



The essential infrastructure: How Australian banks power the economy

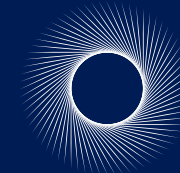
Australian Banking Association

JUNE 2026



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MANDALA

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Note: All dollar figures are Australian dollars unless indicated otherwise.

Most Australians rarely see what their banks do, yet they rely on them every day. The banking sector underpins the economy – driving economic activity, supporting businesses and communities and making home ownership achievable

Banks are the foundation of the economy....

\$1 = \$4.70

Every dollar of profit held by Australian banks **supports \$4.70 of economic activity**

\$110B

In economic activity generated in 2025 by loans issued through Australian banks

580,000

Jobs supported in 2025 by loans issued through Australian banks

65%

Of banks are owned by Australians, either directly or through their superannuation

They are behind every business and community...



SMB loans have grown 82% since 2020, while falling loan margins have made it cheaper for SMBs to access capital



Australian banks have issued over \$141B in loans to agribusinesses, supporting a 52% capital increase since FY19



In 2025, banks provided \$722M in community investment, hardship and disaster relief to support local communities

Banks are the driving force behind home ownership....

Banks support **65% of home buyers**, including supporting **670,000 first home buyers** over the last 5 years

In 2025, banks supported the construction of **~110,000 new homes through \$49B in construction funding**

Strong competition between banks has spurred refinancing activity, **saving households up to \$2,000 a year**

Behind the scenes, banks **helped over 280,000 customers experiencing hardship** to stay in their homes in FY25

Australian banks are the essential infrastructure that supports the economy, households and businesses across the country

Most Australians rarely see what their banks do, yet they rely on them every day. The banking sector underpins the economy – financing the businesses people work for, the homes they live in, and the food they buy. This report sets out what that essential infrastructure delivers for the economy and for Australian households.

It starts with a foundation few people notice. Every dollar of profit that banks hold in regulatory capital directly expands their capacity to lend. In total, every \$1.00 of profit held by Australian banks as capital supports \$4.70 in economic activity, generating \$110 billion in output and supporting 580,000 jobs across the economy over 2025. Australian banks hold more capital today than at any point in the past two decades. Collectively, banks in Australia hold more capital than the Australian Prudential Regulation Authority (APRA) requires through their ‘unquestionably strong’ benchmark and roughly double pre-GFC levels.

Much of the value of banks flows back to households without them realising it. Together, Australian households own 65 per cent of banks. This is equivalent to \$470 billion in value, either directly through shares, or indirectly through their superannuation. This means that bank dividends accrue directly to

Australian households. The contribution extends to the public purse. Australian banks paid over \$10 billion in corporate income tax in FY24, making the banking sector the country’s highest payer as a share of taxable income and a major contributor to some of Australia’s largest social programs.

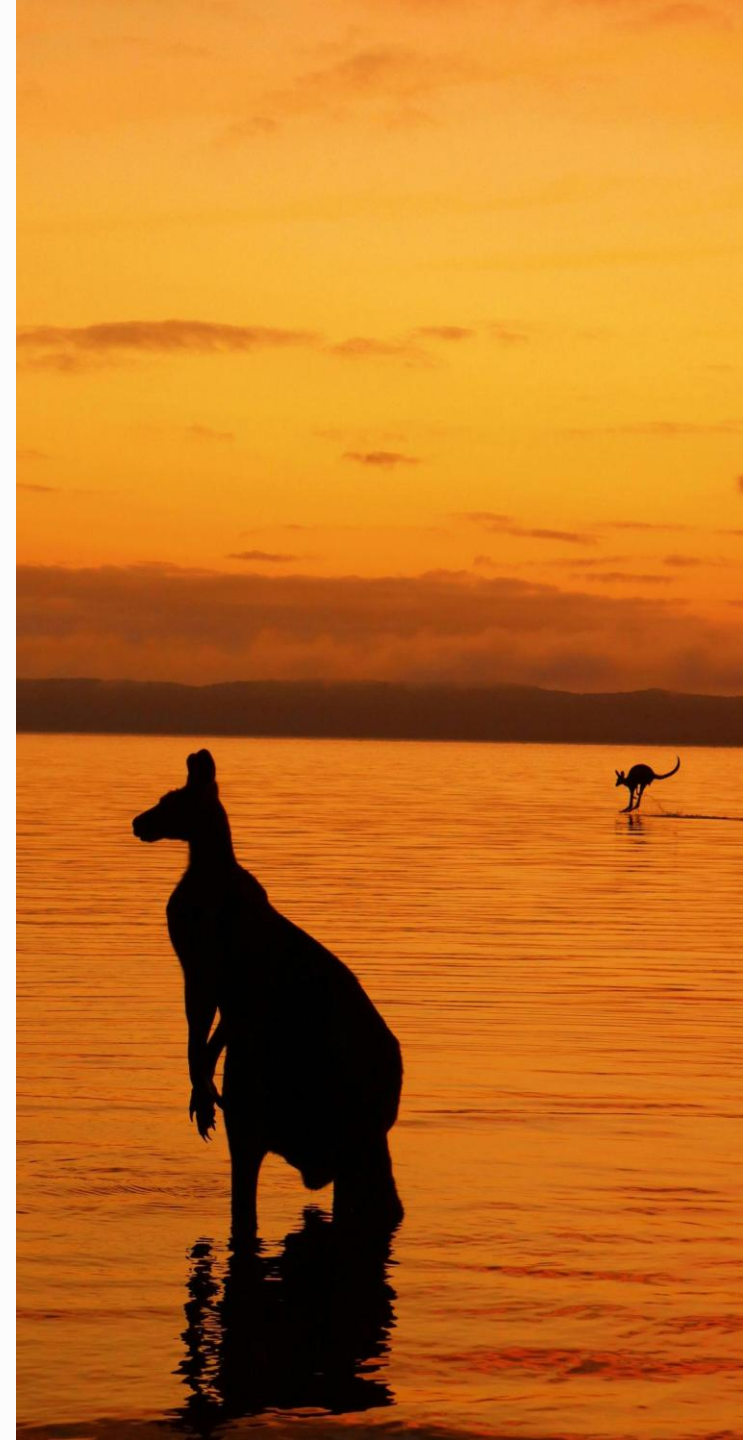
For small and medium businesses (SMBs), banks sit behind nearly every transaction. SMBs generate 55 per cent of national output, and banks are their primary source of external finance: over \$180 billion in new loans in 2025, with the value of SMB loans up 82% since 2020. Over the same period, SMB loan margins fell nearly 39 basis points – so SMBs are borrowing more, and on better terms. Banks are providing the finance, payment infrastructure and support that keep them running.

Australian banks have extended \$141 billion in outstanding loans to the agricultural sector, up 41 per cent since 2020, financing investment in land, equipment, and working capital across the country. This lending has coincided with a 52 per cent increase in capital held by Australian farms.

Banks work with local communities to provide support to recover from natural disasters and build resilience. In 2025 alone, banks provided over \$720 million in community support, hardship and disaster relief – equivalent to around 15 per cent of the total insurance payouts due to extreme weather events in the same year.

Perhaps most visibly, banks are the machinery behind home ownership. In FY25, 65 per cent of all property settlements, equivalent to 445,000 transactions, were completed with a bank loan. However, less visibly, banks are also a key source of new construction funding, providing \$49 billion in loans in FY25 to increase the supply of new homes, as well as helping Australians get a better rate through re-financing, and supporting over 280,000 Australians experiencing hardship to stay on top of their home loans.

The scale of Australia’s banking sector, its stability, its reach into every corner of the economy, and its role in the financial lives of Australians are not incidental features. They have arisen from sustained investment and a regulatory framework that has served Australia well. It is the essential infrastructure that underpins much of our economy.





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The profit retained by banks enables the issuance of loans which drives activity across Australia's economy

Profit enables banks to lend money which supports economic growth. Banks hold profit as capital which forms part of the base that they can issue loans directly against.

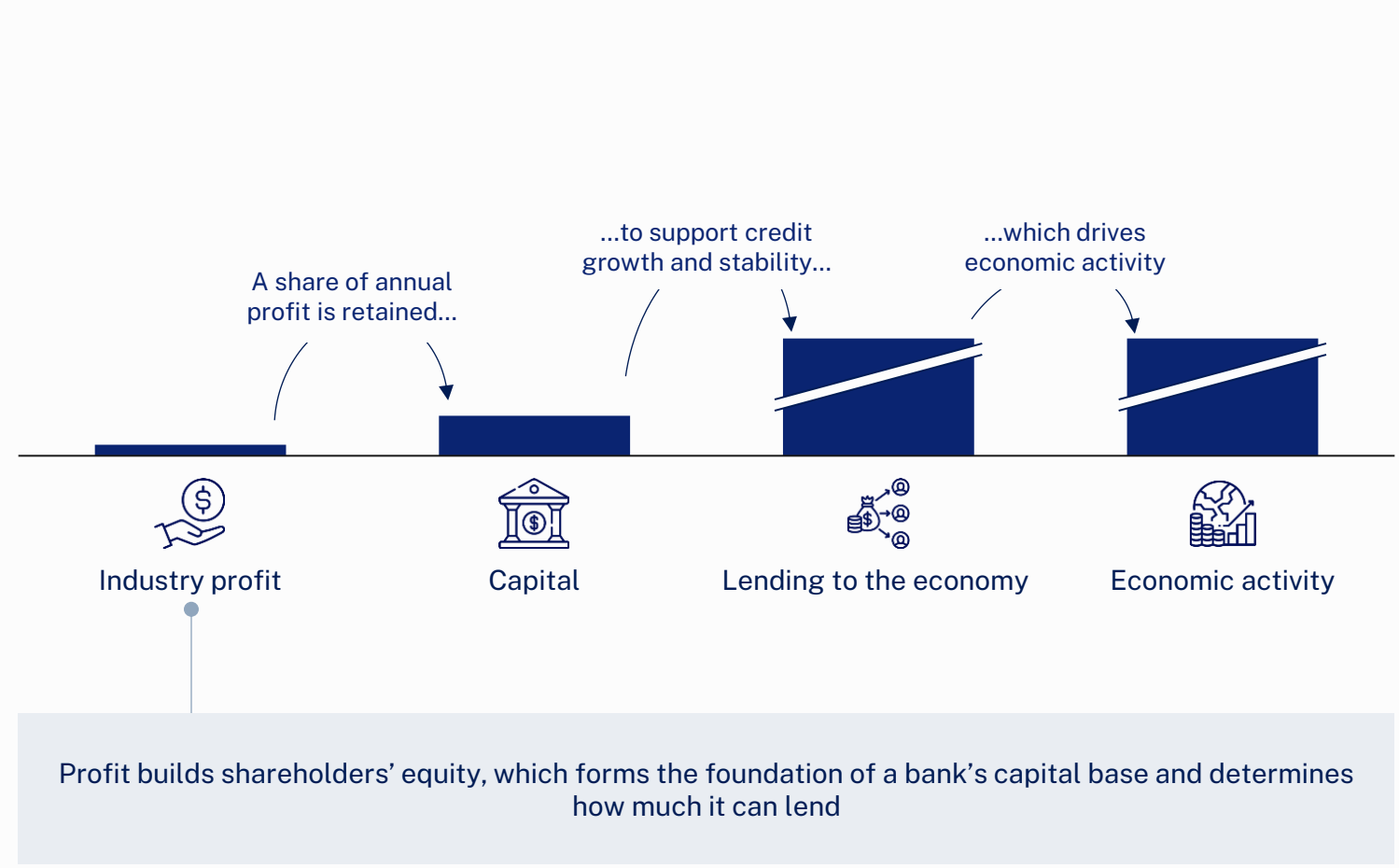
When a bank retains profit rather than paying it out as a dividend, that profit is added to a bank's Common Equity Tier 1 (CET1) capital. APRA requires major banks to maintain CET1 above 10.25 per cent of risk weighted assets.¹ The CET1 ratio determines how much a bank can lend.

Each loan a bank issues is assigned a risk weight that reflects its credit risk, and the sum of all loans multiplied by their respective risk weights produces a bank's Risk-Weighted Assets (RWA). A bank can extend credit up to the point at which its CET1 capital, divided by its total RWA, stays above the regulatory minimum. Australian banks currently hold a CET1 ratio of 12.3 per cent.²

Risk weights vary across different loan types. Standard owner-occupied residential mortgages carry relatively low risk weights, reflecting the security of the underlying asset and borrowers' strong repayment history. Business and personal loans often carry higher risk weights, as the probability of default and loss if default occurs is materially greater.

Note: 1. APRA (2021) *An Unquestionably Strong Framework for Bank Capital*. 2. APRA (2026) *Quarterly authorised deposit-taking institution statistics*. Source: Mandala analysis.

Relationship between profit, capital, lending capacity, and economic activity



Source: Mandala analysis.

Every \$1.00 of profit held by Australian banks as capital supports \$4.70 of economic activity

Every \$1.00 of profit that is held by Australian banks supports \$4.70 in total economic activity. This flows through three categories of lending: home loans, business loans, and personal loans. Each generates economic activity that extends beyond the initial transaction, captured through both the direct output in the sector receiving the loan and in the indirect effects through the supply chain.

Business lending is the largest contributor, generating \$3.40 of economic activity per dollar of profit held. When a firm draws a loan to invest or expand, it purchases inputs from other businesses, who in turn spend with their own suppliers. Additionally, the purchase of new plant and equipment helps support the expansion of business operations, delivering more output.

