



# Mutuals: a look back and ahead

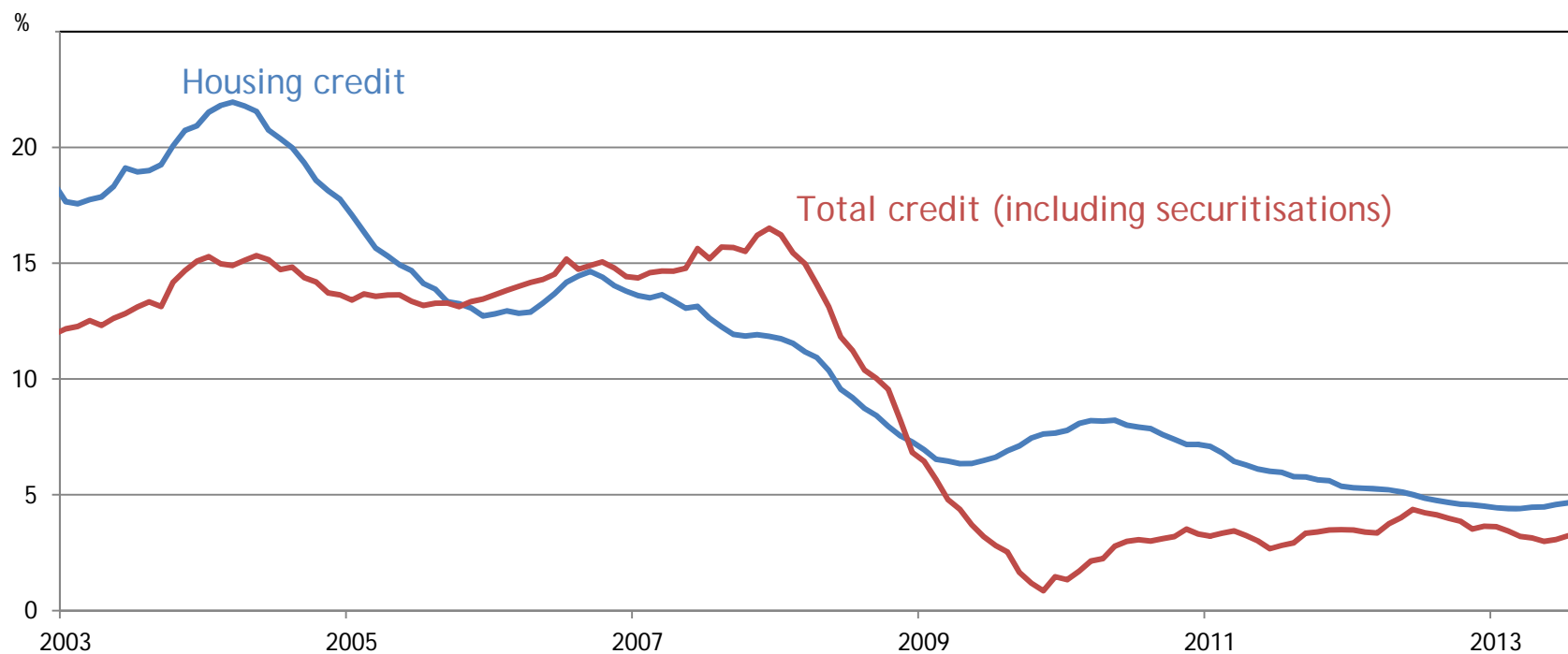
John F Laker  
Chairman



## A. Mutuals over