Most Non-Major Australian Banks Upgraded On Strengthened Institutional Framework; Outlooks Stable

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- Continued strengthening of regulatory and governance standards in the Australian banking sector has reduced industrywide risks. Simplified business models and advances in risk management have also contributed to this improvement.
- We now assess the institutional framework for the banking industry in Australia at the lowest risk level on our scale, and in line with that in Canada, Hong Kong, and Singapore.
- Consequently, we raised our long-term issuer credit ratings on most of the non-major Australia-based banks and other financial institutions.
- We have also upgraded all the rated Additional Tier 1 and Tier 2 instruments issued by Australian banks and their New Zealand banking subsidiaries.
- Despite a one-notch improvement in their stand-alone credit profiles (SACPs), our issuer credit ratings remain unchanged on some financial institutions, including the four major Australian banks, Macquarie Bank Ltd., and two foreign-owned banks.
- We placed our ratings on Suncorp-Metway Ltd. on CreditWatch with positive implications, reflecting an increasing likelihood that its acquisition by the higher rated Australia and New Zealand Banking Group Ltd. (ANZ) will be completed within the next six months.
- Outlooks on all the remaining Australian banks, almost all other Australian financial institutions, and their New Zealand subsidiaries are stable.

SYDNEY (S&P Global Ratings) April 3, 2024--S&P Global Ratings today upgraded most of the non-major Australia-based banks and other financial institutions. We have also upgraded all the rated Additional Tier 1 and Tier 2 instruments issued by Australian banks and their New Zealand banking subsidiaries. Despite a one-notch improvement in the SACPs, our issuer credit ratings remain unchanged on some financial institutions, including the four major Australian banks, Macquarie Bank, and two foreign-owned banks. We placed our long-term and short-term ratings on Suncorp-Metway on CreditWatch with positive implications. Outlooks on all the remaining Australian banks, almost all other financial institutions, and their New Zealand subsidiaries are stable (see the Ratings List at the end).

Australian banks face reduced industry risks. The rating actions reflect continued strengthening of institutional and governance standards in the Australian banking sector that have reduced industrywide risks. Simplified business models and advances in risk management have also contributed to this improvement. We now assess the institutional framework for the banking industry in Australia at the lowest risk level on our scale, and in line with that in Canada, Hong Kong, and Singapore. Consequently, we revised our industry risk score on Australia to 2 from 3, and the overall Banking Industry Country Risk Assessment (BICRA) to 2 from 3. These scores are on a scale of 1 (lowest risk) to 10 (highest risk) (see BICRA score snapshot below). There are no banking systems that we currently assess as having a lower-risk overall BICRA score.

The institutional framework has strengthened. Examples of improvements in risk management, governance, and conduct include an accountability regime jointly implemented by the Australian prudential and corporate regulators. A key feature of this framework is to hold senior executives and directors of financial institutions accountable for their actions, decisions, and conduct.

The Australian Prudential Regulation Authority's (APRA) regulatory approach remains more conservative than international standards. For example, APRA is the only prudential regulator that requires banks using an internal risk-based approach for regulatory capital measurement to hold a Pillar 1 capital charge against interest rate risk in the banking book.

A greater focus on core Australian and New Zealand banking activities has simplified their business models. The major Australian banks have divested almost all their wealth management and insurance businesses. This should lower the risk of lapses in regulation and conduct because many past issues emerged out of these businesses owned by the major banks.

Our issuer credit ratings on the Australian major banks and Macquarie Bank remain unchanged. The SACPs of these banks have improved. However, we have reduced the uplift--to reflect potential for extraordinary government support--that we apply in our issuer credit ratings on them above the SACPs. Our issuer credit ratings on the four major New Zealand banks, which are fully owned by the four major Australian banks, also remain unchanged because we equalize our issuer credit ratings on them with those on their respective parents. Similarly, our ratings on other Macquarie group entities are unchanged because the overall group creditworthiness remains unchanged, in our view.

We have raised our ratings on all the rated Additional Tier 1 and Tier 2 instruments issued by Australian banks and their New Zealand subsidiaries. These upgrades reflect improved stand-alone creditworthiness of the Australian banking groups.

Ratings on some smaller banks are also unchanged despite improved SACPs. Our issuer credit ratings remain unchanged on Australian Unity Bank Ltd., HSBC Bank Australia Ltd., ING Bank (Australia) Ltd., Members Banking Group Ltd., and Suncorp-Metway Ltd. The overall creditworthiness of the respective groups, to which these banks belong, limits the upside to our ratings on them despite their improved SACPs.

We placed our long-term and short-term ratings on Suncorp-Metway on CreditWatch with positive implications. The action reflects an increasing likelihood that Suncorp-Metway's acquisition by the higher rated ANZ will be completed within the next six months. This follows the Australian Competition Tribunal's decision to allow Suncorp Group Ltd. to proceed with its sale of its banking subsidiary to ANZ.

Our ratings and outlooks on some financial institutions are unaffected by the improvements in the institutional framework. These are: Citigroup Pty. Ltd., Export Finance Australia, Goldman Sachs Financial Markets Pty. Ltd., Housing Australia, J.P. Morgan Securities Australia Ltd., Norinchukin Australia Pty. Ltd., and Orix Australia Corp. Ltd. We do not assess SACPs on these institutions mainly because their SACPs do not drive our ratings on them. Rather our ratings on these entities reflect our assessment of potential for extraordinary parent or government support.

WEBINAR

S&P Global Ratings will host a webinar and Q&A at 2:00pm Sydney time on Thursday, April 4, 2024, to discuss today's rating actions and our views on the Australian banking sector. Details on the webcast will shortly be available on the following weblink:
https://event.on24.com/wcc/r/4553082/EE59616A906339284A65F623D96221C6?partnerref=MR

Outlooks: Major Banking Groups plus Macquarie

Australia and New Zealand Banking Group Ltd. (ANZ)

The outlook is stable. Australia's economic prospects over the next two years are sound despite subdued GDP growth due to elevated interest rates and major trade partners' slowing economies. We forecast unemployment to increase somewhat but remain low in a historical context. 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 15 basis points (bps) of customer loans. If the proposed acquisition of SML is completed, we expect our risk-adjusted capital (RAC) ratio for ANZ to fall--but remain strong at 11.0%-11.5% over the next two years.

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 systemwide risks rise due to rapid growth in Australian property prices and private sector debt.

Any of the above events on their own are unlikely to result in a lower issuer credit rating on ANZ in the next two years.

Upside scenario

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

ANZ Bank New Zealand Ltd. (ANZ NZ)

The stable rating outlook on ANZ NZ mirrors that on its parent, ANZ. We expect to maintain our issuer credit rating on ANZ NZ at the same level as its parent over the next two years.

Downside scenario

We expect to lower our rating on ANZ NZ if we lowered our long-term rating on ANZ. In addition, risks to the rating on ANZ NZ would emerge if its importance to the broader group lessened. This could occur if there were a weakened commitment from the parent, a dilution in shareholding, or a reduction in ANZ NZ's importance to the group strategy. We consider these scenarios unlikely over the next two years.

Upside scenario

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

Commonwealth Bank of Australia (CBA)

The outlook is stable. Australia's economic prospects over the next two years are sound despite subdued GDP growth due to elevated interest rates and major trade partners' slowing economies. We forecast unemployment to increase somewhat but remain low in a historical context. 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, CBA should maintain sound earnings and its credit losses should remain low, at about 15 bps of customer loans, in line with the system. We project our RAC ratio for CBA to fall slightly but remain strong at 11.2%-11.7% over the next two years.

