Nationwide Building Society - Interim Results 2023/24 Webcast

17 November 2023

Transcript *(amended in places to improve accuracy and readability)*

Nationwide Attendees:

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Chris Rhodes, Chief Financial Officer

Muir Mathieson, Deputy Financial Officer & Treasurer

Robert Gardner, Chief Economist

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Introduction

Debbie Crosbie

CEO, Nationwide Building Society

Interim performance highlights

Good morning to everyone and welcome to Nationwide Building Society's Interim Results call. I'm Debbie Crosbie, the Chief Executive Officer, and I'm joined today by Chris Rhodes, our Chief Financial Officer, Muir Mathieson, our deputy CFO and Treasurer, and Robert Gardner, our Chief Economist. We have delivered a strong financial performance in an uncertain economic environment and our underlying profit before tax is up 29% to £1.262 billion for the first half. We provide customers with great value products, choice in the way they bank with us, and the best possible service. As a result, we've grown our deposit and mortgage balances, and our financial strength means that we can invest in even better products and services to increase value for our members.

We are reporting our highest-ever half-year member financial benefit of £885 million, which means that including our first member Fairer Share payment in June, we have delivered £1.2 billion of value to our members, and evidence of our strategic commitment to rewarding our members. You will have seen that we've extended our branch promise to not leave any town or city in which we are based until 2026 and we now are delighted to see that we have the largest branch network by brand in the UK. We believe these things demonstrate the benefit of a mutual model and are also reflected in our customer satisfaction scores where we have remained first among our peer group for over 11 years and extending our current lead to 5.2%.

We recognise the challenges facing our customers in the current environment and have continued our cost-of-living helpline as well as delivering the changes in line with the government's mortgage charter. We've proactively contacted 1.3 million customers to explain the support available as more households adjusted expenditure priorities in the higher interest rate environment. We will continue to support those borrowers who face payment difficulties.

Driving value through customers' channel of choice

Our rebrand last month was the most significant in 36 years and will help us to build stronger relationships with our members, now and in the future. Our branches have really benefited from the rebrand and we thought you might find some of our data interesting to understand the rationale behind our branch promise. Our most engaged customers are those who use our branches as well as other channels. Earlier this year, we saw more than half our Fairer Share bond openings by value originate through our branch network, showing that there is still a strong customer demand for face-to-face support and interaction with certain transactions. Furthermore, the annual lifetime value of our branch-originated sales more than covers the cost of running the branch network.

We also continue to invest in digital channels to ensure customers have a choice in the way that they bank with us. Our mobile app is showing increased engagement, and our digital self-service mortgage manager platform allows our customers to switch to our best rates in a matter of minutes. We're also investing to grow our customer base through service improvements and our current account switching incentive, which we relaunched in September 2023.

The economic outlook is uncertain, housing market activity will remain subdued, and household deposit growth has slowed. Whilst Nationwide is performing strongly, we're not complacent. Our strategy is to safeguard the future strength of the society and provide a good way to bank for customers. We have a unique business model combining scale and mutuality. We are the main challenger to the shareholder-owned banks and use our mutual status to make a meaningful impact on communities and improve society. And I would like to hand it to Chris to give you the numbers in more detail.

Financial Performance

Chris Rhodes

CFO, Nationwide Building Society

Thank you, Debbie. Good morning, everyone. Over the last six months, we have delivered a good performance with both mortgages and deposits growing in line with our stock share. The balance sheet strength has improved with the leverage ratio increasing to 6.4% and the 12-month LCR increasing to 191%, reflecting the strong deposit flow.

Net interest income growth led to an increase in underlying profit

So turning to our financial performance, underlying profits are £1.26 billion compared with £980 million a year ago. Statutory profit is £273 million lower than underlying profit due to our £344 million Fairer Share payment, partially offset by a gain of £71 million in below-the-line hedging. Total income was 12% higher, reflecting improved savings margins following base rate rises, partially offset by a reduction in mortgage margins. Other income was reduced by £23 million due to the cashback during April as part of our cost-of-living support for customers. Costs are up £32 million, 3% higher, reflecting higher inflation and volume growth, partially offset by efficiency initiatives.

Asset quality remains in line with pre-COVID levels with arrears increasing slightly, and this is reflected in the impairment charge of £54 million, which is £54 million lower than the same period last year. The charge for other provisions was £18 million, broadly similar to last year, reflecting ongoing remediation of legacy member processes.