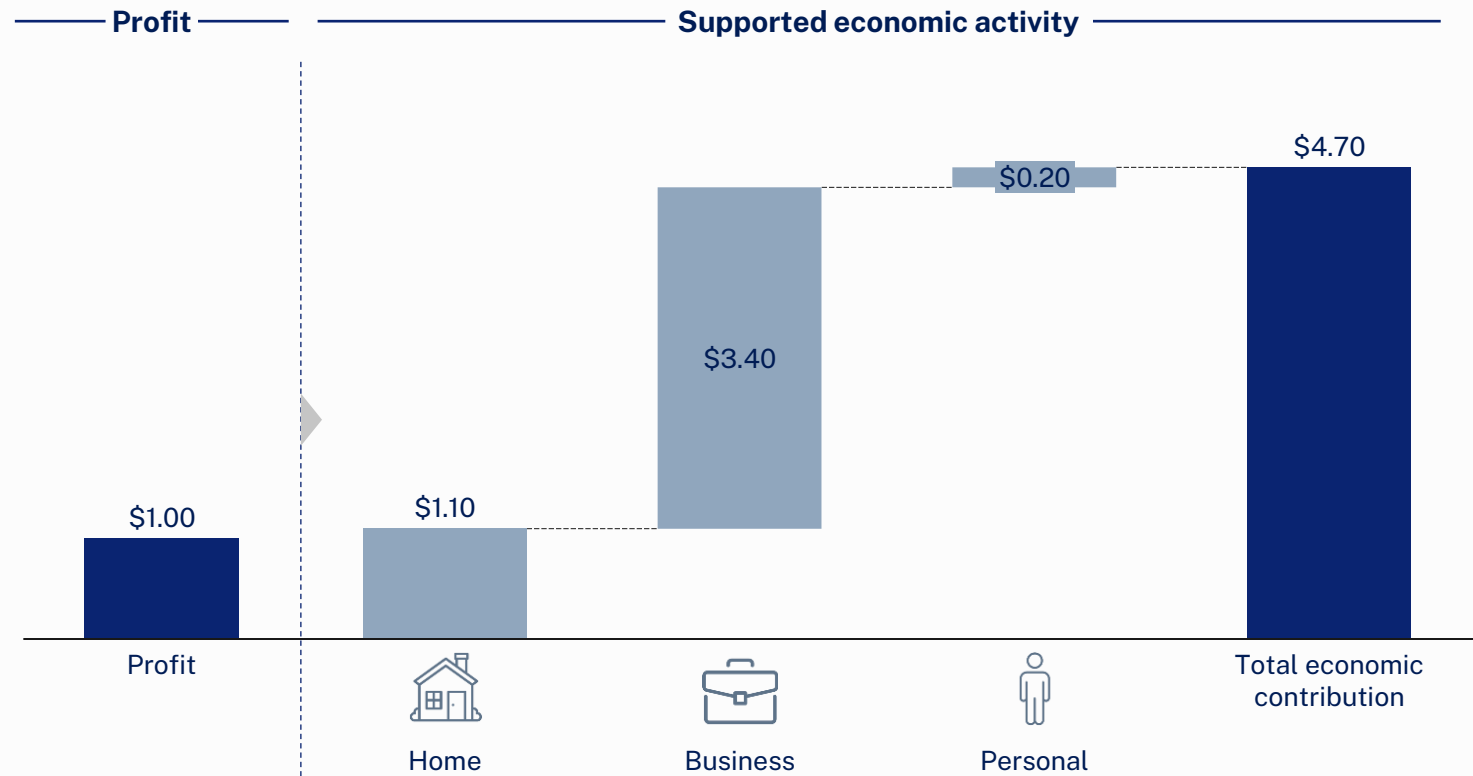
Home lending contributes \$1.10 per dollar of profit, driven primarily by residential construction. When a bank finances a home build, activity flows through to construction firms, building suppliers, and the tradespeople they employ. The contribution of home loans is relatively muted as most home loans are for the purchase of existing homes which generate limited economic activity, largely isolated to wealth transfer and transaction payments.

Personal lending contributes the remaining \$0.20 per dollar of capital through household consumption. The purchase of new cars and other vehicles is the primary driver behind the contribution to economic activity of personal loans.

Source: Mandala analysis.

Economic activity supported by bank profit¹

A\$, 2025

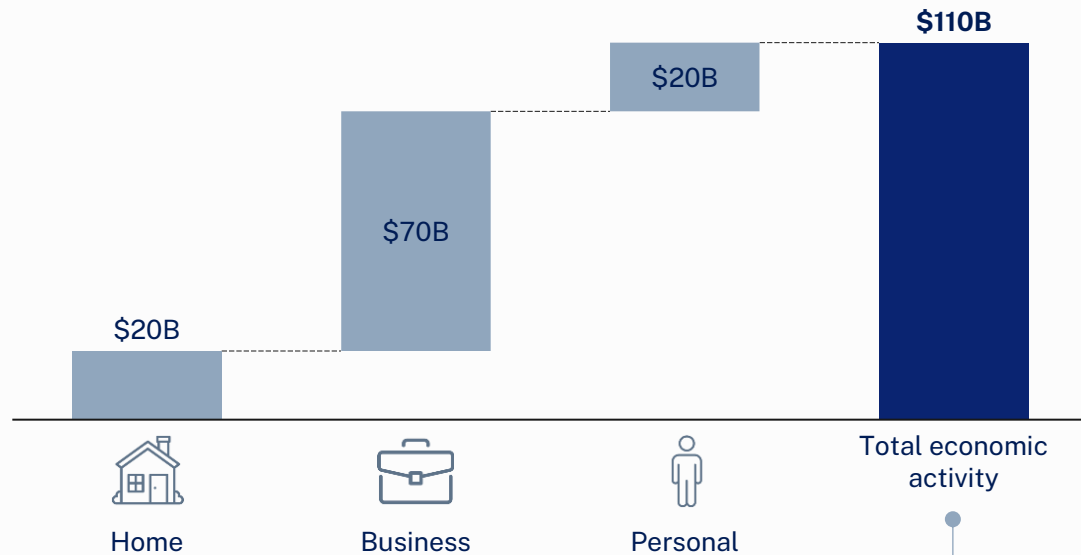


Note: 1. As of April 2026. RBA value of new loans issued used as proxies to disaggregate APRA value of outstanding loans.
 Source: APRA (2026) Quarterly authorised deposit-taking institution statistics; Australian Government (2025) Banking (prudential standard) determination No. 2 of 2025; APRA (2026) Monthly Authorised deposit-taking institution statistics; CBA (2025) Basel III Pillar 3; Westpac (2025) Pillar 3 Report; NAB (2025) Pillar 3 Report; ANZ (2025) Basel III Pillar 3 Disclosure; ABS (2026) Australian National Accounts: Input-Output Tables; Mandala analysis.

In 2025, loans issued by Australian banks generated \$110B in economic activity...

Economic activity of loans across the Australian economy

A\$, 2025



The total economic activity of loans is **roughly equivalent to Australia's hospital spend** over FY24¹

Note: 1. Australian Institute of Health and Welfare (2025) Health expenditure. Source: APRA (2026) Quarterly authorised deposit-taking institution statistics; APRA (2026) Monthly Authorised deposit-taking institution statistics; ABS (2026) Lending indicators; ABS (2026) Australian National Accounts: Input-Output Tables; Mandala analysis.

... and supported 580,000 jobs across the nation

Jobs supported by loans across the Australian economy

FTE, 2025



The total jobs supported by loans in Australia in 2025 is **equivalent to the total number of FTE teachers** across the country²

Note: 2. ACARA (2025) National Reporting on Schooling in Australia. Source: APRA (2026) Quarterly authorised deposit-taking institution statistics; APRA (2026) Monthly Authorised deposit-taking institution statistics; ABS (2026) Lending indicators; ABS (2026) Australian National Accounts: Input-Output Tables; Mandala analysis.

Australian households own 65% of all banks, either personally or through their superannuation

Australian households are the majority shareholders of Australian banks, owning 65 per cent of bank equity. As majority shareholders, Australians are the key beneficiaries of strong and profitable banks. When the banks perform well, banks return value to shareholders through capital growth and dividends.

More than 20 per cent of bank equity (worth \$160 billion) is held by Australians as personally-held investments (outside their superannuation). Personally-held investments include direct shareholdings and pooled investments including ETFs and mutual funds.

The remaining 45 per cent of bank equity that Australians hold sits within their superannuation (worth \$310 billion). \$215 billion is held through APRA-regulated superannuation funds and \$95 billion is held in self-managed superannuation funds (SMSFs).

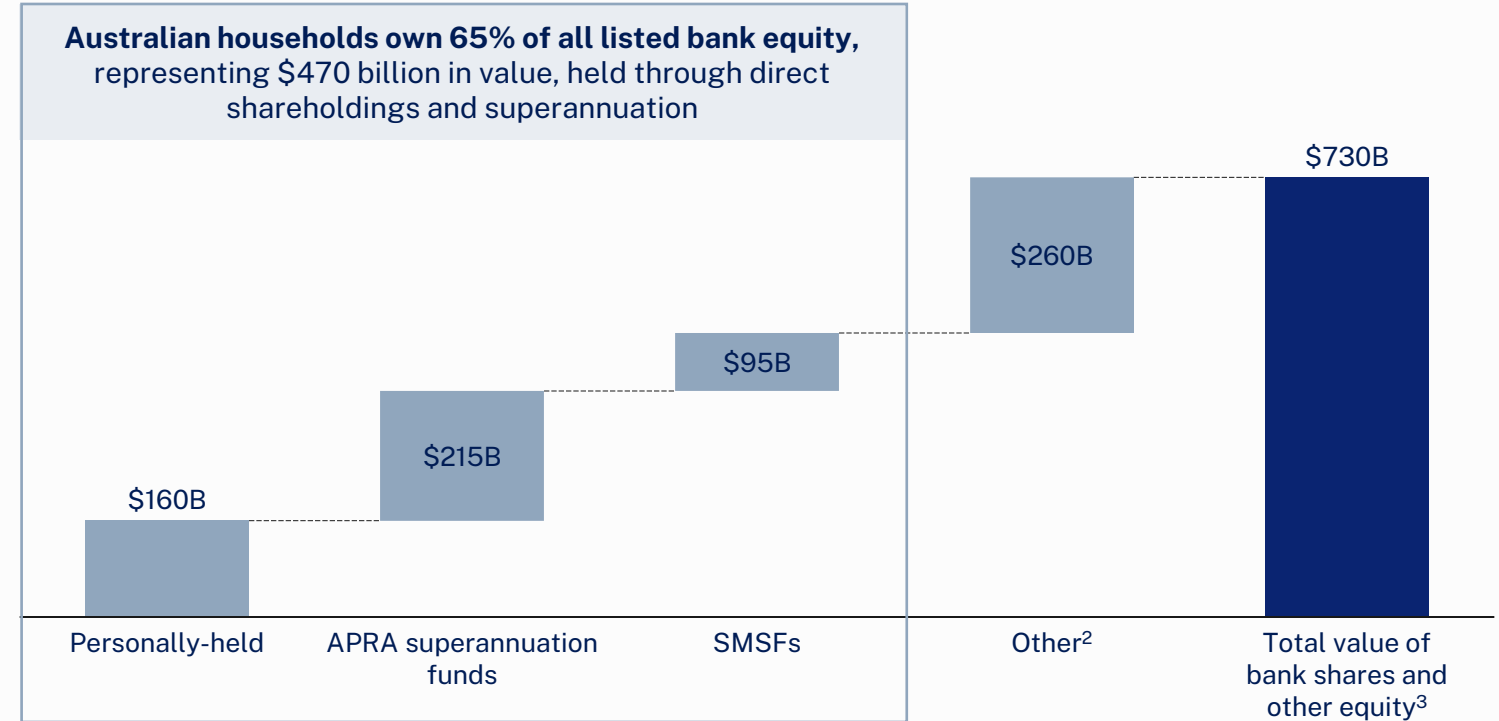
The 35 per cent of bank equity not owned by Australian households is owned by Australian businesses and international investors including pension funds, investment funds, individuals, businesses and governments.

The share of the banks owned by Australians has grown by nine percentage points over the last 10 years, up from around 56% in 2015.

Source: Mandala analysis.

Ownership of Australian banks¹

A\$, 2025



Note: 1. Represents the value of listed shares and other equity as of December 2025. Includes the value of direct listed shares and other equity held and the value of banks' equity held through non-money market funds. Numbers may not add to total due to rounding. 2. Includes public non-financial corporations, governments, other financial corporations, and rest of world investors. 3. Total value of amounts outstanding as of December 2025 of ADI listed shares and other equity.

Source: ABS (2026) *Australian National Accounts: Finance and Wealth*; Mandala analysis.

