# Australia and New Zealand Banking Group Ltd.

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This report does not constitute a rating action.

## Ratings Score Snapshot

**SACP: a+**

| | | |
|---|---|---|
| Anchor | a- | |
| Business position | Strong | 1 |
| Capital and earnings | Strong | 1 |
| Risk position | Adequate | 0 |
| Funding | Adequate | 0 |
| Liquidity | Adequate | |
| CRA adjustment | | 0 |

**Support: +1**

| | |
|---|---|
| ALAC support | 0 |
| GRE support | 0 |
| Group support | 0 |
| Sovereign support | 1 |

**Additional factors: 0**

| Issuer credit rating |
|---|
| **AA-/Stable/A-1+** |

ALAC--Additional loss-absorbing capacity. CRA--Comparable ratings analysis. GRE--Government-related entity. ICR--Issuer credit rating. SACP--Stand-alone credit profile.

## Credit Highlights

### Overview

| Key strengths | Key risks |
|---|---|
| Strong market position in commercial and retail banking in Australia and New Zealand. | Material dependence on domestic and offshore wholesale borrowing. |
| Strong capitalization. | Exposed to risks from high household debt and house prices. |
| High likelihood of timely financial support from the Australian government. | |

**Australia and New Zealand Banking Group Ltd.'s (ANZ) strong market position and focus on low-risk lending in Australia and New Zealand will continue to support its earnings.** The bank focuses on retail and commercial banking. We see a sound outlook for the economies of Australia and New Zealand. This is despite subdued GDP growth, partly due to the slowing economies of major trading partners because of tariffs, and persistent domestic challenges such as a tight labor market and elevated interest rates.

**ANZ Group Holdings Ltd. is the non-operating holding company (NOHC) of the consolidated ANZ Group.** The banking subgroup drives ANZ group's stand-alone credit profile (SACP). This is because it forms the predominant part of the ANZ Group.

**ANZ's capitalization will remain a credit strength.** We project our risk-adjusted capital (RAC) ratio for the bank will fall to less than 10% in fiscal 2027. This is lower than typical for a strong capital and earnings assessment.

However, we believe ANZ's high quality of capital and earnings supports its strong capitalization. The decline in the RAC ratio is due to the phase out of additional Tier 1 (AT1) instruments as eligible regulatory capital from Jan. 1, 2027. As of Sept. 30, 2024, our RAC ratio for ANZ was 10.7%.

**ANZ's acquisition of Norfina Ltd. enhances the bank's diversification profile**. On July 31, 2024, the bank completed the acquisition of Norfina (AA-/Stable/A-1+; trading as Suncorp Bank) and added about A$70 billion in gross loans and about A$62 billion in deposits. In our view, this transaction adds scale to ANZ's mortgage and deposit books and enhances its geographic footprint within Australia.

**Credit losses should remain low and close to pre-pandemic levels over the next two years.** However, Australian banks, including ANZ, remain vulnerable to an increase in credit losses due to high household debt, elevated interest rates and consumer prices, as well as global economic uncertainties.

**The dependence of ANZ and other major Australian banks on domestic and offshore wholesale funding remains a weakness.** These banks are exposed to the risk of a disruption in access to international funding.

**High likelihood of government support.** ANZ's creditworthiness benefits from a high likelihood that the Australian government will provide timely financial support to the bank, if needed.

# Outlook

The rating outlook on ANZ is stable, reflecting Australia's sound economic prospects over the next two years. This is despite subdued GDP growth due to the slowing economies of the country's major trading partners because of tariffs. We forecast a moderation in the cash rate. While unemployment in Australia may rise somewhat, it will still be low compared to historical levels. We expect modest growth in house prices over the period. Strong immigration-driven population growth along with limited new housing supply should continue to support house prices.

Consequently, ANZ should maintain sound earnings and its credit losses should remain low, at about 0.15% of customer loans. We expect our RAC ratio for ANZ to fall to between 9.0% and 9.5% in fiscal 2027 when we no longer include AT1 instruments in our RAC calculation. As of Sept. 30, 2024, our RAC ratio for ANZ was 10.7%.

## Downside scenario

The issuer credit rating on ANZ has substantial headroom on the downside. Downgrade scenarios are highly unlikely because they require some combination of the following events to occur:

- The willingness or capacity of the Australian government to support ANZ decreases.
- We lower our rating on Australia (AAA/Stable/A-1+).
- The stand-alone creditworthiness of ANZ weakens, for example, if ANZ alters its approach to capital management resulting in ongoing weakening of our RAC ratio.

We see a more likely downside scenario to our ratings on the hybrids issued by ANZ. A downgrade could occur if we were to lower our group SACP. The following developments could result in this outcome:

- A more material reduction in the RAC ratio from our base case, to sustainably below 9%, for example because of stronger-loan growth than we expect or a spike in credit losses.
- A material weakening in the stability or quality of capital and earnings.

