

# Australia and New Zealand Banking Group Limited

## Key Rating Drivers

**Junior Debt Buffers:** Australia and New Zealand Banking Group Limited's (ANZ) Long-Term Issuer Default Rating (IDR) is notched up once from its Viability Rating (VR) to reflect the build-up of junior debt buffers to address loss absorbing capacity (LAC) requirements. The Australian Prudential Regulation Authority (APRA) sized the requirement to reduce the risk of needing taxpayer funds to recapitalise a bank on resolution, thus protecting third-party senior creditors.

ANZ's VR is underpinned by a strong business profile and sound financial profile. The Stable Outlook on the IDR reflects our view that ANZ has sufficient headroom in its financial metrics to maintain its ratings, even in a scenario that is moderately weaker than our base case.

**Strong, Stable Economic Environment:** Australian banks benefit from a strong and generally stable economy, supported by robust regulatory supervision. Our operating environment (OE) assessment captures the susceptibility of highly leveraged households to abrupt interest-rate hikes, resulting in a score at the lower end of the 'aa' category.

**Strong Franchise in Core Markets:** The consolidated ANZ group operates Australia's fourth-largest bank, with about 15% of system assets at end-2025. It also operates New Zealand's largest bank, ANZ Bank New Zealand Limited (A+/Stable/a), which has about 30% of total system assets. The strong market positions in core markets drive the 'aa-' business profile score, which exceeds the implied 'a' category score.

**Ongoing Non-Financial Risk Remediation:** ANZ's non-financial risk remediation lags domestic peers, reflected in a risk profile score one notch below that of Australia's other major banks. Financial risk management remains robust and underpins our assessment of the risk profile at 'a+'. ANZ's operational capital risk charge rose to AUD1 billion in 2025 to capture non-financial risk issues. The charge is likely to remain for at least three years, because ANZ only agreed to a new remediation programme in 2025.

**Asset Quality to Improve:** We expect the stage 3 loan/gross loan ratio to fall modestly through the financial year to September 2026 (FY26), as the full effect of the 2025 rate cuts flows through the loan book. Higher unemployment will then likely weaken asset quality in FY27, although we expect the ratio to remain below 1%, consistent with the 'aa-' asset-quality score. Provisioning levels and high collateral coverage in the loan portfolio should limit any losses.

**Stronger Earnings:** We expect operating profit/risk-weighted assets (OP/RWAs) to rise to 2.3% in FY26, from 2.0% in FY25, on a stronger net interest margin and lower operating expenses. The ratio should then remain stable in FY27. We use un-risk-weighted metrics to assess ANZ's earnings to account for the conservative risk-weighting of assets in Australia's regulatory capital framework.

**Sound Capital Buffers:** The common equity Tier 1 (CET1) ratio will likely rise in FY26, from 12% at FYE25, partly as the parent holding company transferred surplus group capital to ANZ. The CET1 ratio is likely to remain above 12% in the short term as ANZ invests in the business and completes integration and remediation programmes. We expect the ratio to be managed below 12% over the longer term.

**Stable Funding:** The loan/customer deposit ratio should remain steady through to FY27, with largely matched loan and deposit growth. ANZ's reasonable liquidity management and funding plans offset the risk from its reliance on offshore wholesale markets for part of its funding, underpinning the 'a+' funding and liquidity score.

## Rating Sensitivities

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

#### Long-Term IDR

The Long-Term IDR would be downgraded if the VR is downgraded or if the regulator no longer envisages ANZ's junior debt buffers as sufficient to protect senior creditors in resolution.

#### VR

The VR could be downgraded if the OE weakens sharply, such that we lower the OE score to the 'a' category, from 'aa-', as this would probably result in a reassessment of most other key rating drivers. We believe this is unlikely, but could occur if there is a deep and structural decline in GDP growth, resulting in a rapid increase in unemployment.

The VR may be downgraded even if the OE score remains unchanged if a combination of the following occurs:

- the four-year average of stage 3 loans/gross loans is likely to remain around or above 2.0% (FY22-FY25: 0.8%);
- the four-year average of the OP/RWA ratio falls below 1.5% (FY22-FY25: 2.2%);
- the CET1 ratio falls to around 10.5%, or the equivalent under the regulator's final Basel III framework, without a credible plan to raise it back above 11.0% (end-2025: 12.1%).