the past decade

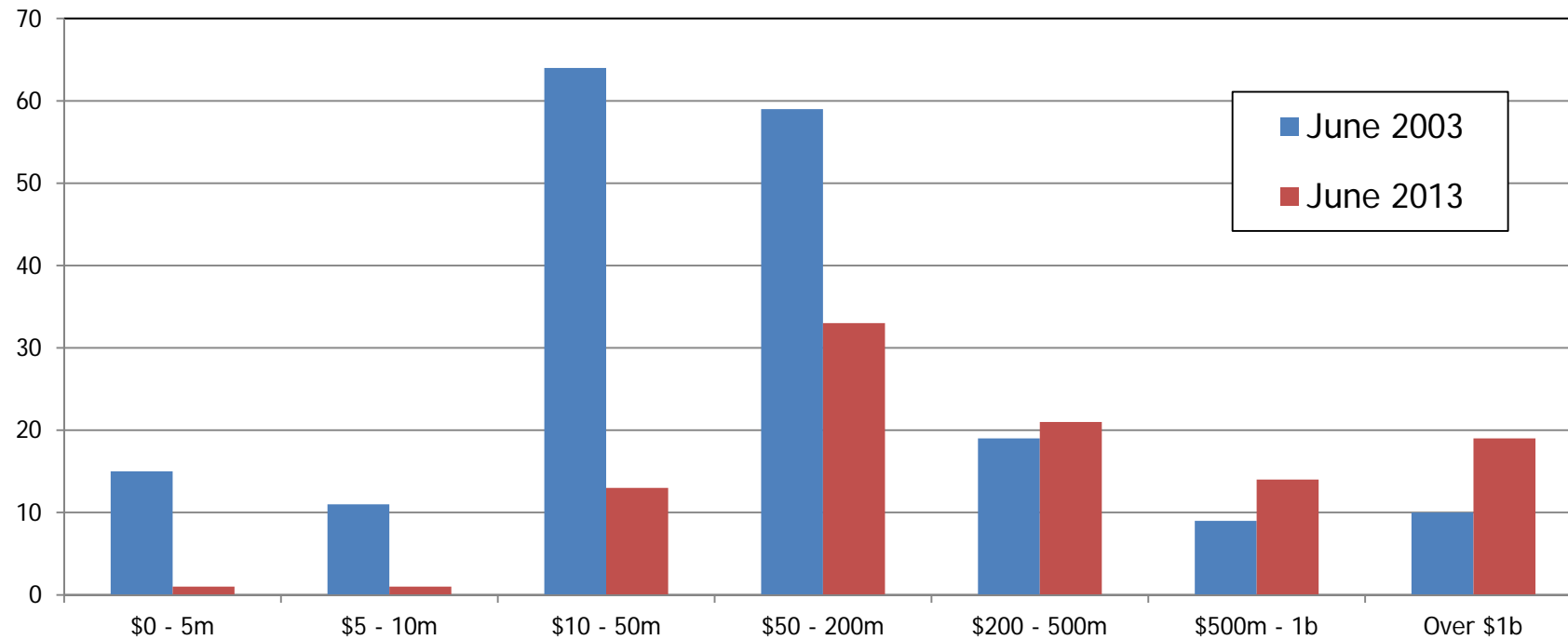
# Credit growth

Year-ended percentage change



