Question and Answer

Craig Anthony Williams
Citigroup Inc, Research Division

Craig Williams from Citi. As tempted as I am to ask about next week's margin performance, I'll perhaps focus instead on your dividend. Your dividend's been flat for 3 halves now at $0.30. Your profit has improved again this year, and your Tier 1 ratio has fallen for 3 halves now though. So can you discuss the prospects for dividend growth in the next year or 2, given that your risk-weighted asset drag currently appears to be bigger than your organic capital generation in a basis points sense as you set it out in your capital diagram? And can you talk about securitization and whether or not -- you currently have 17% of your funding there, whether or not that can actually move above 20% because my understanding is that Moody's have sort of tended to consider 20% of secured funding as a pressure point for credit ratings?

Richard Fennell
Executive of Customer Banking

All right. Look, the decision to leave the dividend at $0.30 this year, I think, reflects a number of things, one of those is our absolute capital levels but also just the uncertainty that is in the marketplace at the moment. We thought it was a conservative position to take. Having said that, it's $0.60 given where our share price was, and I'm not sure where it is right now but it's about a 7.5% return for our shareholders before franking credits. So I would hope that most are pretty comfortable with that sort of return, and it is for the full year, right in the middle-of-the-board target range of 60% to 70%. Now I'm not going to expect for the board but I don't expect there to be any change in that target ratio. We do model regularly our organic capital generation, and we're comfortable that we can generate enough capital between what we would generate organically and what parts of the business that's coming from, along with a number of the initiatives that are still outstanding that we are working through to generate capital. They include the sale of those subordinated notes. There are a number of other initiatives as well. There's a number of matters that are still outstanding for us and a number of other banks that were involved in acquisitions and mergers over the last few years from a tax perspective, which have the potential to have some positive impacts. And there are some other things that are in the pipeline that we won't be disclosing. So all in all, from a capital perspective, I'd expect the dividend payout ratio to stay pretty close to where it is now. Assuming we can continue to improve our performance, then that will lead to increased dividends. From an RMBS perspective, we're pretty comfortable with the percentage we've got there now. It tends to be not driven by a target ratio. We go to that market where we think there are opportunities to fund using that market at appropriate prices. And it's driven -- the timing of those deals tends to be driven by what sort of growth we've been getting through other channels both on the asset and liability side, and therefore, whether it makes sense to go and use that market. I'd expect we'll continue to use that market at a similar level to where we are now but in our discussions with reg [ph] agencies, we haven't had anyone try to put a hard cap on that or anything like that. But I wouldn't expect at some later to be doubling the amount of funding we're getting through securitization.

Unknown Analyst

Ian Rogers [ph] from Banking Day [ph]. So, Richard, can I get you to please to elaborate on the capital management issues around the subordinated tranches in securitization? Does banks still have to hold equity tranches? I'm just not sure what the APRA requirements are and what the ratings are like, how the investor expectations are? And I'm hoping you can talk to that issue in the context of the long-running discussions between regional banks and smaller securitizes and APRA about their regulatory standards.

Richard Fennell
Executive of Customer Banking

Well, I won’t comment on discussions between ourselves and APRA or anyone else in APRA for obvious reasons. But the way -- our most recent deal is probably a good example of the way we like to continue the securitization deals in the future, and that was a deal we structured where we were able to sell all of the subordinated notes to third parties. As a result of that, that was fully compliant with APS 120, given that when we use the term reinterpretation of that, that occurred a bit over 6 months ago. And so for a deal like that, we got capital relief for that transaction. So we, at claims side, we do not have to hold capital against the $1 billion worth of assets that we sold into that deal. Previous to that reinterpretation, we like, I think most securitizers we're holding some of those bottom subordinated notes, and so we were taking some credit risk as such. Under APS 120 was seen to be not a full transfer of credit risk. And as such, we've been asked to hold some capital against those. If we can sell those subordinated notes now in the secondary market, then that gives us the opportunity to move those particular transactions or the pools of assets underpinning those transactions to a more capital-efficient position by not having to hold the capital against those.

We’ll just open up to questions on line and then we’ll come back here.

Operator

[Operator Instructions] Your first question comes from Victor German from Nomura.

Victor German
Nomura Securities Co. Ltd., Research Division

If I could just ask 2 questions. Firstly, should we assume that your effort liability management is broadly consistent with the past trends? And if I look at the market expectation now, where, or the market, I should say, is expecting a number of rate cuts in the next few years, is that going to put pressure on your earnings? Or have your balance sheet management changed?

