STATISTICS

Quarterly Authorised Deposit-taking Institution Performance Statistics - Highlights

December 2019 (released 10 March 2020)

Highlights (Quarterly authorised deposit-taking institution performance statistics – December 2019)[1]

Authorised deposit-taking institution (ADI) population:

ADI sectors	Dec 2018	Mar 2019	Jun 2019	Sep 2019	Dec 2019
- Major banks	4	4	4	4	4
- Other domestic banks	31	34	35	37	38
- Foreign subsidiary banks	7	7	7	7	7
- Foreign branch banks	46	46	47	48	48
All banks	88	91	93	96	97
Credit unions and building societies	49	47	47	46	43
Other ADIs	7	7	7	7	7
Restricted ADIs	1	2	1	0	1
All ADIs	**145**	**147**	**148**	**149**	**148**
- of which: mutual ADIs	70	69	69	68	66

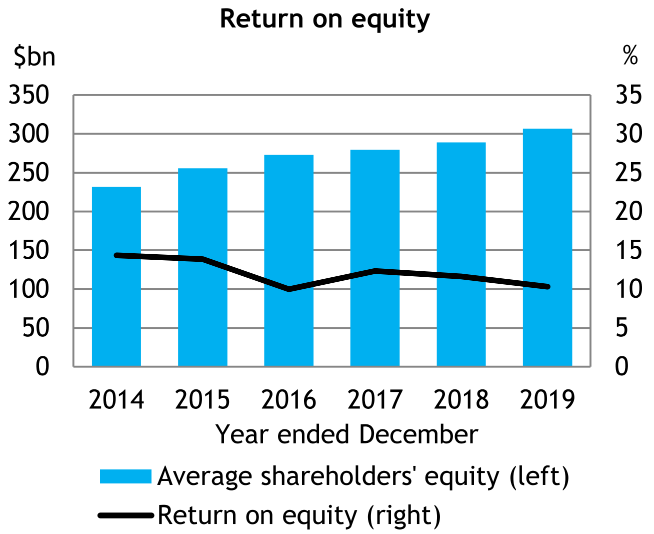
- The total number of licensed ADIs in Australia was 148 as at 31 December 2019, down from 149 as at 30 September 2019.
- Licensing and sector changes over the December 2019 quarter included the following:
  - IN1Bank Ltd received its restricted ADI licence on 12 December 2019
  - Endeavor Mutual Bank Ltd had its licence revoked on 1 December 2019
  - Bananacoast Community Credit Union Ltd had its licence revoked on 1 November 2019
  - Australian Mutual Bank Ltd changed its sector from credit unions and building societies to other domestic banks on 1 October 2019
  - Maitland Mutual Limited changed its sector from credit unions and building societies to other domestic banks on 22 November 2019

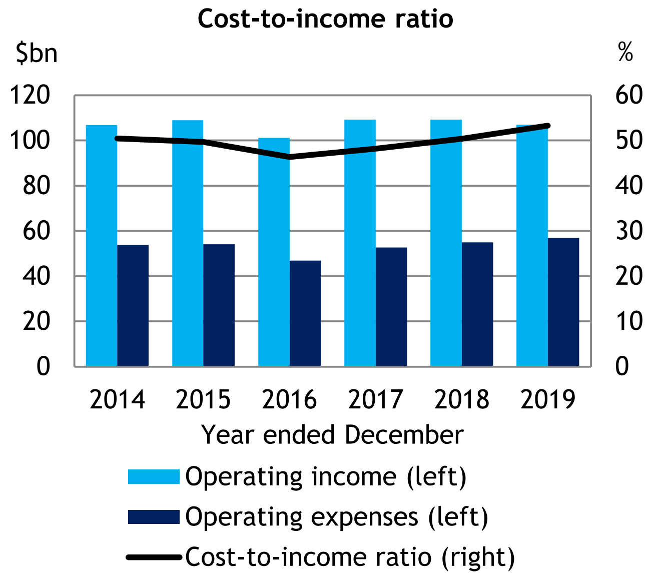
[1] Note: 'Other ADIs' are excluded from all figures other than population and total assets. Foreign branch banks are excluded from return on equity and capital adequacy figures.

Financial performance:

- Total industry interest income and interest expense declined over the year to the December 2019 quarter, decreasing by $5.4 billion (or 64 basis points of interest bearing assets) and $5.9 billion (or 58 basis points of interest bearing liabilities) respectively, with this likely being driven by three cuts to the cash rate over the period.