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

The Long-Term IDR and VR may be upgraded if one or more of the following occurs:

- the four-year average of the OP/RWA ratio is likely to improve to around 3%;
- ANZ commits to maintaining capitalisation at levels consistent with that of higher-rated peers, possibly reflected in a CET1 ratio that is above 12.5%.

## Other Debt and Issuer Ratings

ANZ	Rating
Junior subordinated: long term	BBB
Senior unsecured: long term	AA-
Senior unsecured: short term	F1+
Subordinated: long term	A-

Source: Fitch Ratings

ANZ New York Branch	Rating
Senior unsecured: long term	AA-

Source: Fitch Ratings

## Short-Term IDR

The Short-Term IDR maps to the Long-Term IDR of 'AA-'.

## Senior Unsecured Instruments

ANZ's senior unsecured debt ratings are aligned with the IDRs, in line with Fitch's Bank Rating Criteria, as Australia does not have statutory senior debt bail-in and therefore there is only one class of senior debt.

## Tier 2 Instruments

ANZ's subordinated Tier 2 debt is rated two notches below its anchor rating – the VR – for loss severity, with non-performance risk adequately captured by the VR. The point of non-viability for these instruments is at the discretion of the regulator, at which point the instruments would typically be converted to equity (in part or in full). None of the reasons for alternative notching from the anchor rating, as described in the criteria, are present.

## Additional Tier 1 Instruments

ANZ's Additional Tier 1 hybrid capital instruments are rated four notches below the anchor rating – the VR – consistent with the base case in the Bank Rating Criteria. The four notches comprise two notches for loss severity and two notches for non-performance risk to reflect discretionary coupon-skip risks. Conversion of these instruments occurs at the point of non-viability, which is at the regulator's discretion, or if the CET1 ratio falls below 5.125%. None of the reasons for alternative notching are present.

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

A downgrade of the Short-Term IDR would require the Long-Term IDR to be downgraded and the funding and liquidity score to remain below 'aa-'.

The senior unsecured instrument ratings will be downgraded if ANZ's IDRs are downgraded.

The Tier 2 and Additional Tier 1 instrument ratings will be downgraded if ANZ's VR is downgraded. The instrument ratings may also be downgraded if any of the reasons for higher notching outlined in Fitch's Bank Rating Criteria apply, although we view this as unlikely to occur.

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

The Short-Term IDR cannot be upgraded, as it is at the highest level on Fitch's rating scale.

The long-term senior unsecured instrument ratings will be upgraded if ANZ's Long-Term IDR is upgraded. The short-term senior unsecured instrument ratings cannot be upgraded, as they are at the highest level on Fitch's rating scale.

The Tier 2 and Additional Tier 1 instrument ratings will be upgraded if the VR is upgraded or if any of the reasons for lower notching outlined in Fitch's Bank Rating Criteria apply, although we view this as unlikely to occur.

## Ratings Navigator

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

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

## Factor Outlook

Stable
  Evolving
  Positive
  Negative

## VR - Adjustments to Key Rating Drivers

The business profile score of 'aa-' is above the 'a' category implied score due to the following adjustment reason: market position (Positive).

## Company Summary and Key Qualitative Factors

### Operating Environment

Economic growth in the Australian and New Zealand economies is likely to be solid in 2026, though interest rate rises could result in a modest uptick in unemployment in Australia towards the end of the year. This weakening should not be to levels that would place meaningful pressure on bank asset quality. Australia accounted for 75% of ANZ's loans at FYE25, with New Zealand contributing an additional 17%.

The Australian household debt-to-disposable income ratio was 176% at end-September 2025, while it was 168% in New Zealand at end-June 2025. The ratios in both countries have improved since the Covid-19 pandemic as higher interest rates reduced borrowing capacity and disposable income grew. However, household debt remains higher in both countries than most other markets globally. We incorporate this into our OE assessment by placing the score at the lower end of the 'aa' category.

