

**Senate Standing Committee on Economics**

**ANSWERS TO QUESTIONS ON NOTICE**

**Treasury Portfolio**

Additional Estimates 2012

15 – 17 February 2012

**Question:**           **AET 67 - 79**

**Topic:**               **Banking Sector**

**Hansard Page:**      **Written**

**Senator WILLIAMS asked:**

67.    What are the real capital equity levels of each of the four big banks of Australia, without taking into consideration the support loaded debt (risk weighted debt), particularly for home loans?  
Please express this as percentage capital equity.
68.    What percentage of lending by each of the four major banks is secured against real property?
69.    What is the percentage and total amount of unsecured lending for each bank, and what percentage is loaned by each of the four major banks on credit cards?
70.    What is the average loan to value ratio (LVR) for secured lending against real property, held by each of the four major banks and the average for the credit unions and also for the building societies?
71.    What is the percentage and total off liquid funds held by each of the four major banks, and the average for credit unions and also for the building societies?
72.    What percentage of deposits is 'at call' for each of the four major banks and the average for credit unions and building societies?
73.    What percentage of funds deposited in the four major banks are deposited on fixed terms?  
Also provide the average figures for credit unions and building societies separately.
74.    Of the fixed term deposits in the four major banks, credit unions and building societies, please provide the percentage is maturing in the following fixed terms of, three months, six months, 12 months, 24 months and 36 months.
75.    What percentage of funds held by the four major banks are wholesale funds and what percentage of funds are retail investors? Please provide the same for credit unions collectively and building societies collectively.
76.    What is the average interest rate being paid for wholesale funds and also for retail funds deposited with the four major banks?
77.    What is the average loan interest rate being charged by the four major banks for each of the following categories of loans: home loans; rural loans; commercial loans; and lines of credit?
78.    For each of the four major banks please provide the volume of funds advanced against each of the following security types: residential property; commercial property and rural property.
79.    In December 2011, APRA asked the Banks to stress test their businesses for certain criteria (12% unemployment, deflation of residential property by 30%, and commercial property by 40%). What were their responses?

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**Answer:**

67.

#### Major banks' Fundamental Tier 1 Capital and simple capital ratio<sup>1</sup>

(\$ million)

	Dec-11	Sep-11		
	Commonwealth Bank of Australia <sup>2</sup>	Australia and New Zealand Banking Group Limited	National Australia Bank	Westpac Banking Group
Fundamental Tier 1 Capital	35,613	34,475	35,850	39,061
Net Tier 1 Capital	29,473	30,616	33,075	27,098
Total assets	701,986	594,488	753,757	670,228
Tangible assets	691,960	587,524	746,495	658,449
Fundamental Tier 1 Capital/Tangible assets	5.1%	5.9%	4.8%	5.9%

68.

As at 31 December 2011, approximately 65 per cent of total gross loans and advances written on domestic Australian books (i.e. in Australia) by the major banks was for residential property<sup>3</sup>. The figures for individual banks were:

- 55.1 per cent for National Australia Bank Limited;
- 59.1 per cent for Australia and New Zealand Banking Group Limited;
- 70.7 per cent for Commonwealth Bank of Australia<sup>4</sup>; and
- 72.2 per cent for Westpac Banking Corporation.

As at 31 December 2011, commercial property represented approximately 10 per cent of the total gross loans and advances written on domestic Australian books (i.e. in Australia) by the major banks<sup>5</sup>.

APRA does not publish data on commercial property lending by individual banks.

<sup>1</sup> Source: Pillar 3 disclosures and full-year financial statements for 31 December 2011 for CBA, and 30 September 2011 for ANZ, NAB and WBC. Net Tier 1 capital is equal to Gross Tier 1 capital minus deductions from Tier 1 capital. Tangible assets is equal to total assets (not risk-weighted) minus intangible assets. For ANZ, NAB and WBC only, intangible assets refer to 'Goodwill and other intangible assets'.

<sup>2</sup> Commonwealth Bank of Australia includes data for Bank of Western Australia Ltd.

<sup>3</sup> Source: APRA [Monthly Banking Statistics](#)

<sup>4</sup> Commonwealth Bank of Australia includes data for Bank of Western Australia Ltd.

<sup>5</sup> Source: unpublished APRA data.

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69.

APRA does not collect data on the amount of bank lending that is unsecured.

As at 31 December 2011, credit card loans to households as a percentage of total gross loans and advances<sup>6</sup> were:

- 1.8 per cent for National Australia Bank Limited;
- 2.4 per cent for Westpac Banking Corporation;
- 2.5 per cent for Commonwealth Bank of Australia<sup>7</sup>; and
- 3.1 per cent for Australian and New Zealand Banking Group Limited.

70.

APRA currently collects residential mortgage LVR data for the major banks on new mortgage approvals. Data for 2011 for the major banks are shown below.<sup>8</sup>

#### New residential mortgage LVR data for major banks, 2011

Loan-to-valuation ratios (LVR)	As a percentage of total approvals
< 60%	26%
60% to <80%	41%
80% to <90%	21%
> 90%	12%

APRA does not publish these data for individual banks.

