



STATISTICS

Quarterly Authorised Deposit-taking Institution Performance Statistics

December 2018 (released 20 March 2019)

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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.

Enquiries

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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. Five entities made revisions which changed aggregates by at least 10 per cent and \$100 million.

Table and item	Period(s) impacted*	Cause of revision	Entity (where applicable)	Previous Figure (\$ million)	Revised Figure (\$ million)
Table 1d, ADIs - Restructured items without provisions	Mar 2016	Resubmitted data		1,303.8	1,435.7
Table 1e, ADIs - Liquidity coverage ratio: Cash inflows: Derivatives	Jun 2015, Sep 2015, Dec 2015, Mar 2016	Resubmitted data		40,820.4	35,783.7

Highlights

Population of ADIs

On a consolidated group basis, there were 144 ADIs operating in Australia as at 31 December 2018, compared to 143 at 30 September 2018 and 148 at 31 December 2017.

- ABN AMRO Bank N.V. had been authorised to operate in Australia, with effect from 1 October 2018.
- Central Coast Credit Union Ltd had its authority to carry on banking business in Australia revoked, with effect from 14 December 2018.
- China Everbright Bank Co., Ltd had been authorised to operate in Australia, with effect from 20 December 2018.

Financial performance

The net profit after tax for all ADIs was \$35.7 billion for the year ending 31 December 2018. This is a decrease of \$0.3 billion (0.9 per cent) on the year ending 31 December 2017.

The cost-to-income ratio for all ADIs was 50.4 per cent for the year ending 31 December 2018, compared to 48.1 per cent for the year ending 31 December 2017 (chart 1).

The return on equity for all ADIs was 11.6 per cent for the year ending 31 December 2018, compared to 12.3 per cent for the year ending 31 December 2017 (chart 2).

Chart 1: Cost-to-income ratio

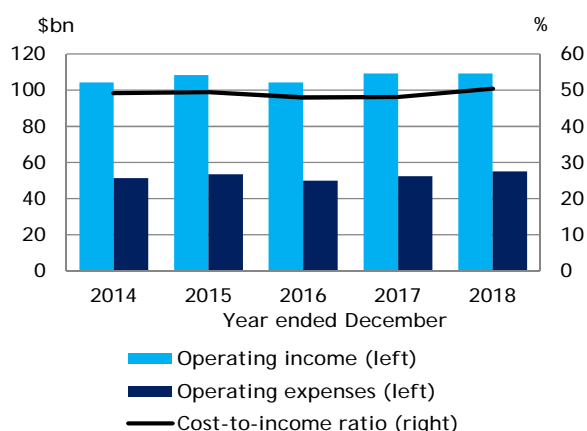
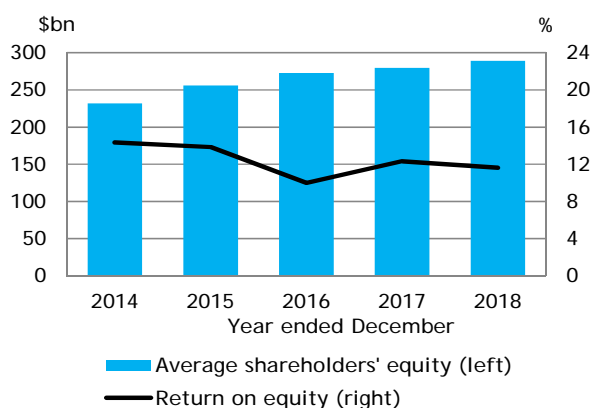


Chart 2: Return on equity



Financial position

The total assets for all ADIs was \$4.82 trillion at 31 December 2018 (chart 3). This is an increase of \$235.2 billion (5.1 per cent) on 31 December 2017.

The total gross loans and advances for all ADIs was \$3.33 trillion as at 31 December 2018. This is an increase of \$163.8 billion (5.2 per cent) on 31 December 2017 (chart 4).

