Australian Banking Sector Update

Apr-22 ADI Statistics: System lending & deposit growth surprising on the upside

Equities

Australasia

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This is our analysis of the monthly balance sheet data of the Australian banks

We analyse APRA data collected from ADIs published on a monthly basis with a one-month lag – this one for April 2022. We show the key charts and tables in this report, but a spreadsheet with the underlying data is available upon request.

Lending acceleration: fastest system credit growth since 2008

Total gross loans & advances in April-22 grew by 0.8% m/m. The y/y accelerated further to 9.2%, with business lending again leading (1.0% m/m, 11.7%% y/y), as demand remains high given the lengthening of working capital cycles and inventory shortages from supply chain bottle necks. Meanwhile, total housing loans (0.5%, +8.2% y/y) picked up further to the fastest y/y pace since mid- 2010 – driven by owner-occupied (0.5%, +9.5%), ahead of investors (0.5%, 5.6%). Even personal stopped contracting m/m (0.3% m/m, albeit -2.8% y/y).

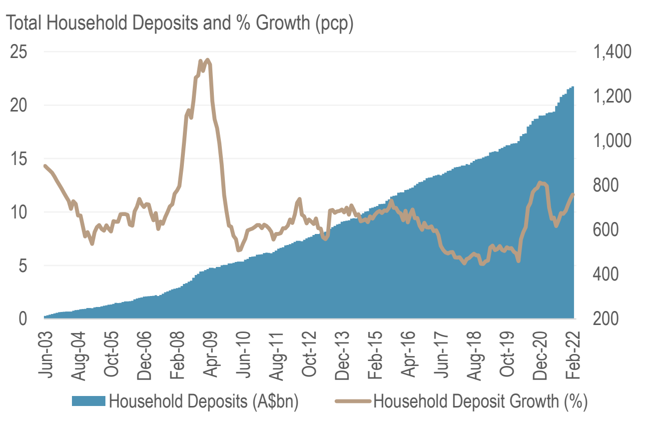
CBA winning share in Business Banking and MQG ahead in mortgages

At an individual bank level, April APRA data highlights Macquarie has maintained its leading position in new mortgage business, continuing to write more (+3% m/m, on a net basis) than all the majors despite only having a 4.5% share of the market. In spite of intensifying pricing competition, all except ANZ grew owner occupier mortgages in the month. NAB was the most notable with a 0.7% increase, followed by CBA +0.4% m/m and WBC +0.2% m/m. ANZ declined -0.2% m/m.

Total private deposit growth remains strong - A$175bn of excess deposits

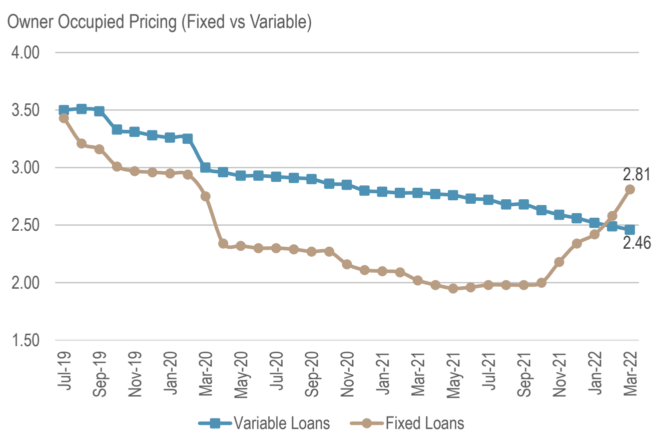
Deposits grew (+0.7%) in the month, largely driven by business (+0.6%) and total household deposits maintained +0.7% growth over the month. Needing to fund higher loan growth, Macquarie is taking share in household deposits and we note term deposit rates are starting to move higher following the change in cash rate.

Figure 1: Total household deposit progression (%)



Source: APRA, UBS

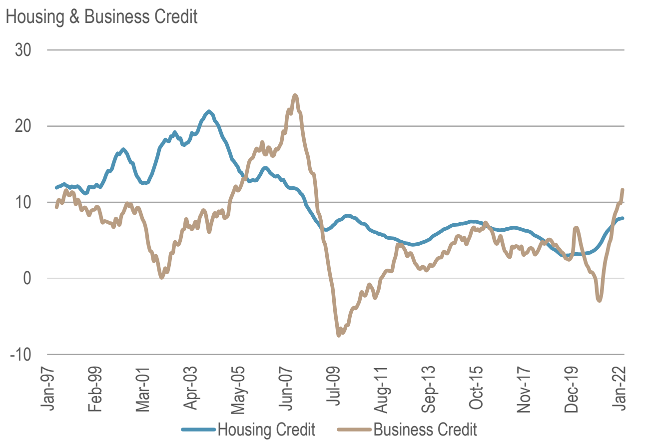
Figure 2: Owner Occupied Fixed versus SVR pricing trends



Source: APRA, UBS

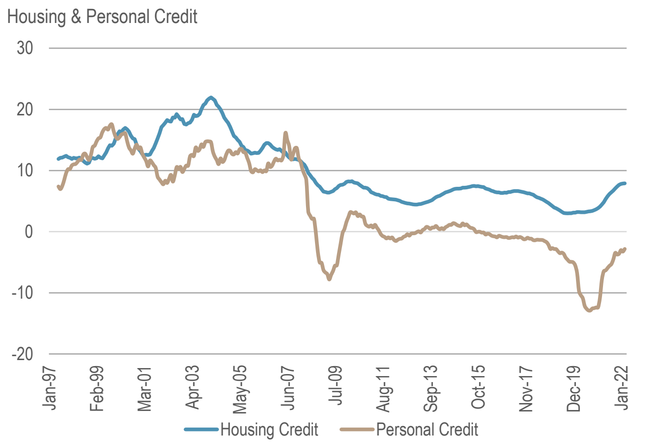
System credit & deposit growth

Figure 3: Australian Housing vs Business credit growth (%, 12mth)



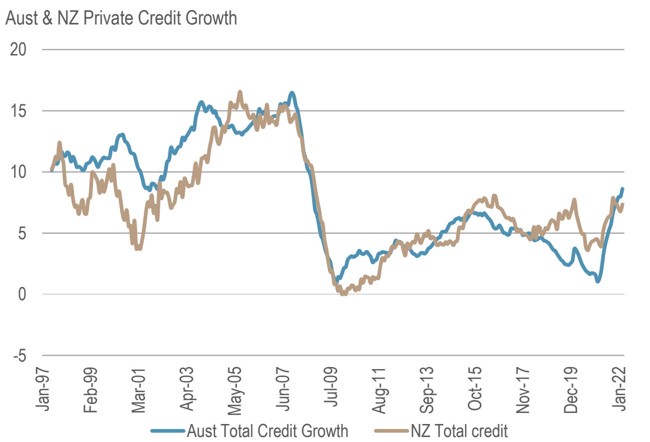
Source: RBA, UBS

Figure 4: Australian Housing vs Personal credit growth (%, 12mth)



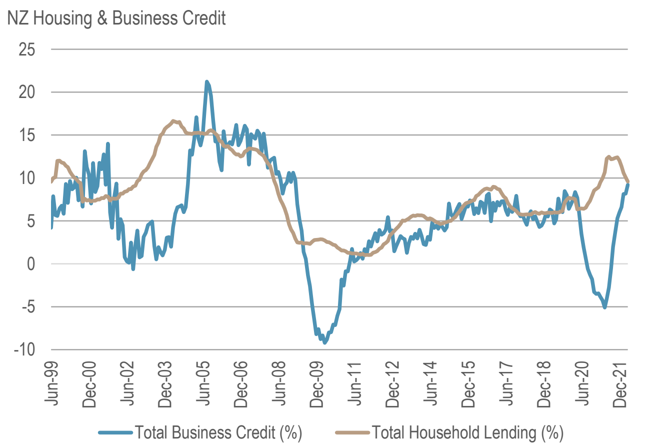
Source: RBA, UBS

Figure 5: Total credit growth in Australia vs New Zealand (%, 12mth)



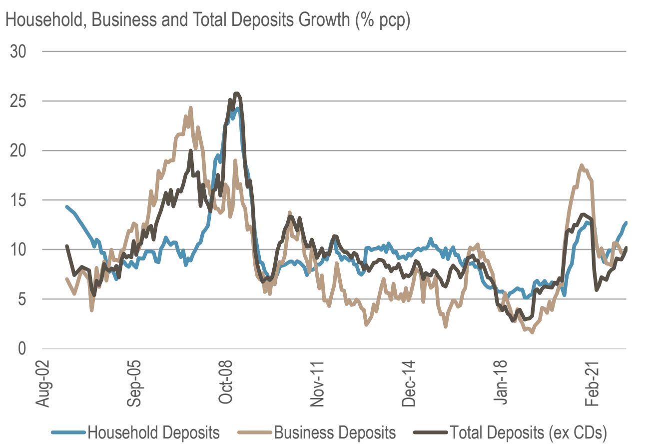
Source: RBA, RBNZ, UBS

Figure 6: NZ Housing vs Business credit growth (%, 12mth)



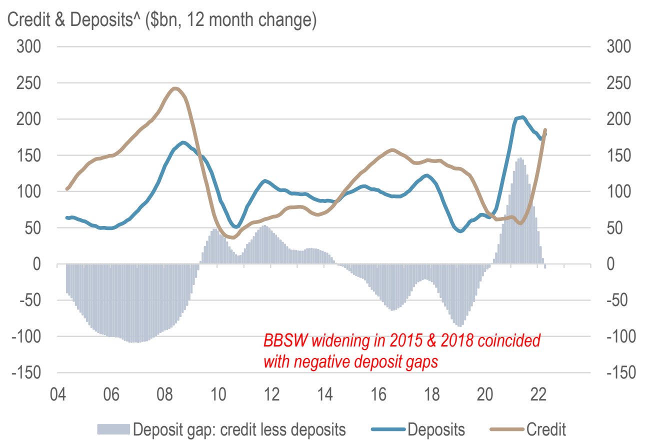
Source: RBNZ, UBS

Figure 7: Household, Business and Total deposit growth (%, 12mth)



Source: APRA, UBS

Figure 8: The 'deposit gap' still positive



Source: UBS Economics, ABS, APRA, Macrobond. ^ UBS estimate of private deposits excluding General Government

Market Share Tables

Figure 9: Owner occupied mortgages (A$ million)

Owner Occupied Mortgages (Including Securitisation)	Oct-21	Nov-21	Dec-21	Jan-22	Feb-22	Mar-22	Apr-22	Growth (%, mth)	Mkt Share (%)	Mkt Share (12mth prior %)	Growth (%, 12mth)
ANZ	173,717	173,749	173,547	173,321	173,095	172,871	172,573	-0.2%	13.0%	14.5%	-1.7%
CBA	330,304	333,072	335,522	337,674	339,267	340,650	341,910	0.4%	25.8%	26.0%	8.5%
NAB	173,546	175,419	178,563	179,827	180,960	182,225	183,498	0.7%	13.8%	13.5%	12.4%
WBC	269,517	270,955	272,609	273,367	273,903	274,484	275,008	0.2%	20.7%	21.1%	7.7%
Majors	**947,082**	**953,194**	**960,241**	**964,190**	**967,225**	**970,230**	**972,989**	**0.3%**	**73.4%**	**75.1%**	**7.0%**
BEN	36,992	37,279	37,720	38,296	38,805	39,620	40,147	1.3%	3.0%	2.9%	15.8%
BOQ (incl. ME)	38,489	38,875	39,335	39,716	40,122	40,574	40,734	0.4%	3.1%	2.5%	35.1%
SUN	31,265	31,497	31,734	31,940	32,155	32,399	32,840	1.4%	2.5%	2.5%	8.2%
Regionals	**106,746**	**107,651**	**108,790**	**109,952**	**111,082**	**112,593**	**113,721**	**1.0%**	**8.6%**	**7.9%**	**19.5%**
MQG	43,292	44,590	47,122	48,004	48,913	50,249	51,666	2.8%	3.9%	3.1%	37.3%
Other	176,308	178,238	179,785	181,875	183,800	185,693	187,370	0.9%	14.1%	13.9%	11.1%
Sector	**1,273,428**	**1,283,673**	**1,295,938**	**1,304,021**	**1,311,020**	**1,318,766**	**1,325,745**	**0.5%**	**100%**	**100.0%**	**9.5%**