Michael John Hirst
Former MD, CEO & Director

No. I think, Victor, that our balance sheet management is appropriate. And we wouldn't expect to be in the same position we were previously. Having said that, and a shock to the interest rates where you might get an immediate 3% cut or something like that would prove difficult for everybody I would think. But in a normalized market, falling rates or rising rates, we'd expect to be able to cope with that.

Victor German
Nomura Securities Co. Ltd., Research Division

Okay. So we shouldn't expect to see more of declines like we've seen in the past with reduction, just a normal 25 basis point reduction in rates?

Michael John Hirst
Former MD, CEO & Director

No.

Victor German
Nomura Securities Co. Ltd., Research Division

Okay. And the second question, I just wanted to maybe get a bit of clarification on the write-down of impaired intangible software assets, just if you can let us know what that relates to and to what extent you're comfortable with the other intangibles or in particular, software intangible assets on your balance sheet? Because in the past at the Tier 1, one of the regional banks used to have a consistent habit of writing this off. Should we just hopefully not expect more write-downs from you guys?

Richard Fennell
Executive of Customer Banking

I certainly hope not. The write-down that is reflected in these accounts relates to a couple of software implementations we completed. One of those was relating to the CRM software that we have implemented. The software, as Mike alluded to, is actually producing very positive impacts for the business, but not all of those impacts can be reflected in a pure accounting perspective where we’d need to do a forward-looking cash flow basis valuation on that. So what we have done, for example, with that one is reduced the carrying value of that software on our books along with 1 or 2 other softwares. That's the major one. That assuming we continue to get similar value from that software going forward, I wouldn't expect there to be any further write-downs. But the accounting rules around these things are very clear and quite strict, and so we needed to reflect that once we'd implemented it and had some history of its performance reflect the view of what direct benefit would flow from that.

Victor German
Nomura Securities Co. Ltd., Research Division

And what P&L benefit does it give you next year?

Richard Fennell
Executive of Customer Banking

Well, it gives us a range of benefits. But a better understanding of our customer base, allowing us to target more appropriately promotions and campaigns is one of the things that is helping to underpin the above system growth on both the asset and liability side. There are also some cost savings that have come from implementing it that are part of that but...

Victor German
Nomura Securities Co. Ltd., Research Division

I just meant from not amortizing it, how much benefit do you get?

Richard Fennell
Executive of Customer Banking

It would be a couple of million dollars a year, I would think. Actually I don't have the number off the top of my head but I can get back to you on that, Victor, it's not a negative amount.

Operator

Your next question comes from Jonathan Mott from UBS.

Jonathan Mott
UBS Investment Bank, Research Division

Just a couple of questions. The first one to Rich, just on something that you mentioned, I think, in Craig's question was a potential capital benefit from tax on M&A. I just wanted to say, are you alluding to something that WestPac just got with the St. George derivative gains? Is that what you're trying to allude to there? And then as a follow-on question, just with the credit ratings, apparently now rated A by both Moody's and Fitch and then positive outlook by S&P. If you do get that upgrade so [indiscernible] have you in the A category, how will that change both your funding and your strategy going forward?

Richard Fennell
Executive of Customer Banking

Well, I'll take the first one. On the tax issues, we actually brought to account in the first half of this year a benefit from the hedges that we had on the books at the time of the merger, along similar lines to the tax benefit that St. George have undertaken. There are a number of other potential tax benefits. The government asked the Board of Taxation to undertake a review, which they have undertaken in relation to deductions for merger-related assets. There are a number of those that we're awaiting rulings on, which have now gone into a holding pattern whilst the government considers the application of that law and the review by the Board of Taxation. If the government does not change the law retrospectively in these matters, we are hopeful that we would get some positive outcomes in relation to those requests for ruling that we've got in with the tax office at the moment. But obviously, the tax office can't rule on those until this review is complete. So it is along similar lines to those deductions for hedge positions. There are other assets, that according to the existing tax law, we believe, provide us with significant deductions on the back of that merger, but that's all sitting with the government at the moment with the review they've asked the Board of Taxation to complete.

Jonathan Mott
UBS Investment Bank, Research Division

Could you potentially quantify that? If everything goes your way, how large could that be in dollar terms and capital terms for Core Tier 1?

Richard Fennell
Executive of Customer Banking

Look, I've -- given the uncertainty around all these tax matters, I think at this stage, we'd rather keep that one a little close to our chest. And if it is -- if things do break our way there, we will be very quick to inform the market of the implications.

