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Ratings

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Australia and New Zealand Banking Group Ltd.

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Australia and New Zealand Banking Group Ltd.

Ratings Score Snapshot

Issuer Credit Rating
AA-/Stable/A-1+

SACP: a → **Support: +2** → **Additional factors: 0**

Anchor	bbb+	
Business position	Strong	+1
Capital and earnings	Strong	+1
Risk position	Adequate	0
Funding	Adequate	0
Liquidity	Adequate	
CRA adjustment		0

ALAC support	0
GRE support	0
Group support	0
Sovereign support	+2

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

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

Credit Highlights

Key strengths	Key risks
Strong market position in the Australia and New Zealand retail and commercial banking sectors.	Dependence on domestic and offshore wholesale borrowing.
Conservative risk appetite, backed by a sound risk-management framework.	Risks from rising house prices, high private-sector debt, and an uncertain global economic outlook.
Highly likely to receive timely financial support from the Australian government, if needed.	

We expect Australia and New Zealand Banking Group Ltd.'s (ANZ) strong market position and focus on low-risk retail, SME, and commercial banking in Australia and New Zealand to continue to support its earnings profile. The economies of both countries are recovering strongly from the impact of the COVID-19 pandemic. ANZ's strong capitalization should remain a strength for its credit profile. The bank's credit losses will likely revert to pre-pandemic levels over the next one to two years.

In our view, ANZ and the other major Australian banks' dependence on domestic and offshore wholesale funding remains a weakness. This is notwithstanding improvements over the past 10 years across the banking system.

The ratings on ANZ benefit from our expectation that the Australian government is highly likely to provide timely financial support to the bank, if needed.

Outlook

The outlook on ANZ is stable. We expect economic risks facing Australian banks to remain low despite rising interest rates, falling consumer and business confidence, and the possibility of a rapid fall in house prices. In our base case, we project that in the next two years, house prices in Australia will fall in an orderly manner by about 15%. We forecast ANZ's credit losses would remain low and close to pre-pandemic levels at about 15 basis points (bps) of customer loans. Consequently, we expect ANZ's earnings to remain sound, supported by rising interest rates. We further project its risk-adjusted capital (RAC) ratio to remain strong and broadly unchanged at 11.0%-11.5%.

Upside scenario

We see little upside to our issuer credit ratings on ANZ in the next two years.

However, we do see an upside to our ratings on hybrids issued by ANZ and the stand-alone credit profiles (SACP) of all Australian banks, including ANZ. This reflects a positive trend for Australian banking industry risk on the back of growing systemwide customer deposits and falling offshore borrowing--both as a proportion of domestic customer loans. Industry risk is likely to improve in the next two years if there is greater certainty that the Australian banking system's net external borrowings would remain sustainably below 20% of domestic customer loans.

In this scenario, we expect to:

- Revise ANZ's SACP by one notch to 'a+' from 'a'.
- Maintain our 'AA-' long-term issuer credit rating on ANZ, reducing the uplift in our issuer credit rating on ANZ above the bank's SACP to one notch from two notches. This uplift reflects our assessment of the likelihood of extraordinary support from the Australian sovereign.
- Raise by one notch our rating on each of the Tier-1 and Tier-2 regulatory capital instruments issued by the ANZ group, in line with the revision in the bank's SACP.

Downside scenario

The ratings on ANZ have substantial headroom on the downside. Downgrade scenarios are highly unlikely, but include a:

- Two-notch deterioration in the bank's SACP, or;
- One-notch downgrade of Australia (AAA/Stable/A-1+), which would reduce the uplift in our rating on ANZ above its SACP. The uplift reflects likely government support for the bank, if needed.