Australian households received a total of \$17.3B in dividend payments from banks over 2025

In 2025, Australian banks paid \$26.8 billion in total dividends. Of this, \$17.3 billion flowed to Australian households. This is equivalent to every Australian household receiving over \$1,600,¹ the same as an additional week's earnings for the average Australian.²

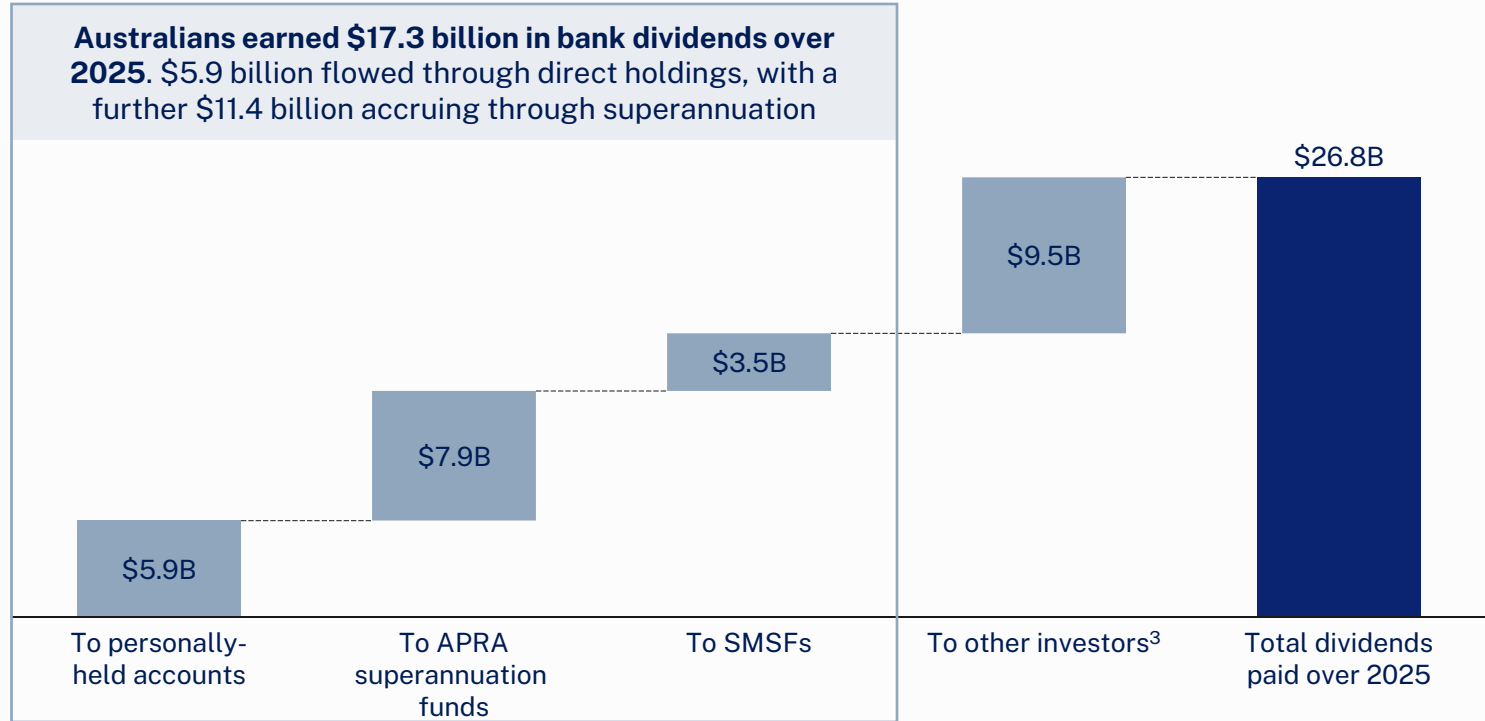
From the total dividends paid, \$5.9 billion was paid directly to personal investors through share holdings and market funds. A further \$11.4 billion flowed through superannuation, with \$7.9 billion in APRA-regulated funds and \$3.5 billion accumulating in SMSFs.

The channel through which dividends reach households depends on how they hold their bank equity. Direct shareholders receive dividend payments into their accounts, typically twice a year following bank reporting seasons. For superannuation holders, dividends are received by the fund and reinvested or held on behalf of members, building account balances over time, and growing the retirement security of average Australians.

Note: 1. Based on the average weekly total cash earnings of all persons from ABS (2026) *Employee Earnings and Hours*. 2. Based on 2026 series II estimates of housing projections from ABS (2024) *Household and Family Projections, Australia*. Source: Mandala analysis.

Dividend from Australian banks by recipients

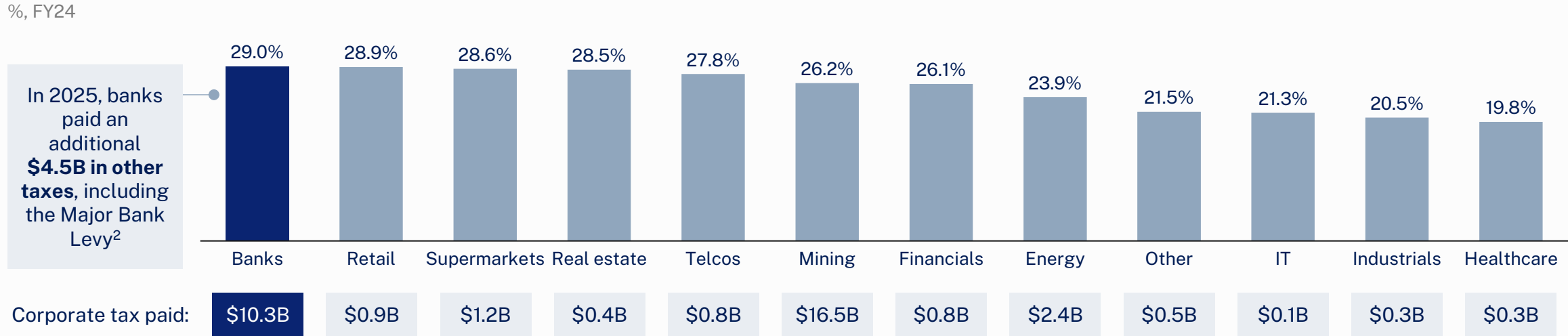
A\$, 2025



Note: 3. Includes public non-financial corporations, governments, other financial corporations, and rest of world (international) investors. Source: ASX (2026) *Company Directory*; Mandala analysis.

Banks paid the highest corporate tax rate, after deductions, at 29%

Net corporate tax rate by Australia's top 50 companies¹



Banks paid a total of \$10.3 billion in corporate tax in FY24, equivalent to:

- 1.5 times the Federal Government's expenditure on rent assistance in FY26³**
- 13 times the amount of emergency payments made through Services Australia in FY26⁴**
- the annual salary of 127,000 nurses⁵**

Note: 1. As reported by the ATO Annual Entity Tax Information. Figures represent the total corporate tax payable as a share of total taxable income, calculated for the 50 largest ASX-listed companies by market capitalisation by industry. Tax payable is determined by multiplying the taxable income by 30% corporate tax rate and then deducting tax offsets and credits, such as R&D incentives and franking credits. Excludes agriculture and utilities industries. Numbers only reflect the share of corporate tax paid and excludes other sector-specific taxation such as PRRT. 2. Includes major bank levy, unrecoverable GST, payroll tax, and levies from AUSTRAC, AFCA, ASIC, APRA, and CSLR from ABA (2026) *The Contribution Gap*. 3. Based on total cash actual for Rent Assistance programs from Budget (2026) *Portfolio Budget Statement*. 4. Based on payment made through Services Australia in FY25 from Budget (2026) *Budget Paper No.4*. 5. Based on the midpoint of reported average national salary of nurses according to Victoria University (2026) *Average nurse salaries across Australian states*.
 Source: ATO (2025) *2023-24 Report of Entity Tax Information*; Mandala analysis.



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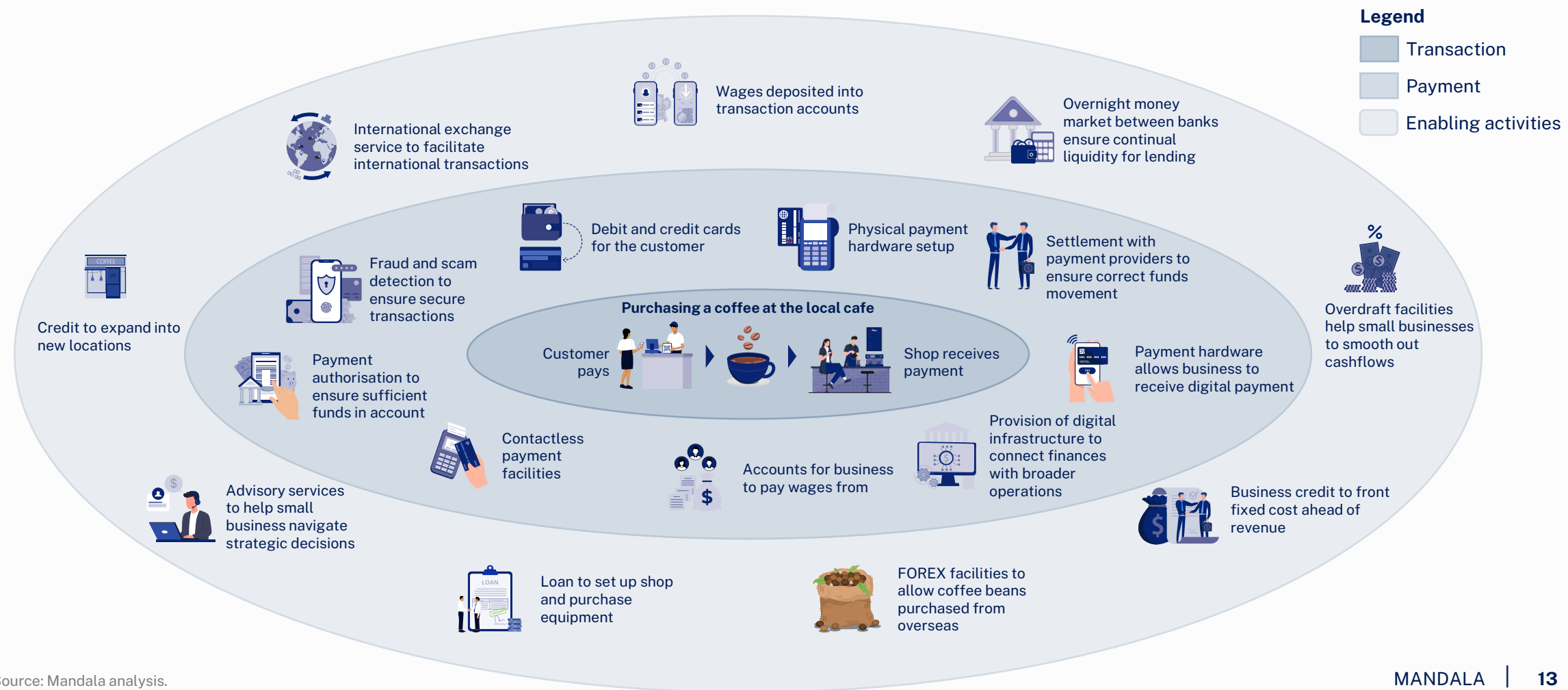
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Small and medium businesses rely on banks not just for credit, but across the full range of functions that keep them operating and growing

Range of bank functions that support SMBs (non-exhaustive) – example of a cafe



Source: Mandala analysis.

Westpac worked closely with small business customers following the Queensland floods to deliver meaningful and tailored support

Following severe flooding in Queensland, a business customer operating a major festival group faced serious financial pressure and cash flow challenges after being forced to cancel an upcoming event and issue urgent refunds to ticket holders.



The customer approached their local branch, but despite holding substantial funds in term deposits with the bank, releasing them fell outside standard authority levels and hardship-support limits.



The case was escalated to the Business Bank, which partnered with the branch to provide clear, step-by-step guidance — releasing the funds while maintaining required controls.



The term deposit was released, enabling the customer to meet refund obligations, protect their reputation, and stabilise the business through a critical period.

Source: Westpac; Mandala analysis.



Small and medium businesses account for 55% of Australia’s economic activity, delivering over \$1 trillion of output

Small and medium businesses (SMBs) are a critical part of the Australian economy. In FY24, there were more than 2.7 million SMBs operating across Australia, spanning every sector and region. SMBs accounted for 55 per cent of total business output, contributing over \$1 trillion.

