



Statistics

Quarterly Authorised Deposit-taking Institution Property Exposures

September 2013 (released 26 November 2013)



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Revisions

Future editions of this publication may incorporate revisions to data submitted by entities after publication. 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 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.

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.

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Contents

Important notice	Important notice	4
Highlights	Highlights	5
All ADIs		
ADIs		
Commercial property exposures	Table 1a	7
Residential property exposures	Table 1b	8
New housing loan approvals	Table 1c	9
Banks		
Commercial property exposures	Table 2a	10
Residential property exposures	Table 2b	11
New housing loan approvals	Table 2c	12
Building Societies		
Commercial property exposures	Table 3a	13
Residential property exposures	Table 3b	14
New housing loan approvals	Table 3c	15
Credit Unions		
Commercial property exposures	Table 4a	16
Residential property exposures	Table 4b	17
New housing loan approvals	Table 4c	18
Banks		
Major banks		
Commercial property exposures	Table 5a	19
Residential property exposures	Table 5b	20
New housing loan approvals	Table 5c	21
Other domestic banks		
Commercial property exposures	Table 6a	22
Residential property exposures	Table 6b	23
New housing loan approvals	Table 6c	24
Foreign subsidiary banks		
Commercial property exposures	Table 7a	25
Residential property exposures	Table 7b	26
New housing loan approvals	Table 7c	27
Foreign branch banks		
Commercial property exposures	Table 8	28
Explanatory notes	Explanatory notes	29
Glossary	Glossary	31

Important notice

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

Revisions

This edition of the *Quarterly ADI Property Exposures* publication includes revisions to previously published statistics, due to resubmissions of data from entities.

This publication will include revisions to previously published statistics if better source data becomes 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.

Two entities made revisions which change the statistics by at least 10 per cent and \$100 million.

National Australia Bank Limited

National Australia Bank Limited resubmitted data relating to 'residential property other non-standard loans' for September 2012 to June 2013. As a result, the following statistics were revised by at least 10 per cent and \$100 million for June 2013:

- Total residential term loans to households of which other non-standard loans (all ADIs excluding 'other ADIs') revised for the quarters September 2012 to June 2013, with June 2013 revised from \$2,350m to \$1,616m;
- Total new residential term loans to households approved of which other non-standard loans approved (all ADIs excluding 'other ADIs') revised for the quarters September 2012 to June 2013, with June 2013 revised from \$435m to \$106m;
- Total residential term loans to households of which other non-standard loans (banks) revised for the quarters September 2012 to June 2013, with June 2013 revised from \$2,349m to \$1,614m;
- Total new residential term loans to households approved of which other non-standard loans approved (banks) revised for the quarters September 2012 to June 2013, with June 2013 revised from \$435m to \$106m;
- Total residential term loans to households of which other non-standard loans (major banks) revised for the quarters September 2012 to June 2013, with June 2013 revised from \$2,159m to \$1,424m; and
- Total new residential term loans to households approved of which other non-standard loans approved (major banks) revised for the quarters September 2012 to June 2013, with June 2013 revised from \$366m to \$37m.

Sumitomo Mitsui Banking Corporation

Sumitomo Mitsui Banking Corporation resubmitted data for June 2013. The following statistics were revised by at least 10 per cent and \$100 million for June 2013:

- Commercial property exposures of which office (foreign branch banks) revised for June 2013 from \$1,718m to \$1,493m; and
- Commercial property exposures of which retail (foreign branch banks) revised for June 2013 from \$3,224m to \$3,449m.

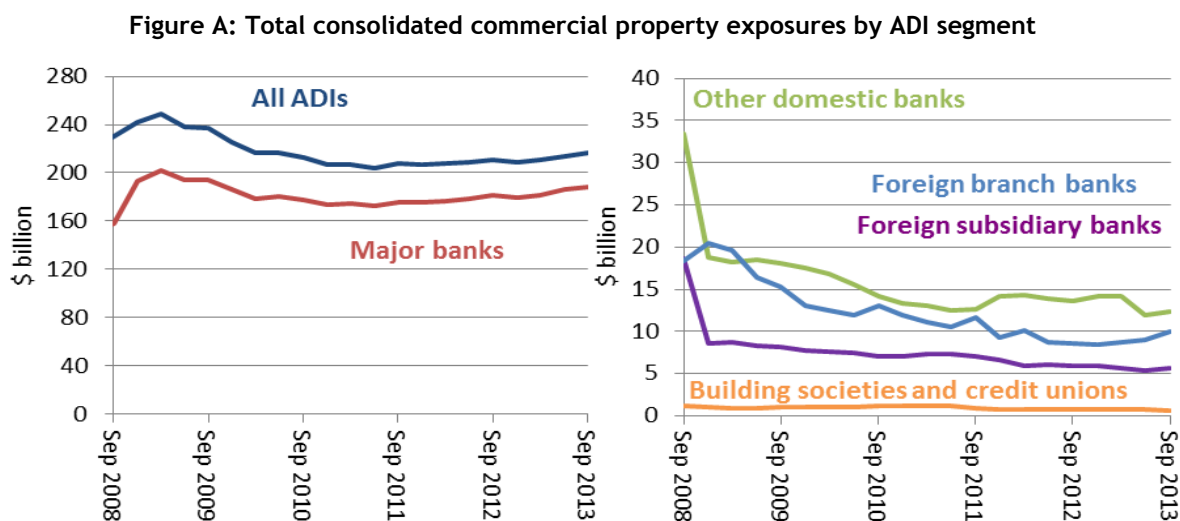
Highlights

Commercial property exposures

As at 30 September 2013, ADIs* held commercial property exposures of \$217.0 billion. This is an increase of \$3.4 billion (1.6 per cent) on 30 June 2013 and \$6.3 billion (3.0 per cent) on 30 September 2012. Commercial property exposures within Australia were \$177.7 billion as at 30 September 2013, 81.9 per cent of all commercial property exposures.

As shown in figure A:

- major banks held \$188.6 billion of commercial property exposures, an increase of \$2.1 billion (1.1 per cent) on 30 June 2013 and \$6.8 billion (3.7 per cent) on 30 September 2012;
- other domestic banks held \$12.3 billion, an increase of \$361 million (3.0 per cent) on 30 June 2013 and a decrease of \$1.3 billion (9.7 per cent) on 30 September 2012;
- foreign subsidiary banks held \$5.6 billion, an increase of \$200 million (3.7 per cent) on 30 June 2013 and a decrease of \$306 million (5.2 per cent) on 30 September 2012;
- foreign branch banks held \$9.9 billion, an increase of \$1.0 billion (10.7 per cent) on 30 June 2013 and \$1.3 billion (15.6 per cent) on 30 September 2012;
- building societies held \$225 million as at 30 September 2013, a decrease of \$15 million (6 per cent) on 30 September 2012; and
- credit unions held \$349 million as at 30 September 2013, a decrease of \$195 million (35.8 per cent) on 30 September 2012.



The largest property exposures were office property (\$64.1 billion) and retail property (\$46.1 billion). These represented 29.5 per cent and 21.2 per cent of all exposures respectively.

Impaired commercial property exposures were \$5.7 billion at 30 September 2013 and specific provisions and security held for commercial property were \$5.5 billion.