Source: APRA, UBS

Figure 10: Investor mortgage lending (A$ million)

Investor Housing (Including Securitisation)	Oct-21	Nov-21	Dec-21	Jan-22	Feb-22	Mar-22	Apr-22	Growth (%, mth)	Mkt Share (%)	Mkt Share (12mth prior %)	Growth (%, 12mth)
ANZ	86,639	86,919	87,029	87,385	87,555	87,697	88,057	0.4%	13.4%	14.0%	0.7%
CBA	167,203	168,903	170,656	171,422	171,456	172,094	172,668	0.3%	26.3%	25.8%	7.4%
NAB	100,588	101,087	102,385	102,762	103,237	103,771	104,034	0.3%	15.8%	16.1%	3.8%
WBC	154,757	154,133	153,746	153,664	153,476	153,370	153,349	0.0%	23.3%	25.1%	-1.8%
Majors	**509,187**	**511,043**	**513,816**	**515,233**	**515,723**	**516,933**	**518,108**	**0.2%**	**78.9%**	**81.1%**	**2.7%**
BEN	16,073	16,082	16,134	16,152	16,187	16,318	16,332	0.1%	2.5%	2.5%	4.6%
BOQ (incl. ME)	17,921	18,027	18,113	18,266	18,465	18,653	18,848	1.0%	2.9%	2.5%	23.6%
SUN	12,283	12,357	12,396	12,428	12,442	12,555	12,675	0.9%	1.9%	1.9%	4.8%
Regionals	**46,277**	**46,465**	**46,644**	**46,845**	**47,094**	**47,526**	**47,855**	**0.7%**	**7.3%**	**6.9%**	**11.4%**
MQG	30,464	31,580	33,015	34,022	34,949	36,221	37,367	3.2%	5.7%	4.3%	39.0%
Other	50,202	50,709	50,965	51,636	52,305	52,963	53,452	0.9%	8.1%	7.7%	11.9%
Sector	**636,130**	**639,797**	**644,439**	**647,737**	**650,070**	**653,643**	**656,782**	**0.5%**	**100%**	**100.0%**	**5.6%**

Source: APRA, UBS

Figure 11: Total mortgage lending (A$ million)

Total Housing (Including Securitisation)	Oct-21	Nov-21	Dec-21	Jan-22	Feb-22	Mar-22	Apr-22	Growth (%, mth)	Mkt Share (%)	Mkt Share (12mth prior %)	Growth (%, 12mth)
ANZ	260,356	260,668	260,577	260,706	260,650	260,568	260,630	0.0%	13.1%	14.3%	-0.9%
CBA	497,507	501,975	506,177	509,096	510,723	512,744	514,578	0.4%	26.0%	26.0%	8.1%
NAB	274,134	276,506	280,948	282,590	284,196	285,996	287,532	0.5%	14.5%	14.4%	9.1%
WBC	424,274	425,088	426,355	427,031	427,379	427,854	428,358	0.1%	21.6%	22.5%	4.1%
Majors	**1,456,270**	**1,464,237**	**1,474,057**	**1,479,423**	**1,482,948**	**1,487,163**	**1,491,097**	**0.3%**	**75.2%**	**77.1%**	**5.5%**
BEN	53,065	53,361	53,855	54,448	54,992	55,938	56,480	1.0%	2.8%	2.7%	12.3%
BOQ (incl. ME)	56,410	56,902	57,448	57,982	58,587	59,227	59,582	0.6%	3.0%	2.5%	31.3%
SUN	43,548	43,854	44,130	44,367	44,597	44,954	45,515	1.2%	2.3%	2.3%	7.2%
Regionals *	**153,023**	**154,116**	**155,433**	**156,797**	**158,175**	**160,119**	**161,577**	**0.9%**	**8.2%**	**7.5%**	**17.0%**
MQG	73,755	76,170	80,137	82,026	83,862	86,470	89,033	3.0%	4.5%	3.5%	38.0%
Other	226,510	228,947	230,750	233,511	236,105	238,656	240,822	0.9%	12.1%	11.8%	11.3%
Sector	**1,909,559**	**1,923,470**	**1,940,377**	**1,951,757**	**1,961,090**	**1,972,408**	**1,982,528**	**0.5%**	**100%**	**100.0%**	**8.2%**

Source: APRA, UBS

Figure 12: Credit Card lending (A$ million)

Credit Cards	Oct-21	Nov-21	Dec-21	Jan-22	Feb-22	Mar-22	Apr-22	Growth (%, mth)	Mkt Share (%)	Mkt Share (12mth prior %)	Growth (%, 12mth)
ANZ	4,894	5,207	5,235	5,003	5,088	5,032	4,996	-0.7%	17.8%	18%	-8%
CBA	7,470	7,975	8,117	7,714	7,845	7,970	7,952	-0.2%	28.3%	28%	-4%
NAB	3,612	3,887	3,919	3,730	3,817	3,783	3,806	0.6%	13.6%	13%	-3%
WBC	5,858	6,249	6,173	5,957	6,144	6,024	6,072	0.8%	21.6%	22%	-7%
Majors	**21,834**	**23,318**	**23,444**	**22,404**	**22,893**	**22,809**	**22,827**	**0.1%**	**81.3%**	**81%**	**-5%**
BEN	272	283	284	277	282	282	285	0.9%	1.0%	1%	-1%
BOQ (incl. ME)	176	182	187	179	180	184	182	-1.1%	0.6%	1%	-3%
Regionals	**448**	**465**	**471**	**456**	**462**	**466**	**467**	**0.1%**	**1.7%**	**2%**	**-1%**
MQG	417	448	449	436	439	436	430	-1.3%	1.5%	2%	-7%
Other	4,246	4,425	4,437	4,292	4,365	4,354	4,356	0.1%	15.5%	16%	-8%
Sector	**26,944**	**28,655**	**28,802**	**27,587**	**28,159**	**28,065**	**28,079**	**0.1%**	**100%**	**100%**	**-6%**

Source: APRA, UBS

Figure 13: Other personal lending (A$ million)

Other Personal	Oct-21	Nov-21	Dec-21	Jan-22	Feb-22	Mar-22	Apr-22	Growth (%, mth)	Mkt Share (%)	Mkt Share (12mth prior %)	Growth (%, 12mth)
ANZ	11,372	11,318	11,251	11,225	11,234	11,170	11,175	0.0%	14.7%	16%	-7%
CBA	13,880	13,947	13,905	13,903	13,941	13,904	13,905	0.0%	18.3%	19%	-3%
NAB	13,328	13,335	13,275	13,228	13,253	13,268	13,297	0.2%	17.5%	18%	-5%
WBC	20,569	20,436	20,224	20,083	19,973	19,774	19,526	-1.3%	25.7%	28%	-10%
Majors	**59,149**	**59,036**	**58,655**	**58,438**	**58,400**	**58,117**	**57,903**	**-0.4%**	**76.3%**	**81%**	**-7%**
BEN	1,996	1,981	1,969	1,954	1,933	1,914	1,898	-0.9%	2.5%	3%	-18%
BOQ (incl. ME)	673	662	647	635	626	612	598	-2.3%	0.8%	1%	1%
SUN	2,067	2,055	2,038	2,026	2,017	2,009	1,998	-0.5%	2.6%	3%	-8%
Regionals	**4,736**	**4,697**	**4,655**	**4,615**	**4,577**	**4,535**	**4,494**	**-0.9%**	**5.9%**	**7%**	**-12%**
MQG	3,995	6,280	6,313	6,265	6,237	6,530	6,501	-0.4%	8.6%	3%	159%
Other	7,079	7,067	7,087	7,072	7,088	7,033	7,036	0.0%	9.3%	9%	-3%
Sector	**74,958**	**77,080**	**76,709**	**76,390**	**76,303**	**76,214**	**75,934**	**-0.4%**	**100%**	**100%**	**-1%**

Source: APRA, UBS

Figure 14: Business lending (Non-financial corporations, includes Bills of Acceptance) (A$ million)

Non-financial corporations (includes Bill Acceptances)	Oct-21	Nov-21	Dec-21	Jan-22	Feb-22	Mar-22	Apr-22	Growth (%, mth)	Mkt Share (%)	Mkt Share (12mth prior %)	Growth (%, 12mth)
ANZ	117,565	118,301	119,733	120,239	119,978	121,353	122,051	0.6%	13.7%	14.3%	6.9%
CBA	147,957	150,375	151,280	152,294	154,511	156,615	158,901	1.5%	17.8%	17.7%	12.3%
NAB	183,934	186,760	190,270	191,469	193,360	196,499	198,126	0.8%	22.2%	21.7%	14.3%
WBC	131,772	133,349	133,397	133,900	135,005	137,122	138,228	0.8%	15.5%	15.7%	9.8%
Majors	**581,229**	**588,786**	**594,680**	**597,902**	**602,854**	**611,588**	**617,306**	**0.9%**	**69.1%**	**69.4%**	**11.2%**
BEN	14,653	14,601	14,295	14,175	14,074	14,102	14,203	0.7%	1.6%	1.8%	-3.2%
BOQ (incl. ME)	11,571	11,529	11,897	12,000	12,064	12,101	12,222	1.0%	1.4%	1.4%	9.4%
SUN	12,031	11,992	11,890	11,914	11,946	11,989	12,143	1.3%	1.4%	1.5%	-0.8%
Regionals	**38,254**	**38,123**	**38,081**	**38,089**	**38,084**	**38,193**	**38,568**	**1.0%**	**4.3%**	**4.8%**	**1.3%**
MQG	13,245	14,696	14,787	14,754	14,853	15,026	15,071	0.3%	1.7%	1.5%	24.2%
Judo	3,913	4,139	4,357	4,438	4,622	4,787	4,988	4.2%	0.6%	0.3%	83.8%
Other	201,802	206,475	207,819	209,208	212,844	219,713	222,543	1.3%	24.9%	24.4%	14.1%
Sector	**834,529**	**848,079**	**855,366**	**859,953**	**868,634**	**884,519**	**893,488**	**1.0%**	**101%**	**100.0%**	**11.7%**

Source: APRA, UBS

Figure 15: Total gross loans, advances and acceptances (A$ million)

Total Gross Loans, Advances & Acceptances (Incl. Securitisation)	Oct-21	Nov-21	Dec-21	Jan-22	Feb-22	Mar-22	Apr-22	Growth (%, mth)	Mkt Share (%)	Mkt Share (12mth prior %)	Growth (%, 12mth)
ANZ	407,550	410,342	410,808	411,269	412,003	413,666	413,814	0.0%	13.1%	14.2%	1.0%
CBA	700,024	707,459	712,701	717,571	721,285	726,567	733,528	1.0%	23.3%	23.3%	9.1%
NAB	500,517	507,159	516,224	519,868	523,451	528,318	532,380	0.8%	16.9%	16.6%	11.3%
WBC	609,484	611,774	613,163	614,365	615,729	618,486	621,451	0.5%	19.7%	20.5%	5.3%
Majors	**2,217,574**	**2,236,734**	**2,252,896**	**2,263,073**	**2,272,468**	**2,287,037**	**2,301,173**	**0.6%**	**73.1%**	**74.6%**	**7.0%**
BEN	71,328	71,661	71,969	72,482	72,973	73,854	74,540	0.9%	2.4%	2.4%	8.3%
BOQ (incl. ME)	70,186	70,694	71,602	72,246	72,921	73,591	74,052	0.6%	2.4%	2.0%	26.4%
SUN	57,736	57,995	58,152	58,403	58,652	59,042	59,745	1.2%	1.9%	2.0%	4.9%
Regionals *	**199,250**	**200,351**	**201,722**	**203,130**	**204,546**	**206,486**	**208,336**	**0.9%**	**6.6%**	**6.4%**	**13.0%**
MQG	93,412	99,513	103,650	105,465	107,306	110,379	112,968	2.3%	3.6%	2.8%	38.2%
Other	483,779	492,423	497,145	499,147	508,097	518,083	525,613	1.5%	16.7%	16.2%	12.8%
Sector	**2,994,015**	**3,029,020**	**3,055,413**	**3,070,815**	**3,092,417**	**3,121,984**	**3,148,090**	**0.8%**	**100%**	**100.0%**	**9.2%**

Source: APRA, UBS

Deposit market share

Figure 16: Household deposits (A$ million)

