Question and Answer

Ram Kangatharan
Former Chief Operating Officer

Okay, are there any questions?

Richard E. Wiles
Morgan Stanley, Research Division

Yes. From [indicernable]Southern Cross. That's an FY '11 guidance. What assumptions do you have for your margins? And the other one is the 50% ROE, are you still confident of hitting it by 2011?

David Paul Liddy
Former Chief Executive Officer, Managing Director and Executive Non-Independent Director

I'm going to get Ewan to cover that. Margins, sorry, but I'm going to get Ram to cover the ROE.

Ewan Cameron
Former Chief Financial Officer

And in terms of the Net Interest Margin, we're currently traveling on 1.63. And should there be no further asset repricing, there'll be a few basis points deterioration to that as higher cost of funding kind of weighs in and the lower cost of funding rolls off. And so, the big question is, what opportunities exist to reprice the assets? And that's part of the driver, the range and the cash impact between $220 and $250.

Ram Kangatharan
Former Chief Operating Officer

As you know, when we went to the market looking for capital back in '09, we wanted to give guidance on the ROE potential of this model. And the big question at the time, was kind of a regional bank to get to a 15% ROE? As you know, we raised excess capital following that in September '09, which diluted our ROE from about 11% down to the 9.5% level. That's when we set the target that we will require in the sort of the Capital- lite space and high margin space, which will deliver about 1.5% benefit to ROE. We've delivered about 1% of that 1.5% as guidance. So that's about 2/3 of that objective that we set out. The other component that was very big at the time of giving that guidance was the efficiency drive, which was meant to bridge about a 2% ROE gap. As you see from the chart today, that's not off the chart. Because we have, I think, delivered to the level expected. So two of the four big components to bridge the gap, that are within management control, we've now delivered on. The two components that are outstanding, NIM and bad debt. Now we have partial control over there, but our belief is that if markets normalize, we're going to prove that the model is capable of producing that 15% ROE. And we're able to now also quantify all of the government debt we issued, which is taking about 1.6% off that ROE right now. So there's $56 million of pretax expenses going through the P&L that you can be absolutely guaranteed is going to roll off at that term debt matures, we should give a natural lift to that ROE as well.

Scott Robert Manning
JP Morgan Chase & Co, Research Division

Just a question if I may on the Equipment Financing. Can you just give us bit by a little [indiscernible] of residual SME[indiscernible], have you? And also, if you look that potentially six [indiscernible] is going back for some recent months, if you extrapolate that, will you take that back in history over various periods. Can you just give us some numbers where it's likely to fluctuate the economic cycles?

David Paul Liddy
Former Chief Executive Officer, Managing Director and Executive Non-Independent Director

The portfolio is pretty spread. Majority of the portfolio is in things like office equipment, some trucks, computers, and so forth. It's pretty well spread across the SME segment. So I wouldn't want to say, specifically which industry because it is well spread. Majority of these business originated through brokers.

It's an Australian-wide business. Portfolio quality, we continue to linger all throughout of the GFC. And there's no doubt that we picked up business throughout that period that has now one in distress. The Queensland SME economy is still going through a lot of pain, as I believe SME across Australia is. So if you look at the debt peaks, going back a couple of years ago, with the corporate's -- where the first impact of that certainly showed up with the big banks. The next segment was the Commercial segment, and that showed up again with the big banks and our emphasis is in SME, we flight [ph] two years later. I expect an improvement in our portfolio purely on the basis of the approach that we've taken to it. And the collective approach that we have taken to it. It's now under new management with Keith. But I still don't think that the SME segments are out of the woods, but I'm confident that we can improve our position in that area. It's a core business for us, and it's a business that we intend to grow.

Scott Robert Manning
JP Morgan Chase & Co, Research Division

Do you think that volume – around 1 7 is what you see going forward or?

Ram Kangatharan
Former Chief Operating Officer

Traditionally, this portfolio has performed at about 2/3 the level of arrears appears to be looked right through historical averages. And the only difference emerging is because as David said, we lent through the GFC. We're now at peer group level. So as the peer group piece catches up because they're now starting to lend again, and you find that goes back to 2/3 available which should be about one.

Operator

Our next question comes from the line of Victor German from Nomura.

Analyst

Just a question on the capital. I think you were saying that you still feel like you have some surplus capital. You get the opportunity. If we look at your capital position on Tier 1 [ph] basis, it appears that you're not that far away from 7% and the regulators both locally and globally has been reasonably clear and set that, that is where they want C1 to be. Can you just reconcile for us where exactly do you see surplus capital, and what are the differences between your assumptions than just the -- what would be regulator are telling you?