Residential property exposures

As at 30 September 2013, the total of residential term loans to households held by all ADIs* was \$1.15 trillion. This is an increase of \$19.0 billion (1.7 per cent) on 30 June 2013 and an increase of \$80.4 billion (7.5 per cent) on 30 September 2012.

Owner-occupied loans accounted for 66.9 per cent of residential term loans to households.

Owner-occupied loans were \$766.8 billion, an increase of \$11.5 billion (1.5 per cent) on 30 June 2013 and \$50.7 billion (7.1 per cent) on 30 September 2012.

* Excludes 'other ADIs.' See glossary.

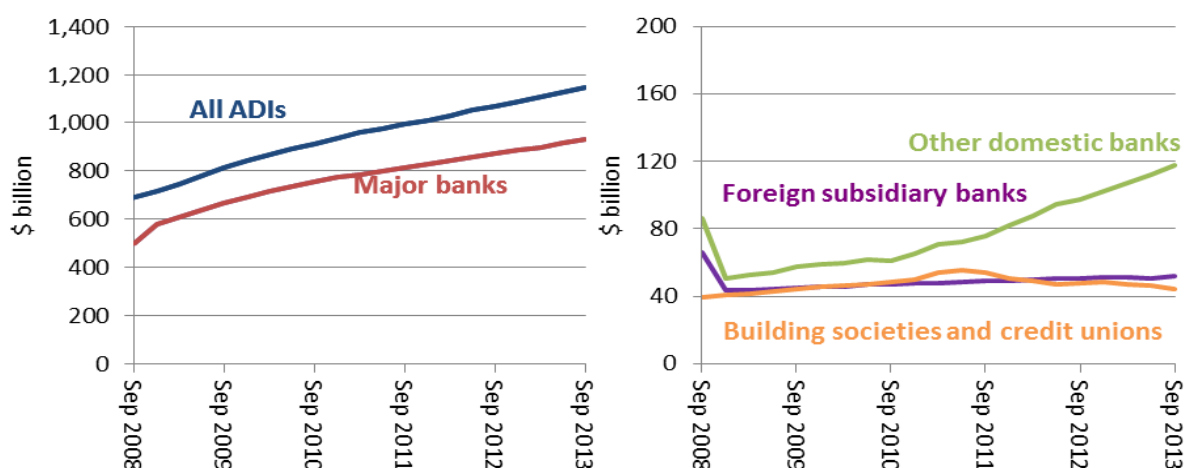
Investment loans accounted for 33.1 per cent of residential term loans. Investment loans were \$380 billion, an increase of \$7.4 billion (2.0 per cent) on 30 June 2013 and \$29.7 billion (8.5 per cent) on 30 September 2012.

As shown in figure B:

- major banks held \$933 billion of residential term loans, an increase of \$14.5 billion (1.6 per cent) on 30 June 2013 and \$63.0 billion (7.2 per cent) on 30 September 2012;
- other domestic banks held \$118 billion, an increase of \$5.7 billion (5.1 per cent) on 30 June 2013 and \$20.2 billion (20.7 per cent) on 30 September 2012;
- foreign subsidiary banks held \$52 billion, an increase of \$1.2 billion (2.3 per cent) on 30 June 2013 and \$1.1 billion (2.2 per cent) on 30 September 2012;
- building societies held \$16 billion, an increase of \$226 million (1.4 per cent) on 30 June 2013 and \$669 million (4.2 per cent) on 30 September 2012; and
- credit unions held \$28 billion, a decrease of \$2.6 billion (8.7 per cent) on 30 June 2013 and \$4.6 billion (14.4 per cent) on 30 September 2012.

The higher growth of other domestic banks and lower growth of building societies and credit unions is in part due to the conversion of eight credit unions and one building society to banks.

Figure B: Balance of domestic residential term loans to households by ADI segment



ADIs with greater than \$1 billion of residential term loans held 98.4 per cent of all residential term loans as at 30 September 2013. These ADIs reported 5 million loans totalling \$1.13 trillion. Of these loans:

- the average loan size was approximately \$231,000, compared to \$226,000 as at 30 September 2012;
- \$390.4 billion (34.6 per cent) were interest-only loans; and
- \$41.1 billion (3.6 per cent) were low-documentation loans.

New housing loan approvals

ADIs with greater than \$1 billion of residential term loans approved \$76.6 billion of new loans in the quarter ending 30 September 2013. This is a decrease of \$2.4 billion (3.0 per cent) on the quarter ending 30 June 2013 and an increase of \$12.1 billion (18.7 per cent) on the quarter ending 30 September 2012.

Of the new loan approvals:

- \$50.4 billion (65.7 per cent) were for owner-occupied loans, a decreased of \$855 million (1.7 per cent) from the quarter ending 30 June 2013;
- \$26.3 billion (34.3 per cent) were for investment loans, a decreased of \$1.5 billion (5.5 per cent) from the quarter ending 30 June 2013;
- \$28.6 billion (37.3 per cent) were interest-only loans;
- \$10.8 billion (14.1 per cent) had a loan-to-valuation ratio greater than or equal to 90 per cent; and
- \$506 million (0.7 per cent) were low-documentation loans.

Table 1a All ADIs' commercial property exposures (Excludes 'other ADIs')

(\$ million, consolidated group)

	Quarter end				
	Sep 2012	Dec 2012	Mar 2013	Jun 2013	Sep 2013
Commercial property exposures					
Office	59,391	59,590	60,569	61,935	64,064
Retail	45,566	44,742	45,041	45,400	46,100
Industrial	24,984	24,577	24,839	24,731	25,341
Land development/subdivisions	16,469	16,102	15,659	16,113	15,670
Other residential	27,341	27,038	27,112	26,239	26,134
Tourism and leisure	8,144	8,643	8,579	8,819	8,944
Other	28,876	28,367	28,682	30,362	30,793
Total commercial property exposures	210,772	209,059	210,482	213,599	217,046
<i>of which: Exposures in Australia</i>	174,654	172,671	174,628	175,656	177,679
Impaired Commercial property exposures	9,255	8,325	7,848	6,488	5,742
<i>of which: Exposures in Australia</i>	7,247	6,134	5,639	4,245	3,446
Specific provisions	2,668	2,465	2,314	2,134	1,968
<i>of which: Exposures in Australia</i>	2,074	1,738	1,614	1,375	1,137
Specific provisions and security	8,943	8,180	7,630	6,319	5,546
<i>of which: Exposures in Australia</i>	6,771	5,944	5,345	3,954	3,208
Impaired assets to exposures	4.4%	4.0%	3.7%	3.0%	2.6%
Specific provisions to exposures	1.3%	1.2%	1.1%	1.0%	0.9%
Specific provisions to impaired exposures	28.8%	29.6%	29.5%	32.9%	34.3%
Specific provisions and security held to impaired exposures	96.6%	98.3%	97.2%	97.4%	96.6%
Number of entities*	164	166	165	164	163

* Domestic subsidiary banks are consolidated into their parents

Table 1b ADIs' residential property exposures (Excludes 'other ADIs')

(domestic or licensed books*)

