



STATISTICS


Quarterly Authorised Deposit-taking Institution Performance Statistics

June 2018 (released 13 September 2018)

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Revisions

This edition of the publication may contain revisions to previously published statistics. Significant revisions, if any, are identified and quantified in the 'Important notice'.

This publication includes revisions to previously published statistics if better source data are available or if compilation errors are uncovered.

APRA regularly analyses past revisions to identify potential improvements to the source data and statistical compilation techniques, in order to minimise the frequency and scale of any future revisions.

Forthcoming issues

This publication will be released according to the timetable published on the APRA website.

Notation

Amounts are expressed in millions of Australian dollars. Both the Australian-dollar denominated transactions and the Australian-dollar equivalent of foreign-currency denominated transactions are included.

The symbol "*" indicates that the data have been masked to maintain confidentiality.

The blank cells represent items that are not applicable, for example where data were collected up to or from a certain period end date.

Glossary and explanatory notes

A set of explanatory notes is provided at the end of the publication to assist the reader in understanding the source and definitions of the data. In particular, these notes help explain differences between the data presented and information publicly released by banks in their financial statements and profit announcements.

A glossary to assist the reader in understanding the definitions of the data in this publication is available on the *Quarterly Authorised Deposit-taking Institution Performance* web page:

<https://www.apra.gov.au/publications/quarterly-authorised-deposit-taking-institution-performance-statistics>

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Important notice

Capital adequacy statistics

The capital adequacy statistics are discussed in the explanatory notes. The capital adequacy time series covers different capital frameworks. Users should read this explanation when comparing capital adequacy across different capital frameworks and when aggregating statistics for segments of the industry to avoid producing misleading statistics. For example, under the Basel II framework exposures to holding companies of ADIs and equivalent overseas entities were deducted on a 50/50 basis from Tier 1 and Tier 2 capital. Under Basel III the entire amount is reduced from regulatory adjustments to Common Equity Tier 1 capital.

Mutual ADIs

Mutual ADIs are included in both the industry segment statistics and in the mutual ADI segment as a separate aggregation. To sum statistics for mutual ADIs with those for other segments would result in double-counting.

Revisions

This edition of the *Quarterly ADI Performance* publication includes revisions to previously published data. No entities made revisions which changed aggregates by at least 10 per cent and \$100 million.

Streamlined PDF versions of statistical publications

This edition of the *Quarterly Authorised Deposit-taking Institution Performance* contains a streamlined PDF of the publication which contains the following sections:

- Important notice;
- Highlights;
- Key statistics, and;
- Explanatory notes.

Please refer to the Excel version of the publication for additional tables and time series.

Highlights

Population of ADIs

On a consolidated group basis, there were 143 ADIs operating in Australia as at 30 June 2018, compared to 147 at 31 March 2018 and 148 at 30 June 2017. This publication does not include statistics for Restricted ADIs.

- Queenslanders Credit Union Limited had its authority to carry on banking business in Australia revoked, with effect from 1 April 2018.
- Nova Credit Union Limited had its authority to carry on banking business in Australia revoked, with effect from 07 May 2018.
- Heritage Isle Credit Union Limited had its authority to carry on banking business in Australia revoked, with effect from 14 May 2018.
- CAPE Credit Union Limited had its authority to carry on banking business in Australia revoked, with effect from 20 June 2018.

Financial performance

The net profit after tax for all ADIs was \$36.4 billion for the year ending 30 June 2018. This is an increase of \$2.2 billion (6.3 per cent) on the year ending 30 June 2017.

The cost-to-income ratio for all ADIs was 48.7 per cent for the year ending 30 June 2018, compared to 48.2 per cent for the year ending 30 June 2017 (chart 1).

The return on equity for all ADIs was 12.1 per cent for the year ending 30 June 2018, compared to 12.0 per cent for the year ending 30 June 2017 (chart 2).

