

ANZ Bank New Zealand Limited

Key Rating Drivers

Strong Support Prospects: The Long-Term Issuer Default Ratings (IDRs) and Shareholder Support Rating (SSR) reflect Fitch Ratings’ assessment of a ‘Very High’ likelihood of support from ANZ Bank New Zealand Limited’s (ANZNZ) Australia-based owner, Australia and New Zealand Banking Group Limited (ANZ, AA-/Stable/a+), if required. The anchor rating for ANZNZ’s SSR is ANZ’s Viability Rating (VR), as it is unclear whether ANZ’s qualifying junior debt buffers would be pre-placed or effectively available to support ANZNZ’s senior creditors.

Integral Subsidiary: The SSR reflects the bank’s role as ANZ’s key and integral subsidiary in the group’s core New Zealand market. We believe the sale of ANZNZ is highly unlikely and would alter ANZ’s overall profile, while its default would present significant reputational risk for ANZ and could damage its franchise.

Economic Recovery: We expect a rebound in New Zealand’s economy in 2025 after a GDP contraction in 2024. This should limit additional asset quality pressure, further supported by a peak in unemployment during the year. Nevertheless, we maintain the asset quality score below the implied ‘aa’ category, as household debt remains high relative to many other jurisdictions.

Market Position Underpins VR: ANZNZ’s VR aligns with its implied VR. This is supported by its large domestic market position, with a market share of above 25% in loans and deposits, and underpins a straightforward business model and financial profile. The business profile score of ‘a+’ is above the implied category score of ‘bbb’, reflecting ANZNZ’s strong market position.

Risk Managed Well: ANZNZ’s business model means credit risk is likely to remain its largest risk exposure. Credit risk comprised 83% of risk-weighted assets (RWAs) in the first half the financial year ending September 2025 (1H FY25) and arises from its loan portfolio, which accounted for 76% of total assets and is managed effectively. Non-financial risk is becoming more prominent, with cyber risk a particular focus for the bank.

Stage 3 Peak Approaching: We expect the stage 3 loan/gross loan ratio to reach 1.2% by FYE25, reflecting weaker labour market conditions. This is likely to mark the peak for the ratio in the current cycle, with a lower official cash rate supporting economic growth and employment in 2026. We forecast provisioning levels to remain steady at around 40%-50% of impaired loans. This, together with high collateral coverage in the loan portfolio, should limit credit losses.

Limited Profit Volatility: We expect the operating profit/RWA ratio to remain at around 3% through FY26. This reflects a steady net interest margin of 2.4%-2.5%, improving loan growth and cost control. Cost efficiency should remain strong, with a cost/income ratio of about 35%. We have revised the earnings score to ‘a+’ from ‘a’ to better reflect the conservative risk-weighting in New Zealand, resulting in the operating profit/RWA ratio being understated compared with that of many international peers.

Capitalisation to Strengthen: We forecast the common equity Tier 1 ratio to continue rising from the 12.8% at end-1H FY25. However, this could change once the Reserve Bank of New Zealand (RBNZ) completes its capital framework review, which it plans to finalise by end-2025. New Zealand’s capital framework is more conservative than global standards, as reflected in a capitalisation and leverage score of ‘a’, which is above the implied ‘bbb’ category.

Modest Improvement in Funding: We expect ANZNZ’s deposit growth to marginally outpace loan growth in FY25, resulting in the loans/customer deposits ratio falling to below 110%. ANZNZ reports regulatory liquidity ratios significantly above minimum requirements.

Ratings

Foreign Currency

Long-Term IDR	A+
Short-Term IDR	F1

Local Currency

Long-Term IDR	A+
Short-Term IDR	F1

Viability Rating	a
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Shareholder Support Rating	a+
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Sovereign Risk

Long-Term Foreign-Currency IDR	AA+
Long-Term Local-Currency IDR	AA+
Country Ceiling	AAA

Outlooks

Long-Term Foreign-Currency IDR	Stable
Long-Term Local-Currency IDR	Stable
Sovereign Long-Term Foreign-Currency IDR	Stable
Sovereign Long-Term Local-Currency IDR	Stable

Applicable Criteria

[Bank Rating Criteria \(March 2025\)](#)

Related Research

[New Zealand Capital Proposals Unlikely to Immediately Affect Bank Ratings \(August 2025\)](#)

[Developed Markets 100 Largest Banks Monitor \(July 2025\)](#)

[Fitch Affirms Australia and New Zealand Banking Group at ‘AA-’; Outlook Stable \(March 2025\)](#)

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Rating Sensitivities

Factors that Could, Individually or Collectively, Lead to Negative Rating Action/Downgrade

Long-Term IDRs and SSR

A downgrade of ANZ's VR is likely to result in a downgrade of ANZNZ's SSR and Long-Term IDRs; see [Fitch Affirms Australia and New Zealand Banking Group at 'AA-'; Outlook Stable](#), published 26 March 2025, for the key drivers and sensitivities of ANZ's VR.