Downside scenario

The issuer credit rating on CBA 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 CBA decreases.
- We lower our rating on Australia (AAA/Stable/A-1+).
- The stand-alone creditworthiness of CBA weakens, for example, if systemwide risks rise due to rapid growth in Australian property prices or private sector debt.

Any of the above events on their own are unlikely to result in a lower issuer credit rating on CBA in the next two years.

Upside scenario

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

ASB Bank Ltd.(ASB)

The stable rating outlook on ASB mirrors that on its parent, CBA. We expect to maintain our issuer credit rating on ASB at the same level as its parent over the next two years.

Downside scenario

We expect to lower our rating on ASB if we lowered our long-term rating on CBA. In addition, risks to the rating on ASB would emerge if its importance to the broader group lessened. This could occur if there were a weakened commitment from the parent, a dilution in shareholding, or a reduction in ASB's importance to the group strategy. We consider these scenarios unlikely over the next two years.

Upside scenario

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

National Australia Bank Ltd. (NAB)

The outlook is stable. Australia's economic prospects over the next two years are sound despite subdued GDP growth due to elevated interest rates and major trade partners' slowing economies. We forecast unemployment to increase somewhat but remain low in a historical context. 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, NAB should maintain sound earnings and its credit losses should remain low, at about 15 bps of customer loans. We project our RAC ratio for NAB to remain strong at 11.0%-11.5% over the next two years.

Downside scenario

The issuer credit rating on NAB 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 NAB decreases.
- We lower our rating on Australia (AAA/Stable/A-1+).
- The stand-alone creditworthiness of NAB weakens, for example, if systemwide risks rise due to rapid growth in Australian property prices and private sector debt.

Any of the above events on their own are unlikely to result in a lower issuer credit rating on NAB in the next two years.

Upside scenario

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

Bank of New Zealand Ltd. (BNZ)

The stable rating outlook on BNZ mirrors that on its parent, NAB. We expect to maintain our issuer credit rating on BNZ at the same level as its parent over the next two years.

Downside scenario

We expect to lower our rating on BNZ if we lowered our long-term rating on NAB. In addition, risks to the rating on BNZ would emerge if its importance to the broader group lessened. This could occur if there were a weakened commitment from the parent, a dilution in shareholding, or a reduction in BNZ's importance to the group strategy. We consider these scenarios unlikely over the next two years.

Upside scenario

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

Westpac Banking Corp.

The outlook is stable. Australia's economic prospects over the next two years are sound despite subdued GDP growth due to elevated interest rates and major trade partners' slowing economies. We forecast unemployment to increase somewhat but remain low in a historical context. 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, Westpac should maintain sound earnings and its credit losses should remain low, at about 15 bps of customer loans. We project our RAC ratio for Westpac to remain strong at 11.5%-12.5% over the next two years.

Downside scenario

The issuer credit rating on Westpac 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 Westpac decreases.
- We lower our rating on Australia (AAA/Stable/A-1+).
- The stand-alone creditworthiness of Westpac weakens, for example, if systemwide risks rise due to rapid growth in Australian property prices and private sector debt.

Any of the above events on their own are unlikely to result in a lower issuer credit rating on Westpac in the next two years.

Upside scenario

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

Westpac New Zealand Ltd. (WNZL)

The stable rating outlook on WNZL mirrors that on its parent, Westpac. We expect to maintain our issuer credit rating on WNZL at the same level as its parent over the next two years.

Downside scenario

We expect to lower our rating on WNZL if we lowered our long-term rating on Westpac. In addition, risks to the rating on WNZL would emerge if its importance to the broader group lessened. This could occur if there were a weakened commitment from the parent, a dilution in shareholding, or a reduction in WNZL 's importance to the group strategy. We consider these scenarios unlikely over the next two years.

Upside scenario

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

Macquarie Bank Ltd. (MBL)

The outlook is stable. Australia's economic prospects over the next two years are sound despite subdued GDP growth due to elevated interest rates and major trade partners' slowing economies. We forecast unemployment to increase somewhat but remain low in a historical context. 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, MBL should maintain sound earnings and its credit losses should remain low, at about 15 bps of customer loans, in line with the system. In our view, MBL will also maintain a strong RAC ratio of more than 10% over the next two years.

Our rating on the bank has headroom for some weakening in the group credit profile. This is because we expect government support, if needed, to flow directly to MBL.

Although the bank contributes to the group's credit strength at the current rating level, its ability to support nonbanking entities of the group could be constrained due to regulatory separation, in our view.

Downside scenario

The issuer credit rating on MBL 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 MBL decreases.
- We lower our rating on Australia (AAA/Stable/A-1+).
- The stand-alone creditworthiness of MBL weakens, for example, if systemwide risks rise due to rapid growth in Australian property prices or private sector debt.

Any of the above events on their own are unlikely to result in a lower issuer credit rating on MBL in the next two years.

Upside scenario

We see very limited upside to our issuer credit ratings on MBL over the next two years.

Macquarie Group Ltd. (MGL)

Our stable outlook on MGL, the nonoperating holding company of the Macquarie group, reflects our expectation that the group will maintain its creditworthiness over the next two years. This is on the back of its (1) well-diversified businesses across asset classes and geographies; (2) stable and repeatable income from asset-management and banking activities; (3) balance-sheet strength that provides a substantial buffer against market volatility and flexibility should opportunities arise; and (4) strong risk-management capabilities to manage the group's more complex credit, market, and operational risk exposure than traditional banking groups.

Although the bank contributes to the group's credit strength at the current rating level, its ability to support nonbanking entities of the group could be constrained due to regulatory separation, in our view.

Downside scenario

We believe downside risk to our rating on MGL could emerge over the next two years if the group credit profile weakens. For example, if: 1) the nonbank part of the group--which in our view is of weaker credit quality relative to the bank--becomes a materially bigger contributor to the group earnings on a sustained basis; 2) a lapse in the Macquarie group's risk management occurs; or 3) leverage of the group's nonbank business increases significantly.

Upside scenario

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

Outlooks: Regional Banks

Bank of Queensland Ltd. (BoQ)

The outlook is stable. Australia's economic prospects over the next two years are sound despite subdued GDP growth due to elevated interest rates and major trade partners' slowing economies. We forecast unemployment to increase somewhat but remain low in a historical context. 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, BoQ should maintain sound earnings and credit losses should remain low, at about 15 bps of customer loans. We expect the bank will remain well capitalized with a RAC ratio between 14%-15% over the next two years.

Downside scenario

We view a downgrade of BoQ as unlikely in the next two years. Nevertheless, we could lower our ratings on BoQ if, for example, systemwide risks rise due to rapid growth in Australian property prices or private sector debt.

Upside scenario

We see a low likelihood of a higher rating over the next two years.

Bendigo and Adelaide Bank Ltd. (BEN)

The outlook is stable. Australia's economic prospects over the next two years are sound despite subdued GDP growth due to elevated interest rates and major trade partners' slowing economies. We forecast unemployment to increase somewhat but remain low in a historical context. 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, BEN should maintain sound earnings and credit losses should remain low, at about 15 bps of customer loans. We expect the bank will remain well capitalized with a RAC ratio between 14.0%-14.5% over the next two years.