Household Deposits	Oct-21	Nov-21	Dec-21	Jan-22	Feb-22	Mar-22	Apr-22	Growth (%, mth)	Mkt Share (%)	Mkt Share (12mth prior %)	Growth (%, 12mth)
ANZ	150,775	151,037	153,882	154,605	154,764	156,398	157,401	0.6%	12.4%	12.5%	11.3%
CBA	332,871	334,234	339,480	341,098	342,994	347,937	349,523	0.5%	27.5%	27.3%	13.5%
NAB	159,521	160,141	163,597	164,465	165,376	167,882	169,527	1.0%	13.3%	13.3%	13.0%
WBC	249,857	249,778	253,925	255,018	255,760	258,714	259,819	0.4%	20.5%	20.8%	11.0%
Majors	**893,024**	**895,190**	**910,884**	**915,186**	**918,893**	**930,931**	**936,270**	**0.6%**	**73.7%**	**74.0%**	**12.3%**
BEN	37,773	38,134	38,771	39,044	39,435	40,132	40,500	0.9%	3.2%	3.1%	14.7%
BOQ (incl. ME)	28,703	28,844	29,335	29,459	29,472	29,727	29,930	0.7%	2.4%	2.4%	9.9%
SUN	30,211	30,499	30,922	30,907	30,959	31,299	31,368	0.2%	2.5%	2.5%	9.7%
Regionals	**96,687**	**97,476**	**99,028**	**99,410**	**99,865**	**101,158**	**101,798**	**0.6%**	**8.0%**	**8.1%**	**11.7%**
MQG	28,146	28,604	29,753	30,452	31,226	32,754	33,842	3.3%	2.7%	2.1%	42.4%
Other	188,510	189,337	191,748	192,786	193,960	196,765	198,020	0.6%	15.6%	15.8%	10.9%
Sector	**1,206,368**	**1,210,607**	**1,231,412**	**1,237,833**	**1,243,945**	**1,261,607**	**1,269,930**	**0.7%**	**100%**	**100.0%**	**12.7%**

Source: APRA, UBS

Figure 17: Business deposits (Non-financial corporations)

Non-financial corporations	Oct-21	Nov-21	Dec-21	Jan-22	Feb-22	Mar-22	Apr-22	Growth (%, mth)	Mkt Share (%)	Mkt Share (12mth prior %)	Growth (%, 12mth)
ANZ	117,522	118,246	119,657	120,181	119,922	121,318	121,990	0.6%	15.8%	16.2%	6.9%
CBA	147,957	150,375	151,280	152,294	154,511	156,615	158,901	1.5%	20.6%	20.1%	12.3%
NAB	183,934	186,760	190,270	191,469	193,360	196,499	198,126	0.8%	25.6%	24.7%	14.3%
WBC	131,772	133,349	133,397	133,900	135,005	137,122	138,228	0.8%	17.9%	17.9%	9.8%
Majors	**581,186**	**588,730**	**594,604**	**597,844**	**602,798**	**611,553**	**617,245**	**0.9%**	**79.9%**	**78.9%**	**11.2%**
BEN	14,653	14,601	14,295	14,175	14,074	14,102	14,203	0.7%	1.8%	2.1%	-3.2%
BOQ (incl. ME)	11,571	11,529	11,897	12,000	12,064	12,101	12,222	1.0%	1.6%	1.6%	9.4%
SUN	12,031	11,992	11,890	11,914	11,946	11,989	12,143	1.3%	1.6%	1.7%	-0.8%
Regionals	**38,254**	**38,123**	**38,081**	**38,089**	**38,084**	**38,193**	**38,568**	**1.0%**	**5.0%**	**5.4%**	**1.3%**
MQG	13,245	14,696	14,787	14,754	14,853	15,026	15,071	0.3%	2.0%	1.7%	24.2%
Other	105,799	118,017	119,587	119,801	107,471	103,192	101,944	-1.2%	13.2%	13.9%	4.1%
Sector	**738,483**	**759,566**	**767,059**	**770,487**	**763,205**	**767,963**	**772,827**	**0.6%**	**100%**	**100.0%**	**9.9%**

Source: APRA, UBS

Figure 18: Household and business deposits

Household & Business	Oct-21	Nov-21	Dec-21	Jan-22	Feb-22	Mar-22	Apr-22	Growth (%, mth)	Mkt Share (%)	Mkt Share (12mth prior %)	Growth (%, 12mth)
ANZ	268,297	269,283	273,540	274,785	274,686	277,716	279,391	0.6%	13.7%	14.0%	9.3%
CBA	480,828	484,609	490,760	493,392	497,505	504,551	508,424	0.8%	24.9%	24.6%	13.1%
NAB	343,456	346,901	353,867	355,934	358,736	364,381	367,653	0.9%	18.0%	17.7%	13.7%
WBC	381,629	383,127	387,322	388,918	390,764	395,836	398,048	0.6%	19.5%	19.7%	10.6%
Majors	**1,474,210**	**1,483,920**	**1,505,488**	**1,513,029**	**1,521,691**	**1,542,484**	**1,553,515**	**0.7%**	**76.0%**	**75.9%**	**11.9%**
BEN	52,425	52,735	53,066	53,219	53,509	54,234	54,703	0.9%	2.7%	2.7%	9.5%
BOQ (incl. ME)	40,274	40,373	41,231	41,459	41,536	41,828	42,152	0.8%	2.1%	2.1%	9.7%
SUN	42,242	42,491	42,811	42,821	42,905	43,288	43,510	0.5%	2.1%	2.2%	6.6%
Regionals	**134,941**	**135,599**	**137,108**	**137,498**	**137,949**	**139,350**	**140,366**	**0.7%**	**6.9%**	**7.1%**	**8.6%**
MQG	41,391	43,300	44,540	45,205	46,079	47,780	48,913	2.4%	2.4%	2.0%	36.2%
Other	294,309	307,354	311,335	312,587	301,431	299,957	299,964	0.0%	14.7%	15.1%	8.5%
Sector	**1,944,851**	**1,970,173**	**1,998,471**	**2,008,320**	**2,007,150**	**2,029,570**	**2,042,757**	**0.6%**	**100%**	**100.0%**	**11.6%**

Source: APRA, UBS

Net Flow Rates

In the figures below we show the net month-on-month movement in the total mortgage book for the ADI's. We use this as a *proxy* for the value of new business written during the period. The total stock of mortgages (housing lending) increased by ~$10bn month-on-month in April 2022, with CBA, WBC and MQG the biggest contributors. Most notably, MQG continues to outpace CBA as the largest underwriter of new business in the market. MGQ wrote a total of $2.5bn of new business in April vs CBA at $1.8bn. System data for the month of April is pre the interest rate hike but it continues to highlight key differences in bank lending and overall market strategies in our opinion. ANZ, despite recent assurances that capacity issues have been addressed, are yet to show any change in lending trends for both retail and business. As seen in 1H 22 results this is now starting to have an impact on their financial performance.

Figure 19: Total mortgage flow and rates (A$ million)

Total Housing Flow	**May-21**	**Jun-21**	**Jul-21**	**Aug-21**	**Sep-21**	**Oct-21**	**Nov-21**	**Dec-21**	**Jan-22**	**Feb-22**	**Mar-22**	**Apr-22**
ANZ	-176	-128	-1,529	-949	-745	-105	572	-130	-129	38	-201	30
CBA	3,146	4,316	2,079	2,932	3,867	4,019	5,040	4,301	2,514	1,796	2,109	1,817
NAB	1,806	2,485	931	1,439	1,208	1,868	2,654	4,415	1,405	1,719	1,782	1,587
WBC	2,602	3,695	1,438	1,785	1,026	450	1,073	980	319	424	157	303
Majors	**7,378**	**10,368**	**2,920**	**5,208**	**5,355**	**6,231**	**9,339**	**9,565**	**4,108**	**3,977**	**3,848**	**3,737**
BEN	563	598	287	309	223	457	291	483	570	529	927	527
BOQ (incl. ME)	521	487	9,652	231	89	112	486	537	513	597	630	339
SUN	18	178	80	150	384	204	293	259	225	221	348	550
Regionals	**1,101**	**1,263**	**10,020**	**690**	**696**	**773**	**1,071**	**1,280**	**1,309**	**1,347**	**1,906**	**1,417**
MQG	1,530	1,837	1,623	1,965	1,900	1,832	4,730	4,002	1,829	1,810	2,898	2,528
Other	1,358	2,242	1,217	893	1,894	1,829	2,604	1,836	2,602	2,683	2,484	2,171
Sector	**11,368**	**15,711**	**15,780**	**8,756**	**9,844**	**10,665**	**17,744**	**16,683**	**9,848**	**9,817**	**11,136**	**9,853**

Flow Rate, %	**May-21**	**Jun-21**	**Jul-21**	**Aug-21**	**Sep-21**	**Oct-21**	**Nov-21**	**Dec-21**	**Jan-22**	**Feb-22**	**Mar-22**	**Apr-22**
ANZ	-2%	-1%	-10%	-11%	-8%	-1%	3%	-1%	-1%	0%	-2%	0%
CBA	28%	27%	13%	33%	39%	38%	28%	26%	26%	18%	19%	18%
NAB	16%	16%	6%	16%	12%	18%	15%	26%	14%	18%	16%	16%
WBC	23%	24%	9%	20%	10%	4%	6%	6%	3%	4%	1%	3%
Majors	**65%**	**66%**	**19%**	**59%**	**54%**	**58%**	**53%**	**57%**	**42%**	**41%**	**35%**	**38%**
BEN	5%	4%	2%	4%	2%	4%	2%	3%	6%	5%	8%	5%
BOQ (incl. ME)	5%	3%	61%	3%	1%	1%	3%	3%	5%	6%	6%	3%
SUN	0%	1%	1%	2%	4%	2%	2%	2%	2%	2%	3%	6%
Regionals	**10%**	**8%**	**63%**	**8%**	**7%**	**7%**	**6%**	**8%**	**13%**	**14%**	**17%**	**14%**
MQG	13%	12%	10%	22%	19%	17%	27%	24%	19%	18%	26%	26%
Other	12%	14%	8%	10%	19%	17%	15%	11%	26%	27%	22%	22%
Sector	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**

Source: APRA, UBS

Figure 20: Total owner occupied lending flow (A$ million)

Owner Occupied	May-21	Jun-21	Jul-21	Aug-21	Sep-21	Oct-21	Nov-21	Dec-21	Jan-22	Feb-22	Mar-22	Apr-22
ANZ	20	-145	-756	-729	-477	326	32	-202	-226	-226	-224	-298
CBA	2,365	2,884	1,975	2,515	2,660	2,826	2,768	2,450	2,152	1,593	1,383	1,260
NAB	2,032	2,389	1,589	1,550	1,351	1,413	1,873	3,145	1,264	1,133	1,265	1,273
WBC	2,820	3,798	2,666	2,392	1,552	996	1,439	1,654	758	536	581	525
Majors	**7,236**	**8,926**	**5,474**	**5,727**	**5,085**	**5,561**	**6,112**	**7,047**	**3,948**	**3,035**	**3,005**	**2,759**
BEN	483	582	284	336	256	389	287	442	576	509	815	527
BOQ (incl. ME)	371	376	7,334	99	75	95	386	460	381	406	453	160
SUN	70	178	102	158	231	180	232	237	205	215	244	442
Regionals	**924**	**1,136**	**7,721**	**593**	**562**	**664**	**905**	**1,139**	**1,162**	**1,130**	**1,512**	**1,128**
MQG	829	1,042	916	1,052	902	925	1,298	2,532	882	909	1,336	1,417
Other	895	1,666	1,235	770	1,605	1,438	1,930	1,547	2,090	1,926	1,893	1,676
Sector	**9,884**	**12,771**	**15,346**	**8,141**	**8,154**	**8,588**	**10,244**	**12,265**	**8,083**	**6,999**	**7,746**	**6,980**

Source: APRA, UBS

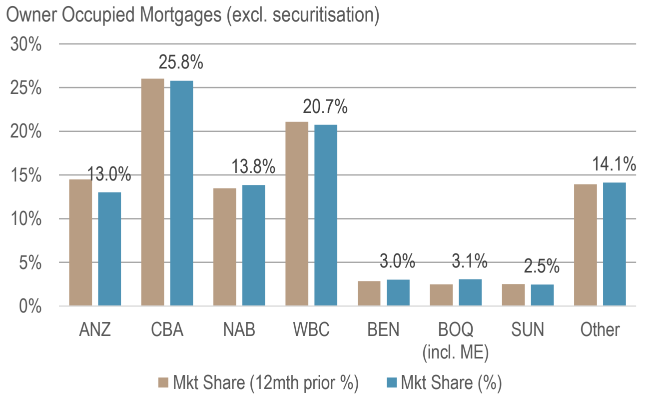
Figure 21: Total business lending flow (A$ million)