Key Metrics

Australia and New Zealand Banking Group Ltd.--Key Ratios And Forecasts					
	--Fiscal year ended Sept. 30--				
(%)	**2020a**	**2021a**	**2022f**	**2023f**	**2024f**
Growth in operating revenue	(1.0)	(4.3)	6.9-8.4	2.2-2.7	6.5-8.0
Growth in customer loans	0.5	1.9	2.7-3.3	13.5-16.5	4.5-5.5
Growth in total assets	6.2	(6.1)	2.3-2.8	10.3-12.6	4.5-5.5
Net interest income/average earning assets (NIM)	1.8	1.8	1.7-1.9	1.7-1.9	1.7-1.9
Cost to income ratio	50.0	50.5	48.7-51.2	50.1-52.7	45.3-47.7
Return on average common equity	5.9	9.9	8.7-9.6	7.9-8.7	9.1-10.1
Return on assets	0.4	0.6	0.6-0.7	0.5-0.6	0.6-0.7
New loan loss provisions/average customer loans	0.4	(0.1)	0.1-0.2	0.2-0.2	0.1-0.2
Gross nonperforming assets/customer loans	1.0	0.8	0.8-0.8	0.7-0.8	0.7-0.8
Net charge-offs/average customer loans	0.1	0.1	0.2-0.2	0.1-0.1	0.1-0.1
Risk-adjusted capital ratio	11.0	11.5	11.8-12.4	11.2-11.7	11.0-11.6

All figures are S&P Global Ratings-adjusted. a--Actual. f--Forecast. NIM--Net interest margin.

Anchor: Resilient Economy, Conservative Regulations, And Risk Appetite Mitigate COVID-19 Challenges

The starting point for our ratings on ANZ--similar to all other banks operating predominantly in Australia--reflects our assessment of Australia's macro environment. This is because about 61% of ANZ's credit exposure is in its Australian home market and 17% in New Zealand, with the balance in North America, Europe, and the Asia-Pacific. We expect the geographic composition of its banking operations to be largely unchanged over the next two years.

Australia has a wealthy, open, and resilient economy that has performed relatively well following economic downcycles and external shocks. Banks in Australia are exposed to economic risks resulting from rapid house price growth during 2019-2021 and high household debt. We forecast property prices to fall through to about mid-2023 and thereafter grow slowly. Credit losses over the next two years should remain low, and close to pre-pandemic levels, even as rate hikes erode debt serviceability for highly leveraged borrowers.

We consider Australia's prudential regulatory standards to be conservative. We believe the country's banking industry structure supports stability; a small number of strong retail and commercial banks dominate the sector. Bank earnings should remain sound on the back of low credit losses and interest rate hikes. Notwithstanding an improving trend in funding structure, a material dependence on external borrowing exposes Australian banks to a disruption in access to funding if there is a dislocation in international financial markets.

Business Position: Strong Market Share, Strong Franchise, And Good Management Support Earnings Stability

ANZ's strong position in its core business of retail and commercial banking in Australia and New Zealand should continue to support its credit profile. As at June 30, 2022, ANZ had around 61% of its credit exposure in Australia, where it had strong market shares of about 13% for residential mortgages (ranked fourth) and 13% for customer deposits (ranked fourth).

The proposed acquisition of Suncorp-Metway Ltd. (SML) announced in July 2022 will further enhance the ANZ group's competitive position, in our view. SML is a residential mortgage lender based in Queensland, a geography in which ANZ has traditionally been underweight. In our view, the acquisition would strengthen the bank's market position in the higher growth state of Queensland and deliver greater scale and improved geographic diversity across the Australian states and New Zealand for the group.