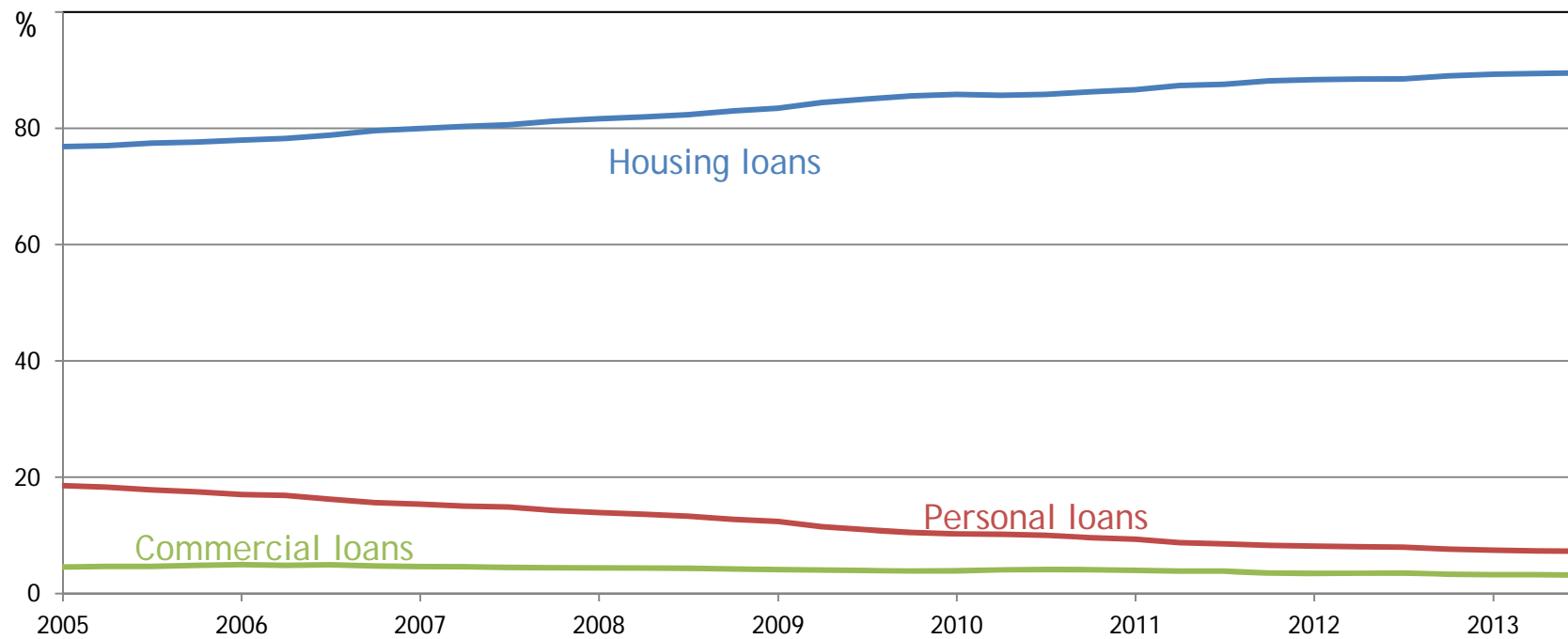
# Number of mutual ADIs

By asset size



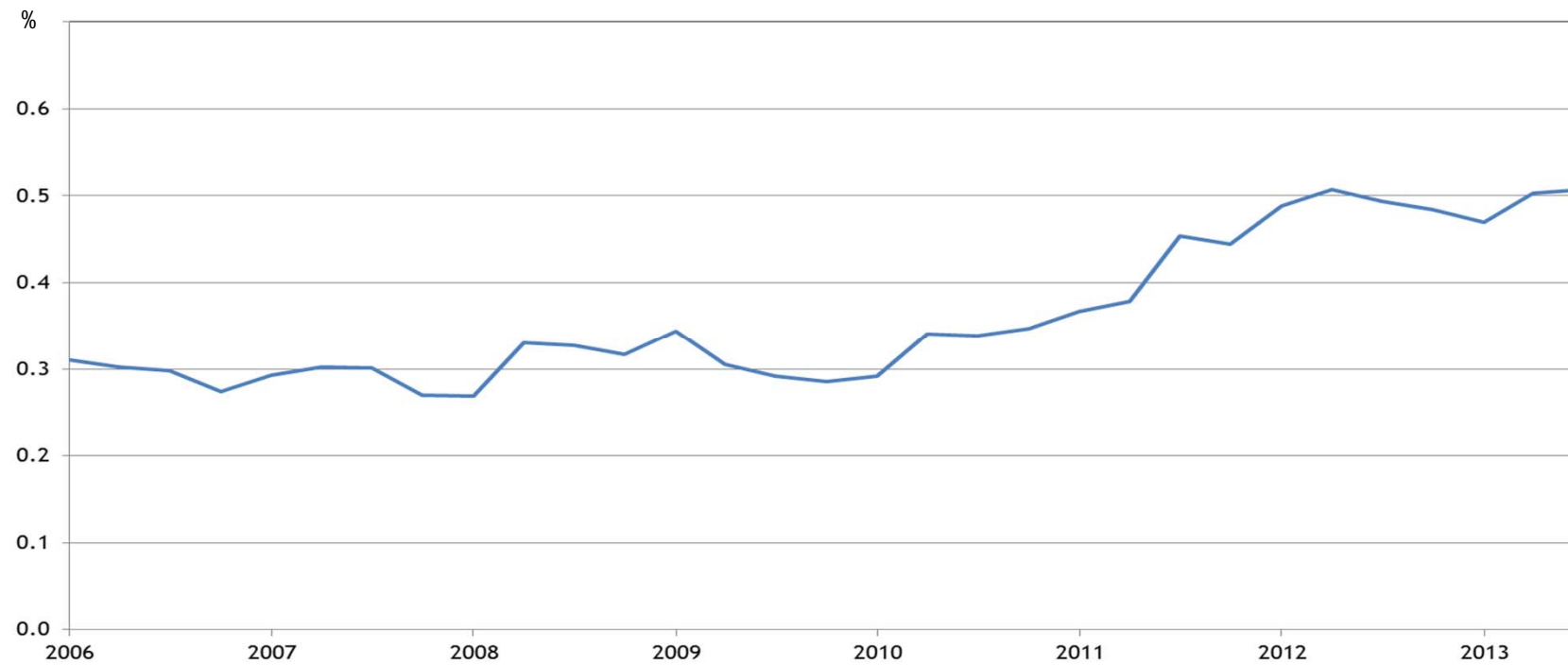
# Mutual ADI loan