Total Business Flow	May-21	Jun-21	Jul-21	Aug-21	Sep-21	Oct-21	Nov-21	Dec-21	Jan-22	Feb-22	Mar-22	Apr-22
ANZ	-645	570	893	568	1,198	763	736	1,432	506	-261	1,375	698
CBA	-50	2,744	271	1,892	1,551	66	2,418	905	1,014	2,217	2,104	2,287
NAB	1,300	3,827	980	821	2,219	1,500	2,826	3,510	1,200	1,891	3,138	1,627
WBC	-268	1,606	1,228	461	1,069	1,758	1,577	48	503	1,105	2,117	1,107
Majors	**338**	**8,746**	**3,373**	**3,742**	**6,037**	**4,088**	**7,557**	**5,894**	**3,223**	**4,952**	**8,735**	**5,718**
BEN	-34	282	-180	-98	25	-11	-52	-306	-120	-101	28	101
BOQ (incl. ME)	136	155	141	-217	70	110	-42	367	104	64	37	121
SUN	-10	-13	-70	71	-250	57	-38	-103	25	31	44	154
Regionals	**92**	**424**	**-108**	**-244**	**-154**	**157**	**-132**	**-42**	**8**	**-5**	**109**	**376**
MQG	135	604	130	284	-195	153	1,452	91	-34	100	172	45
Judo	175	270	199	182	190	184	226	218	82	183	166	201
Other	1,023	1,602	753	2,393	925	131	4,673	1,344	1,390	3,635	6,869	2,830
Sector	**1,587**	**11,375**	**4,147**	**6,175**	**6,613**	**4,528**	**13,550**	**7,287**	**4,587**	**8,682**	**15,885**	**8,969**

Source: APRA, UBS

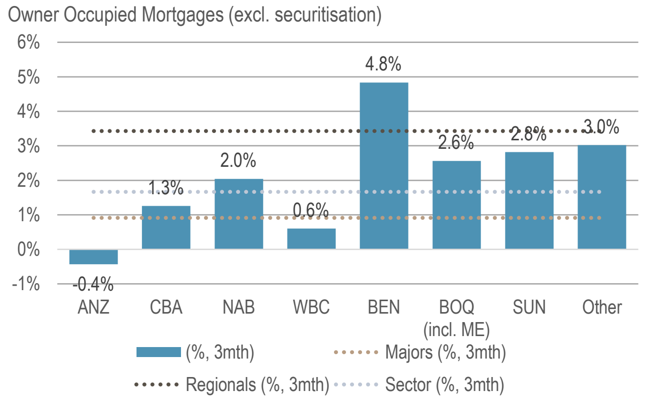
Sector Deposit and Loan Share Growth

Figure 22: Owner occupied mortgages market share



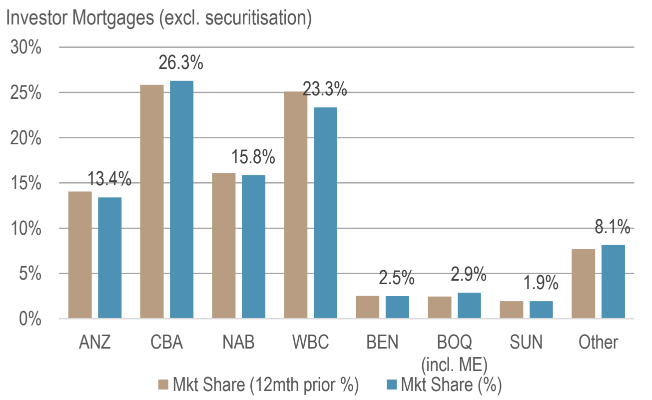
Source: APRA, RBA, UBS

Figure 23: Owner occupied mortgages growth (%, 3mth)



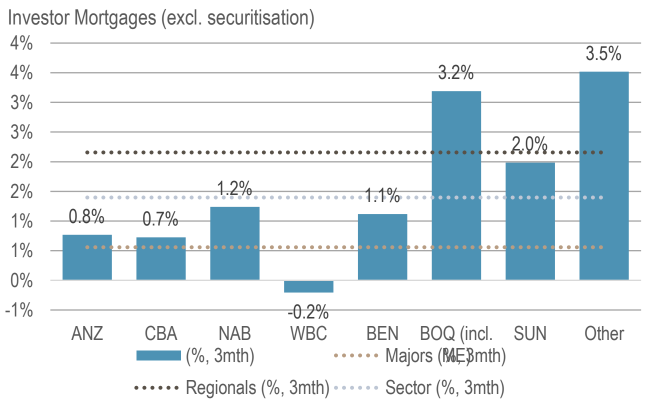
Source: APRA, RBA, UBS

Figure 24: Investor mortgages market share



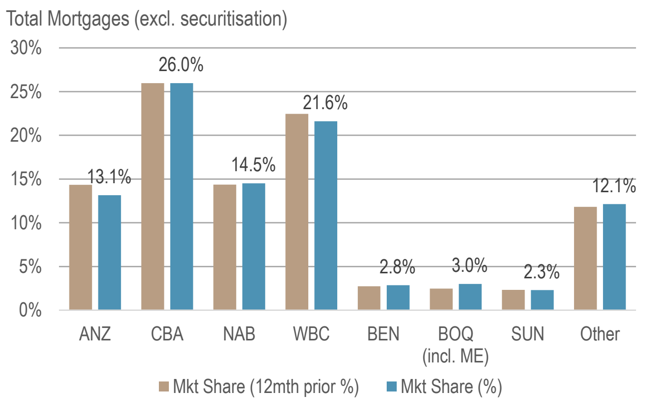
Source: APRA, RBA, UBS

Figure 25: Investor mortgages growth (%, 3mth)



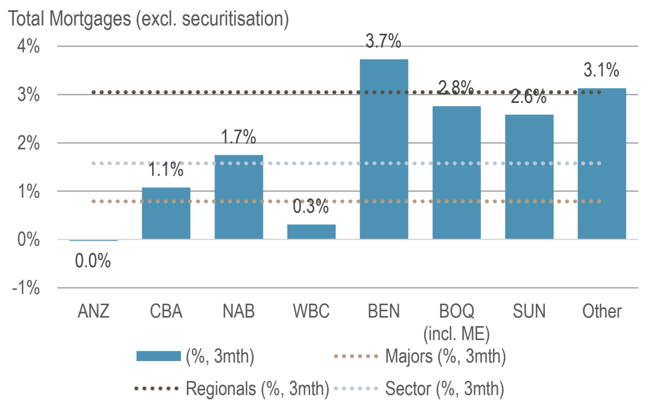
Source: APRA, RBA, UBS

Figure 26: Total mortgages market share



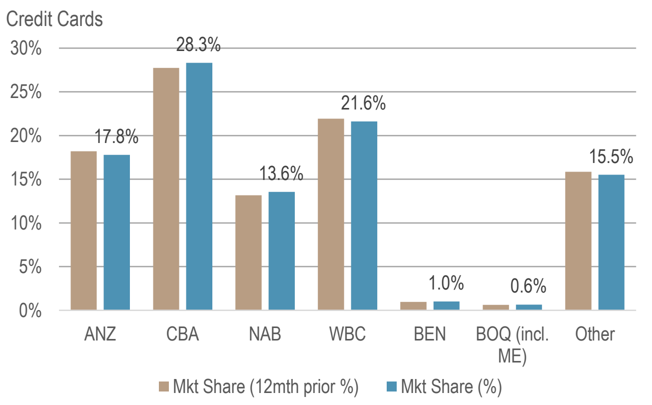
Source: APRA, RBA, UBS

Figure 27: Total mortgages growth (%, 3mth)



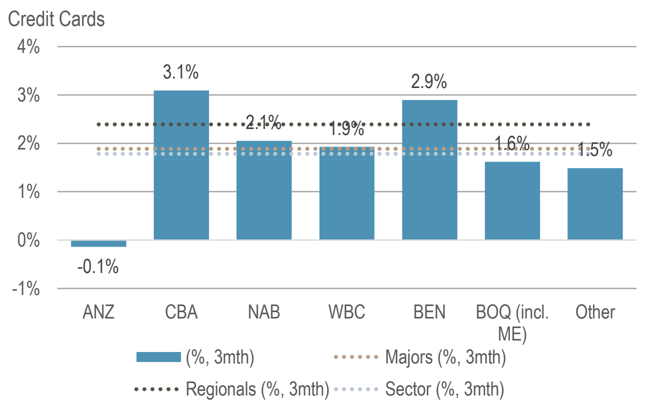
Source: APRA, RBA, UBS

Figure 28: Credit cards market share



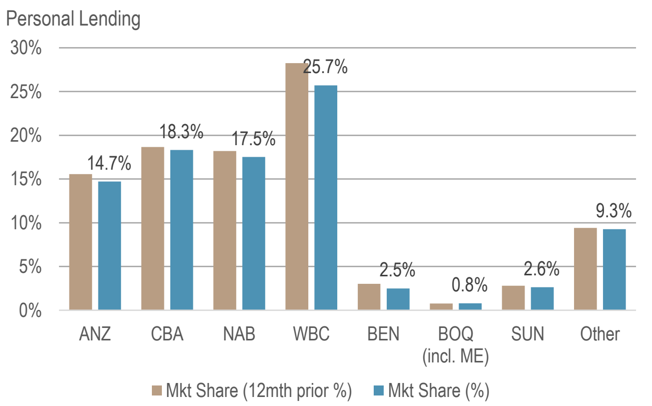
Source: APRA, RBA, UBS

Figure 29: Credit cards growth (%, 3mth)



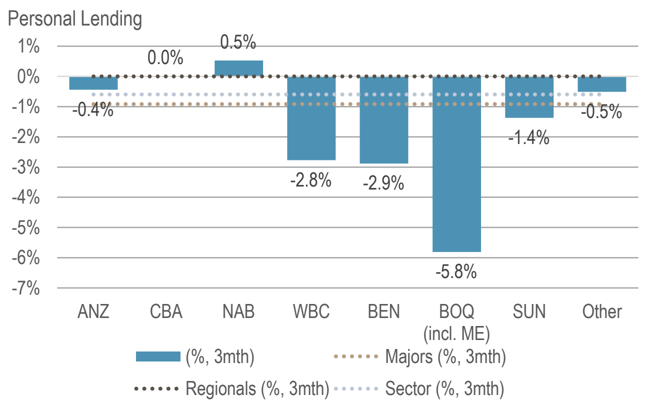
Source: APRA, RBA, UBS

Figure 30: Personal lending market share



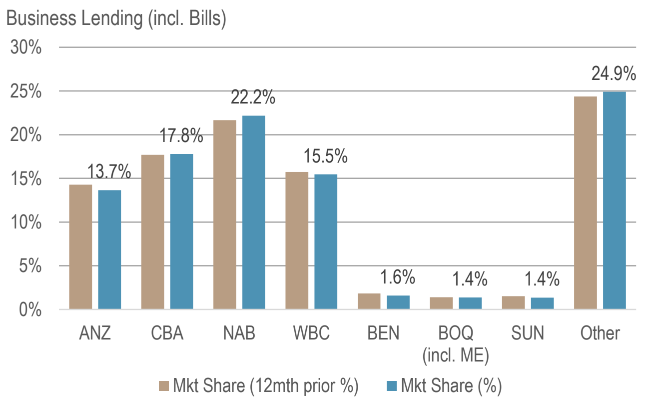
Source: APRA, RBA, UBS

Figure 31: Personal lending growth (%, 3mth)