	Quarter end				
	Sep 2012	Dec 2012	Mar 2013	Jun 2013	Sep 2013
All ADIs	(\$ millions)				
Residential term loans to households					
Owner-occupied	716,086	729,664	741,544	755,239	766,780
Investment	350,520	358,125	363,566	372,774	380,197
Total residential term loans	1,066,605	1,087,789	1,105,110	1,128,014	1,146,978
Number of entities	166	167	166	165	164
ADIs with greater than \$1 bn of term loans	(\$ millions)				
Residential term loans to households					
Owner-occupied	699,850	713,071	724,811	738,302	752,270
Investment	346,621	353,974	359,361	368,507	376,529
Total residential term loans to households	1,046,471	1,067,045	1,084,171	1,106,809	1,128,799
<i>of which:**</i>					
Loans with offset facilities	348,070	360,885	371,398	377,803	386,418
Interest-only mortgages	352,745	360,881	368,792	379,450	390,400
Reverse mortgages	2,225	2,545	2,495	2,607	2,622
Low-documentation loans	52,172	49,037	46,436	43,706	41,075
Other non-standard loans	2,027	1,893	1,777	1,616	1,503
	(thousands of loans)				
Number of residential term loans to households	4,629	4,679	4,728	4,823	4,882
<i>of which:**</i>					
Loans with offset facilities	1,247	1,287	1,322	1,358	1,386
Loans with redraw facilities	3,603	3,658	3,685	3,747	3,820
Interest-only mortgages	1,204	1,228	1,253	1,292	1,328
Reverse mortgages	27	30	29	30	29
Low-documentation loans	237	224	214	203	193
Other non-standard loans	8	8	8	7	7
	(\$ thousands)				
Average balance of residential term loans to households	226	228	229	230	231
<i>of which:**</i>					
Loans with offset facilities	279	280	281	278	279
Interest-only mortgages	293	294	294	294	294
Reverse mortgages	84	86	87	88	90
Low-documentation loans	221	219	217	216	213
Other non-standard loans	241	240	238	234	232
Number of entities	28	27	27	27	27

* Domestic books for banks, licensed books for credit unions and building societies

** Loan categories are neither exhaustive nor mutually exclusive

Table 1c ADIs' new housing loan approvals (Excludes 'other ADIs')

(\$ million, domestic or licensed books*)

	Quarter end				
	Sep 2012	Dec 2012	Mar 2013	Jun 2013	Sep 2013
ADIs with greater than \$1 bn of term loans					
New residential term loans to households approved					
Owner-occupied	43,557	45,638	41,041	51,223	50,367
Investment	20,979	22,156	20,586	27,789	26,267
Total new residential term loans to households approved	64,535	67,794	61,627	79,012	76,634
<i>of which:**</i>					
Low-documentation loans approved	636	488	405	572	506
Interest-only loans approved	22,515	23,709	21,813	30,549	28,569
Other non-standard loans approved	97	95	94	106	94
Third-party originated loans approved	25,625	27,227	23,380	30,814	31,200
Loans approved outside serviceability	1,923	2,224	1,897	2,477	2,301
New residential term loan approvals by loan-to-valuation ratio (LVR)					
<i>of which:</i>					
Loans approved LVR<60%	16,048	17,181	16,275	22,837	19,497
Loans approved LVR 60%-80%	26,375	27,310	24,152	30,300	30,540
Loans approved LVR 80%-90%	12,488	13,356	12,150	15,242	15,777
Loans approved LVR>90%	9,625	9,947	9,051	10,633	10,820
Number of entities	28	27	27	27	27

* Domestic books for banks, licensed books for credit unions and building societies

** Loan categories are neither exhaustive nor mutually exclusive

Table 2a Banks' commercial property exposures

(\$ million, consolidated group)

	Quarter end				
	Sep 2012	Dec 2012	Mar 2013	Jun 2013	Sep 2013
Commercial property exposures					
Office	59,326	59,525	60,492	61,858	63,999
Retail	45,415	44,591	44,896	45,255	45,968
Industrial	24,824	24,417	24,690	24,581	25,231
Land development/subdivisions	16,359	15,992	15,584	16,037	15,614
Other residential	27,204	26,901	26,999	26,126	26,031
Tourism and leisure	8,119	8,618	8,554	8,795	8,921
Other	28,741	28,232	28,556	30,236	30,707
Total commercial property exposures	209,988	208,276	209,771	212,888	216,471
<i>of which: Exposures in Australia</i>	173,870	171,887	173,917	174,945	177,104
Impaired Commercial property exposures	9,224	8,294	7,842	6,483	5,738
<i>of which: Exposures in Australia</i>	7,216	6,104	5,633	4,239	3,442
Specific provisions	2,656	2,453	2,311	2,131	1,965
<i>of which: Exposures in Australia</i>	2,062	1,725	1,611	1,372	1,134
Specific provisions and security	8,909	8,146	7,623	6,313	5,541
<i>of which: Exposures in Australia</i>	6,737	5,909	5,338	3,947	3,204
Impaired assets to exposures	4.4%	4.0%	3.7%	3.0%	2.7%
Specific provisions to exposures	1.3%	1.2%	1.1%	1.0%	0.9%
Specific provisions to impaired exposures	28.8%	29.6%	29.5%	32.9%	34.2%
Specific provisions and security held to impaired exposures	96.6%	98.2%	97.2%	97.4%	96.6%
Number of entities	63	66	66	67	68

Table 2b Banks' residential property exposures

(domestic books)

	Quarter end				
	Sep 2012	Dec 2012	Mar 2013	Jun 2013	Sep 2013
All banks	(\$ millions)				
Residential term loans to households					
Owner-occupied	677,074	690,830	703,664	717,849	731,331
Investment	341,541	348,687	354,440	363,718	371,621
Total residential term loans	1,018,615	1,039,517	1,058,104	1,081,567	1,102,952
Number of entities	65	67	67	68	69
Banks with greater than \$1 bn of term loans	(\$ millions)				
Residential term loans to households					
Owner-occupied	674,950	687,845	700,723	714,077	729,882
Investment	340,826	347,666	353,399	362,519	371,018
Total residential term loans to households	1,015,776	1,035,510	1,054,121	1,076,596	1,100,900
<i>of which:</i> *					
Loans with offset facilities	336,646	349,118	359,798	365,950	374,729
Interest-only mortgages	347,995	355,927	363,985	374,608	385,938
Reverse mortgages	2,128	2,447	2,495	2,607	2,622
Low-documentation loans	52,090	48,960	46,365	43,638	41,012
Other non-standard loans	2,023	1,889	1,775	1,614	1,502
	(thousands of loans)				
Number of residential term loans to households	4,441	4,488	4,541	4,637	4,712
<i>of which:</i> *					
Loans with offset facilities	1,193	1,232	1,268	1,303	1,332
Loans with redraw facilities	3,453	3,506	3,537	3,601	3,683
Interest-only mortgages	1,150	1,173	1,199	1,237	1,277
Reverse mortgages	25	28	29	30	29
Low-documentation loans	236	224	213	202	193
Other non-standard loans	8	8	8	7	7
	(\$ thousands)				
Average balance of residential term loans to households	229	231	232	232	234
<i>of which:</i> *					
Loans with offset facilities	282	283	284	281	281
Interest-only mortgages	303	304	304	303	302
Reverse mortgages	84	87	87	88	90
Low-documentation loans	221	219	217	216	213
Other non-standard loans	242	240	238	234	232
Number of entities	18	17	18	18	19