We maintain a low risk, strongly capitalised balance sheet

The balance sheet was broadly stable during the period with an increase of £0.6 billion in mortgage balances and a £2 billion increase in liquidity. Deposit growth of £4.2 billion, reflecting a strong performance in our traditional savings franchise, partially offset by a reduction in current account balances. Capital ratios remain strong. The CET1 ratio increased to 27.4% and the leverage ratio increased to 6.4%.

Net interest income supported by deposit margins partially offset by mortgage pressures

Income increased compared to the same period last year as a result of higher retail deposit margins, with the net interest margin increasing to 1.66% compared to 1.48% in the first half of last year. The net interest margin was unchanged compared to the second half of the last financial year.

Retail mortgages performance

During the period, the margin on the mortgage book was reduced to 110 basis points, reflecting ongoing competition for both owner-occupied and buy-to-let mortgages. Completions of new business in the first six months of the year recorded margins of circa 60 basis points on a blended basis.

The pipeline of new business expected to complete over the coming months has a margin of 55 basis points and the current new business margins are circa 65 basis points. In the second half of the year, mortgage book margins are expected to decline at a similar pace to half-one.

Retail deposits performance

Deposit book margins improved by five basis points during the period as a consequence of base rate rises. Over the last two years, approximately 57% of the change in base rate has been passed through to our retail variable savings base. The total deposit beta across our book is approximately 50% when accounting for balance movements across all savings and current accounts.

Our average member deposit rate for total deposits is now 292 basis points, which is 82 basis points higher than the market average deposit rate, compared to 53 basis points six months ago. This is the main reason behind the increase in member financial benefit before the Fairer Share impact and can be seen in the chart in the top right, which shows the growing differential in our deposit rates versus the market average. We expect net interest margin to reduce in the second half of the year with a margin for the full year expected to be broadly in line with the prior year NIM, at circa 155 basis points as previously guided. This reflects the ongoing reduction in mortgage margins and an increase in retail funding costs as deposits migrate from instant access accounts and current accounts to term products.

Costs increase due to the inflationary environment

Costs increased by £32 million, reflecting inflationary impacts and volume growth, partially offset by ongoing efficiencies. There will be further restructuring costs in the second half of the year, and we expect the full-year cost increase to be around 4%, which is below the current rate of inflation.

Now, Debbie has outlined the rationale behind our commitment to branches on our multi-channel approach. It's worth noting that the total cost of Nationwide branch network is approximately £190 million per annum, 8% of our total cost base, and is more than covered by the value of branch sales. The net cost is lower when we include the benefits of multi-skilled branch colleagues undertaking non-branch work.

Stable credit performance amidst continued economic uncertainty

The cost of risk in the half year reduced to three basis points, an annualised equivalent of five basis points. This reflects the broadly stable but uncertain outlook with stable ECL coverage. This compares to an average annualised cost of risk before the pandemic of six basis points.

We continue to hold model adjustments for affordability challenges linked to inflation and higher interest rates, which reflect an expectation that arrears will increase in the future.

Numbers taking up interest-only concessions from the mortgage charter have been modest. At the 30th of September, only 5,000 had taken these concessions, and as of today, only circa 8,000. This compares to a peak of 256,000 payment holidays granted during COVID. The expected cost of risk for interest-only concessions resulting from the mortgage charter are covered by the affordability adjustment. Arrears levels are increasing slightly but remain below expectations when compared to the ECL provision. Three months arrears have increased to 38 basis points compared to 32 basis points 12 months ago, and at the year-end. This continues to compare favourably to the industry average of 84 basis points.

Average stock LTV remained flat at 55% compared to the year-end. Three months plus arrears on the unsecured portfolio have fallen slightly to 114 basis points, compared to 128 basis points 12 months ago and 121 basis points at the year-end.

The economic outlook continues to be uncertain with a similar outlook to the year-end. This is reflected in our economic scenarios, which continue to cover a wide range of potential outcomes. We remain cautious about the outlook given the uncertainties that lie ahead.

Mortgage refinancing profile

As part of our assessment of expected credit losses, we have looked at upcoming fixed-rate mortgage maturities and modelled an adjustment to reflect the risks associated with possible payment shocks. We have extended the modelled adjustment to include accounts that have matured to new fixed rates in the last 15 months as well as looking forward for 24 months. The look back is to ensure that we fully capture the risks associated with higher rates as customers budget and use savings to support their mortgage payments.