Chart 1: Cost-to-income ratio

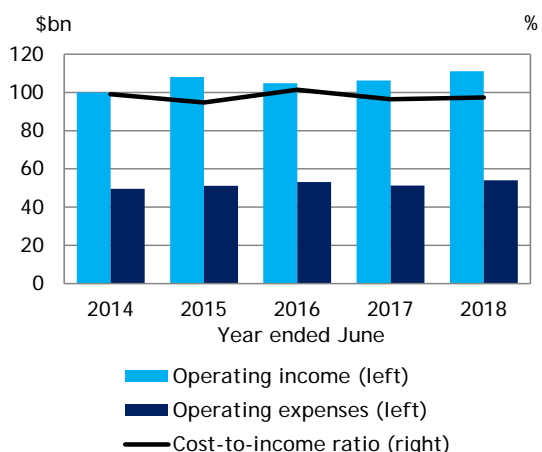
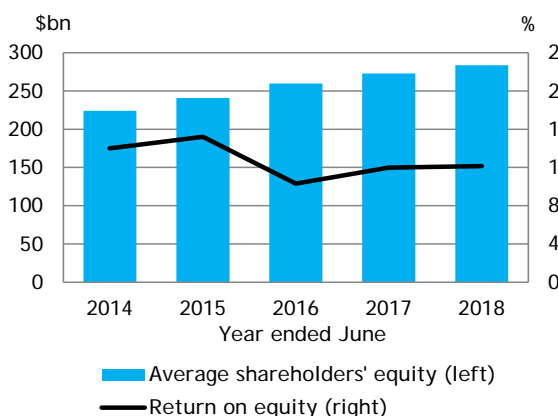


Chart 2: Return on equity



Financial position

The total assets for all ADIs was \$4.73 trillion at 30 June 2018 (chart 3). This is an increase of \$89.7 billion (1.9 per cent) on 30 June 2017.

The total gross loans and advances for all ADIs was \$3.24 trillion as at 30 June 2018. This is an increase of \$124.9 billion (4.0 per cent) on 30 June 2017 (chart 4).

Chart 3: Growth in total assets

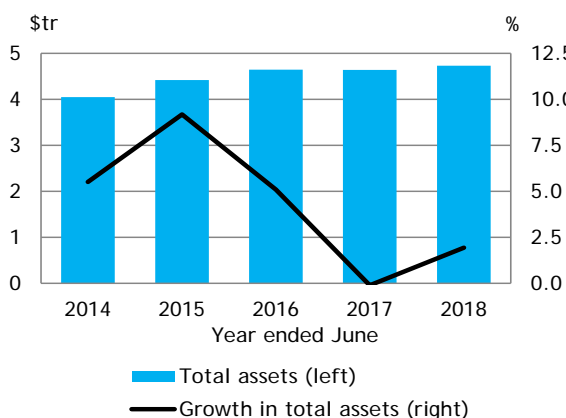
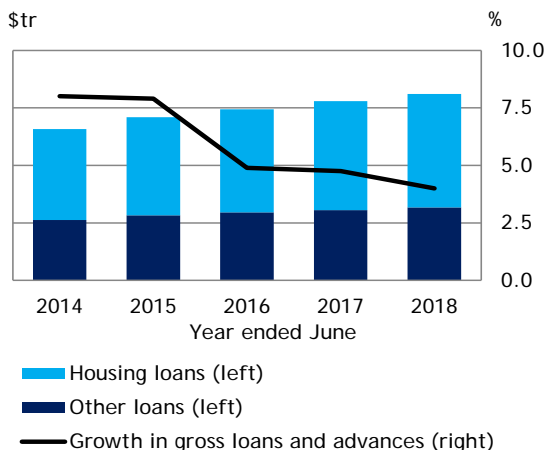


Chart 4: Gross loans and advances



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.

Capital adequacy

The total capital ratio for all ADIs was 14.6 per cent at 30 June 2018 (chart 5), an increase from 14.2 per cent on 30 June 2017.

The common equity tier 1 ratio for all ADIs was 10.6 per cent at 30 June 2018, an increase from 10.2 per cent on 30 June 2017.

The risk-weighted assets (RWA) for all ADIs was \$2.01 trillion at 30 June 2018, an increase of \$48.5 billion (2.5 per cent) on 30 June 2017 (chart 6).