* Loan categories are neither exhaustive nor mutually exclusive

Table 2c Banks' new housing loan approvals

(\$ million, domestic books)

	Quarter end				
	Sep 2012	Dec 2012	Mar 2013	Jun 2013	Sep 2013
Banks with greater than \$1 bn of term loans					
New residential term loans to households approved					
Owner-occupied	41,669	43,725	39,455	49,452	48,754
Investment	20,536	21,711	20,242	27,370	25,921
Total new residential term loans to households approved	62,205	65,437	59,697	76,823	74,676
<i>of which:</i> *					
Low-documentation loans approved	635	487	405	572	506
Interest-only loans approved	22,090	23,284	21,468	30,096	28,084
Other non-standard loans approved	96	93	94	106	93
Third-party originated loans approved	25,402	26,910	23,076	30,459	30,788
Loans approved outside serviceability	1,822	2,135	1,840	2,417	2,241
New residential term loan approvals by loan-to-valuation ratio (LVR)					
<i>of which:</i>					
Loans approved LVR<60%	15,367	16,519	15,598	22,101	18,771
Loans approved LVR 60%-80%	25,413	26,330	23,503	29,579	29,903
Loans approved LVR 80%-90%	12,130	12,984	11,858	14,890	15,532
Loans approved LVR>90%	9,296	9,604	8,738	10,254	10,470
Number of entities	18	17	18	18	19

* Loan categories are neither exhaustive nor mutually exclusive

Table 3a Building societies' commercial property exposures

(\$ million, consolidated group)

	Half year end				
	Sep 2011	Mar 2012	Sep 2012	Mar 2013	Sep 2013
Commercial property exposures					
Office	44	34	34	32	29
Retail	111	86	87	83	83
Industrial	58	55	58	59	57
Land development/subdivisions	17	24	24	22	21
Other residential	44	21	21	18	20
Tourism and leisure	5	4	4	4	4
Other	78	13	14	12	11
Total commercial property exposures	358	238	240	229	225
<i>of which: Exposures in Australia</i>	358	238	240	229	225
Impaired Commercial property exposures	1	1	0	2	1
<i>of which: Exposures in Australia</i>	1	1	0	2	1
Specific provisions	1	1	0	1	0
<i>of which: Exposures in Australia</i>	1	1	0	1	0
Specific provisions and security	1	1	0	2	1
<i>of which: Exposures in Australia</i>	1	1	0	2	1
Impaired assets to exposures	0.2%	0.3%	0.1%	0.8%	0.4%
Specific provisions to exposures	0.2%	0.3%	0.0%	0.2%	0.2%
Specific provisions to impaired exposures	100.0%	100.0%	60.0%	24.0%	40.0%
Specific provisions and security held to impaired exposures	129.9%	127.8%	160.0%	124.0%	140.0%
Number of entities	10	9	9	9	9

Table 3b Building societies' residential property exposures

(licensed books)

	Quarter end				
	Sep 2012	Dec 2012	Mar 2013	Jun 2013	Sep 2013
All building societies					
	(\$ millions)				
Residential term loans to households					
Owner-occupied	12,380	12,562	12,658	12,771	12,975
Investment	3,369	3,396	3,423	3,421	3,442
Total residential term loans	15,749	15,958	16,081	16,192	16,417
Number of entities	9	9	9	9	9
Building Societies with greater than \$1 bn of term loans					
	(\$ millions)				
Residential term loans to households					
Owner-occupied	10,587	10,749	10,855	10,960	11,163
Investment	2,726	2,733	2,758	2,745	2,777
Total residential term loans to households	13,312	13,482	13,613	13,705	13,939
<i>of which:*</i>					
Loans with offset facilities	3,081	3,169	3,261	3,360	3,486
Interest-only mortgages	1,971	1,986	2,009	2,056	2,178
Reverse mortgages	0	0	0	0	0
Low-documentation loans	15	14	13	11	10
Other non-standard loans	2	2	2	2	2
	(thousands of loans)				
Number of residential term loans to households	79	79	80	79	80
<i>of which:*</i>					
Loans with offset facilities	14	14	15	15	15
Loans with redraw facilities	73	73	73	73	73
Interest-only mortgages	42	42	42	42	43
Reverse mortgages	0	0	0	0	0
Low-documentation loans	0	0	0	0	0
Other non-standard loans	*	*	*	*	*
	(\$ thousands)				
Average balance of residential term loans to households	168	170	171	173	174
<i>of which:*</i>					
Loans with offset facilities	219	221	223	226	227
Interest-only mortgages	47	48	48	49	51
Reverse mortgages					
Low-documentation loans	175	172	172	163	163
Other non-standard loans	*	*	*	*	*
Number of entities	4	4	4	4	4

* Loan categories are neither exhaustive nor mutually exclusive

Table 3c Building societies' new housing loan approvals

(\$ million, licensed books)

	Quarter end				
	Sep 2012	Dec 2012	Mar 2013	Jun 2013	Sep 2013
Building societies with greater than \$1 bn of term loans					
New residential term loans to households approved					
Owner-occupied	630	622	607	710	703
Investment	135	140	156	203	181
Total new residential term loans to households approved	765	762	762	913	884
<i>of which:*</i>					
Low-documentation loans approved	0	0	0	0	0
Interest-only loans approved	130	140	146	213	242
Other non-standard loans approved	0	0	0	0	1
Third-party originated loans approved	137	154	156	215	238
Loans approved outside serviceability	32	41	32	35	29
New residential term loan approvals by loan-to-valuation ratio (LVR)					
<i>of which:</i>					
Loans approved LVR<60%	322	339	344	376	346
Loans approved LVR 60%-80%	186	178	175	228	205
Loans approved LVR 80%-90%	112	104	108	130	129
Loans approved LVR>90%	145	142	135	179	204
 Number of entities	 4	 4	 4	 4	 4

* Loan categories are neither exhaustive nor mutually exclusive

Table 4a Credit unions' commercial property exposures

(\$ million, consolidated group)

	Half year end				
	Sep 2011	Mar 2012	Sep 2012	Mar 2013	Sep 2013
Commercial property exposures					
Office	41	39	32	45	36
Retail	60	60	65	62	48
Industrial	115	105	102	91	53
Land development/subdivisions	70	79	86	54	36
Other residential	122	136	116	95	83
Tourism and leisure	18	22	22	20	19
Other	54	122	121	114	75
Total commercial property exposures	480	563	544	482	349
<i>of which: Exposures in Australia</i>	480	563	544	482	349
Impaired Commercial property exposures	30	37	31	4	3
<i>of which: Exposures in Australia</i>	30	37	31	4	3
Specific provisions	7	11	12	3	2
<i>of which: Exposures in Australia</i>	7	11	12	3	2
Specific provisions and security	36	45	34	5	3
<i>of which: Exposures in Australia</i>	36	45	34	5	3
Impaired assets to exposures	6.3%	6.5%	5.6%	0.7%	0.8%
Specific provisions to exposures	1.5%	2.0%	2.2%	0.6%	0.7%
Specific provisions to impaired exposures	24.1%	31.3%	40.0%	75.6%	80.9%
Specific provisions and security held to impaired exposures	119.0%	122.0%	111.4%	125.8%	109.5%
Number of entities	100	93	92	90	86