## Upside scenario

We see very limited upside to our issuer credit rating on ANZ in the next two years.

# Key Metrics

### Australia and New Zealand Banking Group Ltd.--Key ratios and forecasts

| | --Fiscal year ended Sep. 30 -- | | | | |
|---|---|---|---|---|---|
| (%) | 2023a | 2024a | 2025f | 2026f | 2027f |
| Growth in operating revenue | 6.4 | 0.1 | 8.3-10.1 | 3.6-4.5 | 3.5-4.3 |
| Growth in customer loans | 5.2 | 13.6 | 4.5-5.5 | 4.1-5.0 | 4.0-4.9 |
| Growth in total assets | 1.9 | 11.2 | 4.5-5.5 | 4.0-4.9 | 4.0-4.9 |
| Net interest income/average earning assets (NIM) | 1.9 | 1.6 | 1.5-1.7 | 1.5-1.7 | 1.5-1.7 |
| Cost-to-income ratio | 48.4 | 50.9 | 47.7-50.2 | 46.8-49.2 | 45.9-48.3 |
| Return on average common equity | 10.7 | 9.7 | 9.7-10.8 | 10.0-11.1 | 10.3-11.3 |
| Return on assets | 0.7 | 0.6 | 0.5-0.6 | 0.5-0.6 | 0.5-0.6 |
| New loan loss provisions/average customer loans | 0.0 | 0.1 | 0.1-0.2 | 0.1-0.2 | 0.1-0.2 |
| Gross nonperforming assets/customer loans | 0.6 | 0.7 | 0.6-0.6 | 0.6-0.6 | 0.6-0.6 |
| Net charge-offs/average customer loans | 0.0 | 0.0 | 0.2-0.2 | 0.2-0.2 | 0.2-0.2 |
| Risk-adjusted capital ratio | 12.1 | 10.7 | 10.1-10.7 | 10.0-10.5 | 8.9-9.3 |

All figures include S&P Global Ratings' adjustments. a--Actual. e--Estimate. f--Forecast. NIM--Net interest margin.

# Anchor: Australia's Resilient Economy, Conservative Regulations, And Low Risk Appetite Mitigate Housing And Funding Risks

The starting point for our ratings on ANZ--similar to all other banks operating predominantly in Australia--reflects our assessment of Australia's macroeconomic environment. ANZ has about 65% of credit exposure to its Australian home market and 20% to New Zealand, with the balance to Asia-Pacific, Europe, and North America. We expect the geographic composition of the bank's operations to be largely unchanged over the next two years.

**Australia has a wealthy, open, and resilient economy that has performed relatively well following economic downcycles and external shocks.** Low unemployment and interest rate cuts over the next two years should keep credit losses low, and close to pre-pandemic levels. Nevertheless, banks in Australia remain exposed to a jump in credit losses due to high household debt and the possibility of an unexpected rapid fall in house prices and global economic uncertainties. We expect the persistent gap between housing demand and supply will drive modest growth in property prices over the next two years.

**We consider Australia's prudential regulatory standards and supervision to be among the strongest globally.** We believe an oligopolistic industry structure supports system stability. Sound earnings and solid interest margins should protect the banking system from unforeseen events including a significant rise in credit losses. A material dependence on external borrowing exposes Australian banks to funding disruptions.

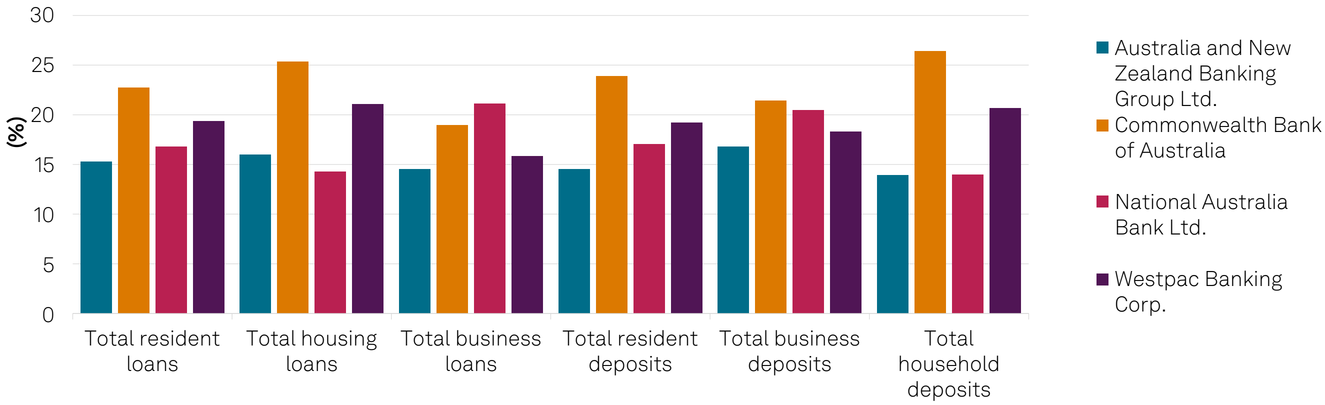
# Business Position: Strong Franchise And Earnings Stability

**ANZ is one of the four major banking groups that dominate retail and commercial banking in Australia and New Zealand.** The bank accounted for about 15% of residential mortgages (ranked fourth) and 15% for customer deposits (ranked fourth) in Australia as of March 31, 2025 (see chart 1). ANZ’s market share has increased by about 2 percentage points each in domestic loans and deposits following its acquisition of Suncorp Bank.

