

# Monthly Credit Risk Insights by Alares

Hi Colleague,

Insolvencies in April remained near all-time monthly highs and were almost double pre-pandemic levels, highlighting the ongoing insolvency catch up.

Overall numbers suggest a remaining 2,800 **additional** insolvencies above typical levels still to come. At the current monthly run rate, the insolvency catch up will continue to play out through the remainder of 2025.

## Key highlights in April

- Insolvencies remain near all-time monthly highs.
- SBRs saw a drop in April, in-line with the trend from 2024.
- The ATO remains the dominant driver, while the big four banks continue to ease off the pressure.

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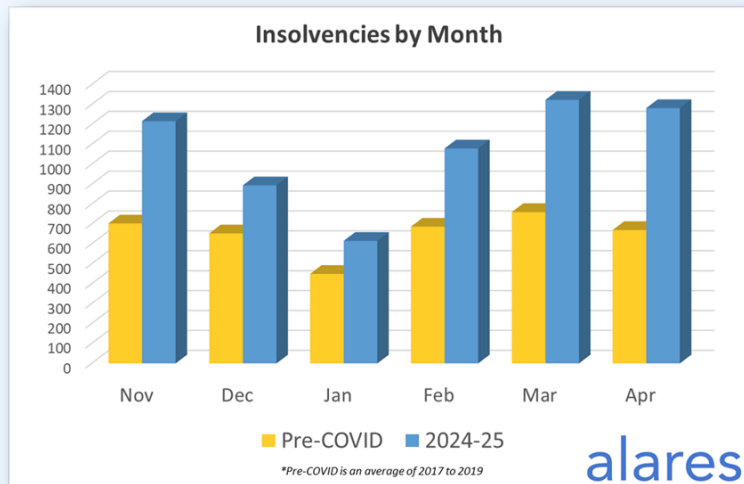
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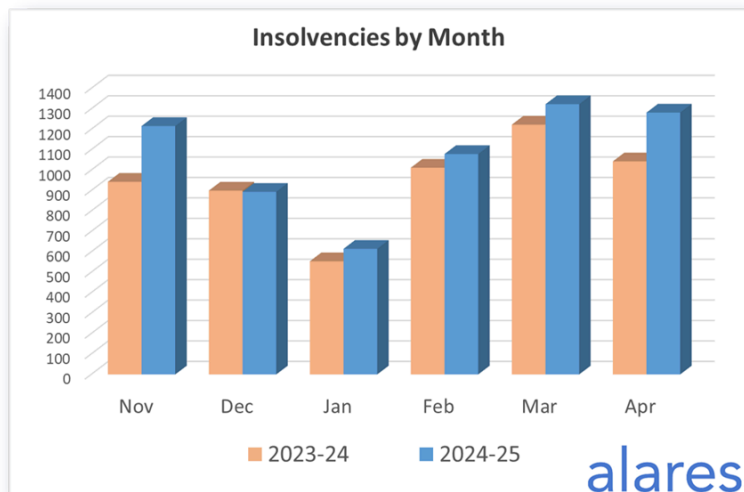
## Insolvencies in April remain near all-time monthly highs

April insolvencies were almost double historical levels, representing that largest percentage increase seen to-date.



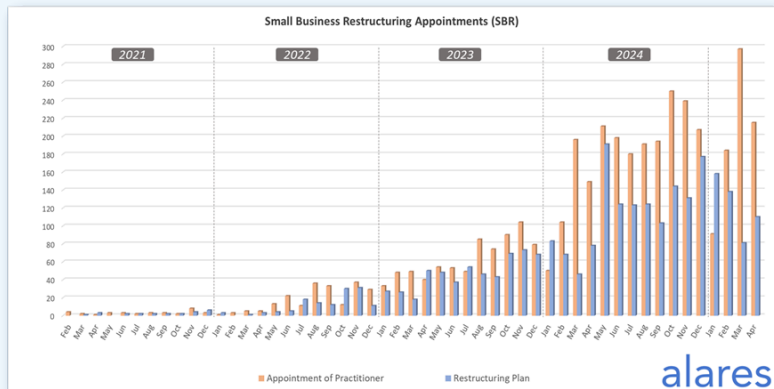
## 2025 continues to track above the previous highs from 2024

Monthly insolvencies numbers in 2025 continue to consistently track above 2024 numbers, which themselves represented all-time highs.



## Small business restructuring (SBR) appointments dropped in April

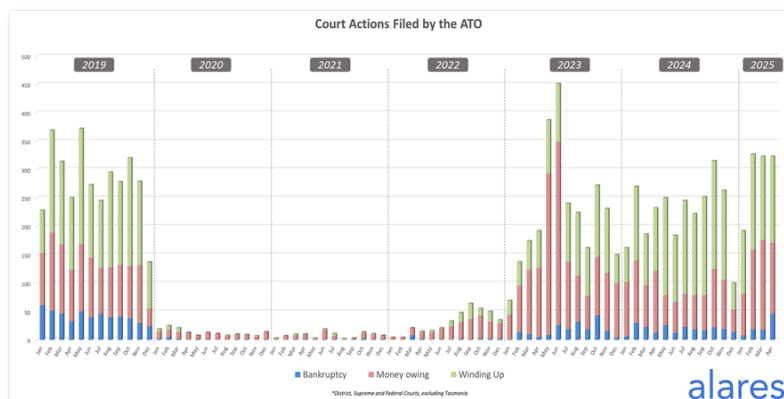
This coincides with a similar drop in April last year after a spike in March. Last year saw a continued increase in SBRs from May onwards - stay tuned to see if the same trend plays out again this year.