Table 4b Credit unions' residential property exposures

(licensed books)

	Quarter end				
	Sep 2012	Dec 2012	Mar 2013	Jun 2013	Sep 2013
All credit unions					
	(\$ millions)				
Residential term loans to households					
Owner-occupied	26,632	26,271	25,221	24,620	22,474
Investment	5,610	6,043	5,703	5,635	5,134
Total residential term loans	32,242	32,314	30,925	30,255	27,608
Number of entities	92	91	90	88	86
Credit unions with greater than \$1 bn of term loans					
	(\$ millions)				
Residential term loans to households					
Owner-occupied	14,313	14,478	13,233	13,265	11,225
Investment	3,069	3,576	3,204	3,243	2,735
Total residential term loans to households	17,383	18,054	16,437	16,508	13,960
<i>of which:*</i>					
Loans with offset facilities	8,343	8,599	8,339	8,493	8,203
Interest-only mortgages	2,779	2,968	2,797	2,786	2,283
Reverse mortgages	97	98	0	0	0
Low-documentation loans	68	63	58	57	54
Other non-standard loans	2	2	0	0	0
	(thousands of loans)				
Number of residential term loans to households	109	112	107	106	90
<i>of which:*</i>					
Loans with offset facilities	40	41	40	40	38
Loans with redraw facilities	77	79	74	73	64
Interest-only mortgages	12	13	12	12	8
Reverse mortgages	1	1	0	0	0
Low-documentation loans	0	0	0	0	0
Other non-standard loans	*	*	*	*	*
	(\$ thousands)				
Average balance of residential term loans to households	159	162	154	156	155
<i>of which:*</i>					
Loans with offset facilities	209	211	211	212	214
Interest-only mortgages	224	228	228	229	279
Reverse mortgages	83	85			
Low-documentation loans	175	171	170	170	170
Other non-standard loans	*	*	*	*	*
Number of entities	6	6	5	5	4

* Loan categories are neither exhaustive nor mutually exclusive

Table 4c Credit unions' new housing loan approvals

(\$ million, licensed books)

	Quarter end				
	Sep 2012	Dec 2012	Mar 2013	Jun 2013	Sep 2013
Credit unions with greater than \$1 bn of term loans					
New residential term loans to households approved					
Owner-occupied	1,258	1,290	979	1,060	909
Investment	308	305	188	216	165
Total new residential term loans to households approved	1,566	1,595	1,167	1,276	1,074
<i>of which:*</i>					
Low-documentation loans approved	1	1	0	0	0
Interest-only loans approved	296	285	199	240	244
Other non-standard loans approved	2	2	0	0	0
Third-party originated loans approved	86	163	149	141	175
Loans approved outside serviceability	68	48	25	26	31
New residential term loan approvals by loan-to-valuation ratio (LVR)					
<i>of which:</i>					
Loans approved LVR<60%	359	324	332	360	380
Loans approved LVR 60%-80%	776	803	474	493	432
Loans approved LVR 80%-90%	246	268	184	222	117
Loans approved LVR>90%	185	201	178	201	145
Number of entities	6	6	5	5	4

* Loan categories are neither exhaustive nor mutually exclusive

Table 5a Major banks' commercial property exposures

(\$ million, consolidated group)

	Quarter end				
	Sep 2012	Dec 2012	Mar 2013	Jun 2013	Sep 2013
Commercial property exposures					
Office	52,205	52,302	53,220	55,130	56,510
Retail	38,880	38,310	38,590	39,356	39,700
Industrial	21,875	21,476	21,591	21,929	22,382
Land development/subdivisions	13,663	13,343	13,120	13,513	13,012
Other residential	21,403	21,166	21,219	20,762	20,860
Tourism and leisure	6,707	6,916	6,983	7,282	7,352
Other	27,089	26,246	26,558	28,558	28,775
Total commercial property exposures	181,822	179,759	181,280	186,531	188,591
<i>of which: Exposures in Australia</i>	146,318	144,179	146,247	149,505	150,310
Impaired Commercial property exposures	6,317	5,840	5,684	5,367	4,774
<i>of which: Exposures in Australia</i>	4,341	3,681	3,492	3,141	2,495
Specific provisions	1,832	1,819	1,767	1,736	1,613
<i>of which: Exposures in Australia</i>	1,247	1,100	1,075	986	793
Specific provisions and security	6,002	5,611	5,409	5,212	4,614
<i>of which: Exposures in Australia</i>	3,861	3,407	3,141	2,864	2,293
Impaired assets to exposures	3.5%	3.2%	3.1%	2.9%	2.5%
Specific provisions to exposures	1.0%	1.0%	1.0%	0.9%	0.9%
Specific provisions to impaired exposures	29.0%	31.1%	31.1%	32.3%	33.8%
Specific provisions and security held to impaired exposures	95.0%	96.1%	95.2%	97.1%	96.6%
Number of entities*	4	4	4	4	4

* Domestic subsidiary banks are consolidated into their parents

Table 5b Major banks' residential property exposures

(domestic books)

	Quarter end				
	Sep 2012	Dec 2012	Mar 2013	Jun 2013	Sep 2013
All major banks					
	(\$ millions)				
Residential term loans to households					
Owner-occupied	577,640	587,921	596,539	608,605	617,336
Investment	292,702	297,870	302,654	310,210	316,017
Total residential term loans	870,342	885,791	899,193	918,815	933,354
Number of entities*	5	4	4	4	4
Major banks with greater than \$1 bn of term loans					
	(\$ millions)				
Residential term loans to households					
Owner-occupied	577,640	587,921	596,539	608,605	617,336
Investment	292,702	297,870	302,654	310,210	316,017
Total residential property exposures	870,342	885,791	899,192	918,815	933,354
<i>of which:**</i>					
Loans with offset facilities	303,728	313,898	321,995	327,211	334,126
Interest-only mortgages	303,839	310,984	317,549	327,431	336,449
Reverse mortgages	2,020	2,060	2,099	2,136	2,161
Low-documentation loans	47,347	44,483	42,069	39,549	37,228
Other non-standard loans	1,843	1,705	1,587	1,424	1,307
	(thousands of loans)				
Number of residential term loans to households	3,764	3,802	3,832	3,915	3,953
<i>of which:**</i>					
Loans with offset facilities	1,061	1,092	1,120	1,147	1,172
Loans with redraw facilities	2,915	2,960	2,972	3,026	3,063
Interest-only mortgages	997	1,019	1,039	1,076	1,105
Reverse mortgages	24	25	25	25	25
Low-documentation loans	215	204	194	184	175
Other non-standard loans	7	6	6	5	5
	(\$ thousands)				
Average balance of residential term loans to households	231	233	235	235	236
<i>of which:**</i>					
Loans with offset facilities	286	288	288	285	285
Interest-only mortgages	305	305	306	304	305
Reverse mortgages	83	84	85	85	87
Low-documentation loans	220	218	217	215	212
Other non-standard loans	268	268	267	265	264
Number of entities*	5	4	4	4	4

