

LAMINAR GROUP

Capital Markets ■ Funds Management ■ Advisory

Competition within the Australian banking sector

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Introduction

1. The Senate has called for submissions from the public on the topic of *Competition within the Australian banking sector*. This paper is focused on the following specific terms of reference;
 - 1.1. The likely drivers of future change and innovation in the banking and non-banking sectors,
 - 1.2. Any other policies, practices and strategies that may enhance competition in banking, including legislative change.
2. The discussion points of this submission are centred around;
 - 2.1. Retail Deposits and their impact on the competition for funding,
 - 2.2. Wholesale funding options of Banks, Credit Unions and Building Societies,
 - 2.3. The use of Securitization as a competitive funding option,
 - 2.4. The size of the market, available funds, and how that translates into funding to the Australian banking sector,
 - 2.5. The role of asset consultants in the Australian capital markets,
 - 2.6. The allocation of capital within the context of the Government Deposit Guarantee (GDG) and how innovation here could support the Australian banking sector and funding generally in the term capital markets.
3. Levelling the access to funding playing field would be a positive for banking competition. This could be done by altering the way the GDG works, supporting infrastructure in the use of securitisation and policy that encourages capital flows back into the Australian debt markets.
4. Policies directed providing access to funding for smaller financial institutions would enable financial institutions to compete on both monetary factors like price and non-monetary factors like product innovation and service.
5. Access to low cost term funding existed in Australia prior July 2007 (onset of the Global Financial Crisis), whereby not only did banks, but nearly all financial institutions in Australia, including non-bank financials had in some way of access to term funding, in most part for many of the smaller financial institutions like Credit Unions, Building Societies and non-Banks via securitisation.

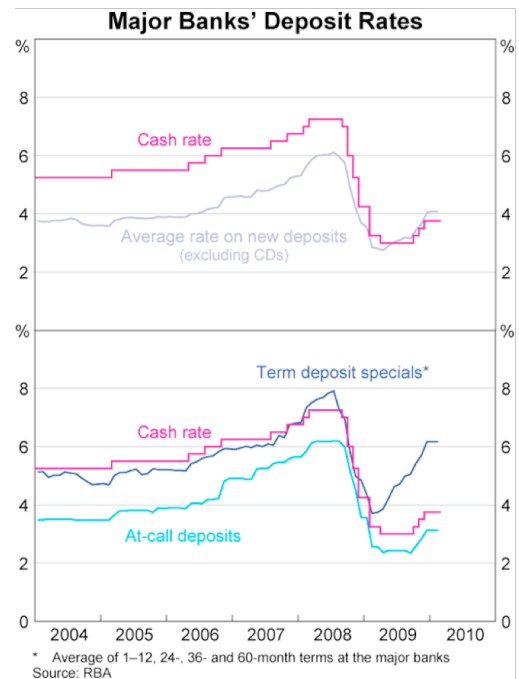
Current State of the Markets

Retail Deposits

6. The retail deposit market is currently in a state of dislocation. The major banks have entered these markets, which traditionally were dominated by smaller Approved Deposit Taking Institution's (ADI), and who have historically relied upon this market for funding.
7. Historically term deposits were priced at approximately 50 basis points below the benchmark rate (Bank Bill Swap (BBSW)). It would not be uncommon today for term deposits to be priced at up to 100 basis points over BBSW for the major banks and as much as 200 basis points over BBSW for the junior ADI's.
8. The cash market, where term deposits are issued, has morphed into a "Dutch Auction" process for ADI's trying to access deposits. This is now a vicious cycle where the ADI's are forced to pay higher rates to gain access to funding in the first place, but then more importantly, to hold on to it.
9. Larger depositors are credit rationing their portfolios, simply spreading the available funds across many institutions in \$1m lots, and taking the best rate on the day for each roll. This is undoubtedly seeing an allocation of capital only due to the GDG, taking advantage of an out of market risk free returns.