Over the next 12 months, 20% of the fixed rate book will mature though over a quarter of current fixed rate balances have now refinanced onto higher rates or are new to lending since September 2022. This cohort is performing well with early-stage arrears lower than the overall book.

Liquidity analysis

Our liquidity and funding ratios support our financial strength with a 12-month average liquidity coverage ratio of 191% at the half-year. Balance sheet liquidity totals £53 billion compared to £35 billion of deposits above the FSCS limit. In addition, we hold an estimated £75 billion of drawdown capacity at the central bank.

Robust wholesale funding position supported by strong credit ratings

We have repaid £8.6 billion of TFSME ahead of the contractual maturity date, leaving £13.1 billion of drawings outstanding. If all outstanding TFSME drawings had been fully repaid by the 30th of September, our LCR would've stood at 140%. Our plans assume we retain a prudent approach to wholesale funding by targeting maturities beyond the TFSME redemption window and we continue to plan to issue between £6 and £8 billion equivalent this financial year. We continue to ensure our issuance plans take account of credit rating agency requirements for loss-absorbing capacity.

We meet current and expected regulatory capital requirements

We remain strongly capitalised. The leverage ratio increased to 6.4% and the CET1 ratio increased to 27.4%, driven by retained profits in the period. Our capital resources are in excess of regulatory requirements with substantial buffers across risk-based, leverage and MREL frameworks. The society holds surplus capital of £5.1 billion to the leverage requirement and £8 billion to the risk-based requirements. The leverage ratio is expected to remain our tier-one binding constraint. During 2023, we have repurchased £175 million of CCDS under the 12-month general prior permission. We have now reapplied for regulatory permission for a further 12 months. Thank you. We will be now happy to take your questions**.**

Q&A

Speaker: Thank you, Chris, and good morning, everyone. If you'd like to ask a question, please type it into the webcast portal. We already have a few questions. The first one has come in from Lee Street at Citigroup. I think it's one for Debbie. Given your capital position, is there any appetite in the short or medium term to consider M&A?

Debbie Crosbie: So look, I'd say that we're really focused on our strategy and the execution of our strategy internally. We're really pleased. We've made great progress. I've said before that there would be a really high bar for us considering anything, so there's nothing on the pad and it's all about just delivering our internal strategy.

Speaker: Thank you, Debbie. And another question from Lee Street, this time probably for Chris. You sound a little more optimistic in your outlook statement. Can you give a sense of how we expect the loan loss provision charge to move over the coming year?

Chris Rhodes: Thanks, Lee. Sorry, it's not like me to be over-optimistic. Let me give you a perspective. I think the ECL provisions we hold would allow for a more than doubling of arrears levels. So with a consistent MES then I expect loss charges to be at the sort of five basis points equivalent that we've seen, or annualised equivalent that we've seen in H1. The thing that will change that is a different economic outlook, particularly the probability that we attach to the severe downside. Because that is the economic scenario that changes the loss charge the most. But like I said, the ECL provisions cover for a significantly larger level of arrears than we are observing at the moment.

Speaker: Thank you, Chris. Now moving on to margins, some questions from Alistair Ryan from Bank of America. What's the floor for you in the net interest margin below which you wouldn't be comfortable? The second half implied it must be 1.48% and it's heading south. You're very profitable now, how much of that do you give up in 2024?

Chris Rhodes: So on margins, margins will fall because of the fact we've now hit peak base rate. So you are broadly right, Alistair, with the calculation of 1.48% in the second half of the year. It's perhaps worth unpicking the moving parts, I think, as have I guided you to over a number of presentations. The mortgage margin continues to decline and the decline we expect in the second half of this year is very similar to the decline we've seen in the first half of this year. There will no longer be timing benefits from base rate rises. We are at the peak of base rate. We will get benefits from the structural hedge, but that will be largely offset by the migration of deposits from current accounts on low-rate instant access through to term and fixed rate, or fixed-rate term products and restricted access.

In terms of the overall target for where NIM can land, then I go back to our financial guardrails that we've always talked about which, in a sense, is making sure that the society is capital self-sufficient through the cycle. So as long as we can generate capital, keep our ratios where - broadly where they are today, stay above MDAs in a stress, then that is sufficient capital for the society. And that would equate to a profit number of £1.4-ish, billion, pre-tax [and pre any Fairer Share distribution].

Speaker: Thank you, Chris. A bit more of a detailed question on margins now, please, from Rohith Chandra-Rajan, also at Bank of America. The 60 basis point mortgage completion spread that you show on slide eight excludes internal switches. What's the typical spread differential for a switcher, and what proportion of lending is it, and has that increased a lot in the past six months?

