

## HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS

### REVIEW OF THE FOUR MAJOR BANKS (SECOND REPORT)

#### Australia and New Zealand Banking Group Limited

**ANZ25QW: Fossil fuel reduction pathways**

What analysis has the bank done on the implications of any of these pathways for fossil fuel investments and what implications does this have for the bank?

**Answer:** We conduct portfolio analysis on ANZ's exposure to climate risk and also assess our customers' exposure to identify potential impact on their financial position.

Our customers in coal, oil and gas resource industries, as well as those in coal-fired electricity generation, and related industries, may experience 'transition risk' as a result of decreasing demand for fossil fuels and increasing demand for cleaner energy.

Climate risk assessments are factored into our lending decisions primarily through assessment of our customers' capacity to deal with both the physical impacts of climate change and changes in regulation (transition risk).

This year we will conduct further scenario analysis and 'stress testing' in line with the Financial Stability Board Task Forces' draft recommendations for climate-related financial disclosures. The outcomes of this analysis will be used to inform our credit risk appetite and lending practices for the sectors most exposed to the risks of climate change.