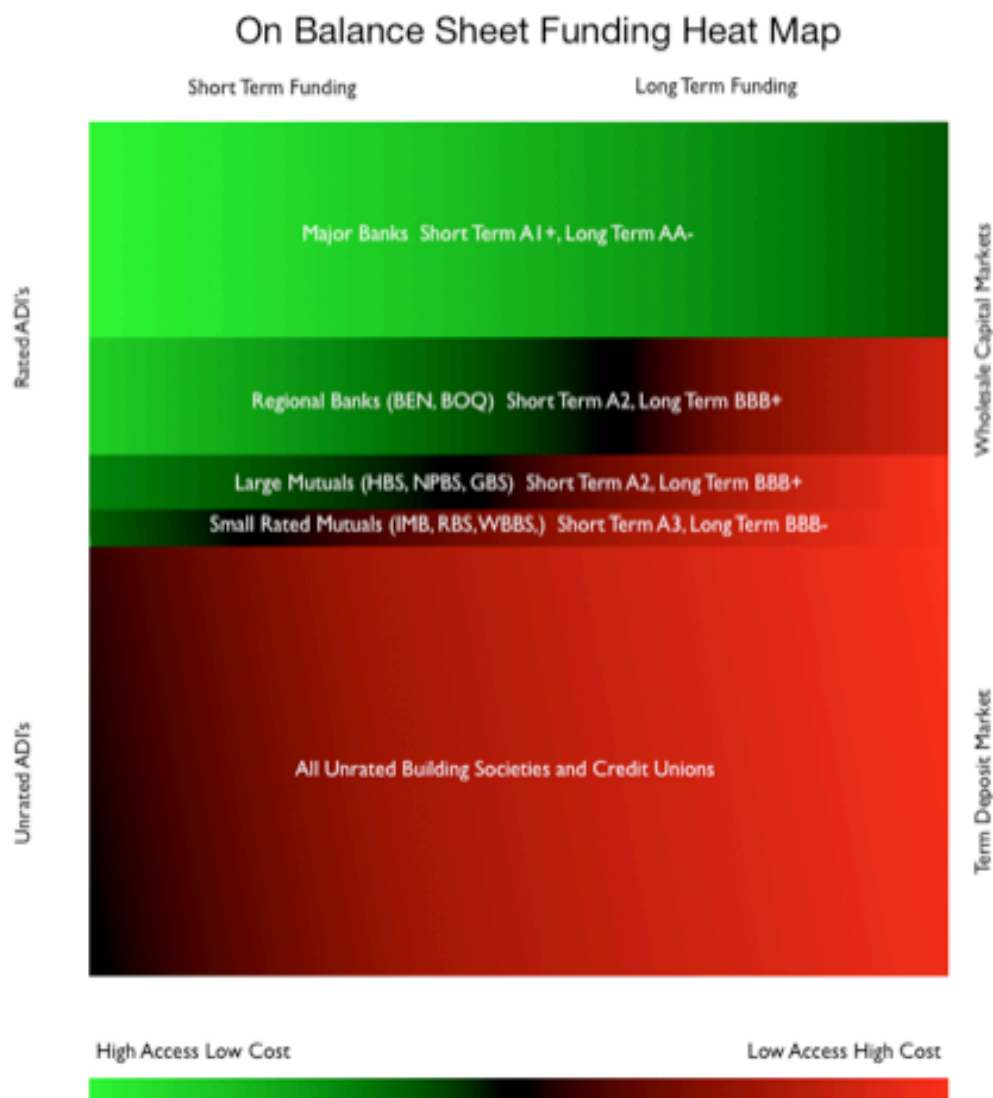
10. This is not a sustainable model. ADI's face huge risks by funding long-term assets (residential mortgages) in this manner. If interest margin dictates that they can no longer be best rate on the day, they risk losing larges sums of vital funding that just cannot be replaced at short notice.

11. Major banks now account for in excess of 80% of the term deposit market while Building Societies and Credit Unions account for a mere 5.4%. While the size of the term deposit market grew by 20.4% to \$528.9 billion in the financial year ended 2009, the increased cost of maintaining market share for the small ADI's came at the cost of diminishing net interest margins. Ultimately this feeds back into competition.



12. The chart above shows the spread to cash of average major bank term deposit rates. It clearly shows how the major banks have aggressively repriced term deposits to levels well in excess of the official cash rate.

13. The chart below shows the cost and ease of which ADI's can access the wholesale markets.
14. While wholesale market funding alternatives exist, these are only accessible in any meaningful way to issuers with investment grade ratings. Even then, regional banks with lower investment grade ratings still have limited access to term financing via this market.
15. The only common form of term funding that is available to all issuers regardless of rating is securitisation.