Chart 3: Growth in total assets

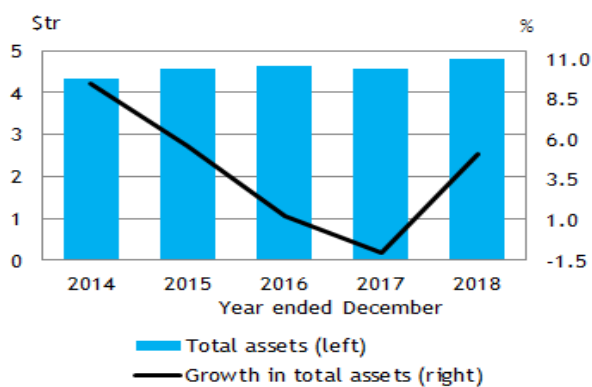
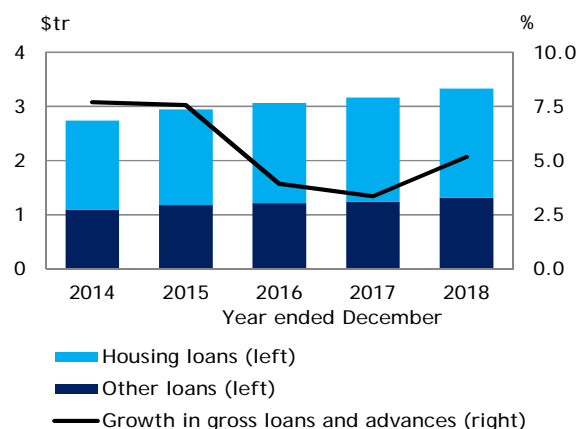


Chart 4: Gross loans and advances



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 14.9 per cent at 31 December 2018 (chart 5), an increase from 14.7 per cent on 31 December 2017.

The common equity tier 1 ratio for all ADIs was 10.9 per cent at 31 December 2018, an increase from 10.6 per cent on 31 December 2017.

The risk-weighted assets (RWA) for all ADIs was \$2.01 trillion at 31 December 2018, an increase of \$45.6 billion (2.3 per cent) on 31 December 2017 (chart 6).

Chart 5: Capital ratios

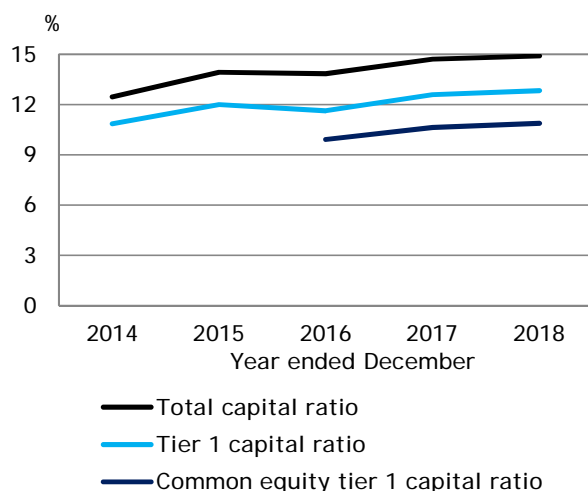
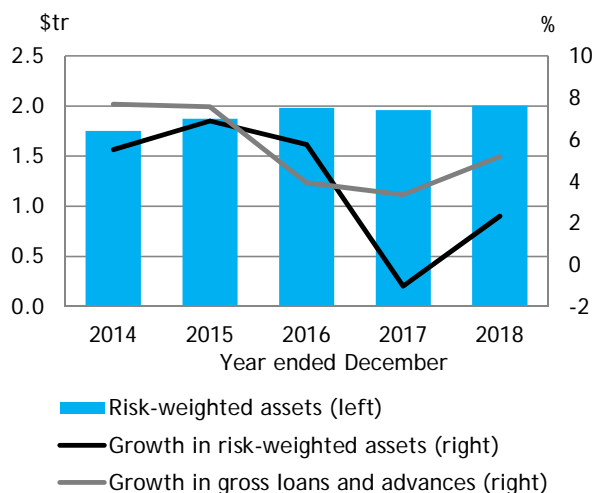