portfolios

Share of gross loans



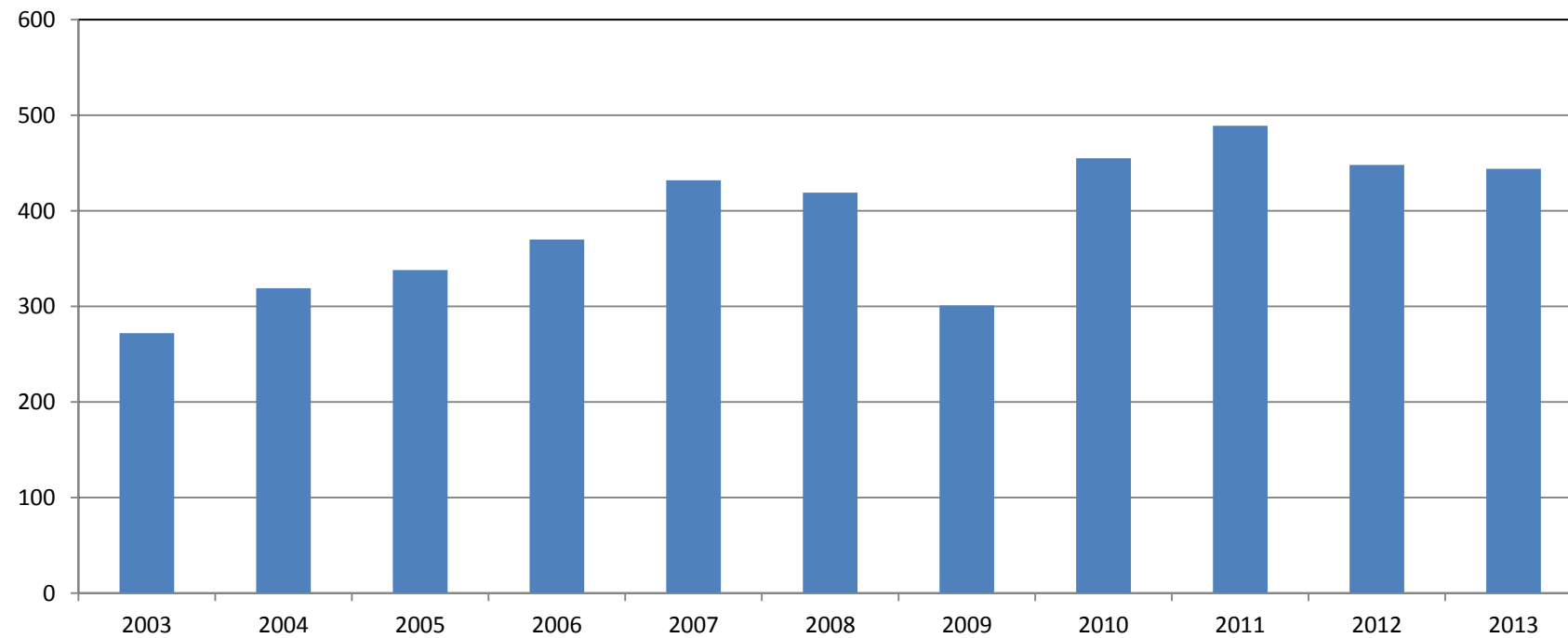
# Mutual ADIs' non-performing loans

As a proportion of gross loans



