Question and Answer

Melanie Kirk
Head of Investor Relations

Thank you, Matt. For this briefing, we will be taking questions from analysts and investors. We'll be taking them from the phone lines. [Operator Instructions] We'll start the questions with a question from Richard Wiles at Morgan Stanley. Thank you, Richard.

Richard E. Wiles
Morgan Stanley, Research Division

So I have a question on troublesome exposures. Slide 105 includes troublesome exposures by industry. Can you explain why the ratio fell in accommodation, cafés and restaurants? That hardly seems credible given what's happened over the past few months. And could you also explain why troublesome exposures are down in the property industry and also in the construction industry? And then I have a second question on expenses, which I'll proceed to in a moment.

Alan Docherty
Chief Financial Officer

Yes. I mean, as I mentioned in the presentation, Richard, what we've really seen in troublesome exposures this year is really movements in institutional client exposures, as you tend to see in the early part of a stress. Now I called out some of the areas where we'd seen a significant net increase in our corporate troublesome exposures and particularly impacted industries. Obviously, some of those industries are more overweight institutional clients relative to some of the other industries, including accommodation, cafés and restaurants, which is more heavily weighted towards the business bank. So you're going to see a little bit of noise in TIAs in the early part of the stress in one direction because you're going to see the emergence of stress within single institutional clients more quickly. And then as you roll through later periods of the stress, that will emerge in individual business season. So you've seen a little bit of noise in the movement of the TIAs based on single exposures, moving in and out of troublesome and also the weighting between institutional and business exposures across these various categories.

Matthew Comyn
CEO, MD & Executive Director

Yes, Richard. I mean the only thing I'd add to that is, I mean, really, the process that we've been going through over the last few months and is going through at an individual and risk base across each of those different categories and completing in-depth review. So if you think about an institutional bank where, clearly, there's a smaller number of exposures, they'd be close to 100% of the way through their client base, and across the business bank can be in the order of between 70% and 80%, depending on the sector. So you mentioned accommodation, cafés restaurants. We've been through 80% of the values by exposure. Actually, 50% of them have had some form of downgrade. I think commercial property, you mentioned. I think we've reviewed 100% of the exposures in the institutional bank, 90% of the exposures in the business bank.

So I think to Alan's point, there is just some noise in terms of the movement in and out. But we do feel like there's been very thorough sort of coverage and reviews and particularly, it's easier, obviously, to see the impact and movements around probability of default in particular. And so there has been some considerable downgrades. And of course, some of the notching that goes into the calculation of the forward-looking adjustment.

Richard E. Wiles
Morgan Stanley, Research Division

Okay. And just a question on expenses, if I could. Alan, you acknowledged that in the last couple of years, your costs have gone up despite saying at the first half '20 result -- first half '19 result, 18 months ago, that you're aiming for absolute cost reduction. Do you think you can achieve absolute cost reduction in full year '21? The cost savings are going up, but that's not leading to a reduction in the cost base. So I'm just wondering how serious you are about reducing the absolute cost base in an environment where you've acknowledged the revenue pressure is increasing.

Matthew Comyn
CEO, MD & Executive Director

Yes. Look, Richard, maybe I'll start and then throw over to Alan. Certainly, we are serious about it. When we -- as you said, at that point in February '19, we sort of said 2 things: Absolute cost reduction; we also talked about a 40% cost-to-income ratio. I think we've had 5 cash rate reductions since then, which has obviously made the latter more challenging. We recognize or we believe we're making progress. And as you mentioned, in terms of the benefits in each period, there's clearly more work still to do. I mean, full year at 0.7%, sequentially 0.4%. I think if not for the increase in COVID-related cost, which again, is an excuse, it's just an explanation, we would have got close to 0 cost growth in that period.

I think on the other side, I think we've been clear from the beginning, we want to make sure that we deliver that performance, but we don't want to sacrifice the franchise or the broader, more value-creating options.

I mean in that context, we've added about 500, 700 people into our Financial Assistance Solutions team. We've clearly increased a number of operational roles. But you're quite right. As we've thought about the business plan this year, without giving any specific guidance, we recognize it's going to be a challenging income environment. And therefore, our improvement and our simplification and cost reduction needs to step up.

Melanie Kirk
Head of Investor Relations

Great. We'll take the next question from Jon Mott at UBS.

