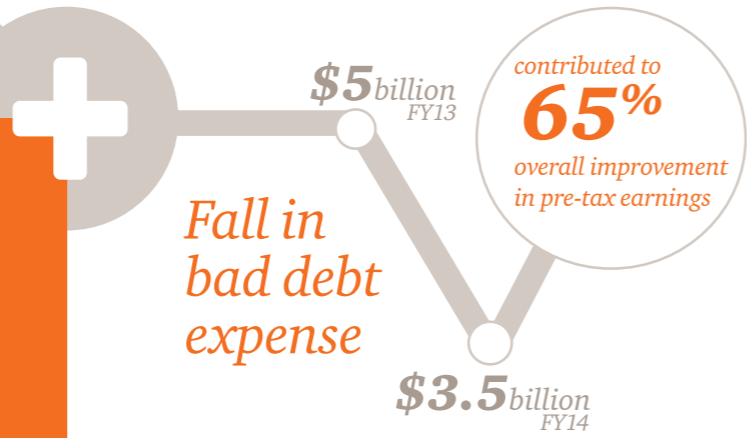
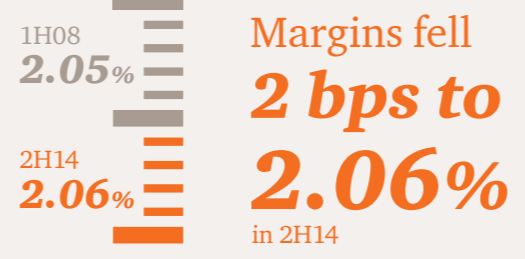


 Core earnings



an increase of **5.6%**

\$29 billion cash earnings for 2014



Major banks in a minute

\$36.7b Total expenses 

Operational efficiency of 43.4% (modest 20bps improvement over FY13)

Growth outlook

Banks will continue to deliver moderate profit growth in coming years but Australian banking could be on the cusp of disruption, as the G20, the Financial System Inquiry and transformational technological shifts begin to shape a different future



 **7%** increase in bank loans most noticeably from business and housing lending

 **5.4%** Best credit growth since February 2009. 5.4% is the strongest since February 2009 when the full impact of the GFC began to really crimp demand

Investment spend (\$4.7b) down 1.3% yoy, reflecting fewer large infrastructure projects

Good news

Growth in business credit **3.8%**

Housing credit is up **6.8%**

Mortgage borrowing is being driven by an expectation that house prices will continue to rise in low interest rate environment

Investment property loans grew **9.5%** up on last year's 6.0%

Owner occupier housing loans were up **5.5%** compared with 4.3% last year

\$1.2b Banks spent \$1.2b on risk and regulatory compliance projects

\$2.2b Banks spent \$2.2b on productivity, digital innovation and transformation projects to drive growth

 Banks are no longer funding all new lending through deposits

Stimulating supply of housing

Private residential construction is up **9.1%**

G20  **FSI**

Rapid transformational shifts



Think big

Banks have started their journeys but it's time to be bold and accelerate change