Chart 6: Risk-weighted assets



Asset quality

For all ADIs:

- Impaired facilities were \$11.5 billion as at 31 December 2018 (chart 7). This is a decrease of \$0.3 billion (2.5 per cent) on 31 December 2017. Past due items were \$16.5 billion as at 31 December 2018 (chart 7). This is an increase of \$2.3 billion (16.0 per cent) on 31 December 2017;
- Impaired facilities and past due items as a proportion of gross loans and advances was 0.84 per cent at 31 December 2018, an increase from 0.82 per cent at 31 December 2017;
- Specific provisions were \$6.0 billion at 31 December 2018 (chart 8). This is an increase of \$0.1 billion (1.0 per cent) on 31 December 2017; and
- Specific provisions as a proportion of gross loans and advances was 0.18 per cent at 31 December 2018, a decrease from 0.19 per cent at 31 December 2017.

Chart 7: Impaired facilities and past due items

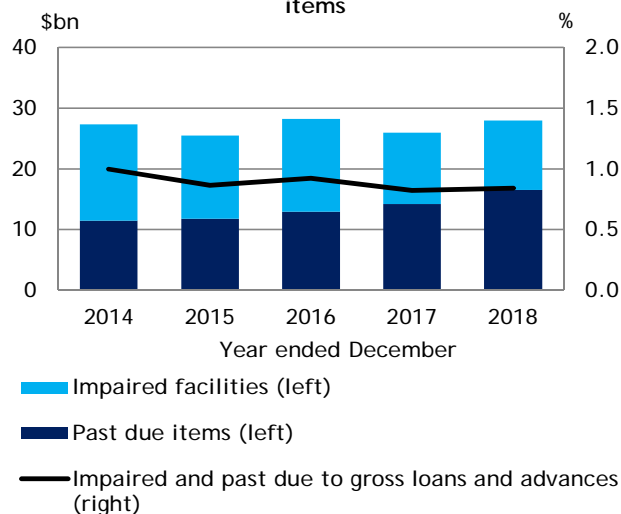
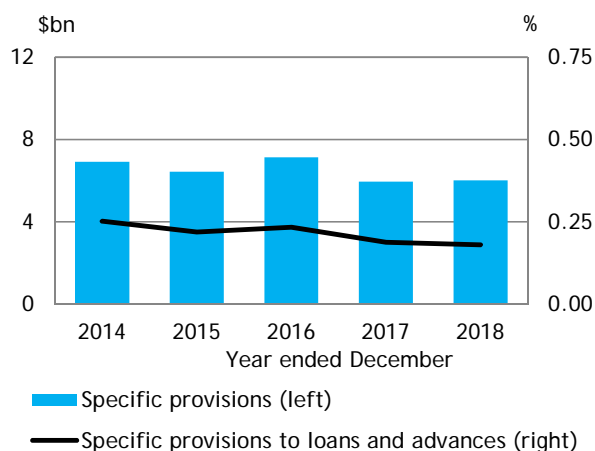


