

Senate Economics Legislation Committee
ANSWERS TO QUESTIONS ON NOTICE

Treasury Portfolio

Additional Estimates

2016 - 2017

Division/Agency: Australian Prudential Regulation Authority

Question No: 140

Topic: Commonwealth Bank investor loans

Reference: Written

Senator: Rhiannon, Lee

Question:

1. The Commonwealth Bank is reported to have raised investor loan rates in order to comply with the Australian Prudential Regulation Authority's 10 per cent limit on annual growth in residential real estate investor lending:

a. What has been the actual growth in CBA investor lending?

b. When did APRA identify the potential to breach the 10 per cent cap?

i. When did it communicate with CBA, and what response did CBA provide?

Answer:

1.

a. APRA publishes certain data on individual banks' (including the Commonwealth Bank of Australia) in its Monthly Banking Statistics (MBS) publication. The MBS contains selected assets and liabilities of individual banks and includes details on the loans and advances to, and deposits from different sectors of the economy. This can be used to give an indication of the growth rate in investor lending for the Commonwealth Bank. The link to Monthly Banking Statistics can be found on [APRA's website](http://apra.gov.au/adi/Publications/Pages/monthly-banking-statistics.aspx).

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However, please note that while the MBS can be used to derive indicators for investor loan growth, it does not capture all factors, the most significant being customer-driven switching between owner-occupied and investor loans. More detailed information necessary to accurately calculate the precise growth rate is subject to the confidentiality provisions (s56) of the *Australian Prudential Regulation Authority Act 1998* (APRA Act).

b. As part of its ongoing supervisory activities in relation to mortgage lending, APRA is in regular contact with all Authorised Deposit-taking Institutions (ADIs), including the Commonwealth Bank of Australia. In addition, APRA receives monthly reports with investor loan growth projections from ADIs, so APRA is able to assess when an ADI's investor loan growth is likely to be accelerating, and engage with the ADI to discuss action necessary to ensure the 10 per cent benchmark is not exceeded.

i. As above, APRA is in regular communication with CBA regarding housing lending matters.