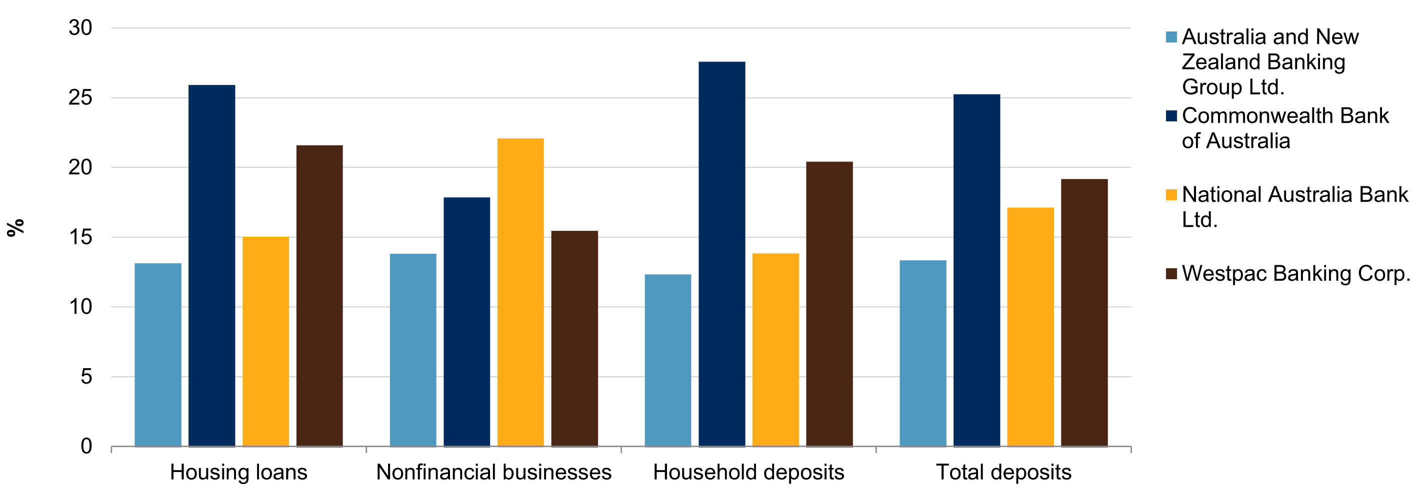
We believe ANZ will retain its strong market position in New Zealand, where it is by far the largest bank with a market share of about 31% for net loans and advances; substantially higher than that of the next biggest rival (ASB Bank Ltd.).

Technology could disrupt the competitive landscape in Australia, similar to most other banking markets globally. Major Australian banks' dominant market positions, and significant technology investment programs, place them well to compete against new tech-enabled market entrants. In our assessment, ANZ and the other major Australian banks will leverage technology developments, through both in-house tech investment and collaboration with technology companies, to improve efficiency and expand their product offerings. The group's proposed implementation of a non-operating holding company structure will split the group into banking and non-banking groups with the aim of facilitating technology developments through collaboration with third parties.

Chart 1

The Four Major Banks Dominate The Australian Banking System

Market shares based on domestic loan and deposit positions as of June 30, 2022



Source: APRA Monthly ADI Statistics.

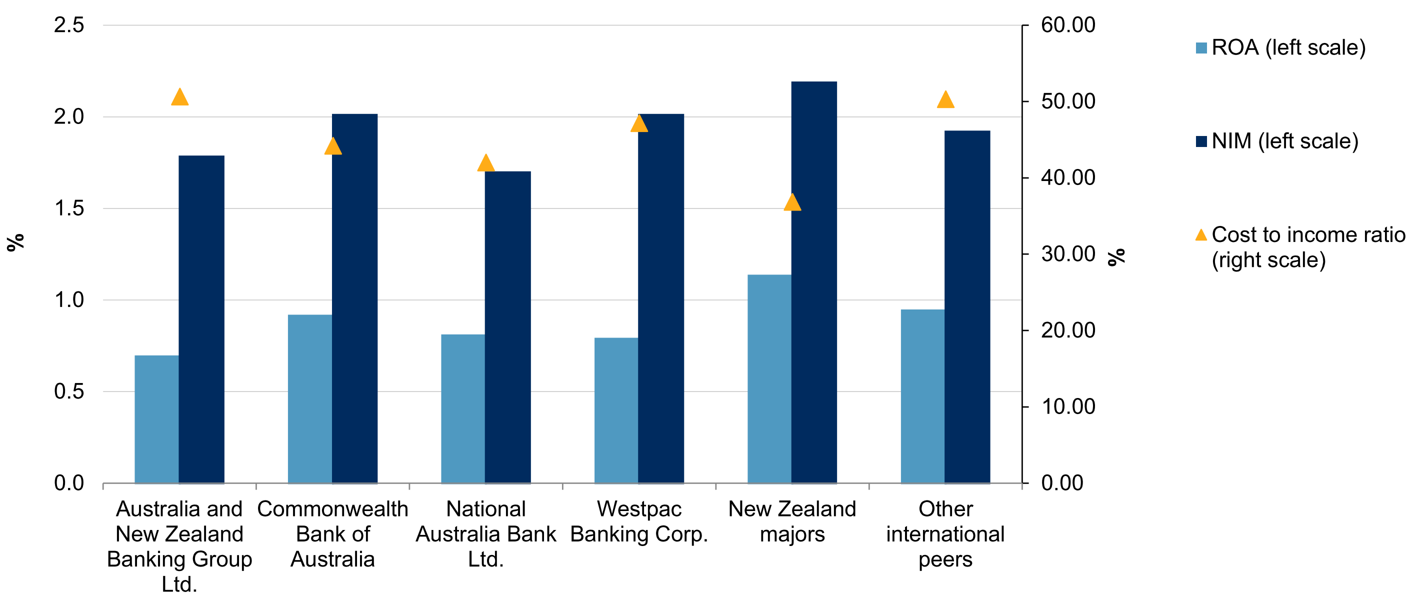
Capital And Earnings: To Maintain Strong Risk-Adjusted Capitalization Despite Acquisition