Chart 8: Provisions



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)				
	Dec 2017	Mar 2018	Jun 2018	Sep 2018	Dec 2018
ADIs					
Banks					
Major banks	3,523,588	3,570,789	3,615,673	3,592,109	3,672,376
Other domestic banks	458,138	458,757	467,805	477,003	480,455
Foreign subsidiary banks	129,074	132,557	136,310	138,952	143,587
Foreign branch banks	419,577	456,160	455,416	459,035	467,782
All banks	4,530,377	4,618,262	4,675,204	4,667,099	4,764,199
Building societies	12,164	12,158	12,139	12,262	12,428
Credit unions	37,976	36,540	36,754	37,659	38,189
Other ADIs	4,271	4,756	4,475	5,007	5,205
All ADIs	4,584,789	4,671,716	4,728,573	4,722,027	4,820,021
<i>of which: mutual ADIs</i>	110,782	111,928	113,062	115,867	117,581
	Number of entities				
	Dec 2017	Mar 2018	Jun 2018	Sep 2018	Dec 2018
ADIs					
Banks					
Major banks	4	4	4	4	4
Other domestic banks	29	31	31	31	31
Foreign subsidiary banks	7	7	7	7	7
Foreign branch banks	44	44	44	44	46
All banks	84	86	86	86	88
Building societies	3	3	3	3	3
Credit unions	54	51	47	47	46
Other ADIs	7	7	7	7	7
All ADIs	148	147	143	143	144
<i>of which: mutual ADIs</i>	76	75	71	71	70

Key figures

	Quarter end					Year End	Year End
	Dec 2017	Mar 2018	Jun 2018	Sep 2018	Dec 2018	Dec 2017	Dec 2018
ADIs (excludes 'other ADIs')							
Net interest income (\$m)	19,444	19,374	19,252	19,428	19,437	75,852	77,492
Other operating income (\$m)	8,770	8,134	8,416	8,291	6,911	33,241	31,752
Total operating income (\$m)	28,214	27,508	27,668	27,719	26,348	109,093	109,244
Operating expenses (\$m)	13,478	13,912	13,571	14,410	13,138	52,474	55,031
Net profit (loss) after tax (\$m)	9,642	8,353	9,180	8,665	9,544	36,072	35,742
Total assets (\$m)	4,580,518	4,666,960	4,724,097	4,717,020	4,814,816	4,580,518	4,814,816
Total shareholders' equity (\$m)	285,289	290,366	289,406	293,763	292,772	285,289	292,772
Return on assets (after tax) ^a	0.8%	0.7%	0.8%	0.7%	0.8%	0.8%	0.8%
Return on equity (after tax) ^a	12.9%	10.9%	11.9%	11.1%	12.3%	12.3%	11.6%
Total Impaired facilities (\$m)	11,767	11,364	11,413	11,505	11,476	11,767	11,476
Total capital base (\$m)	288,287	294,035	293,936	298,111	298,891	288,287	298,891
Total risk-weighted assets (\$m)	1,960,849	1,989,361	2,013,176	2,018,551	2,006,424	1,960,849	2,006,424
Capital-adequacy ratio	14.7%	14.8%	14.6%	14.8%	14.9%	14.7%	14.9%
Liquidity coverage ratio (LCR) ^b	124.8%	135.1%	131.8%	132.3%	131.9%	124.8%	131.9%
Minimum liquidity holdings (MLH) ratio ^c	15.8%	15.6%	14.9%	15.3%	15.1%	15.8%	15.1%
Number of entities	141	140	136	136	137	141	137