Small businesses, those with fewer than 20 employees, generated the majority of SMB output, delivering 32 per cent of total output, or \$596 billion, in FY24. Medium businesses, those with between 20 and 199 employees, accounted for 23 per cent of total output, or \$416 billion.¹

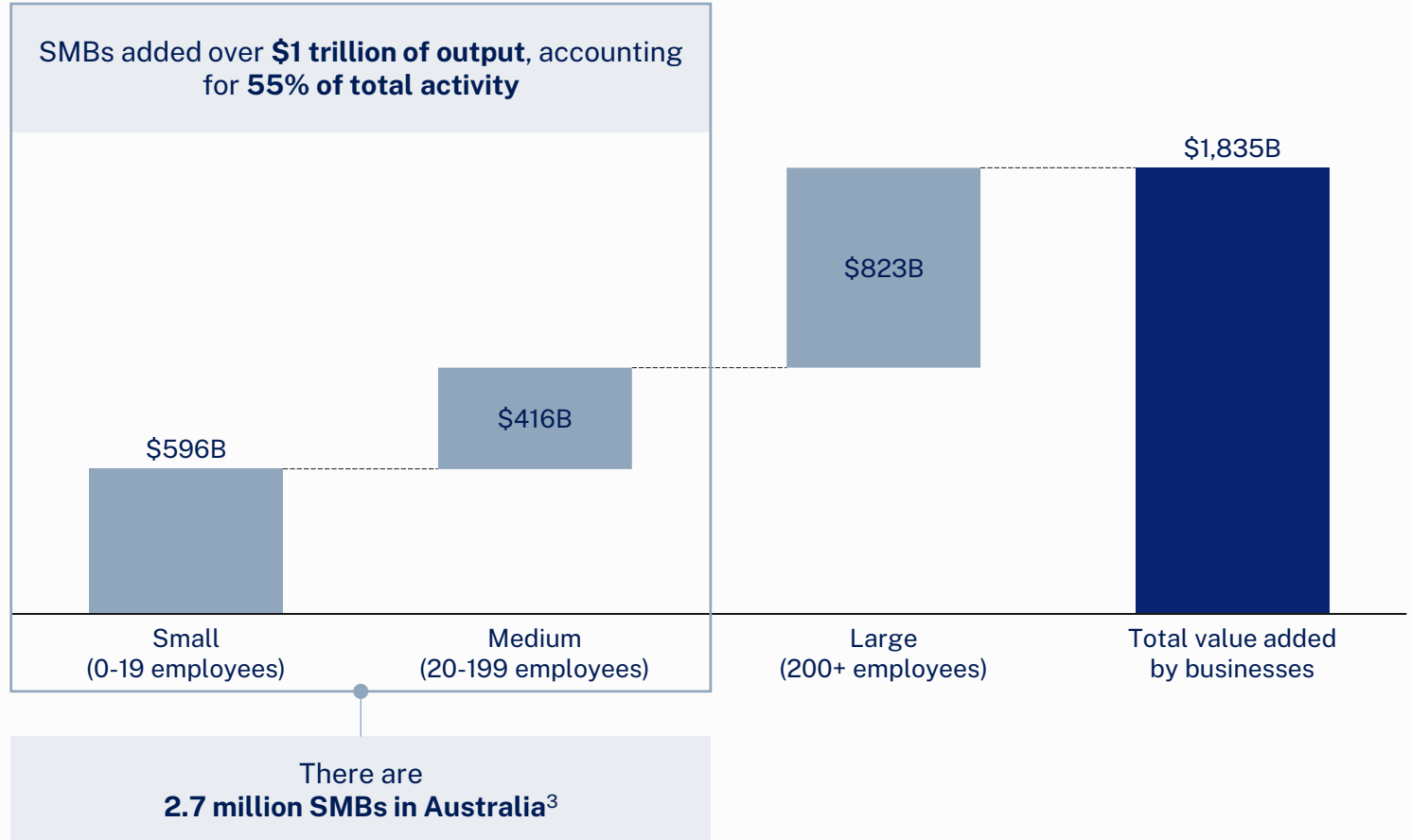
Professional, scientific and technical services and construction were the largest contributing SMB industries, each delivering over \$140 billion in output. Rental, hiring and real estate services was the third largest SMB industry, with over \$90 billion. The remaining industries delivered \$640 billion in total over FY24.

Large businesses accounted for the remaining 45 per cent of output, delivering the single largest share at \$823 billion.

Note: 1. ASBFEO (2026) Contribution to Australian Gross Domestic Product. Source: Mandala analysis.

Output by Australian businesses by size²

A\$, FY24, measured as gross value added



Note: 2. Excludes financial and insurance services. 3. Excludes businesses not employing. Source: Australian Small Business and Family Enterprise Ombudsman (n.d.) Contribution to Australian Gross Domestic Product; ABS (2026) Count of Australian Businesses; Mandala analysis.

Bank lending to SMBs has grown 82% over the past five years; far outpacing growth in large business lending

Bank lending to SMBs has grown strongly over the past five years, and at a faster rate than lending to large businesses. Since 2020, the value of new loans issued to SMBs has increased by 82 per cent, reaching \$184 billion in 2025.

This growth has been consistent across both small and medium businesses. New loan commitments to small businesses have grown by 60 per cent between 2020 and 2025, reaching \$60 billion, while medium business lending has nearly doubled, growing by 95 per cent to reach \$123 billion.

For SMBs, the majority of new loans were committed for the purchase of property, accounting for 39 per cent of new loans in 2025. General purpose operations was the second largest category of SMB loan issuance (21 per cent), followed by plant and equipment (17 per cent) and construction (11 per cent).

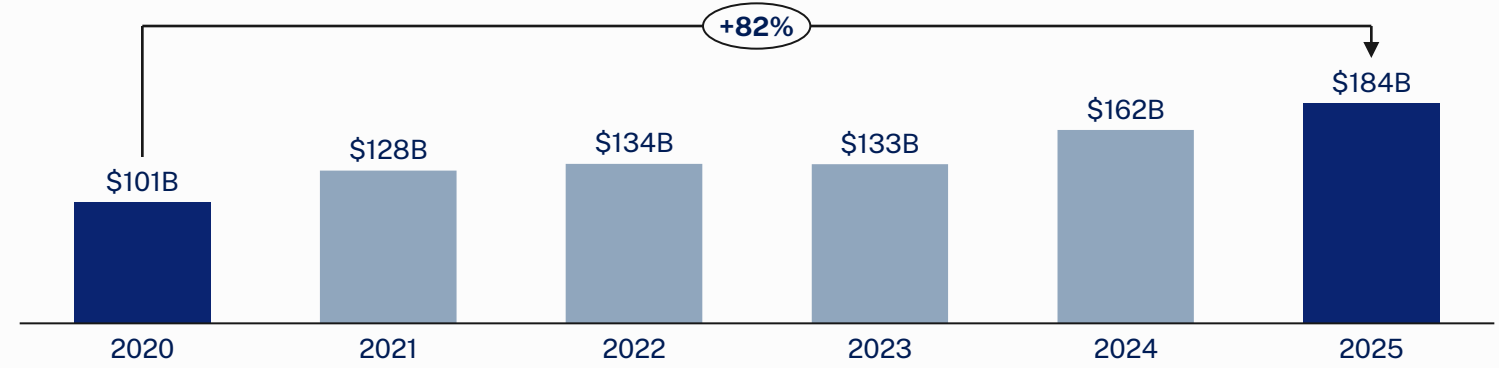
The value of new loans to large businesses has grown by a modest two per cent since 2020. The large business sector even experienced a decline through to 2023, with loans falling to \$58 billion, before recovering over the past two years to reach \$78 billion.

Source: RBA (2026) *Lending to Business D14.1*; ABS (2026) *Lending Indicators*; Mandala analysis.

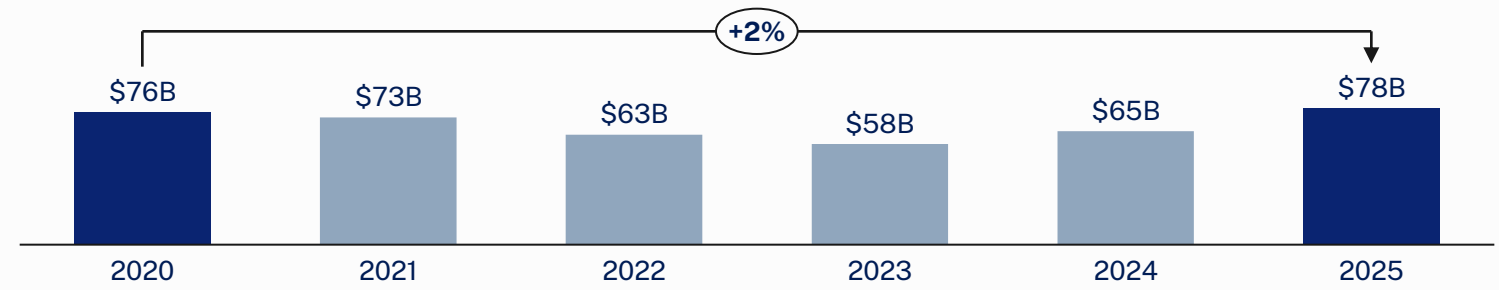
Value of new business loan commitments by business size¹

A\$, 2021-2025, real 2026 dollars

SMBs



Large businesses



Note: 1. Value of fixed term loans as reported by ABS (2026) *Lending indicators*. Source: Mandala analysis

At the same time, credit has become more affordable, as banks have cut their margins on SMB loans

The margin that Australian banks receive on SMB loans, measured against the RBA cash rate, has fallen by 39 basis points since 2021. This narrowing has been driven by stronger competition for small business lending, with more bank and non-bank lenders competing for SMB customers. For banks, this results in a lower income from interest repayments given their exposure to the cash rate.

For SMBs, reductions of this scale can translate into lower financing costs and more cash available for investment, growth and employment. A business carrying a \$500,000 loan at a margin 39 basis points lower than it would otherwise face saves approximately \$1,950 per year in interest costs, freeing up capital that can be reinvested into the business.

At the start of the interest rate hike cycle, the margin on SMB loans peaked at an additional 3.2 per cent above the cash rate in the September quarter of 2022. This dynamic was relatively short-lived, with the margin falling sharply over the subsequent year and returning to pre-hike levels by the same quarter in 2023.

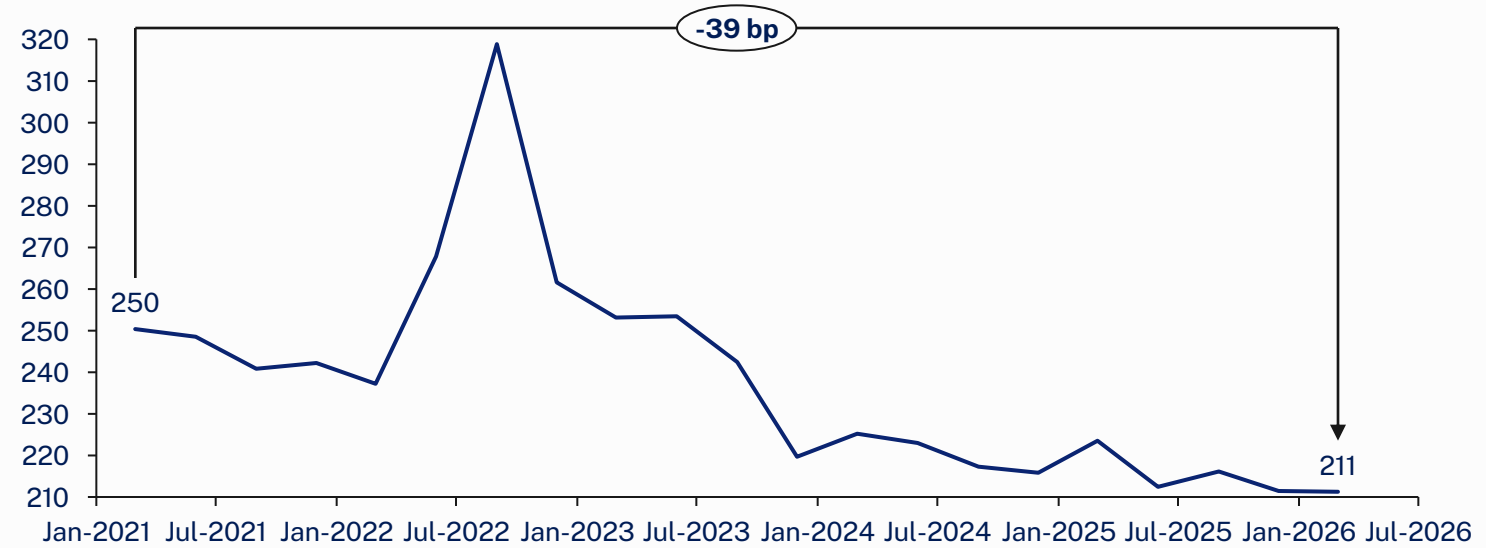
These lower borrowing costs support more investment, more employment, and stronger output from the segment of the economy that generates the majority of private sector activity.

Source: RBA (2025) Bulletin October 2025; Mandala analysis.

Lending rates to SMB against the cash rate¹

Average quarterly margin rate, 2021-2026, basis points

SMBs' interest rates have **fallen relative to the RBA's cash rate**



For an SMB with a \$500,000 loan, the reduction in margin equates to...

\$1,950

in interest repayments savings annually

>

This is equivalent to...



Two weeks of pay for a minimum wage employee²

Note: 1. Lending rate of new variable-rate loans against cash rate target. 2. Based upon the weekly minimum wage from Fair Work (2025) 2024-2025 Annual Wage Review. Source: RBA (2026) Statistical Tables; RBA (2026) Small business economic and financial conditions; Mandala analysis.

Bendigo Bank has invested heavily to support communities impacted by the 2026 bushfires in Victoria

Last year, Bendigo Bank's Foundation, in partnership with their Community Bank network, **raised \$150,000 in appeals for disasters** and **distributed more than \$750,000 to communities** impacted.

Bendigo Bank invested more than \$120,000 to support six recovery programs for the fire-impacted communities across Victoria.