ANZ will likely maintain an RAC ratio of 11%-11.5% over the next two years. Our forecast includes the proposed acquisition of SML and the completion of the transaction in the second half of 2023, subject to regulatory approvals. ANZ's capital is likely to remain a strength for the rating because ANZ funded the A$4.9 billion acquisition with a A$3.5 billion common equity raise, which completed in August 2022.

We believe interest margins at Australian banks, including ANZ, will benefit from rising interest rates, notwithstanding ongoing competition. We expect ANZ's credit losses to remain low at about 15 bps. Over the next two years, earnings will likely recover. ANZ has slightly weaker profitability than its international peers. Nevertheless, the banking group should retain significant headroom in its earnings to absorb a substantial increase in credit losses beyond our forecasts.

Chart 2

Profitability Of Australian Major Banks Is Comparable To Global Peers
ROA measured as core earnings to average adjusted assets, NIM measured as net interest income to average earning assets



As of most recent year to date numbers. ROA--Return on assets. NIM--Net interest margins. Source: S&P Global Ratings.

In our estimation, ANZ will manage its common equity tier 1 (CET1) ratio above 11% from Jan. 1, 2023, when the Australian Prudential Regulation Authority's (APRA) new capital framework comes into effect. As of June 30, 2022, ANZ's CET1 ratio was 11.1%. Its CET1 ratio under the new framework will also likely be well above APRA's minimum regulatory capital requirement of 10.25%. The requirement includes the domestic systemically important bank buffer

(D-SIB) and countercyclical capital buffer of 1.0% each, and capital conservation buffer of 3.75%. As economic conditions improve over the next two to three years, ANZ will likely return material excess capital relative to its internal capital needs and prudential capital requirements.

ANZ remains well-placed to meet the final capital requirements that the Reserve Bank of New Zealand (RBNZ) announced on Dec. 5, 2019, for its New Zealand subsidiary, ANZ Bank New Zealand Ltd. The seven-year transition period is a supporting factor, which the RBNZ had delayed by one year due to the COVID-19 pandemic and containment measures. The transition thus started on July 1, 2021. We believe ANZ has significant flexibility to strengthen its regulatory capital ratio further, if needed, through a combination of reduced dividend payouts, increased dividend reinvestments, or new capital injections.

Risk Position: Credit Losses To Remain Low And Close To Pre-COVID-19 Levels

In line with our forecast for the Australian banking system, we expect ANZ's credit losses to ease to pre-pandemic levels. This is even as rate hikes erode debt serviceability for highly leveraged borrowers. These forecasts are in line with our expectations for the Australian banking system, and our relatively benign outlook for the Australian economy. Downside risks could occur as consumer and business confidence dampens, consumers pull back on discretionary spending, and businesses delay investment decisions.