Chart 5: Capital ratios

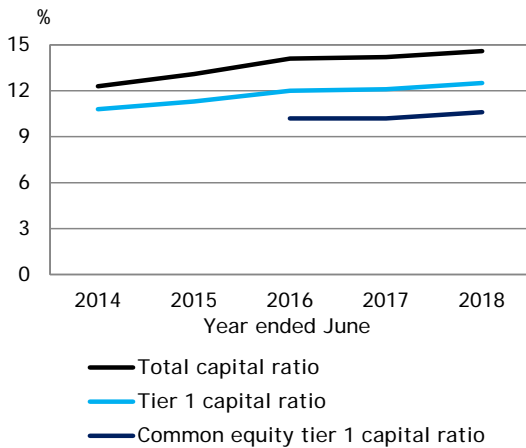
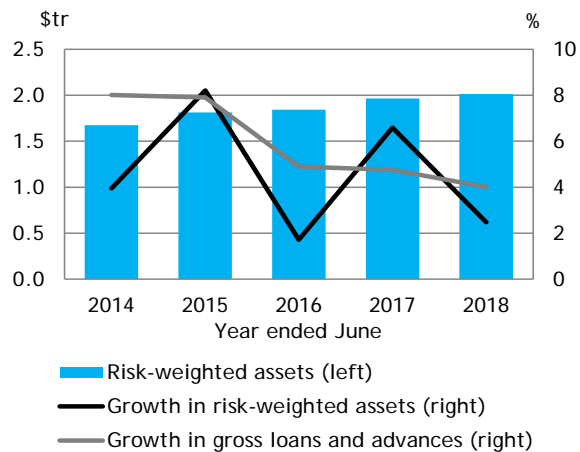


Chart 6: Risk-weighted assets



Asset quality

For all ADIs:

- Impaired facilities were \$11.4 billion as at 30 June 2018 (chart 7). This is a decrease of \$1.8 billion (13.5 per cent) on 30 June 2017. Past due items were \$15.9 billion as at 30 June 2018 (chart 7). This is an increase of \$1.5 billion (10.7 per cent) on 30 June 2017;
- Impaired facilities and past due items as a proportion of gross loans and advances was 0.84 per cent at 30 June 2018, a decrease from 0.89 per cent at 30 June 2017;
- Specific provisions were \$5.7 billion at 30 June 2018 (chart 8). This is a decrease of \$0.9 billion (14.1 per cent) on 30 June 2017; and
- Specific provisions as a proportion of gross loans and advances was 0.18 per cent at 30 June 2018, a decrease from 0.21 per cent at 30 June 2017.

Chart 7: Impaired facilities and past due items

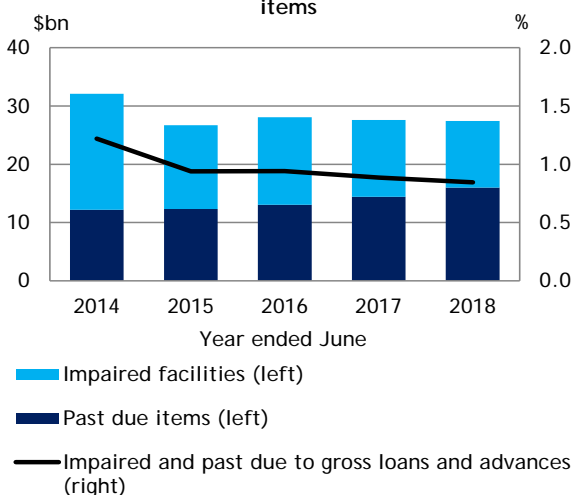
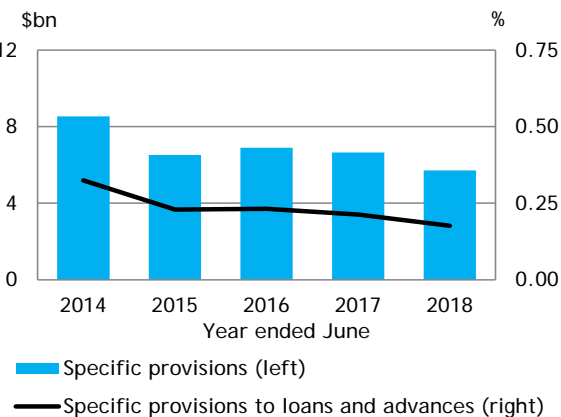


Chart 8: Provisions



Note: 'Other ADIs' are included in population and total asset figures only, and excluded from all other figures. Foreign branch banks are excluded from return on equity and capital adequacy figures.