Ewan Cameron
Former Chief Financial Officer

Currency one is at 8.7%?

Analyst

Not on a core Tier 1 basis though.

Ewan Cameron
Former Chief Financial Officer

We really look at Tier 1, and we managed above 8%. We're currently 8.7%, and that gives us about, $160 million of excess Tier 1 capital in total.

Ram Kangatharan
Former Chief Operating Officer

I think you're assuming that current hybrids are not going to be grandfathered and that's not our expectation. We actually think the terms of our hybrids are pretty solid even on the new requirements.

Analyst

No. Actually, [indiscernible], by definition, core Tier 1 is excluding hybrid. So if I look at your Tier 1, excluding hybrid and excluding some of the deductions that you will have to make under Basel III, your core Tier 1 number is just a little bit above 7%. I'm just wondering, as we get into 2013 when you will need to run under the new requirement, does that mean that we will need an equity raising or it can keep than the excess capital that you see today?

Ewan Cameron
Former Chief Financial Officer

Well, again subsequent to year end, we have converted the directs to ordinary shares, which was an option that we had. And so, that was I think the only part of the Tier 1 that was at question whether the interpretation will change. And so, that has gone [indiscernible], the only hybrid Tier 1 is less it's perpetual shares, which we don't think is any risk to that would be considered non-Tier 1. And we're not anticipating that Basel, any Basel changes would require us -- in itself to issue any additional capital on a Tier 1 basis. But obviously, given the growth projections we're on, at some point, capital raising over the next two years would probably be required.

David Paul Liddy
Former Chief Executive Officer, Managing Director and Executive Non-Independent Director

Any acquisition we've made, Victor, of any size would require capital.

Analyst

And if I can also touch upon that your Net Interest Margin expectations, as you said you already have account margins of around 1.55 or just below that, going into 2012, you're hoping to get to 1.75. Would you give us an idea of the mix within that in terms of what you will get from your asset side versus liability side, in order to get to that number?

Ram Kangatharan
Former Chief Operating Officer

Yes, currently our NIM is 1.63. We got benefits which weighs in for the full year from the CIT acquisition, which raised NIM at an annualized basis by about 10 basis points. And so, even though, the second half was a 1.55, we are currently sitting around 1.63. Should the current rates continue in funding, so if there's no improvement in the marginal funding rates, and they weigh into our portfolio, and there's no further asset repricing, then of course, NIM would continue to deteriorate by approximately five to 10 basis points across the year. So in order to reach 1.75, the assumption is both the expectations that we would see some improvement in the funding cost both retail and wholesale, which we are seeing some signs of recovery there. And also, there's an anticipation, which I think the market expects at some point is that there'd be some out-of-cycle raises. But we haven't necessarily baked those in fully to our projections for next year hence, the range between 220 and 250. I think part of that is cloaking half in terms asset reprices.

Operator

The next question comes from the line of Wes Nason from Citi.

Wes Nason

Question on the bad debt. You sort of indicated, David, that you expect the first half of next year will be probably flat on second half of this year. Just given the content in the presentation about arrears for those trend down, just wondering why are you giving that guidance up? I guess, I would have read it, you might start to see the improvement in the first half?

David Paul Liddy
Former Chief Executive Officer, Managing Director and Executive Non-Independent Director

I didn't want to waive a promise, Wes. But we believe that bad debts have reached the height of the mountain, so to speak. We put in a lot more effort into the collection process. As Ewan pointed out in the slides, we've seen an improvement in both the 30-day arrears and the 90-day arrears. So I’m as confident as I can be without a crystal ball to say where we're going.

Wes Nason

And if I could just push for one more. Liquidity levels, I think, you said you're on about 7.9% of the moment. I'm just wondering under the proposals, under the IPS 210, the liquidity changes, where do you see yourself sitting once that's implemented?

David Paul Liddy
Former Chief Executive Officer, Managing Director and Executive Non-Independent Director

Well, our internal goal is to exceed 14% to 15%. So we've been carrying surplus liquidity all year, but it was certainly bolstered because of the securitization issue that we did in December. I don't think any of the details of the ball changes if being finalized yet, so I'm not going to try to second-guess where that might fit, but we'll always maintain a conservative liquidity position going forward.

Operator

The next question comes from the line of Ben Anderdaker[ph] from CBA Equities.