Jonathan Mott
UBS Investment Bank, Research Division

A question, this relates more to Slides 14 and 15. I'm going through these, which is more the deferrals. You gave us some good information on the distribution by risk score, but it's on the number of deferred accounts on the y axis. If you reproduce that on the dollar value because, obviously, you're going to have a large number of very low outstanding balance, which is going to skew this to the more positive side, is it possible to reproduce it or give us even the scores beneath the table based on the dollar value outstanding rather than the deferred? So that's probably a comment or request.

And then also similar to that, you give us the -- in the profile, the number of customers on JobSeeker. Have you also got the number of people on JobKeeper who may potentially be unemployed at some stage given that those are going to come through?

Matthew Comyn
CEO, MD & Executive Director

Yes. Sure, Jon. So on 14 is for home lending we did. It's in accounts, and the distribution doesn't change very much for balances. There's more of a SKU, which is why we've shifted on business lending to balances because there's a high number of smaller exposures. There's not a big distribution in the context of the loan size on home lending.

To your second question, around JobKeeper, yes, absolutely. We looked at it both in the context of personal as well as business. You'll see on Slide 15, we mention approximately 30% receiving JobKeeper at a business level. That's easier for us to recognize because we can see the depositor details.

When we look through our personal accounts, because of the nature of the way the JobKeeper is distributed actually goes to the employer, which then distributes it to the employee, we tried to band an algorithm. So we basically looking for multiples of $1,500, but employers also top them up. So we steered away from providing that disclosure because we felt -- well, we know that we're understating it. So we don't have a sufficiently robust estimate to include on the slide, but in the context of the overall modeling, it was certainly one of the things that we were looking to do. And if we felt that we could do it accurately, we would provide it.

Jonathan Mott
UBS Investment Bank, Research Division

And just a follow-on question from that. Do you have a feel for the percentage of the deferred loans, which is going to need further extension or movement to interest-only at the end of the 6 months to qualify for the additional 4 months?

Matthew Comyn
CEO, MD & Executive Director

Yes. Look, there's a couple of different data points. I mean, certainly, in the way that we've approached as we have here is an analytical exercise, which was then augmented through practical experience with our customers, we certainly believe the majority and are positioned to exit their repayment deferral. That's also consistent in terms of where we've had -- ask customers and ask them for their intentions. Obviously, we recognize that intentions can change over time. And so then we're kind of working through operationally over the next 2 months. We're going to contact, obviously, the entire customer base. We're going to leverage a number of different channels. But we've got approximately 250,000 calls to make or receive because it's multiple contacts. We're using our email, our app, our asynchronous chat as part of that as well. So we've got a number of different options that we, of course, are going to try and tailor to individual circumstances. So we have a hypothesis, but clearly, that's also going to be impacted in terms of events even in the next couple of months and how effectively the virus is suppressed in other states. And I dare say how quickly recover -- Victoria recovers.

Melanie Kirk
Head of Investor Relations

We'll take the next call from Victor German at Macquarie.

Victor German
Macquarie Research

Two questions for me, if possible. One on deposit margins and one on the payments. So on deposits, I think both Alan and Matt, you talked about really strong growth as you're seeing in transaction accounts, which has been happening for around a couple of halves. I'm just -- when I look at your Slide 23, it's not obvious on that waterfall chart where the benefit of that shift towards cheaper transaction deposit is coming from. If you maybe perhaps can talk to us whether it's sitting in that deposit and pricing funding part of the bucket or where else it's sitting in sort of the quantum that that's providing versus the impact of lower rates on your transaction saving accounts.

Alan Docherty
Chief Financial Officer

Sure. Sure, Victor. So you'll see that benefit in the portfolio mix bar. So that portfolio mix really has the sort of substitution effect, if you like, of lower-yielding customer deposits relative to other forms of funding.

Now in the period, there's a couple of things going on in that portfolio mix bar as well as the change in the average funding ratio. So one, you need to look at the average change in the deposit ratio. So in the second half of the financial year, well, our spot deposit ratio was 74%. Obviously, we've seen a lot of growth in the final quarter. So the average funding ratio is about 71.5% in 2H '20. That plays about 70.5% in the prior half. So you've got that delta driving about 2 basis points of benefit in the sequential half.

Going the other way, you will have seen that we had a reduction in consumer finance balances which are obviously very high-margin relative to other forms of lending. So you've got a negative portfolio mix effect of 1 basis point there. And so that's why you come back to the 1 point of portfolio mix for the sequential half. But within that, you can see that the margin benefit from that very strong growth in at-call transactions and savings accounts.