Key statistics

ADI industry profile

	Quarter end				
	Assets (\$m)				
	Jun 2017	Sep 2017	Dec 2017	Mar 2018	Jun 2018
ADIs					
Banks					
Major banks	3,553,237	3,483,464	3,523,588	3,570,789	3,615,673
Other domestic banks	448,419	451,922	458,138	458,757	467,852
Foreign subsidiary banks	126,762	128,370	129,074	132,557	136,310
Foreign branch banks	456,304	438,672	419,577	456,160	455,296
All banks	4,584,722	4,502,428	4,530,377	4,618,262	4,675,131
Building societies	13,081	13,137	12,164	12,158	12,139
Credit unions	37,028	37,433	37,976	36,540	36,755
Other ADIs	3,977	4,165	4,271	4,756	4,481
All ADIs	4,638,808	4,557,163	4,584,789	4,671,716	4,728,506
<i>of which: mutual ADIs</i>	108,235	110,482	110,782	111,928	113,113
	Number of entities				
	Jun 2017	Sep 2017	Dec 2017	Mar 2018	Jun 2018
ADIs					
Banks					
Major banks	4	4	4	4	4
Other domestic banks	28	28	29	31	31
Foreign subsidiary banks	7	7	7	7	7
Foreign branch banks	44	43	44	44	44
All banks	83	82	84	86	86
Building societies	4	4	3	3	3
Credit unions	54	54	54	51	47
Other ADIs	7	7	7	7	7
All ADIs	148	147	148	147	143
<i>of which: mutual ADIs</i>	76	76	76	75	71

Key figures

	Quarter end					Year End	Year End
	Jun 2017	Sep 2017	Dec 2017	Mar 2018	Jun 2018	Jun 2017	Jun 2018
	ADIs (excludes 'other ADIs')						
Net interest income (\$m)	18,948	19,350	19,444	19,374	19,256	74,117	77,425
Other operating income (\$m)	8,221	8,357	8,770	8,134	8,415	32,178	33,676
Total operating income (\$m)	27,169	27,708	28,214	27,508	27,671	106,295	111,101
Operating expenses (\$m)	13,108	13,135	13,478	13,912	13,570	51,226	54,095
Net profit (loss) after tax (\$m)	9,182	9,182	9,642	8,353	9,178	34,199	36,356
Total assets (\$m)	4,634,831	4,552,998	4,580,518	4,666,960	4,724,028	4,634,831	4,724,028
Total shareholders' equity (\$m)	277,767	284,308	285,289	290,366	289,411	277,767	289,411
Return on assets (after tax)^a	0.8%	0.8%	0.8%	0.7%	0.8%	0.7%	0.8%
Return on equity (after tax)^a	12.9%	12.5%	12.9%	10.9%	11.9%	12.0%	12.1%
Total impaired facilities (\$m)	13,219	11,932	11,767	11,364	11,428	13,219	11,428
Total capital base (\$m)	279,988	285,468	288,287	294,035	294,030	279,988	294,030
Total risk-weighted assets (\$m)	1,965,428	1,950,861	1,960,849	1,989,361	2,013,666	1,965,428	2,013,666
Capital-adequacy ratio	14.2%	14.6%	14.7%	14.8%	14.6%	14.2%	14.6%
Liquidity coverage ratio (LCR)^b	125.8%	128.4%	124.8%	135.1%	131.8%	125.8%	131.8%
Minimum liquidity holdings (MLH) ratio^c	15.9%	16.1%	15.8%	15.6%	14.9%	15.9%	14.9%
Number of entities	141	140	141	140	136	141	136

^a Quarterly figures expressed as annual percentage rates. See Glossary.

^b For those ADIs subject to liquidity coverage ratio (LCR) requirements.