The funding covered:

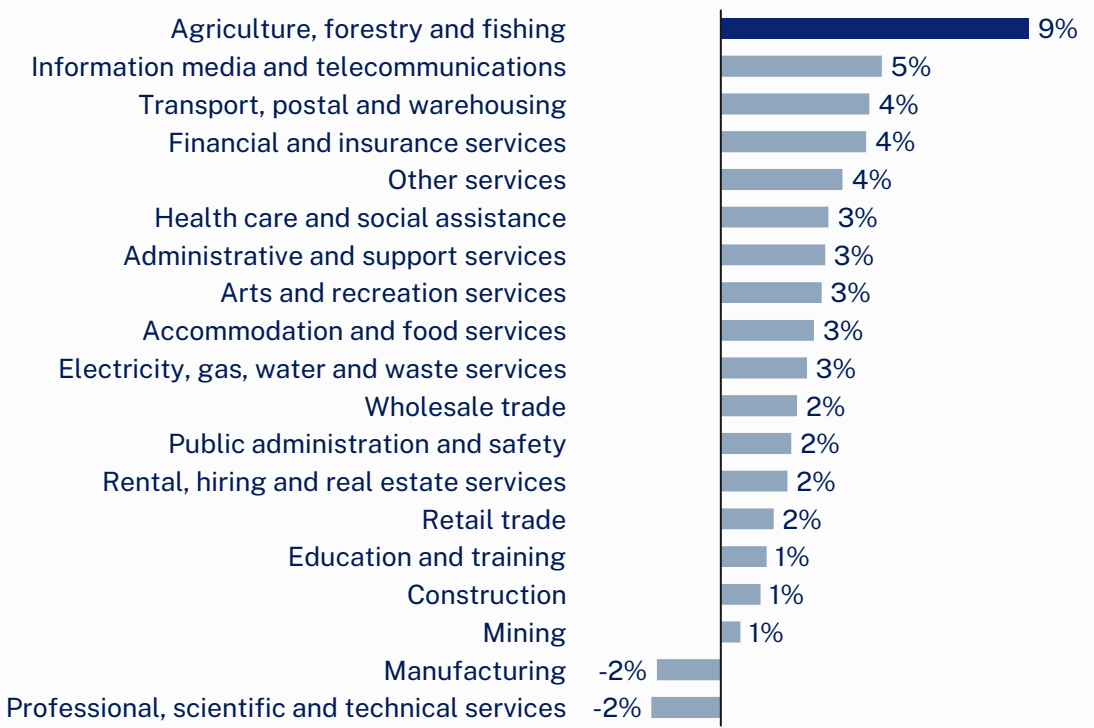
- Daily lunches for 300 people and psychologist-led trauma sessions in Harcourt and Mount Alexander (Castlemaine Community House)
- A permanent community stage at James Park to host local events and markets in Harcourt
- Volunteer camp operations for fence clearing and repair across Longwood and surrounds (BlazeAid)
- A three-month Community Relief Coordinator to manage donation distribution and connect residents with resources in Harcourt
- Refurbished tools and fuel support for fire-impacted farmers in Natimuka
- Generator and log splitter for the Terip Terip Recreation Reserve to support emergency preparedness and community recovery



The agricultural sector was Australia’s fastest growing industry and second largest exporter in 2025

Annual growth in GVA by industry¹

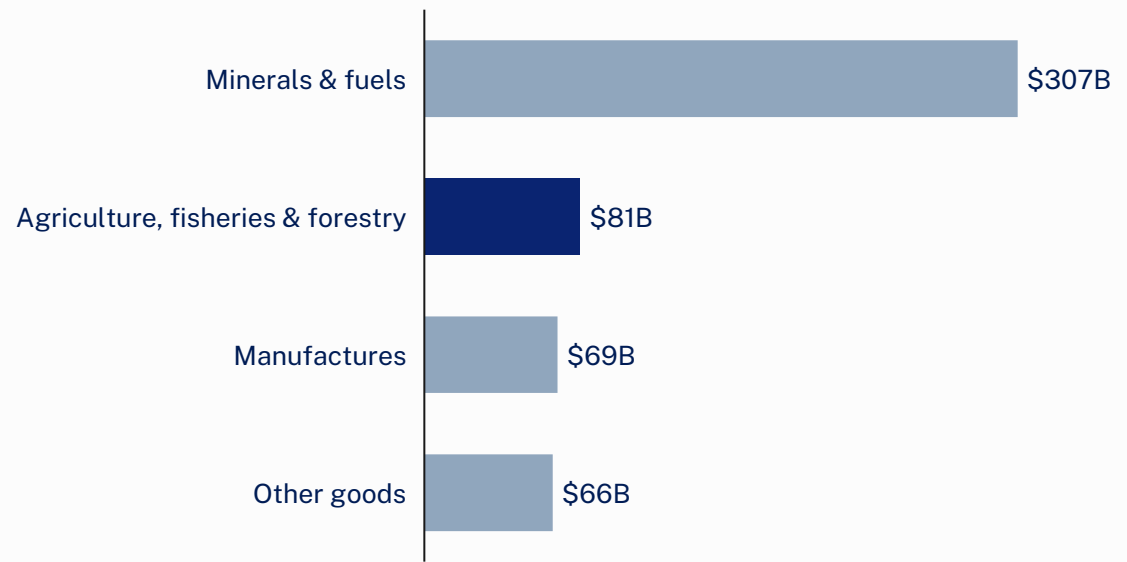
%, 2025



Note: 1. ABS (2026) Table 6. Gross Value Added by Industry. Source: Mandala analysis.

Australia’s exports²

A\$, 2025



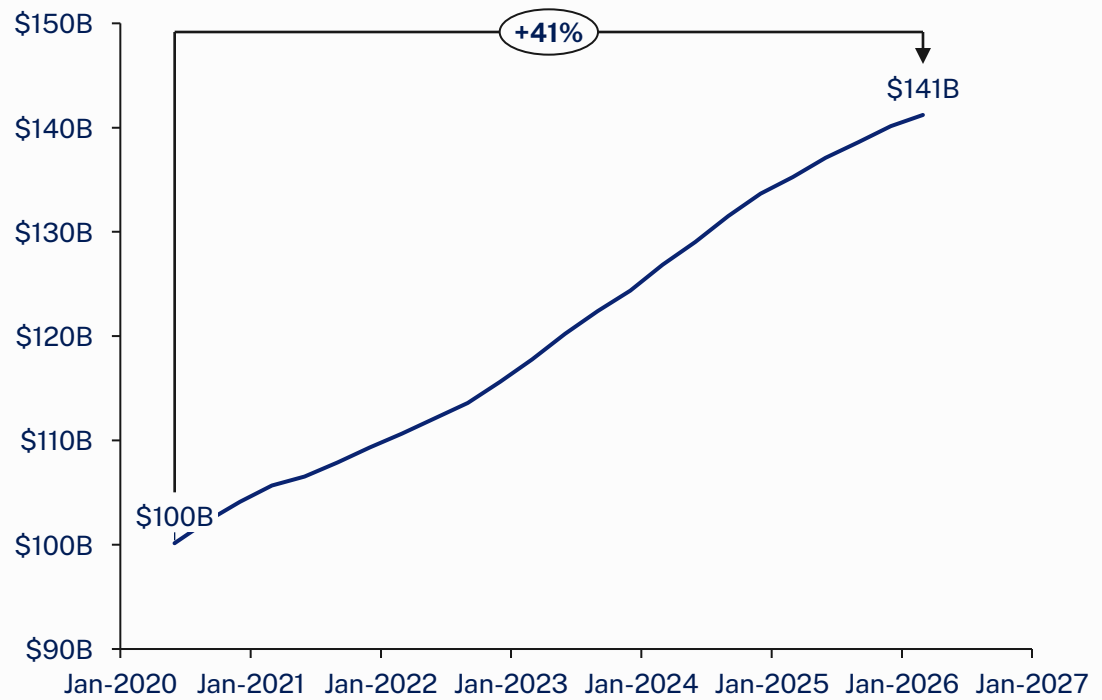
71% of Australia’s agriculture production was exported on average over the past three years³

Note: 2. Department of Foreign Affairs and Trade (2026) State/Territory’s Merchandise Exports and Imports. 3. ABARES (2026) Insights February 2026. Source: Mandala analysis.

Australian banks have issued over \$141B in loans to agribusinesses...

Loans to the agricultural sector in Australia¹

A\$, June 2020-March 2026, 2026 dollars, rolling annual average

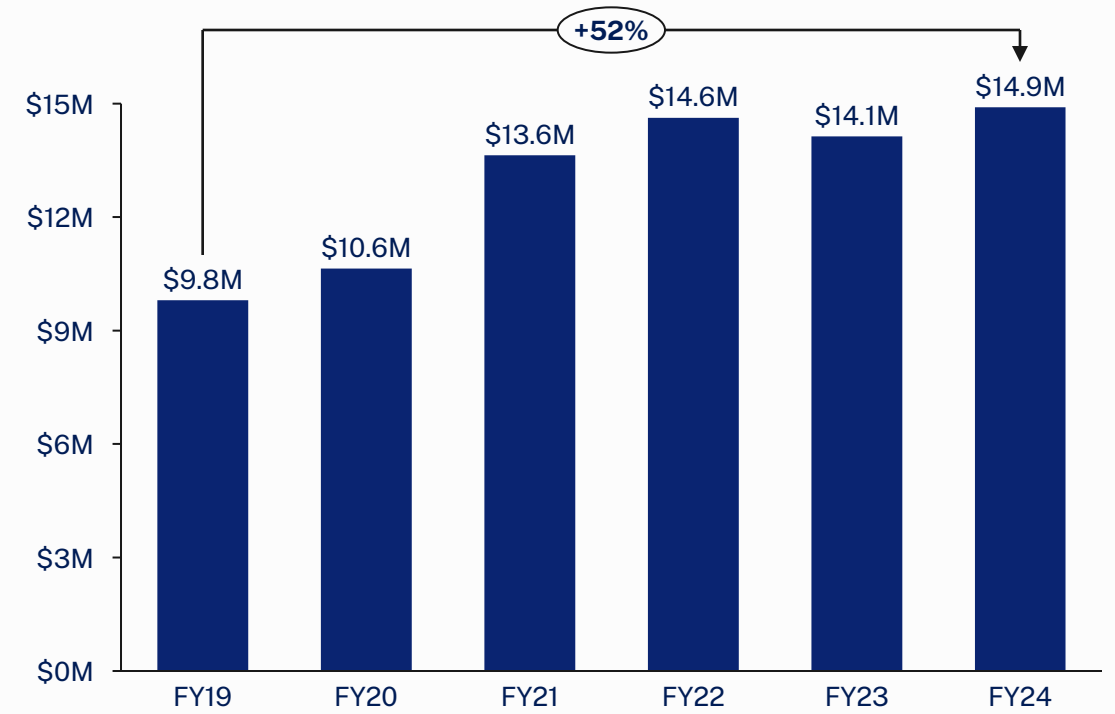


Note: 1. RBA (2026) D14.1 Lending to Business – Business finance outstanding by business size and industry. Source: Mandala analysis.

...which has supported Australian farms to increase their capital by 52% since FY19

Capital on Australian farms²

A\$, average capital per farm, FY19-24, 2026 dollars



Note: 2. The average value of farm capital is the value of all the assets used on a farm, including the value of leased items and land but excluding machinery and equipment either hired or used by contractors. Figures are the average total capital of all broadacre farms from ABARES (2026) Farm Data Portal. Source: Mandala analysis.

ING funds safe havens and mobilises its people for Women's Community Shelters

As a Major Partner of Women's Community Shelters since July 2025, ING is **helping establish five new safe havens across NSW** for older women, and women and their children, escaping domestic and family violence and homelessness.

A flagship of ING's Social Impact Strategy in Australia, the partnership funds Women's Community Shelters to break the cycle of abuse through supported accommodation, advocacy and innovative housing. ING funding helps Women's Community Shelters to:

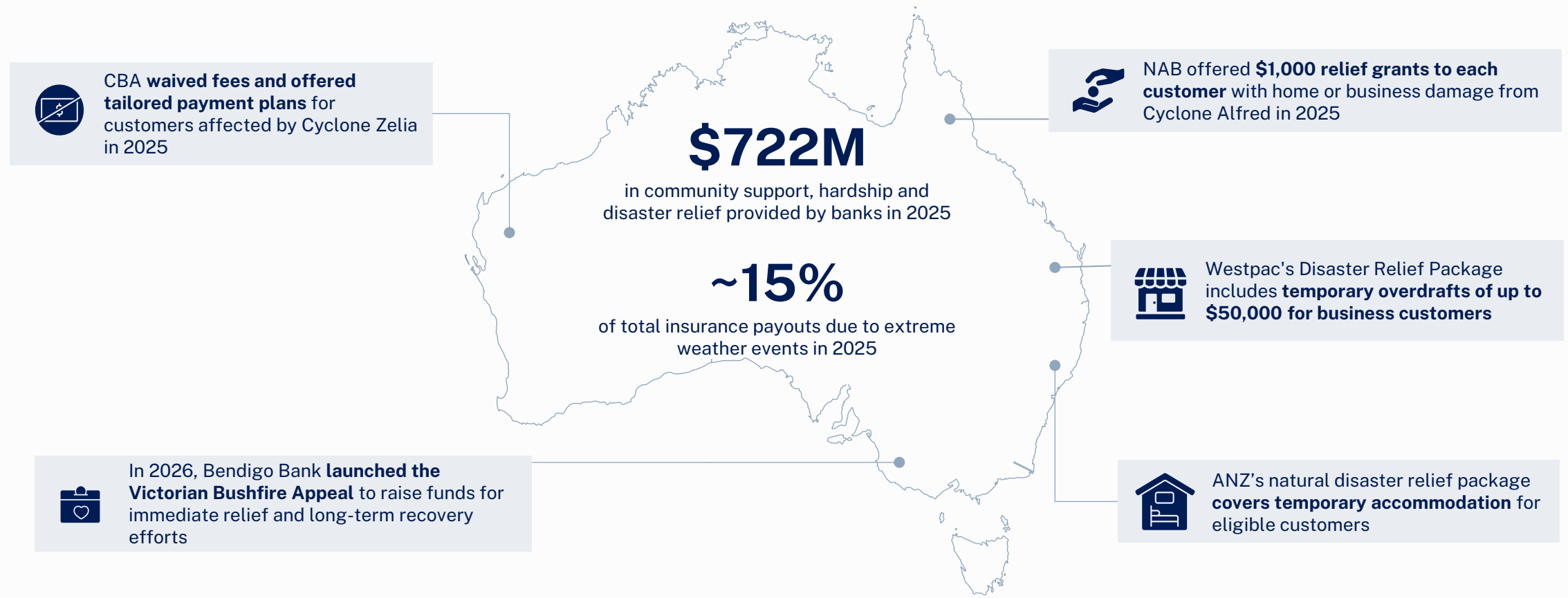
- **Expand essential services** — Support the creation of new crisis shelters and safe havens across NSW and Victoria, providing immediate safety and stability for women, and women with children experiencing or at risk of homelessness.
- **Empower victim-survivors** — expanding outreach for clients overcoming abuse and exploitation, including financial and technological abuse, funding counselling, legal and financial support, personalised safety plans, stable housing, and education and healthcare access for children
- **Contribute banking expertise** — ING and Women's Community Shelters will also co-develop initiatives to help prevent financial and tech-facilitated abuse, tailored for ING team members, customers and their communities.