Jonathan Mott
UBS Investment Bank, Research Division

And the question on the ratings?

Michael John Hirst
Former MD, CEO & Director

On the ratings, Jon, it's highly unlikely that it would change fundamentally the retail wholesale mix for us. What it would do is give us a little bit more flexibility around the wholesale markets that we might be able to access. So whereas now in an economic sense, we're probably tied to the securitization market from a wholesale point of view, and we do want to see that market kick along because we think it's important for competition, if we receive that third upgrade, then that would do 2 things for us. I think it would enable us to access the domestic term market relative to the securitization market, especially as it would mean that our debt would become repo eligible, and I think that's probably quite helpful for most investors. And I think secondly, it probably also allows us to put our toe in the water in respect of perhaps some more short-term issuance as well. But in the basic fundamental of retail versus wholesale, you wouldn't -- I don't think you'd expect to see much of a change in that composition.

Operator

Your next question comes from Ben [indiscernible] from Savior Equities [ph].

Unknown Analyst

I just wanted to understand a bit more, I suppose, about your thinking on the cost side of the equation in light of the outlook that you talk about, as well as being uncertain in terms of economics and challenging. You've got your long-term target of cost to income out to 55%. What sort of opportunity do you have? And have you been thinking about preparing for cost savings in light of a softer environment?

Michael John Hirst
Former MD, CEO & Director

I think we are pretty focused on that cost side of our business. The staff are very much trying to identify opportunities for efficiency, and a lot of the investment that we're making in the IT side will drive that. It's not necessarily about cutting costs across-the-board, it's also about investing money into the areas where we can grow additional revenues. So it is a balancing item for us, and we do take a longer-term view of that. We think that we've made good progress over the last 12 months, and certainly, everybody at the organization is focused on continuing to do that. But we also have a reasonably strong opportunity in front of us that we want to continue to invest in.

Unknown Analyst

So in terms of -- just to follow through on that, I'm sorry. In terms of timing to your 55% in a soft revenue environment, what sort of timeframe do you put on that or what sort of progressive approach do you think about?

Michael John Hirst

Former MD, CEO & Director

Yes, look, I think we'd like to get there over the next 2 to 3 years.

Unknown Analyst

Right. Regardless of a soft revenue environment?

Michael John Hirst
Former MD, CEO & Director

Well, I think we've got to manage the business to -- we're aware of the issues that there will be around capital generation, et cetera, and we need to get some of those metrics to where they need to be.

Operator

Your next question comes from David Gee from Morgan Stanley.

David Avery-Gee

I just got 2 quick questions. Firstly, you mentioned that you aim to reach a Core Tier 1 of 7% in the next 6 months. Just wondering can you give an indication as to where you think your existing Core Tier 1 will look like under Basel III? And my second question is, you have about $600 million of senior debt due to mature within the next 6 to 7 months. I was wondering in light of the current funding environment, can you give any indication as to how you plan to replace that?

Richard Fennell
Executive of Customer Banking

Yes, David, the Core Tier 1 number, that is calculated as best as we can consistently with the Basel III rules. So that number, from a Core Tier 1 perspective, shouldn't change and, yes, we hope to be there above 7% in 6 months. I think I'm mostly at 6% to 12%, we'll see how we go. The...

Michael John Hirst
Former MD, CEO & Director

On the funding, the reality is we're running our liquidity at over 13% now so we've already replaced it, yes. It's not a concern.

Operator

Your next question comes from Elizabeth Rogers from Goldman Sachs.

Elizabeth Burn Rogers
Goldman Sachs JBWere Pty Ltd, Research Division

I just have a quick question with regard to the Community Bank and lion's share, changes that you've seen. Can you just give us a sense if we see a lower loan growth environment going forward and a lower deposit growth environment, how does that change the way that, that structure works and how the margin is shared between yourselves and your community banks?

Michael John Hirst
Former MD, CEO & Director

I don't think it will change it terribly much. The issue is one of what happens with margin and whether or not there's margin expansion or margin contraction. But in addition to that, there's also more business coming through from the Community Bank ranges as they begin to mature. So I would expect that over time, they would have an increasing percentage of our total margin at the dollar margin where we hope we'd continue to grow.

Operator

Your next question comes from...

Unknown Analyst

Eric Johnson, Fairfax Media. Just 2 quick ones. Firstly, Mike, can you tell us -- you touched on it earlier, what's been happening in the past few weeks in terms of deposits? Have you seen a large inflow or how would you characterize that?