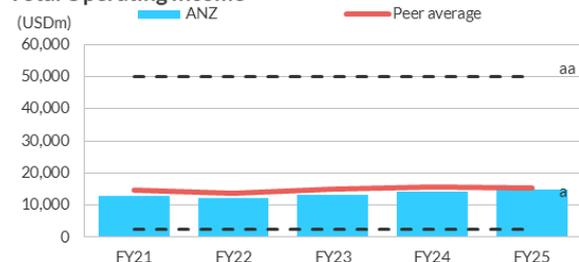
### Business Profile

ANZ's financial profile benefits from its strong market position, which provides significant economies of scale and pricing power relative to smaller peers. ANZ is the smallest of the major banks in Australia but is the largest of the New Zealand major banks.

Operations largely focus on traditional banking in its core markets of Australia and New Zealand, although the group has the largest international operations amongst Australia's major banks, mainly in the institutional banking division. This structure means ANZ has a higher proportion of loans on its balance sheet and greater reliance on net interest income than many international peers. However, the prudent nature of ANZ's lending activities and strong interest-rate risk management mean we expect earnings to remain stable through economic cycles.

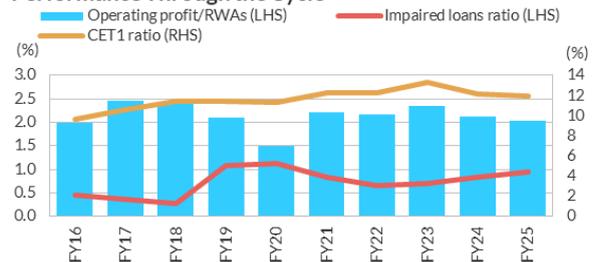
The new CEO has refined the bank's strategy, focusing on an accelerated integration of Suncorp Bank and the front-end of its digital bank, ANZ Plus, while simplifying the bank and improving non-financial risk management. This large programme of work will generate some additional risks during implementation, but it should ultimately support ANZ's earnings.

### Total Operating Income



Source: Fitch Ratings, Fitch Solutions, banks

### Performance Through the Cycle



Source: Fitch Ratings, Fitch Solutions, ANZ

### Risk Profile

Credit risk remains ANZ's largest risk, accounting for nearly 80% of RWAs at end-2025. Most of the credit risk comes from the loan book (64% of total assets at FYE25), with mortgages being the largest segment (60% of gross loans). This is unlikely to change. The bank manages risks in the residential mortgage portfolio well. Underwriting has been strengthened since the mid-2010s because of regulatory focus across the sector on reducing risk in this segment. Mortgage losses should be low through a cycle as a result.

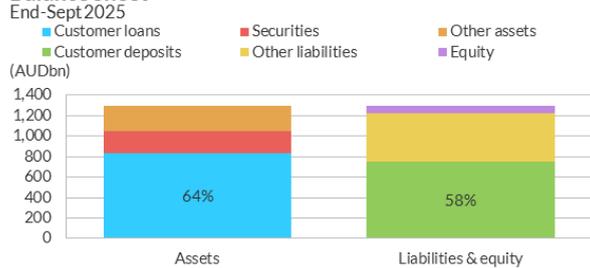
ANZ has a larger exposure to corporate and institutional lending than some Australian major bank peers. However, the bank manages exposures in this segment well, and the underwriting is consistent with that of peers. This results in a credit risk profile that is broadly similar to peers.

Commercial property and agriculture are two of the largest exposure segments outside of retail banking, government and financial institutions. These two sectors combined accounted for about 9% of exposure at default at FYE25. ANZ has a larger institutional exposure to Asia than peers, but the portfolio is skewed towards short-term and investment-grade lending.

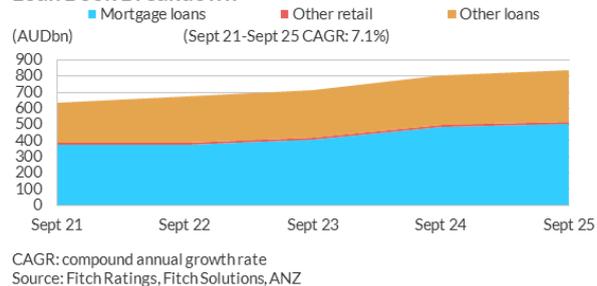
Interest-rate risk management is sound. The bank uses hedging extensively to reduce risk, and the regulatory framework requires banks to hold capital for interest-rate risk in the banking book in Pillar 1 calculations.

