long enough basically to give a strong cushion still over the coming quarters. So in our last two quarters, the hedge contribution has been about the same magnitude close to the 450 million per quarter, so this is - - it's well done that it was put in place and that this has been greatly, yes, enhancing or protecting actual NII earnings in Swedish Banking. Once when the interest rates are starting to raise, we actually do have full flexibility to navigate and run this also the hedge down, so therefore not necessarily losing out from the further increased interest rates in the Sweden.

So this is... Also there is a hidden upside in Sweden if the rates are starting to raise, but we have navigated away from the downside, what the rate drop has been giving to us.

Magnus Andersson: Thank you.

Male Speaker: Hey. **(Inaudible)**...

Michael Wolf: (Inaudible)...

Male Speaker: **(Inaudible)**...

Michael Wolf: (Inaudible)...

Male Speaker: **(Inaudible)**...

Michael Wolf: (Inaudible)...

Male Speaker: **(Inaudible)**...

Michael Wolf: (Inaudible)...

Male Speaker: **(Inaudible)**...

Michael Wolf: (Inaudible)...

Maths Liljedahl: Yeah hi. Maths Liljedahl, Nordea. **A few questions related to Ektornet. To give a range of 5 to 15 billion of assets being taken over there, do you have a timing of when could we get some clearance of the move and also how you intend to capitalise Ektornet then fund it. And also if you could shed some light on Lehman in the quarter, especially the legal process there.** Thanks.

Göran Bronner: I think in the Ektornet, there is a gradual ramp up that will take place and what we will see coming in during 2009 and '10 we can - - we have a rather good visibility on. Then we have a number of cases where we will have to move through the core system in the Baltic states where it becomes problematic at what time they will come into Ektornet as it will be later 2011 as the system works today. With regards to capitalisation, we are capitalising it basically as (inaudible) as possible at this point in time because we are not envisioning that we will exit Ektornet. We are in a build up phase where we will actually take in assets, then I think the whole structure with regards to capital will be reviewed later on and it goes very much for financing. The thing I could say about financing is that we are choosing to have local currency financing in the Baltic states but with a somewhat subsidised straight to what the end clients would get.

What was that? Lehman. In Lehman, things are progressing according to plan. I mean we have a part of the portfolio that you have been seeing in papers reporting about that we are in foreclosure process, so some assets will be coming to Ektornet with regards to Lehman as well, and I we have already repossessed one assets in Los Angeles, a small parking lot, but a good return actually. We managed to rent it out for 6% return so... But we have... During the quarter, we have seen two more defaults. We have had one loan completely

repaid and (inaudible) I think is one - - another loan that has been completely repaid as well. Overall when we look at it from a provisioning position, nothing has changed.

Peter Grabe: Peter Grabe, Handelsbanken. **Two questions. I mean firstly with loan losses in Sweden of 115 million pretty much nothing, you have impaired loans actually declining in Sweden in Q3, has your view and assessment of potential problem areas in your Swedish lending book changed on the back of this? Secondly, how do you assess the potential development in impaired loans in the Swedish portfolio in coming quarters?**

Göran Bronner: I think we still see - - if you could say the more red areas or the problematic areas, it's the same as we saw before. We are looking at the same spots for potential problems, so nothing has really changed I would say. Going forward, I think it's unreasonable to think that we should reduce impaired loans going forward for the next coming quarters, but it won't... If nothing changes dramatically, it won't grow either with a very high magnitude. I don't think so.

Peter Grabe: Thanks.

Thomas: Do we have any further questions?

Male Speaker: **(Inaudible)...**

Michael Wolf: (Inaudible)...

Male Speaker: **A question on mortgages. On the new lending you're down to close to 20%, I think. Where do you see sort of the (inaudible) the area where you will not sort of go below?**

Michael Wolf: I think our focus is to give good advice to our clients and to focus on their balance sheet. Of course long-term being the largest retail bank, we need to have a sufficiently large market share in this segment and we will be protected to that, but short-term we will act rationally and also try to make our clients see the dangers in the low interest rate environment and try to get them to see the benefits of acting prudent.

Thomas: Do we have any further questions? If not, Michael.

Michael Wolf: Okay, thank you very much and look forward to seeing you at the fourth quarter result presentation.

Please Note: * Proper names/organisations spelling not verified.
[sic] Verbatim, might need confirmation.
- - Indicates hesitation, faltering speech, or stammering.