Michael John Hirst
Former MD, CEO & Director

Yes, look, I think we have seen a large inflow over the last month, I think, probably near record levels. And we're also seeing people paying back personal loans, credit cards. Margin loans are obviously, [indiscernible] paid as the security side of that falls. So we have seen a continued increase as people begin to clean up their – or continue to clean up their balance sheets, really.

Unknown Analyst

And that’s the response to the environment?

Michael John Hirst
Former MD, CEO & Director

I think so. I mean, we haven't surveyed anybody to find out but there seems to be a strong correlation between the amount of press that offshore issues get and then what happens in terms of inflows.

Unknown Analyst

Okay. And then just quickly to follow. The increase in provisions in the Rural Bank unit, what proportion was that due to the live trade, live cattle trade issues and also to the flood issues?

Michael John Hirst
Former MD, CEO & Director

Look. It's hard to know what the split is between the live cattle trade and the flood. We can tell you that it's in the main Queensland cattle businesses. And there's a compounding issue there as well in that property prices in that part of the country had increased pretty rapidly over a period of time, and with the floods and with the live cattle trade there’s some I guess, well, there had been some dampening in those prices although there seems to be some more interest building now. So splitting it between flood or property prices or live cattle trade, I think is A, a little hard to do and B, I'm not sure we know the impact of what the cattle trade’s going to end up looking like. Suffice to say that it's concentrated on that part of the industry.

Operator

Your next question comes from Matthew Davison from Merrill Lynch.

Matthew Davison
BofA Merrill Lynch, Research Division

My question related to Slide 10 in the pack, and in particular the reference to advanced Basel II status. And I know that's under the heading Market Conditions Remain Challenging. So I was just interested in, is the context here that you continue to find pricing against the banks with the advanced status challenging? Or was the context more around your ability to achieve advanced status down the track? And I guess just on that second point, what are your latest thoughts with regard to advanced status? And how does that come into your thinking with regard to regional bank consolidation?

Michael John Hirst
Former MD, CEO & Director

Yes. Matt, the context of that statement was really more around the fact that there's still some uncertainty as to how that regulatory framework is going to play out. I think we put the advanced status in there just to highlight the fact that we are now moving towards trying to get accreditation around that. We've appointed somebody to head that project up. We've got an RFP out in the market for people to assist us to that. We've had initial discussions with the regulator about moving there but it's still very early days. So that particular piece wasn't really related to the challenges. It was more in a response to how we can be more capital effective going forward.

Matthew Davison
BofA Merrill Lynch, Research Division

Okay. And you mentioned early days. What would be a sort of broad timeframe that you would think, given you're moving down that path?

Michael John Hirst
Former MD, CEO & Director

How long’s a piece of string? I mean, I think anywhere between 18 months and 3 years.

Operator

Your next question comes from TS Lim from Bell Potter.

T.S. Lim
Southern Cross Equities Limited, Research Division

Just wanted to get a feel for where you see growth coming on a step-by-step basis? And which are the more promising states according to your view?

Michael John Hirst
Former MD, CEO & Director

Well, I can tell you where it's coming from at the moment, which is predominantly Victoria, South Australia, to some degree. Where it's going to come from going forward, we do see some opportunities in Western Australia where we’ve predominantly got a Community Bank network. We've only got a couple of company branches, and so we think there's some opportunity for expansion there. I'm not -- and of course, New South Wales is an area where we are underrepresented across all of our brands and some of the focus with the Post network will be centered on New South Wales. So I'm not, I guess, 100% sure of where it might come from except for saying that Victoria's done very well for us in the last 12 months, as has South Australia, and we see opportunities through other distribution in New South Wales.

Operator

Your next question comes from Andrew Drake from Deutsche Bank.

Unknown Analyst

Just a couple of questions, if I may. Firstly, we saw a pretty large increase in both the arrears rate and impaired but a recently subdued increase in bad debt and the provision coverage also fell in the half. Can you just talk about some of the drivers there? And the second question relates to the margin lending portfolio, just interested in the performance of the book over the last couple of weeks, given market volatility. And if you can provide some sort of key metrics around [indiscernible] and the frequency of margin fall?

