

**HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS**

**REVIEW OF THE FOUR MAJOR BANKS (FIFTH REPORT)**

**Westpac Banking Corporation**

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**Mr CRAIG KELLY:** Let's just take this as an example: when a business has a million-dollar loan, what capital requirement would you have if that's not in default compared to what capital requirement you would have if it is in default?

**Mr Hartzler:** ...I'm happy to take it on notice and try to give you a sense of it, but we can't give you a simple answer to it.

**Answer:** For a typical agribusiness loan of \$1 million or over with a two-year maturity for a business with turnover of \$5 million or less, the capital required is 3.3% of the loan amount. For a well secured defaulted loan of \$1 million or over the total capital and provision required is 18.5% of the loan amount.