Chris Rhodes: Yeah, so maybe let's take this in reverse order. It's correct, it doesn't include internal switchers. Internal switchers are about half our gross volumes, if you were to include them in the new business numbers. And no, it's not really changed over the last six months. It's broadly the same proportion that was there at the year-end.

Before I answer the switch margin, probably just a quick reminder of what we do. So we offer to all existing customers' access to the existing new business range, so they pay no higher rate than new mortgage customers. And at certain times, like 12 months ago when rates spiked, we offer them access to better rates. The vast majority of those customers switch online directly with the society, and that's an important component of the margin because it means we do not pay procuration fees at anything like the same level that we do on new business, and that mitigates most of the margin impact of switches. So it's a single digit few basis points differential between the completion margin on switches and on new business. But I'm going to ask Muir, who delves into the detail even more than me to maybe, make a few comments.

Muir Mathieson: Yeah, just to build on what Chris has said there, the only other factor at play is we do get a slightly different mix between where our customers are switching at the moment and a new business. So you would have a slightly higher skew today to two years in the switcher flows compared to new business. And putting all of that together, as Chris said, especially with the procuration fee impact, there's a few basis points difference between the two. As we stand today, it's actually the switcher margin that is very slightly higher than new business.

Speaker: Thank you. A question from Robert Montague, still on the margins. What is the flow for writing a new mortgage business?

Chris Rhodes: If you look at the chart we've got in the deck, you can see for the last two six-month periods we've been at roughly 60 basis points. It was just a touch below 50 basis points in the first half of last year. Give or take, I think that is the floor at 50 basis points. We continue to make a sensible marginal return on capital. So from our point of view, give or take, 50 basis points would be the floor for sensible mortgage pricing.

Speaker: Thank you. And another follow-up just generally on the mortgage market, from Rohith, why do you think this is such a competitive mortgage market at the moment?

Chris Rhodes: Yeah, I think if we think about it, what does everybody want? Large-volume, low-risk, stable, and understood assets. And that's exactly what the mortgage market in the UK presents to retail ring-fence institutions. And therefore that's why it's the asset class of choice, I think. And whilst some folks sit on excess liquidity, that is the best place therefore to deploy that excess liquidity.

Speaker: Thank you, Chris. Moving on to the other side of the balance sheet now, a few questions on our retail deposit mix. Observing that we are showing stable current accounts and a shift from variable into time deposits. So there's a question around whether we expect the stability of current accounts to continue, and then how we expect the trends to continue in terms of deposit mix going forward.

Chris Rhodes: Yeah, perhaps I just explained that chart a little bit. So we have seen small outflows from current accounts. We've seen a lower outflow than the market average. The chart has got 17% at the year-end and 17% now. A couple of things, one, it was 17.4% at the year-end and it's 16.6% at the half year. So we’re the victims of roundings there. And the year-end is clearly an early April position, not a 31st of March position. So there's a little bit of outflow that takes place in the beginning of the month as the direct debits flow out. So really the start point is higher than 17% if it was done on a consistent basis.

So there's been a small outflow of current accounts but less than the market average, and we do expect [outflows] to continue. And that's part of the moving parts in the second half year of margin guidance I gave you.

Speaker: Thank you. And then a follow-up on the deposit mix, from Soumya Sarkar, and probably for Muir, please. Does the change in the deposit mix impact wholesale funding issuance, maybe from a duration perspective?

Muir Mathieson: So in terms of wholesale funding duration over the last three or four years, we've generally termed out our wholesale funding to take it beyond the TFSME repayment window. So we have extended the weighted average life of our wholesale. That has given us the opportunity, in recent months, to look at some shorter-dated issuances. And if you follow our issuances that we have done recently, some of them have been shorter, still beyond that TFSME window, generally, but a little bit short-dated.

So, it's more looking - I think the change in the mix in deposits doesn't have a material impact on how we look at wholesale duration in terms of quantum. Then, yeah, wholesale is the flexibility in funding that we have on the balance sheet. And you'll have seen in the slides that we've now issued as of today, £6.8 billion equivalent this financial year. So we're well into our expected outturn of £6 to £8 billion by the end of the financial year, and trending towards the top end of that. And if we see deposit softness continue, then wholesale funding always stands there to be the flex in the balance sheet.