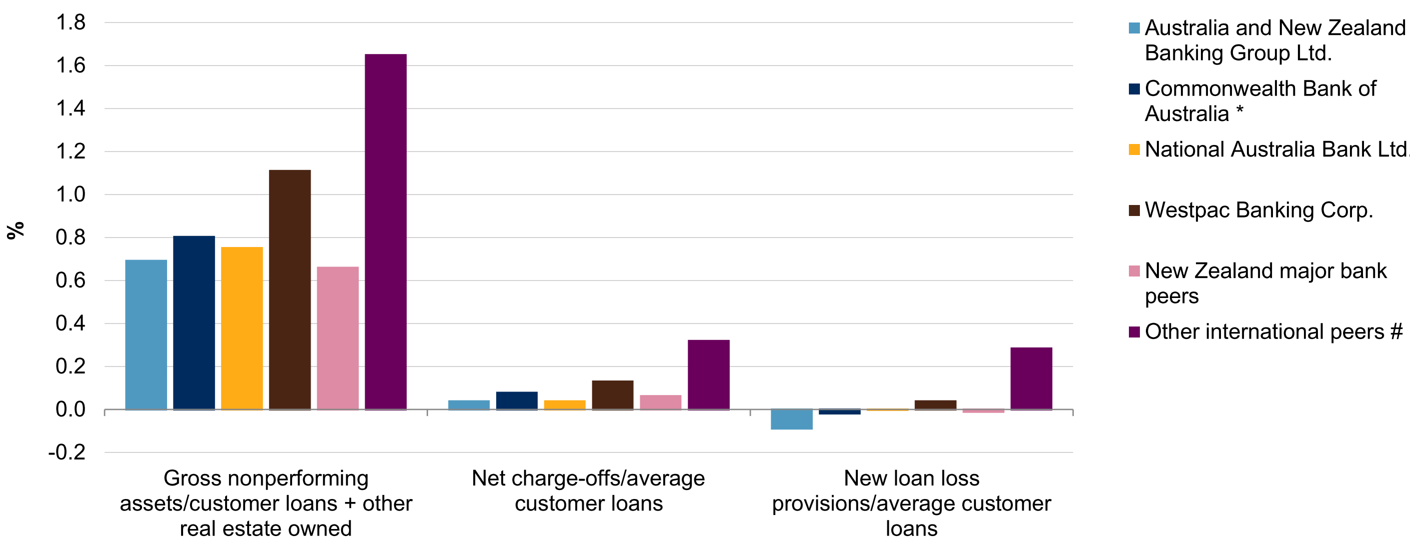
ANZ will be able to manage the integration risks stemming from the proposed SML transaction. We note that the group has taken a cautious approach towards integration and is planning to run SML independently for three years. This will also allow ANZ time to migrate SML onto ANZPlus (ANZ's new digital banking service) once it is up and running.

ANZ will maintain a conservative risk appetite despite improved economic conditions. Even though we anticipate that the bank's residential mortgage loan growth will pick up relative to system loans, we believe it has a moderate growth appetite, broadly in line with system trends.

ANZ's lending and underwriting standards are conservative. This is indicated by the bank's low loan-loss provisions and nonperforming assets, which are broadly comparable to those of its major Australian banking peers (see chart 3). In recent years, the bank's credit losses have been significantly below our expectations through the cycle; at the same time Australian banks have benefited from a long run of benign economic conditions prior to the pandemic.

Chart 3

Strong Asset Quality Relative To International Peers



As of most recent year to date numbers. Source: S&P Global Ratings.

Australian banks have very low exposure to Russia and Ukraine. The Bank for International Settlements has reported that Australia has very low exposure to Russia and Ukraine.

ANZ's nonfinancial risks, especially related to anti-money laundering compliance, are not elevated relative to the other major banking peers. To date, the Australian Transaction Reports and Analysis Centre has not initiated any enforcement investigation into ANZ.

