



FINANCIAL SERVICES

# Major Banks: Half Year 2007/08

Financial Institutions Performance Summary

BANKING

9 May 2008

## Introduction – Australian banks resilient in the face of global shocks

The global financial markets turmoil during the past six months has presented numerous challenges for Australia's major banks<sup>1</sup> ('the majors'), in contrast to the relatively benign conditions within the industry over the past decade. The sub-prime crisis in the US has impacted the global markets which are experiencing wider credit spreads and tightening in liquidity. While the Australian banks have no material direct exposure to US sub-prime debt, they are not immune to the secondary impacts.

Impairment charges have increased notably over the period, due mainly to the impact of large individual losses recorded within the banks' corporate portfolios. However, in comparison to their overseas peers who have recorded over US\$250 billion in asset writedowns and credit losses since the beginning of 2007, the Australian banks have fared consistently better due to their more prudent lending policies. Meanwhile, the impact of domestic economic factors, such as rising inflation and interest rates, have had little effect to date in the reported results with the banks achieving both strong consumer lending growth and retail asset quality.

The tightening in liquidity has led to a systemic re-pricing of risk which has increased significantly the banks' funding costs. Margin compression remains a key issue for the banks, and has led to the banks announcing interest rate increases over and above cash rate increases handed down by the Reserve Bank of Australia (RBA).

The margin compression has been more than offset by increased lending volumes, partly due to continued economic growth and system growth, and also due to increased market share, as non-bank lenders experience funding pressures, and corporates are finding direct access to credit markets more difficult.

In March, each of the banks announced significant one-off windfalls from the issue of shares by Visa Inc. as part of its initial public offering.

## At a Glance

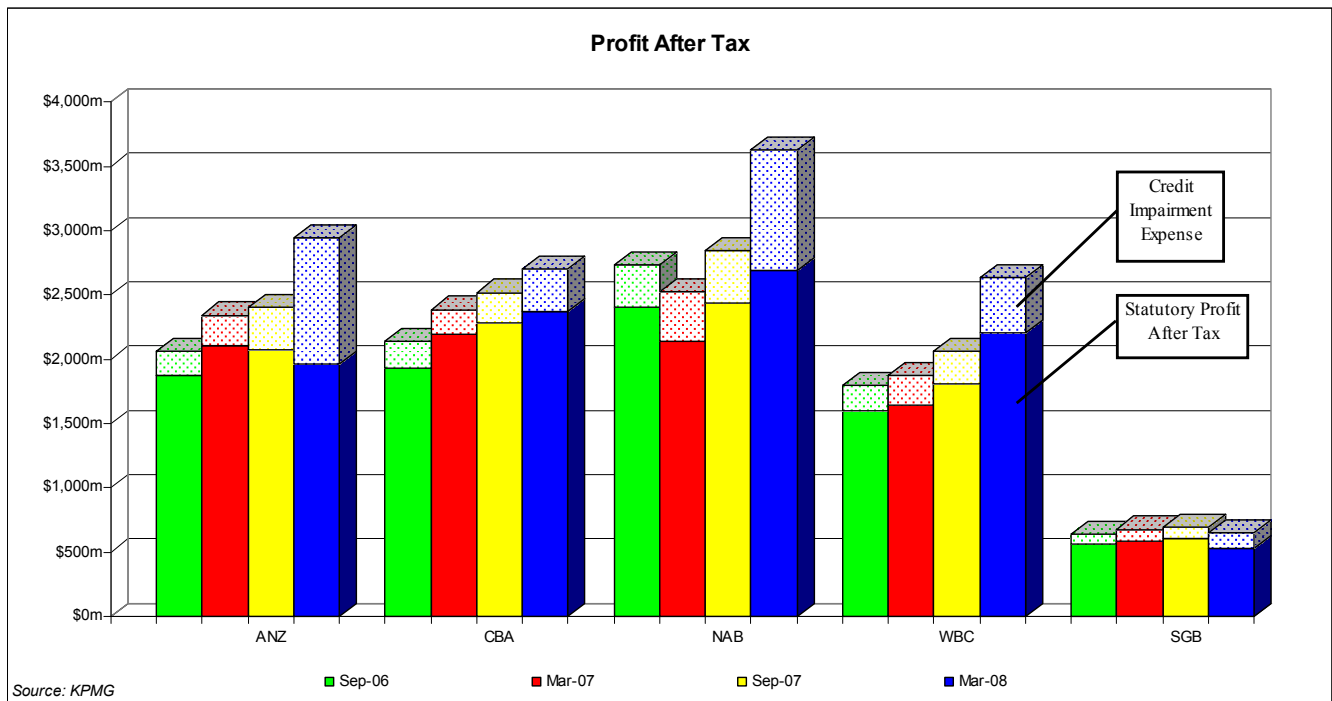
	ANZ		CBA		NAB		WBC		SGB	
	<u>1H08</u>	<u>1H07</u>	<u>1H08</u>	<u>1H07</u>	<u>1H08</u>	<u>1H07</u>	<u>1H08</u>	<u>1H07</u>	<u>1H08</u>	<u>1H07</u>
<b>Ranking</b>										
By profit	4	3	2	1	1	2	3	4	5	5
By total assets	3	3	2	2	1	1	4	4	5	5
By net assets	3	3	2	2	1	1	4	4	5	5
Profit before tax (\$million)	2,756	2,987	3,327	3,207	2,057	4,032	2,909	2,448	890	835
Profit <sup>2</sup>	1,963	2,102	2,371	2,191	2,687	2,136	2,202	1,641	529	585
Net interest margin (basis points)	199	224	217	222	218	233	205	225	192	207
Cost to income ratio (%)	44.4	44.3	48.4	48.6	47.0	51.8	43.1	45.3	42.5	42.6
Credit impairment charge (\$million)	980	240	333	195	940	390	433	232	118	93
Return on equity (%) – cash basis	15.1	19.6	20.8	22.6	16.8	16.5	22.7	23.6	20.4	23.2
Impaired loans to loans and advances to customers (%)	0.32	0.24	0.17	0.12	0.40	0.24	0.28	0.17	0.13	0.11
Total assets (\$million)	438,355	351,849	454,549	397,261	604,622	508,835	401,717	328,200	136,309	111,980
Total equity (\$million)	23,964	20,910	25,638	22,487	30,805	29,567	19,077	16,824	6,860	5,612
Capital Adequacy Ratio (%)	10.1	10.3	11.1	9.8	9.7	10.5	10.1	9.4	10.1	10.5

# Profit

Profit<sup>2</sup> increased by 12.7 percent to \$9.8 billion in the first half of 2007/08, compared to \$8.7 billion in the first half of 2006/07. Significant items impacting the half-year results include:

- Issue of shares by Visa Inc., as part of its initial public offering – each of the banks have recorded significant one-off gains on a pre-tax basis: ANZ \$353m; NAB \$242m; WBC \$295m; SGB \$77m. CBA announced a pre-tax gain of \$355m<sup>3</sup> which will be included in their 2008 second half results.
- Credit impairment charges have increased significantly compared to the previous year: ANZ \$980m (from \$240m); CBA \$333m (from \$195m); NAB \$940m (from \$390m); SGB \$118m (from \$93m) and WBC \$433m (from \$232m). The majority of the increase related to individually identified provisions against corporate exposures. However, the banks have also increased their collective provision to reflect increased losses not specifically identified but arising from the current conditions. Refer asset quality section for further details.
- The partial sale of BT Investment Management by WBC which has led to a \$141m gain. ANZ included in the first half of 2006/07 a one-off gain of \$195m from the sale of Fleetpartners.
- The overall effective tax rate for the period was 29.9%, which is consistent with the prior period. The main variation within the banks was SGB (from 29.9% to 40.5%). SGB has recognised a \$117m tax expense following a court ruling on a dispute with the Australian Tax Office relating to a transaction in 1997. In New Zealand, as of 1 October 2008, the corporate tax rate is changing from 33% to 30%, hence the banks recorded a small tax benefit relating to that adjustment.

Excluding the impact of credit provisions the majors reported strong underlying growth in their results. The graph below compares movements in profit after tax for each of the majors. The shaded area highlights the impact of credit impairment charges on profit after tax.



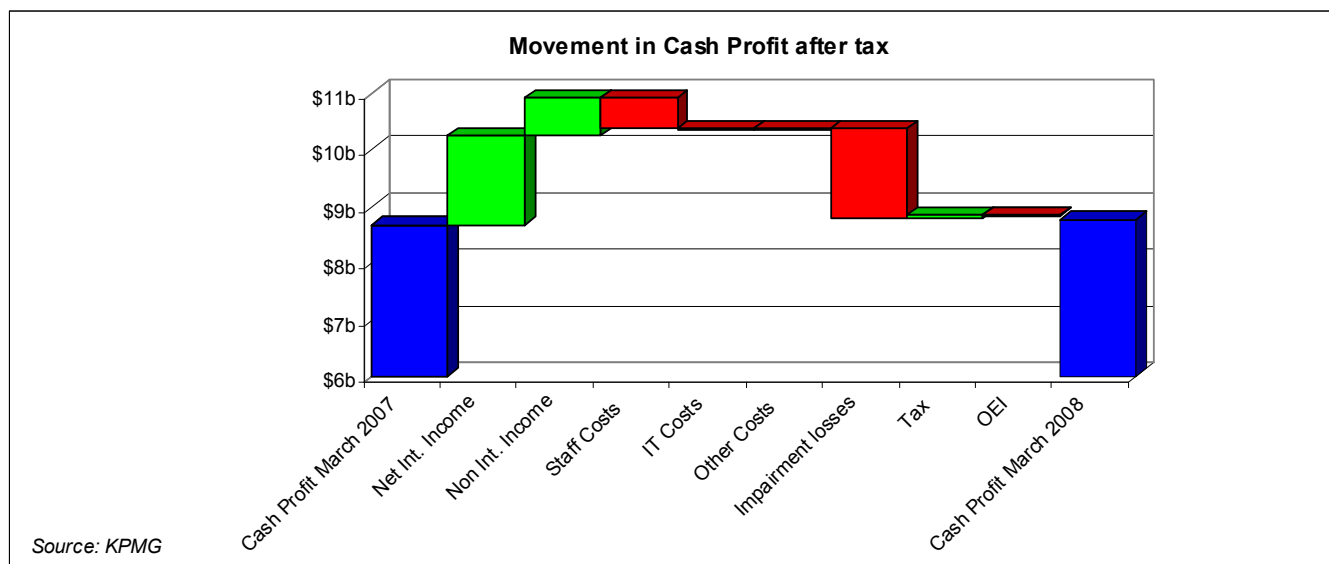
## Profit (continued)

Profit after tax on a cash basis<sup>4</sup>, which excludes the impact of significant and non-recurring items, grew by 1.1 percent to \$8.8 billion in the first half of 2007/08 (compared to an increase of 15.5 percent in the first half of 2006/07). Drivers of the revenue growth were:

- Underlying balance sheet growth – the majors achieved growth in both retail deposits and lending assets due to strong system growth in lending (particularly in business lending) and a stronger market share for the banking system, given difficulties many corporates are now having in accessing credit markets directly; and
- Market volatility increased sales opportunities to corporates which looked to hedge currency and interest rate exposures.