Victor German
Macquarie Research

So would it be fair for me to assume that when you disclose the transaction saving cumulative impacts of 8 basis points in the half, is that pretty much all impact of lower rates on those transactions having count before you get the benefit of replicating portfolio? Is that the right way to look at it?

Alan Docherty
Chief Financial Officer

Yes. So we've split that out in the call out box, so you can see the 8 points cross transaction and savings, and then there's an offset of 2 basis points from the replicating portfolio.

Victor German
Macquarie Research

And then second question, just on provisioning. I sort of feel like there's a little bit of a kind of disconnect in the way banks are thinking about this versus investors. And I mean if I look at your -- to chart on Slide 27, where you look at your central downturn scenario versus recognized impairments, it kind of almost implies that if your central downturn scenario plays out, you will have that write-backs in 2021. I'm guessing that, that's not the message that you are sending. And there's obviously lots of moving parts, but I'm assuming that as we go through 2021, you will have actual write-offs and also the level of provisioning is likely to increase as the credit quality deteriorates. Can you maybe just talk to us about sort of some of the moving parts as we move into -- throughout 2021, within your central downturn scenario, how the write-offs and provisioning is likely to play out?

Alan Docherty
Chief Financial Officer

Yes. I mean we're going to continue to evolve the central scenarios, the other scenarios, the severe downturn scenario, I mean we've seen, for example, the updated RBA baseline forecasts on Friday in the Statement on Monetary Policy. And so we had another look at that central scenario against those metrics that materially change that $5.3 billion central estimate. So we still feel comfortable with the additional level of provisioning that we're carrying.

Look, I think we've had a track record over many years, Victor, of holding what we would consider to be -- been very careful around our provisioning. I mean you've seen that when we transitioned to the new accounting standard a couple of years ago. We took a top-up in provisions at that point. I think at that time, we would have been provisioned 200% of our downside scenario. That was before, obviously, the events of the past 6 months. We've obviously adjusted all of those scenarios to the right. And again, we're comfortable their level of provisioning is appropriate in the context of the uncertainty that we've got.

Yes, you'll see as we start to see signs of the stress emerge across, in particular, retail and business sectors, you'll see increases in the level of write-offs. We will continue to revisit the level of collective provisioning that we hold as we start to see that transfer from collective to individual assessed provisions. We feel comfortable where we are today. We're going to continue to monitor the evolving situation. And I think based on our track record, it's safe to assume that we're going to carry conservative levels of loan impairment provisions.

Melanie Kirk
Head of Investor Relations

We'll take the next question from Brian Johnson at Jefferies.

Brian D. Johnson
Jefferies LLC, Research Division

Thank you very much for the disclosures. A few questions. Just on Slide 38. The new binding constraint on dividends, at least for this year, isn't cash earnings, it's basically statutory earnings. I was just wondering, could you give us a feeling on the P&L gains and losses on the sale of Colonial First State, CommInsure Life and BoCommLife when they come through? And then I had a second question, if I may.

Alan Docherty
Chief Financial Officer

So the -- you want the forward view of the…

Matthew Comyn
CEO, MD & Executive Director

Statutory profit. Yes. I mean, BJ, we've disclosed, obviously, the capital, but you're wanting to know what the forecast would be on realized gains through those divestments to the effect it's going to impact statutory profit in case that's the binding constraint for FY '21 to dividends. I mean…

Brian D. Johnson
Jefferies LLC, Research Division

Because, Matt, when you think about it, this result was this result, but what helped your ability to pay the dividend was the net statutory gains down below the line. So we really -- when we're thinking about dividends, we've got to think about statutory profits, not capital, not basically cash earnings. It really does come down to the distortion from these statutory items. So I was just wondering if we could get that.

Alan Docherty
Chief Financial Officer

I think that's a really fair observation, Brian. I mean as we -- we obviously put ASX announcements upon completion of major announced divestments. I think in the past, we've historically focused, given the bank constrain historically has been capital levels on the CET1 accretion related to those divestments. But I think you make a very good point. And to the extent that we weren't already going to do that, we'll ensure that the noncash statutory P&L is included as we complete.

Now obviously, we can't preannounce those statutory profit impacts until we reach completion because there's all sorts of completion account adjustments and considerations that go into that calculation. But to ensure that the market is well informed about our noncash gains, we will ensure that as we complete, we'll provide those details to the market.