Source: ING; Mandala analysis.

In 2025, banks provided \$722M in community investment, hardship and disaster relief to support local communities

Banks' disaster relief and other hardship support provided to customers and communities



Source: ABA member banks' data; Artemis (2026) Australia's 2025 extreme weather insured losses climb to AUD \$4.8bn: ICA; Mandala analysis.

NAB is supporting customers to navigate difficult times through zero-interest loans

NAB, in partnership with Good Shepherd Australia New Zealand, has provided No Interest Loans (NILs) over the last 23 years to provide financial resources to low-income households to access opportunity and education in over 600 locations around Australia.



Since 2003, NAB has provided more than 460,000 microfinance loans, valued at \$627.8 million, supporting more than 1 million Australians on low income



In 2025 alone, NAB helped 35,032 people access \$58.7 million in NILs, helping them pay for motor vehicles, household appliances, education expenses and medical expenses.



I just couldn't believe it really was no interest. Ever. The repayments for me are \$40 a fortnight. The team at Good Money were so helpful in ensuring I could afford to pay that within my budget. They didn't want to stretch me or make me feel stressed... NILs has made a big difference in my life, and I am keen to connect my community to the program.

Eunice Bartlett

Proud Norrargga and Kokatha woman who used NILs to have her car repaired, allowing her to continue supporting her community



ANZ helps lower-income families build lasting savings habits through Saver Plus

Established by ANZ and the Brotherhood of St Laurence in 2003, Saver Plus is the world's largest and longest-running financial education and matched savings program, helping families on lower incomes set a goal, build savings habits and have their savings matched.



The Saver Plus program supports lower income earners to **build a savings habit, access financial education and receive matched savings of up to \$500** from ANZ to support their own, or their children's, education.



Since 2003, Saver Plus has helped **more than 66,000 participants collectively save \$32.8 million**, with **ANZ contributing \$27.9 million in matched funds** for education-related expenses.



The habits endure: **84% of participants are still saving more than seven years after completing Saver Plus.**



I now have practical tools and knowledge to manage money responsibly for myself and my children, which has given me a strong sense of control and peace of mind.

*Mariya
Single mother of two and Saver Plus participant*

Source: ANZ; Mandala analysis.





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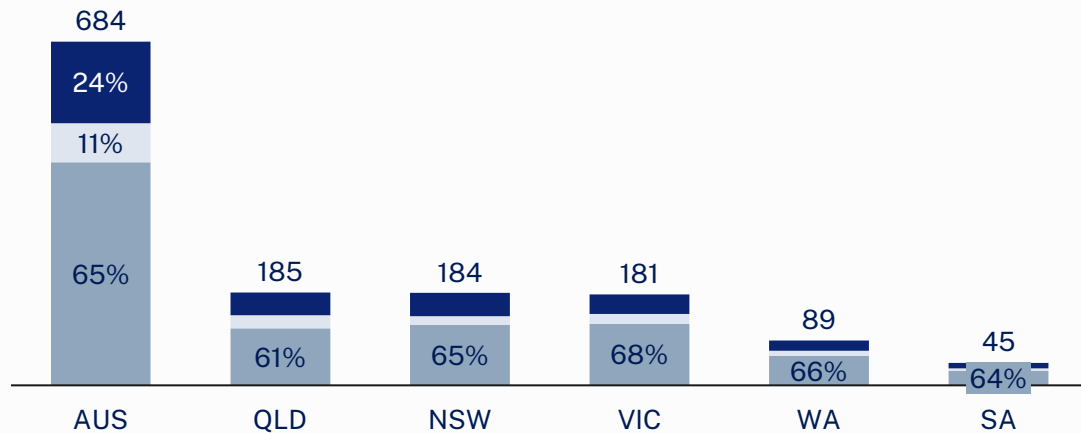
Banks support around 65% of home buyers to purchase their homes...

Share of settlements¹ with a loan

% and '000, FY25

■ Settlement with a bank loan ■ Settlement with a non-bank loan² ■ Settlement without a loan

In FY25, **76% (522,000) of all residential property transactions were settled with a loan**, a share stable over the past five years.³ The remaining cash buyers are predominantly retirees downsizing or swapping properties.⁴ For most buyers, including young families with limited capital, **mortgage finance is the only viable path to home ownership.**

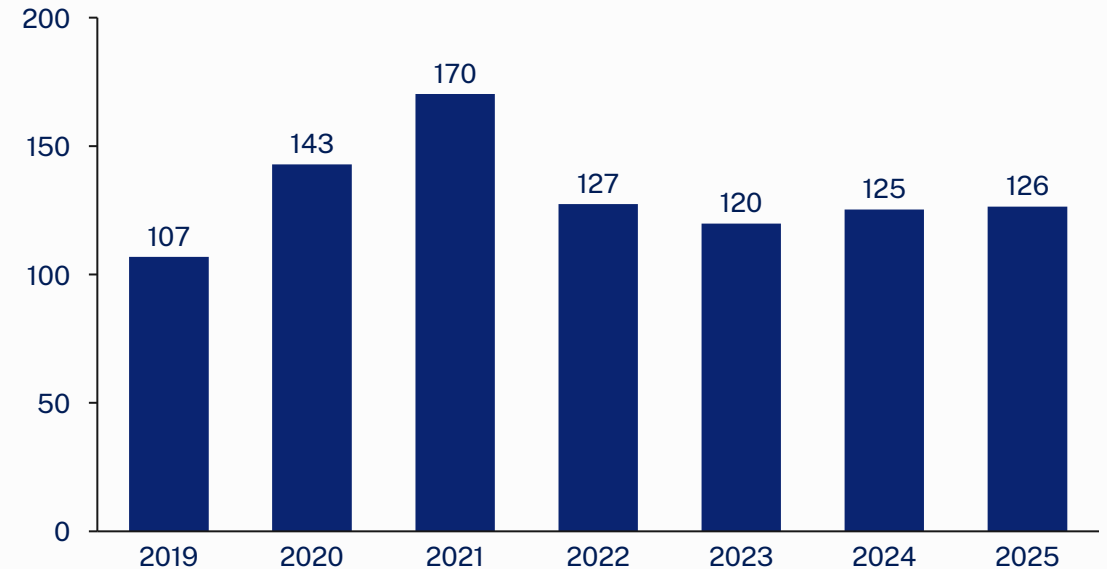


Note: 1. PEXA data covers 95% of all national transactions. Tasmania, ACT and Northern Territory which are excluded account for 5% of total settlement. 2. Non-bank loans include loans from registered financial corporations that are not ADIs 3. PEXA (2023) Cash Purchases Report. 4. PEXA (2024) Downsizers, treechangers and seachangers splash cash for regional properties in FY24.
Source: PEXA (2025) Mortgage Insights; PEXA (2025) Property Insights, Mandala analysis.

... including supporting 670,000 first home buyers over the last 5 years

Number of first home buyers supported by loans

'000, 2019 - 2025



First home buyer schemes such as the First Homeowners Grant and the Home Guarantee Scheme, enable first home buyers to enter the housing market. Behind the scenes, banks have **undertaken operational steps to support scheme delivery**, including adapting internal processes and serving as a key access point for buyers navigating government support.

Source: ABS (2026) Lending indicators, Dec 2025; Mandala analysis.

CBA supports Australians get onto the property ladder by facilitating new, innovative government programs

Commonwealth Bank was among the first lenders to participate in the Help to Buy scheme, Australia's inaugural federal shared equity program that allows eligible buyers to purchase a home with a deposit as low as 2 per cent.



Within two months of launch, the scheme had **conditionally or fully approved over 2,356 places**, supported **278 households to purchase homes** and was working with more than 2,078 people preparing to buy.



The scheme is designed to **support up to 40,000 eligible Australians over four years**, at roughly 10,000 places per year. **Buyers can purchase with as little as 2 per cent** down payment and government contributes up to 40 per cent of the purchase price, **reducing the mortgage burden substantially**.



Through Help to Buy, eligible customers can cut their required deposit and ongoing repayments dramatically, **bringing home ownership within reach years earlier** than would otherwise be possible.



In 2025, banks supported the construction of ~110,000 new homes through \$49B in construction funding

Banks are a critical source of residential dwelling construction finance in Australia. In 2025 alone, banks issued \$49 billion in residential lending, potentially enabling 110,000 new homes to be built. This investment in the supply of housing is critical, given the National Housing Accord target of 1.2 million homes over the next five years.¹

Funding for new homes either goes directly to the owner to construct a home on vacant land – either to live in (owner-occupier) or rent out (investor). Alternatively, funding can go to developers, who build dwellings that are sold off-the-plan and settled upon completion.

Owner-occupier finance accounts for the largest share of construction lending, averaging around 60 per cent over the past five years, reflecting banks’ significant role in financing Australians to build their own homes.²

Both channels are essential to keeping supply growing. Construction requires upfront financing that homeowners and builders cannot self-fund. Banks provide the upfront capital that makes housing construction possible.

Note: 1. National Housing Supply and Affordability Council (2026) *State of the housing system*. 2. Average value calculated using share of construction lending over the past five years. Source: ABS (2020) *Residential Construction and the Finance Process*; Mandala analysis.

In 2025 alone, banks committed...



\$49 billion

Investment in new home construction

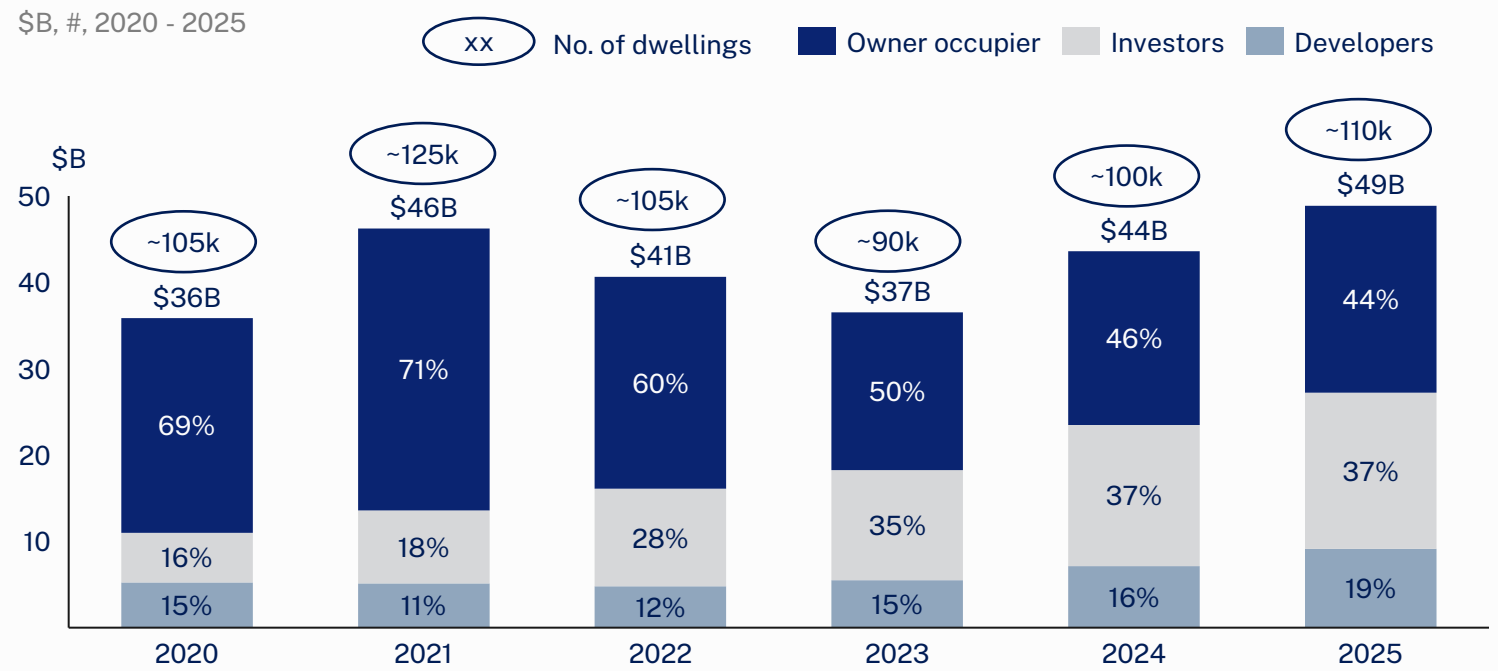
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110,000

Potential new dwellings enabled³

Value of new loan commitments for residential dwelling construction by borrower type⁴



Note: 3. Assumes full value of loan is directed to construction of dwellings, at national average cost. 4. Investors are households that take out a loan for a residential property that is not owner-occupied (ABS Methodology). Source: ABS (2026) *Lending indicators, Dec 2025*; ABS (2024) *Home building through the pandemic*; Mandala analysis.

