



STATISTICS

Quarterly authorised deposit-taking institution performance statistics - highlights

March 2021 (released 8 June 2021)

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Authorised deposit-taking institution (ADI) population

The total number of authorised deposit-taking institutions (ADIs) decreased from 148 to 146 over the March 2021 quarter, with two revocations of ADI licences:

- Xinja Bank Limited's ADI licence was revoked, with effect from 26 February 2021.
- MCU Ltd's ADI licence was revoked, with effect from 1 March 2021.

Table 1.

ADIs	Mar 2020	Jun 2020	Sep 2020	Dec 2020	Mar 2021
Banks					
Major banks	4	4	4	4	4
Other domestic banks	38	39	39	39	38
Foreign subsidiary banks	7	7	7	7	7
Foreign branch banks	48	48	48	49	49
All banks	97	98	98	99	98
Credit unions and building societies	42	40	40	40	39
Other ADIs	7	7	7	8	8
Restricted ADIs	1	1	1	1	1
All ADIs	147	146	146	148	146
Of which: mutual ADIs	65	64	64	64	63

Financial performance

- ADIs¹ net profit after tax increased by 3.8 per cent (or \$1.1 billion) for the year ended March 2021 compared with the year ended March 2020. The increase was largely driven by a material reduction in charges for bad or doubtful debts, as ADIs have been releasing provisions to reflect the better than previously-expected economic outlook. Despite this, industry return on equity decreased marginally (by 0.1 percentage points) to 8.5 per cent over the same reporting period, as shareholders' equity also increased.
- ADIs' cost-to-income ratio remained steady at 55.0 per cent for the year ended 31 March 2021, compared with the year ended 31 March 2020. The stable cost-to-income ratio was due to a decrease in both operating income (down 3.9 per cent) and operating expenses (down 4 per cent) over the year.

Chart 1

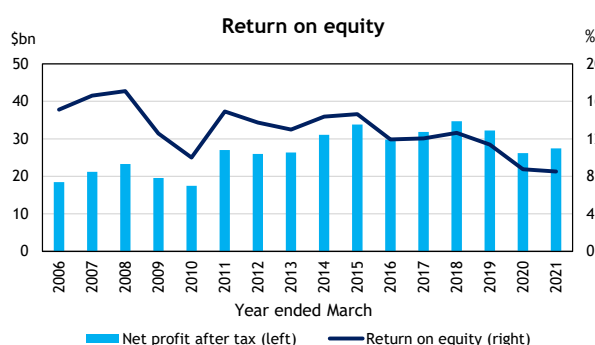
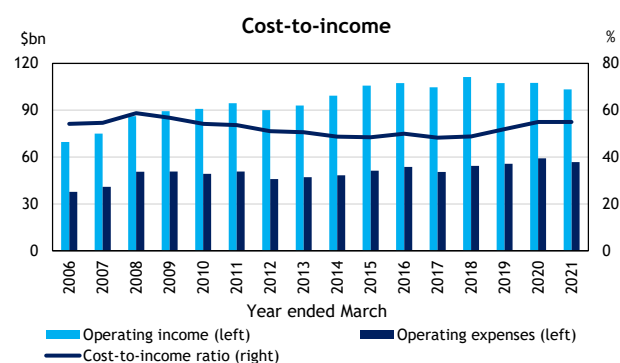


Chart 2



¹ Excluding ADIs that are not banks, building societies or credit unions.

Financial position

- Total assets decreased by 1.8 per cent (or \$95.5 billion) over the March 2021 quarter, to \$5.2 trillion. This was largely driven by a decrease in securities and other assets (such as derivative financial instruments).
- Gross loans and advances increased by 0.9 per cent (or \$30 billion) over the March 2021 quarter, attributed to an increase in both housing and business loans. However, gross loans and advances have decreased by 1.8 per cent (or \$64.8 billion) since they peaked in March 2020 as large businesses have gradually repaid loans drawn down at the onset of COVID-19.