Analyst

Just a question about your expectations in terms of the loan growth and then if you look at the deposit side and funding, just how aggressive you want to be in chasing deposits and a bit more color if you like on the environment you would expect in terms of chasing deposits, and pricing your deposits?

David Paul Liddy
Former Chief Executive Officer, Managing Director and Executive Non-Independent Director

Well, look, retail funding in any bank is core. And we've certainly like to improve that core retail funding base. The last 12 months has been particularly competitive, with all banks chasing quite high-cost funding. In terms of retail points there, I will ask 12 months retail funding, it's bit more expensive than wholesale funding. Look, we're addressing the situation. We're never going to be a price leader. We've got to be competitive, but what we are doing is innovating in terms of product range, and I'm expecting the two products that are announced earlier will help attract new funds from existing customers and new funds from other customers. So look out. Our sales model is the most productive sales engine in Australia. And we've chosen not to inhibit that over the last 12 months. We've, obviously, had relative ease in raising funding, but the cost that's funding, we've got little control of. That's market depicted in the wholesale markets and also in market related in the retail markets. But I'm confident that I will improve our retail funding base. That's always been a goal of ours, and we'll maintain growth in our core-lending products.

Analyst

To adjust understand and as well, what sort of level would you like to see of total funding from deposits? And I know it's a bit of a moving target, but what's your current view on that?

David Paul Liddy
Former Chief Executive Officer, Managing Director and Executive Non-Independent Director

I'd like to say 100%, but that's probably unrealistic. Ram's got a view because he's got the proposition as a KPI so looking him to answer that.

Ram Kangatharan
Former Chief Operating Officer

Ben, as you know with lending, we've always said that we're not completely immune from system growth. But at the heart, when system growth was sitting at seven, we said we'll still do 9 to 10. We've delivered on that despite the system sitting in about four. So we are a little bit immune to the system growth fees on the lending side. On the deposit side though, it is hot price competition, which is why we are turning to product innovation to try to offset that price pressure. But if you look at all those initiatives, it takes time to build balances in those products. So I think, what you can expect is in the short run, we'll try to keep above the 50 to 60 we've been doing traditionally on retail deposits coverage. And going forward, you'll see that incremental increases as these initiatives start to build momentum.

David Paul Liddy
Former Chief Executive Officer, Managing Director and Executive Non-Independent Director

But if you got any spare money, Vince, put that into that new account of ours.

Operator

The next question comes from the line of Chris Williams from UBS.

Chris Williams
UBS Investment Bank, Research Division

The first is, if you look at your acquisition ROE targets of 25% to 30% when the acquisition is completed and then we look at your profit guidance range your cash and profit guidance range for FY '11, it implies that all of your profit growth from FY '10 to FY '11 is coming through those acquisitions? I just want to make sure I've got that correct, and understand the swing factors across that guidance range, I think you pointed to margin being and re-pricing being one of the key one.

David Paul Liddy
Former Chief Executive Officer, Managing Director and Executive Non-Independent Director

We're trying to be conservative. I think the growth in those two new businesses, I think it's undoubted, and the performance are nice. We're confident of growing our core businesses. But as Ewan pointed out, we're not necessarily confident on what reprocessing initiatives will happen in the marketplace. We're building to that, but I can assure you that we'll continue to grow our core bank and our equipment finance, and if I can less than half year, I'll give a further update on where we see that guidance, so I can't be more specific than that right now.

Chris Williams
UBS Investment Bank, Research Division

Just looking now at your 25% to 30% target. If you annualize the two months contribution from CIT and St Andrews, it suggests that are you running a little bit better than that? That's dangerous, to annualize two months. Am I missing anything there?

Ewan Cameron
Former Chief Financial Officer

This is Ewan. You can't really just take the months we earned from the acquisitions and multiply by six to get to the forecast for next year. Because prior to our acquisition, both these businesses were in kind of run-off mode due to CIT circumstances, the trouble that their parent was under. And I guess in order to maximize profits, they had started winding down the front end of the business, which are in the process of rebuilding back up, which adds costs, day 1, but the income side to that will trail. Obviously, in to certain extension, St Andrews, had been the same position. So we're investing the front end, which will slightly depress the 2011 projections. But I'm promised by both Keith and Ram that it's going to pay dividends in the following year. So both of those businesses are investment mode. So that's going to slightly depress the profits and the ROE in 2011.

Chris Williams
UBS Investment Bank, Research Division

My second question is again on CIT. If we look at the disclosures on Slide 19, it shows $9.5 million of net interest income for that two-months, and again, not wanting to get too carried away with annualizing that, am I right in assuming that's not an average interest turning asset price at about $475 million and therefore suggest that you're earning 11% to 12% spreads on that business?