Downside scenario

We view a downgrade of BEN as unlikely in the next two years. Nevertheless, we could lower our ratings on BEN if, for example, systemwide risks rise due to rapid growth in Australian property prices or private sector debt.

Upside scenario

We see a low likelihood of a higher rating over the next two years.

Suncorp-Metway Ltd. (SML)

We placed our long-term and short-term ratings on SML on CreditWatch with positive implications to reflect an increasing likelihood that its acquisition by the higher rated ANZ (AA-/Stable/A-1+) will be completed within the next six months. This follows the Australian Competition Tribunal's decision to allow Suncorp Group Ltd. to proceed with its sale of its banking subsidiary to ANZ.

Although the sale is still subject to Treasurer's approval and a legislative change, Suncorp expects the sale to be completed in mid-2024. If that happens, SML will likely become a core operating entity of the ANZ group. We understand that ANZ intends to eventually merge SML's operations and balance sheet with its own in that scenario, and consequently, ANZ would become likely to support SML under all foreseeable situations.

CreditWatch

We expect to resolve the CreditWatch in the next six months because we expect either of the following outcomes within this period:

- The acquisition by ANZ is completed; or
- It is confirmed that the acquisition will not proceed.

We expect to raise our long-term and short-term ratings on SML by one notch each, equating them with the ratings on ANZ if the transaction is completed as proposed.

We expect to affirm our ratings on SML should the acquisition by ANZ not proceed. We believe SML is likely to remain strategically important to Suncorp Group Ltd. in that scenario and will hence receive support in most foreseeable circumstances.

In a less likely scenario, we could lower our rating on SML if the group does not proceed with the sale to ANZ and instead, sells SML to a different, lower-rated entity.

Outlooks: Mutual Lenders

Australian Unity Bank Ltd. (AUB)

Our stable outlook on AUB reflects our expectation that the mutual bank will remain a strategically important part of the broader AUL group, underlined by the group's supportive approach to AUB's growth. In addition, we expect the AUL group's credit profile to remain unchanged in the next two years.

We forecast the mutual bank's credit losses to remain low, at about 5 bps of customer loans, lower than the systemwide average. We also expect the AUB will remain very well capitalized with a RAC ratio between 18.9%-19.4% over the next two years.

Downside scenario

We are unlikely to lower our rating on AUB in the next two years. However, we could do so if:

- The credit profile of the broader AUL group has weakened; or
- We consider AUL less likely to extend support to AUB, if required. This could occur, for example, if AUB's operations become less important to the group's diversified strategy.

Upside scenario

An upgrade is highly unlikely over the next two years. The most plausible, albeit low-probability, scenario for a ratings uplift might be if AUL's group credit profile has strengthened.

Bank Australia Ltd. (BAL)

The outlook is stable. Australia's economic prospects over the next two years are sound despite subdued GDP growth due to elevated interest rates and major trade partners' slowing economies. We forecast unemployment to increase somewhat but remain low in a historical context. 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.

We forecast BAL's credit losses to remain low, at about 5 bps of customer loans, lower than the systemwide average. We expect the mutual bank will remain very well capitalized with a RAC ratio broadly between 18.0%-18.5% over the next two years.

Downside scenario

We see a low likelihood of a downgrade over the next two years. Nevertheless, we could lower our ratings on BAL if, for example, systemwide risks rise due to rapid growth in Australian property prices or private sector debt.

Upside scenario

An upgrade is highly unlikely over the next two years.

Beyond Bank Australia Ltd. (BBAL)

The outlook is stable. Australia's economic prospects over the next two years are sound despite subdued GDP growth due to elevated interest rates and major trade partners' slowing economies. We forecast unemployment to increase somewhat but remain low in a historical context. 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.

We forecast BBAL's credit losses to remain low, at about 5 bps of customer loans, lower than the systemwide average. We expect the mutual bank will remain very well capitalized with a RAC ratio between 20.5%-21.0% over the next two years.

Downside scenario

We see a low likelihood of a downgrade over the next two years. Nevertheless, we could lower our ratings on BBAL if, for example, systemwide risks rise due to rapid growth in Australian property prices or private sector debt.

Upside scenario

An upgrade is highly unlikely over the next two years.

Credit Union Australia Ltd. (trading as Great Southern Bank; GSB)

The outlook is stable. Australia's economic prospects over the next two years are sound despite subdued GDP growth due to elevated interest rates and major trade partners' slowing economies. We forecast unemployment to increase somewhat but remain low in a historical context. 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.

We forecast GSB's credit losses to remain low, at about 5 bps of customer loans, lower than the systemwide average. We expect the mutual bank will remain very well capitalized with a RAC ratio between 19.0%-19.5% over the next two years.

Downside scenario

We see a low likelihood of a downgrade over the next two years. Nevertheless, we could lower our ratings on GSB if, for example, systemwide risks rise due to rapid growth in Australian property prices or private sector debt.

Upside scenario

An upgrade is highly unlikely over the next two years.

Defence Bank Ltd. (DBL)

The outlook is stable. Australia's economic prospects over the next two years are sound despite subdued GDP growth due to elevated interest rates and major trade partners' slowing economies. We forecast unemployment to increase somewhat but remain low in a historical context. 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.

We forecast DBL's credit losses to remain low, at about 5 bps of customer loans, lower than the systemwide average. We expect the mutual bank will remain very well capitalized with a RAC ratio between 18.5%-19.0% over the next two years.

Downside scenario

We see a low likelihood of a downgrade over the next two years. Nevertheless, we could lower our ratings on DBL if, for example, systemwide risks rise due to rapid growth in Australian property prices or private sector debt.

Upside scenario

An upgrade is highly unlikely over the next two years.

G&C Mutual Bank Ltd. (G&C)

The outlook is stable. Australia's economic prospects over the next two years are sound despite subdued GDP growth due to elevated interest rates and major trade partners' slowing economies. We forecast unemployment to increase somewhat but remain low in a historical context. 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.

We forecast G&C's credit losses to remain low, at about 5 bps of customer loans, lower than the systemwide average. We expect the mutual bank will remain very well capitalized with a RAC ratio between 20.5%-21.0% over the next two years.

Downside scenario

We see a low likelihood of a downgrade over the next two years. Nevertheless, we could lower our ratings on G&C if, for example, systemwide risks rise due to rapid growth in Australian property prices or private sector debt.

Upside scenario

An upgrade is highly unlikely over the next two years.

Heritage and People's Choice Ltd. (HPC)

The outlook is stable. Australia's economic prospects over the next two years are sound despite subdued GDP growth due to elevated interest rates and major trade partners' slowing economies. We forecast unemployment to increase somewhat but remain low in a historical context. 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.

We forecast HPC's credit losses to remain low, at about 5 bps of customer loans, lower than the systemwide average. We expect the mutual bank will remain very well capitalized with a risk adjusted capital ratio broadly between 17.8%-18.3% over the next two years.

Downside scenario

We see a low likelihood of a downgrade over the next two years. Nevertheless, we could lower our ratings on HPC if, for example, systemwide risks rise due to rapid growth in Australian property prices or private sector debt.

Upside scenario

An upgrade is highly unlikely over the next two years.

Illawarra Credit Union Ltd. (ICU)

The outlook is stable. Australia's economic prospects over the next two years are sound despite subdued GDP growth due to elevated interest rates and major trade partners' slowing economies. We forecast unemployment to increase somewhat but remain low in a historical context. 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.