Chart 1

**The four major banks dominate the Australian banking system**

Market share based on domestic loan and domestic deposit positions as of March 31, 2025




Sources: Australian Prudential Regulatory Authority's monthly ADI statistics, S&P Global Ratings.



**The group should benefit from its renewed focus on core banking activities in Australia and New Zealand.** ANZ's acquisition of Suncorp Bank will further enhance its competitive position, particularly in Queensland. Consistent with this strategy of reducing non-strategic exposure and focusing on its core domestic activities, ANZ divested its residual stake in Malaysia-based AMMB Holdings Bhd. in fiscal 2024 (ended Sept. 30).

**ANZ will likely retain its strong market position in New Zealand.** The bank is by far the largest bank in New Zealand, with a market share of 28% in lending as of Dec. 31, 2024. This is substantially higher than that of its next biggest rival, ASB Bank Ltd., which has a 20% share.

**Australian banks are well placed to compete against new tech-enabled market entrants due to their dominant market positions and significant technology investments.** Digital transformation is one of the ANZ group's key strategic initiatives. We believe the group's NOHC structure will allow it to make investments in technology without exposing the bank to unnecessary risks. As such, we expect Nuno Matos, the new chief executive officer, to foster continuity in ANZ's strategic priorities and approach to growth and market position.

**ANZ's diverse earnings mix should support its strong and stable earnings over the next two years.** The bank is diversified across sectors, geographies, and business lines, including corporate, institutional, and retail banking.

# Capital And Earnings: Strong Capitalization

**ANZ's capitalization will remain a credit strength**. We project our RAC ratio for the bank will fall to 9%-10% in fiscal 2027 from 10.7% as of Sept. 30, 2024. The primary driver for the decline is the phase out of AT1 instruments as eligible regulatory capital from Jan. 1, 2027. As such, we have removed all AT1 from our RAC calculation as of that date. This is because under our hybrid capital methodology, we do not include hybrid instruments, such as AT1 and Tier 2 instruments, in our capital calculation where they are not included in regulatory capital.

**ANZ's capital position will continue to benefit from its high quality of capital and stable earnings**. As such, we have adjusted upward our initial capital and earnings assessment for ANZ by one category. While no longer considered as regulatory capital from Jan. 1, 2027, the bank's AT1 securities afford it some loss-absorbing capacity on a going concern basis, which we have not captured in our RAC ratio from Jan. 1, 2027. The quality of ANZ's capital base will be strong, comprised of only common equity tier 1 (CET1) capital beyond Jan. 1, 2027.

We do not expect significant changes to ANZ's capital management strategy over the next two years. This includes its dividend payout ratio of about 70%, which affords the bank with additional financial flexibility and is supportive of a strong capital and earnings assessment. Finally, ANZ has exhibited lower earnings volatility than global peers over a 12-year period, indicating its ability to generate capital consistently at various points in the business cycle.

**ANZ's annual loan growth should be about 5%, broadly in line with the industry, over the next two years.** We expect the bank's net interest margin (NIM) to remain broadly stable notwithstanding the pressure from competition across the industry and a declining cash rate.

**We believe ANZ's credit losses will remain low, at about 0.15% of customer loans.** As such, the bank should maintain sound earnings.

The group's profitability will likely remain good by international standards. It had an annualized return on assets of 0.58% as of March 31, 2025, slightly lower than its Australian and international peers (see chart 2).

Chart 2

**Profitability of the major Australian banks is comparable to that of the global peers**

ROA measured as Core earnings to average adjusted assets; NIM measured as Net interest Income to average earning assets


Source: S&P Global Ratings.



**ANZ's common equity Tier 1 (CET1) ratio was 11.8% as of March 31, 2025, above Australian Prudential Regulation Authority's (APRA) regulatory capital requirement of 10.25%.** This requirement includes a domestic systemically important bank buffer (D-SIB) and countercyclical capital buffer of 1.0% each, and capital conservation buffer of 3.75%.

Furthermore, ANZ's regulatory capital ratios are strong relative to international peers, particularly given that APRA's regulatory capital approach remains more conservative than international standards. We consider Australia's prudential regulatory standards and supervision to be among the strongest globally.

# Risk Position: Credit Losses To Remain Low And Close To Pre-Pandemic Levels

**ANZ's credit losses should remain low at about 0.15% of customer loans over the next two years.** The forecast is in line with our expectations for the Australian banking system.

