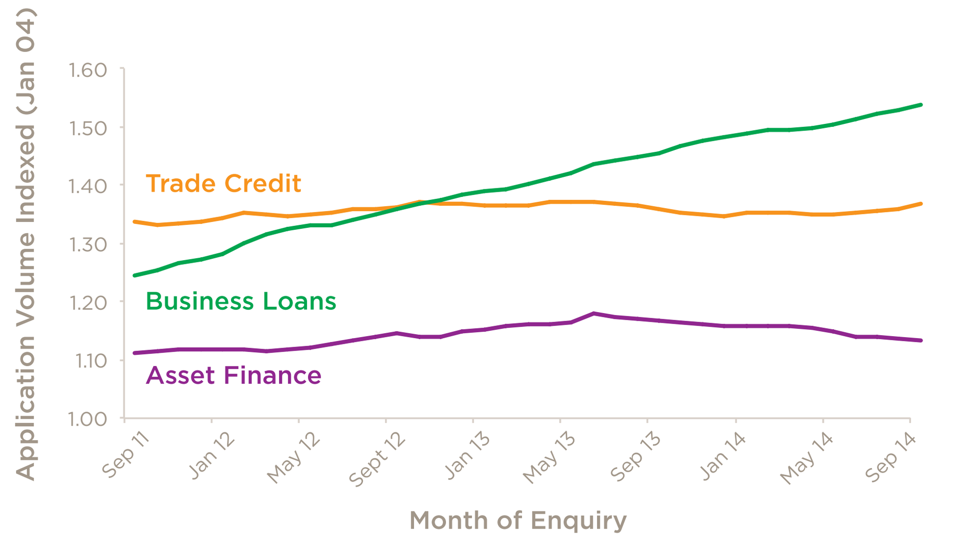
Veda Quarterly Business Credit Demand Index

July – September 2014

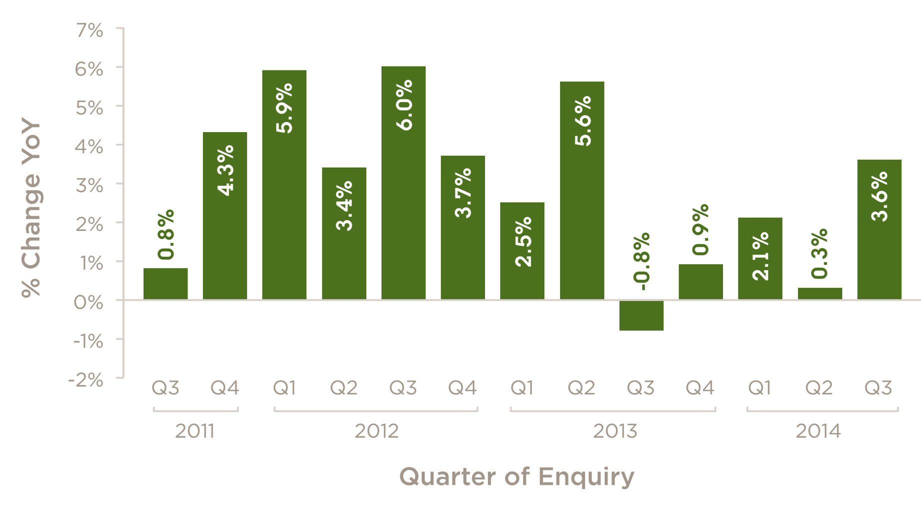
Appetite for business credit lifts in Q1 2014, led by non-mining sectors

Commercial Credit Demand Index by Type

12 month rolling average



Commercial Credit Demand Index Quarterly YoY%



*Veda recomputes the entire index over its lifetime every quarter so there will be a slight adjustment to the above historical figures. Veda normalises the data for a like-for-like comparison.

Overall, business credit applications rose +3.6%

for the September quarter 2014 (vs September quarter 2013)

Growth in business loan and trade credit applications

particularly in non-mining sectors in September quarter

Decline in asset finance

-2.7%

although rate of contraction eased (vs September quarter 2013)

The *Veda Quarterly Business Credit Demand Index*, measuring applications for business loans, trade credit and asset finance

rose at an annual rate of +3.6% in the September quarter

indicating a positive outlook for business.

veda
applied intelligence

The *Veda Business Credit Demand Index* has historically proven to be a lead indicator of how the overall economy is performing.