Source Laminar Group

Wholesale Funding

16. While small ADI's have historically relied on the cheap and easy access to the retail deposit market for almost 100% of their funding, major banks vice versa had a significant reliance on the wholesale markets. Major banks traditionally have sourced up to 50% of their funding requirements from the domestic and offshore capital markets.
17. The wholesale funding budgets for each of the major banks range between \$25 and \$30 billion dollars annually to fund their growing balance sheets and to replace maturing funding. A good proportion of this was accessed via the global debt markets due to a small Australian debt market relative to our global peers. This is due to an asset allocation away from the Australian domestic debt market, by asset consultants and the private sector.
18. With the onset of the Global Financial Crisis (GFC) in July 2007, the wholesale markets, including securitisation simply closed. While securitisation only accounted for a relatively small part of major banks overall funding, it was a significant source of wholesale funding for the regional banks and smaller ADI's whose credit ratings didn't allow them to access the wholesale capital markets in the same volumes as the major banks.
19. Securitisation is a funding tool that allows unrated, or lower rated financiers to access the wholesale debt markets competitively, and on the same terms as the major banks.
20. The larger banks have a range of alternative structures and markets to source their wholesale funding including the US Commercial Paper markets, the term US dollar, Euro and Sterling markets and securitisation. With these markets largely dysfunctional, the major banks have turned to the domestic retail deposit markets to lessen their reliance on wholesale markets and to mitigate the risks of such a big reliance on the wholesale markets should they become inaccessible again.
21. The significant point to note is that the major banks, once government guaranteed, still has continued access to wholesale markets, albeit at higher costs. During the GFC the major banks executed the opposite strategy to the smaller ADI's. That being to lengthen their maturity profile at every opportunity. The major banks know the importance of continued access to term funding and put this ahead of simply looking for the cheapest source of funding.
22. The cheapest cost of funding in a normally sloped yield curve it typically the At Call or Money Market part of the curve, out to the one-year maturity bucket. However, since the introduction of the GDG, the normal term structure of risk has be distorted by the credit rationing of up to \$1m deposits seeking the highest rates on any given day.
23. On balance sheet wholesale funding is only accessible in a meaningful way to those issuers with an investment grade credit rating. Even then, a long term rating of single

A or below relegates an issuer to the private placement markets rather than large-scale public deals.

24. It is for this reason that smaller rated ADI's have relied so heavily on the securitisation markets as their prime source of term wholesale funding. By adding common collateral (residential mortgages), the smaller banks put themselves on an even playing field with all other issuers of secured bonds, which are largely homogenous and are priced very similarly in the capital markets irrespective of the originator.

State of the Domestic Securitisation Market

The Marker Returns?

25. The last twelve months has seen the rejuvenation of the Residential Mortgage Back Securities (RMBS) market. From the first non Australian Office of Financial Management (AOFM) supported RMBS deal (of size) done in late 2009 to now, we have seen in excess of some \$20 billion of issuance in the sector with senior spreads contracting from 175 basis points over swap to settle circa 135 basis points for senior AAA tranches.
26. The AOFM has announced that they wish to push the floor established at 135 to a new level at 110-115 basis points over BBSW though its participation in AOFM supported transactions. The risk however, is that the broader investment market may not be ready to follow the AOFM to these levels and in their absence, levels may return to the established 135 level.
27. These risk factors are centred around;
 - 27.1. Uncertainty in regulation of the banking sector,
 - 27.2. Basel III implementation uncertainty,
 - 27.3. Rating agency criteria uncertainty,
28. Uncertainty is a key driver of confidence, or a lack thereof, in financial markets. Managers of assets will simply reside to inactivity when uncertainty exists around the future of an asset class or market. I can attest to this phenomenon first hand, having had the responsibility of managing a sizable debt portfolio for a leading Australian life insurance business.
29. The AOFM is the government department that manages Australian Government debt, cash and financial assets. They have been very public in their support for a functioning securitisation market and this being a key driver of competition in the banking sector. They have allocated \$16 billion of taxpayer's money to invest in RMBS to support competition in Australia's mortgage market. They have allocated approximately \$13 billion since they announced this initiative and have acted as a cornerstone investor to help kick start this sector of the capital markets.
30. At the same time, there was significant offshore buying by some large investment houses who recognised the value of buying a well performing asset class at historically wide spreads, (however this demand has all but been satisfied for now) and additionally, the emergence of regular issuance of "Repo eligible issues" post the inclusion of RMBS as eligible collateral by the RBA brought a greater number of buyers into the market.
31. These Repo eligible securities qualify as liquidity for bank portfolios' and this vastly increased the pool of available funds to buy RMBS.