ANZNZ's Long-Term IDRs and the SSR may also be downgraded should we change our view on its importance to ANZ. This could be reflected in its partial or full sale or a decision to significantly scale back operations within New Zealand. Weakening co-operation between authorities in Australia and New Zealand may indicate a reduced ability for ANZ to provide timely support and pressure the ratings. However, neither of these scenarios is likely in our view.

VR

The VR could be downgraded if deterioration in the economic environment results in a combination of:

- the four-year average of the stage 3 loan/gross loan ratio increasing significantly above 1.5% (FY21-FY24: 0.7%) for a sustained period;
- the four-year average of the operating profit/RWA ratio falling consistently and significantly below 2.0% (FY21-FY24: 2.8%);
- the common equity Tier 1 capital ratio declining below 10.5% without a credible plan to return it to above this level (end-1H25: 12.8%).

Factors that Could, Individually or Collectively, Lead to Positive Rating Action/Upgrade

Long-Term IDRs and SSR

An upgrade on ANZ's VR is likely to be reflected in ANZNZ's Long-Term IDRs and SSR, as long as there is no change to ANZ's propensity to support ANZNZ.

We may also change the anchor rating to ANZ's Long-Term IDR if qualifying junior debt or equity is pre-placed in ANZNZ to meet resolution requirements, including if the RBNZ proceeds with proposals to introduce loss-absorbing capacity requirements for New Zealand's large banks or if ANZ's resolution plans identify ANZNZ as a beneficiary of intra-group resources. This would result in an upgrade of ANZNZ's SSR and Long-Term IDRs if the uplift applied to ANZ's Long-Term IDR remains in place.

VR

An upgrade of the VR could result from ANZNZ maintaining its strong business profile in combination with a sustained improvement in asset quality, capital and funding metrics.

Other Debt and Issuer Ratings

Rating level	Rating
Senior unsecured: long term	A+
Senior unsecured: short term	F1
Guaranteed: long term	A+
Guaranteed: short term	F1

Source: Fitch Ratings

Short-Term IDR

The Short-Term IDRs are at the lower of the two options available at a Long-Term IDR of 'A+', as the parent's funding and liquidity score is below 'aa-'. This is the threshold for an 'F1+' Short-Term IDR.

Senior Unsecured

ANZNZ's senior unsecured debt is rated in line with its IDRs, consistent with Fitch's Bank Rating Criteria, as New Zealand's resolution framework only has one class of senior debt.

Factors that Could, Individually or Collectively, Lead to Negative Rating Action/Downgrade:

Short-Term IDRs

ANZ's Short-Term IDRs may be downgraded if the Long-Term IDRs are downgraded to 'A-' or below.

Senior Unsecured

ANZ's senior unsecured debt ratings would be downgraded if its IDRs are downgraded.

Factors that Could, Individually or Collectively, Lead to Positive Rating Action/Upgrade:

Short-Term IDR

ANZ's Short-Term IDRs would be upgraded if the Long-Term IDRs are upgraded to 'AA-' or the parent's funding and liquidity score is raised to 'aa-'.

Senior Unsecured

ANZ's senior unsecured debt ratings would be upgraded if its IDRs are upgraded.

Ratings Navigator

	Operating Environment	Business Profile 20%	Risk Profile 10%	Financial Profile				Implied Viability Rating	Viability Rating	Shareholder Support Rating	LT Issuer Default Rating
				Asset Quality 20%	Earnings & Profitability 15%	Capitalisation & Leverage 25%	Funding & Liquidity 10%				
aaa								aaa	aaa	aaa	AAA
aa+								aa+	aa+	aa+	AA+
aa								aa	aa	aa	AA
aa-								aa-	aa-	aa-	AA-
a+								a+	a+	a+	A+ Sta
a								a	a	a	A
a-								a-	a-	a-	A-
bbb+								bbb+	bbb+	bbb+	BBB+
bbb								bbb	bbb	bbb	BBB
bbb-								bbb-	bbb-	bbb-	BBB-
bb+								bb+	bb+	bb+	BB+
bb								bb	bb	bb	BB
bb-								bb-	bb-	bb-	BB-
b+								b+	b+	b+	B+
b								b	b	b	B
b-								b-	b-	b-	B-
ccc+								ccc+	ccc+	ccc+	CCC+
ccc								ccc	ccc	ccc	CCC
ccc-								ccc-	ccc-	ccc-	CCC-
cc								cc	cc	cc	CC
c								c	c	c	C
f								f	f	ns	D or RD

The Key Rating Driver (KRD) weightings used to determine the implied VR are shown as percentages at the top. In cases where the implied VR is adjusted upwards or downwards to arrive at the VR, the KRD associated with the adjustment reason is highlighted in red. The shaded areas indicate the benchmark-implied scores for each KRD.