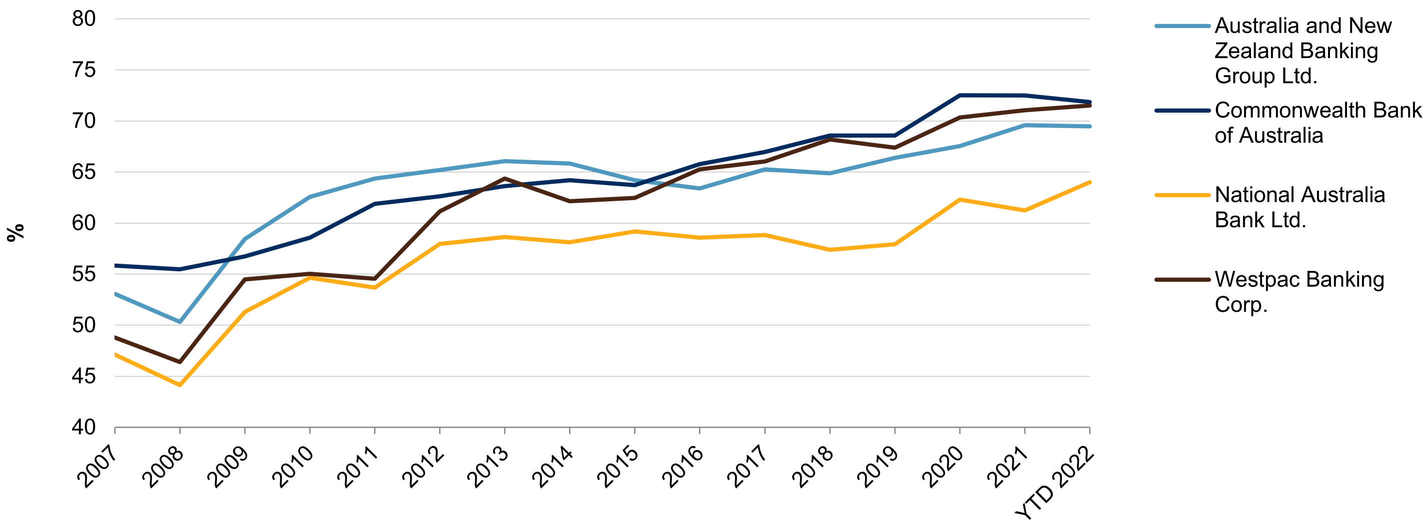
Funding And Liquidity: Structural Funding Risks Receding

In our view, ANZ adequately manages its funding and liquidity risks, notwithstanding the structural funding weaknesses inherent to the Australian banking system. We believe that the Australian banking system's funding profile has been improving in the past 10 years on the back of growing customer deposits and falling offshore borrowing (see chart 4). We anticipate a modest reversal in this trend in the next two years as the COVID-19-driven rise in customer deposits moderates and term funding from the Reserve Bank of Australia (RBA) matures. Nevertheless, we consider that some of the improvements in systemwide funding metrics could be sustained. ANZ's funding metrics are broadly in line with those of the other major banks in Australia and banks in Sweden and Norway--countries with banking industry profiles similar to Australia.

Along with the other major banks, ANZ's share of funding from core customer deposits has improved, leading to an overall reduction in its funding gap. The bank has diversified wholesale funding by type of investor, geography, and maturity. This should help it maintain access to funding if there is a disruption to any of these sources (see chart 4).

Chart 4

Major Australian Banks Have Increased Use Of Core Deposits Over The Years
Ratio of core deposits to funding base



YTD--Year to date. Source: S&P Global Ratings.

We believe that ANZ will not have difficulty refinancing its drawn term funding facility from the RBA in the next two years, absent a dislocation in funding markets. As of Sept. 30, 2021, ANZ had drawn A$20 billion under the RBA's term funding facility. We expect that ANZ will repay this facility mostly by issuing wholesale debt.

In our view, the major Australian banks' strong funding franchises domestically and internationally support their funding stability. Indeed, we expect that if the Australian banking sector experienced a systemic funding problem, a likely "flight to quality" would partly mitigate its impact on the major Australian banks. Our funding metrics include ANZ's loan-to-deposit ratio (107%), stable funding ratio (102%), and short-term wholesale funding to total funding base (23%), all as of March 31, 2022. As of the same date, the group's net stable funding ratio was 123%, compared with a regulatory minimum of 100%. We project that the bank will continue to maintain a buffer of at least 10% above the regulatory minimum requirement.

We estimate ANZ has adequate liquidity and can survive at least over a six-month period of funding disruptions. From a quantitative perspective, ANZ and the other Australian major banks historically had weaker liquidity ratios than their international peers This reflects in part the limited availability of government debt in Australia. As of March 31, 2022, ANZ's ratio of broad liquid assets to short-term wholesale funding was 1.24x. All committed loan facility (CLF) allocations from the RBA will be terminated at the end of 2022. ANZ's average liquidity coverage ratio for the quarter ended March 31, 2022, was 131%, slightly lower than 133% for the quarter ended Dec. 31, 2021, but well in excess of the regulatory minimum of 100%.