32. The contraction in spreads has made the economics work for a number of issuers and with more real money buyers returning to the market we have seen the AOFM being scaled back in their cornerstone status in many of the deals.

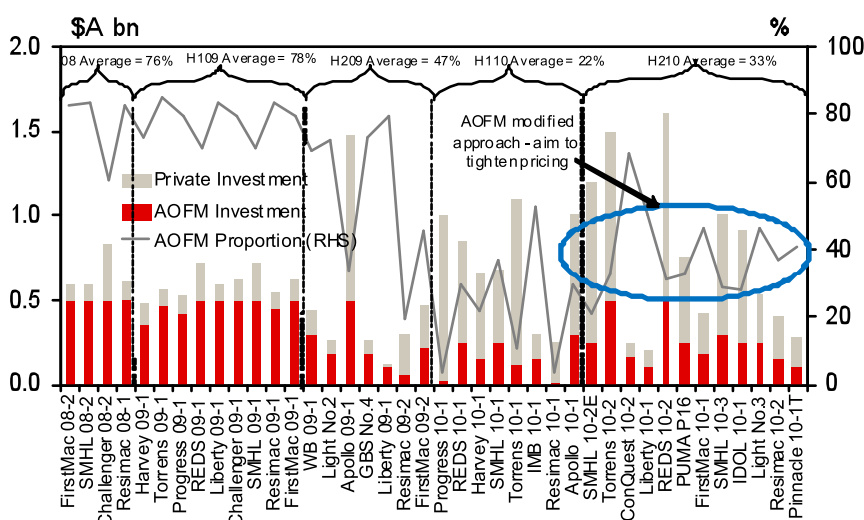
33. Measuring the success of the AOFM program can be done two ways;

33.1. The spread contraction

33.2. The co-investment

34. In short, the AOFM RMBS purchase program has been a success as depicted from the chart below, and by measuring the contraction of spreads to circa +135.

AOFM Investment Proportion



Sources: Westpac, Bloomberg, AOFM, ABS Perpetual

35. The successful co-investment and reinvigoration of the RMBS market was stalled due to regulatory uncertainty, where early this year the Australian Prudential Regulatory Authority (APRA) announced that RMBS would not continue to qualify as a “Liquid Asset” under the new Basel III rules. Currently Australian Prudential Standard 120 allows assets that are repurchase eligible by the RBA to be included in the liquid assets that can be held by ADI’s. Australian RMBS is a qualifying asset presently due to this status.

36. This uncertainty stalled the market, seeing many new and existing buyers simply exit the market, again, due to the perception that the banking sector would no longer be a source of demand, and investor, due to this perceived APRA change.

37. Prior to the GFC, a significant part of the investor base, was made up by the offshore Special Investment Vehicles (SIVs). This represented about 50% of our AUD\$200bl issuance. The balance was made up of domestically placed issuance into Cash Funds, Money Market Funds, Insurance companies and ADI’s.

38. Many managers, due to the superior credit quality, ratings and stable returns of the Australian RMBS market, were confident to allocate capital from this very large pool of funds. Factors, such as, volatility, due to demand and supply adjustments, changing regulation, and capital pressures of the underlying holder have driven an exodus from the market.
39. "Real Money Investors", such as Cash Funds and Money Market funds, have moved to a more conservative setting, due to liquidity and volatility concerns. This group of investors cannot take advantage of the RBA repurchase facility to gain liquidity, due to leverage restrictions.
40. Due to the Over-The-Counter (OTC) nature of debt markets, the transparency in pricing for secondary issuance is not harmonious. Uncertainty in future market to market of securities means investor confidence is also at an all time low.
41. Insurance companies and ADI's, who are both regulated by APRA, find it hard to incorporate RMBS assets into a long-term strategy, given the uncertainty around ratings criteria and regulatory guidance.