Speaker: Thank you, Muir. A little bit of a follow-up on kind of both those deposit themes, from Alistair Ryan from Bank of America. You have strong funding, but a lot of the smaller banks and societies have a wall of TFSME funding ahead. Would you be relaxed if some time deposits were left while they had to price competitively?

Chris Rhodes: Do you want to go for it, Muir?

Muir Mathieson: Yeah, yeah. So look, we're here to provide good value to our members, and we will always pay, as we have been doing here and evidenced by those charts on deposit pricing, good rates for our members. So we'll always be there or thereabouts in terms of competition. If at times there are very high outliers in the deposit market - in terms of the deposit market, then we won't always necessarily pay the top of the market if that results in slightly softer flows for us for a period. That is something - because we look to price sustainably through the cycle.

So for example, you will have seen NS&I pricing quite competitively in recent months. So we are not always there to match the very top of the market. Having said all of that, our experiences with our brand that we do still tend to pull quite well on deposits, and that's partly why we've seen deposit inflows over the last six months in contrast to a lot of the rest of the market.

Chris Rhodes: And I guess, Sarah, Alistair's questions have arisen because we could repay - TFSME today and still have a 140% LCR. So we're clearly running excess liquidity, but we would always aim to balance both sides of the balance sheet and offer our customers great value. But we find ourselves, because of that, in a really strong liquidity position.

Speaker: Thank you. Another question for Muir, from Aman Rakkar, could you quantify the expected benefit of the structural hedge next year, and what are the roll-off yields, please?

Muir Mathieson: Yeah, sure. So in the appendices to the slides, which you've got access to on our website, we've got our usual unpacking of the structural hedge. And to give you a couple of data points, structural hedge, which is made up of both our reserves' hedging and hedging of what we deemed to be stable current accounts, the total quantum is £42 billion. And that's been coming down very slightly recently as the step down in current accounts that Chris talked about slightly outpaced the growth in reserves that we're enjoying.

And the increase in rates on that structural hedge, the receive fixed leg of the swaps that we have, has increased from 117 basis points to 142 basis points in the six months. So that gives you a good direction of travel in terms of how that's picking up. That roughly equated to about two basis points during the six-month period, and you should see that as a good rough guide to the same going forward.

Speaker: Thank you, Muir. A question for Debbie now, please, from Corinne Cunningham of Autonomous, could you please run through your thinking regarding the Fairer Share payments and how this is likely to be scaled going forward?

Debbie Crosbie: So we believe that the Fairer Share payment is another way of demonstrating the benefit of our mutual model and really sending a strong signal about how we're different to the high street banks. Our full intention is to make that a regular occurrence. However, what's really important about that is that every year the Board has to consider its affordability and make sure that we are very comfortable that it sits well within our ability to pay. So in summary, we think it's a strong signal of our difference. We think, particularly for our current account holders, it's a great way to really give them back member value. But we would always do it and consider it every year, thinking about broader affordability and the sustainability of the society. I don't know whether you want to add anything to that, Chris?

Chris Rhodes: No, I think you captured it.

Speaker: Thank you. A question for Robert now, from Rohith at Bank of America. You anticipate housing activity to remain subdued in the near term but do lower mortgage rates, slowing inflation, and rising incomes provide any optimism as you look to 2024.

Robert Gardner: I think it does provide some hope if we see the sort of decline in swaps be maintained and that pass through to mortgage rates that it'll provide some support. But nevertheless, if you look at affordability metrics at the moment, they're still relatively stretched, just because mortgage rates are so much higher than the lows that they were in the wake of the pandemic and at the start when the bank even started to raise rates. Now over time, affordability will improve, but a lot of it's probably going to come through income growth outpacing house price growth over a sustained period. Mostly lower swaps are going to help but nobody expects swap rates to fall back to the levels that were post-pandemic. And therefore it's going to take a while for that affordability situation to improve and therefore stimulate more activity in the mortgage market.

Speaker: Thanks, Robert. Back onto a follow-up on the Fairer Share, maybe for Chris, from John Étienne Pierre, how is the level of the Fairer Share payment assessed? And is the fact that the post- Fairer Share payment of statutory profit being stable, is that a pure coincidence year on year?

Chris Rhodes: Let's start with the last one, it's complete coincidence. So, two inputs to Fairer Share, the first one was really when we set the strategy last autumn, which was what would members see as a valuable distribution in respect of their membership, the answer came back there £100. We looked at eligibility criteria, particularly bearing in mind the benefit that standalone savers and standalone mortgage customers derive from the traditional member financial benefit side of the equation, and concluded we were targeting multi-product holding current account customers. And if you like, that was the genesis of the £100 to main current account customers, which came out at £344 million.

