

Income Statement summary

Key points for June 2020:

- Banking sector profit declined for the fifth consecutive quarter in June, by \$125m to \$821m. This was the lowest quarterly profit since March 2012. The decline was driven by a reduction in trading and hedging income (-\$359m), and a decline in net interest income (-\$149m).
- Impaired asset expenses (including credit risk adjustments) decreased by \$279m to \$505m this quarter but are still more than five times higher than typical pre-COVID impairment levels. Individual provisions for losses on loans increased \$56m to \$185m, while collective loan loss provisions decreased by \$353m to \$263m. The percent share of impaired asset expenses over total operating income fell 5.2 percentage points over the quarter to 15.7%.
- Other income decreased \$389m to \$591m, driven mainly by a reduction in trading and hedging gains. Trading income fell \$162 million over the quarter to \$290 million, derivative income decreased by \$940 million to -\$145m, while other fair value adjustments increased by \$743m to -\$68m.
- Net interest income decreased \$149m to \$2.6b, as interest income (-\$548m) fell more than interest expense (-\$398m). The net interest margin fell 16bp to 1.82%, marking the lowest on record, while return on assets fell 10bp to 0.5% and the return on equity fell 20bp to 7.4%, both are the lowest rates since September 2009.