Factor Outlook

Stable Evolving Positive Negative

VR - Adjustments to Key Rating Drivers

The operating environment score of 'a+' is below the 'aa' category implied score due to the following adjustment reason: level or growth of credit (negative).

The business profile score of 'a+' is above the 'bbb' category implied score due to the following adjustment reason: market position (positive).

The capitalisation and leverage score of 'a' is above the 'bbb' category implied score due to the following adjustment reason: leverage and risk-weight calculation (positive).

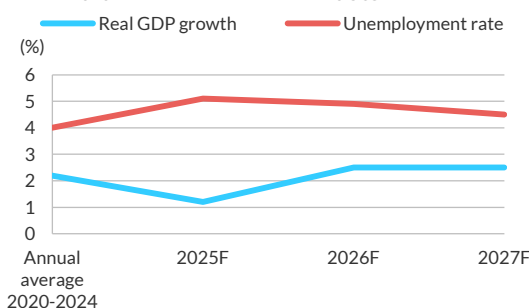
Company Summary and Key Qualitative Factors

Operating Environment

We expect New Zealand's GDP growth to improve to 1.2% in 2025, from a 0.6% contraction in 2024, as interest rate cuts start to take effect. The unemployment rate is likely to peak in 2025 at below 5.5% (end-June 2025: 5.2%) and then fall in 2026. Losses for banks should be manageable at this level, supported by conservative underwriting and macroprudential policies in place prior to the monetary tightening cycle following the Covid-19 pandemic. This underpins our stable operating environment outlook.

The regulatory framework includes macroprudential speed limits on riskier residential mortgages. These have been in place for about a decade and reduce the risk of loss for banks should mortgage arrears increase. Loans from the banking sector remain heavily exposed to households, primarily through residential mortgages. New Zealand has high household leverage relative to many other countries, although this has improved since 2022. Household debt/disposable income was 170% at end-March 2025, down from a cyclical high of 175% at end-March 2022.

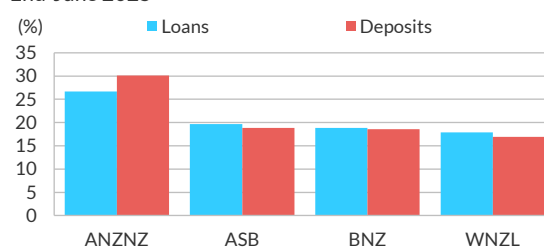
New Zealand Economic Forecasts



Source: Fitch Ratings, Fitch Solutions

Market Shares

End-June 2025



ASB: ASB Bank Limited (A+/Positive/a), BNZ: Bank of New Zealand (A+/Stable/a), WNZL: Westpac New Zealand Limited (A+/Stable/a)
Source: Fitch Ratings, Fitch Solutions, banks

Business Profile

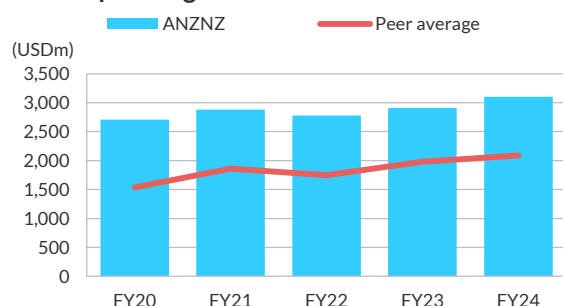
ANZN is the largest bank in New Zealand and we expect it to maintain its strong competitive position in the medium term, supporting considerable economies of scale. This underpins the bank's financial profile and VR. ANZN continues to invest in digital capabilities, a key focus for New Zealand banks, to sustain its leading position.

The bank's market position allows it to operate a straightforward, traditional banking model that limits complexity and reduces reliance on more volatile activities, such as trading. This supports stable earnings. However, earnings are concentrated in net interest income, reflecting the predominance of loans on the balance sheet.

ANZN's operations are heavily weighted towards retail banking, with the personal segment representing 73% of net loans and advances and 44% of net profit after tax as at end-1HFY25. The business and agri segment accounted for 15% and 20% of net loans and advances and net profit after tax, respectively, while the institutional segment contributed 11% and 20% on the same measures.