Offsetting this revenue growth was:

- Significant increases in credit impairment charges from historically low levels;
- Decreases in net margin, flowing from increased funding costs; and
- Increased staff costs as a result of increasing branch numbers and investment in front line staff, as well as reflecting general increases in wage levels.

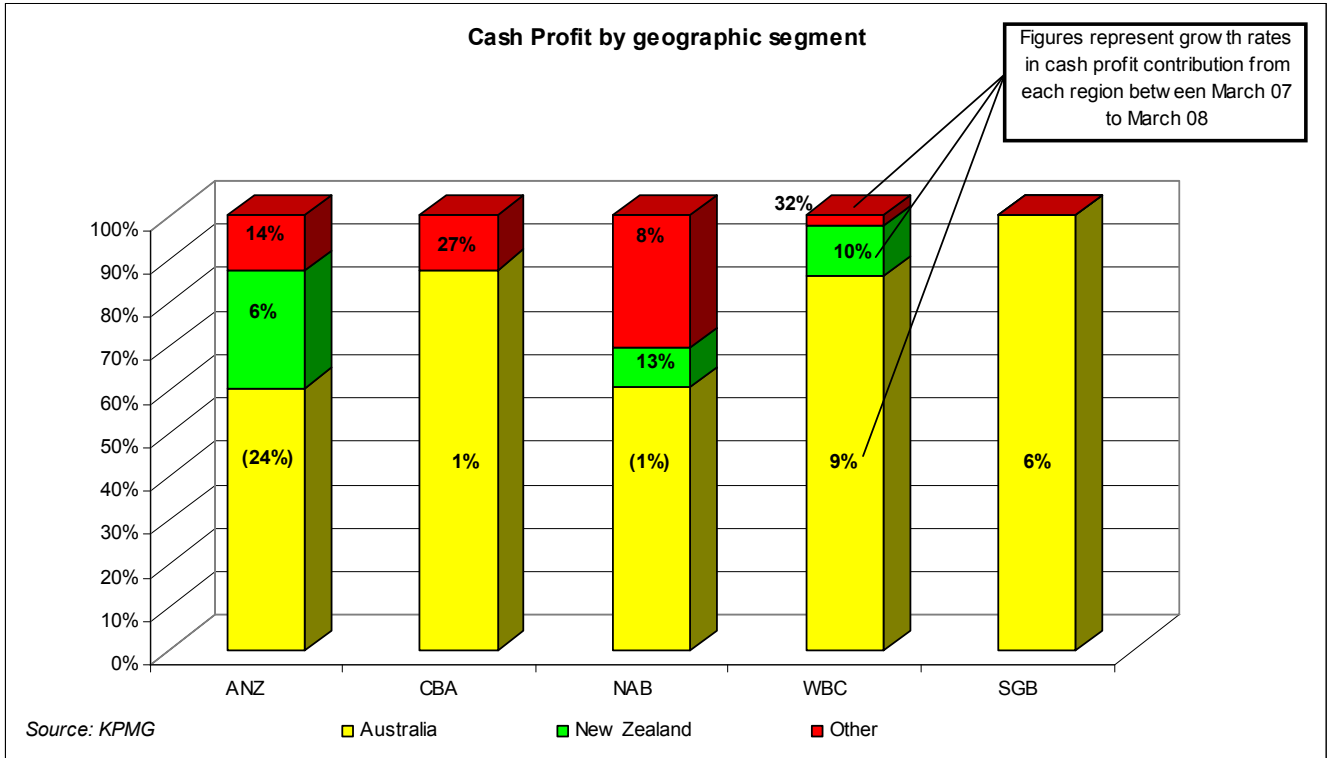


## Geographic results

The banks have adopted different strategies in respect of their overseas operations, with ANZ and CBA primarily expanding into Asia Pacific, and NAB focusing on Europe and a recently announced acquisition in the US. SGB operate solely in Australia and WBC in Australia, New Zealand and the Pacific.

Results for the New Zealand businesses in the past six months have grown on average 9% with strong underlying earnings growth and minimal cost increases. While additional credit impairment provisions in New Zealand have been booked these were not significant. Profits from other geographic regions have increased an average 14% compared to March 2007.

As competition in the Australian market remains tight and the economic conditions challenging, the majors may need to look overseas for further opportunities to grow.

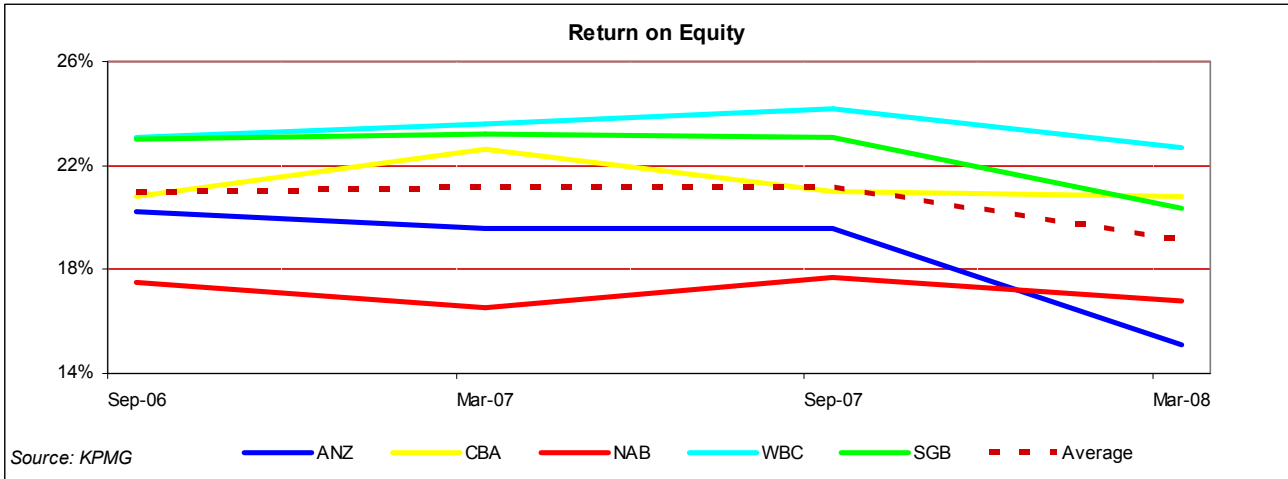


CBA: 'Other' geographic segment represents cash earnings of the International Financial Services business unit, which incorporates the Group's retail, business/commercial and rural banking operations in New Zealand, Indonesia, China and Fiji.

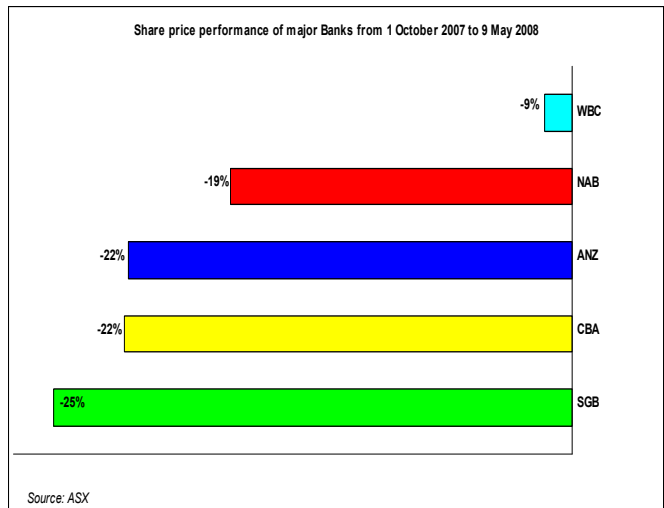
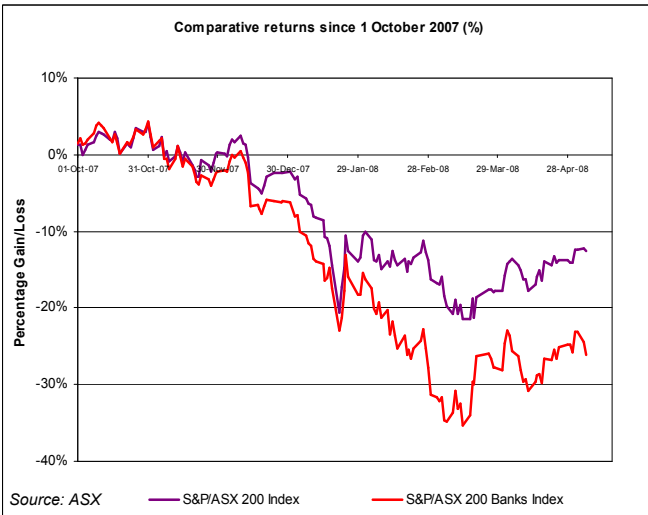
NAB: nabCapital is included in "other" although it has operations in Australia and overseas

## Return on equity and share price performance

The average return on equity has decreased to 19.2 percent for the first half of 2007/08, compared to 21.1 percent for the first half of 2006/07<sup>5</sup>. This result for the majors has fallen below their peers in the UK, which recorded an average return on equity of 20.3 percent for the 2007 fiscal year (21.4% in 2006)<sup>6</sup>. We noted in our September 2007 analysis that the underwriting of the 2007 final dividend by the banks would have a negative impact on returns on equity. ANZ, CBA, NAB and SGB have also announced that their interim 2008 dividend will be underwritten. In addition, most of the banks have raised capital over the past six months to assist in funding their growth. Further impacting returns are the higher impairment charges recorded by the banks, which are noted throughout this analysis.