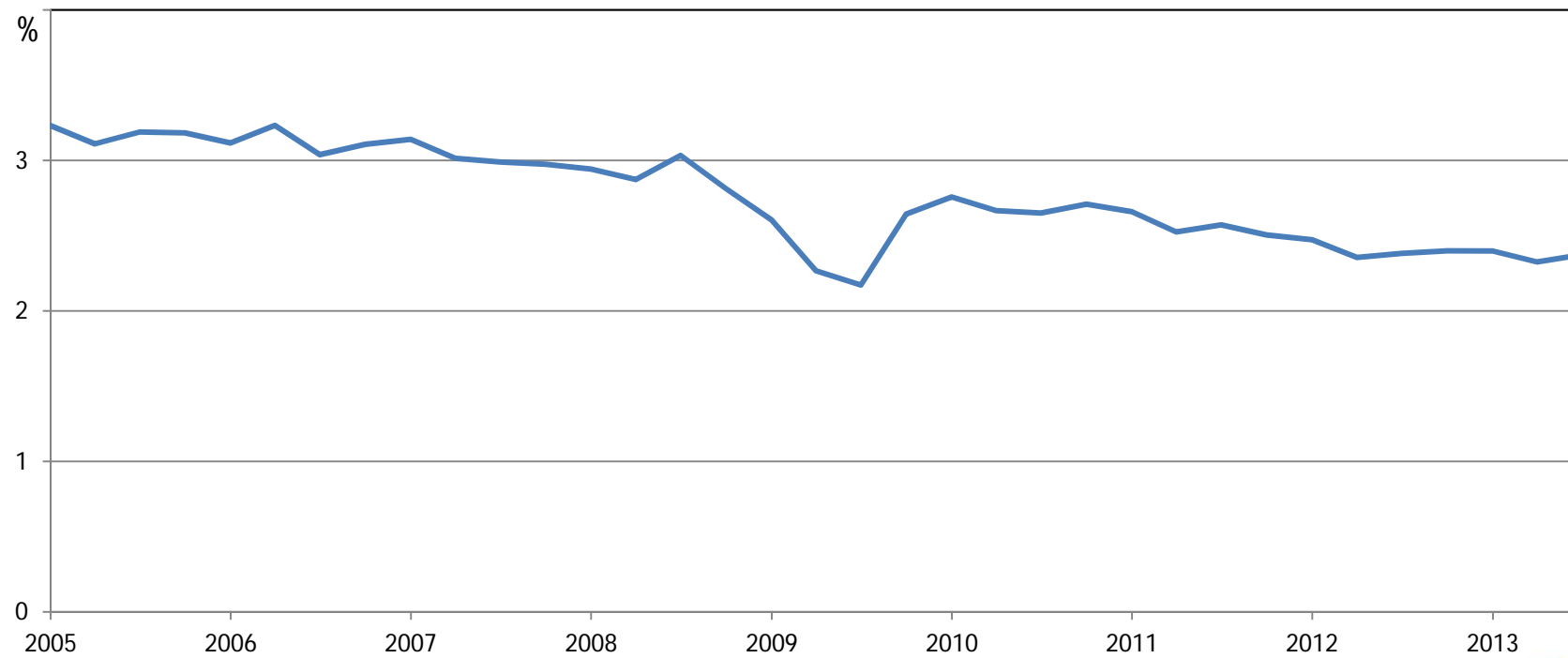
# Mutual ADI net profit after tax

Financial year, \$ millions