ANZ has an extensive non-financial risk remediation programme underway to address shortcomings. The quality of management of this risk will likely converge with domestic peers once ANZ successfully completes the programme. In the meantime, we expect to maintain ANZ's risk profile score a notch lower than peers.

## Balance Sheet



## Loan Book Breakdown



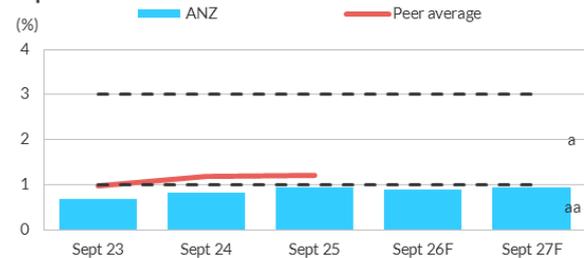
## Financial Profile

### Asset Quality

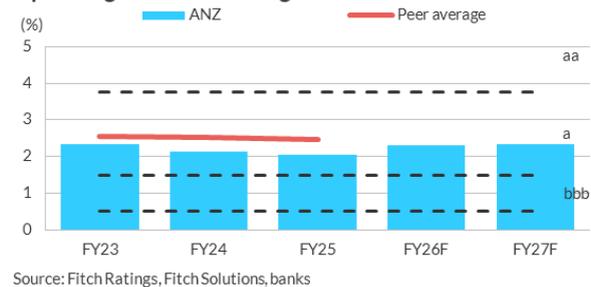
ANZ's asset quality performance will likely remain strong, reflecting the overall loan mix and solid outlook for operating conditions. We expect some improvement in the stage 3 loans ratio in FY26 before modestly weakening in FY27 as interest rate movements generally take some time to flow through the economy. We view unemployment as the most likely driver of a sharp deterioration in ANZ's mortgage portfolio.

Loan-loss allowance coverage of impaired loans will likely remain at around 50% through FY27. Coverage is lower than some international peers but is adequate considering the high collateral cover of about 80% for ANZ's loans and other receivables.

## Impaired Loans/Gross Loans



## Operating Profit/Risk-Weighted Assets



## Earnings and Profitability

ANZ's earnings and profitability will likely benefit from lower operating expenses in FY26. ANZ had several one-off costs in FY25 that will not recur in FY26. Investment in the business will likely result in expense growth of 4% in FY27.

Rising interest rates and a tailwind from interest rate hedges over deposits and equity will likely support a widening of the NIM, offsetting competitive pressures. We expect the cost-to-income ratio to fall to about 50% in FY26 from 57% in FY25 because of these factors.

We forecast the operating profit/RWA ratio to remain at about 2.3% through FY27. This is towards the lower end of the 1.5%-3.75% band for an implied 'a' category earnings and profitability score in 'aa' category operating environments. However, we consider the Australian regulator's conservative approach to risk-weighting when determining the score. We use ANZ's estimate of an "internationally comparable" CET1 ratio to derive an "internationally comparable" operating profit/RWA ratio. The four-year average of this metric is about 2.8% over our forecast period.

We do not place full weight on this ratio as it is not endorsed by a regulator and does not capture conservatism in other markets. However, it provides a better comparison with international peers, as do metrics not adjusted for risk weights, such as the operating profit/average total assets ratio. ANZ compares well against many highly rated international peers on this basis.

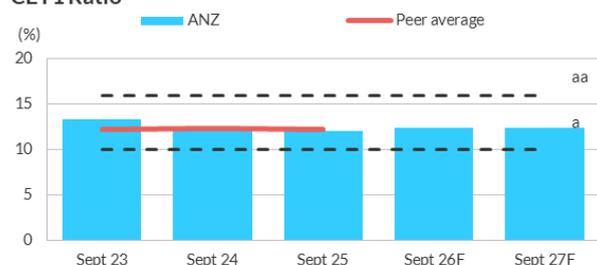
## Capitalisation and Leverage

ANZ's reported regulatory risk-weighted capital ratios broadly match those of domestic peers but are lower than those of many international peers. This is because of APRA's conservative approach to capital calculation and risk-weighting.