We forecast ICU's credit losses to remain low, at about 5 bps of customer loans, lower than the systemwide average. We expect the mutual bank will remain very well capitalized with a RAC ratio between 17.5%-18.0% over the next two years.

Downside scenario

We see a low likelihood of a downgrade over the next two years. Nevertheless, we could lower our ratings on ICU if, for example, systemwide risks rise due to rapid growth in Australian property prices or private sector debt.

Alternatively, downside to the ratings could emerge if there is an increase in risk appetite as indicated by a reemergence of strong loan growth, or a shift toward riskier operations.

The ratings could also come under pressure with a material rise in credit losses, given the relatively unseasoned nature of ICU's loan book.

Upside scenario

An upgrade is highly unlikely over the next two years.

Maitland Mutual Bank Ltd. (trading as The Mutual Bank; TMB)

The outlook is stable. Australia's economic prospects over the next two years are sound despite subdued GDP growth due to elevated interest rates and major trade partners' slowing economies. We forecast unemployment to increase somewhat but remain low in a historical context. 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.

We forecast TMB's credit losses to remain low, at about 5 bps of customer loans, lower than the systemwide average. We expect the mutual bank will remain very well capitalized with a RAC ratio between 16.2%-16.7% over the next two years.

Downside scenario

We see a low likelihood of a downgrade over the next two years. Nevertheless, we could lower our ratings on TMB if, for example, systemwide risks rise due to rapid growth in Australian property prices or private sector debt.

Alternatively, the rating on TMB could also come under pressure if we forecast that the RAC ratio for the bank will fall below 15% --compared with our base-case forecast of 15.5%-16% over the next two years.

Upside scenario

An upgrade is highly unlikely over the next two years.

Members Banking Group Ltd. (trading as RACQ Bank)

The stable outlook reflects our expectation that RACQ Bank will remain of high strategic importance to the broader RACQ Group. The group has continued to invest capital in the bank while the bank cross-sells its products to the wider group member base. In addition, we expect RACQ Group's credit profile to remain unchanged over the next two years.

On a stand-alone basis, we forecast the mutual bank's credit losses to remain low, at about 5 bps of customer loans, lower than the systemwide average. We also expect that RACQ Bank will remain very well capitalized with a risk adjusted capital ratio between 18.0%-18.5% over the next two years.

Downside scenario

We are unlikely to lower our ratings on RACQ Bank in the next two years. However, we could consider a lower rating if:

- We considered that the credit profile of the broader RACQ group has weakened; or
- We consider RACQ Group as less likely to extend support to RACQ Bank, if required. This could

occur, for example, if the bank's operations become less important to the group's diversified strategy.

Upside scenario

We see limited upside for our ratings over the next two years for RACQ Bank. A higher rating on the mutual bank would emerge if we believed that it had become an integral part of the wider group as a core subsidiary, leading us to expect that the group would support RACQ Bank under any foreseeable circumstances.

Newcastle Greater Mutual Group Ltd. (NGM)

The outlook is stable. Australia's economic prospects over the next two years are sound despite subdued GDP growth due to elevated interest rates and major trade partners' slowing economies. We forecast unemployment to increase somewhat but remain low in a historical context. 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.

We forecast NGM's credit losses to remain low, at about 5 bps of customer loans, lower than the systemwide average. We expect the mutual bank will remain very well capitalized with a risk-adjusted capital ratio between 25.5%-26.0% over the next two years.

Downside scenario

We see a low likelihood of a downgrade over the next two years. Nevertheless, we could lower our ratings on NGM if, for example, systemwide risks rise due to rapid growth in Australian property prices or private sector debt.

Upside scenario

An upgrade is highly unlikely over the next two years.

Police & Nurses Ltd. (P&N)

The outlook is stable. Australia's economic prospects over the next two years are sound despite subdued GDP growth due to elevated interest rates and major trade partners' slowing economies. We forecast unemployment to increase somewhat but remain low in a historical context. 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.

We forecast P&N's credit losses to remain low, at about 5 bps of customer loans, lower than the systemwide average.

Downside scenario

We view a downgrade of P&N as unlikely in the next two years. Nevertheless, we could lower our ratings on P&N if, for example, systemwide risks rise due to rapid growth in Australian property prices or private sector debt.

Downside risk to the ratings will also emerge if we forecast that P&N's RAC ratio will fall significantly below the mutual lender's 14.3% as of Dec. 31, 2023; or the mutual lender redeemed or reduced its additional Tier 1 capital but did not replace it with instruments with equivalent or greater loss-absorbing capital features.

Upside scenario

We see a low likelihood of a higher rating over the next two years.

Police Bank Ltd. (PBL)

The outlook is stable. Australia's economic prospects over the next two years are sound despite subdued GDP growth due to elevated interest rates and major trade partners' slowing economies. We forecast unemployment to increase somewhat but remain low in a historical context. 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.

We forecast PBL's credit losses to remain low, at about 5 bps of customer loans, lower than the systemwide average. We expect the mutual bank will remain very well capitalized with a RAC ratio between 24.0%-24.5% over the next two years.

Downside scenario

We see a low likelihood of a downgrade over the next two years. Nevertheless, we could lower our ratings on PBL if, for example, systemwide risks rise due to rapid growth in Australian property prices or private sector debt.

Upside scenario

An upgrade is highly unlikely over the next two years.

Police Financial Services Ltd. (trading as BankVic)

The outlook is stable. Australia's economic prospects over the next two years are sound despite subdued GDP growth due to elevated interest rates and major trade partners' slowing economies. We forecast unemployment to increase somewhat but remain low in a historical context. 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.

We forecast BankVic's credit losses to remain low, at about 5 bps of customer loans, lower than the systemwide average. We expect the mutual bank will remain very well capitalized with a RAC ratio between 20.5%-21.0% over the next two years.

Downside scenario

We see a low likelihood of a downgrade over the next two years. Nevertheless, we could lower our ratings on BankVic if, for example, systemwide risks rise due to rapid growth in Australian property prices or private sector debt.

Upside scenario

An upgrade is highly unlikely over the next two years.

Queensland Country Bank Ltd. (QCB)

The outlook is stable. Australia's economic prospects over the next two years are sound despite subdued GDP growth due to elevated interest rates and major trade partners' slowing economies. We forecast unemployment to increase somewhat but remain low in a historical context. 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.

We forecast QCB's credit losses to remain low, at about 5 bps of customer loans, lower than the systemwide average. We expect the mutual bank will remain very well capitalized with a RAC ratio between 22.0%-22.5% over the next two years.

Downside scenario

We see a low likelihood of a downgrade over the next two years. Nevertheless, we could lower our ratings on QCB if, for example, systemwide risks rise due to rapid growth in Australian property prices or private sector debt.

Upside scenario

An upgrade is highly unlikely over the next two years.

QPCU Ltd. (trading as QBANK)

The outlook is stable. Australia's economic prospects over the next two years are sound despite subdued GDP growth due to elevated interest rates and major trade partners' slowing economies. We forecast unemployment to increase somewhat but remain low in a historical context. 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.

We forecast QBANK's credit losses to remain low, at about 5 bps of customer loans, lower than the systemwide average. We expect the mutual bank will remain very well capitalized with a RAC ratio between 23.5%-24.0% over the next two years.