What is Securitisation

42. Securitisation is the process of converting a pool of cash flows into tradeable securities known as asset-backed securities (ABS) or mortgage-backed securities (MBS). An originator of cash flows (e.g. mortgages or loans) sells a portfolio of loans to a special-purpose vehicle (SPV). The SPV raises funds to purchase the loans by issuing debt securities to investors, back by the assets in the SPV, hence the term asset back securities.
43. The interest and principal payments on the underlying loans are used to make the interest and principal payments on the asset back securities. The excess spread, or net interest margin (the difference between the interest revenue and interest expense), is distributed as profit back to the originator, after these obligations to credits (security holders) are paid. The originator in most cases is also the servicer and the manager.
44. The asset backed securities and collateral can be rated separately due to securitisations off-balance sheet and ring fencing of the collateral, away from the other balance sheet risks of the issuer. This separation of risk is a key feature of this financing, whereby an unrated or low rated issuer can access lower cost financing via the use of securitisation, usually by obtaining a higher rating on the securities issued, which are back by mortgage collateral and credit support.
45. For much of the smaller ADI's and non-bank financiers, this is really the only effective, low cost and term financing that is available, so that they can compete in the banking market.

Asset Allocation

46. The Australian Capital markets are structured like most modern western financial systems. It has different players accessing the market for a range of asset and liability needs. These players include private investors, corporations, non-for-profit organisations, government bodies, asset managers, banks, and retirement funds.
47. The market is deemed to be the efficient place where those who have assets can lend to those who require liabilities.
48. The size of the market in any financial system is important to cater for liability needs as if there is not enough assets to be lent or to meet the demand of the liabilities required, then the equilibrium in that transfer of capital will need to adjust (Price). This occurs everyday in the global capital markets, and this is why the price of assets move up and down as players enter and exit the various markets and the dynamics of demand and supply change.
49. Banks and other financial institutions obtain funding from a variety of participants in the Australian capital markets. The type of funding includes at call cash deposits, term deposits, negotiable certificates of deposits, bank accepted bills, medium term notes, securitisation, unsecured bonds, hybrid capital and equity.
50. Due to the funding requirements that many of Australia's financial institutions have, and that this requirement is greater than the available assets in the Australian debt capital markets, many seek capital from offshore participants. This is mainly in the form of securitisation and unsecured bonds.
51. This inability of the Australian capital markets to fund our banking sector is driven in two parts;
 - 51.1. The asset allocation profile of asset consultants to our financial system, which sees a higher offshore debt allocation.
 - 51.2. The style of the Australian capital markets, in particular the equity markets.

Asset Consultants

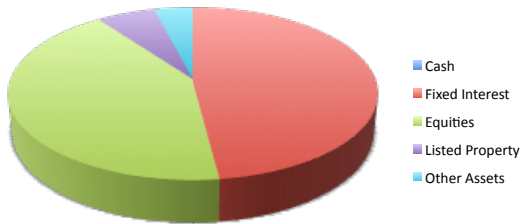
52. Australian's debt capital markets are small relative to the global debt markets. In most instances they also make up a very small proportion of the global indexes.
53. However is this small position, are reason or a cause for neglecting allocating more assets to Australian debt markets? In addition to the depth of the Australian markets, the floating and short-term nature of the Australian debt markets means the duration (Risk) is sometime half that of the global benchmarks.

54. There are benefits of diversification and return by allocating offshore, but one must ask the question, “is this an efficient access to risk and returns for Australian domiciled investors?”
55. One must also ask the question that if an Australian bank needs to issue bonds in an offshore currency because the domestic market cannot meet their funding needs, is loading extra cost due to swaps, and hedging, a necessary cost they need to endure? In addition to this question of cost, those participants who buy these foreign denominated bonds have probably been allocated those very assets from an Australian domicile fund. Does this also translate into a lower return when swapped back to Australian dollars?
56. To empirically answer both these questions may take another enquiry, but simply it is obvious that if the Australian bank was to issue bonds directly to the Australian domiciled fund, instead of borrowing from the offshore fund that gets its asset allocation from the Australian fund, both would benefit? This would mean the Australian bank may be able to reduce its borrowing cost, by removing the cost of hedging and currency swaps, and the Australian fund could increase its return by also removing the need to exchange the cash flows back to Australian dollars.
57. If the asset allocation of offshore fixed income was retained here in Australia, and there is more issuance here, it may solve our debt of market depth and size problem.