Metrics not adjusted for risk-weights, such as the Basel leverage ratio and tangible common equity/tangible assets, compare more favourably with global peers. We also consider "internationally comparable" ratios reported by the Australian major banks, including ANZ, when assessing capitalisation and leverage. These ratios highlight the conservatism in the Australian framework and support a score of 'a+', above the low-to-mid 'a' category score implied by the regulatory CET1 ratio. However, the "internationally comparable" ratio is not a regulatory ratio and does not account for conservatism in the capital frameworks of other market. Therefore, we do not use it to assign scores.

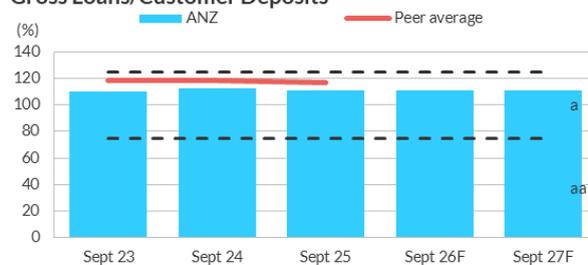
ANZ comfortably met its 2026 LAC requirements of a total capital ratio of 18.25%, reporting a ratio of 21.1% at end-2025. LAC can only be fulfilled using existing capital instruments – no senior instruments are included in the buffer. In practice, we expect banks to mainly meet the requirement through Tier 2 issuance. We also expect ANZ to be able to replace Additional Tier 1 instruments with Tier 2 instruments when the former are removed from the capital framework from 2027.

**CET1 Ratio**



Source: Fitch Ratings, Fitch Solutions, banks

**Gross Loans/ Customer Deposits**



Source: Fitch Ratings, Fitch Solutions, banks

## Funding and Liquidity

ANZ's loan/customer deposit ratio will likely remain the strongest among domestic peers. However, it is weaker than many international peers. This difference partly reflects the proportion of loans ANZ has on its balance sheet: lower than many domestic peers but higher than many international peers.

We expect ANZ, along with the Australian banking system, to remain reliant on wholesale funding from offshore markets, but ANZ manages these risks well. The bank actively manages its issuance and diversifies its wholesale funding by product, currency and market. Foreign-currency funding is hedged back into the operational currency to mitigate currency risk. Local-currency issuance has grown in recent years and ANZ, along with its peers, will likely continue using the domestic market more heavily.

The bank's liquidity management remains strong, and we expect ANZ to maintain its regulatory liquidity coverage ratio (LCR) and net stable funding ratio (NSFR) well above the 100% minimum. The bank reported an average LCR of 133% in September-December 2025, while its NSFR was 116% at end-2025. We expect these ratios to remain broadly stable.

### Additional Notes on Charts

Black dashed lines represent boundaries for indicative quantitative ranges and implied scores for Fitch's core financial metrics for banks operating in the environments that Fitch scores in the 'aa' category. The peer average includes Commonwealth Bank of Australia, National Australia Bank Limited and Westpac Banking Corporation. The financial year-end of Australia and New Zealand Banking Group Limited, National Australia Bank Limited and Westpac Banking Corporation is 30 September. The financial year-end of Commonwealth Bank of Australia is 30 June.