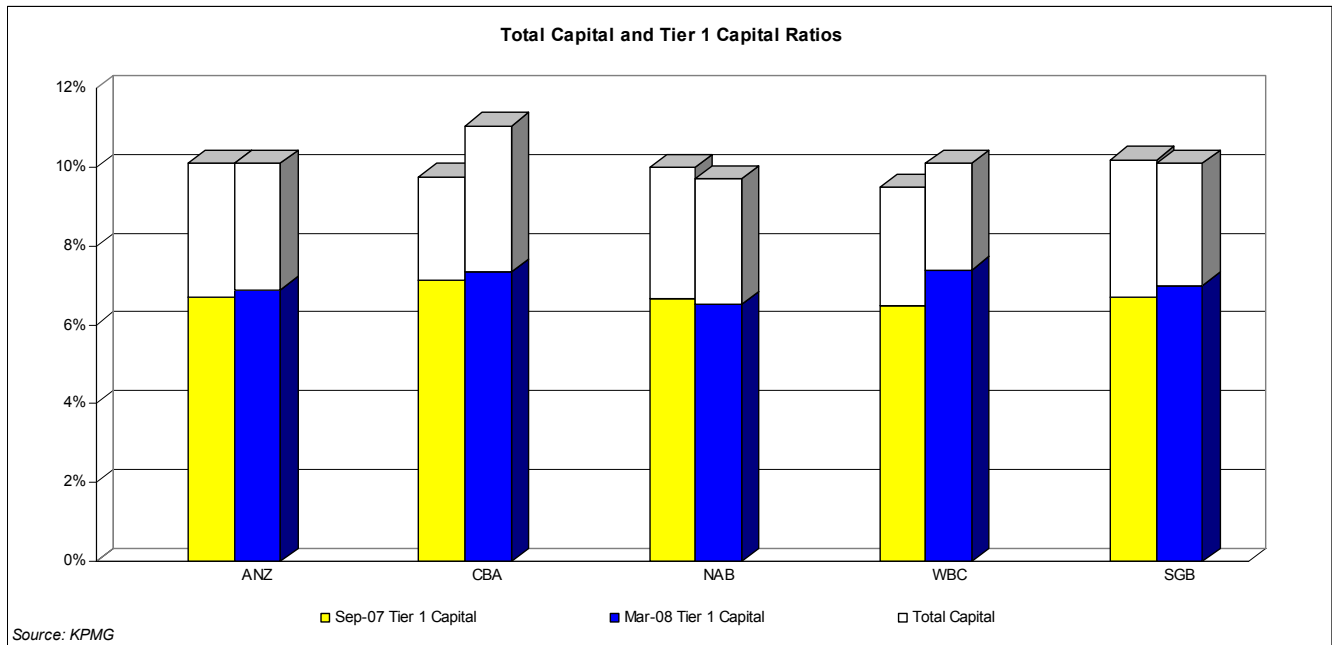
The share price volatility of the past six months reflects significant uncertainty over the impact of the global turmoil on bank performance. The recent rally in share prices indicates that the sell-off may have been “overdone”, a view which is supported by our analysis.



## Capital Adequacy

ANZ, CBA<sup>7</sup> and WBC ratios at March 2008 are based on Basel II calculations and at September 2007 are based on Basel I calculations. NAB and SGB ratios are all based on Basel I calculations.

The table below compares the banks' capital ratios on the basis noted above. Total capital at the half year is around 10% for the banks, broadly in line with prior periods. Both CBA and WBC have seen a slight increase in Tier 1 capital as well as overall capital.



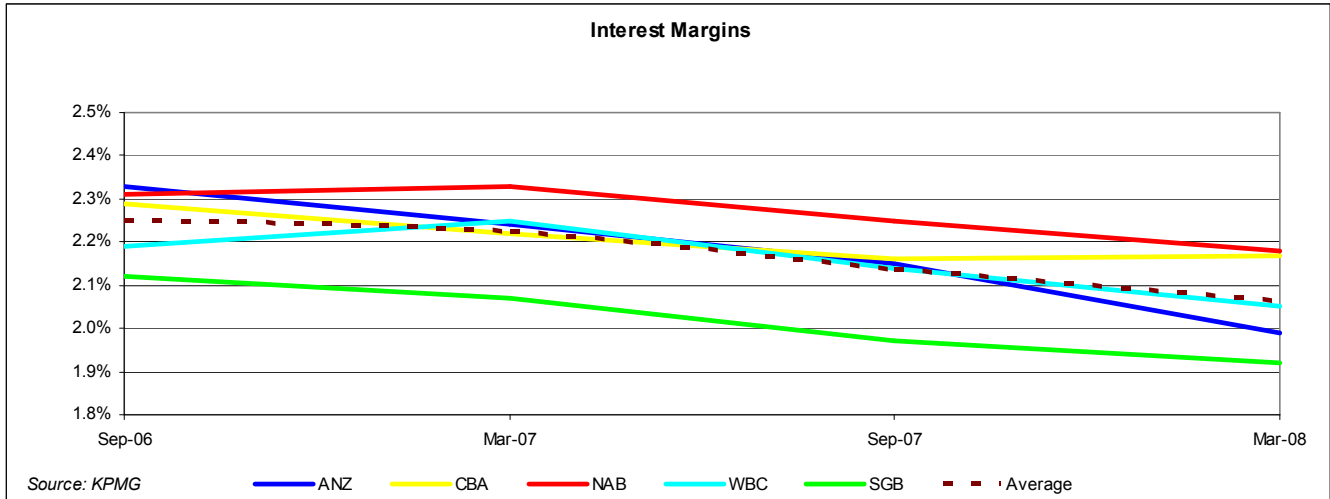
From 1 January 2008 ANZ, CBA and WBC adopted the requirements of the Basel II Capital Accord which had the following high-level impacts on the capital ratios:

- Reduction in the level of risk weighted assets primarily due to the use of the Basel II methodology for the calculation of credit risk weighted assets and expected loss. This led to a lower credit risk rating for mortgages offset by greater risk weighting for off balance sheet items. In addition, risk weighted assets are now more sensitive to changes in risk grades;
- A new capital charge for operating risk; and
- Loss of AIFRS transitional relief.

NAB and SGB will continue recording capital under Basel I until accreditation is applied for and received from APRA.

## Net Interest Income

Net interest income increased by 9.8 percent to \$17.6 billion in the first half of 2007/08 (first half of 2006/07: 9.6 percent increase), compared to lending asset<sup>8</sup> growth of 16.1 percent (first half of 2006/07: 13.0 percent increase). The average net interest margin of 2.06 percent represents a decline of 16 bps for the twelve months to March 2008, compared to a decline of 8 bps for the twelve months to March 2007.



The last twelve months has seen the largest decline in margins for some time primarily driven by the tightening of global liquidity and resultant increase in the cost of wholesale funds. Key drivers of the reduction in margin for the majors include:

- The increase in wholesale funding costs, partially offset by increases in retail and business deposits which represent a cheaper source of funding. This retail deposit increase is partially due to the “flight to quality” with increased market volatility causing a flow of funds to the banks from the investment markets and also due to increased focus on this area by the banks;
- Greater focus on repricing of credit risk for higher risk accounts particularly as the competition for funds from corporates increases. The impact of this is that a large portion of the lending asset growth is to highly rated counterparties which attract a lower margin; and
- Increase in levels of low yielding liquid assets as a response to managing liquidity.

The Australian experience of declining margins is consistent with the experience in the UK, where the interest margin earned by the major banks (excluding Barclays) declined from 2.49 percent in December 2006 to 2.37 percent in December 2007<sup>9</sup>.

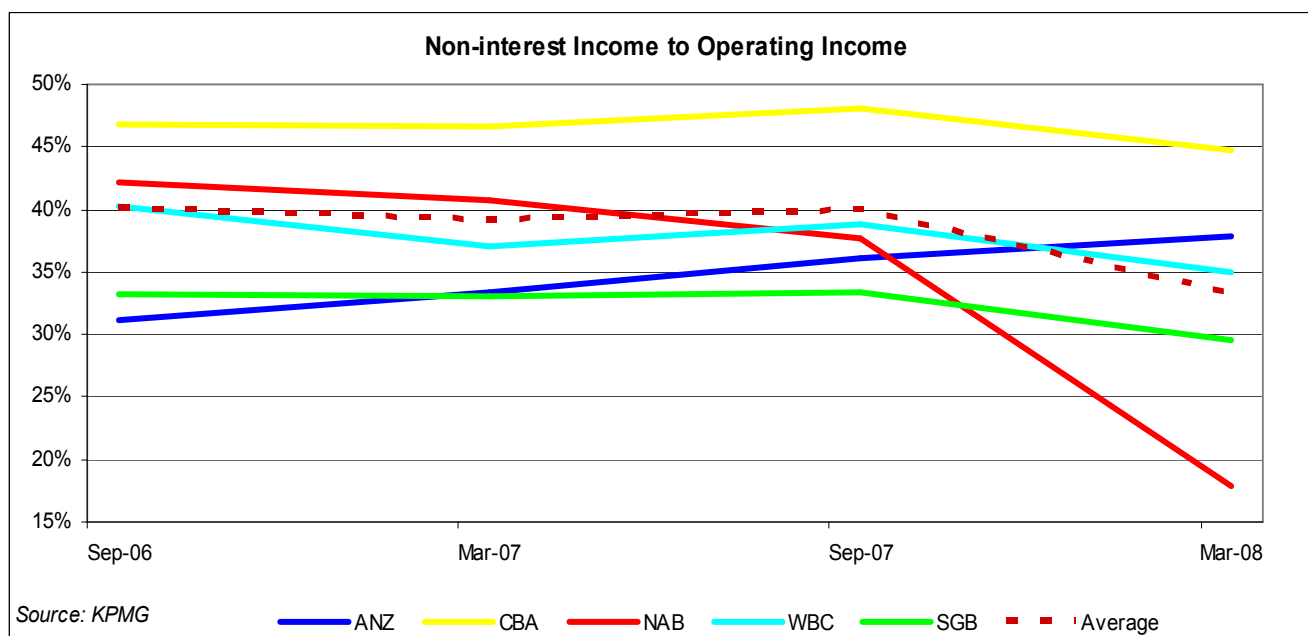
## Non-interest Income

The significant volatility in the markets over the past twelve months has provided the banks with increased sales opportunities as corporates have looked to hedge both currency and interest rate exposures. This has been more than offset by a significant decline in investment earnings (which are principally due to insurance policy holders) so that non interest income declined by 5.6 percent to \$10.1 billion for the first half of 2007/08.