^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	Year End
	Dec 2017	Mar 2018	Jun 2018	Sep 2018	Dec 2018	Dec 2017	Dec 2018
Banks							
Net interest income (\$m)	19,169	19,111	18,986	19,155	19,164	74,769	76,416
Other operating income (\$m)	8,690	8,066	8,343	8,221	6,842	32,928	31,471
Total operating income (\$m)	27,859	27,177	27,329	27,376	26,006	107,697	107,887
Operating expenses (\$m)	13,208	13,647	13,300	14,142	12,862	51,384	53,951
Net profit (loss) after tax (\$m)	9,587	8,311	9,134	8,615	9,501	35,907	35,560
Total assets (\$m)	4,530,377	4,618,262	4,675,204	4,667,099	4,764,199	4,530,377	4,764,199
Total shareholders' equity (\$m)	281,096	286,341	285,343	289,645	288,620	281,096	288,620
Return on assets (after tax) ^a	0.8%	0.7%	0.8%	0.7%	0.8%	0.8%	0.8%
Return on equity (after tax) ^a	13.0%	11.0%	12.0%	11.2%	12.5%	12.4%	11.7%
Total Impaired facilities (\$m)	11,679	11,279	11,316	11,419	11,386	11,679	11,386
Total capital base (\$m)	284,422	290,334	290,207	294,326	295,068	284,422	295,068
Total risk-weighted assets (\$m)	1,937,520	1,966,975	1,990,675	1,995,725	1,983,342	1,937,520	1,983,342
Capital-adequacy ratio	14.7%	14.8%	14.6%	14.7%	14.9%	14.7%	14.9%
Liquidity coverage ratio (LCR) ^b	124.8%	135.1%	131.8%	132.3%	131.9%	124.8%	131.9%
Minimum liquidity holdings (MLH) ratio ^c	16.0%	15.9%	15.2%	15.8%	15.3%	16.0%	15.3%
Number of entities	84	86	86	86	88	84	88
Building societies							
Net interest income (\$m)	56	56	57	58	58	230	229
Other operating income (\$m)	6	8	7	7	6	29	27
Total operating income (\$m)	62	64	64	65	64	259	257
Operating expenses (\$m)	45	43	47	45	50	188	185
Net profit (loss) after tax (\$m)	11	14	11	14	10	48	49
Total assets (\$m)	12,164	12,158	12,139	12,262	12,428	12,164	12,428
Total shareholders' equity (\$m)	1,011	1,026	1,039	1,053	1,060	1,011	1,060
Return on assets (after tax) ^a	0.4%	0.4%	0.4%	0.4%	0.3%	0.4%	0.4%
Return on equity (after tax) ^a	4.3%	5.3%	4.3%	5.2%	4.0%	4.7%	4.7%
Total Impaired facilities (\$m)	18	17	25	22	24	18	24
Total capital base (\$m)	971	985	1,000	1,013	1,021	971	1,021
Total risk-weighted assets (\$m)	5,097	5,062	5,118	5,129	5,223	5,097	5,223
Capital-adequacy ratio	19.1%	19.5%	19.5%	19.7%	19.5%	19.1%	19.5%
Minimum liquidity holdings (MLH) ratio ^c	16.5%	16.2%	15.1%	15.4%	15.6%	16.5%	15.6%
Number of entities	3	3	3	3	3	3	3
Credit unions							
Net interest income (\$m)	219	207	209	215	215	853	846
Other operating income (\$m)	74	61	66	63	63	284	253
Total operating income (\$m)	293	268	275	278	278	1,137	1,099
Operating expenses (\$m)	225	222	225	223	226	902	896
Net profit (loss) after tax (\$m)	44	29	35	36	32	117	133
Total assets (\$m)	37,976	36,540	36,754	37,659	38,189	37,976	38,189
Total shareholders' equity (\$m)	3,181	2,999	3,025	3,064	3,092	3,181	3,092
Return on assets (after tax) ^a	0.5%	0.3%	0.4%	0.4%	0.3%	0.3%	0.3%
Return on equity (after tax) ^a	5.6%	3.8%	4.7%	4.8%	4.2%	3.7%	4.2%
Total Impaired facilities (\$m)	70	67	72	64	66	70	66
Total capital base (\$m)	2,894	2,716	2,730	2,773	2,802	2,894	2,802
Total risk-weighted assets (\$m)	18,232	17,324	17,383	17,698	17,859	18,232	17,859
Capital-adequacy ratio	15.9%	15.7%	15.7%	15.7%	15.7%	15.9%	15.7%
Minimum liquidity holdings (MLH) ratio ^c	15.2%	14.7%	14.4%	14.3%	14.5%	15.2%	14.5%
Number of entities	54	51	47	47	46	54	46

^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.



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