## Financials

**Financial Statements**

	30 Sep 22	30 Sep 23	30 Sep 24	30 Sep 25	30 Sep 26F	30 Sep 27F
	12 months	12 months				
	(AUDm)	(AUDm)	(AUDm)	(AUDm)	(AUDm)	(AUDm)
<b>Summary income statement</b>						
Net interest and dividend income	14,874	16,575	16,037	17,903	-	-
Net fees and commissions	1,972	1,946	1,964	1,888	-	-
Other operating income	2,335	1,988	2,541	2,642	-	-
Total operating income	19,181	20,509	20,542	22,433	23,152	24,224
Operating costs	9,579	10,087	10,669	12,626	11,538	11,999
Pre-impairment operating profit	9,602	10,422	9,873	9,807	11,614	12,225
Loan and other impairment charges	-232	245	406	435	579	659
Operating profit	9,834	10,177	9,467	9,372	11,036	11,566
Other non-operating items (net)	226	-43	-21	-525	-	-
Tax	2,940	2,941	2,816	2,771	-	-
Net income	7,120	7,193	6,630	6,076	7,725	8,096
Other comprehensive income	-3,735	816	71	238	-	-
Fitch comprehensive income	3,385	8,009	6,701	6,314	-	-
<b>Summary balance sheet</b>						
<b>Assets</b>						
Gross loans	675,989	711,240	807,707	833,860	867,214	901,903
– of which impaired	4,371	4,895	6,808	7,973	-	-
Loan loss allowances	3,582	3,546	3,675	3,874	-	-
Net loans	672,407	707,694	804,032	829,986	-	-
Interbank	4,762	9,349	5,484	23,394	-	-
Derivatives	90,174	60,406	54,370	47,480	-	-
Other securities and earning assets	139,567	168,005	231,557	271,356	-	-
Total earning assets	906,910	945,454	1,095,443	1,172,216	-	-
Cash and due from banks	152,768	137,089	107,505	99,322	-	-
Other assets	26,051	23,521	26,637	26,133	-	-
Total assets	1,085,729	1,106,064	1,229,585	1,297,671	1,349,581	1,403,477
<b>Liabilities</b>						
Customer deposits	620,430	647,400	716,634	749,222	779,191	810,359
Interbank and other short-term funding	176,851	167,803	188,532	207,179	-	-
Other long-term funding	86,029	107,782	147,311	161,022	-	-
Trading liabilities and derivatives	88,388	62,749	61,277	47,862	-	-
Total funding and derivatives	971,698	985,734	1,113,754	1,165,285	-	-
Other liabilities	39,925	43,013	37,994	53,689	-	-
Preference shares and hybrid capital	8,189	8,744	9,835	8,977	-	-
Total equity	65,917	68,573	68,002	69,720	-	-

Total liabilities and equity	1,085,729	1,106,064	1,229,585	1,297,671	-	-
Exchange rate	USD1= AUD1.5380	USD1= AUD1.5485	USD1= AUD1.4426	USD1= AUD1.5147	-	-

Source: Fitch Ratings, Fitch Solutions, ANZ

## Key Ratios

Ratios (%; annualised as appropriate)	30 Sep 22	30 Sep 23	30 Sep 24	30 Sep 25	30 Sep 26F	30 Sep 27F
<b>Profitability</b>						
Operating profit/risk-weighted assets	2.2	2.4	2.1	2.0	2.3	2.3
Net interest income/average earning assets	1.6	1.7	1.6	1.5	1.6	1.6
Non-interest expense/gross revenue	50.4	49.7	52.3	56.6	49.8	49.5
Net income/average equity	11.2	10.7	9.7	8.8	-	-
<b>Asset quality</b>						
Impaired loans ratio	0.7	0.7	0.8	1.0	0.9	1.0
Growth in gross loans	6.7	5.2	13.6	3.2	4.0	4.0
Loan loss allowances/impaired loans	82.0	72.4	54.0	48.6	51.6	49.5
Loan impairment charges/average gross loans	0.0	0.1	0.1	0.1	0.1	0.1
<b>Capitalisation</b>						
Common equity Tier 1 ratio	12.3	13.3	12.2	12.0	12.3	12.4
Fully loaded common equity Tier 1 ratio	-	-	-	-	-	-
Fitch Core Capital ratio	-	-	-	-	-	-
Tangible common equity/tangible assets	5.5	5.6	4.9	4.7	-	-
Basel leverage ratio	5.4	5.4	4.7	4.4	-	-
Net impaired loans/common equity Tier 1	1.4	2.3	5.8	7.4	-	-
Net impaired loans/Fitch Core Capital	-	-	-	-	-	-
<b>Funding and liquidity</b>						
Gross loans/customer deposits	109.0	109.9	112.7	111.3	111.3	111.3
Gross loans/customer deposits + covered bonds	106.7	106.9	109.8	109.4	-	-
Liquidity coverage ratio	128.7	132.9	132.4	132.1	-	-
Customer deposits/total non-equity funding	69.3	69.1	67.1	66.3	-	-
Net stable funding ratio	119.1	116.4	116.1	114.6	-	-