Richard Fennell
Executive of Customer Banking

Okay. On the arrears and impaired, there has been a reasonable increase there again, with Rural Banks when you split it out, the probably key driver of that although we had seen a slight uptick over the 12 months of the arrears in our mortgage book as well so it's not just that part of the business. Having said that, we believe we are very adequately provisioned. What we have done with Rural Bank is taken a real deep dive into that book, and so we are confident that we have identified those assets that are at most risk within that portfolio. And on the mortgage side, our experience is that although you may get an uptick in arrears, it's not until you get significant reductions in property prices, does that necessarily lead through to actual losses appearing? So I agree, we just take those data points and they don't necessary look like there's a strong correlation between the arrears and impaired and provision levels but we're very comfortable with the level of provisions we're holding. On the margin lending portfolio, performance from a credit perspective continues to be outstanding. And one of the major -- or one of the only areas of potential loss was a legal challenge we had a few years ago, a Goodrich matter, which was resolved positively in our favor this year. In relation to margin calls, et cetera, I don't have the recent stats but Friday was -- the margin call industry was back in business, and I am aware that margin calls were completed and we were making calls to customers who were starting to move into their buffer zone. I think just under 1,000 margin calls were made over the last few days and successfully completed. We've been here before, no doubt we'll be here again at times in the future so -- and we've managed it well in the past. So we don't expect that to be an issue from a credit perspective.

Michael John Hirst
Former MD, CEO & Director

The last LVR figure that I saw which was a couple of weeks back was about 45% but we can get that number for you.

T.S. Lim
Southern Cross Equities Limited, Research Division

And just a follow-up on arrears and mortgages. By what percentage does house prices really have to fall before you start providing for potential losses there?

Richard Fennell
Executive of Customer Banking

I don't know is, I guess, the honest answer on that one. It is hard to tell. Look, any high LVR loans we write, we require there to be mortgage loss insurance. So from that perspective, you would have to see a pretty significant reduction in housing prices to see a across-the-board increase in loss rates there. So again, I think we feel that we manage the credit risk through that mortgage portfolio well and we've plenty of experience so it would need to be a pretty significant reduction. We're not talking about, if we see a drift lower of a few percent over the next 6 months. That's not the sort of change we're worried about, and I would have thought that to get significant reduction in housing prices, you're going to need some pretty significant movements in the macroeconomic situation.

Operator

Your next question comes from James Ellis from Crédit Suisse.

James Ellis
Crédit Suisse AG, Research Division

Just a couple of questions on the revenue line. We've seen the re-basing of fees coming from liability products in recent periods. Do you think that's now fully washed through? And then the second one is, unsurprisingly, a softer second half contribution from Homesafe Solutions. Do you think that second half figure of $3.4 million is more a normalized level of revenue contribution there?

Michael John Hirst
Former MD, CEO & Director

Well, on the first one around the liability fees, you might be better asking Cameron Clyne that question than us, but we think that it has probably reached a level that's sustainable. And on the Homesafe, when we'll -- that is a function of where property prices go. We continue to take a conservative view in that valuation, and the portfolio is performing as we'd expected.

Richard Fennell
Executive of Customer Banking

This half result reflects effectively, give or take, flat result for Sydney, Melbourne house prices and they're the only -- the cities where we've write that product and as you'd recall in selected postcodes within those cities. So that's what you see. With pretty much flat movements up or down from flat will have an impact. You saw on the first half what the potential is when house prices perform more strongly.

Operator

Your next question comes from Cameron [indiscernible] from Macquarie.

Unknown Analyst

You commented further on Basel III Core Tier 1 ratios. I just wanted to say, is that from a fully harmonized basis or a more APRA stringent Basel basis?

Richard Fennell
Executive of Customer Banking

Mike, we'll need a translation on that one.

Michael John Hirst
Former MD, CEO & Director

No, no. It's on the basis that we understand how the rules will be applied. Having said that, there's still a bit of work to go to decide how those rules are actually going to be applied.

Unknown Analyst

Okay. And does that include the deduction for the dividend going forward or? Because I understand Basel doesn't count that.

Michael John Hirst
Former MD, CEO & Director

Yes, I don’t know. Will, do you know the answer to that? He'll get back to you on that.

Operator

Your next question comes from Ben [indiscernible] from Goldman Sachs.

Unknown Analyst

Just wanted to get your thoughts on -- I'm just referring back to your comments about how the areas of growth, the geographic areas of growth. I notice that you actually mentioned Queensland as an area where you're expecting strong growth from. So the 2 questions is firstly, like how important is the Queensland opportunity there particularly as it goes through the recovery, are you seeing any signs of that? And then secondly, just a longer-term broader question around how you position the bank going forward. Is there any opportunity for inorganic growth options, [indiscernible], or even any that you can see currently?