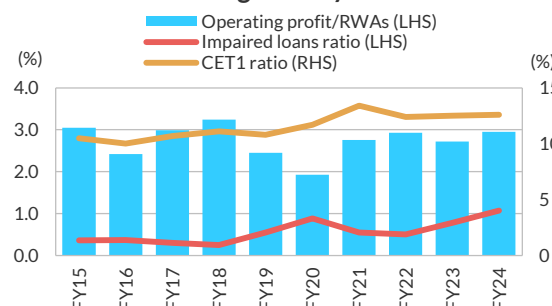
ANZ's ownership provides limited benefits to ANZN's domestic lending and deposit franchise, while offering greater support to its wholesale funding franchise. ANZN operates exclusively in New Zealand and this is unlikely to change. Any overseas operations would likely be undertaken by the parent.

Total Operating Income



Source: Fitch Ratings, Fitch Solutions, banks

Performance Through the Cycle



Source: Fitch Ratings, Fitch Solutions, ANZN

Risk Profile

Corporate and commercial loans are more likely to be the source of large losses than residential mortgages, despite accounting for only 25% of gross loans at end-1H FY25, compared with 72% for residential mortgages. Exposure to corporate and commercial loans is well diversified by single name; however, agriculture and commercial real estate are two industries with some concentration in ANZNZ's loan portfolio. This is consistent with the broader domestic economy. ANZNZ manages these exposures within established risk limits.

Risks associated with residential mortgage exposures are generally well managed, reflecting conservative underwriting standards and macroprudential limits. Regulatory oversight and requirements in both Australia and New Zealand, including loan-to-value restrictions set by the RBNZ, are likely to limit the incidence of negative equity and, ultimately, residential mortgage losses for New Zealand banks, including ANZNZ. Debt-to-income restrictions implemented in mid-2024 should further constrain risk accumulation in the mortgage portfolio by tempering house price increases as interest rates decline.

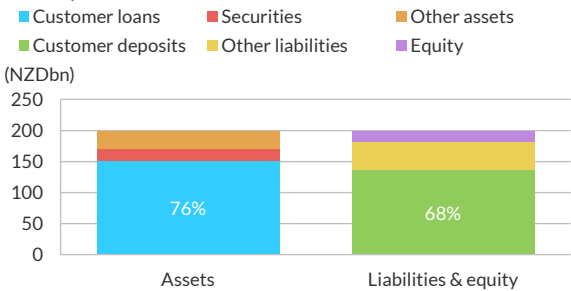
Securities exposures consist almost entirely of high-quality assets, primarily government securities, held for prudential liquidity purposes. Interest rate risk management is sound. Hedging is used to reduce risk and all securities are held in trading or available-for-sale categories. Movements in value are therefore reflected in capital levels.

Loan growth is likely to remain subdued in FY25, reflecting soft economic conditions, but we expect it to return closer to system growth from FY26. ANZNZ's large market share means growth is unlikely to materially exceed system growth for extended periods.

Non-financial risk management is adequate for the bank's risk profile. Cyber risk remains a key non-financial risk for New Zealand banks and is a significant focus for ANZNZ.

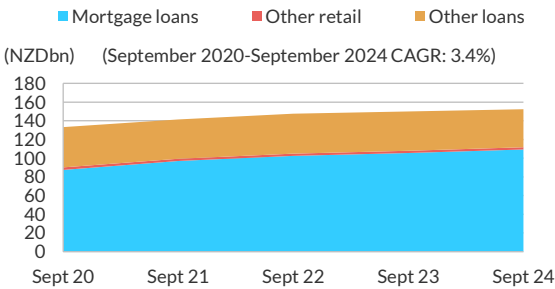
Balance Sheet

End-September 2024



Source: Fitch Ratings, Fitch Solutions, ANZNZ

Loan Book Breakdown



CAGR: compound annual growth rate
Source: Fitch Ratings, Fitch Solutions, ANZNZ

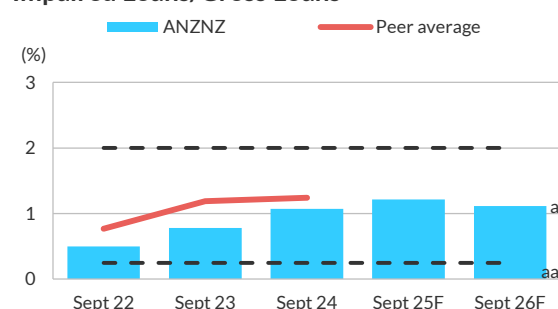
Financial Profile

Asset Quality

ANZ's stage 3 loans/gross loans ratio should peak for this cycle slightly above 1.2% in late 2025 (end-1HFY25: 1.2%), before declining in 2026 as the unemployment rate falls and economic growth improves. Loan losses are likely to be limited by conservative underwriting standards, regulatory limits on higher-risk residential mortgages and high collateral coverage. ANZ estimated collateral value at above 95% of net loans and advances at FYE24. This supports our asset quality score of 'a'.