## The ATO remains the dominant driver, still with no signs of slowing down

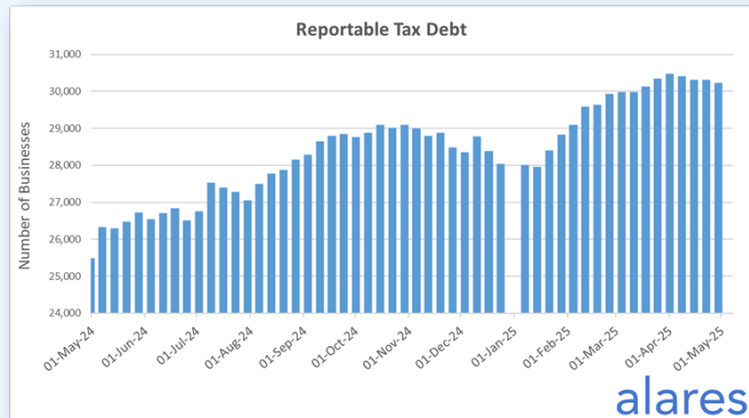
ATO initiated Court recoveries continue to increase year-on-year, highlighted in April by a noticeable increase in personal bankruptcy sequestrations.

This comes off the back of a reported record number of directors penalty notices, showing that the ATO is increasing holding business owners and directors personally to account.



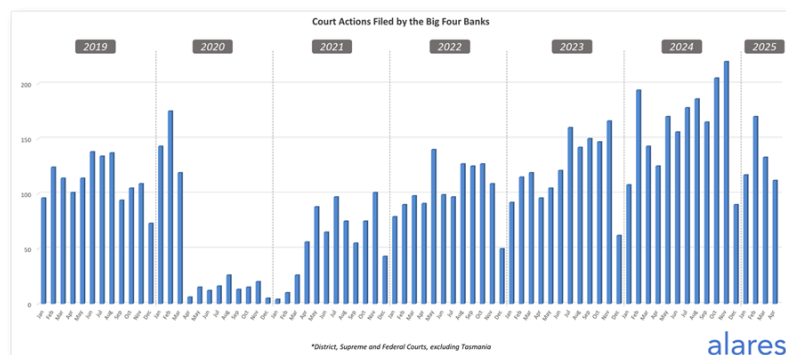
## Similarly, the ATO's disclosure of business tax debts remains in full swing

More than 30,000 businesses remain subject to disclosure of tax debt reporting. However, in a potential positive sign, it appears that the total number of businesses may have momentarily peaked. Stay tuned for next month's update to see if this trend continues.



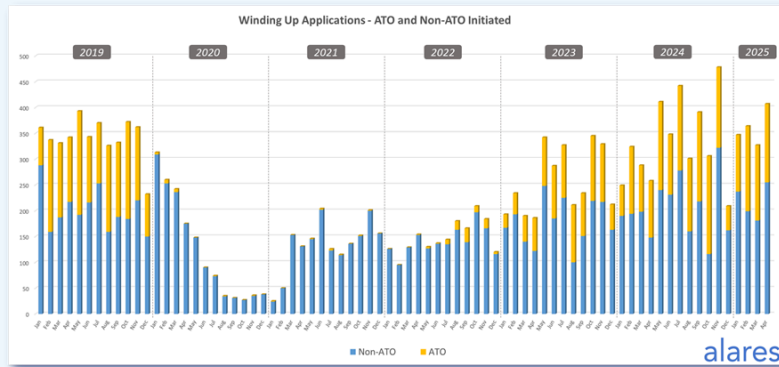
## Meanwhile the big four banks are showing a continued year-on-year reduction in Court recoveries

Overall numbers remain historically high, however the downward trend may be a sign that borrowers are starting to adjust to higher interest rates.



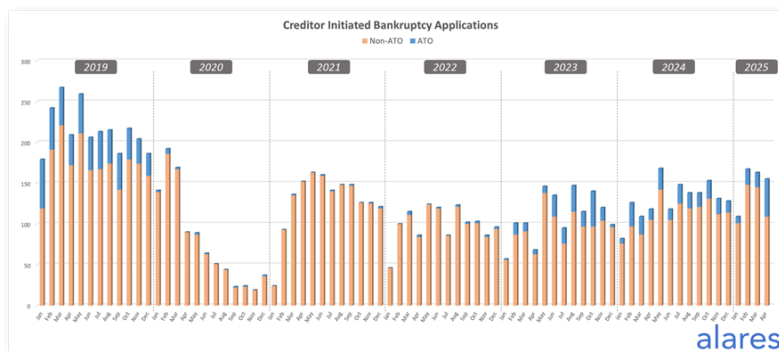
## Winding up applications continue to rise, a further indication that more insolvencies are on the horizon

Winding up applications in April showed a significant year-on-year increase and were well above historical levels, led by a strong increase in **non-ATO** initiated winding ups.



## Creditor-initiated bankruptcy applications continue hovering near multi-year highs

Again, ATO initiated bankruptcy applications showed a significant year-on-year increase.



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