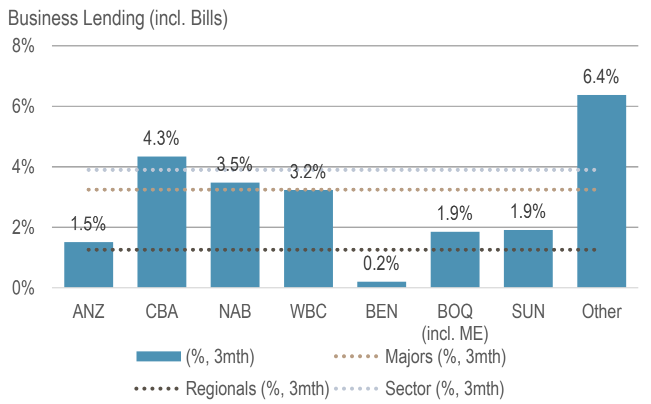
Source: APRA, RBA, UBS

Figure 32: Business lending market share



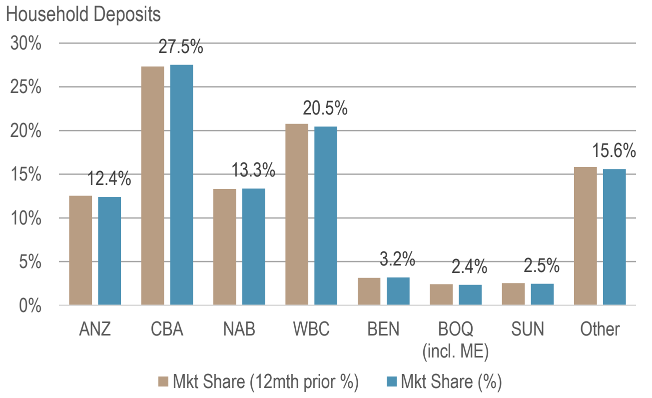
Source: APRA, RBA, UBS

Figure 33: Business lending growth (%, 3mth)



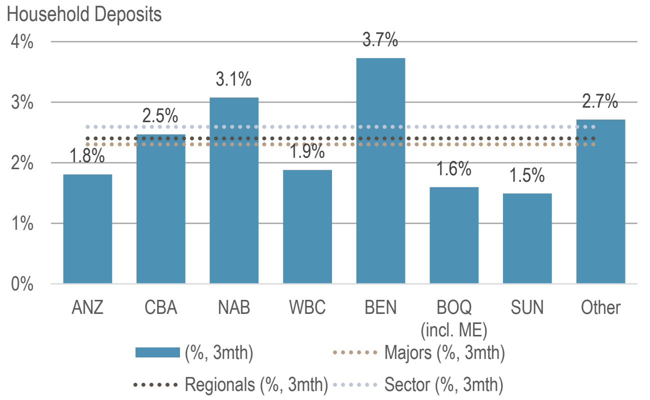
Source: APRA, RBA, UBS

Figure 34: Household deposits market share



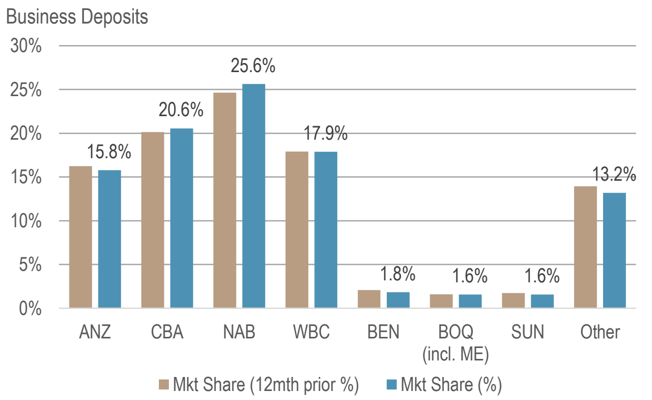
Source: APRA, RBA, UBS

Figure 35: Household deposits growth (%, 3mth)



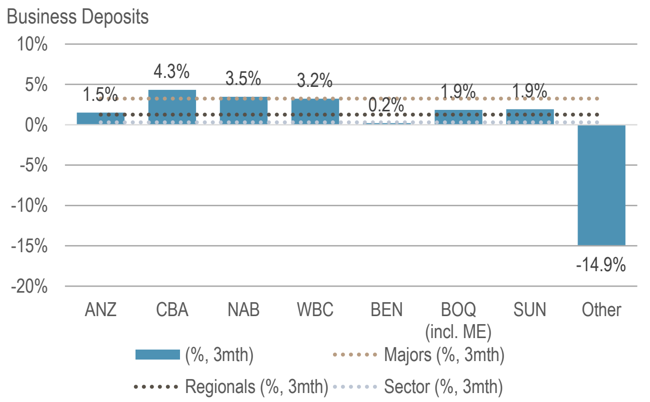
Source: APRA, RBA, UBS

Figure 36: Business deposits market share



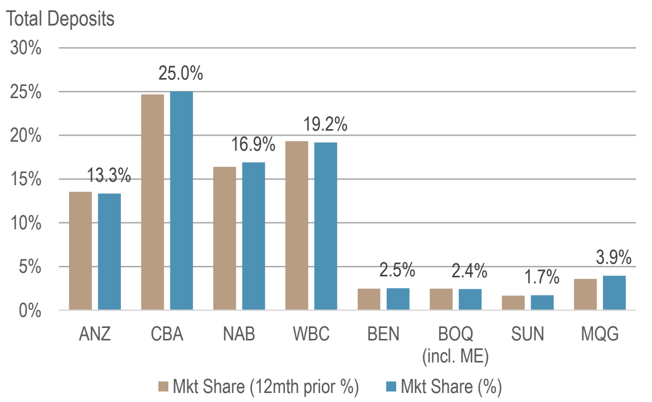
Source: APRA, RBA, UBS

Figure 37: Business deposits growth (%, 3mth)



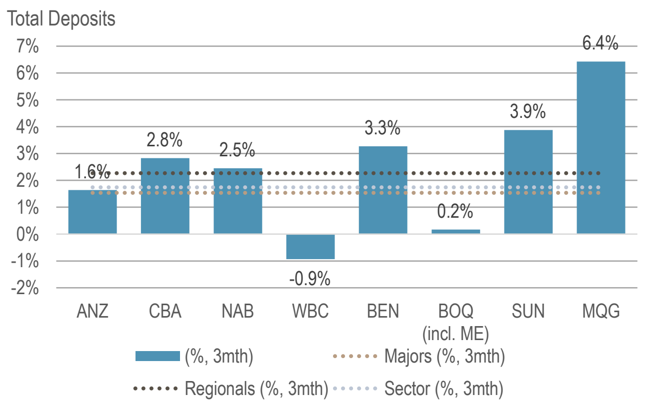
Source: APRA, RBA, UBS

Figure 38: Total deposits market share



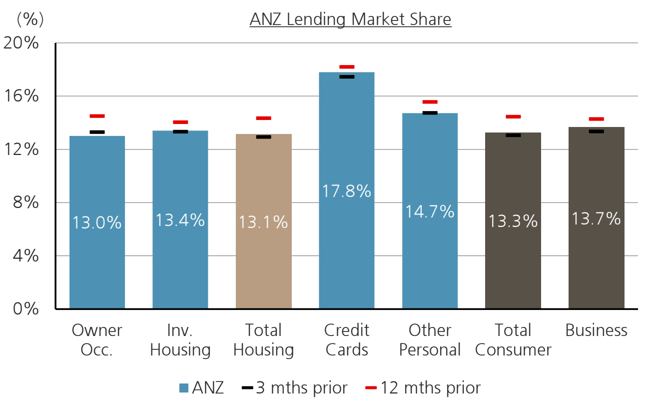
Source: APRA, RBA, UBS

Figure 39: Total deposits growth (%, 3mth)



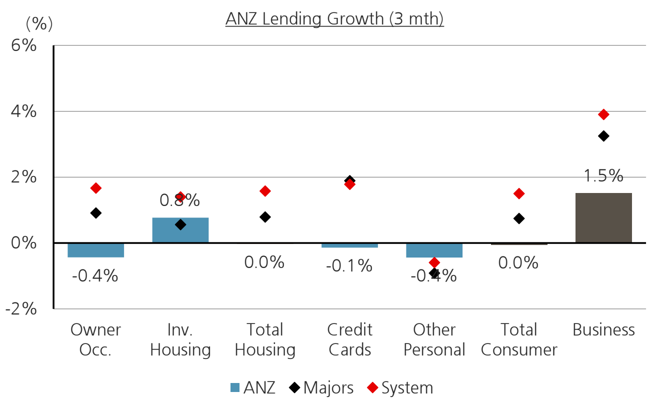
Source: APRA, RBA, UBS

Figure 40: ANZ lending market share



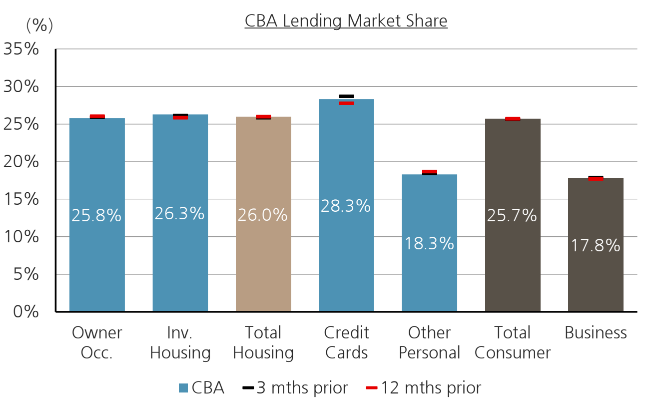
Source: APRA, UBS

Figure 41: ANZ lending growth (%, 3mth)



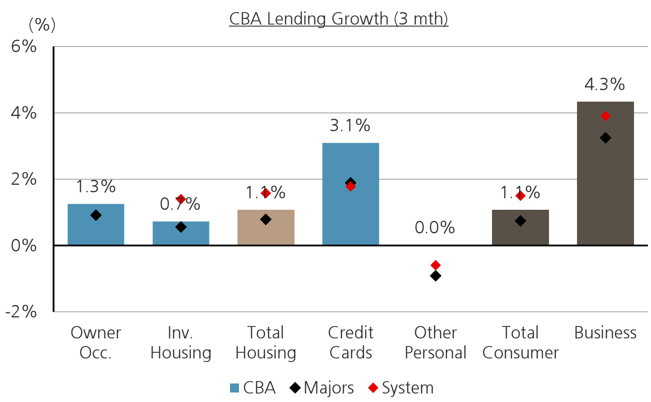
Source: APRA, UBS

Figure 42: CBA lending market share



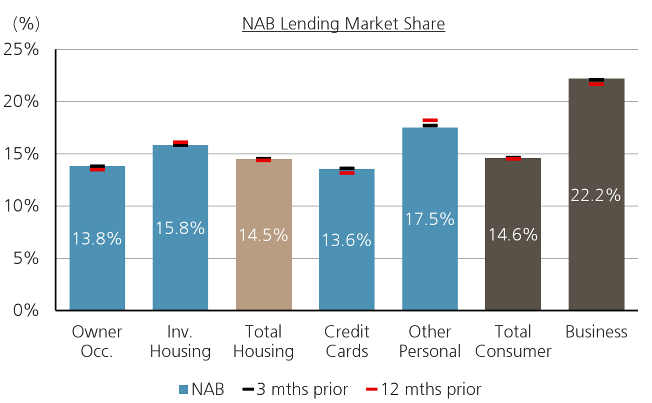
Source: APRA, UBS

Figure 43: CBA lending growth (%, 3mth)



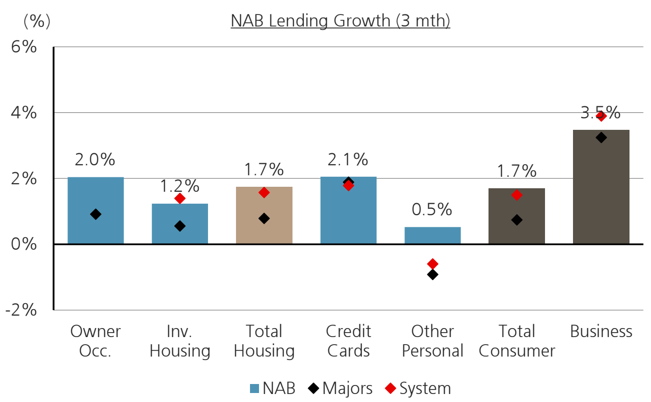
Source: APRA, UBS

Figure 44: NAB lending market share



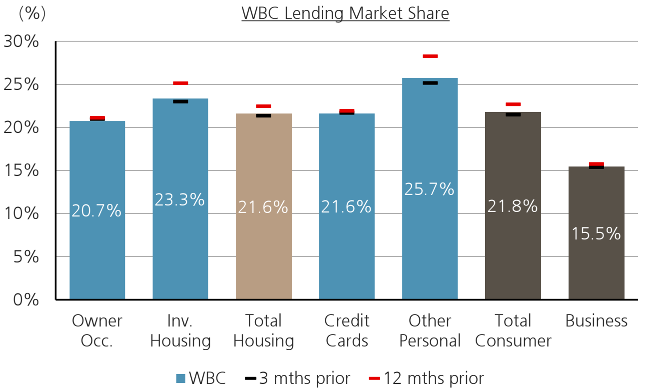
Source: APRA, UBS

Figure 45: NAB lending growth (%, 3mth)