The key factors impacting non-interest income movement in 2007/08 compared to the previous year, excluding significant items, were:

- Growth in lending fees (due to asset growth) and fees from transaction accounts, although this growth has been constrained by competitive pressures and an increased focus by regulators. There has been a continued focus by the banks on expanding sources of income given the interest rate pressures noted above;
- Increases in FX earnings and derivative trading gains due to greater volatility in global currency markets and higher sales volumes. In addition, there have been increases in derivative trading gains;
- Decrease in investment earnings (due to insurance policy holders); and
- A 3.9 percent increase in wealth management profits (see analysis on next page).

Excluding one-off significant items the average ratio of non-interest income to operating income for the first half of 2007/08 was 33.7% compared to 39.5% for 2006/07. The divergence in ratios for each of the majors is due to their respective mix of non-lending businesses (for example, the NAB reduction is due to the results of the life business).

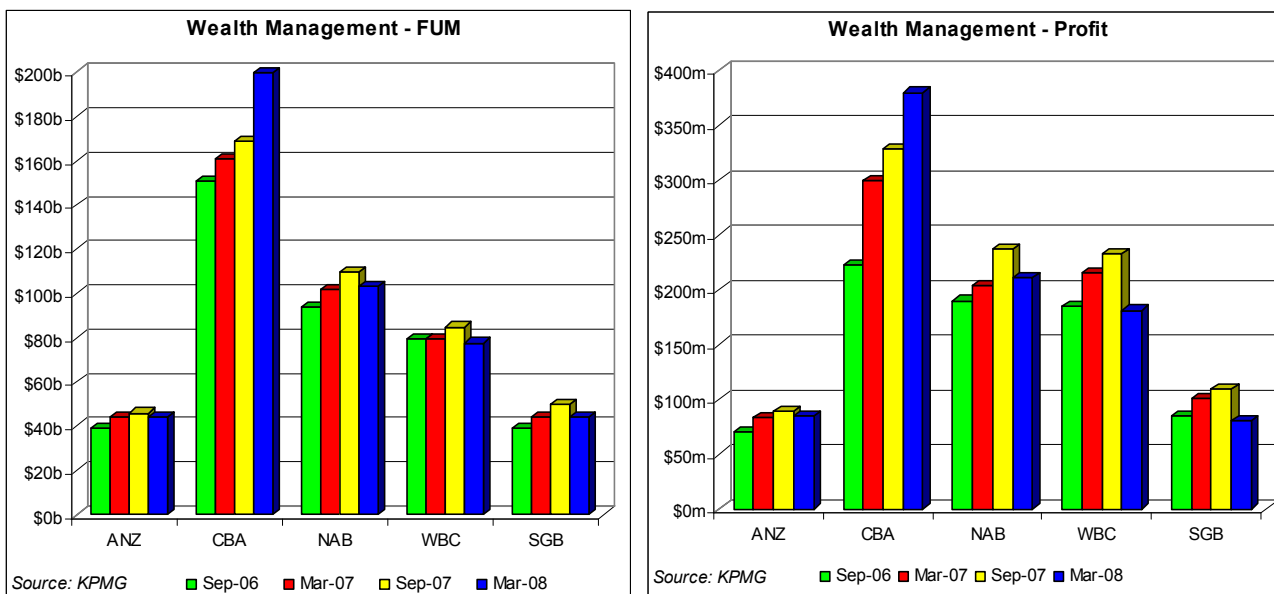


Non-interest income is total income less net interest income (i.e. where relevant, includes wealth management and net insurance income). The above table excludes significant items for the following: ANZ: \$355m Visa IPO gain in 1H08 and \$195m from sale of Fleetpartners in 1H07; NAB: \$242m Visa IPO gain in 1H08; SGB: \$77m Visa IPO gain in 1H08; WBC: \$463m representing Visa IPO gain in 1H08 and partial sale of BT Investment Management.

## Wealth Management

Wealth management includes the provision of life insurance, superannuation and investment management. Wealth management profits<sup>10</sup> increased by 3.9% in the first half of 2007/08 to \$937 million, compared to \$902 million for the first half of 2006/07. The key factors impacting performance have been:

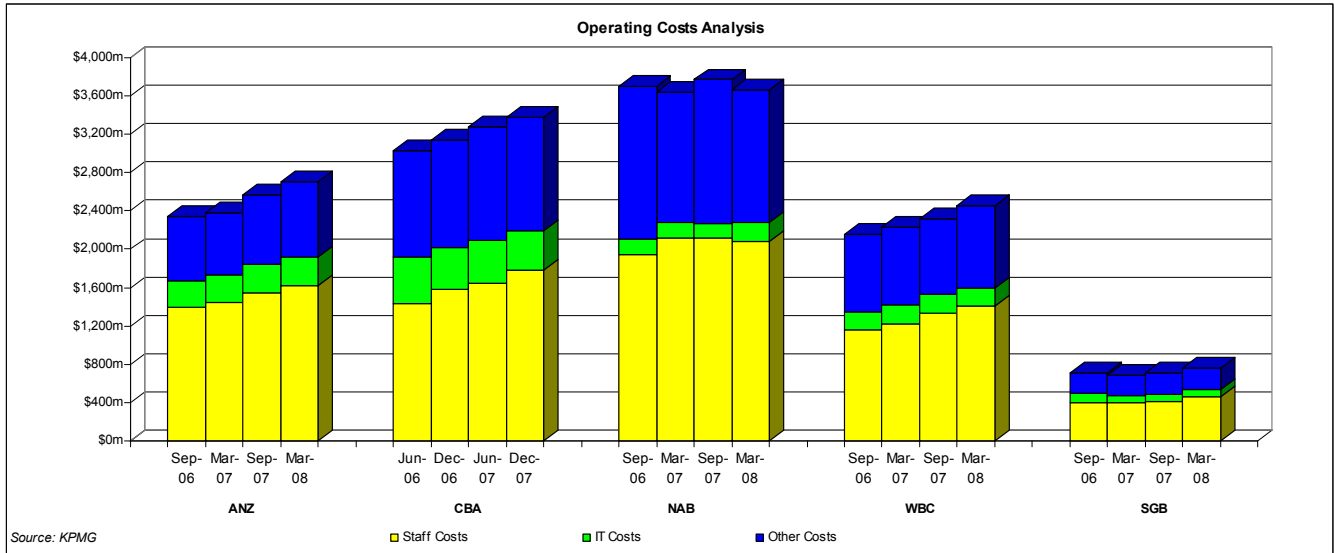
- Continued impact of superannuation reform leading to fund inflows albeit at a lower level than seen in previous periods; and
- Reduction in share indices around the world (the ASX 200 has reduced 12.5% since 1 October 2007), reducing FUM and consequently fee income. As a result of share market volatility customers have transferred their savings from the wealth management industry into banking deposits. The full effect of these impacts will not be seen until the second half of 2008. This is particularly relevant for CBA given the reported results below are based on 31 December 2007 which was prior to the significant market movements.



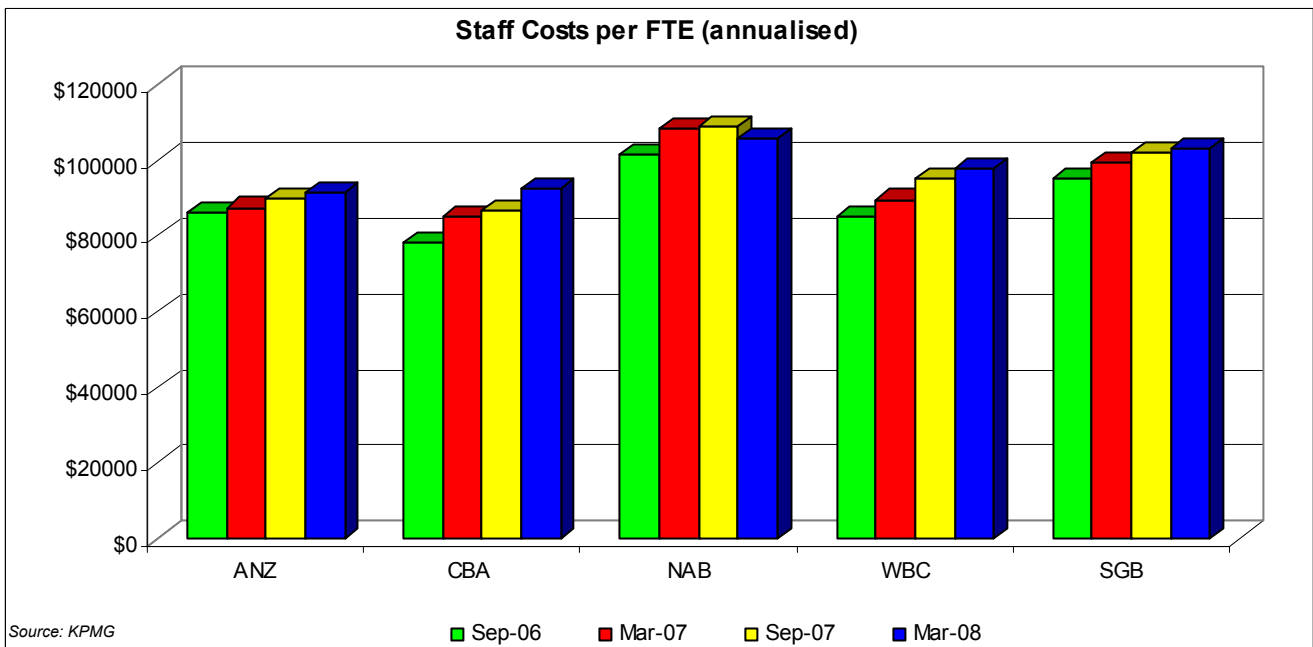
Wealth management profits for ANZ represent the equity accounted profits of the ING joint venture in Australia and New Zealand (FUM represents only ING Australia).

## Costs

Operating costs increased by 7.2 percent to \$13.0 billion in the first half of 2007/08, compared to \$12.1 billion in the first half of 2006/07. The banks continue to focus on achieving cost control and productivity gains particularly through offshoring some back office positions, and to invest these savings in improvements in customer service through front line staff, more branches and longer opening hours.



Staff costs remain one of the most significant costs for the banks, averaging 56.7 percent of total operating costs. Overall average staff costs per FTE for the first half of 2007/08 have increased by 4.6 percent to \$98,000 (annualised) when compared to the first half of 2006/07. This primarily reflects wage increases over this period, driven by the competitive labour market.