We believe low unemployment in Australia will help borrowers to weather the risks from elevated interest rates and household debt, as well as uncertain economic conditions.

However, Australian banks, including ANZ, remain vulnerable to an increase in credit losses due to high household debt, elevated interest rates and consumer prices, as well as global economic uncertainties. Furthermore, a sharp fall in property prices, a pronounced economic downturn with a jump in unemployment, or financial market dislocation could result in a rapid rise in credit losses.

**ANZ should be able to manage integration risks relating to Suncorp Bank.** The group has been cautious in its approach to integration. It plans to run Suncorp Bank independently for two to three years. This will give ANZ time to migrate Suncorp Bank to its new ANZPlus digital banking platform.

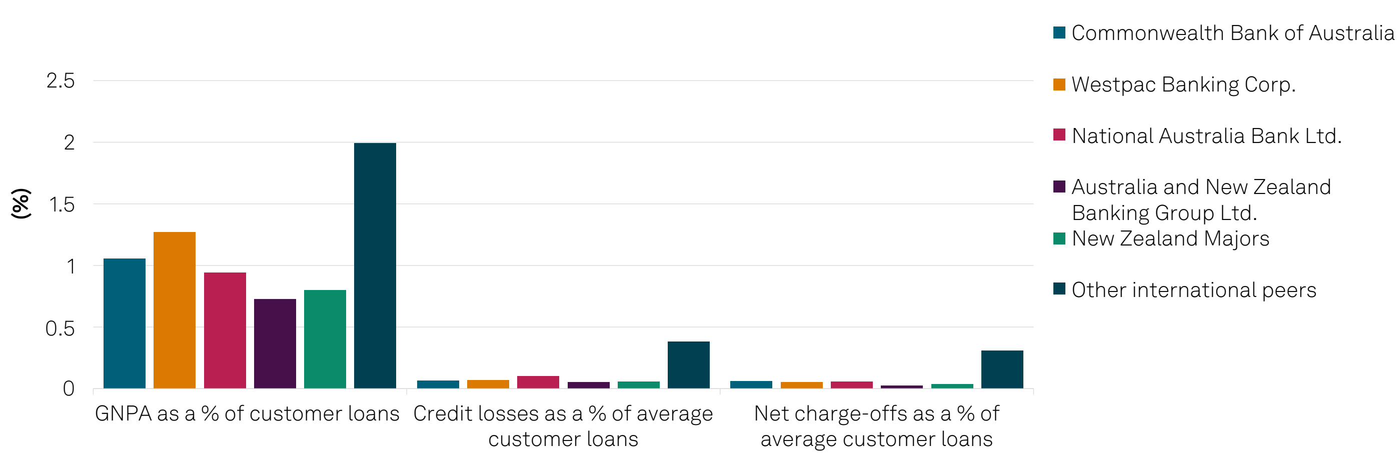
**ANZ will maintain a conservative risk appetite, in our view.** We believe the bank has a moderate growth appetite, broadly in line with system trends. It also does not have a significant amount of additional risk than what we already consider in our capital and earnings assessment.

ANZ will have to meet requirements of a court-enforceable undertaking it entered into with the APRA in April 2025. The undertaking addresses issues related to nonfinancial risk management and risk culture. The undertaking requires that ANZ finalize these commitments to ensure regulatory compliance.

**ANZ will maintain conservative lending and underwriting standards, similar to that of the other major banks in Australia.** The bank's loan-loss provisions and nonperforming assets have remained low and broadly comparable to its Australian major bank peers (see chart 3). Australian banks have benefited from good underwriting and a long run of benign economic conditions.

Chart 3

### Australian Major Banks Have Strong Asset Quality Relative to International Peers




Source: S&P Global Ratings, Australian Prudential Regulatory Authority, Monthly ADI Statistics. GNPA--Gross nonperforming assets.

# Funding And Liquidity: Risks Adequately Managed Despite Structural Funding Weaknesses

**ANZ adequately manages its funding and liquidity risks, in our view.** The dependence of ANZ and other Australian major banks on domestic and offshore wholesale funding remains a weakness. Australian banks are exposed to the risk of a disruption in access to international funding.

Nevertheless, we consider that ANZ adequately manages these risks well. The bank's funding metrics are broadly in line with those of other Australian major banks, and of banks in Sweden and Norway. These two countries have banking industry profiles similar to Australia's.

ANZ accesses capital markets through a wide variety of programs. These include covered bonds and senior unsecured, short- and long-term programs.

**Australian major banks have strong funding franchises domestically and internationally, supporting its funding stability.** If the sector experiences a systemic funding problem, we believe a "flight to quality" would mitigate the impact on the banks.