Cultural Differences

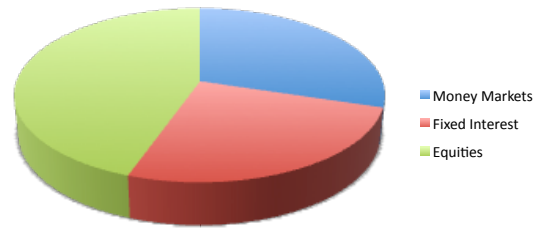
58. Another factor, which drives the allocation of capital, is the style and relative alternatives on offer. The Australian equity market is somewhat a standout when compared to other global bourses, due to its growth and income characteristics combined.
59. Comparing the Australian equity market to those of Europe and the US, we can make the observation that in Europe and the US, the equity markets are lower dividend paying markets, when compared to the Australian market. This feature, combined with an imputation system, drives participants to this market as they can obtain both growth and income in the one asset class.
60. In comparing the markets further, a by product of this asset allocation differential is that the Australian market sees less assets allocated to fixed income, thus again affecting the size of the Australian debt markets. This is a noticeable difference when compared to Europe and the US, which in both cases are more than double the allocation.
61. The additional characteristic of our market style is it also has an imputation system attached to it.

European Asset Allocation



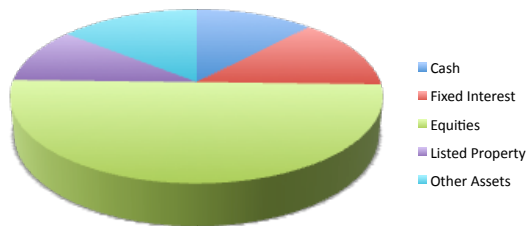
Source: 2009 European Asset Allocation Survey

US Asset Allocation



Source: 2009 Investment Company Fact Book

Australian Asset Allocation



Source: APRA Annual Statistics, June 2009

Government Guarantee Scheme

62. The following information has been taken from the RBA which explains the formation of the Australian Deposits Guarantee Scheme

62.1. The Australian Government Guarantee Scheme for Large Deposits and Wholesale Funding (the Guarantee Scheme) was announced by the Government on 12 October 2008 and formally commenced on 28 November 2008. The Guarantee Scheme closed for new liabilities at the end of March 2010.

62.2. The arrangements were designed to promote financial system stability in Australia, by supporting confidence and assisting eligible authorised deposit-taking institutions (ADIs) to continue to access funding at a time of considerable turbulence. They were also designed to ensure that Australian institutions were not placed at a disadvantage compared to their international competitors that could access similar government guarantees on bank debt.

62.3. Given the improvement in funding conditions, and the recent or imminent closure of guarantee schemes in a number of countries, the Government announced that the Guarantee Scheme would close to new liabilities from 31 March 2010. The formal notice of the closure of the Guarantee Scheme was provided in the Notice of Final Application Date and Final Issuance Date document.

62.4. Large deposits and wholesale liabilities guaranteed under the Scheme as at 31 March 2010 will remain guaranteed, for a fee, for the relevant term. Separate arrangements will continue to apply for deposit balances totalling up to

and including \$1 million per customer per institution. Such deposits are guaranteed without charge.

- 62.5. The closure of the Guarantee Scheme has been reflected in the Scheme Rules after a short consultation period with industry representatives to facilitate a smooth exit. Further information on the changes announced on 7 February is set out in the Q&A. General information on the guarantee is in the Deed of Guarantee. Information for institutions on eligibility and reporting arrangements is in the Scheme Rules and Reporting Requirements.
63. While there has been no announcement as to how the guarantee will be rolled off for deposits under \$1 million, it is definitely a risk to all small ADI's. Much of the new money that has rolled into this sector is there because of the GDG and high returned combined only. The fact that these very same ADI' are having to pay higher rates to attract and maintain these deposits is off an increasing concern.
64. If the GDG is withdrawn, much of this money will return to its original source and will put additional pressure on smaller ADI funding and will most likely cause a spike of borrowing rates by those ADI's who have taken new deposits from customers relying on the GDG. This will put upward pressure on all ADI's who will be forced to compete for a diminishing pool of available funds.
65. For many of these ADI's the only choice is to lessen the reliance on the term deposit markets as a whole. At this stage, it appears, securitisation is the only viable competitive option for term financing available, especially for an unrated and small ADI.
66. Capital markets operate efficiently when capital can be allocated in return for a risk premium. Those who want to allocate capital in exchange for a return can choose across the term markets, credit markets and risk free markets to achieve this. The normal term structure of interest rates would imply a normal, positive, sloping curve over the business cycle. This means that the lowest returns are generally always-on offer in the short end or "Cash" part of the interest rate curve. The risk free curve acts in the same way, to cater for "Term" risk, i.e. the movement in future interest rates. Credit markets should also act in the same way, rewarding investors for longer term financing of non-government risk via the credit spread.
67. The GDG affects the allocation of capital along all these curves. The GDG was designed to give Australian depositors a risk free deposit up to the first \$1m with any ADI. This has worked in retaining funds in the banking system, during a very stressful period for the banking sector.
68. However, post this, markets have reacted in a very competitive nature to attract more of those funds in the sub \$1ml deposit market, by offering a higher return for a risk free deposit. In many cases it is as high or higher that those institutions can raise funds in the term capital markets.
69. The ability for Australians to gain access to a risk free deposit was always available via the government treasury market, through the RBA. And many depositors, which did not know how to access this market, welcomed the introduction of the GDG.