Brian D. Johnson
Jefferies LLC, Research Division

Well, then as a subset of that question, may I ask then, does that imply that absent more gains going forward, the dividend capacity would actually go down in the next half?

Matthew Comyn
CEO, MD & Executive Director

Well, BJ, I mean I think there's a couple of difficulties of that question. One, the APRA guidance, at least it's been made clear, applies for this calendar year. Now of course, there may well be new guidance in '21, which would apply then to our interim dividend. So I think that's going to -- it's going to depend a little bit on -- it's a number of factors, notwithstanding the overall economic outlook and whether APRA feels that it's necessary to provide ongoing guidance and then the consistency of that guidance the second time around. But we'll certainly take away. I mean I couldn't give you the forward-looking estimates on the spot. But understand, given the calculations in the way the market will be thinking about, we'll certainly think about how to best disclose that.

Alan Docherty
Chief Financial Officer

And it's worth just bearing in mind, Brian, on the second half cash earnings. Obviously, that second half, we absorbed both the $1.5 billion top-up in the COVID-19 loan loss provisions, and we've also seen north of $400 million of other notable items on customer remediation programs. And most notably, that aligned advice provisioning that we took in the second half. So those -- the second half cash earnings did have some significant items in them as well.

Brian D. Johnson
Jefferies LLC, Research Division

Okay. The second one, if I may. Just on Slide 23, where you're talking about the cash rate correct, the 7 basis point NIM headwind in FY '21. If you think about where we are, we've got a cash rate of 25 basis points that the RBA has said is the effective lower bound. We've got so much liquidity slopping around the system that we've probably got a 10 to 12 basis point, 90-day bank bill rates. So very good basis risk, but that's probably less important. We've got a 3-year rate of 25 basis points. But then when you look at the 5- and the 10-year -- 10-year bonds haven't really moved the [indiscernible] since February.

Can we just get a feel on what would happen to this interest rate sensitivity if the RBA was the cash rate to 10 basis points? And then alternatively, if the RBA was to start buying 5- and 10-year bonds to flatten the long end of the yield curve, down to 25 basis points.

Alan Docherty
Chief Financial Officer

Yes. I mean maybe there's a couple of ways we can look at that. I mean, at the moment, the effective cash rate is actually around 10 to 15 basis points, as you say. So we're really seeing the effect of that lower actual cash rate, given the very unusual levels of excess liquidity in the system. So we're seeing that right now.

On the yield curve control out beyond 3 years. I think, as you've rightly pointed out, Brian, our replicating portfolio on our deposit hedge is on a 5-year tractor, so we are sensitive to the movements in that 5-year yield. Certainly around 40 points at the moment. So you could do a price simple sensitivity on that. Every 10 basis points is going to be over the 5-year period, around $70 billion, on a $70 billion deposit hedge, but you'd see that manifest over the course of the 5-year tractor rolling off. So a relatively modest effect in year. But yes, we'll continue to look at how both -- I mean we label this cash rate headwinds, but obviously, it's sensitive to swap rates as well. That cash and reference to cash rates were simplifying use of language, but we'll continue to monitor what swap rates do, what the cash rate does. And I think it's helpful to provide that guidance around the impact, given the number of moving parts on our net interest margin over the next financial year.

Matthew Comyn
CEO, MD & Executive Director

Maybe the only thing I'd add to both your question, BJ, and a little bit to Victor's. It's a combination of much higher level of fixed rates and the reduction in TD is actually our cash basis exposure has gone from $150 billion, sort of another, I think, $25 billion down. So I think in the past, we've basically said for every 5 basis points improvement in that cash build spread, it's a 1 basis point group NIM. It's now at sort of 6, so we've seen quite a material reduction in that just given the shift in customer behavior, particularly moving to fixed rates and home lending.

Melanie Kirk
Head of Investor Relations

We'll take the next question from Matthew Wilson at Evans & Partners.

Matthew Wilson
Evans & Partners Pty. Ltd., Research Division

Two questions, if I may. Firstly, what is the balance of capitalized interest income on the deferred loans?

Alan Docherty

Chief Financial Officer

So the balance of -- in the period since deferral, we've got some disclosure in our annual report in that regard. But the -- for retail loans, we accrued $310 million of interest over the period of deferral. Obviously, we've received payment on 25% of the retail deferrals of that number. On business lending, we accrued interest of $150 million over the deferral period. And again, as we've disclosed, we've received payment for 30% of the loans in deferral.