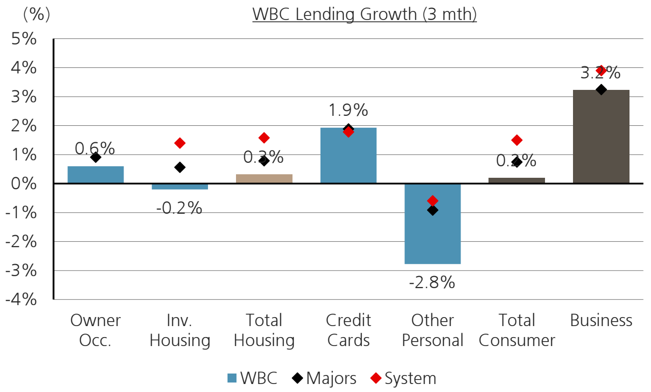
Source: APRA, UBS

Figure 46: WBC lending market share



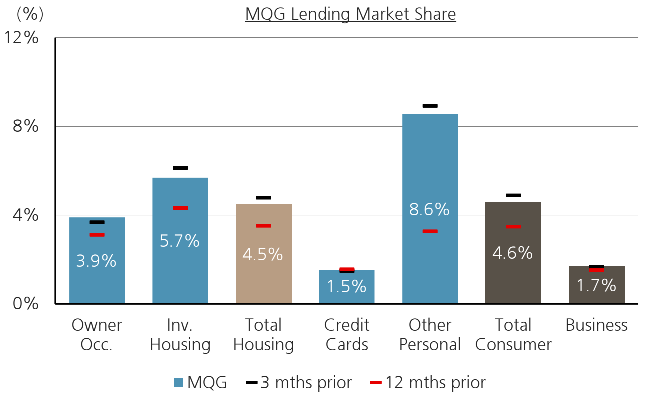
Source: APRA, UBS

Figure 47: WBC lending growth (%, 3mth)



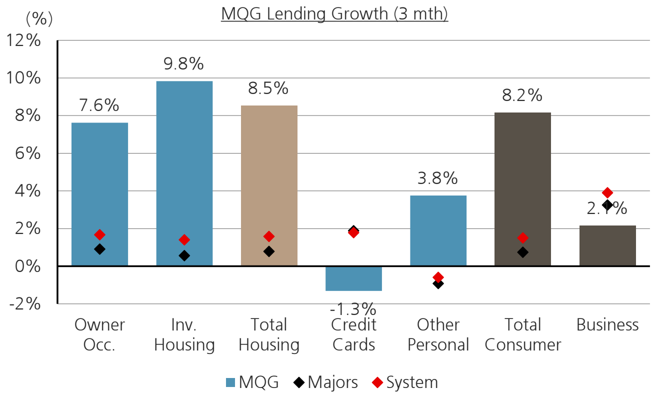
Source: APRA, UBS

Figure 48: MQG lending market share



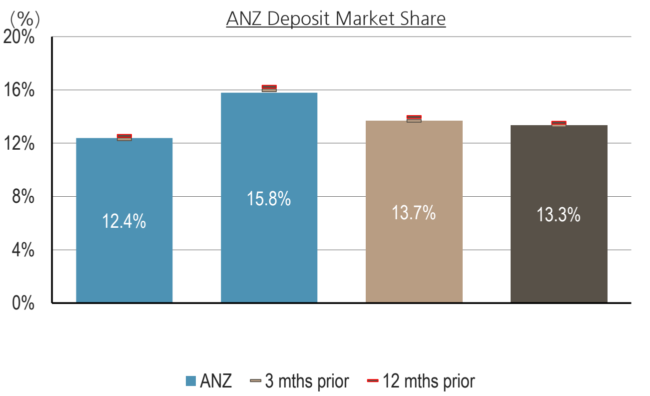
Source: APRA, UBS

Figure 49: MQG lending growth (%, 3mth)



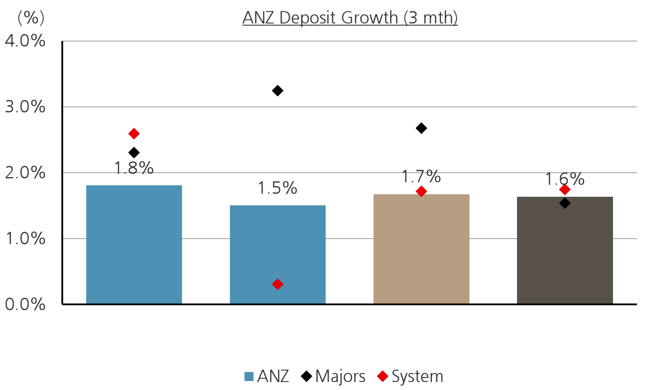
Source: APRA, UBS

Figure 50: ANZ deposit market share



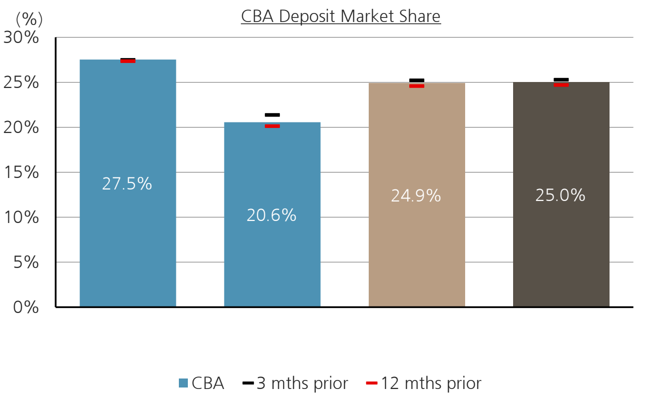
Source: APRA, UBS

Figure 51: ANZ deposit growth (%, 3mth)



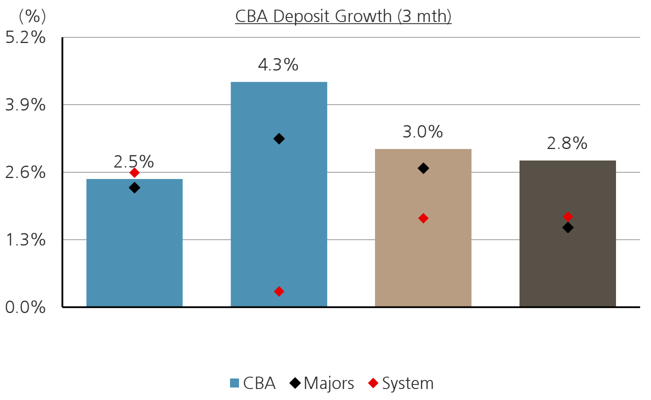
Source: APRA, UBS

Figure 52: CBA deposit market share



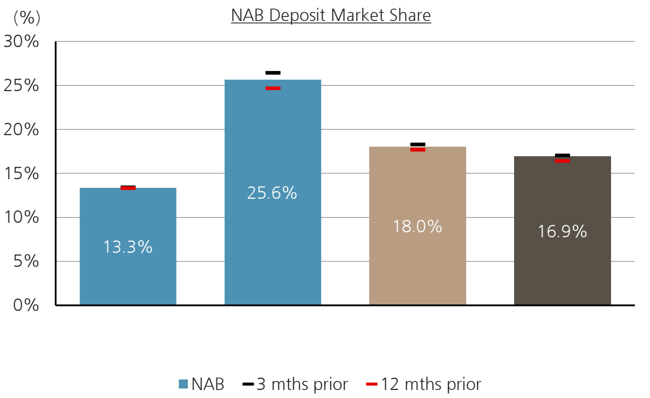
Source: APRA, UBS

Figure 53: CBA deposit growth (%, 3mth)



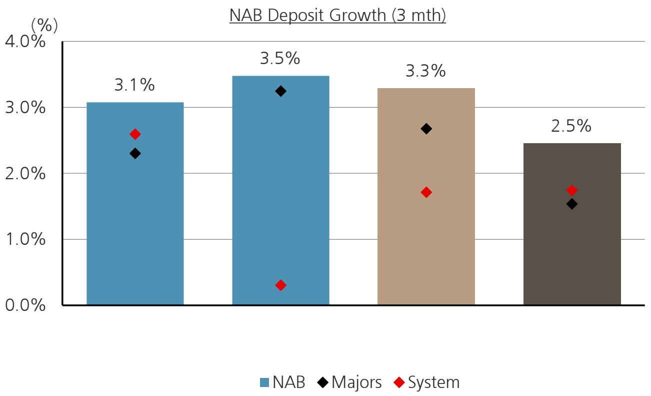
Source: APRA, UBS

Figure 54: NAB deposit market share



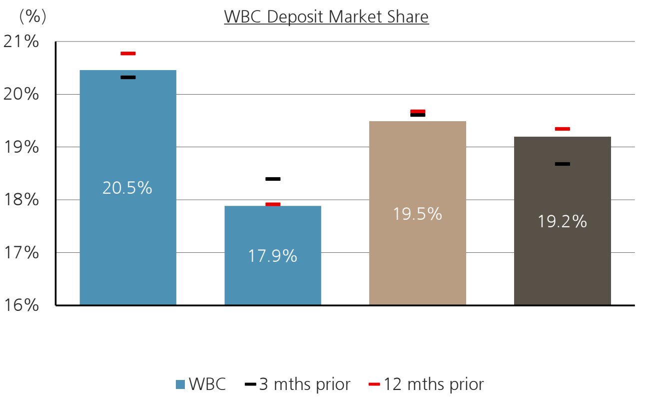
Source: APRA, UBS

Figure 55: NAB deposit growth (%, 3mth)



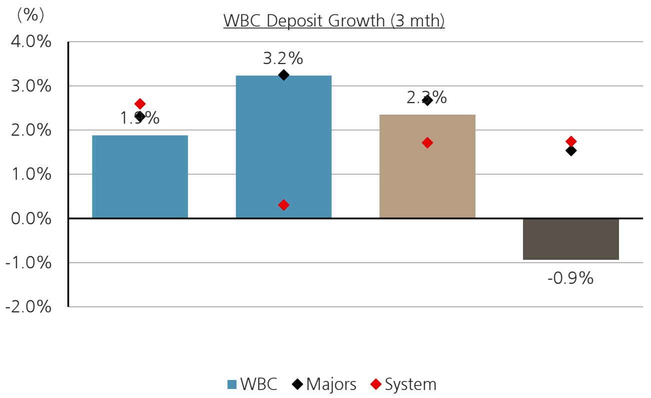
Source: APRA, UBS

Figure 56: WBC deposit market share



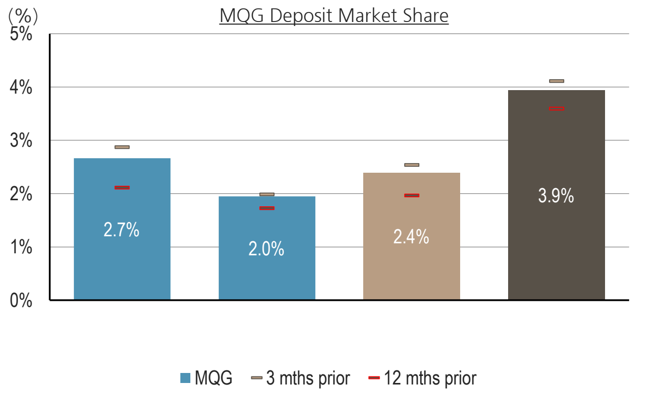
Source: APRA, UBS

Figure 57: WBC deposit growth (%, 3mth)