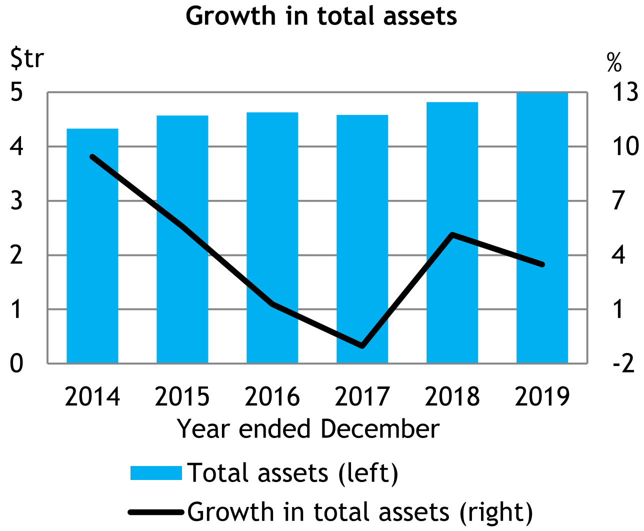
- Industry return on equity decreased to 10.9 per cent in the December 2019 quarter from 12.3 per cent in the same quarter of the previous year, and remains below the 15 year historical average rate of 13 per cent. Margin pressures from the low interest rate environment, subdued credit growth and higher operating expenses are all likely to weigh on profitability in the short to medium term.

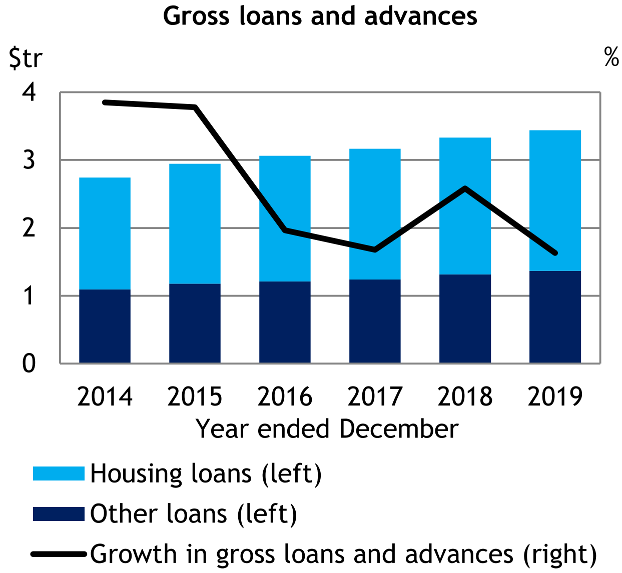




Financial position:

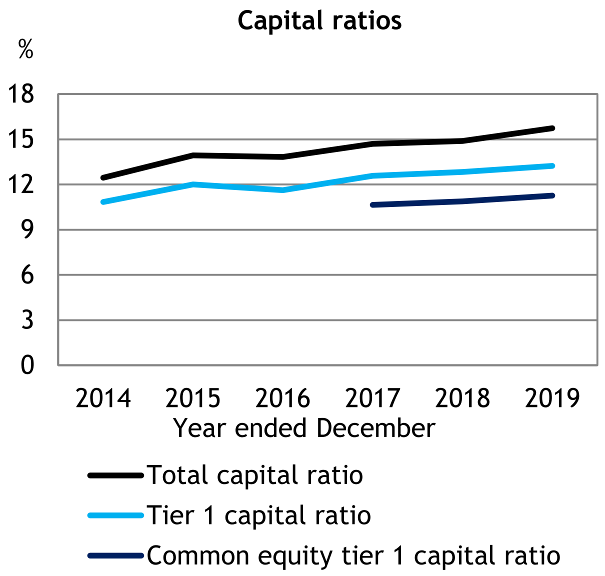
- The growth rate in gross loans and advances was 3.3 per cent over the year ending 31 December 2019, below the 15 year historical average rate of 7.7 per cent. Subdued credit growth is broadly in line with modest national economic growth in 2019, though housing lending started to grow strongly over the second half of 2019 consistent with the strong housing price recovery.

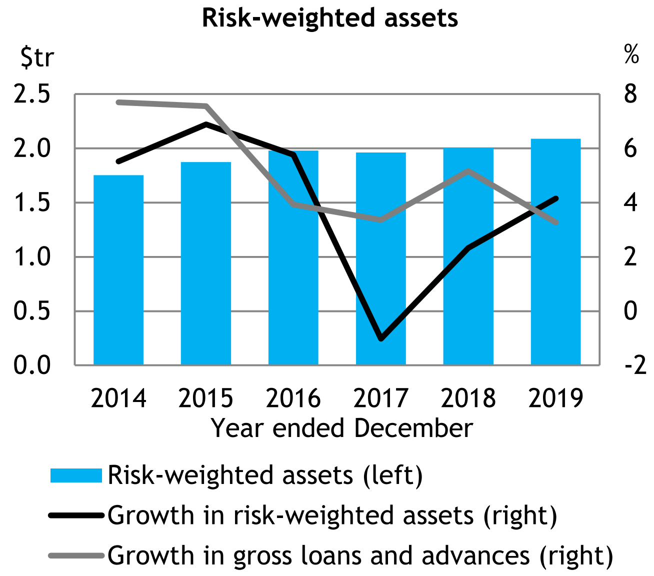




Capital adequacy:

- Total capital and common equity tier 1 capital ratios increased to new historical highs of 15.7 per cent and 11.3 per cent respectively in the December 2019 quarter, suggesting the industry is well capitalised.[1]





Asset quality:

- The ratios of impaired facilities and loans 90+ days past due fell in December 2019 compared with the previous quarter, suggesting the bushfires and coronavirus crisis have not had a sizeable impact on overall ADI asset quality to date.