David Paul Liddy
Former Chief Executive Officer, Managing Director and Executive Non-Independent Director

To that light, we got Keith and Ram to answer to want to answer question directly'

Chris Williams
UBS Investment Bank, Research Division

And so that's the one of clarification, I mean what sort of collective production charge would you expect to take on an ongoing; basis against that business, new business?

David Paul Liddy
Former Chief Executive Officer, Managing Director and Executive Non-Independent Director

Yes, I think the main difference in the IT leasing business is that NIM line incorporates as a rental product, the leasing product, a combination of income in the stream as well as end-of-term renewal income, so that where there is a combination of factors in that line, not just a straight yield on the original deal.

David Paul Liddy
Former Chief Executive Officer, Managing Director and Executive Non-Independent Director

I'd also like to emphasis that as Ewan mentioned, the CIT Group was in a run-off mode, there was a season there wasn't a lot of new business written through the GFC so in terms of a long run average, we will be able to give much better guidance at the end of this financial year than where we are today once the new business is starting to flow through that book.

Chris Williams
UBS Investment Bank, Research Division

And on your collective provision, clearly out of your CORE guidance is about day-to-day normalization. But this book, I'd imagine given the spreads has to take a significantly higher release collective provision charge against residential mortgages.

David Paul Liddy
Former Chief Executive Officer, Managing Director and Executive Non-Independent Director

Certainly, residential mortgages but in terms of the mix of our business, we have a range of consumer or small business and some large corporate exposures. Our commercial, both small business and large corporate provisions and delinquency performances being excellent and has continued to be at a manageable level over the last 18 months, it actually has reinforced, I think, the model through the economic downturn, the model on IT leasing is very resilient. We have seen some consumer increase in delinquencies and the last probably, we saw an increase from November through January and then it's been on a downward trend for the last four months. So the general provisioning level, we are very, very comfortable with, and the loss performance and delinquency performance is -- we're very, very comfortable with.

Chris Williams
UBS Investment Bank, Research Division

If you take a close look at, you can probably work with the reserve coverages is on the $470 million of assets as well.

Operator

Next question comes from the line of Mike Wiblin from Macquarie.

Michael Wiblin
Macquarie Research

Can I just ask, are you seeing an improvement in deposit competition at this point, relative to your second half? And just also the double barrel on this one, at CBA we're talking about two basis points per month of margin pressure. What sort of margin pressure are you seeing on a per-month basis?

David Paul Liddy
Former Chief Executive Officer, Managing Director and Executive Non-Independent Director

I think, the deposit market has cooled from what it was and because of their distribution methodology if like which is a relationship based approach, we would expect to grow above systems that gain market share if you like in that front. We haven't had to be a price leader to achieve that. The heats come out of -- my savings account is still competitive right out but then when we need the 7%, 7.5% for several months back. I'm not aware of what Ram said, so we're not seeing a decline in NIT margins going forward though.

Ram Kangatharan
Former Chief Operating Officer

I already mentioned that if there are no further asset repricing actions, NIM would deteriorate

David Paul Liddy
Former Chief Executive Officer, Managing Director and Executive Non-Independent Director

On the deposit side.

Ram Kangatharan
Former Chief Operating Officer

Five to 10 basis points across the whole book.

Michael Wiblin
Macquarie Research

Just a follow-up question on the non-NIIheadwinds, can you just refresh us on those and what's the FY '11 impact will be, on the ATM and also, are the changes deferred?

David Paul Liddy
Former Chief Executive Officer, Managing Director and Executive Non-Independent Director

I don't think -- on the summary page, which is Slide 43 of the presentation, we haven't been specific in terms of the actual dollar impact, of each of those initiatives you're always saying these are the headwinds we that we haven't tried to clarify the benefits of the tailwinds either so I prefer to leave it at that.

Operator

Next question comes from the line of Brian Johnson from CLSA.

Brian D. Johnson
CLSA Limited, Research Division

If I look at Slide 7, the efficiency really seems to have come through in the staff cost, can you just run us through what's happening there, and what are the outlook for the staff cost?

David Paul Liddy
Former Chief Executive Officer, Managing Director and Executive Non-Independent Director

I was talking around so I missed your question, I don't know whether anyone else heard it. Can you repeat it, please?