Strong competition between banks has spurred refinancing activity, saving households up to \$2,000 a year

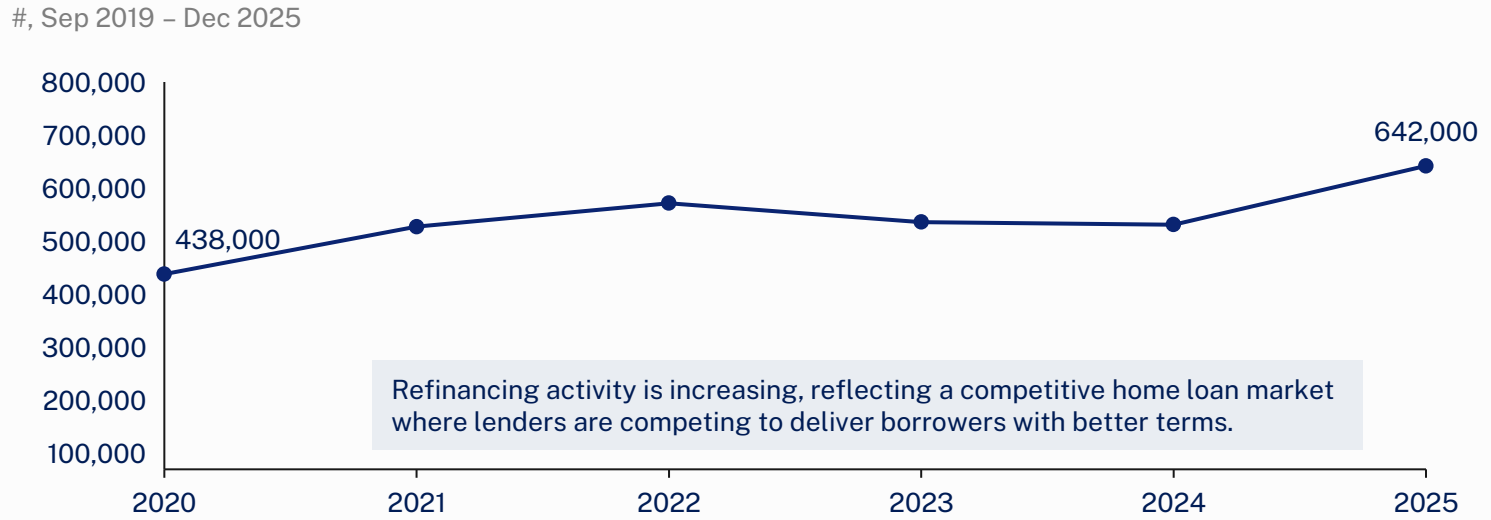
Australia’s mortgage market is becoming more competitive. Over 2019 to 2025 the four major banks’ overall share of home loans fell from 79 per cent to 74 per cent. The Herfindahl-Hirschman Index, which indicates concentration, declined by about 9 per cent, indicating a broader set of lenders now hold meaningful slices of the national mortgage book.

Refinancing activity has grown from around 438,000 to over 640,000 loans per year in the past six years, despite movements in cash rates, reflecting a market where lenders are actively competing to offer borrowers better terms. Banks are central to this, facilitating up to 80 per cent of all external refinances.¹

The practical benefit to households is material. Refinancers can achieve a rate 0.35 per cent lower than their existing rate, saving them up to \$2,000 per year in interest payments, equivalent to \$59,000 over the life of the loan.² This is equivalent to almost a year’s wages for a typical Australian worker.

Note: 1. Estimated from PEXA 2025 data. 2. Savings calculated from average difference in interest rates from refinancing, applied to a standard mortgage of 30 years. Source: PEXA (2025) Major banks win over half of new residential mortgages; APRA (2025) Monthly Authorised Deposit-taking Institution Statistics; RBA (2024) Cash Rate Pass-through to Outstanding Mortgage Rates; Mortgage and Finance Association of Australia (2019, 2025) Industry Intelligence Service; Mandala analysis.

Number of refinanced loans annually over time



Refinancing can save the average household up to ...

\$2,000

in mortgage interest repayments annually³

OR

\$59,000

in saving over the course of the entire loan

This is equivalent to...

Almost a **year’s worth of electricity bills** for a three-person household⁴

Almost a **year’s wages** for a typical worker⁵

Note: 3. Savings calculated from average difference in interest rates from refinancing, applied to a standard mortgage of 30 years. 4. Canstar (2026) What is the Average Electricity Bill in Australia?. 5. ABS (2025) Characteristics of Employment. Source: ABS (2026) Lending indicators, Dec 2025, Australia; Mandala analysis.

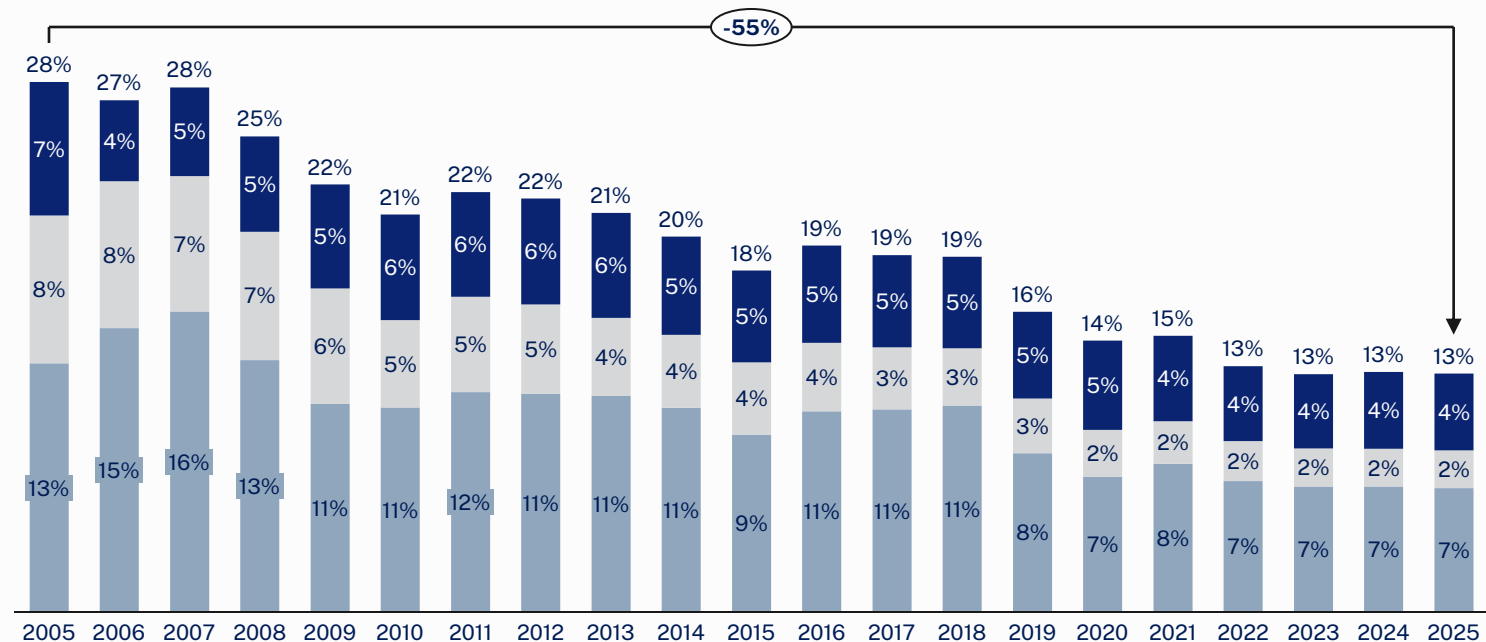
Over the last 20 years, banks have progressively been lowering fees, saving households up to \$436 a year

Fee income as a share of banks' total operating income

%, 2005 - 2025

■ Lending fee ■ Transaction/deposit account service fee ■ Other fee based activities

Fee income as a share of total income has more than halved in the last 20 years – decreasing from 28% of income to just 13% of income, generating real savings for households



Decreasing bank fees deliver considerable savings for households

\$436

in annual household savings relative to 2005 fee levels in 2025 dollars

The scale is comparable to recent tax cuts of

\$534

Household savings in 2026-27 from the 2025 Cost of Living tax cuts¹

Note: 1. Savings amount calculated for a two-person household, Chalmers (2025) *New cost of living tax cuts under Labor*.

Source: APRA (2025) *Quarterly authorised deposit-taking institution statistics*; ABS (2025) *Bank fees in Australia*; ABS (2006) *Bank fees in Australia*; Mandala analysis.

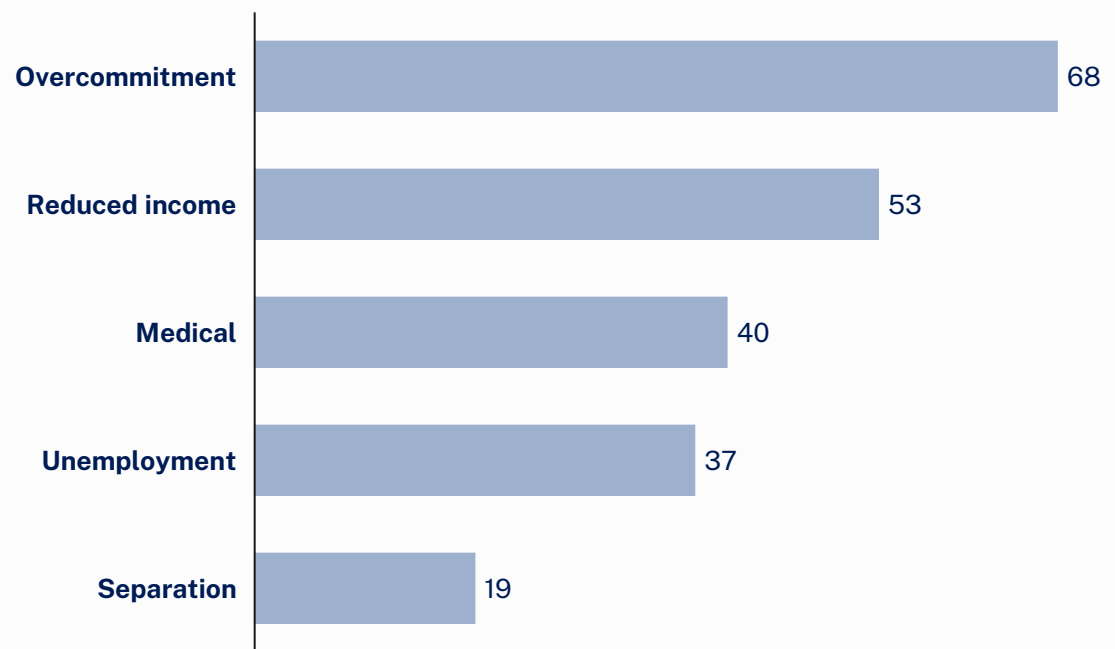
Behind the scenes, banks helped over 280,000 customers in hardship to stay on top of their home loans in FY25

Top five reasons for hardship

'000, Sep 2022 – Jun 2025

>280,000

Hardship notices relating to home loans were responded to by banks in FY25, with the majority being lodged before they are in arrears



Australians who seek help from lenders report positive outcomes

65% Of people seeking financial hardship assistance from banks say they feel positive as a result¹

Lenders' support is highly effective in preventing foreclosures

60% Reduction in likelihood of foreclosure thanks to loan restructuring arrangements²

For households facing hardship, lenders' support means staying home is almost always the outcome

99.2% Of hardship cases end in families able to retain their homes³

Note: 1. ASIC (2024) 5 million+ Australians have struggled to make loan and debt repayments, yet many not asking for help. 2. Bergmann (2020) The determinants of mortgage defaults in Australia-Evidence for the double-trigger hypothesis. 3. Parliamentary Joint Committee on Corporations and Financial Services (2024) Financial abuse: an insidious form of domestic violence.
Source: ASIC (2025) Hardship, not as hard to get help; Mandala analysis.