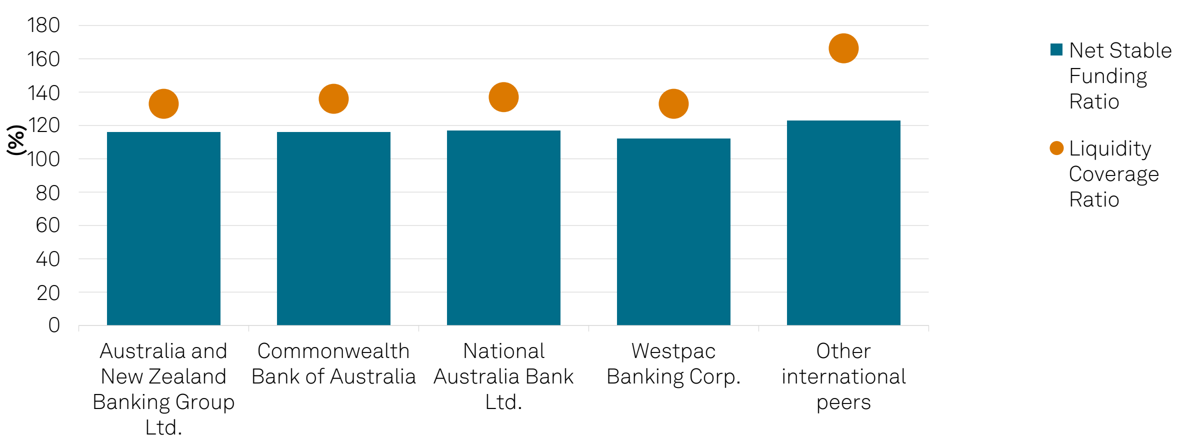
**ANZ has adequate liquidity to survive at least 12 months of funding disruption.** The bank and its other Australian major peers have weaker S&P Global Ratings liquidity ratios than other international peers. As of Sept. 30, 2024, ANZ had a ratio of broad liquid assets to short-term wholesale funding of 1.2x, similar to 1.3x a year earlier.

ANZ's average liquidity coverage ratio for the quarter ended March 31, 2025, was 133%. This is well in excess of the regulatory minimum of 100%.

Chart 4

**Funding and liquidity metrics of Australian major banks are comparable to that of the global peers**

Regulatory ratios




Source: S&P Global Ratings.



ANZ manages its liquidity well by routinely conducting specific stress tests. The tests aim to identify the timeframe over which high-quality liquid assets could survive under various stress liability run-off scenarios.

## Support: High Likelihood Of Timely Financial Support From The Australian Government

**Our long-term issuer credit rating on ANZ is one notch above the SACP.** We apply this uplift because we believe the bank is highly likely to receive timely financial support from the Australian government, if needed. This reflects our view that:

- ANZ is highly important to the Australian economy and financial system. The bank has a substantial share of about 15% of both customer deposits and residential mortgages. In our view, it plays a material role in sourcing offshore funding that supports economic activity in the country. In addition, ANZ is strongly interconnected with the three other major banks in Australia.
- The Australian government remains highly supportive of private sector banks in the country.

## Environmental, Social, And Governance

In our view, the ANZ group has a comprehensive, well-developed risk management and governance framework across its activities.

Policymakers have increasingly called for greater penalties for lapses in governance, partly on the basis that the profitable major Australian banks must meet community expectations. Continued governance failures could make ANZ and its domestic peers less attractive to equity and debt investors who are more sensitive to environmental, social, and governance factors, in our view.

We see environmental factors as less relevant (than social and governance factors) to the creditworthiness of ANZ. The mining sector accounts for only about 1% of total domestic lending by Australian banks. Still, ANZ has indirect exposure to environmental factors. This is because it operates in an economy where the commodity sector is significant.

Evolving domestic and global environment standards and legislation as well as changing customer preferences leading to a transition toward less carbon-intensive forms of energy could weaken the broader economy and consequently, ANZ's lending portfolio.

## Hybrid Ratings

**We believe Australia's legal and regulatory framework could allow the authorities to instigate loss absorption by the regulatory additional Tier 1 and Tier 2 securities, if needed.** Therefore, we consider that the government is unlikely to support these securities.

**We assign our 'A-' rating to ANZ's Basel III-compliant Tier 2 securities.** This is three notches below the long-term issuer credit rating on ANZ.

Our rating reflects the following factors:

- One notch for the notes' subordinated status;
- One notch for the contingency clause that requires the mandatory conversion of the securities into common equity on the activation of a nonviability trigger; and
- One notch for government support that we include in the long-term issuer credit rating on ANZ. However, we believe the government is unlikely to extend this support to the Tier 2 capital instruments that the bank issued.

**The issue ratings on ANZ's Basel III-compliant additional Tier 1 capital instruments (ANZ Capital Notes) are five notches below our long-term issuer credit rating on the bank.** This reflects the following factors:

- One notch for the notes' subordinated status;
- Two notches for the risk of partial or untimely payment;
- One notch for a nonviability contingent capital feature that would require ANZ to convert all or a portion of the notes into ordinary shares or write them off if a nonviability trigger event occurred; and
- One notch for government support that we include in the long-term issuer credit rating on the bank. However, we believe the government is unlikely to extend this support to the additional Tier-1 capital instruments that the bank issued.

