

Who's Leading the Deposit Funding War?

(15 July 2013 – Australia) NAB has the largest share of business deposits of all Big Four banks and has also re-asserted its position as the number one ranked lender to Australian businesses, according to the latest research from industry analysts East & Partners.

East's Deposit Funding and Debt Index (DFDI) measures bank market share of business and retail lending and deposits on a monthly basis. It also delivers leverage ratios across Micro, SME, Corporate and Institutional business segments. The index also delivers DFDI ratios for individual banks.

The June DFDI report shows that in terms of business deposits, NAB leads the market with a 23.9 percent market share followed by CBA (21.5 percent), Westpac (20.8 percent) and ANZ (13.7 percent). The analysis also shows that in the three years since May 2010, CBA has given up leadership of the business deposits market to NAB. CBA's market share fallen over that period from 24.1 percent to the current 21.5 percent.

Of the other major banks, Westpac's market share is at exactly the same level as it was in May 2010, while ANZ has slipped from 16.2 percent to 13.7 percent. Collectively, the Big Four's share of the business deposits market has fallen from 83.6 percent to 79.9 percent over the same period.

In business lending, NAB has the number one ranking with – coincidentally – a 23.9 percent market share, with CBA the number two ranked lender with 18.8 percent. ANZ has 16.9 percent and Westpac 16.0 percent.

A look back over DFDI reports to May 2010 shows that while NAB has grown its lending market share from 19.2 percent to 23.9 percent over that three year period, and is the main reason the Big Four's collective market share has increased from 71.2 percent to 75.6 percent over the three years.

East also looks at the retail lending and deposit markets in the DFDI report, which reveals that while NAB dominates the business markets, CBA is the main player in retail. According to the June DFDI, CBA enjoys a market leading 28.8 percent share of retail deposits, and 26.9 percent of retail lending.

Lachlan Colquhoun, Head of Markets Analysis at East & Partners, said the DFDI results delivered an invaluable insight into the competitive positioning among the Big Four in the critical deposits market.

"NAB has consistently been known as the main lender to business, but the DFDI also shows that it has fared very well in the deposit war among businesses as well," said Colquhoun.

"We also see CBA making major inroads into business deposits at the expense of ANZ, while Westpac's market share has been eroded by NAB."

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Business Deposits Market Share	May 2010	May 2011	May 2012	May 2013
ANZ	16.2	16.8	14.8	13.7
CBA	24.1	20.7	20.1	21.5
NAB	22.5	23.2	23.4	23.9
WBC	20.8	19.8	21.5	20.8

Business Lending Market Share	May 2010	May 2011	May 2012	May 2013
ANZ	17.5	17.1	17.5	16.9
CBA	19.1	18.3	17.3	18.8
NAB	19.2	22.8	23.9	23.9
WBC	15.4	14.8	16.1	16.0

Business DFDI Ratios	May 2010	May 2011	May 2012	May 2013
ANZ	0.74	0.85	0.71	0.65
CBA	1.00	0.98	0.98	0.92
NAB	0.94	0.88	0.82	0.80
WBC	1.07	1.15	1.12	1.04

Retail Deposits Market Share	May 2010	May 2011	May 2012	May 2013
ANZ	13.9	14.3	14.7	15.0
CBA	31.3	30.3	28.9	28.8
NAB	13.4	14.1	14.4	14.5
WBC	23.6	22.8	22.6	22.9

Retail Lending Market Share	May 2010	May 2011	May 2012	May 2013
ANZ	15.5	15.6	15.9	16.1
CBA	28.5	27.8	27.3	26.9
NAB	15.7	16.6	16.9	16.9
WBC	27.0	26.6	25.6	25.0

Retail DFDI Ratios	May 2010	May 2011	May 2012	May 2013
ANZ	0.39	0.40	0.43	0.44
CBA	0.48	0.48	0.49	0.51
NAB	0.37	0.37	0.39	0.41
WBC	0.38	0.38	0.41	0.44

About the East & Partners Deposit Funding & Debt Index

East & Partners' monthly Deposit Funding and Debt Index (DFDI) provides insightful research supporting the implementation of bank funding strategies within a constrained and competitive lending market. The industry benchmarks are based on monthly deposit and lending data released by the Australian Prudential Regulation Authority (ARPA). Capturing trending data across core deposit funding and lending metrics allows unique insights to be derived, including Business to Retail deposit volume ratios, Deposit and Lending Market Share, Rate triggers for deposit switching, Deposit churn levels and Tenure of term deposits.

Note: Business Depositor Segments

- › Institutional – A\$720 million plus
- › Corporate – A\$20-720 million
- › SME – A\$5-20 million
- › Micro – A\$1-5 million

For more information or for further interview based insights from East & Partners on this DFDI, please contact:

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