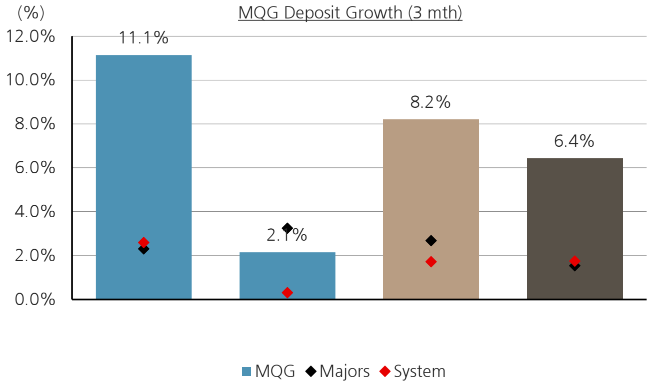
Source: APRA, UBS

Figure 58: MQG deposit market share



Source: APRA, UBS

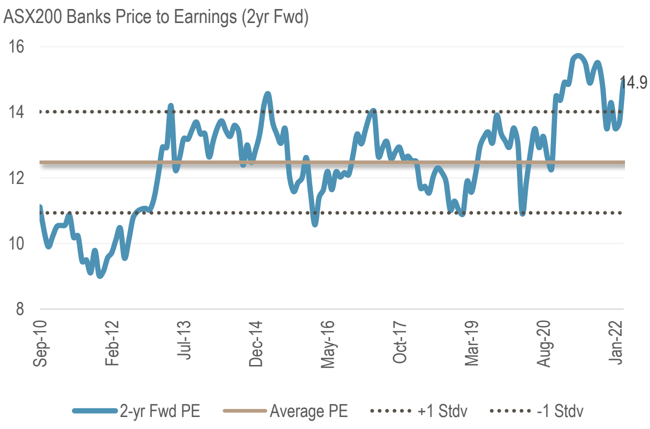
Figure 59: MQG deposit growth (%, 3mth)



Source: APRA, UBS

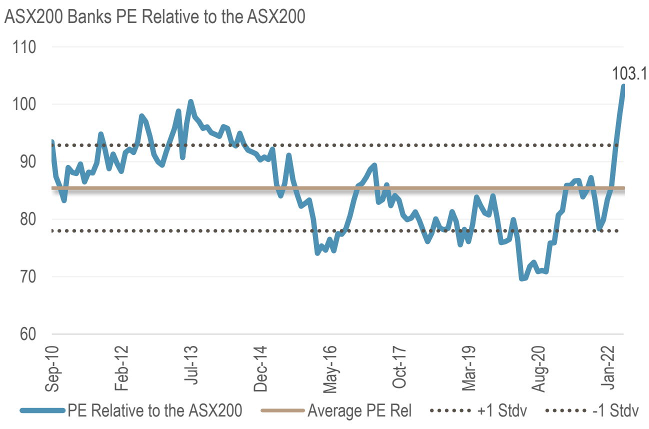
WHAT´S PRICED IN?

Figure 60: Price to Earnings (x) for Australian Banks Sector



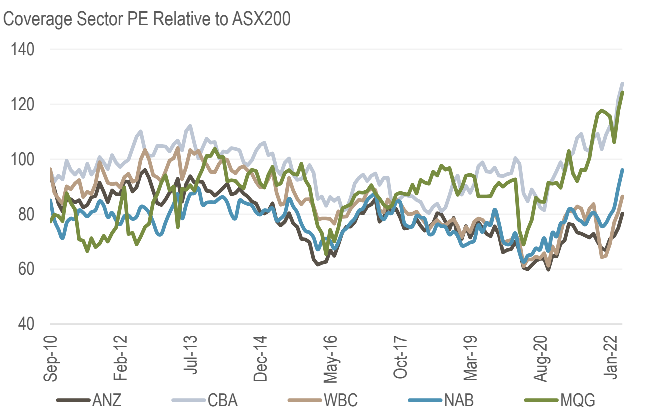
Source: Bloomberg, UBS

Figure 61: PE Relative to ASX200 (%) for Australian Banks Sector



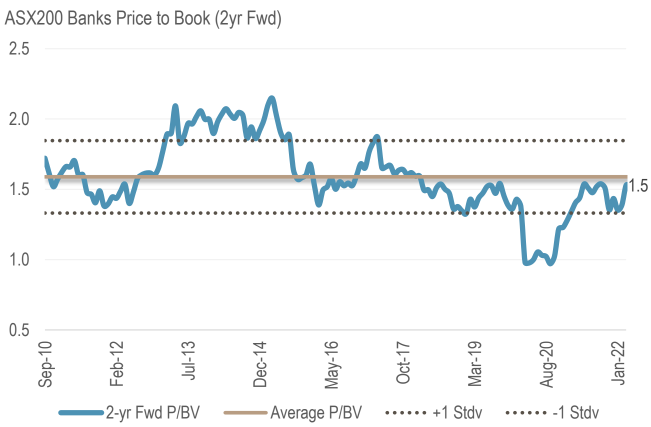
Source: Bloomberg, UBS

Figure 62: Sector PE Relative to ASX200 (%)



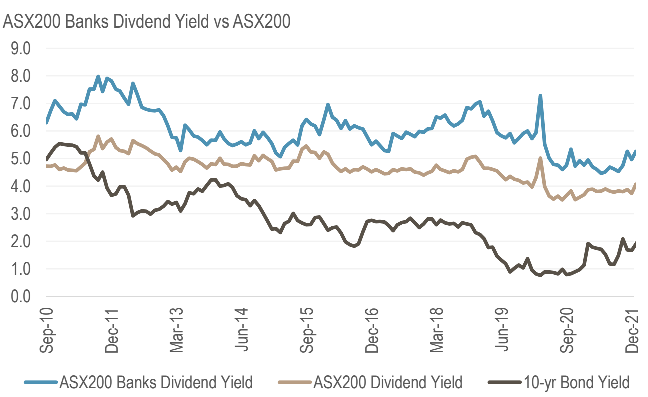
Source: Bloomberg, UBS

Figure 63: Price to Book (x) for Australian Banks Sector



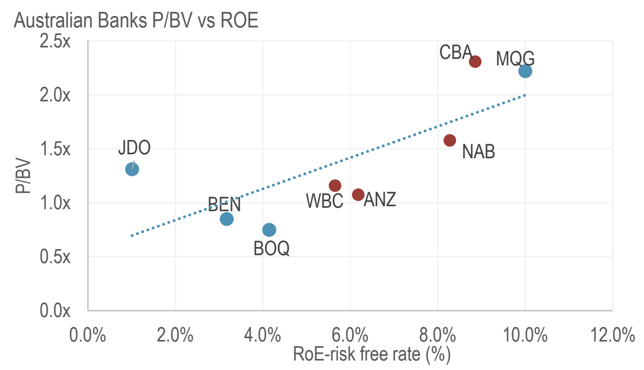
Source: Bloomberg, UBS

Figure 64: Dividend yields vs the market



Source: Bloomberg, UBS

Figure 65: ROE vs Price to Book for the Australian Banks



Source: Bloomberg, UBS

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Australian banks are large, highly leveraged financial institutions operating across a number of markets, and as such are subject to the risk of changes in the general business and economic conditions within these markets. A change in these conditions could include changes in interest rates, inflation, unemployment, monetary supply, exogenous shock, changes in foreign exchange rates, and the health of the general economy. The banks also face the risk of regulatory changes and increased competition which could affect the profitability of the sector. A key risk that financial institutions face is associated with extending credit to other parties. Less favourable business conditions could cause potential losses from loans to increase putting pressure on the group's capital. The bank sector also faces operational risk from operating such large and complex businesses. Our Bank valuations and price targets are based on a blend of our Gordon Growth and 2-Stage Economic Profit methodologies.

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12-Month Rating	Definition	Coverage[1]	IB Services[2]
Buy	FSR is > 6% above the MRA.	56%	32%
Neutral	FSR is between -6% and 6% of the MRA.	35%	28%
Sell	FSR is > 6% below the MRA.	8%	22%
Short-Term Rating	**Definition**	**Coverage[3]**	**IB Services[4]**
Buy	Stock price expected to rise within three months from the time the rating was assigned because of a specific catalyst or event.	<1%	<1%
Sell	Stock price expected to fall within three months from the time the rating was assigned because of a specific catalyst or event.	<1%	<1%

Source: UBS. Rating allocations are as of 31 March 2022.
1:Percentage of companies under coverage globally within the 12-month rating category.
2:Percentage of companies within the 12-month rating category for which investment banking (IB) services were provided within the past 12 months.
3:Percentage of companies under coverage globally within the Short-Term rating category.
4:Percentage of companies within the Short-Term rating category for which investment banking (IB) services were provided within the past 12 months.

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UBS Securities Australia Ltd: Benjamin Rothery, John Storey, CFA, Olivia Clemson.

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Company Name	Reuters	12-month rating	Price	Price date
Australia and New Zealand Banking Group[2,13,4,7,6a,5a,6b,5b,3b]	ANZ.AX	Buy	A$25.04	31 May 2022
Commonwealth Bank of Australia[2,4,7,6a,5a,3a]	CBA.AX	Neutral	A$104.36	31 May 2022
Macquarie Group[4,7,6a,6b]	MQG.AX	Neutral	A$185.98	31 May 2022
National Australia Bank[2,4,7,6a,5b]	NAB.AX	Neutral	A$31.26	31 May 2022
Westpac Banking Corporation[2,4,7,18,6a,5b]	WBC.AX	Buy	A$23.87	31 May 2022

Source: UBS. All prices as of local market close. Ratings in this table are the most current published ratings prior to this report. They may be more recent than the stock pricing date.

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3a. UBS Securities Australia Ltd is acting as Joint Lead Manager on an AT1 offering for Commonwealth Bank (CBA.AX) and will receive a fee for these services.

3b. UBS is acting as

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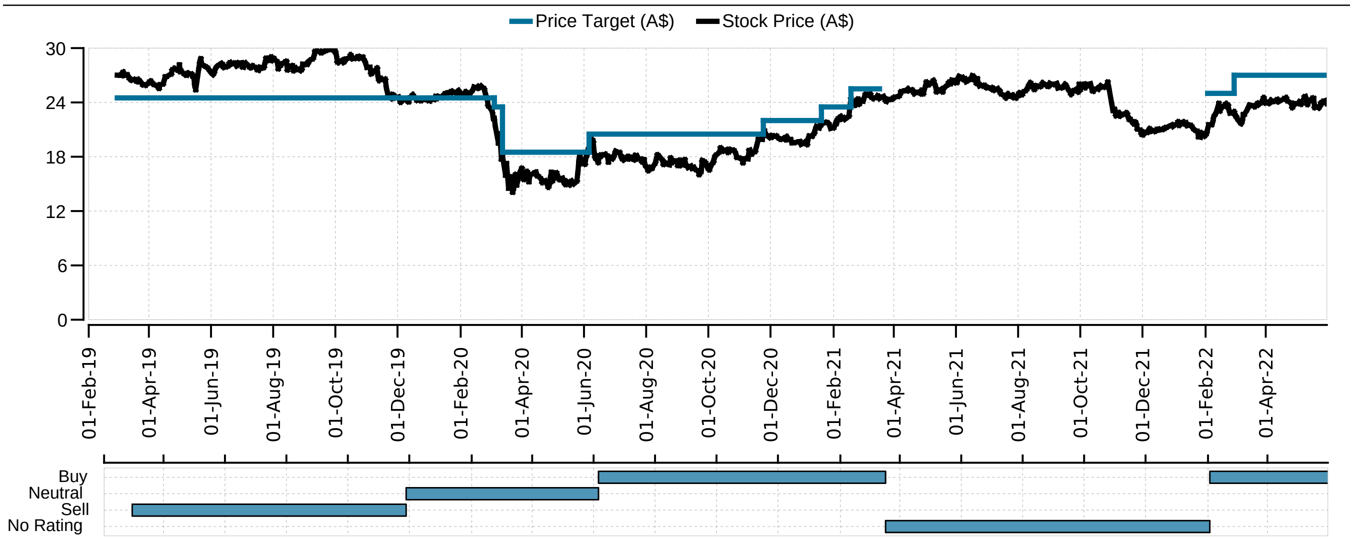
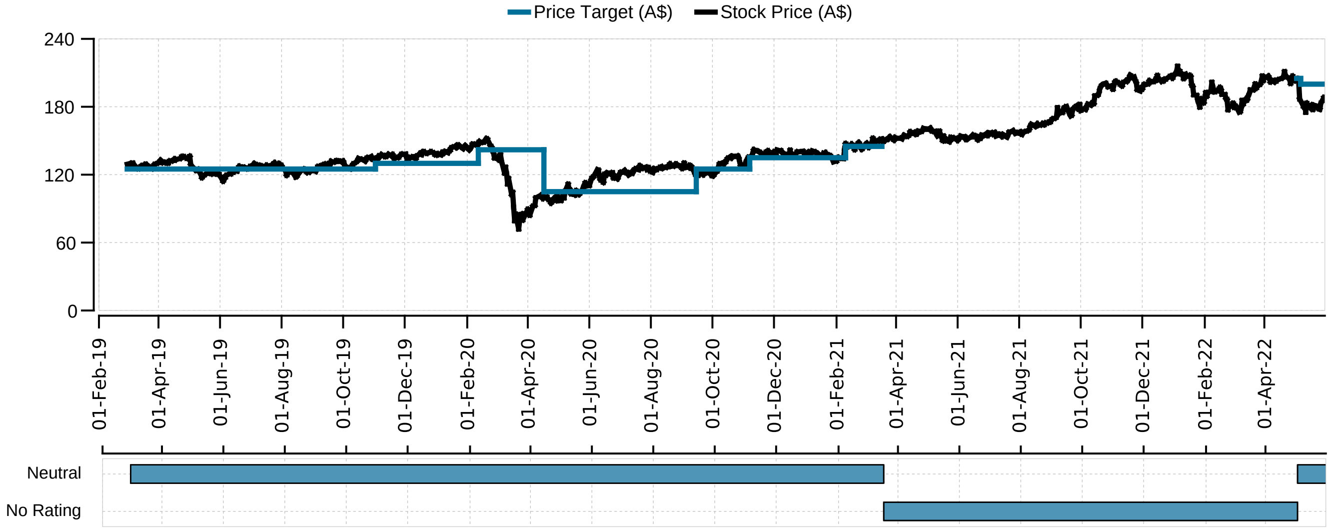
Westpac Banking Corporation (A$)