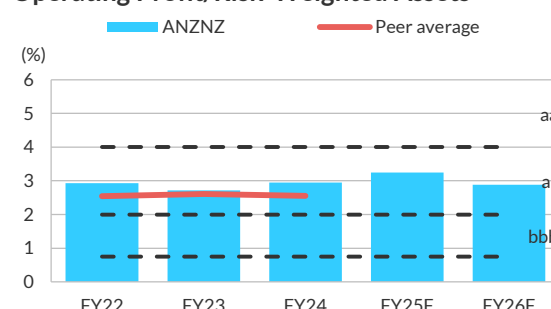
Loan-loss allowance coverage of impaired loans declined as impaired-loan balances increased and the bank utilised overlays previously raised in response to a weaker economic environment. Coverage fell to 40% in 1HFY25, from 45% at FYE24. We expect coverage to remain at around this level through FYE26 and consider it to be adequate, given the high level of security, primarily property, across the loan portfolio.

Impaired Loans/Gross Loans



Source: Fitch Ratings, Fitch Solutions, banks

Operating Profit/Risk-Weighted Assets



Source: Fitch Ratings, Fitch Solutions, banks

Earnings and Profitability

We expect ANZ's net interest margin to improve marginally to 2.5% in FY25. Together with stronger loan growth and fair value gains on economic hedges, this should support an improved operating profit/RWA ratio of 3.2% (FY24: 3.0%). We expect the ratio to decline slightly in FY26, but remain around 3.0% over the medium term. These metrics reflect ANZ's strong domestic franchise, particularly in retail deposits, which supports lower funding costs and a cost/income ratio of around 35%.

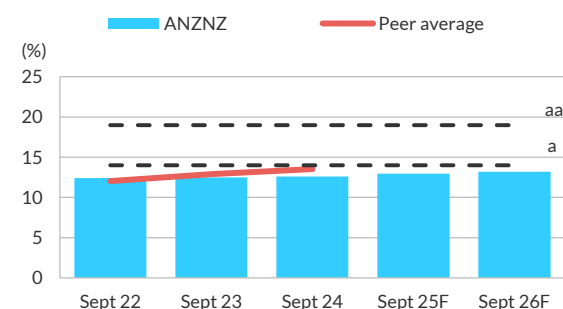
Comparisons of Fitch's core profitability metric, operating profit/RWA, between New Zealand banks and international peers are complicated by the conservative capital framework implemented by the RBNZ. We also consider complementary metrics, such as the operating profit/average total assets ratio, when assigning the earnings and profitability score. The assigned score of 'a+' is consistent with the implied 'a' category score.

Capitalisation and Leverage

ANZ should have little difficulty meeting the minimum regulatory capital requirement, even if the RBNZ implements its proposed changes. The changes would not weaken the current requirement, limiting downward pressure on our capitalisation and leverage score. The central bank will decide on adjustments to the framework by end-2025, with a new implementation timetable to be published early in 2026. ANZ is likely to accumulate any required capital through retained earnings during the implementation period and has the flexibility to adjust dividends to its parent, if necessary.

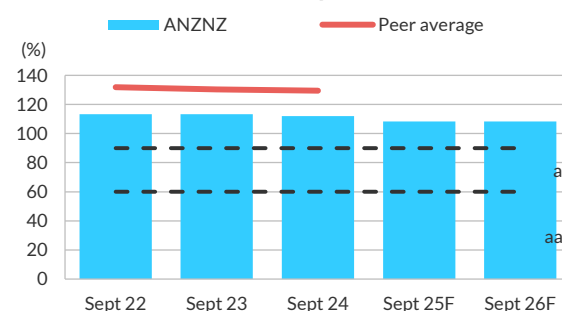
The regulatory capital framework includes a floor for modelled outcomes at 85% of the standardised approach and a 1.2x scalar applied to internal ratings-based models, both of which are more conservative than Basel minimums. As a result, New Zealand's major banks report regulatory capital ratios that are lower than would be calculated under the frameworks of many other jurisdictions. We also consider non-risk-weighted ratios, such as the tangible common equity/tangible asset ratio, when assessing capitalisation to account for this conservatism.