^c For those ADIs subject to minimum liquidity holdings (MLH) ratio requirements.

Key statistics (continued)

Key figures (continued)

	Quarter end					Year End Jun 2017	Year End Jun 2018
	Jun 2017	Sep 2017	Dec 2017	Mar 2018	Jun 2018		
Banks							
Net interest income (\$m)	18,676	19,075	19,169	19,111	18,990	73,048	76,345
Other operating income (\$m)	8,138	8,280	8,690	8,066	8,340	31,857	33,375
Total operating income (\$m)	26,814	27,355	27,859	27,177	27,330	104,905	109,720
Operating expenses (\$m)	12,830	12,862	13,208	13,647	13,299	50,129	53,015
Net profit (loss) after tax (\$m)	9,166	9,127	9,587	8,311	9,132	34,005	36,157
Total assets (\$m)	4,584,722	4,502,428	4,530,377	4,618,262	4,675,134	4,584,722	4,675,134
Total shareholders' equity (\$m)	273,624	280,110	281,096	286,341	285,345	273,624	285,345
Return on assets (after tax) ^a	0.8%	0.8%	0.8%	0.7%	0.8%	0.7%	0.8%
Return on equity (after tax) ^a	13.0%	12.6%	13.0%	11.0%	12.0%	12.1%	12.2%
Total Impaired facilities (\$m)	13,132	11,840	11,679	11,279	11,333	13,132	11,333
Total capital base (\$m)	276,142	281,575	284,422	290,334	290,300	276,142	290,300
Total risk-weighted assets (\$m)	1,942,225	1,927,528	1,937,520	1,966,975	1,991,170	1,942,225	1,991,479
Capital-adequacy ratio	14.2%	14.6%	14.7%	14.8%	14.6%	14.2%	14.6%
Liquidity coverage ratio (LCR) ^b	125.8%	128.4%	124.8%	135.1%	131.8%	125.8%	131.8%
Minimum liquidity holdings (MLH) ratio ^c	15.6%	15.8%	16.0%	15.9%	15.2%	15.6%	15.2%
Number of entities	83	82	84	86	86	83	86
Building societies							
Net interest income (\$m)	58	59	56	56	57	224	229
Other operating income (\$m)	8	7	6	8	7	31	28
Total operating income (\$m)	67	67	62	64	64	256	257
Operating expenses (\$m)	51	47	45	43	47	189	182
Net profit (loss) after tax (\$m)	11	14	11	14	11	47	49
Total assets (\$m)	13,081	13,137	12,164	12,158	12,139	13,081	12,139
Total shareholders' equity (\$m)	1,054	1,066	1,011	1,026	1,039	1,054	1,039
Return on assets (after tax) ^a	0.3%	0.4%	0.4%	0.4%	0.4%	0.4%	0.4%
Return on equity (after tax) ^a	4.3%	5.1%	4.3%	5.3%	4.1%	4.5%	4.7%
Total Impaired facilities (\$m)	17	27	18	17	25	17	25
Total capital base (\$m)	1,016	1,031	971	985	1,000	1,016	1,000
Total risk-weighted assets (\$m)	5,419	5,464	5,097	5,062	5,111	5,419	5,111
Capital-adequacy ratio	18.8%	18.9%	19.1%	19.5%	19.6%	18.8%	19.6%
Minimum liquidity holdings (MLH) ratio ^c	18.5%	18.7%	16.5%	16.2%	15.1%	18.5%	15.1%
Number of entities	4	4	3	3	3	4	3
Credit unions							
Net interest income (\$m)	214	216	219	207	209	845	851
Other operating income (\$m)	75	70	74	61	68	289	273
Total operating income (\$m)	289	286	293	268	277	1,134	1,124
Operating expenses (\$m)	227	226	225	222	224	909	897
Net profit (loss) after tax (\$m)	5	41	44	29	36	148	150
Total assets (\$m)	37,028	37,433	37,976	36,540	36,755	37,028	36,755
Total shareholders' equity (\$m)	3,089	3,132	3,181	2,999	3,026	3,089	3,026
Return on assets (after tax) ^a	0.0%	0.4%	0.5%	0.3%	0.4%	0.4%	0.4%
Return on equity (after tax) ^a	0.6%	5.3%	5.6%	3.8%	4.7%	4.7%	4.9%
Total Impaired facilities (\$m)	70	65	70	67	71	70	71
Total capital base (\$m)	2,830	2,862	2,894	2,716	2,729	2,830	2,729
Total risk-weighted assets (\$m)	17,784	17,869	18,232	17,324	17,385	17,784	17,385
Capital-adequacy ratio	15.9%	16.0%	15.9%	15.7%	15.7%	15.9%	15.7%
Minimum liquidity holdings (MLH) ratio ^c	15.8%	15.9%	15.2%	14.7%	14.4%	15.8%	14.4%
Number of entities	54	54	54	51	47	54	47

