Mutuals: a look back and ahead

John F Laker
Chairman
A. Mutuals over the past decade
Credit growth
Year-ended percentage change

Housing credit
Total credit (including securitisations)
Number of mutual ADIs
By asset size

June 2003
June 2013
Mutual ADI loan portfolios
Share of gross loans

Housing loans
Commercial loans
Personal 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

- Total capital
- Tier 1 capital
- Common Equity Tier 1 capital
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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