Matthew Comyn
CEO, MD & Executive Director

I think it's on about Page 150 or so, isn't it, in the annual report?

Alan Docherty
Chief Financial Officer

That's right.

Matthew Wilson
Evans & Partners Pty. Ltd., Research Division

Yes. And then secondly, just with deferrals again. When I line up your disclosure on Slide 13 with the letters that you've sent to the House of Representatives Standing Committee on Economics, they don't actually line up. And indeed, if you use the letters, your bar chart would go up, not down. But more importantly, what is the percentage of deferrals that have an LVR greater than 70%? And given that 75% of your mortgage deferrals haven't made a payment, mortgage deferrals and business deferrals where you don't collect interest is very unusual practice. Do you think this is a policy error? And then normally, in these circumstances, you would migrate to interest-only, which is what you've done in New Zealand.

Matthew Comyn
CEO, MD & Executive Director

Yes. So a couple of things, Matt. I think the House of Reps, I think the latest update was June. I have to check. I'm confident this disclosure is both more current because we've gone out, obviously, into July. So it certainly should be the basis, but I'm sure we'll reconcile in that context.

I guess to your last point, look, I mean, deferrals, I think they have provided, obviously, significant support and flexibility for customers. Clearly, the test is going to be how effectively we can make the orderly transition away from repayment deferrals. I think from our perspective, making sure that we're maintaining regular contact with customers is clearly critical. I mean I think our experience and certainly what I've seen internationally, that sort of repayment frequency is particularly sensitive and unsecured. And so I think from a personal lending perspective, it's a much shorter deferral period as an example. So that was a 2-month, and we saw 95% of customers transition off that.

I'm probably less worried about, but I acknowledge it's a risk, around people losing that repayment frequency, particularly in and around housing. And as I said, the business lending book is 89% secured. I think we've provided the disclosure, obviously, in terms of the proportion. I think the average dynamic LVR is 69%. And then there's variances across the geographical distribution. And so without rattling all of them off, consistent if you looked at the disclosure around where negative equity is, it sort skews to Western Australia. Western Australia have the highest dynamic LVR. Arguably, you'd say maybe that market's got less to fall.

Interestingly, I think Victoria has got the lowest dynamic LVR of the repayment deferrals. I believe it's 62%. I think New South Wales probably 64%. So I couldn't give you exactly the split that you were asking because I think you wanted the percentage that were above 75%. I don't have that number off the top of my head.

But it's an important variable that we watch closely and it's a key variable in the context of where the risk is, that combination of income, how far ahead customers might be on their repayments in total as well as where their dynamic LVR is.

Melanie Kirk
Head of Investor Relations

We'll now take the next question from Andrew Triggs at JPMorgan.

Andrew Triggs
JPMorgan Chase & Co, Research Division

Look, first question just on deposits again and the NIM. Just trying to hear your thoughts on what you're seeing in the deposit market. We've observed quite a significant improvement in -- or reduction in term deposit rates, particularly late in the half and post balance date.

And just as a follow-up to Victor's question on that switching dynamic. Do you think this will continue at the current pace? Or as TD rates and online savings rates seem to be compressing, perhaps the tailwind will start to lessen in future periods?

Matthew Comyn
CEO, MD & Executive Director

Yes. I maybe I'll start, and Alan, you add. I think it's a combination of things. As rates are coming down, there's probably just less sensitivity across different products switching more broadly. We've certainly seen a reduction in our term deposit balances. We're seeing rates coming down across the industry. That mix effect does -- provides us a benefit clearly and very strong growth in and around transaction and household deposits, which, obviously, is a key part of our strategy and oriented very much in the terms of the way we want to serve our customers. And so we certainly want to continue investing in digital, et cetera, to help promoting that. But I think unfortunately, from a customer perspective, the term deposit rates have come down to really reflect the lower interest rate environment that we're all operating within.