# Key Statistics

**Australia and New Zealand Banking Group Ltd. Key Figures**

| Mil. A$ | 2025* | 2024 | 2023 | 2022 | 2021 |
|---|---|---|---|---|---|
| Adjusted assets | 1,297,191 | 1,224,164 | 1,102,103 | 1,081,852 | 974,806 |
| Customer loans (gross) | 824,613 | 807,707 | 711,240 | 675,989 | 633,764 |
| Adjusted common equity | 63,585 | 58,281 | 60,383 | 57,991 | 52,931 |
| Operating revenues | 11,153 | 20,499 | 20,478 | 19,246 | 17,658 |
| Noninterest expenses | 5,705 | 10,434 | 9,918 | 9,478 | 8,924 |
| Core earnings | 3,743 | 6,780 | 7,321 | 7,078 | 6,427 |

*2025 data is for the 6 months to end-March. A$--Australian dollar.

**Australia and New Zealand Banking Group Ltd. Business Position**

| (%) | 2025* | 2024 | 2023 | 2022 | 2021 |
|---|---|---|---|---|---|
| Total revenues from business line (currency in millions) | 11,153 | 20,521 | 20,478 | 19,553 | 17,671 |
| Commercial & retail banking/total revenues from business line | 72.2 | 96.6 | 98.9 | 92.3 | 97.3 |
| Brokerage/total revenues from business line | - | - | 0.0 | 0.0 | 0.0 |
| Insurance activities/total revenues from business line | 0.4 | 0.6 | 0.5 | 0.7 | 0.6 |
| Asset management/total revenues from business line | - | 1.2 | 1.2 | 1.3 | 1.6 |
| Other revenues/total revenues from business line | 27.4 | 1.6 | (0.7) | 5.7 | 0.4 |
| Return on average common equity | 10.6 | 9.7 | 10.7 | 11.0 | 9.9 |

*2025 data is for the 6 months to end-March.

**Australia and New Zealand Banking Group Ltd. Capital And Earnings**

| (%) | 2025* | 2024 | 2023 | 2022 | 2021 |
|---|---|---|---|---|---|
| Tier 1 capital ratio | 13.4 | 14.0 | 15.2 | 14.0 | 14.3 |
| S&P Global Ratings' RAC ratio before diversification | N/A | 10.7 | 12.1 | 11.5 | 11.5 |
| Adjusted common equity/total adjusted capital | 89.5 | 87.6 | 88.0 | 88.1 | 86.2 |
| Net interest income/operating revenues | 79.2 | 78.2 | 80.9 | 77.3 | 80.2 |

| Australia and New Zealand Banking Group Ltd. Capital And Earnings | | | | | |
|---|---|---|---|---|---|
| Fee income/operating revenues | 8.0 | 9.6 | 9.5 | 10.3 | 12.1 |
| Market-sensitive income/operating revenues | 11.4 | 10.5 | 7.5 | 10.4 | 7.8 |
| Cost to income ratio | 51.2 | 50.9 | 48.4 | 49.3 | 50.5 |
| Preprovision operating income/average assets | 0.9 | 0.9 | 1.0 | 1.0 | 0.9 |
| Core earnings/average managed assets | 0.6 | 0.6 | 0.7 | 0.7 | 0.6 |
| *2025 data is for the 6 months to end-March. | | | | | |

## Australia and New Zealand Banking Group Ltd. Risk-Adjusted Capital Framework

| (Mil. A$) | Exposure* | Basel III RWA | Average Basel III RW(%) | Standard & Poor's RWA | Average Standard & Poor's RW (%) |
|---|---|---|---|---|---|
| **Credit risk** | | | | | |
| Government & central banks | 261,180 | 11,200 | 4 | 13,985 | 5 |
| Of which regional governments and local authorities | 0 | 0 | 0 | 0 | 0 |
| Institutions and CCPs | 65,330 | 31,340 | 48 | 17,616 | 27 |
| Corporate | 349,839 | 143,647 | 41 | 310,663 | 89 |
| Retail | 566,139 | 163,435 | 29 | 190,819 | 34 |
| Of which mortgage | 529,395 | 138,980 | 26 | 160,119 | 30 |
| Securitization§ | 15,408 | 2,452 | 16 | 3,091 | 20 |
| Other assets† | 20,500 | 4,850 | 24 | 31,872 | 155 |
| Total credit risk | 1,278,396 | 356,924 | 28 | 568,046 | 44 |
| **Credit valuation adjustment** | | | | | |
| Total credit valuation adjustment | '-- | 4,025 | '-- | 5,233 | '-- |
| **Market Risk** | | | | | |
| Equity in the banking book | 0 | 0 | 0 | 0 | 0 |
| Trading book market risk | '-- | 7,823 | '-- | 10,525 | '-- |
| Total market risk | '-- | 7,823 | '-- | 10,525 | '-- |
| **Operational risk** | | | | | |
| Total operational risk | '-- | 49,650 | '-- | 38,454 | '-- |
| (Mil. A$) | **Exposure** | **Basel III RWA** | **Average Basel II RW (%)** | **S&P Global RWA** | **% of S&P Global RWA** |
| **Diversification adjustments** | | | | | |
| RWA before diversification | '-- | 446,346 | '-- | 622,257 | 100 |