Chart 3

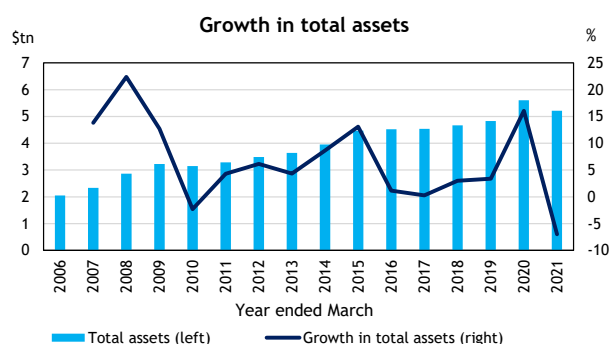
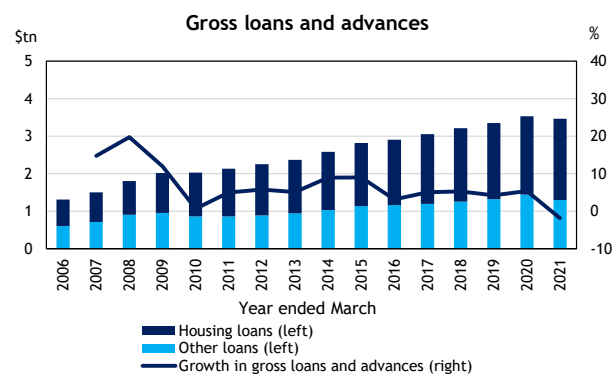


Chart 4



Capital adequacy

- Total capital and common equity tier 1 (CET1) capital ratios increased to new historically high levels of 18.2 per cent and 12.6 per cent respectively, as at 31 March 2021. The strong capital positions were supported by healthy profits, relatively low dividend payout ratios, decreasing risk-weighted assets and the impact of APRA's concessional capital treatment of eligible loans subject to repayment deferral.
- Total risk-weighted assets decreased for a fourth consecutive quarter, and by 4.1 per cent over the year to 31 March 2021. Negative or low growth in personal and business loans (higher risk-weighted), and strong growth in cash and liquid assets (lower risk-weighted) are key contributing factors to declining risk-weighted assets.

Chart 5

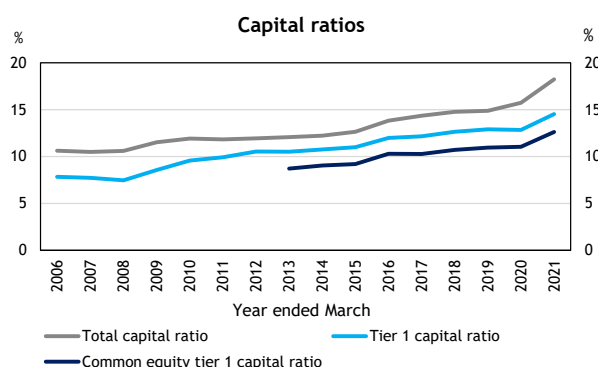
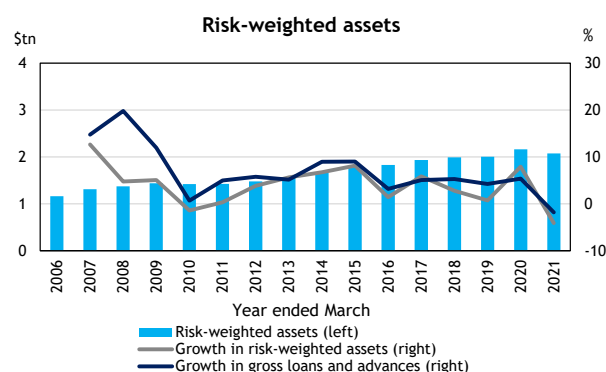


Chart 6



Asset quality

- The industry non-performing loan (NPL) ratio (impaired and past due items to-gross loans and advances) increased incrementally (by 0.01 percentage points) over the quarter, to 1.07 per cent as at 31 March 2021. The steady NPL ratio over the past few quarters has been supported by repayment deferrals programs, government income support measures and the better than previously-forecasted economic recovery. The outlook for asset quality is somewhat uncertain, as repayment deferrals and a number of income support measures (including JobKeeper) expired at the end of March 2021.
- Total specific provisions decreased for a third consecutive quarter since their recent peak in the June 2020 quarter. This is likely reflective of ADIs writing back provisions in response to the improving economic outlook.