^a Quarterly figures expressed as annual percentage rates. See Glossary.

^b For those ADIs subject to liquidity coverage ratio (LCR) requirements.

^c For those ADIs subject to minimum liquidity holdings (MLH) ratio requirements.

Explanatory notes

ADI industry segments

To assist users analyse the ADI industry, the industry is broken down into four industry segments consisting of banks, building societies, credit unions and other ADIs.

ADI means an authorised deposit-taking institution within the meaning of the *Banking Act 1959*.

Banks are ADIs that assume or use the term 'bank' in relation to their banking business. Data for banks are broken down into four segments: major banks, other domestic banks, foreign subsidiary banks and foreign branch banks.

Major banks comprise the Australia and New Zealand Banking Group Limited, the Commonwealth Bank of Australia, the National Australia Bank Limited, the Westpac Banking Corporation and their subsidiary banks.

Other domestic banks comprise all locally-owned banks excluding the major banks.

Foreign subsidiary banks are foreign banks authorised to carry on banking business in Australia through a locally-incorporated subsidiary.

Foreign branch banks are foreign banks authorised to carry on banking business in Australia through branches and are subject to specific restrictions on their deposit-taking activities.

Building societies are locally-incorporated ADIs that assume or use the expression 'building society' in relation to their banking business.

Credit unions are locally-incorporated ADIs that assume or uses the expression 'credit union' or 'credit co-operative' in relation to their banking business.

Other ADIs consist of ADIs that are not banks, building societies or credit unions. This includes providers of purchased payment facilities and specialist credit card institutions.

A list of all ADIs is provided on APRA's website.

Mutual ADIs

This publication also provides supplementary statistics on mutual ADIs.

Mutual ADIs are defined for this publication as ADIs operating under a mutual corporate structure in accordance with *ASIC Regulatory Guide 147*. Under the guide, an organisation is considered to have a mutual structure if it passes an economic relationship test and a governance relationship test. The economic relationship test explores the distribution of surpluses and places restrictions on the payment of dividends to investor shareholders. The governance relationship test explores the rights of members to participate in the governance of the organisation, with a requirement of 'one member, one vote' and restrictions on special voting rights.

The population of mutual ADIs tables is comprised of mutual banks, credit unions, mutual building societies and other mutual ADIs.

ADIs are classified as mutual ADIs by APRA for the purpose of this publication. Mutual ADIs have the same regulatory and reporting requirements as ADIs in the same segment.

Capital adequacy statistics

Capital data in this publication is collected under three different APRA reporting frameworks. These frameworks are based on:

- the Basel I capital framework prior to 1 January 2008;
- the Basel II capital framework from 1 January 2008; and
- the Basel III capital framework from 1 January 2013.

Following the introduction of the Basel II capital framework on 1 January 2008, from March 2008 there are significant changes to some data items. For example, there was no operational risk-weighted assets requirement prior to the introduction of the Basel II framework.

For details of the Basel II framework, refer to revoked ADI Prudential Standards and Guidance Notes at:

<http://www.apra.gov.au/adi/PrudentialFramework/Pages/revoked-adi-prudential-standards-and-guidance-notes.aspx>

For details of the Basel III framework, refer to APRA prudential standards APS 110-APS 116 and APS 120. For detailed definitions of the capital components, refer to APS 001 and APS 111.