Many depositors now are only accessing this part of the market due to the relative value opportunities, by depositing funds to obtain a superior risk free return.

70. This is distorting the efficient allocation of capital to the term markets for funding, due to the high returns available in the shorter end of the market.

Proposed Legislative, Practice, Innovative or Strategy solutions

Securitisation

71. Securitisation is the single most effective funding tool, which all financiers, large and small, rated and unrated, bank and non-bank have access to on an equal footing. A healthy functioning securitisation market and can directly impact competition in the banking sector.

72. A strategy consideration is to further improve securitisation market is as follows;

72.1. Initiating a round three program of the AOFM RMBS purchase program. This could also incorporate some innovation as the round two program did, and incorporate some of the following features;

72.1.1. Include an allocation to loan sizes of greater than \$750k, similar to the initial 10% allocation to low documentation lending in phase one of the program. This could also be capped at 10% per deal.

72.1.2. Include a warehousing (Pre Funding) feature available for smaller ADI's to access, which could facilitate that interim step of ramping up loan writing to customers. Terming out to the market is a by-product of this ramping up, and the current markets are already catering for that step.

72.1.3. Consider and exchange program available to asset managers, whereby they could access liquidity via an "Asset Swap of RMBS" in exchange for government bonds. This would act as a liquidity lever and incentive for real money investors to re-enter the RMBS market, knowing that if they had to sell, they can do so, via the exchange for government debt that is very liquid.

72.1.4. An extension of the program to fund other asset classes like, small ticket commercial mortgages, asset backed paper and commercial mortgage back securities.

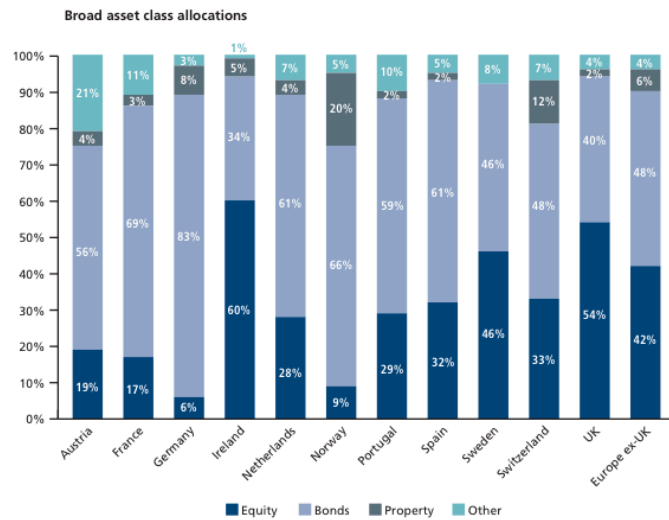
72.1.5. The removal of the need for the AOFM RMBS program to have insurable collateral, and allow uninsurable collateral in exchange for a minimum hard subordination structure This would open up funding to the uninsured market and further support small business lending.

Asset Allocation

73. Regulating the capital flows in parts of the Australian capital markets;

73.1. This could be done via the growing Self Managed Super Fund market; by the implementation of a "Regulated Asset Allocation" profile. In fact, many

European nations impose a regulatory limit to the amount of equity a retirement fund can hold. See the chart below.



73.2. This would ensure that the trustees are managing the portfolios to reflect an appropriate level, of not only disinvestment, but also income producing assets.

