MOODY'S
RATINGS

Rating Action: Moody's Ratings affirms Norfina Limited's ratings, outlook stable

27 Jul 2026

Sydney, July 27, 2026 -- Moody's Ratings (Moody's) has today affirmed all ratings and assessments of Norfina Limited. This includes the bank's long-term counterparty risk ratings of Aa1, long-term counterparty risk assessment of Aa1(cr), long-term issuer ratings of Aa2, senior unsecured debt ratings of Aa2 and senior unsecured MTN ratings of (P)Aa2, short-term counterparty risk ratings and short-term issuer ratings of P-1, and baa1 Baseline Credit Assessment (BCA) and a2 adjusted BCA.

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Please click on this link https://ratings.moodys.com/documents/PBC_ARFTL527057 for the List of Affected Credit Ratings. This list is an integral part of this Press Release and identifies each affected issuer.

RATINGS RATIONALE

Norfina Limited's (Norfina) Aa2 senior unsecured debt rating reflects the bank's a2 adjusted BCA; a two-notch uplift resulting from our Advanced Loss Given Failure analysis; and an additional one-notch of government support uplift, resulting from our moderate assessment of government support in case of need. Norfina's adjusted BCA at a2 incorporates two notches of affiliate support from its parent, Australia and New Zealand Banking Group Limited (ANZ), and reflects our view of a very high likelihood of support in case of need.

Norfina's baa1 BCA reflects the bank's strong asset quality and sound funding and liquidity profiles. We expect Norfina's credit profile to become increasingly linked with ANZ's as the group completes the integration process, which ANZ expects to conclude by June 2027.

Norfina's asset quality is strong, reflected in a low non-performing loan (NPL) ratio of 1.06% of gross loans as of September 2025. Although higher inflation and interest rates have increased pressure on borrowers, we expect loan performance to remain resilient given the strength of the bank's predominantly prime mortgage portfolio. Residential mortgages accounted for 83% of gross loans as of September 2025. The portfolio's sound credit quality is evidenced by a low credit impairment charge of 6 basis points and adequate provisioning levels. However, lending remains geographically concentrated, with Queensland accounting for 43% of gross loans, exposing the bank to greater regional concentration risk than more diversified peers.

Norfina's capital position remains healthy, with a common equity Tier 1 (CET1) ratio of 10.76% as of September 2025, placing it in the upper half of its 10.5%-11.0% target operating range. We expect the bank to continue generating sufficient organic capital, net of dividends, to support growth while maintaining solid regulatory capital ratios. As a standardised bank, Norfina's relatively conservative risk-weighted asset calculations are reflected in a risk-weighted assets-to-total assets ratio of 39%, which is high relative to the predominantly residential mortgage composition of its loan book.

Underlying profitability remains sound, although Norfina reported a statutory net loss after tax of AUD117 million for the period ended September 2025, earnings were negatively affected by one-off acquisition and integration expenses related to ANZ's acquisition of the bank. Excluding these items, the bank reported underlying earnings after tax of AUD257 million, equivalent to a return on assets of 0.29%. Earnings benefited from margin expansion, with net interest margin rising to 1.84% from 1.75% in fiscal 2024, alongside home lending growth of around 7%, which exceeded system housing credit growth.

Norfina's funding and liquidity profile is sound. Total deposits increased by 4.2% over the 15 months to September 2025, supporting a deposit-to-loan ratio of 76.2%. Access to wholesale funding markets remains strong, with Australian domestic investors providing 92% of wholesale funding excluding securitisation. While reliance on short-term wholesale funding remains a constraint, this is partly mitigated by continued access to secured funding markets. Liquidity metrics remain robust, with a Net Stable Funding Ratio (NSFR) of 125% as of September 2025 and an average daily Liquidity Coverage Ratio (LCR) of 146% during the period.

The stable outlook on Norfina's ratings is underpinned by our expectation that it will maintain its strong balance sheet over the outlook period.

FACTORS THAT COULD LEAD TO AN UPGRADE OR DOWNGRADE OF THE RATINGS

Norfina's senior unsecured ratings could be upgraded if there was an upgrade in the BCA of the bank's affiliate support provider, ANZ. But would likely be capped at the same rating level as ANZ.

Conversely, the ratings could be downgraded if ANZ's credit profile weakens, loss-absorbing buffers decline, or Norfina experiences a material deterioration in asset quality, with problem loans rising above 3%, or capitalization, with Moody's capital ratio falling below 11%.

The principal methodology used in these ratings was Banks published in November 2025 and available at https://ratings.moodys.com/rmc-documents/454566. Alternatively, please see the Rating Methodologies page on https://ratings.moodys.com for a copy of this methodology.

The net effect of any adjustments applied to rating factor scores or scorecard outputs under the primary methodology(ies), if any, was not material to the ratings addressed in this announcement.

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• Rating Solicitation

• Issuer Participation

• Participation: Access to Management

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• Endorsement

• Lead Analyst

• Releasing Office

For further specification of Moody's key rating assumptions and sensitivity analysis, see the sections Methodology Assumptions and Sensitivity to Assumptions in the disclosure form. Moody's Rating Symbols and Definitions can be found on https://ratings.moodys.com/rating-definitions.

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