CET1 Ratio



Source: Fitch Ratings, Fitch Solutions, banks

Gross Loans/Customer Deposits



Source: Fitch Ratings, Fitch Solutions, banks

Funding and Liquidity

We expect ANZNZ's loan and deposit growth to be broadly similar over time, resulting in a stable loans/customer deposits ratio through the cycle. The deposit base is steady, with household deposits accounting for more than 60% of total deposits at end-1HFY25 and the remainder diversified by industry sector.

Wholesale funding, including that sourced from offshore markets, remains an important component of ANZNZ's funding mix. Associated risks are addressed through liquidity management, contingency planning and diversification across products, investors and markets. ANZNZ also benefits from being part of ANZ group, which supports access to wholesale funding markets at pricing not typically available on a standalone basis. Foreign-exchange risk is mitigated using fully collateralised hedges.

Additional Notes on Charts

The forecasts in the charts in this section reflect Fitch's forward view on the bank's core financial metrics per Fitch's *Bank Rating Criteria*. They are based on a combination of Fitch's macroeconomic forecasts, outlook at the sector level, and company-specific considerations. As a result, Fitch's forecasts may differ materially from the guidance provided by the rated entity to the market.

To the extent Fitch is aware of material non-public information with respect to future events, such as planned recapitalisations or M&A activity, Fitch will not reflect these non-public future events in its published forecasts. However, where relevant, such information is considered by Fitch as part of the rating process.

Black dashed lines represent indicative quantitative ranges and implied scores for Fitch's core financial metrics for banks operating in the environments that Fitch scores in the 'a' category. Light-blue columns represent Fitch's forecasts.

Peer average includes ASB Bank Limited (VR: a), Bank of New Zealand (a) and Westpac New Zealand Limited (a). Financial year end of ANZNZ, Bank of New Zealand and Westpac New Zealand Limited is 30 September. Financial year end of ASB Bank Limited is 30 June.

Financials

Financial Statements

	30 Sep 21 12 months (NZDm)	30 Sep 22 12 months (NZDm)	30 Sep 23 12 months (NZDm)	30 Sep 24 12 months (NZDm)	30 Sep 25F 12 months (NZDm)	30 Sep 26F 12 months (NZDm)
Summary income statement						
Net interest and dividend income	3,424	3,776	4,293	4,402	-	-
Net fees and commissions	555	539	504	494	-	-
Other operating income	210	536	81	-17	-	-
Total operating income	4,189	4,851	4,878	4,879	5,354	5,179
Operating costs	1,621	1,653	1,663	1,760	1,830	1,885
Pre-impairment operating profit	2,568	3,198	3,215	3,119	3,524	3,294
Loan and other impairment charges	-114	39	183	44	10	52
Operating profit	2,682	3,159	3,032	3,075	3,514	3,242
Other non-operating items (net)	-	12	34	3	-	-
Tax	743	882	849	870	-	-
Net income	1,939	2,289	2,217	2,208	2,530	2,334
Other comprehensive income	-8	-15	-136	119	-	-
Fitch comprehensive income	1,931	2,274	2,081	2,327	-	-
Summary balance sheet						
Assets						
Gross loans	141,341	147,713	150,051	152,391	154,777	160,874
- of which impaired	773	734	1,177	1,623	1,883	1,793
Loan loss allowances	585	646	730	725	704	724
Net loans	140,756	147,067	149,321	151,666	154,074	160,150
Interbank	237	785	401	574	-	-
Derivatives	9,304	15,481	8,753	10,181	-	-
Other securities and earning assets	22,658	21,505	18,348	21,674	-	-
Total earning assets	172,955	184,838	176,823	184,095	-	-
Cash and due from banks	7,234	11,327	12,426	9,872	-	-
Other assets	4,580	4,969	5,040	5,209	-	-
Total assets	184,769	201,134	194,289	199,176	202,338	210,317
Liabilities						
Customer deposits	125,129	130,330	132,529	136,163	142,971	148,690
Interbank and other short-term funding	11,452	16,207	13,521	12,374	-	-
Other long-term funding	19,061	19,082	18,209	16,685	-	-
Trading liabilities and derivatives	7,727	13,785	8,326	11,179	-	-
Total funding and derivatives	163,369	179,404	172,585	176,401	-	-
Other liabilities	2,067	2,005	2,345	3,027	-	-
Preference shares and hybrid capital	2,741	2,791	1,788	2,630	-	-
Total equity	16,592	16,934	17,571	17,118	18,004	18,821
Total liabilities and equity	184,769	201,134	194,289	199,176	-	-
Exchange rate	USD1= NZD1.4548	USD1= NZD1.7443	USD1= NZD1.6762	USD1= NZD1.5717	-	-