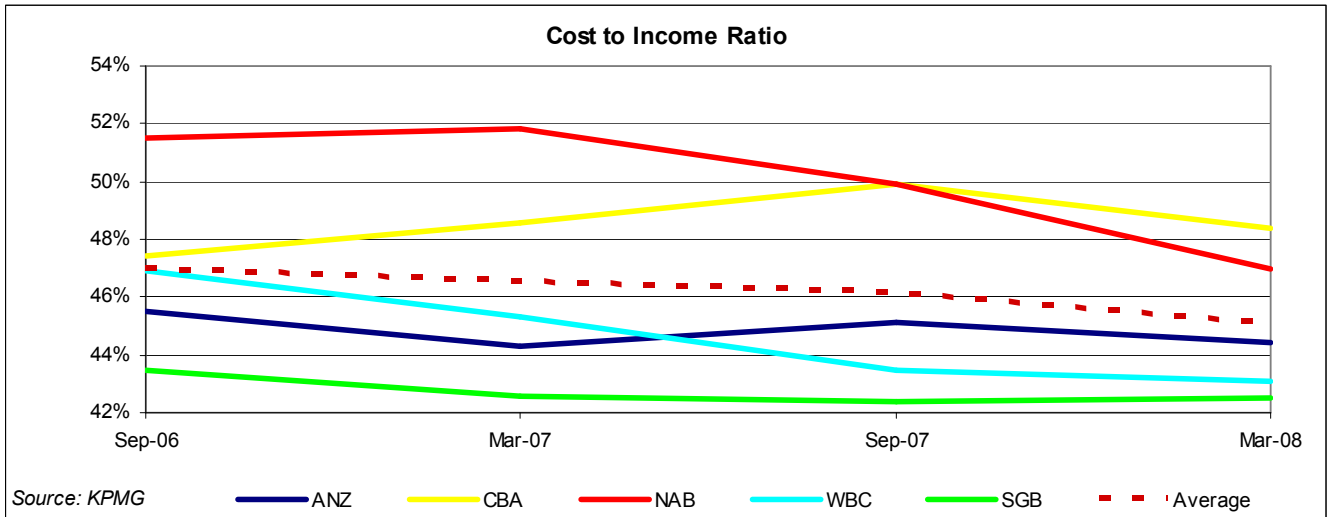


SGB: \$43m restructuring charge in March 2008 half excluded from annualised staff cost per FTE.

## Costs (continued)

Controlling and improving the cost to income ratio remains a priority for the banks. The solid growth in revenues combined with the focus on cost control has led to further falls in the cost to income ratio. The ratio fell from 46.5 percent in the first half of 2006/07 to 45.1 percent in 2007/08 with SGB achieving the lowest ratio at 42.5 percent. This compares favourably with the UK major banks which have a ratio of 52.7 percent<sup>11</sup>, although best practice foreign banks are targeting below 40 percent.

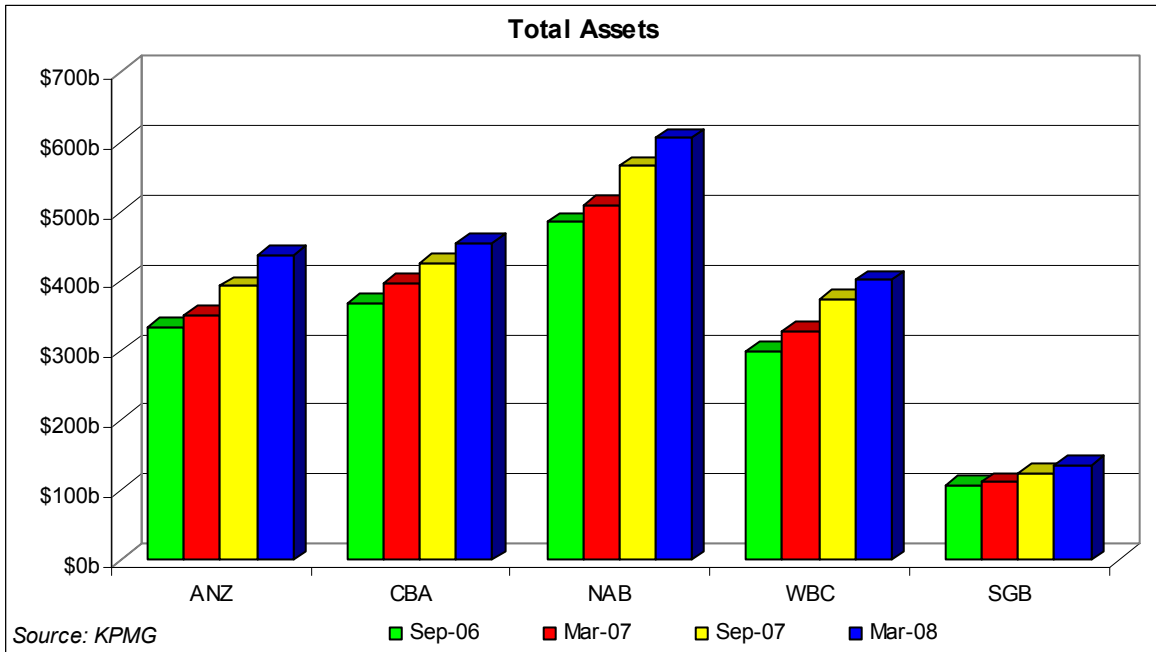
Further reduction will continue to be a significant challenge for the banks as they strive to continue to grow revenue in difficult market conditions, while competing for resources in a tight labour market.



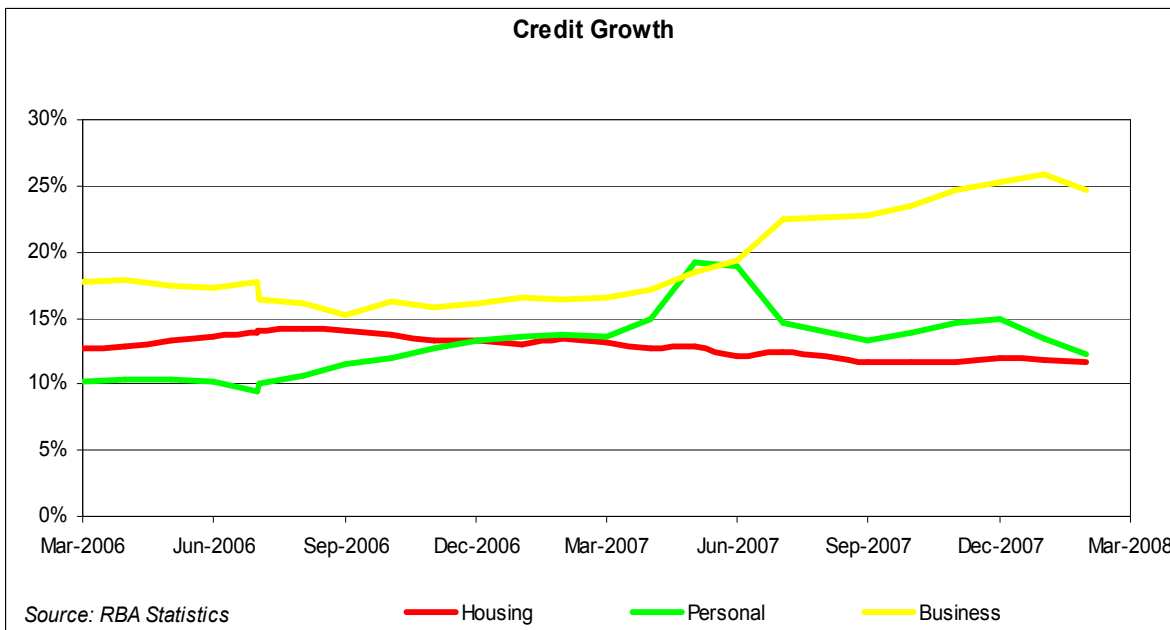
Cost to income ratios as disclosed in profit announcements on a cash basis. WBC is the banking ratio.

## Assets

Total assets increased in the first half of 2007/08 by 19.9 percent to \$2,036 billion, primarily due to a 16.1 percent increase in the lending portfolio<sup>8</sup> over the period (13.0 percent in the first half of 2006/07).

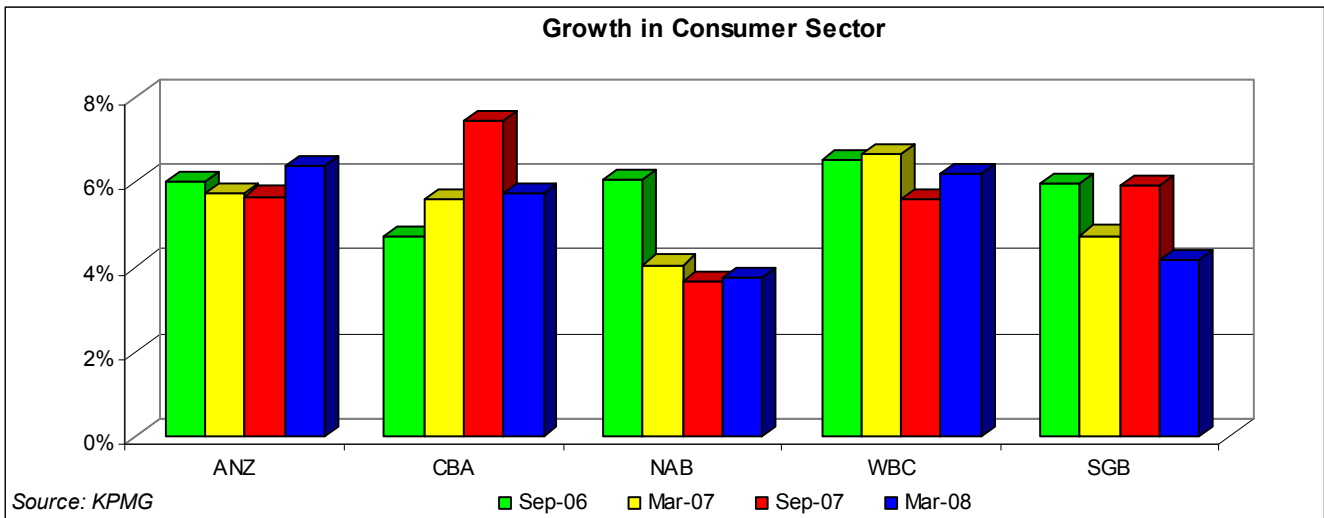


This continues to be driven by strong system credit growth, which has not yet been impacted by concerns surrounding the local economy, most noticeably rising interest rates and inflation. While system housing and personal credit growth remained relatively consistent for the period, system business credit growth was 24.6 percent<sup>12</sup>.