Downside scenario

We see a low likelihood of a downgrade over the next two years. Nevertheless, we could lower our ratings on QBANK if, for example, systemwide risks rise due to rapid growth in Australian property prices or private sector debt.

Upside scenario

An upgrade is highly unlikely over the next two years.

Regional Australia Bank Ltd. (RAB)

The outlook is stable. Australia's economic prospects over the next two years are sound despite subdued GDP growth due to elevated interest rates and major trade partners' slowing economies. We forecast unemployment to increase somewhat but remain low in a historical context. 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.

We forecast RAB's credit losses to remain low, at about 5 bps of customer loans, lower than the systemwide average. We expect the mutual bank will remain very well capitalized with a RAC ratio between 19.0%-19.5% over the next two years.

Downside scenario

We see a low likelihood of a downgrade over the next two years. Nevertheless, we could lower our ratings on RAB if, for example, systemwide risks rise due to rapid growth in Australian property prices or private sector debt.

Upside scenario

An upgrade is highly unlikely over the next two years.

Teachers Mutual Bank Ltd. (TMBL)

The outlook is stable. Australia's economic prospects over the next two years are sound despite subdued GDP growth due to elevated interest rates and major trade partners' slowing economies. We forecast unemployment to increase somewhat but remain low in a historical context. 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.

We forecast TMBL's credit losses to remain low, at about 5 bps of customer loans, lower than the systemwide average. We expect the mutual bank will remain very well capitalized with a risk adjusted capital ratio between 19.5%-20.0% over the next two years.

Downside scenario

We see a low likelihood of a downgrade over the next two years. Nevertheless, we could lower our ratings on TMBL if, for example, systemwide risks rise due to rapid growth in Australian property prices or private sector debt.

Upside scenario

An upgrade is highly unlikely over the next two years.

Outlooks: Foreign Subsidiary Banks

HSBC Bank Australia Ltd. (HBAU)

The stable outlook on HBAU reflects our expectation that the bank will remain a highly strategic subsidiary of Hongkong and Shanghai Banking Corp. Ltd. (HBAP; AA-/Stable/A-1+). As such, we expect it to receive timely support from its parent in almost all foreseeable situations.

In our view, HBAU will continue to play a long-term strategic role for the HSBC group. This is because the bank operates in one of the group's major key growth markets in the Asia-Pacific region. The outlook on HBAP is currently stable.

Downside scenario

We expect to lower our ratings on HBAU if:

- We lowered our ratings on HBAP, or
- HBAU's strategic importance to the wider group materially weakens.

Upside scenario

We see limited upside over the next two years for our ratings on the wider group and subsequently, HBAU. A higher rating on HBAU could emerge if:

- HBAU became a more integral part of the wider group; or
- We upgraded HBAP.

ING Bank (Australia) Ltd. (IBAL)

The stable outlook on IBAL mirrors that on its parent, ING Bank. We expect IBAL to remain highly strategic to its parent.

Downside scenario

We expect to lower our ratings on IBAL in the next two years if we lowered our ratings on ING Bank.

Upside scenario

We see limited upside to our ratings on IBAL over the next two years. We could raise the ratings if:

- We believe IBAL will become a core subsidiary of the group, leading us to expect that the group would support the bank under any foreseeable circumstance; or
- We upgrade ING Bank N.V

Outlooks: Other Financial Institutions

AMP Ltd.

The stable outlooks on AMP Ltd. (AMP, the nonoperating holding company of the Australia-based AMP group), AMP Group Holdings Ltd. (an intermediate nonoperating holding company for the wealth management businesses of the group), and AMP Bank Ltd. reflect our expectations that the bank will contribute about half of group earnings on a sustained basis, and the leverage in the group's nonbanking business will remain conservative, with a ratio of debt to adjusted EBITDA of less than 1.5x. Further, we forecast that the bank will maintain a very strong RAC ratio above 15%. Although the bank contributes to the group's credit strength at the current rating level, its ability to support nonbanking entities of the group could be constrained due to regulatory separation, in our view.

Downside scenario

We could lower our rating on AMP Ltd. and other group entities in one of the following scenarios:

- Systemwide risks in the Australian banking sector rise, for example, due to rapid growth in Australian property prices or private sector debt.
- Contribution of the bank to the wider group earnings reduces materially.
- We see further destabilization in the business franchise of the wealth management businesses, which may be reflected in significant outflows from the wealth management arm, or a rise in remediation costs.
- The ratio of debt to adjusted EBITDA for the group's nonbank operations rises above 1.5x.

Upside scenario

We see limited likelihood of an upgrade for the AMP group entities, including AMP Ltd., AMP Group Holdings Ltd., and AMP Bank Ltd., over the next two years.

AMP Bank Ltd.

The stable outlook on AMP Bank reflects our expectations that the bank will contribute about half of group earnings on a sustained basis, and the leverage in the group's nonbanking business will remain conservative, with a ratio of debt to adjusted EBITDA of less than 1.5x. Further, we forecast that the bank will maintain a very strong RAC ratio above 15%. Although the bank contributes to the group's credit strength at the current rating level, its ability to support nonbanking entities of the group could be constrained due to regulatory separation, in our view.

Downside scenario

We could lower our rating on AMP Bank in one of the following scenarios:

- Systemwide risks in the Australian banking sector rise, for example, due to rapid growth in Australian property prices or private sector debt.

- Contribution of the bank to the wider group earnings reduces materially.
- We see further destabilization in the business franchise of AMP Group Holdings Ltd. such as a significant disruption in the execution of its business strategy, which may be reflected in significant outflows from the wealth management arm, or a rise in remediation costs.
- The ratio of debt to adjusted EBITDA for the group's nonbank operations rises above 1.5x.

Upside scenario

We see limited likelihood of an upgrade for AMP Bank over the next two years.

Cuscal Ltd.

The outlook is stable. Australia's economic prospects over the next two years are sound despite subdued GDP growth due to elevated interest rates and major trade partners' slowing economies. We forecast unemployment to increase somewhat but remain low in a historical context. 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.

We expect that Cuscal will remain a systemically important institution to the wider Australian payments system following a proposed IPO. We forecast that it will maintain the RAC ratio in the 26.5%-27.5% range in the next two years. We also understand that Cuscal intends to remain focused on its current core business lines of payments and settlement services to mutual, regional, and other Australian banks.

Downside scenario

We see a low likelihood of a downgrade over the next two years. Nevertheless, we could lower our ratings on Cuscal if, systemwide risks rise for example, due to rapid growth in Australian property prices or private sector debt. Or we form a view that post IPO, Cuscal's RAC ratio is likely to fall below 15%, for example, due to significant acquisitions without raising capital to match the resulting growth in risk-weighted assets.

Upside scenario

An upgrade is highly unlikely over the next two years.

Judo Bank Pty Ltd.

The outlook is stable. Australia's economic prospects over the next two years are sound despite subdued GDP growth due to elevated interest rates and major trade partners' slowing economies. We forecast unemployment to increase somewhat but remain low in a historical context. 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.

We forecast Judo Bank's credit losses will remain manageable at about 40 bps of customer loans over the next two years. This is despite some elevated risk for the bank resulting from rapid growth in recent years; we expect Judo Bank's growth trajectory will continue over the next two years. Further we expect the bank to remain well capitalized in line with a RAC ratio of 16%-17% over the same period.