# Mutual ADI net interest margin

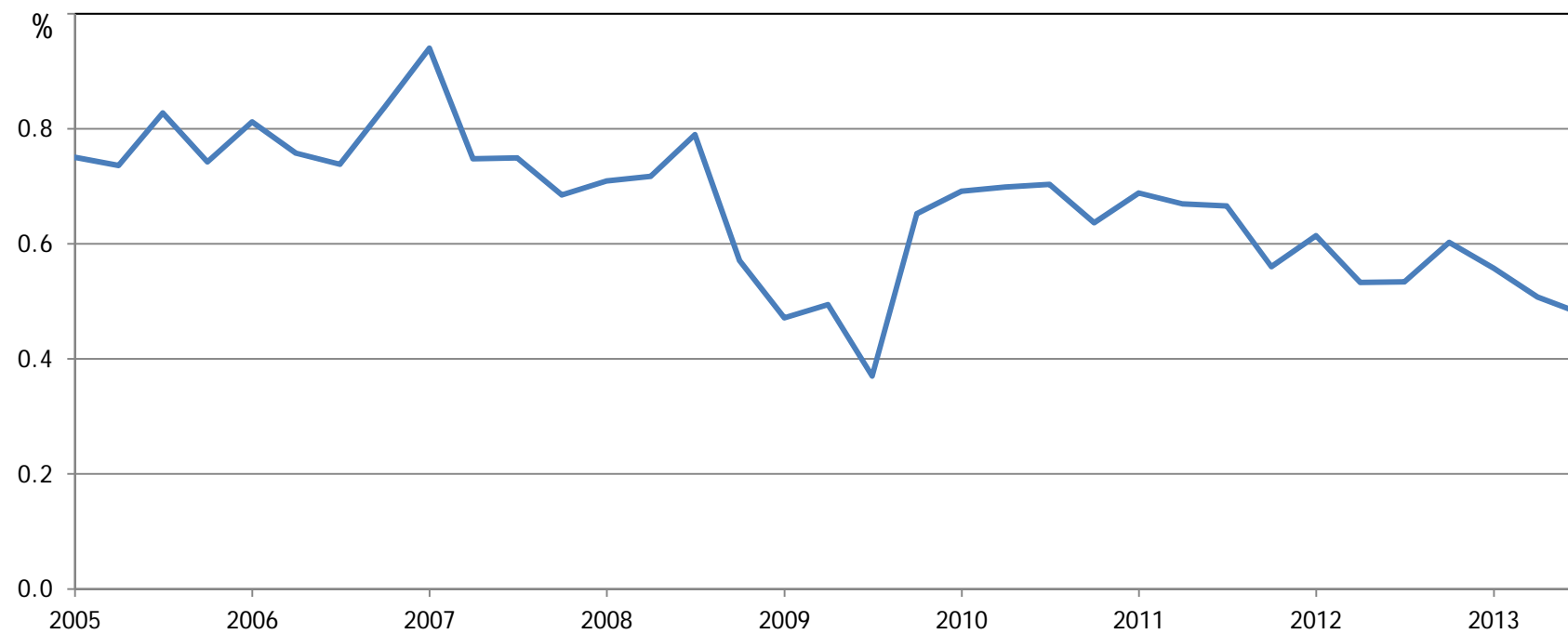
Net interest income as a proportion of assets