Chart 7

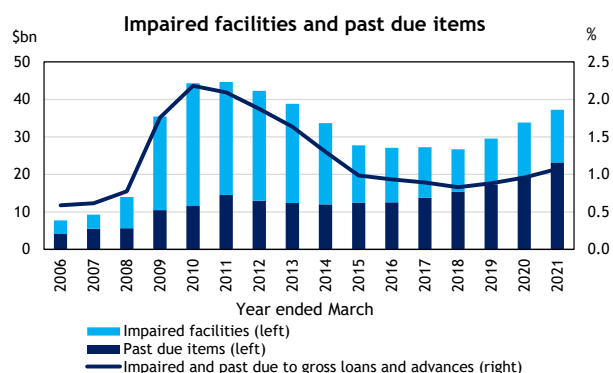
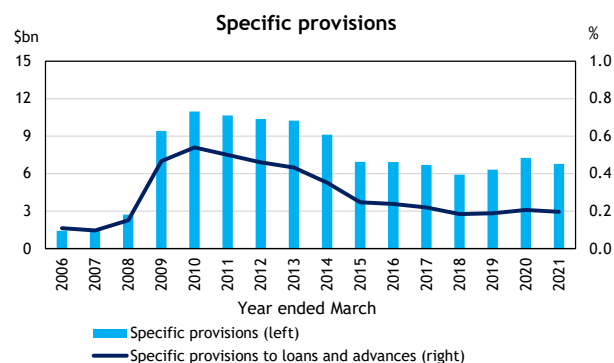


Chart 8



Liquidity

- ADI liquidity positions remain well above regulatory minimums despite the industry reducing excess liquidity over the March 2021 quarter. The industry liquidity coverage ratio (LCR) decreased by 10.6 percentage points over the March quarter to 131.2 per cent, but remained consistent with its historical average. The industry minimum liquidity holdings (MLH) ratio decreased marginally to 19.7 per cent as at 31 March 2021, from a historically-high 20.2 per cent as at 31 December 2020. The RBA has recently announced that the Term Funding Facility will not be extended beyond its current expiry of 30 June 2021, which may reduce ADIs' liquidity ratios in the September quarter.

Chart 9

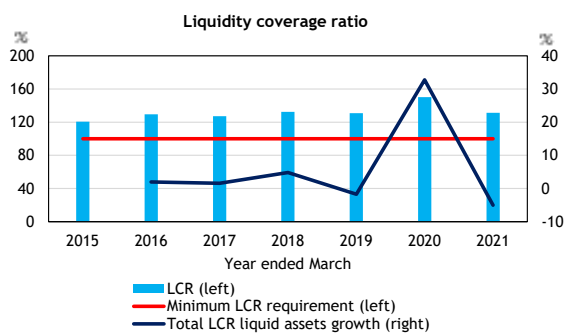
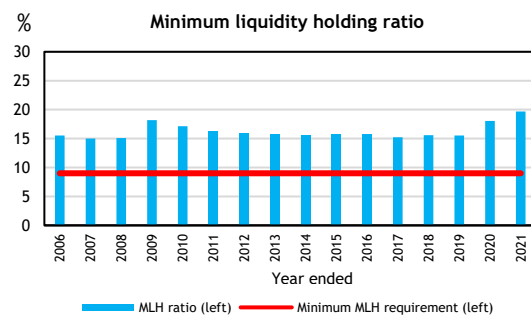


Chart 10





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