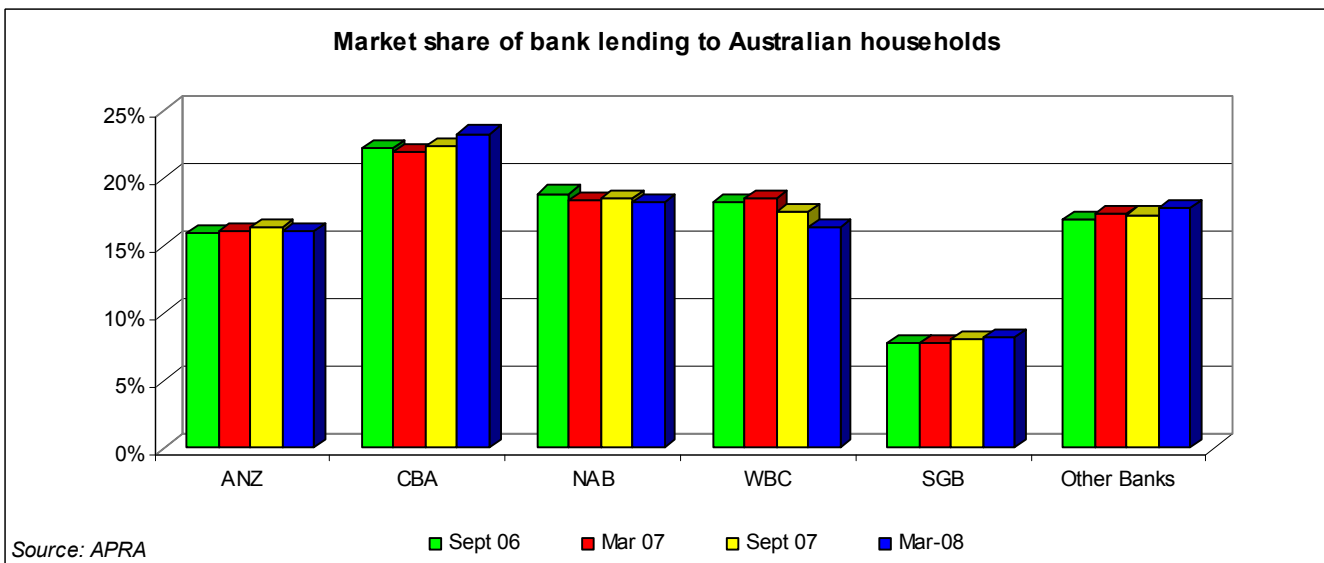


## Consumer portfolio

Consumer lending<sup>13</sup>, which includes housing, credit card and personal loans, grew by 11.2 percent in the twelve months to March 2008 for the majors, down slightly from 11.7 percent as recorded in the twelve months to March 2007. Housing credit growth in the economy was 11.7 percent as at February 2008 (13.4 percent: March 2007).



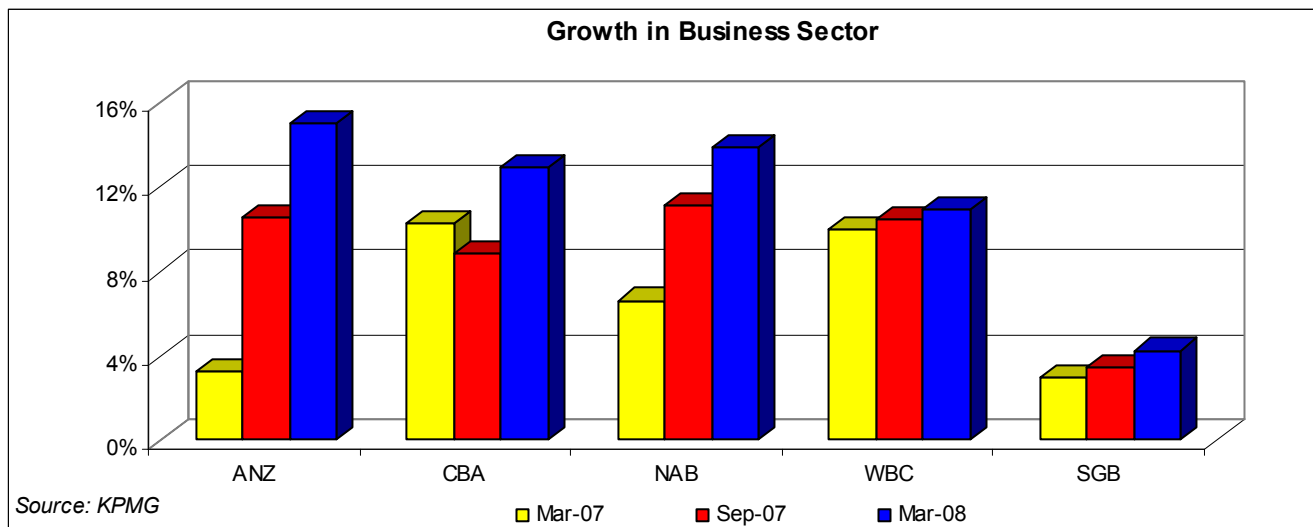
Market share for bank lending for the majors has remained relatively stable over the past twelve months (with CBA share slightly up and WBC share slightly down) with the majors accounting for 82 percent of total bank lending to Australian households.



Based on APRA statistics for Australian households and does not include securitised assets or non-bank lending.

## Business portfolio

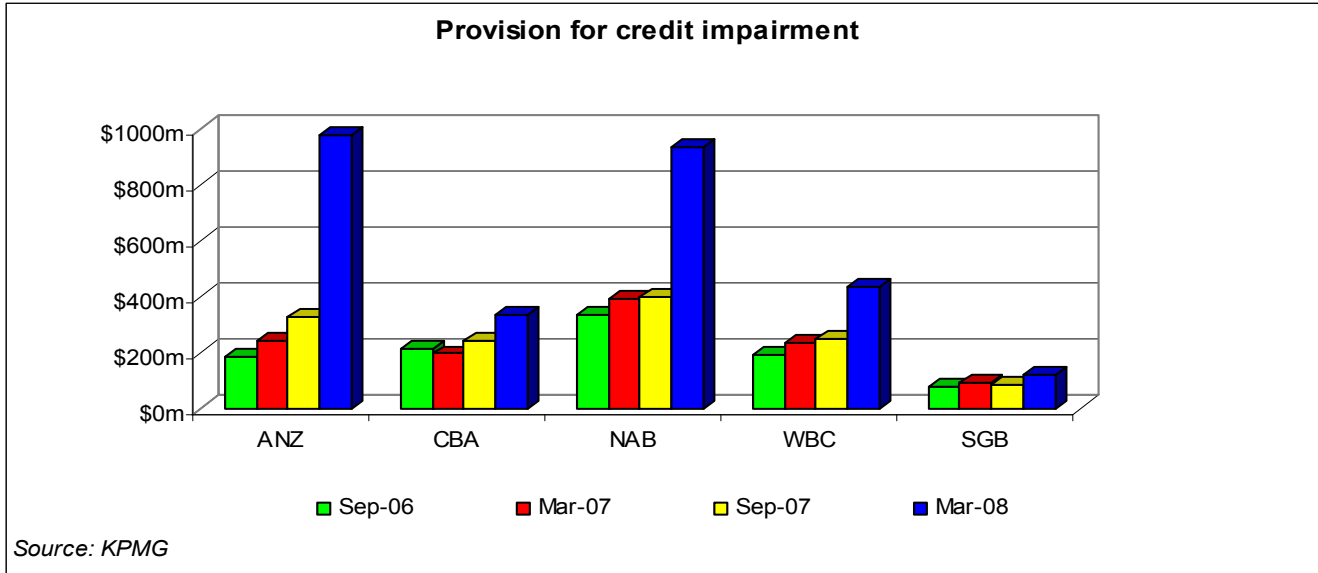
Business lending increased by 24.5 percent for the twelve months to March 2008 (15.4 percent for the twelve months to March 2007), which is on par with system growth of 24.6 percent.



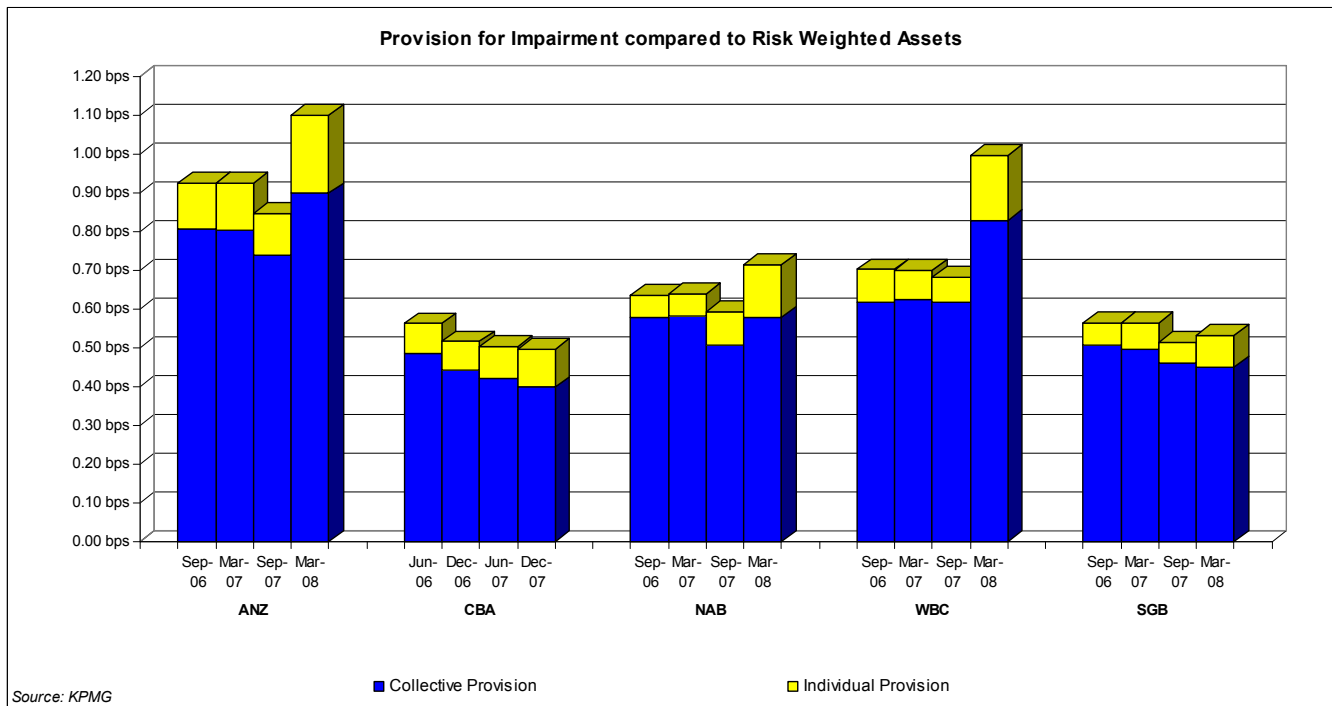
There has been strong growth in this sector over the past year in part due to the limited opportunities for the business sector to raise funds in the capital markets. Such growth is unlikely to continue given the banks capital and funding constraints and credit issues within the market. Due to changes occurring across the market as a result of credit and liquidity issues, the banks will be able to be more aggressive with pricing when refinancing these clients.