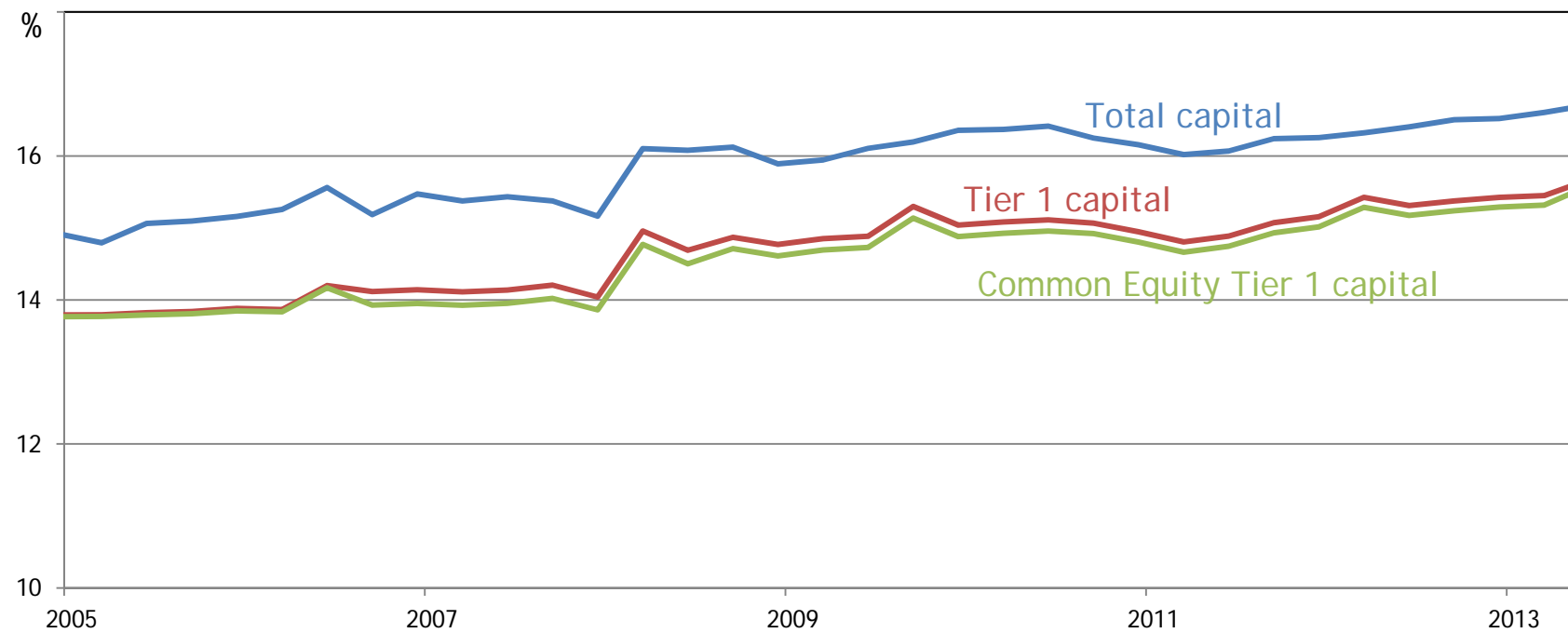
# Mutual ADI return on assets

After tax



# Mutual ADI capital ratios

Per cent of total risk-weighted assets





## B. APRA's messages over the decade



- robust lending standards
- strong and effective Boards
- technology risk



## C. Challenges ahead



The siren song of temptation:

- (i) low interest rates are here to stay
  - a 'courageous' forecast, Minister



- (ii) our results tell us we have good lending practices
- beware 'short-termism'



- (iii) we need to take more risks to improve profitability
  - warning lights should be flashing





- (iv) no need to worry as we know our customers
  - true, but ...



## D. Some final thoughts



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