Ultimately, what we think about in terms of whether that can be paid is the sustainable level of profit that the society can generate. And if the society can generate sufficient sustainable profit, less the Fairer Share payment, that means we become capital self-sufficient through the cycle, then The Fairer Share is affordable and the Board would, hopefully, make the conclusion to pay it. Clearly, if profit fell, then the Fairer Share would not be sustainable and would not be paid. And I think as we said when we launched Fairer Share at the year end, it’s effectively the bottom of the creditor hierarchy. Fairer Share would only be paid after we’ve paid everything else that we need to in terms of CCDS, AT1, et cetera. And ultimately, after that Fairer Share payment, we need a level of profit that sustains the capital ratios. That ultimately solves back to £1.4-ish billion [pre-tax, pre-Fairer Share], give or take.

Speaker: Thank you, Chris. Question from Aman Rakkar, about the consumer duty, for Debbie, please. Do you expect any impact from consumer duty on your business, and what about your peers?

Debbie Crosbie: So for Nationwide, we start, I think, in a really good place and we were able to, I think, with, of course, a level focus to check that we felt really happy we were complying with all parts of the consumer duty in the summer, comfortably attesting to our compliance. There's phase two, which looks at the back book. And I do think, again, Nationwide starts in an excellent position. We don't do back-book front-book pricing, we ensure that we deliver value very fairly across our balance sheet, so we don't have the situation where we've got different rates if you open the product at different times.

So we feel very well positioned and we're very confident that we'll finish any remaining work that we have to do by July. We're in very good shape. I think for a range of other competitors, I mean, that's for them to worry about, frankly, because I can tell you that I think in Nationwide we've got a really great practice that put us in a great position. But I'm sure that that won't be the same everywhere else. I think there'll be a number of people quite busy on consumer duty.

Speaker: Thank you. As a reminder, please type any further questions you may have into the portal. We've got one on arrears, for Chris, please. Are you able to provide a bit more colour on mortgage arrears and how the buy-to-let book specifically is performing?

Chris Rhodes: Yeah, yeah. So look, the increase from 32 to 38 basis points is across all our books. So it includes owner-occupied, it includes buy-to-let, and it includes what we call specialist legacy books that were acquired around the financial crisis time with the Building Society mergers. Owner-occupied mortgage arrears are 33 basis points. Buy-to-let, that we write through our TMW brand, the arrears there stand at 21 basis points. They've risen over the last twelve [correction: six] months from 15 basis points. So a relatively high percentage increase but from a very low base and remain better than owner-occupied.

The legacy books, the older books, is where there's a more material increase in arrears. And the arrears percentages, as you can work out, must be relatively high. Part of that is because the books are old and therefore good and performing businesses left. But the flip side is the LTV is also very low on those books. So buy-to-let's performing, as it has done for a long time, at a lower arrears level than prime owner-occupied. Hopefully, that captures all the moving parts.

Speaker: Thank you, Chris. We've got one last question at the moment, for Debbie, please, on strategy. You launched the strategy a year ago, is the progress in line with your expectations and what are the next steps?

Debbie Crosbie: So I'm really pleased with the progress. I'd say that we're a little ahead of where we set out. So an example being we've significantly achieved what we wanted to do through the rebrand, that's been very successful. We've got a lot of products and services out there, and you'll recall that the first phase of the strategy was all about creating a solid foundation. My expectation is that we'll exit what we call the first horizon early in the calendar year, and that really focuses on a number of things that will enhance our products and services. So for example, we'll be launching our new mobile banking app early next year, and we'll be looking at a range of enhancements to our current account range. And of course, we'll continue to really think carefully about the way that we deliver additional member value. So in summary, I'd say pleased with the progress and maybe slightly ahead of where we thought we'd be.

Speaker: Thank you, Debbie. We have no further questions, so I'd like to hand it back to you to close the call.

Debbie Crosbie: Well, look, I'll maybe complete where I just finished there. What I'd say is that we're a year into our strategy. We think we've got the right strategy; we think it's delivering very well for us, and we believe that our mutual difference is the essence of why we are a great alternative to the shareholder-owned banks. We're very confident that the strategy's right for us. It's a very uncertain time, we're not complacent, and we will continue to make sure that we're very disciplined in the way that we deliver against that strategic condition. So thank you, we hope you found it useful, and we look forward to speaking to you all again soon.

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