## Asset Quality

The credit impairment charge increased from \$1,150m to \$2,804m. This has been driven principally by increased provisions against large individual names in the corporate sector and increases in collective provisions. ANZ, in particular, raised a \$226m individual provision for an exposure to a US monoline insurer. Whilst the majors have no direct exposure to US sub-prime debt, the current credit environment has increased the focus on all highly leveraged corporates, or those that rely on a high proportion of short-term funding. Locally, the increasing interest rate environment has further impacted these clients, as refinancing has led to significantly higher funding costs.



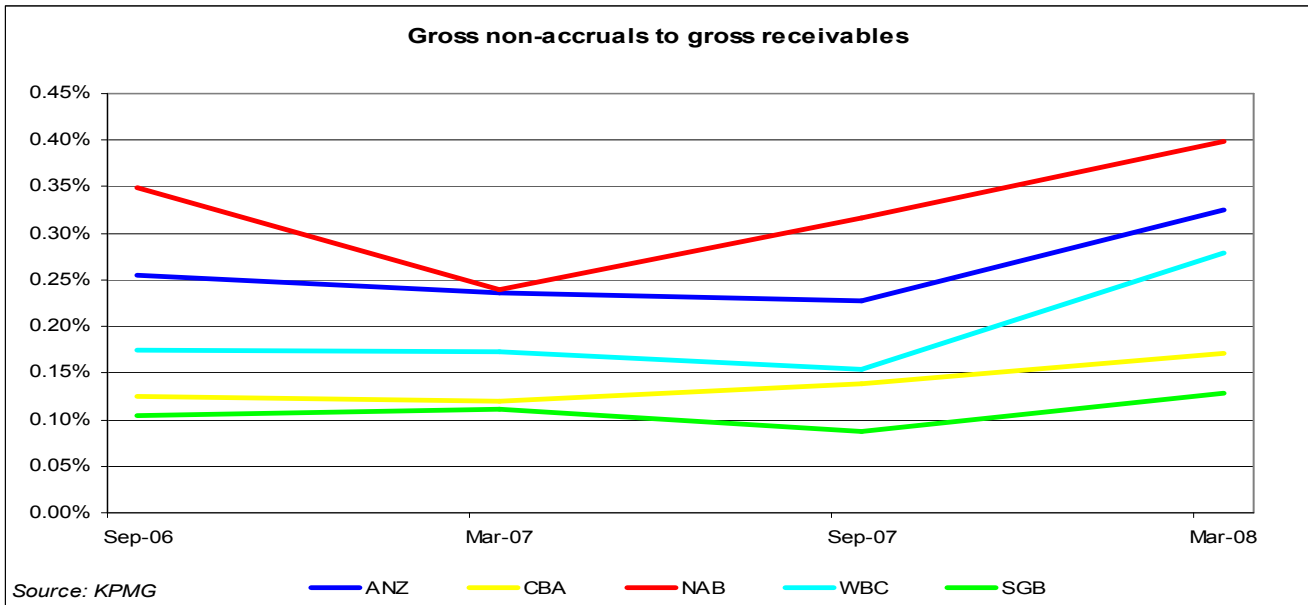
In addition, the level of collective provisioning has also increased over the period. Several banks have included within their impairment charge an ‘economic cycle’ adjustment which reflects the current dislocation in capital markets (ANZ \$125m; NAB: \$214m; WBC \$31m). There have also been several risk downgrades across the banks’ corporate portfolios, which have increased the level of collective provisioning.



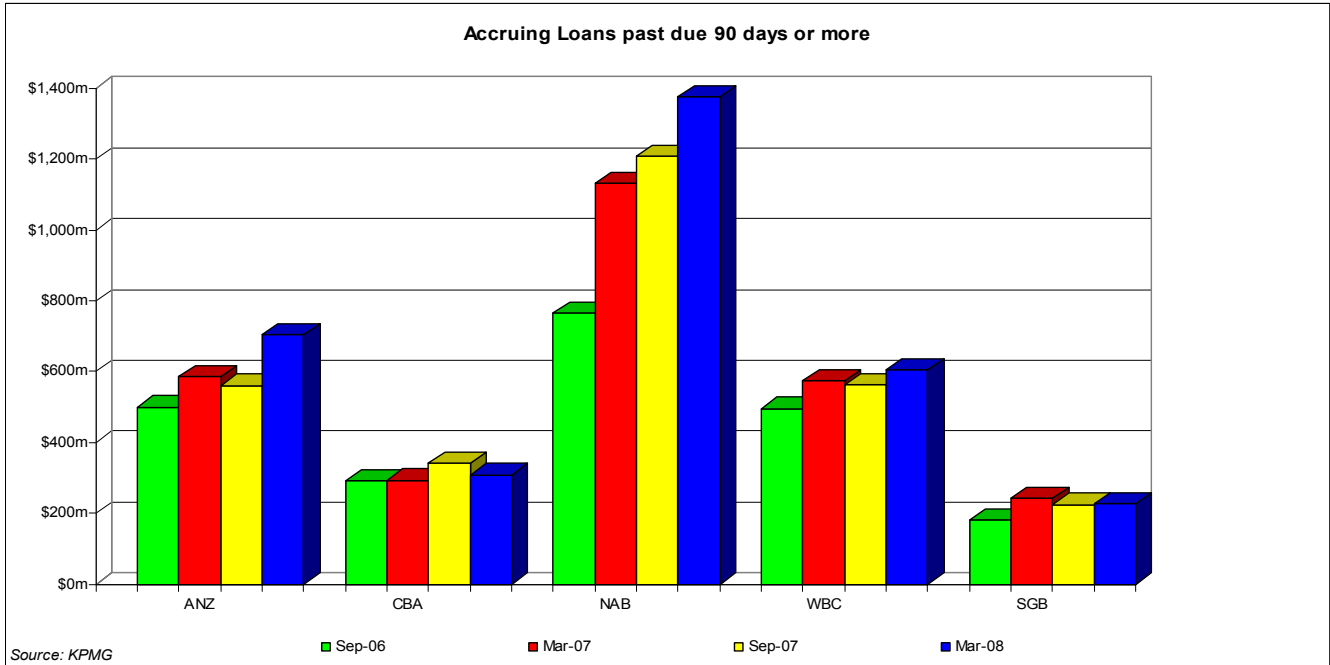
Note: The calculations in the table above are based on Basel II risk weighted assets for March 2008 for ANZ and WBC and for CBA, NAB and SGB are based on Basel I calculations.

## Asset Quality (continued)

Gross impaired loans have increased significantly to \$4.0 billion, compared to \$2.3 billion at 31 March 2007, however, the provision for credit impairment as a percentage of gross loans and advances<sup>14</sup> has only increased slightly to 0.62 percent, up from 0.58 percent at September 2007. This is likely to be the result of high levels of security being held against these impaired exposures.



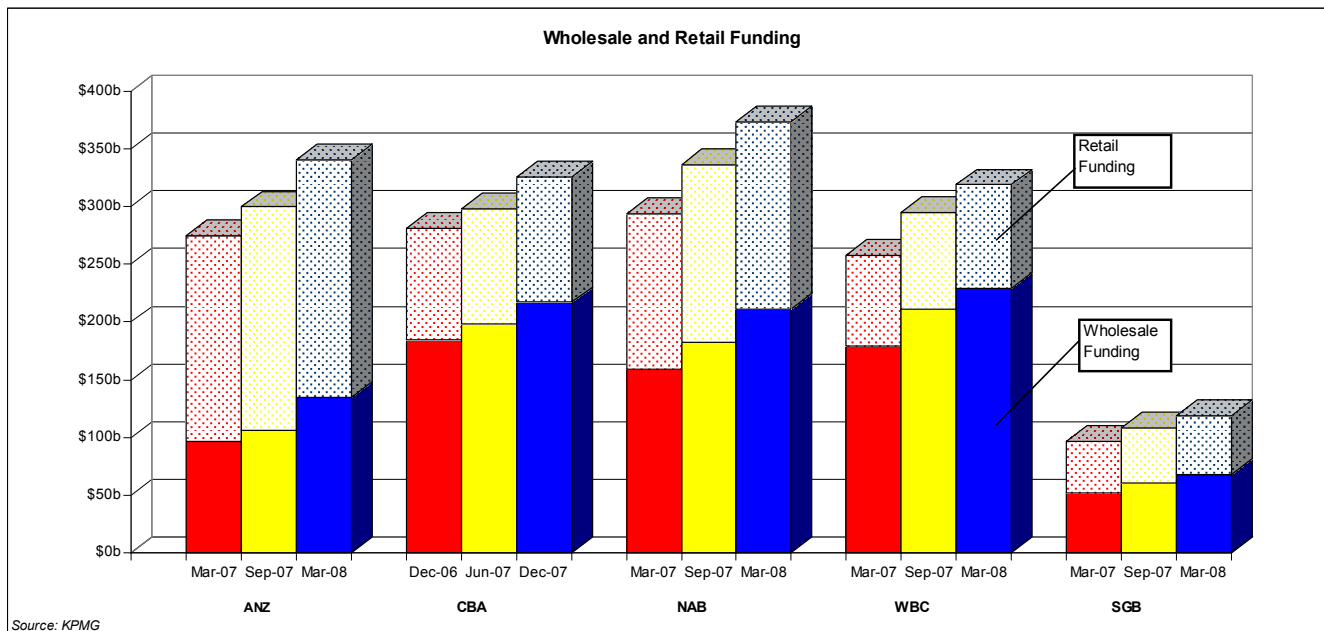
To date, the majors have not seen any significant deterioration in the quality of the retail portfolios. The relatively low levels of unemployment are a major contributor to the strong asset quality. However, four increases in interest rates since August 2007 is expected to put further pressure on the retail portfolios and provisioning levels in the second half.