Brian D. Johnson
CLSA Limited, Research Division

If you have a look at Slide 7, most of the improvement in much of the great performance of operating cost side seems to have come through in the employee expense line. So we get a feel as to what you specifically did there to deliver the great employee expense outcome, and what is the outlook for employee expenses in 2011, 2012 in terms of unit LIBOR rates and also staff numbers?

David Paul Liddy
Former Chief Executive Officer, Managing Director and Executive Non-Independent Director

It all stems back to Project Pathways, where we went through a major restructuring of businesses. So if you refer back to the impact in March '09, that's when we took decision to reduce the cost of our head office, and unfortunately, at that stage, and hundred-odd people left BOQ. So that's reflected in that as you're probably aware, despite our staff numbers, 50% of our staff are actually employed by our owner-managed. So we maintained a very lean head office but sufficient to meet our needs going forward. So we don't expect any further efficiencies if you like, certainly, not from a headcount perspective.

Ram Kangatharan
Former Chief Operating Officer

Brian, you should notice that the 2010 numbers does include two months from the acquisitions as well, right?

Brian D. Johnson
CLSA Limited, Research Division

The second question is just on the amortization of software the fact that we’ve written off $38 million of software, what is the amortization savings that we will see going forward in '11 and '12 just by virtually writing off the software, am I right in getting these amortized over three years?

Ram Kangatharan
Former Chief Operating Officer

Average life will be a little bit more than that Brian, but the exact number for next year we don't know.

Brian D. Johnson
CLSA Limited, Research Division

If I go back to Chris' question. This resulted delivered these numbers delivered a result of $197 million. If I take $106 million into the local ROE of 25%, that's $26.5 million of incremental profit, take off the $5.8 million NIM contributed this period, that would suggest to me your baseline of $218 million. What I'd be interest is, if your guidance ranges between $220 million to $250 million, would you agree that if you in fact to deliver $220 million results that would be very disappointing?

David Paul Liddy
Former Chief Executive Officer, Managing Director and Executive Non-Independent Director

Yes we would. We look forward to reading your report, Brian.

Operator

Next question comes from the line of Elizabeth Rogers from Goldman Sachs.

Analyst

I just want to ask a quick question with regards to your securitization target, so you're talking about $1.6 billion to $1.8 billion securitization rates in FY '11. How are you guys expecting the changes with regards to ATS 120[ph] to impact the cost of that funding? Are you seeing investor appetite for those junior tranches or are you expecting you have to wear the capital charge that goes with those?

Ram Kangatharan
Former Chief Operating Officer

We're seeing improvement in investor appetite, and in terms of the funding costs on the senior notes, an improvement there too. The $1.6 billion and $1.8 billion return there, the $1.6 billion that is in the warehouses already. We don't yet have a view as to when that may be termed out and what rates we might get. Obviously, we'll look to take the optimal timing and try and get the best rates possible. We don't think that the change to ATS 120 [ph] are going to change the investor appetite. Obviously, it could have an impact on the capital efficiency of securitization. But still, it's a very attractive and competitive source of funding. However, we look at it. We're not -- we're working with the regionals right now. Obviously, you can look at the change and say, clearly, that requires a higher level of capital. But that's not the solutions, we make chose to sell those lower tier retained interest out of the bank, which would obviously attract a higher cost of funding than the senior notes. But the final solution – we've not really landed on it, there is still a lot of work to do on it over the coming months.

Ram Kangatharan
Former Chief Operating Officer

Also, probably it's worth noting that the AAA tranches are not getting price like AAA at the moment. So if the total cost is going up because of the lower tranches, you'll actually find that there's going to be pressure back on the investors, and you'll probably find the yield on the higher-rated stuff going down, so it's too early to say how this is going to play out.

David Paul Liddy
Former Chief Executive Officer, Managing Director and Executive Non-Independent Director

I think the government have a lot of initiatives in terms of looking at potentially an extension of the Australian officer's financial management and they're role in the securitization in Australia so we've seen quite significant investments to date, and I'm encouraging the government to continue to invest in that field with the main date to help lower cost.

Operator

The next question comes from the line of Brett Le Mesurier from Axiome Equities.

Brett Le Mesurier
Axiome Equities

I just want to clarify something that you talked about earlier being that the increased funding cost produced 10% margin decline from the first half to the second half. The net interest spread fell by 16.28, 22 over that period, so there was another eight basis points, could you comment on what was that?

David Paul Liddy
Former Chief Executive Officer, Managing Director and Executive Non-Independent Director

I'm not sure we can answer it off the top of our heads. Brett, we may need to come back to you on that. Sorry.