* Includes domestic subsidiary banks

** Loan categories are neither exhaustive nor mutually exclusive

Table 5c Major banks' new housing loan approvals

(\$ million, domestic books)

	Quarter end				
	Sep 2012	Dec 2012	Mar 2013	Jun 2013	Sep 2013
Major banks with greater than \$1 bn of term loans					
New residential term loans to households approved					
Owner-occupied	33,550	35,383	32,281	40,714	39,004
Investment	16,276	17,226	16,144	22,209	20,433
Total new residential term loans to households approved	49,826	52,609	48,425	62,923	59,438
<i>of which:*</i>					
Low-documentation loans approved	561	445	367	534	482
Interest-only loans approved	18,699	19,754	18,112	25,548	23,178
Other non-standard loans approved	36	37	29	37	34
Third-party originated loans approved	19,265	20,572	17,864	23,605	23,006
Loans approved outside serviceability	1,431	1,763	1,531	2,072	1,935
New residential term loan approvals by loan-to-valuation ratio (LVR)					
<i>of which:</i>					
Loans approved LVR<60%	12,270	13,332	12,451	18,527	14,982
Loans approved LVR 60%-80%	20,663	21,371	19,238	23,804	23,641
Loans approved LVR 80%-90%	9,826	10,584	9,893	12,363	12,575
Loans approved LVR>90%	7,067	7,322	6,843	8,229	8,240
 Number of entities**	 5	 4	 4	 4	 4

* Loan categories are neither exhaustive nor mutually exclusive

** Includes domestic subsidiary banks

Table 6a Other domestic banks' commercial property exposures

(\$ million, consolidated group)

	Quarter end				
	Sep 2012	Dec 2012	Mar 2013	Jun 2013	Sep 2013
Commercial property exposures					
Office	3,629	3,577	3,818	3,316	3,569
Retail	2,490	2,598	2,635	1,955	1,934
Industrial	1,401	1,482	1,507	1,339	1,448
Land development/subdivisions	1,021	1,019	941	893	936
Other residential	3,543	3,564	3,465	3,049	2,933
Tourism and leisure	887	1,195	1,062	1,020	1,049
Other	662	777	745	380	444
Total commercial property exposures	13,632	14,212	14,172	11,951	12,312
<i>of which: Exposures in Australia</i>	13,149	13,467	13,430	*	*
Impaired Commercial property exposures	2,182	2,034	1,763	625	519
<i>of which: Exposures in Australia</i>	2,151	2,002	1,746	*	*
Specific provisions	540	516	422	263	229
<i>of which: Exposures in Australia</i>	532	508	414	*	*
Specific provisions and security	2,221	2,136	1,851	651	532
<i>of which: Exposures in Australia</i>	2,189	2,104	1,833	*	*
Impaired assets to exposures	16.0%	14.3%	12.4%	5.2%	4.2%
Specific provisions to exposures	4.0%	3.6%	3.0%	2.2%	1.9%
Specific provisions to impaired exposures	24.8%	25.4%	23.9%	42.1%	44.1%
Specific provisions and security held to impaired exposures	101.8%	105.0%	105.0%	104.2%	102.4%
Number of entities*	12	13	14	15	16

* Domestic subsidiary banks are consolidated into their parents

Table 6b Other domestic banks' residential property exposures

(domestic books)

	Quarter end				
	Sep 2012	Dec 2012	Mar 2013	Jun 2013	Sep 2013
All other domestic banks					
	(\$ millions)				
Residential term loans to households					
Owner-occupied	64,500	67,963	71,834	74,620	78,751
Investment	33,001	34,649	35,631	37,404	38,950
Total residential term loans	97,501	102,611	107,465	112,023	117,702
Number of entities*	13	14	15	16	17
Other domestic banks with greater than \$1 bn of term loans					
	(\$ millions)				
Residential term loans to households					
Owner-occupied	63,037	65,707	69,636	71,585	78,048
Investment	32,744	34,272	35,247	36,852	39,009
Total residential property exposures	95,781	99,979	104,883	108,436	117,057
<i>of which:**</i>					
Loans with offset facilities	24,987	26,670	28,594	29,306	30,722
Interest-only mortgages	28,571	29,380	30,907	31,803	33,494
Reverse mortgages	108	387	396	470	461
Low-documentation loans	3,795	3,612	3,494	3,398	3,160
Other non-standard loans	180	184	188	190	195
	(thousands of loans)				
Number of residential term loans to households	443	451	475	493	526
<i>of which:**</i>					
Loans with offset facilities	110	116	122	128	130
Loans with redraw facilities	353	362	380	395	440
Interest-only mortgages	99	101	105	108	118
Reverse mortgages	1	4	4	5	4
Low-documentation loans	17	16	16	15	14
Other non-standard loans	2	2	2	2	2
	(\$ thousands)				
Average balance of residential term loans to households	216	222	221	220	223
<i>of which:**</i>					
Loans with offset facilities	228	231	234	230	237
Interest-only mortgages	290	290	294	293	284
Reverse mortgages	112	104	99	105	106
Low-documentation loans	224	222	224	226	223
Other non-standard loans	119	122	124	125	127
Number of entities*	10	10	11	11	12

* Includes domestic subsidiary banks

** Loan categories are neither exhaustive nor mutually exclusive

Table 6c Other domestic banks' new housing loan approvals

(\$ million, domestic books)

	Quarter end				
	Sep 2012	Dec 2012	Mar 2013	Jun 2013	Sep 2013
Other domestic banks with greater than \$1 bn of term loans					
New residential term loans to households approved					
Owner-occupied	5,915	6,151	5,434	6,349	6,915
Investment	2,898	3,173	2,963	3,602	3,670
Total new residential term loans to households approved	8,812	9,324	8,397	9,952	10,585
<i>of which:**</i>					
Low-documentation loans approved	61	39	38	37	24
Interest-only loans approved	2,421	2,656	2,537	3,185	3,414
Other non-standard loans approved	60	55	65	69	60
Third-party originated loans approved	3,936	4,088	3,460	4,541	4,835
Loans approved outside serviceability	339	333	276	293	248
New residential term loan approvals by loan-to-valuation ratio (LVR)					
<i>of which:</i>					
Loans approved LVR<60%	2,182	2,306	2,537	2,453	2,490
Loans approved LVR 60%-80%	3,449	3,617	3,096	4,216	4,378
Loans approved LVR 80%-90%	1,503	1,633	1,261	1,641	1,928
Loans approved LVR>90%	1,678	1,769	1,504	1,641	1,789
Number of entities**	10	10	11	11	12

* Loan categories are neither exhaustive nor mutually exclusive

**Includes domestic subsidiary banks

Table 7a Foreign subsidiary banks' commercial property exposures

(\$ million, consolidated group)