In September 2007, NAB amended the classification of impaired loans, leading to an increase in the balance of loans 90 days past due (the September 2006 balance noted above has not been reclassified under this methodology).

## Funding mix

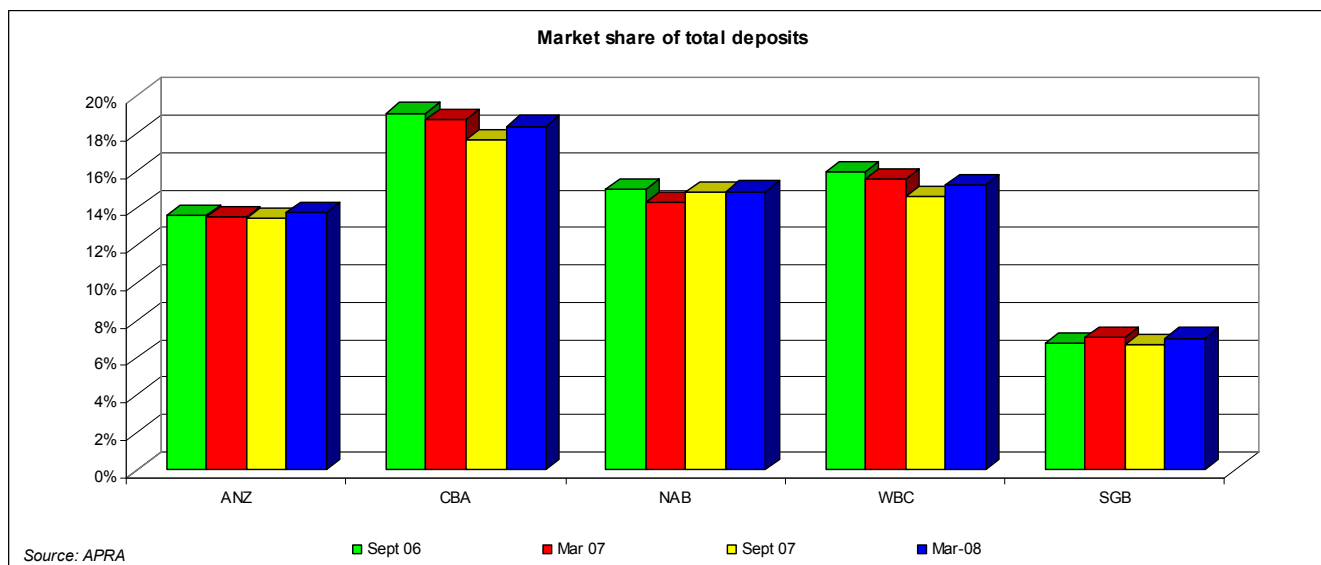
All of the banks have experienced strong asset growth (overall average of 20%) over the past twelve months requiring funding in markets where liquidity is limited and expensive. Retail deposits<sup>15</sup> have increased by only 15% on average while the remaining funding has been sourced from the wholesale markets which come at a greater cost. The graph below indicates the relative proportion of wholesale and retail funding<sup>16</sup> over the past twelve months. The percentage of retail funding has on average decreased from 44% to 42%.



## Deposits and other borrowings

Deposits and other borrowings<sup>17</sup> increased by 11.9 percent in the first half of 2007/08, which is significantly higher than the growth in the first half of 2006/07 of 3.2 percent. This continues to be the result of an increase in interest rates as well as the major banks' response to the intense competition that they have faced in the deposits market over recent years, which they have countered by the introduction of new high rate deposit products, on line deposits and a significant focus on customer service.

System growth in the Australian domestic market over the past twelve months for deposits was 28.6 percent to \$1,085 billion<sup>18</sup>, which is significantly above the growth recorded of 16.0 percent in the prior year. As seen below all the major banks have been able to increase their market share of deposits over the past twelve months.



## Outlook

The balance of 2008 will be an interesting and challenging time for the banking sector in Australia and globally. The following factors will continue to influence the performance of the majors:

**Global liquidity** – In the wake of the credit crisis, the tightening in global liquidity for banks and corporates over the past six months has resulted in increased funding costs. To counter funding pressures, the local banks have all raised their interest rates independent of the RBA, which in turn is slowing consumer spending and the housing market. While international financial markets are showing some early signs of improvement, we expect conditions to remain difficult over the next six to twelve months, leading to ongoing rationing of credit.

**Local economic conditions** – In a slowing Australian economy, with rising interest rates, it is expected that demand for credit by both consumers and businesses will continue to weaken. We also expect a continued increase in consumer bankruptcy rates, and the impact of higher funding costs on highly geared corporates to lead to greater levels of default in the year ahead.

**Bad debts** – Notwithstanding the points above and the higher bad debt charges seen in the current half, it needs to be remembered that in many ways, what we are seeing now is a return to more “normal” conditions. Recent year loan losses have been extraordinarily low, and while these are set to rise over the year ahead, we believe the Australian banks have a high quality loan book and are well provisioned, so the inevitable increase in bad debts will not be catastrophic.

**Competition** – The major banks have benefited from the re-pricing of risk and more direct lending with their customers. We have seen a ‘flight to quality’ with the major banks improving their competitive positions, as some non-bank and second tier lenders have come under pressure due to more difficult funding conditions. This has resulted in the major banks increasing their market share in the mortgage market at the expense of non-bank lenders; a trend we believe is set to continue. A worrying sign, however, is the fall in profitability of mortgage lending. The future outlook suggests we will continue to see compression of broker commissions, increased pricing and a focus on reduced cost of delivery.

The resources of the banking and financial sector will be tested as large corporates attempt to refinance billions of dollars of debt over the coming years. We see opportunities for growth in this sector for the local banks, given the reduced capital market issuance by corporates.

**Capital structures** – The cost of capital has increased as a consequence of the sub-prime crisis and the related deterioration of credit quality has put more pressure on capital. Additionally, increased demand for lending has strained the banks’ capital and funding. The banks will be looking for opportunities to raise capital to fund the demand for asset growth, and to sell assets and businesses that don’t meet internal hurdle returns. Capital management, including initiatives such as Share Purchase Plans and Dividend Reinvestment Plan (DRP) underwriting, will also be a focus.

**Market consolidation** – The Australian banks have indicated that they want to grow their presence in the Asian market. In the long term, we expect this focus to broaden as they seek additional growth opportunities. Whilst capital constraints may deter significant transaction activity in the short term, we believe there will continue to be consolidation in the non-bank lender sector.

**Funds inflow** – The banks first half results do not fully reflect the sharp downturn in financial markets of early 2008. As a consequence, the equity-sensitive areas of the banks’ operations, such as funds management and margin lending will be under severe pressure in the second half.

**Cost management** – The banks have recorded increases in operating expenses, reflecting the continued investment in their distribution capability and frontline staffing levels. Moving forward, they will need to be increasingly vigilant in their cost management. The challenge will be how to optimally balance improvements in customer service levels, whilst simultaneously achieving greater operational efficiencies. Therefore, we do not see across the board cost reduction coming back into vogue, but rather more specific, focused cost reduction efforts that will not compromise customer service and revenue outcomes. Specifically we see the emergence of a ‘thin operating model’ whereby banks will sustain and increase frontline service capabilities and reduce back office processing and head office infrastructure.

**Productivity** – As banks seek to improve their cost to income ratio, they will be looking for opportunities to grow revenue as well as improve efficiency. We therefore expect to see further systems enhancements, as well as opportunities to offshore certain back office operations and outsource aspects of their technology functions.

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<sup>1</sup> Refer to data sheet for details of individual banks results. Results are for the six months to 31 March 2008 (CBA: 31 December 2007) and comparatives are for the six months to 31 March 2007 (CBA: 31 December 2006) unless otherwise stated.

<sup>2</sup> Profit represents profit attributable to shareholders of the Company.

<sup>3</sup> Commonwealth Bank Media Release, ‘Commonwealth Bank Announces Gain of \$355m from Visa IPO’, 25 March 2008.

<sup>4</sup> Cash earnings are based on the major banks’ profit announcements and generally exclude significant items, non-core items, certain AIFRS items which cause earnings volatility (for example, mark to market of certain hedge gains and losses and use of the fair value option). For NAB, the credit impairment charge relating to the economic cycle adjustment has been subtracted from the reported cash profit at March 2008.

<sup>5</sup> Return on Equity is as reported in the individual banks’ profit announcements on a cash basis.

<sup>6</sup> KPMG’s Major UK Banks: 2007.

<sup>7</sup> Based on proforma 31 December 2007 calculations under Basel II.

<sup>8</sup> Lending portfolio comprises gross loans and advances (excluding acceptances).

<sup>9</sup> KPMG’s Major UK Banks: 2007.

<sup>10</sup> Wealth management profits are on a cash earnings basis as reported by the banks, except for ANZ which includes ANZ’s share of ING net profit

<sup>11</sup> KPMG’s Major UK Banks: 2007 (calculated as operating expenses (excluding insurance claims) divided by operating income after deducting insurance claims incurred).

<sup>12</sup> Not used

<sup>12</sup> Source: RBA Statistics, Table D02 “Lending and Credit Aggregates”.

<sup>13</sup> Consumer lending includes housing, credit card and personal loans (when separately disclosed). The balance of total lending is assumed to be business lending.

<sup>14</sup> Gross loans and advances as at the half year end, excluding acceptances.

<sup>15</sup> Retail deposits as reported by the banks throughout commentary in the profit announcements.

<sup>16</sup> Overall funding includes deposits and other borrowings, bonds and notes, debt issues and loan capital.

<sup>17</sup> Based on “deposits and other borrowings” as reported by the banks. WBC includes items at amortised cost and fair value.

<sup>18</sup> Source: APRA, Monthly Banking Statistics, March 2008, Table 3. Percentages quoted exclude building societies and credit unions.