Source: Fitch Ratings, Fitch Solutions, ANZNZ

Key Ratios

	30 Sep 21	30 Sep 22	30 Sep 23	30 Sep 24	30 Sep 25F	30 Sep 26F
Ratios (%; annualised as appropriate)						
Profitability						
Operating profit/risk-weighted assets	2.8	2.9	2.7	3.0	3.2	2.9
Net interest income/average earning assets	2.0	2.1	2.4	2.5	2.5	2.4
Non-interest expense/gross revenue	38.7	34.1	34.1	36.1	34.2	36.4
Net income/average equity	11.9	13.7	12.9	12.7	14.4	12.7
Asset quality						
Impaired loans ratio	0.6	0.5	0.8	1.1	1.2	1.1
Growth in gross loans	6.0	4.5	1.6	1.6	1.6	3.9
Loan loss allowances/impaired loans	75.7	88.0	62.0	44.7	37.4	40.4
Loan impairment charges/average gross loans	-0.1	0.0	0.1	0.0	0.0	0.0
Capitalisation						
Common equity Tier 1 ratio	13.4	12.4	12.5	12.6	13.0	13.2
Tangible common equity/tangible assets	7.2	6.8	7.4	7.0	-	-
Net impaired loans/common equity Tier 1	1.5	0.7	3.2	6.8	8.4	7.2
Funding and liquidity						
Gross loans/customer deposits	113.0	113.3	113.2	111.9	108.3	108.2
Gross loans/customer deposits + covered bonds	109.3	109.9	110.4	110.2	-	-
Customer deposits/total non-equity funding	79.0	77.4	79.8	81.1	-	-
Source: Fitch Ratings, Fitch Solutions, ANZNZ						

Support Assessment

Shareholder support

Shareholder	Australia and New Zealand Banking Group Limited
Shareholder Viability	● a+
Total adjustment (notches)	0
Shareholder Support Rating	a+
Shareholder ability to support	
Shareholder regulation	● Equalised
Relative size	● 1 notch
Country risks	● Equalised
Shareholder propensity to support	
Role in group	● Equalised
Reputational risk	● Equalised
Integration	● Equalised
Support record	● 1 notch
Subsidiary performance and prospects	● Equalised
Legal commitments	● 2+ notches

The colours below indicate the influence of each support factor in our assessment.

Influence: Lower ● Moderate ● Higher ●

Source: Fitch Ratings

ANZ's Long-Term IDRs and SSR reflect Fitch's assessment of a very high probability of support from its Australian parent, ANZ, if required. The Long-Term IDRs are driven by the SSR, which is aligned with the parent's VR, reflecting Fitch's assessment that ANZ remains a key and integral subsidiary of ANZ. New Zealand is a core market for ANZ, and ANZ is the only New Zealand-incorporated bank within the group. Any default by ANZ would pose a huge reputational risk to ANZ and could damage the group's franchise.

Fitch also expects cooperation between the Australian and New Zealand banking regulators to ensure support can be provided to the subsidiary, if required. The Outlooks on ANZ's Long-Term IDRs are Stable, mirroring the Stable Outlook on ANZ's Long-Term IDR, which is driven by Fitch's assessment of the likelihood of a change in ANZ's VR.

We use ANZ's VR as the anchor rating rather than the parent's Long-Term IDR, as it remains unclear whether ANZ's senior unsecured creditors will benefit from the junior debt buffers being built by ANZ under the parent's resolution plan. One proposal put forward by the RBNZ as part of its capital review is to require domestic systemically important banks, such as ANZ, to build loss-absorbing capacity buffers. The anchor rating could change to ANZ's Long-Term IDR if this proposal proceeds, as it would require ANZ to preplace junior debt buffers at ANZ.

Subsidiaries and Affiliates

ANZ NZ issues foreign-currency wholesale funding through its wholly owned subsidiary, ANZ New Zealand (Int'l) Limited (ANZIL). ANZIL is used for funding purposes only and is not rated by Fitch; Fitch only rates the debt that it issues. The debt ratings are aligned with ANZ NZ's IDRs, as ANZ NZ guarantees ANZIL's senior unsecured debt instruments and the guarantee ranks pari passu with ANZ NZ's senior unsecured debt.

Factors that Could, Individually or Collectively, Lead to Negative Rating Action/Downgrade:

The ratings of the guaranteed instruments issued by ANZIL would be downgraded if ANZ NZ's IDRs are downgraded.

Factors that Could, Individually or Collectively, Lead to Positive Rating Action/Upgrade:

The ratings of the guaranteed instruments issued by ANZIL would be upgraded if ANZ NZ's IDRs are upgraded.