For credit unions and building societies (CUBS), residential mortgage LVR data refer to actual exposures. These data as at 31 December 2011 are shown below.<sup>9</sup>

<sup>6</sup> Source: APRA [Monthly Banking Statistics](#)

<sup>7</sup> Commonwealth Bank of Australia includes data for Bank of Western Australia Ltd.

<sup>8</sup> Source: unpublished APRA data.

<sup>9</sup> Source: unpublished APRA data.

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**Residential mortgage LVR data for CUBS as at 31 December 2011**

Loan-to-valuation ratios (LVR)	As a percentage of total residential mortgage exposures	
	Building societies	Credit unions
0% - 60%	31%	35%
60.01% - 80%	40%	44%
80.01% - 90%	17%	11%
90.01% - 100%	12%	9%
> 100.01%	0.4%	1%

71.

Liquid assets for the major banks, as calculated using the RBA's methodology in its September 2010 *Financial Stability Review* (Graph 37), are shown below.

**Liquid assets held by major banks as at 31 December 2011**

(\$ billion)

Liquid assets	259.6
Domestic assets	2,032.8
Domestic liabilities	1,535.0
Liquid assets / Domestic assets	12.8%
Liquid assets / Domestic liabilities	16.9%

Neither the RBA nor APRA publishes these data for individual banks.

The RBA methodology cannot be used for CUBS because it requires a disaggregation of data that is not collected. Instead, the table below reports the high quality liquid assets (HQLA) held by CUBS.

**High quality liquid assets held by CUBS as at 31 December 2011**

(\$ billion)

	Building societies	Credit unions
HQLA	3.5	8.3
Domestic assets	21.1	53.6
HQLA / domestic assets	16.4%	15.4%

72.

As at 31 December 2011, the major banks held \$543 billion in 'at call' deposits on their domestic Australian books (i.e. in Australia). This represented 56 per cent of their total deposits.

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As at 31 December 2011, building societies held \$6.9 billion in ‘at call’ deposits, which represented 41 per cent of their total deposits. The comparable figure for credit unions was \$20.7 billion, representing 47 per cent of their total deposits<sup>10</sup>.

73.

As at 31 December 2011, the major banks held \$432.8 billion in term deposits on their Australian books (i.e. in Australia). This represented 44 per cent of their total deposits.

As at 31 December 2011, building societies held \$9.8 billion in term deposits, which represented 59 per cent of their total deposits. The comparable figure for credit unions was \$23.6 billion, representing 53 per cent of their total deposits<sup>11</sup>.

74.

APRA does not collect these data on a standardised basis.

75.

As at 31 December 2011, the funding composition of the major banks<sup>12</sup>, as a percentage of total funding was:

- 53.7 per cent in domestic deposits;
- 16.7 per cent in short-term debt;
- 21.1 per cent in long-term debt;
- 7.7 per cent in equity; and
- 0.7 per cent in securitisation.

As at 31 December 2011, the funding composition of credit unions and building societies combined<sup>13</sup>, as a percentage of total funding was:

- 82.9 per cent in domestic deposits;
- 1.1 per cent in short-term debt;
- 1.2 per cent in long-term debt;
- 7.9 per cent in equity; and
- 7.0 per cent in securitisation.

APRA does not publish these data for individual institutions.

76.

APRA does not collect these data on a standardised basis.

The RBA is preparing an article on ADI funding costs for inclusion in the March 2012 *Bulletin*.

77.

APRA does not collect these data on a standardised basis.

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<sup>10</sup> Source: unpublished APRA data.

<sup>11</sup> Source: unpublished APRA data.

<sup>12</sup> Source: unpublished APRA data.

<sup>13</sup> Credit unions and building societies are aggregated due to APRA’s confidentiality protection measures. Source: unpublished APRA data.

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78.

As at 31 December 2011, the major banks held \$932 billion<sup>14</sup> in housing loan assets on their domestic Australian books (i.e. in Australia) and \$149 billion<sup>15</sup> in commercial property loan assets.

As at 31 December 2011, housing loan assets were:

- \$163 billion for Australia and New Zealand Banking Group Limited;
- \$177 billion for National Australia Bank Limited;
- \$285 billion for Westpac Banking Corporation; and
- \$307 billion for Commonwealth Bank of Australia<sup>16</sup>.

APRA does not distinguish rural property from other property in its data collection.

79.

APRA does not comment on media speculation about its activities. Pursuant to section 56 of the *Australian Prudential Regulation Authority Act 1998*, APRA is precluded from publishing any individual responses to any stress tests that it does undertake.

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<sup>14</sup> APRA [Monthly Banking Statistics](#)

<sup>15</sup> Source: unpublished APRA data

<sup>16</sup> Commonwealth Bank of Australia includes data for Bank of Western Australia Ltd.