## Australia and New Zealand Banking Group Ltd. Risk-Adjusted Capital Framework

| (Mil. A$) | Exposure* | Basel III RWA | Average Basel III RW(%) | Standard & Poor's RWA | Average Standard & Poor's RW (%) |
|---|---|---|---|---|---|
| **Credit risk** | | | | | |
| Total Diversification/ Concentration Adjustments | '-- | '-- | '-- | (63,130) | (10) |
| RWA after diversification | '-- | 446,346 | '-- | 559,128 | 90 |
| (Mil. A$) | | **Tier 1 capital** | **Tier 1 ratio (%)** | **Total adjusted capital** | **S&P Global RAC ratio (%)** |
| Capital ratio | | **Standard & Poor's RWA** | **Standard & Poor's RWA** | **Standard & Poor's RWA** | **Standard & Poor's RWA** |
| Capital ratio before adjustments | | 62,676 | 14.0 | 66,558 | 10.7 |
| Capital ratio after adjustments‡ | | 62,676 | 14.0 | 66,558 | 11.9 |

*Exposure at default. §Securitization Exposure includes the securitization tranches deducted from capital in the regulatory framework. †Exposure and S&P Global Ratings' risk-weighted assets for equity in the banking book include minority equity holdings in financial institutions. ‡Adjustments to Tier 1 ratio are additional regulatory requirements (e.g. transitional floor or Pillar 2 add-ons). RWA--Risk-weighted assets. RW--Risk weight. RAC--Risk-adjusted capital. Sources: Company data as of 'Sep. 30 2024', S&P Global Ratings.

### Australia and New Zealand Banking Group Ltd. Risk Position

| (%) | 2025* | 2024 | 2023 | 2022 | 2021 |
|---|---|---|---|---|---|
| Growth in customer loans | 4.2 | 13.6 | 5.2 | 6.7 | 1.9 |
| Total diversification adjustment/S&P Global Ratings' RWA before diversification | N/A | (10.2) | (10.0) | (7.0) | (7.6) |
| Total managed assets/adjusted common equity (x) | 20.5 | 21.1 | 18.3 | 18.7 | 18.5 |
| New loan loss provisions/average customer loans | 0.0 | 0.1 | 0.0 | (0.0) | (0.1) |
| Net charge-offs/average customer loans | 0.0 | 0.0 | 0.0 | 0.0 | 0.1 |
| Gross nonperforming assets/customer loans + other real estate owned | 1.0 | 0.7 | 0.6 | 0.6 | 0.8 |
| Loan loss reserves/gross nonperforming assets | 48.3 | 62.7 | 81.3 | 93.1 | 80.4 |

*2025 data is for the 6 months to end-March.

### Australia and New Zealand Banking Group Ltd. Funding And Liquidity

| (%) | 2025* | 2024 | 2023 | 2022 | 2021 |
|---|---|---|---|---|---|
| Core deposits/funding base | 65.8 | 66.9 | 68.58 | 69.2 | 69.6 |
| Customer loans (net)/customer deposits | 108.3 | 112.2 | 109.3 | 108.4 | 106.1 |
| Long-term funding ratio | 78.1 | 79.0 | 79.5 | 77.7 | 79.4 |
| Stable funding ratio | 103.8 | 101.2 | 102.7 | 99.7 | 104.0 |
| Short-term wholesale funding/funding base | 23.3 | 22.4 | 22.1 | 24.1 | 22.2 |
| Regulatory net stable funding ratio | 117.0 | 116.0 | 116.0 | 119.0 | -- |
| Broad liquid assets/short-term wholesale funding (x) | 1.3 | 1.2 | 1.3 | 1.2 | 1.3 |
| Broad liquid assets/total assets | 26.3 | 23.8 | 24.3 | 23.2 | 25.1 |
| Broad liquid assets/customer deposits | 45.2 | 40.8 | 41.5 | 40.6 | 41.3 |
| Net broad liquid assets/short-term customer deposits | 10.0 | 7.4 | 9.4 | 6.0 | 9.8 |

**Australia and New Zealand Banking Group Ltd. Funding And Liquidity**

| | | | | | |
|---|---|---|---|---|---|
| Regulatory liquidity coverage ratio (LCR) (x) | 133.2 | 133.0 | 130.0 | 129.0 | -- |
| Short-term wholesale funding/total wholesale funding | 66.7 | 66.1 | 68.5 | 75.9 | 70.7 |

*2025 data is for the 6 months to end-March.