Environmental, Social and Governance Considerations



Environmental Relevance Scores

General issues	Score	Sector-specific issues	Reference
GHG Emissions & Air Quality	1	n.a.	n.a.
Energy Management	1	n.a.	n.a.
Water & Wastewater Management	1	n.a.	n.a.
Waste & Hazardous Materials Management; Ecological Impacts	1	n.a.	n.a.
Exposure to Environmental Impacts	2	Impact of extreme weather events on assets and/or operations and corresponding risk appetite & management; catastrophe risk; credit concentrations	Business Profile (incl. Management & governance); Risk Profile; Asset Quality



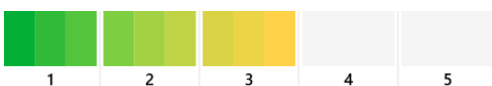
Social Relevance Scores

General issues	Score	Sector-specific issues	Reference
Human Rights, Community Relations, Access & Affordability	2	Services for underbanked and underserved communities; SME and community development programs; financial literacy programs	Business Profile (incl. Management & governance); Risk Profile
Customer Welfare - Fair Messaging, Privacy & Data Security	3	Compliance risks including fair lending practices, mis-selling, repossession/foreclosure practices, consumer data protection (data security)	Operating Environment; Business Profile (incl. Management & governance); Risk Profile
Labor Relations & Practices	2	Impact of labor negotiations, including board/employee compensation and composition	Business Profile (incl. Management & governance)
Employee Wellbeing	1	n.a.	n.a.
Exposure to Social Impacts	2	Shift in social or consumer preferences as a result of an institution's social positions, or social and/or political disapproval of core banking practices	Business Profile (incl. Management & governance); Financial Profile








Governance Relevance Scores

General issues	Score	Sector-specific issues	Reference
Management Strategy	3	Operational implementation of strategy	Business Profile (incl. Management & governance)
Governance Structure	3	Board independence and effectiveness; ownership concentration; protection of creditor/stakeholder rights; legal /compliance risks; business continuity; key person risk; related party transactions	Business Profile (incl. Management & governance); Earnings & Profitability; Capitalisation & Leverage
Group Structure	3	Organizational structure; appropriateness relative to business model; opacity; intra-group dynamics; ownership	Business Profile (incl. Management & governance)
Financial Transparency	3	Quality and frequency of financial reporting and auditing processes	Business Profile (incl. Management & governance)



The highest level of ESG credit relevance is a score of '3', unless otherwise disclosed in this section. A score of '3' means ESG issues are credit-neutral or have only a minimal credit impact on the entity, either due to their nature or the way in which they are being managed by the entity. Fitch's ESG Relevance Scores are not inputs in the rating process; they are an observation on the relevance and materiality of ESG factors in the rating decision. For more information on Fitch's ESG Relevance Scores, visit www.fitchratings.com/topics/esg/products#esg-relevance-scores

ESG Scoring	Credit-Relevant ESG Scale	
ESG relevance scores range from '1' to '5' based on a 15-level colour gradation. Red (5) is most relevant to the credit rating and green (1) is least relevant.		5 Highly relevant, a key rating driver that has a significant impact on the rating on an individual basis. Equivalent to 'Higher' relative importance within the Navigator.
The Environmental (E), Social (S) and Governance (G) tables break out the general and the sector-specific issues that are most relevant to each industry group. Relevance scores are assigned to each sector-specific issue, signalling the credit relevance of the sector-specific issues to an issuer's overall credit rating. The Reference column highlights the factor(s) within which the corresponding ESG issues are captured in Fitch's credit analysis.		4 Relevant to rating, not a key rating driver but has an impact on the rating in combination with other factors. Equivalent to 'Moderate' relative importance within the Navigator.
The panels underneath the relevance scores tables are visualisations of the frequency of occurrence of the highest ESG relevance scores across the combined E, S and G categories. The Score columns summarise rating relevance and impact to credit from ESG issues. The column on the far left identifies any ESG relevance sub-factor issues that are drivers or potential drivers of an issuer's credit rating (corresponding with scores of '3', '4' or '5'). All scores of '4' and '5' are assumed to reflect a negative impact unless indicated with a '+' sign for positive impact.		3 Minimally relevant to rating, either very low impact or actively managed in a way that results in no impact on the entity rating. Equivalent to 'Lower' relative importance within the Navigator.
Classification of ESG issues has been developed from Fitch's sector ratings criteria. The general and sector-specific issues draw on the classification standards published by the UN Principles for Responsible Investing, the Sustainability Accounting Standards Board and the World Bank.		2 Irrelevant to the entity rating but relevant to the sector.
		1 Irrelevant to the entity rating and irrelevant to the sector.

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For information on the solicitation status of the ratings included within this report, please refer to the solicitation status shown in the relevant entity's summary page of the Fitch Ratings website.

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