Downside scenario

We see a low likelihood of a downgrade over the next two years. Nevertheless, we could lower our ratings on Judo Bank if, for example, systemwide risks rise due to rapid growth in Australian property prices or private sector debt.

Upside scenario

We see limited prospects of raising the rating over the next two years. That said, positive rating momentum could build over a longer period as the bank matures, resulting in a reduced risk for Judo Bank.

Liberty Financial Pty Ltd. (LFPL)

The stable outlook reflects our view that LFPL will continue to maintain a RAC ratio above 15% over the next three years, reflecting a very strong capital position. We expect credit costs for LFPL to remain low over the next two years, underpinned by low unemployment and modest economic growth.

Further, we expect LFPL will maintain its stable business franchise and maintain access to wholesale funding lines, including term securitization markets.

Downside scenario

We believe a lower rating is unlikely over the next two years. However, we could downgrade LFPL if it pursues aggressive loan growth resulting in our forecast RAC falling below 15% without the finance company undertaking the capital management initiatives at its disposal to maintain its very strong capital. Downside risks to the rating could also emerge if systemwide risks in the Australian banking sector rise, for example, due to rapid growth in Australian property prices or private sector debt.

Upside scenario

We see limited prospects of raising the rating over the next two years.

Liberty Financial Ltd. (LFL)

The stable outlook on LFL reflects that on its parent, Liberty Financial Pty Ltd. (LFPL; BBB/Stable/A-2). We expect to continue to equalize our ratings on LFL with those on LFPL over the next two years unless there is a significant dilution or withdrawal of the guarantee provided by the parent.

Downside scenario

We would lower our ratings on LFL, if any of the following were to occur:

- Our view of LFPL's creditworthiness has weakened. As such, its ability to support LFL reduces.
- There is a significant dilution or withdrawal of the guarantee provided by the parent.

Upside scenario

We expect to raise our long-term issuer credit rating on LFL if we raised our ratings on LFPL. That said, we see limited prospects of raising the rating over the next two years.

Ratings Score Snapshot

Ratings Score Snapshot--Australian Financial Institutions

Issuer	Anchor	Business Position	Capital and Earnings	Risk Position	Funding and Liquidity	Stand-alone credit profile	Support	Long-term Issuer Credit Rating
Major Banking Groups plus Macquarie								
Australia and New Zealand Banking Group Ltd.	a-	Strong (+1)	Strong (+1)	Adequate (0)	Adequate and Adequate (0)	a+	+1~	AA-
ANZ Bank New Zealand Ltd.	bbb	Strong (+1)	Strong (+1)	Adequate (0)	Adequate and Adequate (0)	a-	+3*	AA-
Commonwealth Bank of Australia	a-	Strong (+1)	Strong (+1)	Adequate (0)	Adequate and Adequate (0)	a+	+1~	AA-
ASB Bank Ltd.	bbb	Strong (+1)	Strong (+1)	Adequate (0)	Adequate and Adequate (0)	a-	+3*	AA-
National Australia Bank Ltd.	a-	Strong (+1)	Strong (+1)	Adequate (0)	Adequate and Adequate (0)	a+	+1~	AA-
Bank of New Zealand Ltd.	bbb	Strong (+1)	Strong (+1)	Adequate (0)	Adequate and Adequate (0)	a-	+3*	AA-
Westpac Banking Corp.	a-	Strong (+1)	Strong (+1)	Adequate (0)	Adequate and Adequate (0)	a+	+1~	AA-
Westpac New Zealand Ltd.	bbb	Strong (+1)	Strong (+1)	Adequate (0)	Adequate and Adequate (0)	a-	+3*	AA-

Ratings Score Snapshot--Australian Financial Institutions (cont.)

Issuer	Anchor	Business Position	Capital and Earnings	Risk Position	Funding and Liquidity	Stand-alone credit profile	Support	Long-term Issuer Credit Rating
Macquarie Bank Ltd.	a-	Adequate (0)	Strong (+1)	Adequate (0)	Adequate and Adequate (0)	a	+1~	A+
Regional Banks								
Bank of Queensland Ltd.	a-	Adequate (0)	Strong (+1)	Adequate (0)	Moderate and Adequate (-1)	a-	0	A-
Bendigo and Adelaide Bank Ltd.	a-	Adequate (0)	Strong (+1)	Adequate (0)	Moderate and Adequate (-1)	a-	0	A-
Suncorp-Metway Ltd	a-	Adequate (0)	Strong (+1)	Adequate (0)	Moderate and Adequate (-1)	a-	+2*	A+
Mutual Lenders								
Australian Unity Bank Ltd.	a-	Constrained (-3)	Very Strong (+2)	Adequate (0)	Moderate and Adequate (-1)	bbb	+1*	BBB+
Bank Australia Ltd	a-	Constrained (-2)	Very Strong (+2)	Adequate (0)	Moderate and Adequate (-1)	bbb+	0	BBB+
Beyond Bank Australia	a-	Constrained (-2)	Very Strong (+2)	Adequate (0)	Moderate and Adequate (-1)	bbb+	0	BBB+
Credit Union Australia Ltd.	a-	Constrained (-2)	Very Strong (+2)	Adequate (0)	Moderate and Adequate (-1)	bbb+	0	BBB+
Defence Bank Ltd	a-	Constrained (-2)	Very Strong (+2)	Adequate (0)	Moderate and Adequate (-1)	bbb+	0	BBB+
G&C Mutual Bank Ltd	a-	Constrained (-2)	Very Strong (+2)	Adequate (0)	Moderate and Adequate (-1)	bbb+	0	BBB+
Heritage and People's Choice Ltd	a-	Constrained (-2)	Very Strong (+2)	Adequate (0)	Moderate and Adequate (-1)	bbb+	0	BBB+

Ratings Score Snapshot--Australian Financial Institutions (cont.)

Issuer	Anchor	Business Position	Capital and Earnings	Risk Position	Funding and Liquidity	Stand-alone credit profile	Support	Long-term Issuer Credit Rating
Illawarra Credit Union	a-	Constrained (-3)	Very Strong (+2)	Adequate (0)	Moderate and Adequate (-1)	bbb	0	BBB
Maitland Mutual Ltd.	a-	Constrained (-3)	Very Strong (+2)	Adequate (0)	Moderate and Adequate (-1)	bbb	0	BBB
Members Banking Group	a-	Constrained (-2)	Very Strong (+2)	Adequate (0)	Moderate and Adequate (-1)	bbb+	0	BBB+
Newcastle Greater Mutual Group Ltd	a-	Constrained (-2)	Very Strong (+2)	Adequate (0)	Moderate and Adequate (-1)	bbb+	0	BBB+
Police & Nurses Limited	a-	Constrained (-2)	Very Strong (+2)	Adequate (0)	Moderate and Adequate (-1)	bbb+	0	BBB+
Police Bank Ltd	a-	Constrained (-2)	Very Strong (+2)	Adequate (0)	Moderate and Adequate (-1)	bbb+	0	BBB+
Police Financial Services Ltd.	a-	Constrained (-2)	Very Strong (+2)	Adequate (0)	Moderate and Adequate (-1)	bbb+	0	BBB+
Queensland Country Bank Ltd	a-	Constrained (-2)	Very Strong (+2)	Adequate (0)	Moderate and Adequate (-1)	bbb+	0	BBB+
QPCU Ltd.	a-	Constrained (-3)	Very Strong (+2)	Adequate (0)	Moderate and Adequate (-1)	bbb	0	BBB
Regional Australia Bank Ltd.	a-	Constrained (-2)	Very Strong (+2)	Adequate (0)	Moderate and Adequate (-1)	bbb+	0	BBB+
Teachers Mutual Bank Ltd.	a-	Constrained (-2)	Very Strong (+2)	Adequate (0)	Moderate and Adequate (-1)	bbb+	0	BBB+
Foreign Subsidiary Banks								
HSBC Bank Australia Ltd.	a-	Moderate (-1)	Strong (+1)	Adequate (0)	Moderate and Adequate (-1)	bbb+	+3*	A+

Ratings Score Snapshot--Australian Financial Institutions (cont.)