Source: Fitch Ratings, Fitch Solutions, ANZ

## Support Assessment

## Government Support

Sovereign	Australia
Sovereign Long Term Issuer Default Rating	• AAA/Stable
Total adjustment (notches)	-5
Typical D-SIB Government Support for sovereign's rating level	a+ to a-
Actual jurisdiction D-SIB Government Support	a
Government Support Rating	a
<b>Government ability to support D-SIBs</b>	
Size of banking system	• Negative
Structure of banking system	• Negative
Sovereign financial flexibility (for rating level)	• Positive
<b>Government propensity to support D-SIBs</b>	
Resolution legislation	• Neutral
Support stance	• Neutral
<b>Government propensity to support bank</b>	
Systemic importance	• Neutral
Liability structure	• Neutral
Ownership	• Neutral
<p>The colours below indicate the influence of each support factor in our assessment.          Influence: Light blue = lower; Dark blue = moderate; Red = higher          Source: Fitch Ratings</p>	

ANZ's GSR reflects its systemic importance as an Australian domestic systemically important bank, as shown in its market shares. In addition, ANZ's business model is similar to that of the other large Australian banks, which increases contagion risk in a stressed environment. We believe there is a very high probability of support from the Australian authorities, if needed, as a result.

The GSR also reflects the authorities' strong ability to support, as reflected in Australia's sovereign rating, and historical propensity to support senior creditors of banks. This was evident during the global financial crisis of 2008 through the implementation of a government guarantee for senior bonds, and is reinforced by the regulatory approach to LAC, which does not allow for a senior bail-in instrument. A downgrade of the sovereign rating would not automatically result in a downgrade of the GSR, particularly if we believed the strong propensity to support offsets any reduced ability to do so.

## Subsidiaries and Affiliates

Australia and New Zealand Banking Group Limited, New York Branch's (ANZNY) Long-Term IDR of 'AA-' with a Stable Outlook and Short-Term IDR of 'F1+' are equalised with those on ANZ. This is because ANZNY is part of the same legal entity and there is no transfer and convertibility risk, given both Australia and the US have Country Ceilings of 'AAA'. ANZNY's senior unsecured debt and programme ratings are at 'AA-', in line with the Long-Term IDR.

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

A downgrade of ANZ's IDRs would lead to negative rating action on ANZNY's IDRs and senior unsecured debt ratings.

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

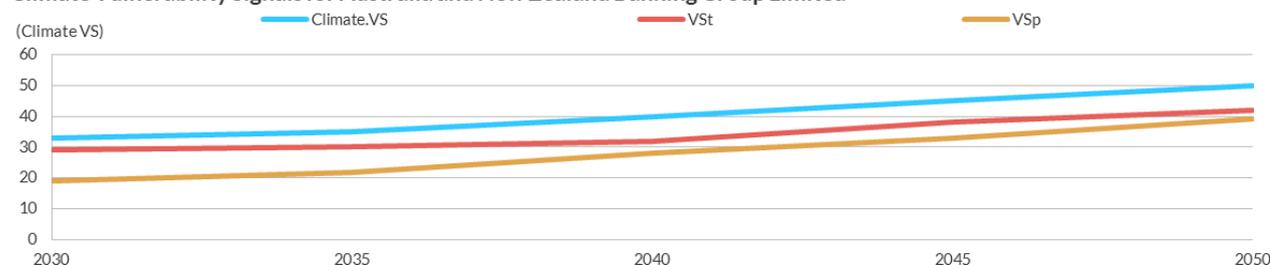
An upgrade of ANZ's Long-Term IDR would lead to positive rating action on ANZNY's Long-Term IDR and senior unsecured debt ratings. ANZNY's Short-Term IDR cannot be upgraded, as it is already at the highest level on the rating scale.

## Climate Vulnerability Considerations

Fitch uses Climate Vulnerability Signals (Climate.VS) as a screening tool to identify issuers whose credit profiles have a higher potential exposure to climate-related risks, and to subject those ratings to additional analysis and consideration in rating reviews. Climate.VS range from 0 (lowest risk) to 100 (highest risk).