Date	Stock Price (A$)	Price Target (A$)	Rating
2019-02-28	26.96	24.50	Sell
2019-11-27	24.81	24.50	Neutral
2020-03-04	22.23	23.50	Neutral
2020-03-12	17.74	18.50	Neutral
2020-06-05	18.79	20.50	Buy
2020-11-23	19.93	22.00	Buy
2021-01-19	21.60	23.50	Buy
2021-02-17	23.54	25.50	Buy
2021-03-17	24.67	-	No Rating
2022-02-02	20.60	25.00	Buy
2022-02-28	22.81	27.00	Buy

Source: UBS;as of 31-May-2022. All prices as of local market close. Ratings as of date shown.

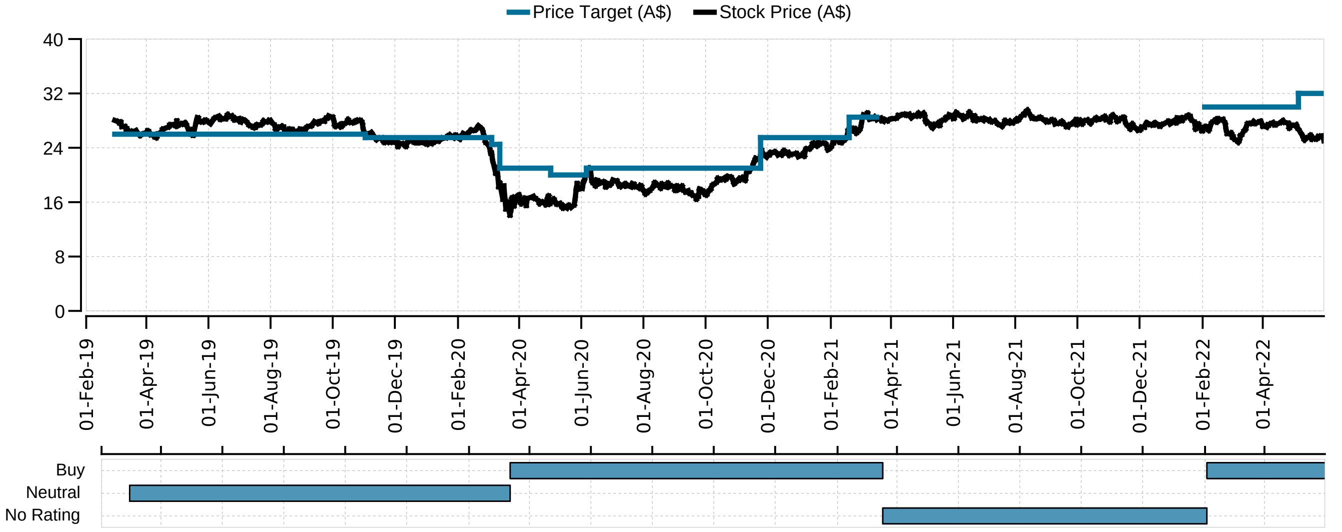
Macquarie Group (A$)



Date	Stock Price (A$)	Price Target (A$)	Rating
2019-02-28	128.64	125.00	Neutral
2019-11-01	134.38	130.00	Neutral
2020-02-11	145.53	142.00	Neutral
2020-04-16	99.00	105.00	Neutral
2020-09-14	120.20	125.00	Neutral
2020-11-06	135.45	135.00	Neutral
2021-02-09	143.14	145.00	Neutral
2021-03-17	151.36	-	No Rating
2022-05-02	203.18	205.00	Neutral
2022-05-06	186.90	200.00	Neutral

Source: UBS;as of 31-May-2022. All prices as of local market close. Ratings as of date shown.

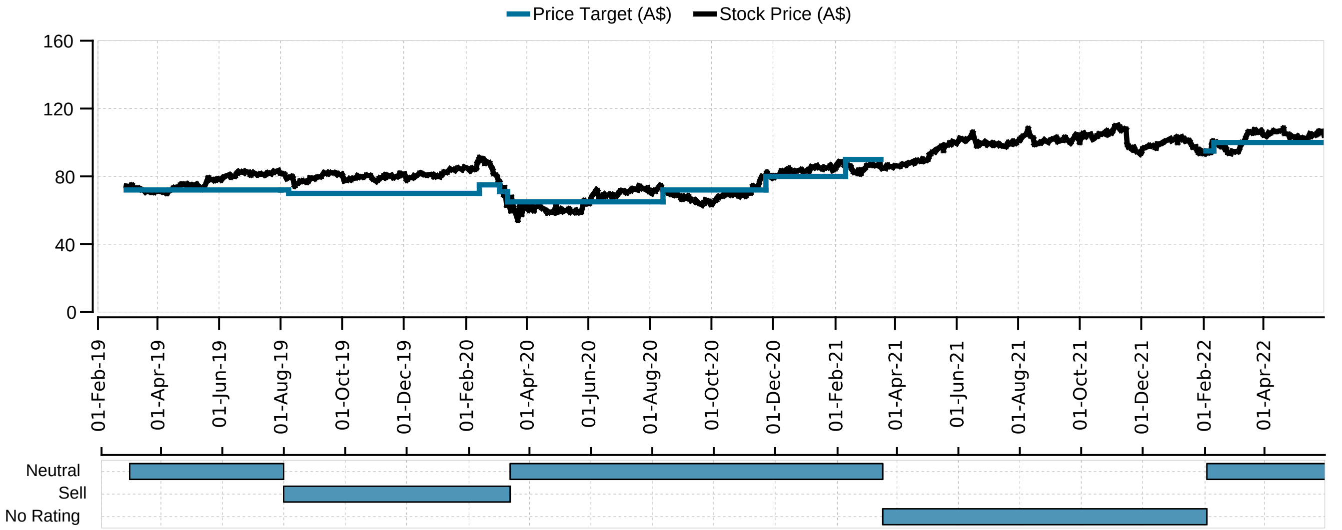
Australia and New Zealand Banking Group (A$)



Date	Stock Price (A$)	Price Target (A$)	Rating
2019-02-28	28.00	26.00	Neutral
2019-11-01	26.19	25.50	Neutral
2020-03-04	23.21	24.50	Neutral
2020-03-12	18.26	21.00	Buy
2020-05-01	15.75	20.00	Buy
2020-06-05	19.77	21.00	Buy
2020-11-23	22.28	25.50	Buy
2021-02-18	26.55	28.50	Buy
2021-03-17	28.37	-	No Rating
2022-02-02	26.89	30.00	Buy
2022-05-05	26.91	32.00	Buy

Source: UBS;as of 31-May-2022. All prices as of local market close. Ratings as of date shown.

Commonwealth Bank of Australia (A$)

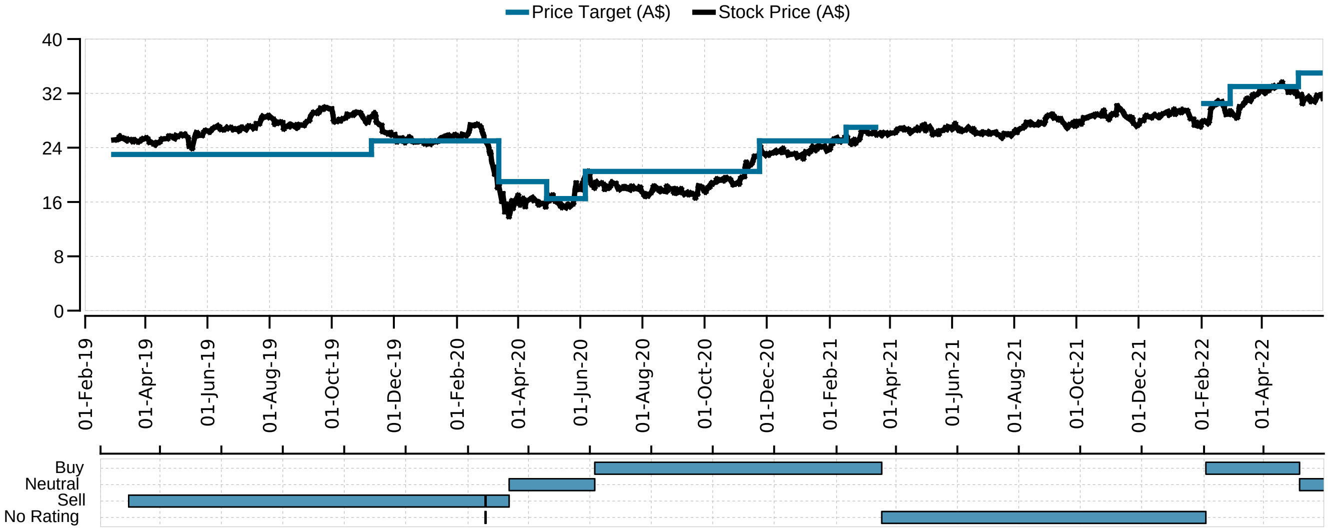


Date	Stock Price (A$)	Price Target (A$)	Rating
2019-02-28	73.95	72.00	Neutral
2019-07-31	82.30	72.00	Sell
2019-08-08	78.96	70.00	Sell
2020-02-13	88.73	75.00	Sell
2020-03-04	77.11	71.00	Sell

Date	Stock Price (A$)	Price Target (A$)	Rating
2020-03-12	63.11	65.00	Neutral
2020-08-13	72.43	72.00	Neutral
2020-11-23	79.60	80.00	Neutral
2021-02-10	86.12	90.00	Neutral
2021-03-17	87.11	-	No Rating
2022-02-02	94.74	95.00	Neutral
2022-02-10	100.78	100.00	Neutral

Source: UBS;as of 31-May-2022. All prices as of local market close. Ratings as of date shown.

National Australia Bank (A$)



Date	Stock Price (A$)	Price Target (A$)	Rating
2019-02-28	25.13	23.00	Sell
2019-11-08	28.47	25.00	Sell
2020-02-17	27.28	-	No Rating
2020-02-18	27.28	25.00	Sell
2020-03-12	18.13	19.00	Neutral
2020-04-28	15.32	16.50	Neutral
2020-06-05	19.48	20.50	Buy
2020-11-23	22.74	25.00	Buy
2021-02-16	25.56	27.00	Buy
2021-03-17	26.24	-	No Rating
2022-02-02	27.87	30.50	Buy
2022-02-28	28.94	33.00	Buy
2022-05-06	31.62	35.00	Neutral

Source: UBS;as of 31-May-2022. All prices as of local market close. Ratings as of date shown.

Additional Prices: Bendigo and Adelaide Bank, A$10.42 (31 May 2022); Suncorp Group, A$11.35 (31 May 2022); Bank of Queensland, A$7.51 (31 May 2022); Source: UBS. All prices as of local market close.

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