Alan Docherty
Chief Financial Officer

Yes. I mean I think the trend that you mentioned, the switching trend, is certainly a phenomenon we've seen in other markets that have got lower for longer interest rates. So I think certainly, we are seeing that. Now we obviously had a very unusual amount of deposit growth in this period. I mean, we went back and looked at whether there's been another period, certainly not in dollar terms, but even in proportionate terms, where we would have seen that size of growth, 25% growth in transaction deposits. And even following the GFC, we didn't see growth of that shape and size. So that's -- obviously, that flow was very high in the last 6 months. We wouldn't expect to continue at those levels, but we've had many years of double-digit growth in transaction deposits. It's a very good grounds of competition for us given the digital assets that we have and the very engaged, very high levels of digital engagement across our customer base, which has been, I think, accelerated through the issues that we've seen over the past 6 months. So I think it's a trend that's here to stay. I think the volumes, we'll see them moderate a little off the highs that we've seen over the past few months.

Andrew Triggs
JPMorgan Chase & Co, Research Division

Can I just follow up on the cost side of the equation? Just the expectations for the profile and the runoff or the reduction in spend on risk and compliance programs, please? Is that something that can be achieved in -- or partly achieved in FY '21?

Matthew Comyn
CEO, MD & Executive Director

Yes. Look, I mean as we've disclosed, I think we're at 72% total investment spend. We expect that's going to come down in '21. We're absolutely committed to continuing the investment and making sure that we're in a very strong position to manage financial and of course, nonfinancial risk. We've made very good progress against the remedial action plan that was set in place. But we do feel that we've -- we're in a position now to start increasing more of that investment towards productivity, growth and innovation. That's certainly something we'd like to deliver in the year ahead.

Alan Docherty
Chief Financial Officer

That's also -- I mean, we've talked about before, those multiyear programs of work that we're conducting, which you see in the risk compliance and other programs item. There's still -- I don't think we'll be through all those programs of work during the course of the next financial year. So there will be a -- there's been an element of stickiness to that line item and over -- certainly over the year ahead.

Melanie Kirk
Head of Investor Relations

Great. And we'll have to be taking our final question now, and we'll be taking it from Brendan Sproules from Citi.

Brendan Sproules
Citigroup Inc., Research Division

I just had a question on the capital intensity of your business. Obviously, Slide 26, you show some deterioration particularly in your nonretail portfolios, but you've also seen some deterioration in your credit card portfolio. When are we going to start to see that emerge in the average risk weights? It does seem the average risk weights haven't really materially moved this period. You've obviously refined your estimates, but maybe you can give us some indication of the timing of when you expect to see those average risk weights moving higher.

Alan Docherty
Chief Financial Officer

Yes. I mean we've obviously put the central scenario in there, which has got the expected increase in average risk weights, which we've got in the back of the slides. That's the updated estimates relative to those that we put out to the market in Q3. So I'm just trying to find that slide. So the -- those risk weights, we think, will trend higher. I mean one of the interesting things you've seen in the last half, and I called it out specifically because it does hit a few of the line items within the Pillar 3 subcategories of our exposure, is through that granular allocation of collective provisions to stage 3 loans, which are nevertheless well secured. We hold CP against those rather than individually assessed provisions. And so that's allowed us to have a more accurate calculation of credit risk-weighted assets across a number of retail and nonretail categories. So that's provided a degree of offset to the migration in average risk weights that you would otherwise have seen. But yes, we'd expect some migration in risk weights, obviously, in the next 12 months.

Brendan Sproules
Citigroup Inc., Research Division

And just a question on funding, just on Slide 116, is you've got another $21 billion (sic) [$31 billion] of wholesale funding coming due in the next 12 months. Could you tell us how much you've issued in the last 6 months? And I guess your expectations going forward for needing to actually renew that given the strong growth in deposits that you have collected over the period and the buildup in liquid assets.

Alan Docherty
Chief Financial Officer

Yes, we've done very little long-term funding over the course of the past 6 months. We did draw down $1.5 billion on the RBA's term funding facility. I think prior to March, we did around $1.5 billion, $2 billion of new long-term issuance. But really, what you're seeing for the full year '20 is mostly long-term funding issuance that took place in the first 6 months of the financial year. And as you say, given that very strong growth in transaction deposits, the -- I mean we'd like to lend the funding that we have. The -- obviously, we're seeing that deployed to that additional funding in excess liquidity at the moment. And so we would have a relatively low appetite for new long-term debt issuance in the context of RBA's term funding facility and very strong levels of deposit growth.

Melanie Kirk

Head of Investor Relations
Great. Thank you, Brendan. That now brings us to the conclusion of the briefing. Thank you very much for joining us today. And if you have any follow-ups, please come back to us. Thank you very much.