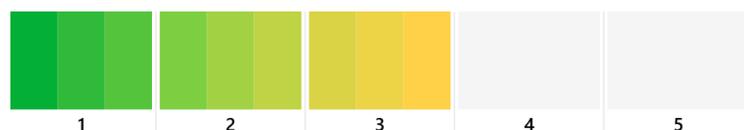
The Climate.VS for ANZ for 2035 is 35, which indicates that climate risk factors are not expected to materially affect the credit profile, but some adaptation may be needed. This reflects a transition risk (VSt) component signal of 30 and a physical risk (VSp) component signal of 22. Any potential effect on the rating may differ from the illustrative rating impact in the Climate.VS framework. For more information on Climate.VS, see Fitch's [Financial Institutions Climate Vulnerability Rating Criteria](#).

### Climate Vulnerability Signals for Australia and New Zealand Banking Group Limited



Source: Fitch Ratings

## Environmental, Social and Governance Considerations



### Environmental Relevance Scores

General issues	Score	Sector-specific issues	Reference
GHG Emissions & Air Quality	2	Regulatory risks, emissions fines or compliance costs related to owned, financed or managed assets, which could impact asset prices, profitability, etc.	Operating Environment; Business Profile; Risk Profile; Asset Quality
Energy Management	1	n.a.	n.a.
Water & Wastewater Management	1	n.a.	n.a.
Waste & Hazardous Materials Management; Ecological Impacts	1	n.a.	n.a.
Exposure to Environmental Impacts	2	Impact of extreme weather events on assets and/or operations and corresponding risk appetite & management; catastrophe risk; credit concentrations	Business Profile; Risk Profile; Asset Quality



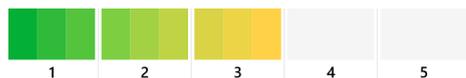
## Social Relevance Scores

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



## Governance Relevance Scores

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



## ESG Scoring

ESG relevance scores range from '1' to '5' based on a 15-level colour gradation. Red (5) is most relevant to the credit rating and green (1) is least relevant.

The Environmental (E), Social (S) and Governance (G) tables break out the general and the sector-specific issues that are most relevant to each industry group. Relevance scores are assigned to each sector-specific issue, signalling the credit relevance of the sector-specific issues to an issuer's overall credit rating. The Reference column highlights the factor(s) within which the corresponding ESG issues are captured in Fitch's credit analysis.

The panels underneath the relevance scores tables are visualisations of the frequency of occurrence of the highest ESG relevance scores across the combined E, S and G categories. The Score columns summarise rating relevance and impact to credit from ESG issues. The column on the far left identifies any ESG relevance sub-factor issues that are drivers or potential drivers of an issuer's credit rating (corresponding with scores of '3', '4' or '5'). All scores of '4' and '5' are assumed to reflect a negative impact unless indicated with a '+' sign for positive impact.

Classification of ESG issues has been developed from Fitch's sector ratings criteria. The general and sector-specific issues draw on the classification standards published by the UN Principles for Responsible Investing, the Sustainability Accounting Standards Board and the World Bank.

## Credit-Relevant ESG Scale

	5	Highly relevant, a key rating driver that has a significant impact on the rating on an individual basis. Equivalent to 'Higher' relative importance within the Navigator.
	4	Relevant to rating, not a key rating driver but has an impact on the rating in combination with other factors. Equivalent to 'Moderate' relative importance within the Navigator.
	3	Minimally relevant to rating, either very low impact or actively managed in a way that results in no impact on the entity rating. Equivalent to 'Lower' relative importance within the Navigator.
	2	Irrelevant to the entity rating but relevant to the sector.
	1	Irrelevant to the entity rating and irrelevant to the sector.

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

## Ratings

### Foreign Currency

Long-Term IDR	AA-
Short-Term IDR	F1+
Viability Rating	a+
Government Support Rating	a

### Sovereign Risk

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

### Outlooks

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

## ESG and Climate

## Highest ESG Relevance Scores

Environmental	2
Social	3
Governance	3

## Climate Vulnerability

2035 Climate Vulnerability Signal:	35
Transition (VSt):	30
Physical (VSp):	22

## Applicable Criteria

Financial Institutions Climate Vulnerability Rating Criteria (December 2025)  
Bank Rating Criteria (March 2025)

## Related Research

Global Economic Outlook (March 2026)  
Developed Markets 100 Largest Banks Monitor (February 2026)  
Asia-Pacific Developed Market Banks Outlook 2026 (November 2025)

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