Brett Le Mesurier
Axiome Equities

The second question relates to the excess liquidity that you were talking about. Could you give me an indication of the sort of assets that you currently hold in that excess liquidity. And related to that, or maybe differently to that, you didn't seem to have junior tranches of your securitization issues that you're holding. Can you comment on the size of your holdings of your own securitization tranches?

Ram Kangatharan
Former Chief Operating Officer

Yes. Brett, I don't think we'll give that information out until we get into a landing on exactly how to get ATS 120 [ph]is going to be worked through with the regulator. I think that would be premature and is likely to mislead.

Ewan Cameron
Former Chief Financial Officer

On the whole thing, the liquidity book is primarily in high-quality assets. So a lot of AA bank paper, government paper. Primarily 70% would be -- 75% plus would be short term in less than one year maturities.

Brett Le Mesurier
Axiome Equities

What proportion of that is government paper?

David Paul Liddy
Former Chief Executive Officer, Managing Director and Executive Non-Independent Director

Treasury we're going to have it [indiscernible].

Ewan Cameron
Former Chief Financial Officer

10, it would be about 10% to 15%. It changes daily, weekly depending on how we are trading it. Brett, you know that into the APRA regulation, we put a wide high quality liquid ratio that we managed to serve. If your concern is about our liquidity, we've got a regulator in the room, I can tell you they should be none.

Brett Le Mesurier
Axiome Equities

And so you would include your holdings of both your senior tranches of your securitization issues in your liquidity portfolio?

Ewan Cameron
Former Chief Financial Officer

No.

Ram Kangatharan
Former Chief Operating Officer

No.

Operator

The next question comes from the line of Matthew Davison from Merrill Lynch.

Matthew Davison
BofA Merrill Lynch, Research Division

The first related just to the FY '11 guidance. Just based on some of your earlier responses, should we be assuming that absent any acquisitions that cash impact guidance doesn't involve any capital being issued in the coming year? And I guess, would the ETS 120 issues move that outlook around?

David Paul Liddy
Former Chief Executive Officer, Managing Director and Executive Non-Independent Director

Certainly, there's no new capital raising including those predictions. I'll pass to Ewan.

Ewan Cameron
Former Chief Financial Officer

In terms, we've got landing and figure out what we decided to do on ETS 120, it's too early to see whether we change our capital strategy for the coming year. Related to the 40 basis points of capital impact, potentially, that would be absolutely the worst case, which should equate to that $80 million to $85 million of capital difference. But that's within our current surplus capital.

Matthew Davison
BofA Merrill Lynch, Research Division

Any major acquisition -- a significant acquisition would require a capital rising?

Ram Kangatharan
Former Chief Operating Officer

I think we've had a long stated guidance and an expectation. Unless there's changes in regulation or acquisitions, our target is to generate enough organic capital to support the growth that we have organically, with only the natural DRP take out. So anything that kind of comes from left field, you can expect us to either doing underwriting on the DRP or raise capital depending on the size and nature.

Matthew Davison
BofA Merrill Lynch, Research Division

Just second question, just going back to the other retail portfolio quality issue. Just wanting to understand the move from sort of 1% to 1.68% in arrears. Is that related to the definitional issues or is that more of a business issue? And if it's a business issue, could you just expand a bit more on the drivers over the six months?

Ewan Cameron
Former Chief Financial Officer

I am sorry, I think we just experienced a number of customers, a small, a very small proportion of customers missing a payment, following the Christmas period, which was led to the arrears starting to increase around February, March. And so, as normal what we do is start working with the customers to try and get their facility back under their limit. That's largely happened during the period from April through August. And so, you really just trying to get your customers to pay extra every month in order to basically pay-off the interest, that is capitalizing the loan and brought over their limit. When you look at the underlying collateral, that portfolio is secured by residential property units and is well secured in our average the across the banks and the 60s when you look at the ones that are over, they are not much different than that. So it's a very low-secured portfolio, just a case of working with the customers to together back under the levels.

David Paul Liddy
Former Chief Executive Officer, Managing Director and Executive Non-Independent Director
And if you look at bad debt expense in that segment, plus the provisioning coverage, we're pretty comfortable with where we sit. Okay, We've got to cut if off, I think. Is that it or can we? That's it. Okay, everyone. I'm sorry, we are out of time, apparently. So, thank you very much for participating. If there are any other questions you wish to ask, Ewan or Ram or myself, please don't hesitate to give us a call. Thank you very much. Thanks, everyone, for attending.