Issuer	Anchor	Business Position	Capital and Earnings	Risk Position	Funding and Liquidity	Stand-alone credit profile	Support	Long-term Issuer Credit Rating
ING Bank (Australia) Ltd.	a-	Adequate (0)	Strong (+1)	Adequate (0)	Moderate and Adequate (-1)	a-	+1*	A
Other Financial Institutions								
AMP Bank Ltd.	a-	Constrained (-2)	Very Strong (+2)	Adequate (0)	Moderate and Adequate (-1)	bbb+	0	BBB+
Cuscal Ltd.	a-	Adequate (0)	Very Strong (+2)	Adequate (0)	Adequate and Adequate (0)	a+	+1~	AA-
Judo Bank Pty Ltd#	a-	Constrained (-2)	Very Strong (+2)	Adequate (0)	Moderate and Adequate (-1)	bbb#	0	BBB
Liberty Financial Pty Ltd.	bbb-	Adequate (0)	Very Strong (+2)	Adequate (0)	Adequate and Adequate (0)	bbb	0	BBB
Liberty Financial Ltd.	bb	Constrained (-3)	Very Strong (+2)	Constrained (-3)	Moderate and Adequate (-1)	b-	+7*	BBB

~Sovereign support; *Group support; #We apply a one-notch negative comparable ratings analysis adjustment in Judo Bank's SACP.

BICRA Score Snapshot

Australia

	To	From
BICRA group	2	3
Economic risk	3	3
Economic resilience	Very low risk	Very low risk
Economic imbalances	High Risk	High Risk
Credit risk in the economy	Low risk	Low risk
Trend	Stable	Stable
Industry risk	2	3
Institutional framework	Very Low risk	Low risk
Competitive dynamics	Low risk	Low risk

	To	From
Systemwide funding	Intermediate Risk	Intermediate Risk
Trend	Stable	Positive

Banking Industry Country Risk Assessment (BICRA) economic risk and industry risk scores are on a scale from 1 (lowest risk) to 10 (highest risk). For more details on our BICRA scores on banking industries across the globe, please see "Banking Industry Country Risk Assessment Update," published monthly on RatingsDirect.

Related Criteria

- Criteria | Corporates | General: Methodology: Management And Governance Credit Factors For Corporate Entities, Jan. 7, 2024
- Criteria | Corporates | General: Corporate Methodology, Jan. 7, 2024
- General Criteria: National And Regional Scale Credit Ratings Methodology, June 8, 2023
- General Criteria: Hybrid Capital: Methodology And Assumptions, March 2, 2022
- Criteria | Financial Institutions | Banks: Banking Industry Country Risk Assessment Methodology And Assumptions, Dec. 9, 2021
- Criteria | Financial Institutions | General: Financial Institutions Rating Methodology, Dec. 9, 2021
- General Criteria: Environmental, Social, And Governance Principles In Credit Ratings, Oct. 10, 2021
- General Criteria: Group Rating Methodology, July 1, 2019
- Criteria | Corporates | General: Corporate Methodology: Ratios And Adjustments, April 1, 2019
- Criteria | Financial Institutions | General: Risk-Adjusted Capital Framework Methodology, July 20, 2017
- General Criteria: Methodology For Linking Long-Term And Short-Term Ratings, April 7, 2017
- General Criteria: Guarantee Criteria, Oct. 21, 2016
- Criteria | Corporates | General: Methodology And Assumptions: Liquidity Descriptors For Global Corporate Issuers, Dec. 16, 2014
- General Criteria: Ratings Above The Sovereign--Corporate And Government Ratings: Methodology And Assumptions, Nov. 19, 2013
- General Criteria: Principles Of Credit Ratings, Feb. 16, 2011

Related Research

- Banking Industry Country Risk Assessment Update: March 2024, March 26, 2024

Ratings List

*** * * * * * * * * * * * * * * * AMP Ltd. * * * * * * * * * * * * * * * ***		
Upgraded; CreditWatch/Outlook Action		
	To	**From**
AMP Ltd.		
Issuer Credit Rating	BBB/Stable/--	BBB-/Positive/--
AMP Group Holdings Ltd.		
Issuer Credit Rating	BBB/Stable/A-2	BBB-/Positive/A-3
Upgraded; CreditWatch/Outlook Action; Ratings Affirmed		
	To	**From**
AMP Bank Ltd.		
Issuer Credit Rating	BBB+/Stable/A-2	BBB/Positive/A-2
*** * * * * * * * * * * * * ANZ Group Holdings Ltd. * * * * * * * * * * * ***		
Ratings Affirmed		
Australia and New Zealand Banking Group Ltd.		
ANZ Bank New Zealand Ltd.		
Issuer Credit Rating	AA-/Stable/A-1+	
Australia and New Zealand Bank (China) Co. Ltd.		
Issuer Credit Rating	A+/Stable/A-1	
*** * * * * * * * * * * * * Australian Unity Ltd. * * * * * * * * * * * * ***		
Ratings Affirmed		
Australian Unity Bank Ltd.		
Issuer Credit Rating	BBB+/Stable/A-2	
*** * * * * * * * * * * * * * Bank Australia Ltd. * * * * * * * * * * * * ***		
Upgraded; CreditWatch/Outlook Action; Ratings Affirmed		
	To	**From**
Bank Australia Ltd.		
Issuer Credit Rating		
Local Currency	BBB+/Stable/A-2	BBB/Positive/A-2
*** * * * * * * * * * * * * Bank of Queensland Ltd. * * * * * * * * * * * ***		
Upgraded; CreditWatch/Outlook Action; Ratings Affirmed		
	To	**From**
Bank of Queensland Ltd.		
Issuer Credit Rating	A-/Stable/A-2	BBB+/Positive/A-2