Liquidity statistics

APRA reviewed its liquidity framework in 2014 and introduced a revised *Prudential Standard APS 210 Liquidity* (APS 210) in response to the Basel Committee on Banking Supervision's globally harmonised liquidity framework, *Basel III: The Liquidity Coverage Ratio and liquidity risk monitoring tools*. The revised APS 210 introduced the Liquidity Coverage Ratio regime in Australia, commencing from 1 January 2015, and revised the existing Minimum Liquidity Holdings (MLH) regime, commencing for the quarter ending 30 June 2014.

The introduction of this Prudential Standard was accompanied by a revised *Reporting Standard ARS 210 Liquidity* (ARS 210) and associated ADI reporting forms, which commenced for the quarter ending June 2014. While the LCR data collection was new, there are changes to some MLH data items as a result of the revised ARS 210. It also resulted in a change in MLH population, with a number of banks becoming subject to the MLH regime.

For details of the previous liquidity framework, refer to revoked ADI Prudential Standards and Guidance Notes at:

<http://www.apra.gov.au/adi/PrudentialFramework/Pages/revoked-adi-prudential-standards-and-guidance-notes.aspx>

For details of APRA's liquidity framework, refer to APS 210. For further information on how to interpret the liquidity statistics, refer to *Selected feature: ADIs' Liquidity Statistics* at:

<http://www.apra.gov.au/adi/Publications/Pages/adi-quarterly-performance-statistics.aspx>

Basis of preparation

This publication is currently available in two versions:

- an Adobe PDF version for printing, containing data for the most recent periods, and
- a Microsoft Excel version, containing a complete time series since 2004 of data.

This publication includes the consolidated group data of ADIs. Locally-incorporated ADIs with controlled entities or associates are required to report consolidated group book data. For other ADIs, licensed and domestic book data are included.

Domestic ADIs which are themselves subsidiaries of a domestic ADI are not included in this publication. The data for these ADIs are included in the data for the domestic parent ADI.

Capital adequacy data are presented on a consolidated group basis prior to 1 January 2008 and a Level 2 basis from 1 January 2008.

Liquidity data for building societies and credit unions are presented on a licensed ADI basis prior to 1 April 2014 and a Level 1 basis from 1 April 2014.

Source of statistics

The data in this publication are sourced from the following returns submitted to APRA under the *Financial Sector (Collection of Data) Act 2001* by ADIs.

- ARF 110.0 Capital Adequacy (Level 1, Level 2, Licensed ADI and Consolidated Group Books);
- ARF 210.0 Statement of High Quality Liquid Assets Calculation (Licensed ADI and Consolidated Group Books);
- ARF 210.1A Liquidity Coverage Ratio - all currencies (Level 1 and Level 2);
- ARF 210.1B Liquidity Coverage Ratio - AUD only (Level 1 and Level 2);
- ARF 210.2 Minimum Liquidity Holdings Ratio (Level 1);
- ARF 220.0 Impaired Facilities (Licensed ADI and Consolidated Group Books);
- ARF 320.0 Statement of Financial Position (Domestic Books);
- ARF 322.0 Statement of Financial Position (Consolidated Group Books).
- ARF 323.0 Statement of Financial Position (Licensed ADI); and
- ARF 330.0 Statement of Financial Performance (Licensed ADI and Consolidated Group Books);
- ARF 330.1 Interest Income and Interest Expense (Licensed ADI and Consolidated Group Books);
- ARF 330.2 Other Operating Income (Licensed ADI and Consolidated Group Books); and
- ARF 330.3 Other Operating Expense (Licensed ADI and Consolidated Group Books).

Blank copies of returns and associated instructions are available on APRA's website.

Delayed release of selected statistics for banks

To ensure that individual banks' performance data cannot be derived from the *Quarterly ADI Performance Statistics* before they are made public, APRA will only publish financial performance statistics and selected financial position and capital adequacy statistics for the all banks segment two months after the end of the reference period. APRA will delay publication of financial performance and selected financial position data for the bank segments (major banks, other domestic banks, foreign subsidiaries and foreign branches) by one quarter.



 **APRA**