This increase is reflected in strong rises in **business loan applications** +6.7%

and **trade credit applications** +4.9%

partially offset by a modest slide in **asset finance applications** -2.7%

Overall business credit applications picked up in all states and territories in the September quarter with an overall increase of +3.6%

The best performing states were

NSW	TAS	VIC	QLD	NT
+5.2%	+6.0%	+3.4%	+3.1%	+3.4%

Comparatively weaker demand was seen in

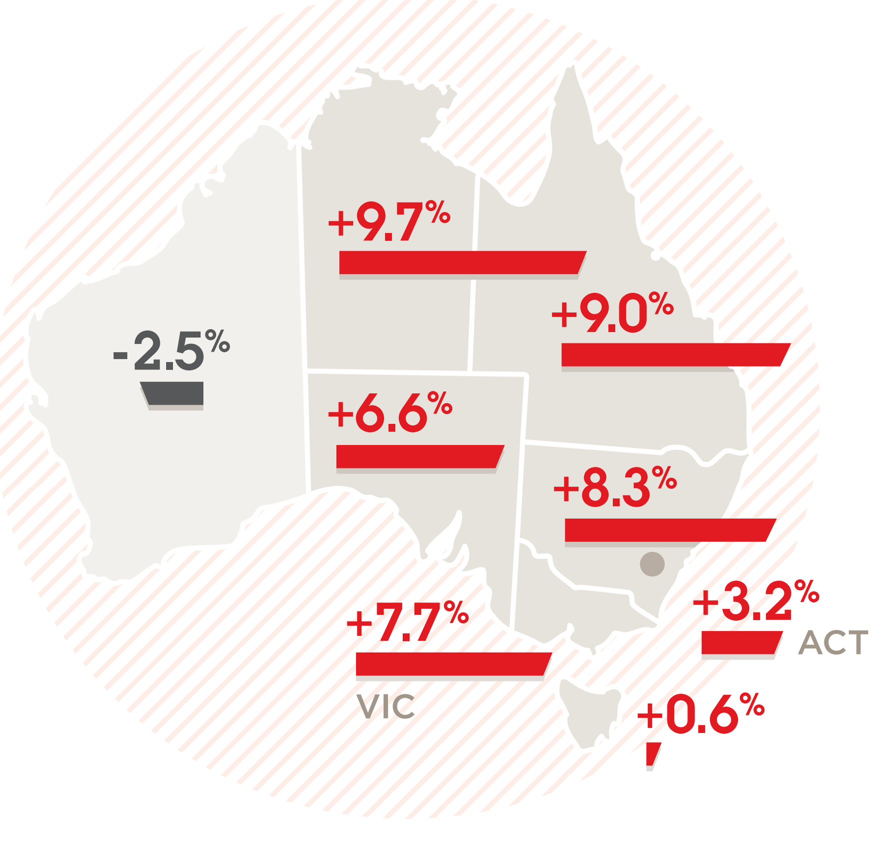
WA	SA	ACT
+1.5%	+1.6%	+1.5%

The state most exposed to the mining industry downturn, **WA**, showed a **marked improvement** compared to the previous four quarters.

On the eastern seaboard, **NSW** has benefited from **low interest rates** with **housing construction picking up**.

Business loan applications

Business loan applications continued to show solid improvement +6.7%



Within business loans

Commercial mortgage applications eased substantially +6.4%

from peak growth rates of almost **40%** in late 2013.

Applications were solid for

lending proposals	credit cards	overdrafts
+11.1%	+21.5%	+17.8%

Trade credit applications

Trade credit applications also picked up strongly in the September quarter +4.9%

Solid growth in trade credit applications was seen in WA, Queensland, NSW, the ACT, Tasmania and the NT, while Victoria and SA experienced modest growth.

WA	QLD	NSW	ACT	TAS	NT	VIC	SA
+9.0%	+7.4%	+5.4%	+6.3%	+17.4%	+3.3%	+0.9%	+0.2%

Mining states have outpaced non-mining states in trade credit demand, with the strongest growth we have seen since mid-2010.

Asset finance applications

Asset finance applications softened in the September quarter -2.7%

although the rate of contraction has eased since the June quarter (-4.9%)

NSW and Victoria were the only states to see an increase in applications.

NSW	VIC
+0.7%	+0.5%

Within asset finance, commercial rental and leasing showed **positive growth**

+5.8% commercial rental

+1.5% leasing

The rate of contraction in hire purchase applications eased -1.5%

Personal loan (autofinance) applications were down -10.1%

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