# Rating Component Scores

**Rating Component Scores**

| | |
|---|---|
| Issuer Credit Rating | AA-/Stable/A-1+ |
| SACP | a+ |
| Anchor | a- |
| Business position | Strong (1) |
| Capital and earnings | Strong (1) |
| Risk position | Adequate (0) |
| Funding and liquidity | Adequate and Adequate (0) |
| Comparable ratings analysis | 0 |
| Support | 1 |
| ALAC support | 0 |
| GRE support | 0 |
| Group support | 0 |
| Sovereign support | 1 |
| Additional factors | 0 |

SACP--Stand-alone credit profile. ALAC--Additional loss-absorbing capacity. GRE--Government-related entity.

# Related Criteria

- General Criteria: Hybrid Capital: Methodology And Assumptions, Feb. 10, 2025
- Criteria | Financial Institutions | General: Risk-Adjusted Capital Framework Methodology, April 30, 2024
- Criteria | Financial Institutions | General: Financial Institutions Rating Methodology, Dec. 9, 2021
- Criteria | Financial Institutions | Banks: Banking Industry Country Risk Assessment Methodology And Assumptions, Dec. 9, 2021
- General Criteria: Environmental, Social, And Governance Principles In Credit Ratings, Oct. 10, 2021
- General Criteria: Group Rating Methodology, July 1, 2019
- General Criteria: Methodology For Linking Long-Term And Short-Term Ratings, April 7, 2017
- General Criteria: Guarantee Criteria, Oct. 21, 2016

- General Criteria: Principles Of Credit Ratings, Feb. 16, 2011

# Related Research

- Credit FAQ: Australian Banks Will Take AT1 Phase-Out In Their Stride , May 15, 2025
- Banking Industry Country Risk Assessment: Australia, April 21, 2024
- Australian Banks Are Increasing TLAC. So Why Are Bailouts Still An Option?, April 3, 2024
- Most Non-Major Australian Banks Upgraded On Strengthened Institutional Framework; Outlooks Stable, April 2, 2024

| Ratings Detail (as of June 01, 2025)* | | |
|---|---|---|
| **Australia and New Zealand Banking Group Ltd.** | | |
| Issuer Credit Rating | | AA-/Stable/A-1+ |
| Certificate Of Deposit | | |
| *Foreign Currency* | | AA-/A-1+ |
| Commercial Paper | | |
| *Foreign Currency* | | A-1+ |
| Junior Subordinated | | BBB |
| Senior Unsecured | | A-1+ |
| Senior Unsecured | | AA- |
| Subordinated | | A- |
| **Issuer Credit Ratings History** | | |
| 07-Jun-2021 | *Foreign Currency* | AA-/Stable/A-1+ |
| 07-Apr-2020 | | AA-/Negative/A-1+ |
| 09-Jul-2019 | | AA-/Stable/A-1+ |
| 07-Jun-2021 | *Local Currency* | AA-/Stable/A-1+ |
| 07-Apr-2020 | | AA-/Negative/A-1+ |
| 09-Jul-2019 | | AA-/Stable/A-1+ |
| **Sovereign Rating** | | |
| Australia | | AAA/Stable/A-1+ |
| **Related Entities** | | |
| **ANZ Bank New Zealand Ltd.** | | |
| Issuer Credit Rating | | AA-/Stable/A-1+ |
| Certificate Of Deposit | | |
| *Local Currency* | | AA-/A-1+ |
| Preference Stock | | BBB+ |
| Senior Unsecured | | A-1+ |
| Senior Unsecured | | AA- |
| Subordinated | | A |
| Subordinated | | A- |
| **ANZ Holdings (New Zealand) Ltd.** | | |
| Junior Subordinated | | BBB |

| Ratings Detail (as of June 01, 2025)* | |
|---|---|
| **Australia and New Zealand Bank (China) Co. Ltd.** | |
| Issuer Credit Rating | A+/Stable/A-1 |
| **Australia and New Zealand Banking Group Ltd. (London Branch)** | |
| Junior Subordinated | BBB |
| **Australia and New Zealand Banking Group Ltd.(New York Branch)** | |
| Senior Unsecured | AA- |
| **Norfina Ltd.** | |
| Issuer Credit Rating | AA-/Stable/A-1+ |
| Commercial Paper | |
| *Foreign Currency* | A-1+ |
| Senior Unsecured | AA- |
| Short-Term Debt | A-1+ |

*Unless otherwise noted, all ratings in this report are global scale ratings. S&P Global Ratings' credit ratings on the global scale are comparable across countries. S&P Global Ratings' credit ratings on a national scale are relative to obligors or obligations within that specific country. Issue and debt ratings could include debt guaranteed by another entity, and rated debt that an entity guarantees.