	Quarter end				
	Sep 2012	Dec 2012	Mar 2013	Jun 2013	Sep 2013
Commercial property exposures					
Office	2,175	2,217	2,006	1,919	1,975
Retail	647	519	488	495	526
Industrial	1,002	1,006	981	851	917
Land development/subdivisions	970	960	880	944	988
Other residential	954	956	1,006	992	974
Tourism and leisure	30	51	54	44	50
Other	148	158	169	175	190
Total commercial property exposures	5,925	5,866	5,585	5,420	5,620
<i>of which: Exposures in Australia</i>	5,815	5,827	5,545	*	*
Impaired Commercial property exposures	349	374	367	459	411
<i>of which: Exposures in Australia</i>	349	374	367	*	*
Specific provisions	83	93	103	105	96
<i>of which: Exposures in Australia</i>	83	93	103	*	*
Specific provisions and security	315	356	344	423	366
<i>of which: Exposures in Australia</i>	315	356	344	*	*
Impaired assets to exposures	5.9%	6.4%	6.6%	8.5%	7.3%
Specific provisions to exposures	1.4%	1.6%	1.8%	1.9%	1.7%
Specific provisions to impaired exposures	23.9%	24.9%	27.9%	22.9%	23.3%
Specific provisions and security held to impaired exposures	90.2%	95.2%	93.8%	92.0%	89.2%
Number of entities	8	8	8	8	8

Table 7b Foreign subsidiary banks' residential property exposures

(domestic books)

	Quarter end				
	Sep 2012	Dec 2012	Mar 2013	Jun 2013	Sep 2013
All foreign subsidiary banks					
	(\$ millions)				
Residential term loans to households					
Owner-occupied	34,921	34,933	35,278	34,611	35,231
Investment	15,831	16,160	16,148	16,098	16,642
Total residential term loans	50,751	51,093	51,426	50,709	51,873
Number of entities	8	8	8	8	8
Foreign subsidiary banks with greater than \$1 bn of term loans					
	(\$ millions)				
Residential term loans to households					
Owner-occupied	34,273	34,217	34,548	33,888	34,498
Investment	15,381	15,524	15,498	15,457	15,991
Total residential term loans to households	49,654	49,740	50,046	49,345	50,489
<i>of which:</i> *					
Loans with offset facilities	7,932	8,550	9,209	9,433	9,881
Interest-only mortgages	15,585	15,563	15,529	15,375	15,996
Reverse mortgages	0	0	0	0	0
Low-documentation loans	949	865	802	691	624
Other non-standard loans	0	0	0	0	0
	(thousands of loans)				
Number of residential term loans to households	234	234	234	229	233
<i>of which:</i> *					
Loans with offset facilities	23	25	27	28	30
Loans with redraw facilities	184	185	185	179	180
Interest-only mortgages	54	53	55	53	55
Reverse mortgages	0	0	0	0	0
Low-documentation loans	4	4	4	3	3
Other non-standard loans	0	0	0	0	0
	(\$ thousands)				
Average balance of residential term loans to households	212	213	214	215	217
<i>of which:</i> *					
Loans with offset facilities	348	347	347	336	327
Interest-only mortgages	288	296	285	290	292
Reverse mortgages					
Low-documentation loans	225	221	218	217	211
Other non-standard loans					
Number of entities	3	3	3	3	3

* Loan categories are neither exhaustive nor mutually exclusive

Table 7c Foreign subsidiary banks' new housing loan approvals

(\$ million, domestic books)

	Quarter end				
	Sep 2012	Dec 2012	Mar 2013	Jun 2013	Sep 2013
Foreign subsidiary banks with greater than \$1 bn of term loans					
New residential term loans to households approved					
Owner-occupied	2,204	2,191	1,740	2,389	2,835
Investment	1,362	1,312	1,135	1,559	1,818
Total new residential term loans to households approved	3,567	3,503	2,875	3,949	4,653
<i>of which:*</i>					
Low-documentation loans approved	14	3	0	1	1
Interest-only loans approved	970	874	818	1,363	1,492
Other non-standard loans approved	0	0	0	0	0
Third-party originated loans approved	2,201	2,251	1,752	2,313	2,947
Loans approved outside serviceability	51	40	33	51	59
New residential term loan approvals by loan-to-valuation ratio (LVR)					
<i>of which:</i>					
Loans approved LVR<60%	914	881	611	1,121	1,299
Loans approved LVR 60%-80%	1,302	1,342	1,169	1,559	1,883
Loans approved LVR 80%-90%	801	767	704	886	1,030
Loans approved LVR>90%	550	514	391	384	441
 Number of entities	 3	 3	 3	 3	 3

* Loan categories are neither exhaustive nor mutually exclusive

Table 8 Foreign branch banks' commercial property exposures

(\$ million, consolidated group)

	Quarter end				
	Sep 2012	Dec 2012	Mar 2013	Jun 2013	Sep 2013
Commercial property exposures					
Office	1,317	1,429	1,449	1,493	1,944
Retail	3,398	3,165	3,183	3,449	3,809
Industrial	546	452	611	463	484
Land development/subdivisions	705	670	642	686	678
Other residential	1,305	1,215	1,309	1,323	1,264
Tourism and leisure	495	457	456	448	470
Other	843	1,052	1,085	1,124	1,299
Total commercial property exposures	8,608	8,439	8,735	8,986	9,948
<i>of which: Exposures in Australia</i>	8,588	8,415	8,694	8,984	9,897
Impaired Commercial property exposures*	376	47	28	32	34
<i>of which: Exposures in Australia</i>	376	47	28	32	34
Specific provisions*	200	25	20	27	28
<i>of which: Exposures in Australia</i>	200	25	20	27	28
Specific provisions and security*	372	43	20	27	30
<i>of which: Exposures in Australia</i>	372	43	20	27	30
Impaired assets to exposures*	4.4%	0.6%	0.3%	0.4%	0.3%
Specific provisions to exposures*	2.3%	0.3%	0.2%	0.3%	0.3%
Specific provisions to impaired exposures*	53.2%	52.6%	69.6%	84.9%	81.3%
Specific provisions and security held to impaired exposures*	99.0%	91.3%	69.6%	84.9%	86.3%
Number of entities	39	41	40	40	40

*Foreign branch banks may report impairments and exposures on the book of their parent

Explanatory notes

Introduction

This quarterly publication provides bank aggregate statistics, comprising data on commercial property exposures, residential property exposures and new housing loan approvals. Banks are classified as major banks, other domestic banks, foreign subsidiary banks and branches of foreign banks in this publication.

Source of data

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.

Commercial property returns:

- *ARF 230.0 Commercial Property (Licensed ADI and Consolidated Group Books)*

Residential property returns:

- *ARF 320.8 Housing Loan Reconciliation (Domestic or Licensed ADI Books)*

Blank copies of returns and associated instructions are available on APRA's website.

Basis of preparation

The basis of preparation of the statistics in this publication differs between commercial property exposures and residential property exposures. These are sourced from two levels of reporting by ADIs:

Consolidated group book includes the exposures of the global consolidated operations of ADIs ('consolidated group'). Locally-incorporated ADIs with controlled entities or associates are required to report consolidated group book data in accordance with the Australian accounting standards AASB 127 *Consolidated and Separate Financial Statements* and AASB 3 *Business Combinations*.

Licensed or domestic book includes the business of an ADI on a standalone basis, excluding subsidiaries and associates. The domestic book is the licensed book excluding offshore banking operations such as offshore branches.

Commercial property exposures are sourced from the consolidated group books of the 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 commercial property exposure statistics, the data for these ADIs are included in the data for the domestic parent ADI.

Commercial property exposures are facilities provided for the development, acquisition or improvement of real estate, where the servicing of the facility is dependent on cash flows from the property itself (rent or sale).