73.3. This would direct some of the domestic funds away from other asset classes into the debt markets. Access to this market is currently being encouraged by the recent Australian Securities and Investment Commission move to promote a retail bond market.

74. An alternative to a regulatory change would be to encourage a national movement, supported by the government to improve financial literacy across the economy. This would also extend to a wider economic flow on effects, informing Australians of how “if Australians reinvest in Australia” that it maintains the efficient flow of capital for our banking and corporate sector here.

75. In stepping back, and putting my patriotic hat on, as a national we should really ask ourselves why we are so willing to send money offshore and funds offshore banks, when many foreign banks have simply shut down operations here or removed funding all together for Australian entities.

Cultural Differences

76. It is no hidden secret that the general investor, in particular the sub-wholesale market, can be described as having “a love affair with franking credits”. In most cases, the relative pricing of wholesale debt, when offered to the sub-wholesale investor is issued at a premium to the wholesale markets, i.e. lower spread. The premium is higher when a imputation credit is attached.

77. Attaching a tax incentive on the coupons, similar to that of a rebate or tax-free status to encourage and attract investors to the debt markets.

78. This could be limited to securitisation funding vehicles, given this is where the widest impact of funding across the whole economy will benefit, and is the most level of all the funding playing fields.

79. A further support mechanism to attract subordinated debt buyers to the market, which would support increased senior note issuance, would be to extend a tax incentive to the subordinated RMBS note only.

Government Guarantee Scheme

80. Reduction in the cap from \$1m to a small amount ranging from \$25k to \$100k.

81. The government could also consider some sort of innovation in how it applies the GDG, and also recognise that all banks and financial institutions do not have equal access to the capital markets.

82. This could be in the form of allowing institutions with a balance sheet size of less than that notional range, the ability to offer government guarantee status on their Non Interest Bearing accounts, or an account that pays a rate of interest linked to the treasury or cash rate.

83. This would achieve two things,

83.1. It would force depositors to decide why they are using the GDG and allocate their capital based on the proper risk premium options, via term and credit markets.

83.2. It will also provide those depositors who wish to retain the comfort of a GDG, the ability to easily access this status.

83.3. The cap could be varied or altered depending on size of balance sheet of the ADI and term of the deposit; A larger GDG cap, for longer term deposits and smaller balance sheets, with the shorter the deposit and the larger the balance sheet the smaller the GDG cap.

84. The objective would be to remove the return decision process from depositors using the GDG. In addition it would provide a cheaper source of funding for those smaller ADI's who find it difficult to raise term funding, whether it be through securitisation or term deposits.

85. This guarantee will expire in October 2011. The government has several choices,

85.1. Let the guarantee roll off,

85.2. Maintain the guarantee,

85.3. Vary the guarantee.

Conclusion

86. Initiatives and innovation the government chooses to implement should be directed to achieving three things;
- 86.1. Reducing funding costs for the banking sector. This should focus on supporting funding tools, like securitisation, which all ADI's have access to, both large and small. Securitisation a very competitive means for smaller competitors to access term funding on the same playing field as the major banks.
 - 86.2. Increase allocation to the Australian Debt capital markets, which in turn will naturally support the banking sector.
 - 86.3. Increase the number of investors and participants who can allocate capital to fund the banking sector.
87. Wider market reforms are needed to address the short-term capital market effects of money being "gamed" due to competitive forces being combined with an unrestricted return for a GDG.
88. Innovate the government RMBS support program to more broadly reach the areas of the lending markets currently starved of funding.
89. Further consideration for tax incentives to be used to allocate capital to securitisation markets, to support the increase in demand and encouragement of the private sector to allocate capital to this sector.

Who is Laminar Group

90. Laminar Group provides debt capital markets, funds management and advisory solutions across the Asia-Pacific region. We specialise in securitisation and funding solutions.
91. Our team of market specialists bring to the Group a long track record of invaluable market experience. As dedicated partners to our clients, we apply the Group's knowledge and experience to assist them in achieving their risk and return objectives with granular solutions to complex problems.
92. Our clients are placed at the centre of everything we do. In order to ensure a positive outcome in all our dealings, our core service approach is based on:
 - 92.1. The belief that transparency, integrity and exceptional customer service must form the foundation of all relationships, and
 - 92.2. Applying the very best intellectual capital and the full resources of the Group.
93. Our independence ensures our freedom to advise on a broad range of debt capital markets projects and products without ownership bias.