*** * * * * * * * * * * Bendigo and Adelaide Bank Ltd. * * * * * * * * * * ***		
Upgraded; CreditWatch/Outlook Action; Ratings Affirmed		
	To	**From**
Bendigo and Adelaide Bank Ltd.		
Issuer Credit Rating	A-/Stable/A-2	BBB+/Positive/A-2
*** * * * * * * * * * * * Beyond Bank Australia Ltd. * * * * * * * * * * * ***		
Upgraded; CreditWatch/Outlook Action; Ratings Affirmed		
	To	**From**
Beyond Bank Australia Ltd.		
Issuer Credit Rating	BBB+/Stable/A-2	BBB/Positive/A-2
*** * * * * * * * * * * Commonwealth Bank of Australia * * * * * * * * * * ***		
Ratings Affirmed		
Commonwealth Bank of Australia		
Commonwealth Bank of Australia (Europe) N.V.		
CBA Funding NZ Ltd.		
ASB Bank Ltd.		
Issuer Credit Rating	AA-/Stable/A-1+	
*** * * * * * * * * * * * Credit Union Australia Ltd. * * * * * * * * * * ***		
Upgraded; CreditWatch/Outlook Action; Ratings Affirmed		
	To	**From**
Credit Union Australia Ltd.		
Issuer Credit Rating	BBB+/Stable/A-2	BBB/Positive/A-2
*** * * * * * * * * * * * * * * * Cuscal Ltd. * * * * * * * * * * * * * * * ***		
Upgraded; CreditWatch/Outlook Action		
	To	**From**
Cuscal Ltd.		
Issuer Credit Rating	AA-/Stable/A-1+	A+/Positive/A-1
*** * * * * * * * * * * * * * Defence Bank Ltd. * * * * * * * * * * * * * ***		
Upgraded; CreditWatch/Outlook Action; Ratings Affirmed		
	To	**From**
Defence Bank Ltd.		
Issuer Credit Rating	BBB+/Stable/A-2	BBB/Positive/A-2
*** * * * * * * * * * * * * * G&C Mutual Bank Ltd. * * * * * * * * * * * * * ***		
Upgraded; CreditWatch/Outlook Action; Ratings Affirmed		
	To	**From**
G&C Mutual Bank Ltd.		
Issuer Credit Rating	BBB+/Stable/A-2	BBB/Positive/A-2

*** * * * * * * * * * * * * * HSBC Holdings PLC * * * * * * * * * * * * * ***		
Ratings Affirmed		
HSBC Bank Australia Ltd.		
Issuer Credit Rating	A+/Stable/A-1	
*** * * * * * * * * * Heritage and People's Choice Ltd. * * * * * * * * * ***		
Upgraded; CreditWatch/Outlook Action; Ratings Affirmed		
	To	**From**
Heritage and People's Choice Ltd.		
Issuer Credit Rating	BBB+/Stable/A-2	BBB/Positive/A-2
*** * * * * * * * * * * * * * * ING Groep N.V. * * * * * * * * * * * * * * ***		
Ratings Affirmed		
ING Bank (Australia) Ltd.		
Issuer Credit Rating	A/Stable/A-1	
*** * * * * * * * * * * * Illawarra Credit Union Ltd. * * * * * * * * * * ***		
Upgraded; CreditWatch/Outlook Action		
	To	**From**
Illawarra Credit Union Ltd.		
Issuer Credit Rating	BBB/Stable/A-2	BBB-/Positive/A-3
*** * * * * * * * * * * * * * Judo Bank Pty Ltd. * * * * * * * * * * * * * ***		
Upgraded; CreditWatch/Outlook Action		
	To	**From**
Judo Bank Pty Ltd.		
Issuer Credit Rating	BBB/Stable/A-2	BBB-/Positive/A-3
*** * * * * * * * * * * * Liberty Financial Pty Ltd. * * * * * * * * * * * ***		
Upgraded; CreditWatch/Outlook Action		
	To	**From**
Liberty Financial Pty Ltd.		
Liberty Financial Ltd.		
Issuer Credit Rating	BBB/Stable/A-2	BBB-/Positive/A-3
*** * * * * * * * * * * * * * Macquarie Group Ltd. * * * * * * * * * * * * * ***		
Ratings Affirmed		
Macquarie Bank Ltd.		
Macquarie Bank Europe DAC		
Issuer Credit Rating	A+/Stable/A-1	
Macquarie Group Ltd.		
Macquarie Financial Holdings Pty Ltd		
Issuer Credit Rating	BBB+/Stable/A-2	

Macquarie International Finance Ltd.		
Issuer Credit Rating	A/Stable/A-1	
**************** Maitland Mutual Ltd ****************		
Upgraded; CreditWatch/Outlook Action		
	To	**From**
Maitland Mutual Ltd		
Issuer Credit Rating	BBB/Stable/A-2	BBB-/Positive/A-3
************ National Australia Bank Ltd. ***********		
Ratings Affirmed		
National Australia Bank Ltd.		
National Australia Bank Europe S.A.		
Bank of New Zealand		
Issuer Credit Rating	AA-/Stable/A-1+	
********** Newcastle Greater Mutual Group Ltd. *********		
Upgraded; CreditWatch/Outlook Action; Ratings Affirmed		
	To	**From**
Newcastle Greater Mutual Group Ltd.		
Issuer Credit Rating	BBB+/Stable/A-2	BBB/Positive/A-2
************** Police & Nurses Ltd. **************		
Upgraded; CreditWatch/Outlook Action; Ratings Affirmed		
	To	**From**
Police & Nurses Ltd.		
Issuer Credit Rating		
Local Currency	BBB+/Stable/A-2	BBB/Positive/A-2
*************** Police Bank Ltd. ***************		
Upgraded; CreditWatch/Outlook Action; Ratings Affirmed		
	To	**From**
Police Bank Ltd.		
Issuer Credit Rating	BBB+/Stable/A-2	BBB/Positive/A-2
*********** Police Financial Services Ltd. ***********		
Upgraded; CreditWatch/Outlook Action; Ratings Affirmed		
	To	**From**
Police Financial Services Ltd.		
Issuer Credit Rating	BBB+/Stable/A-2	BBB/Positive/A-2

*** * * * * * * * * * * * * * * * QPCU Ltd. * * * * * * * * * * * * * * * ***		
Upgraded; CreditWatch/Outlook Action		
	To	**From**
QPCU Ltd.		
Issuer Credit Rating	BBB/Stable/A-2	BBB-/Positive/A-3
*** * * * * * * * * * * * Queensland Country Bank Ltd. * * * * * * * * * * ***		
Upgraded; CreditWatch/Outlook Action; Ratings Affirmed		
	To	**From**
Queensland Country Bank Ltd.		
Issuer Credit Rating	BBB+/Stable/A-2	BBB/Positive/A-2
*** * * * * * * * * * * * Regional Australia Bank Ltd. * * * * * * * * * * ***		
Upgraded; CreditWatch/Outlook Action; Ratings Affirmed		
	To	**From**
Regional Australia Bank Ltd.		
Issuer Credit Rating	BBB+/Stable/A-2	BBB/Positive/A-2
*** * * * * * * * * Royal Automobile Club of Queensland Ltd. * * * * * * * ***		
Ratings Affirmed		
Members Banking Group Ltd.		
Issuer Credit Rating	BBB+/Stable/A-2	
*** * * * * * * * * * * * * * Suncorp Group Ltd. * * * * * * * * * * * * * ***		
Ratings Affirmed; CreditWatch/Outlook Action		
	To	**From**
Suncorp-Metway Ltd.		
Issuer Credit Rating	A+/Watch Pos/A-1	A+/Positive/A-1
*** * * * * * * * * * * * Teachers Mutual Bank Ltd. * * * * * * * * * * * ***		
Upgraded; CreditWatch/Outlook Action; Ratings Affirmed		
	To	**From**
Teachers Mutual Bank Ltd.		
Issuer Credit Rating		
Local Currency	BBB+/Stable/A-2	BBB/Positive/A-2
*** * * * * * * * * * * * * Westpac Banking Corp. * * * * * * * * * * * * ***		
Ratings Affirmed		
Westpac Banking Corp.		
Westpac New Zealand Ltd.		
Westpac Europe Ltd.		
Westpac Europe GmbH		
Issuer Credit Rating	AA-/Stable/A-1+	