1

Section 1: The foundation of the economy

2

Section 2: Behind every business and community

3

Section 3: The machinery behind home ownership

4

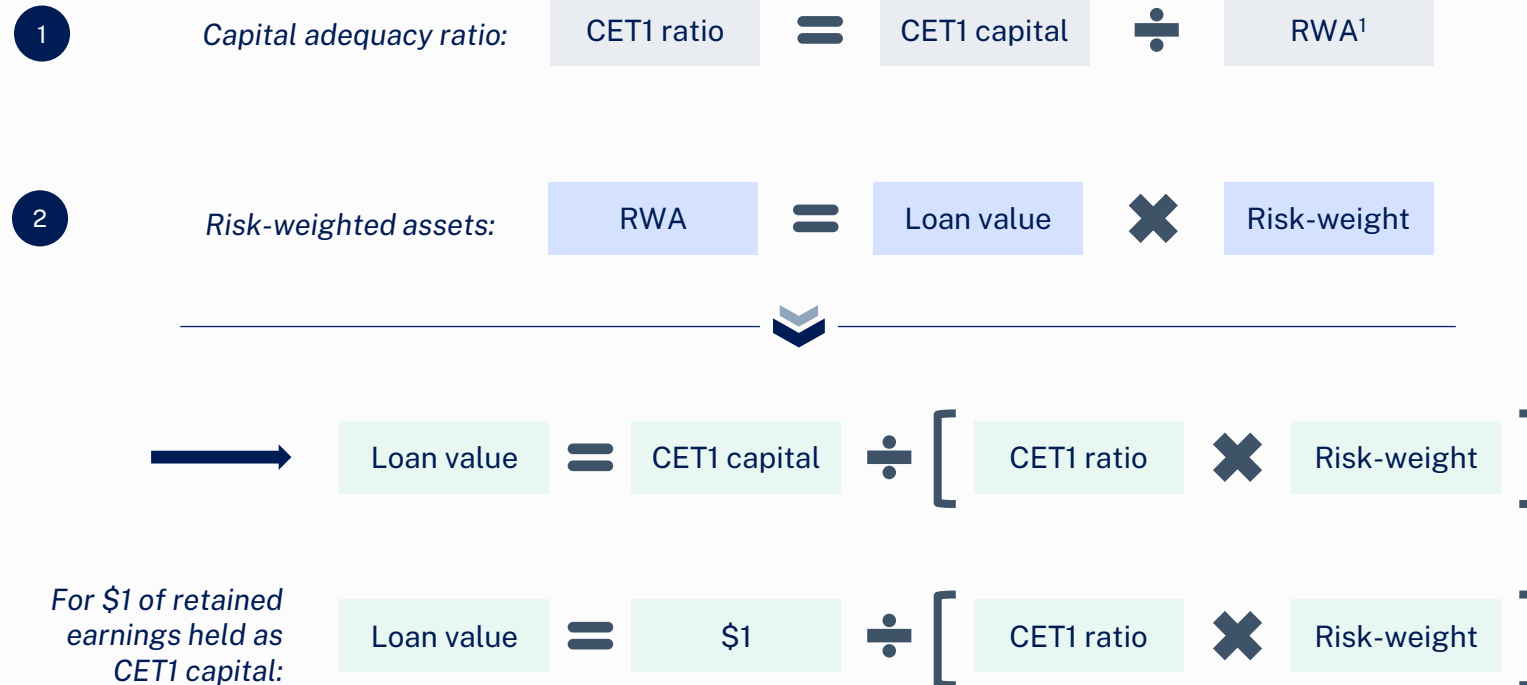
Appendix

Appendix

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Estimating the economic activity supported by retained earnings (I/III)

Calculations for estimating economic contribution supported by retained earnings



Key points

- 1 The CET1 ratio is the regulatory measure of a bank's core equity capital held against its risk weighted assets. APRA requires Australian banks to maintain a CET1 ratio above 10.25% to meet the 'unquestionably strong' benchmark.
APRA (2024) Banking (prudential standard) determination No. 6 of 2024
- 2 Each loan a bank holds is assigned a risk weight reflecting its credit risk. RWA is the sum of all loans multiplied by their respective risk weights.
APRA (2024) Banking (prudential standard) determination No. 2 of 2024

¹ Risk weight asset (RWA).
Source: Mandala analysis.

Estimating the economic activity supported by retained earnings (II/III)

Calculations for estimating economic contribution supported by retained earnings

For \$1 of retained earnings held as
CET1 capital:

Loan value

=

\$1

÷

[CET1 ratio

×

Risk-weight]

Category	Value	Details	Source
CET1 ratio	12.3%	Current CET1 capital ratio is applied across all loans	APRA (2026) Quarterly authorised deposit-taking institution statistics
Risk weight (advanced weights of major banks)	0.24	Home loans; applied to new houses and renovations <i>Weighted average of major bank Exposure at Default (EAD) divided by RWA</i>	CBA (2025) Basel III Pillar 3; Westpac (2025) Pillar 3 Report; NAB (2025) Pillar 3 Report; ANZ (2025) Basel III Pillar 3 Disclosure.
	0.49	Business loans; including SME retail <i>Weighted average of major bank Exposure at Default (EAD) divided by RWA</i>	
	0.49	Personal loans; includes qualifying retail and other retail assets <i>Weighted average of major bank Exposure at Default (EAD) divided by RWA</i>	

Estimating the economic activity supported by retained earnings (III/III)

Calculations for estimating economic contribution supported by retained earnings

For \$1 of retained earnings held as
CET1 capital:

Loan value

=

\$1

÷

[CET1 ratio

×

Risk-weight]

Category	Value	Details	Source
Risk weight (standard weights applicable for non-major banks)	0.30	Home loans; applied to new houses and renovations <i>Weighted by value of outstanding loans across owner-occupied and other standard residential according to LVR.</i>	Australian Government (2025) <i>Att. A, table 1, Banking (prudential standard) determination No. 2 of 2025.</i> APRA (2026) <i>Monthly Authorised deposit-taking institution statistics.</i>
	0.90	Business loans; applied to construction of dwellings, construction of non-residential dwellings, construction of non-building structures, alterations, additions and repairs <i>Average risk weight of commercial property cash flow dependent loans</i>	Australian Government (2025) <i>Att. A, table 3, Banking (prudential standard) determination No. 2 of 2025.</i>
	0.79	Business loans; applied to plant and equipment finance <i>Average risk weight of corporate exposures – rated (long-term and short-term issue specific)</i>	Australian Government (2025) <i>Att. A, tables 10 & 11, Banking (prudential standard) determination No. 2 of 2025.</i>
	0.88	Personal loans; applied to purchase of road vehicles <i>Average risk weight of retail exposure</i>	Australian Government (2025) <i>Att. A, table 14, Banking (prudential standard) determination No. 2 of 2025.</i>

Value of outstanding loans

Category	Value	Detail	Source
Estimated value of outstanding home loans	\$259B	Estimated value of outstanding loans to new houses as of April 2026	APRA (2026) Monthly Authorised deposit-taking institution statistics; as of April 2026. ABS (2026) Lending indicators.
	\$59B	Estimated value of outstanding loans to renovations as of April 2026	
	\$2,156B	Estimated value of outstanding loans to existing houses as of April 2026	
Estimated value of outstanding business loans	\$537B	Estimated value of outstanding loans to working capital (including general business) as of April 2026	
	\$362B	Estimated value of outstanding loans to construction of dwellings as of April 2026	
	\$112B	Estimated value of outstanding loans to construction of non-residential buildings as of April 2026	
	\$130B	Estimated value of outstanding loans to construction of non-building structures as of April 2026	
	\$17B	Estimated value of outstanding loans to alterations, additions and repairs as of April 2026	
Estimated value of outstanding personal loans	\$296B	Estimated value of outstanding loans to plant and equipment as of April 2026	
	\$51B	Estimated value of outstanding loans to purchase of road vehicles as of April 2026	
	\$42B	Estimated value of outstanding loans to other purposes as of April 2026	

Note: RBA value of new lending indicators used as proxies to disaggregate APRA value of outstanding loans. Missing data points were interpolated.

Economic multipliers by loan type

Category	Type	Direct GVA	Indirect GVA	Direct employment	Indirect employment	Industry equivalent from IO table
Home loans	New house construction	0.19	1.93	5.50	13.41	Residential construction
	Renovations	0.19	1.93	5.50	13.41	Residential construction
	Existing house	Excluded from economic contribution due to no change in underlying asset loan is issued against				
Business loans	Working capital	Excluded from economic contribution due to no change in underlying asset loan is issued against				
	Construction of dwellings	0.19	1.93	5.50	13.41	Residential construction
	Construction of non-residential buildings	0.20	1.97	4.20	13.79	Non-residential construction
	Construction of non-building structures	0.39	1.43	3.16	9.82	Heavy and civil engineering construction
	Alterations, additions, and repairs	0.30	1.68	6.88	11.63	Construction services
	Plant and equipment	1.03 ¹	0.91	8.10 ¹	5.28	Weighted average of all industries by value of outstanding loan
Personal loans	Purchase of road vehicles	0.37	1.46	6.94	9.03	Motor vehicles and parts
	Other purposes	Excluded from economic contribution due to no change in underlying asset loan is issued against				

Note: 1. The direct GVA and employment includes both the contribution of purchasing plant and equipment through the industry proxy of professional, scientific, computer and electronic equipment plus the contribution of additional output enabled by increased business capital captured through the weighted average of all industries. By value of outstanding loans.

Source: ABS (2026) *Australian National Accounts: Input-Output Tables*; RBA (2026) *D14.1 Lending to Businesses*; Mandala analysis.

Value of new loans issued by loan type and additional assumptions

Category	Type	2023 (\$ million)	2024 (\$ million)	2025 (\$ million)	Source
Home loans	New house construction	32,441	38,856	42,987	ABS (2026) Lending indicators.
	Renovations	6,638	7,504	9,844	
Business loans	Construction of dwellings	27,385	31,976	36,425	
	Construction of non-residential buildings	7,839	9,311	11,206	
	Construction of non-building structures	6,966	10,165	13,091	
	Alterations, additions, and repairs	1,026	1,580	1,659	
	Plant and equipment	26,825	30,659	29,792	
Personal loans	Purchase of road vehicles	15,617	17,828	19,304	

Assumption	Unit	Value	Source
Construction period; loans are evenly distributed over the construction period	years	2	Master Builders (2025) Build times for new homes; ABS (2026) Building Activity, Australian.
Land value as a share of total loan value; share excluded from economic contribution study	%	32%	ABS (2025) Table 61. Value of Land, by Land use.

Note: 1. The direct GVA and employment includes both the contribution of purchasing plant and equipment through the industry proxy of professional, scientific, computer and electronic equipment plus the contribution of additional output enabled by increased business capital captured through the weighted average of all industries. By value of outstanding loans.
Source: ABS (2026) Australian National Accounts: Input-Output Tables; RBA (2026) D14.1 Lending to Businesses; Mandala analysis.

Estimating the value of ADIs held by Australian households

Calculations for estimating the value of ADIs held

$$\text{Total value} = \text{Value of ADI equity held by owner} + \left[\text{Value of funds held by owner} \times \left(\frac{\text{Value of ADI equity held by funds}}{\text{Total value of equity held by funds}} \right) \right]$$

Direct ownership
Indirect ownership through funds

Owner	Component	Value	Series: Amounts outstanding; Assets
Households	Value of ADI equity held by owner	\$153B	Shares and other equity issued by: Authorised deposit taking Institutions
	Value of funds held by owner	\$99B	Shares and other equity issued by: Non-money market financial investment funds
SMSFs	Value of ADI equity held by owner	\$80B	Shares and other equity issued by: Authorised deposit taking Institutions
	Value of funds held by owner	\$218B	Shares and other equity issued by: Non-money market financial investment funds
APRA	Value of ADI equity held by owner	\$226B	Shares and other equity issued by: Authorised deposit taking Institutions
	Value of funds held by owner	\$1,202B	Shares and other equity issued by: Non-money market financial investment funds
Funds	Value of ADI equity held by funds	\$120B	Shares and other equity issued by: Authorised deposit taking Institutions
	Total value of equity held by funds	\$1,489B	Total financial assets; Total (Counterparty sectors)

Estimating the value of ADI dividends paid to Australian households

Calculations for estimating the value of ADI dividends delivered to households

$$\text{Total dividends to Australian households} = \text{Total dividends paid by ASX listed ADIs in 2025} \times \left[\frac{\text{Value of ADI equity held by Australian households}}{\text{Total value of ADI liabilities held through equity}} \right]$$

Component	Value	Details
Total dividends paid by ASX listed ADIs in 2025	\$26.8B	See appendix <i>ADI dividends paid in 2025</i> for further details
Value of ADI equity held by Australian households	\$470B	Estimated value of ADIs held by Australian households
Total value of ADI liabilities held through equity	\$730B	Amounts outstanding at end of period ; Liabilities ; Listed shares and other equity held by ; Total (Counterparty sectors) ;

ADI dividends paid in 2025

Company	Dividends paid per share CY2025	Shares on issue
ANZ	\$1.66	3,014,198,826
Bendigo and Adelaide Bank	\$0.63	580,091,868
BNK	-	118,780,030
Bank of Queensland	\$0.38	661,469,455
CBA	\$4.85	1,673,462,358
Heartland	\$0.046 ¹	945,206,975
Judo Capital	-	1,121,284,400
Macquarie	\$6.70	381,138,415
MyState	\$0.215	170,418,992
NAB	\$1.70	3,067,596,955
Tyro	-	531,209,632
Westpac	\$1.53	3,420,303,305

¹ Heartland dividends paid in NZD, exchange rate 1.0768 – Australian Government [\(2025\)](#) Standard Parameters.
Source: ASX [\(2026\)](#) Company directory; Mandala analysis.

Estimating the value of savings from refinancing

Calculations for estimating the value of savings from refinancing

$$\text{Monthly Savings} = \text{Current monthly payment} - \text{Refinanced monthly payment}$$

Where monthly payment amount is calculated as:

$$\text{Monthly payment} = \text{Average home loan size} \times \frac{r(1+r)^t}{(1+r)^t - 1}$$

Component	Value	Details
Average home loan	\$736,000	No data on outstanding home loan size available. Average new loan size is used as the upper bound estimate
Average term length, t	360 months	Average home loan term is 30 years
Current interest rate, r	5.80%	
Refinanced interest rate, r	5.45%	Refinancing can deliver a saving of up to 0.35% in interest rates

Source: ABS (2026) Lending indicators; December 2025; RBA (n.d.) Interest rates; Mandala analysis.

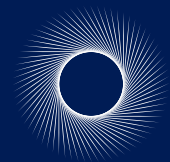
Estimating the number of potential new homes

Calculations for number of potential new homes

$$\text{New dwellings} = \frac{\text{Loans committed by banks \& ADIs for dwelling construction}}{\text{Average cost of dwelling construction}}$$

Component	Value	Details
Loans committed by banks for dwelling construction	\$49B	New loan commitments for dwelling constructions issued to owner-occupiers, investors and businesses.
Average cost of dwelling construction	\$457,000	Based on the 2023-24 average cost of completed dwellings from the ABS; inflated 2.9% in line with Cotality estimates of construction cost inflation

Source: ABS (2026) Lending indicators; December 2025; ABS (2024) Home building through the pandemic; Cotality (2025) Cordell Construction Cost Index.



MANDALA