Michael John Hirst
Former MD, CEO & Director

Or is that related to the Queensland question, Ben?

Unknown Analyst

Yes, it may be, you can read it that way.

Michael John Hirst
Former MD, CEO & Director

The reason that we don't hold out Queensland is because Queensland is a very competitive market because they've got 2 regional banks out there that are of good size. So it's a pretty tough market. We've got good representation through there, and the business performs well up there. But I think it will always be a tough market because it is so crowded. In respect of inorganic growth, look, I think there will be rationalization in the industry or consolidation in the industry going forward. But I think it will be at the lower end rather than necessarily at the regional bank end. And from that point of view, if there's opportunities for us to participate in that, then we'd welcome that.

Operator

Your next question comes from Brett Le Mesurier from BBY.

Brett Le Mesurier
Asia Pacific Prudential Securities Pty Ltd., Research Division

The loan-to-deposit spread from company branches is about 230.10 spread, from community banks is about 100 points, and dollar growth from both those sources of business is similar. Do you expect that you'll allow the dollar growth in community banks to exceed the growth in bank branches on the current commission structure? Or is it going to be the situation the more successful the community banks are, the worse deal they get on profit share or commission?

Michael John Hirst
Former MD, CEO & Director

We're very comfortable with the current model we have in place. We made some adjustments to that model earlier this year, and I should take the opportunity to thank our Community Bank partners for getting on board with that. And they understand that there needs to be equity in this for everybody and for a while, we were carrying a larger piece of the can. But the new model we've put in place, I think, is very sustainable. It works on a margin basis with an overlying reward for effort and I don't see us making any changes to that model from where we're at.

Brett Le Mesurier
Asia Pacific Prudential Securities Pty Ltd., Research Division

So we would expect then if they are more successful than your own bank branches, then your – net interest spread would continue to contract?

Michael John Hirst
Former MD, CEO & Director

Well, I don't think it's quite that simple a calculation to tell you the truth. One of the reasons that they're growing faster is because they are less mature than what our company sites are. And I think it's really got more to do with what happens around total margin expansion or contraction rather than the percentage of growth that they get. But it's also complicated by the product mix and it isn't a simple calculation.

Richard Fennell
Executive of Customer Banking

Just adding to that, I mean we had done the analysis on the return that we get from the assets that we write through the Community Bank business, and we're very comfortable with the return the bank generates on those. At the same time, we need to remember that the Community Bank model goes a long way to helping us fund our business through the deposit growth that they generate and have been generating, not to mention their contribution to brand efficacy and other factors along those lines.

Brett Le Mesurier
Asia Pacific Prudential Securities Pty Ltd., Research Division

Most recently, the growth on this is equal to the growth in their assets?

Richard Fennell
Executive of Customer Banking

Yes. Well, it varies a lot branch to branch, but it tends to be deposit-led certainly for the younger branches.

Operator

Your next question comes from Jeff Kyre [ph] from CBA.

Unknown Analyst

Just a follow-up question on mortgages. I know the mortgage loss rate has increased from one basis point in the first half to 6 for the year. I was wondering how can you reconcile the increase and try to put this in a context of higher rates versus the fact that specific coverage remains flat and lower and collective coverage presumably also low as well?

Richard Fennell
Executive of Customer Banking

I might take that one on notice. I would need to dig down there on -- I'm struggling to reconcile that in my mind but the...

Unknown Analyst

Well, if you look at your Slide 42, you've got loss rate there at one basis points for the year -- sorry, 6 basis points for the year, and I believe it was one basis points back at first half. So I'm just trying to understand the trend that your loss rates has almost increased 6 -- I understand it's very small numbers versus the fact that coverage has been slightly reduced.

Richard Fennell
Executive of Customer Banking

Yes. Look, we might actually look into that. I mean, it is a very low number. I suspect that, that December 10 number -- well, certainly the June 11 number, that sort of 6 basis points sounds more normal than one basis point. I'll actually get -- have a look into that December 10 figure. Assuming that is correct, then that would reflect 6 months of very positive performance.

Operator

Your last question comes from Richard Gluyas from the Australian.

Richard Gluyas

I was just wondering with the credit outlook and that kind of thing whether your work force is likely to be lower at the end of the year, this calendar year than it is now?

Michael John Hirst
Former MD, CEO & Director

We don't have any plans for that to be the case.

Will Rayner
Former Head of Capital and Investor Relations
If there are no more questions here in Melbourne, we'll thank you all for your attendance. We'll see a lot of you during the week, and thanks very much for your interest.