Residential property exposures are sourced from the domestic books of banks and licensed books of credit unions and building societies. Residential property exposures include only term loans to households which are secured by residential property. This is considerably narrower than the scope of commercial property exposures.

Comparison to Australian Bureau of Statistics 5609.0 *Housing Finance*

Quarterly ADI Property Exposures includes statistics on new residential term loan approvals. A similar source of statistics is Australian Bureau of Statistics (ABS) publication 5609.0 *Housing Finance*. For ADIs, the primary source of the ABS *Housing Finance* is APRA collections. However, there are small conceptual differences users should be aware of when comparing the two publications.

ABS dwelling commitments in the *Housing Finance* publication exclude land purchases and alterations to property in the key statistics. These are reported by ADIs each month, ten business days after the end of the month.

Loan approvals in this publication are for term loans only and include land purchases and alterations. These are reported by ADIs holding a balance of more than \$1 billion in housing term loans at the end of the quarter. The returns are due 20 business days after the end of the quarter.

The differences in scope leads to small differences in the size of new loans in each publication.

Estimation of commercial property statistics

Quarterly ADI Property Exposures includes commercial property exposure statistics for all ADIs for March and September from 2004.

From December 2008, statistics for ADIs are included on a quarterly basis, based on a sample of quarterly reporting banks. Commercial property figures for non-reporting ADIs in those periods are estimated by carrying forward the data reported in the previous quarter. These figures are then added to the reported figures from the remaining ADIs to obtain the aggregate figure used in the publication.

Glossary

ADI refers to an authorised deposit-taking institution, meaning a body corporate authorised under section 9 of the *Banking Act 1959*, to carry on banking business in Australia (e.g. a bank, building society or credit union).

Building societies are locally-incorporated ADIs that assume or use the expression ‘building society’ in relation to their banking business.

Commercial property exposures are facilities for the development, acquisition and improvement of real estate, where the servicing and repayment of the facility is dependent on cash flows generated by the property itself or other properties owned by the borrower. Excluded are housing loans for owner occupation and loans to individuals or families for residential-property investment. Loans to construction companies which are paid by third parties are also excluded, where such payment is not dependent on the proceeds of the sale or rental of the property upon completion.

Commercial property exposures: Industrial are facilities for the development, acquisition or improvement of Industrial property, and the servicing and repayment of the facility is dependent on the cash flows generated by the Industrial property itself through sale or rental income, and/or from cash flows generated from other Industrial properties owned by the borrower.

Commercial property exposures: Land development/subdivisions are facilities for the development and/or subdivision of land, and the servicing and repayment of the facility is dependent on the cash flows generated through sale of the land, and/or from cash flows generated from other land development or subdivision activity owned by the borrower.

Commercial property exposures: Office are facilities for the development, acquisition or improvement of office buildings, and the servicing and repayment of the facility is dependent on the cash flows generated by the office property itself through sale or rental income, and/or from cash flows generated from other office properties owned by the borrower.

Commercial property exposures: Other residential are exposures to residential property excluding all loans to individuals or families and excluding loans to private family companies or family trusts for owner occupation.

Commercial property exposures: Retail are facilities for the development, acquisition or improvement of retail buildings, and the servicing and repayment of the facility is dependent on the cash flows generated by the retail property itself through sale or rental income, and/or from cash flows generated from other retail properties owned by the borrower.

Commercial property exposures: Tourism and leisure are facilities for the development, acquisition or improvement of land and buildings used in the tourism and leisure or hospitality industries, and the servicing and repayment of the facility is dependent on the cash flows generated by the property itself through sale or rental income, and/or from cash flows generated from other tourism and leisure properties owned by the borrower.

Credit unions are locally-incorporated ADIs that assume or uses the expression ‘credit union’ or ‘credit co-operative’ in relation to their banking business.

Foreign bank branches are foreign banks licensed to conduct banking business in Australia through branches, subject to a condition which specifically restricts the acceptance of retail deposits (referred to as Foreign ADIs under the Banking Act).

Foreign subsidiary banks are foreign banks authorised to carry on banking business in Australia through a locally incorporated subsidiary.

Housing loans includes loans for the construction or purchase of dwellings for owner-occupation and investment.

Interest-only loans approved are interest-only term loans held by the reporting party and which were approved during the relevant period, irrespective of whether the funds have been advanced to the borrower.

Interest-only loans are loans where the repayments, for a set term, only pay the interest on the loan and do not reduce the principal balance.

Investment loans are loans to households for the purchase or construction of dwellings not for occupation by the owners.

Loan-to-valuation ratio (LVR) is the ratio of the outstanding amount of the loan to the value of the property that secures the exposure.

Loans approved LVR<60% are loans approved with a loan-to-valuation ratio less than 60 per cent during the quarter.

Loans approved LVR 60%-80% are loans approved with a loan-to-valuation greater than or equal to 60 per cent but less than 80 per cent during the quarter.

Loans approved LVR 80%-90% are loans approved with a loan-to-valuation greater than or equal to 80 per cent but less than 90 per cent during the quarter.

Loans approved LVR>90% are loans approved with a loan-to-valuation greater than or equal to 90 per cent during the quarter.

Loans approved outside serviceability are loans approved where the lender believes that an exception to the institution's serviceability policy is appropriate.

Loans with offset facilities are loans with an offset account, typically a deposit account, in which the balance is either wholly or partly offset against the loan balance for the purposes of calculating interest.

Loans with redraw facilities are loans that allow the borrower to make advance repayments with the option of subsequently withdrawing the accumulated excess down to the extent of the loan balance specified in the loan schedule.

Low-documentation loans approved are low-documentation loans approved during the quarter.

Low-documentation loans are loans where the lender has not, prior to loan approval, documented, assessed and verified the ability of the borrower to meet the repayment obligations.

Major banks are the Australia and New Zealand Banking Group Limited, Commonwealth Bank of Australia, the National Australia Bank Limited, Westpac Banking Corporation and their subsidiary banks.

Other ADI consist of ADIs that are not banks, building societies or credit unions. This includes providers of purchased payment facilities and specialist credit card institutions.

Other domestic banks are locally-owned banks excluding those defined as *Majors*.

Other non-standard loans approved are non-standard loans approved during the quarter, including reverse mortgages.

Owner-occupied loans are loans to households for the purchase or construction of dwellings for occupation by the owners.

Residential property exposures are loans for the development, acquisition and improvement of housing for owner occupation or investment by individuals or families.

Reverse mortgages are generally loans where the loan is repayable when the borrower is deceased or no longer lives in the property. Reverse mortgages allow for the borrowing of money against a primary residence and do not require principal and interest payments until termination of the facility, which is not fixed and normally occurs when nominated borrowers die, vacate the mortgaged property or the asset is sold.

Security held is the value of security held in relation to the reporting party's exposure to commercial property.

Specific provisions are the provisions for impairment of the reporting party's exposure to commercial property.

Term loans are loans other than a revolving credit. A revolving credit is a loan arrangement in which the borrowing party may repay funds on the loan and immediately borrow it again up to an agreed limit.

Third-party originated loans approved are loans which originated through a broker or other third party, and were approved during the relevant period, irrespective of whether the funds have been advanced to the borrower.



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