Given an increase in Australian government securities over the past two years, we believe the level of high-quality liquid assets available to banks in Australia, including ANZ, is sufficient for the bank to meet its minimum liquidity coverage ratio requirements without the need to access the CLF from the RBA. The central bank will be reducing all CLF allocations to zero over 2022. ANZ's CLF of A$8 billion as of March 31, 2022, was also substantially lower than that for the other Australian major banks, which will make it easier for ANZ to replace its CLF.

Support: Likelihood Of Timely Financial Support From The Australian Government Enhances Creditworthiness

Our issuer credit rating on ANZ is two notches higher than the bank's SACP. We believe that the bank is highly likely to receive timely financial support from the Australian government, if needed. This reflects our view that:

- ANZ is of high systemic importance to the Australian economy and financial system. The bank has a substantial 13% of household deposits and 13% of residential mortgages. In our view, the bank plays a material role in sourcing offshore funding that supports economic activity in the country. In addition, ANZ is strongly interconnected with the three other major banks in Australia.
- The Australian government remains highly supportive of the private sector banks in the country.

Additional Rating Factors

None

Environmental, Social, And Governance

ESG Credit Indicators

E-1	**E-2**	E-3	E-4	E-5	S-1	**S-2**	S-3	S-4	S-5	G-1	**G-2**	G-3	G-4	G-5

ESG credit indicators provide additional disclosure and transparency at the entity level and reflect S&P Global Ratings' opinion of the influence that environmental, social, and governance factors have on our credit rating analysis. They are not a sustainability rating or an S&P Global Ratings ESG Evaluation. The extent of the influence of these factors is reflected on an alphanumerical 1-5 scale where 1 = positive, 2 = neutral, 3 = moderately negative, 4 = negative, and 5 = very negative. For more information, see our commentary "ESG Credit Indicators: Definition And Applications," published Oct. 13, 2021.

Environmental, social, and governance (ESG) factors have no material influence on our credit rating analysis of ANZ.

We see ESG factors for ANZ to be broadly in line with those for industry and domestic peers. In our view, ANZ has a comprehensive, well-developed risk management and governance framework across the group's activities.

We believe policymakers have increasingly called for greater penalties for lapses in governance, at least partly on the basis that the profitable major Australian banks must meet community expectations. Repeated governance failures could make ANZ and its domestic peers less attractive to the equity and debt investors that are more sensitive to ESG factors, in our view.

We see environmental factors as less relevant (than social and governance factors) to the creditworthiness of ANZ. The mining sector accounts for only about 1% of the total domestic lending by the Australian banking sector. Still, we believe ANZ is indirectly exposed to environmental factors because it operates in an economy where the commodities sector is significant. Evolution of domestic and global environment standards and legislation as well as changing customer preferences leading to a transition toward less carbon-intensive forms of energy could weaken the broader economy and consequently the bank's lending portfolio.

Group Structure, Rated Subsidiaries, And Hybrids

We believe that Australia's legal and regulatory framework could allow authorities to instigate restructuring of a failing bank to the detriment of nondeferrable subordinated debt, if needed. Therefore, we assign our 'A-' rating to ANZ's non-Basel III nondeferrable subordinated debt; one notch below ANZ's SACP. We assign 'BBB+' rating to ANZ's Basel III nondeferrable subordinated debt; two notches below ANZ's SACP. For the Basel III instruments, we apply a one-notch additional deduction to reflect the contingency clause that requires the mandatory conversion into common equity on the activation of a nonviability trigger.

The issue ratings on ANZ's Basel III-compliant hybrid capital instruments are four notches below the SACP. For the Basel III instruments, we apply a one-notch additional deduction to reflect the contingency clause that requires the mandatory conversion into common equity on the activation of a nonviability trigger.

Key Statistics

Table 1

Australia and New Zealand Banking Group Ltd.--Key Figures					
	--Year ended Sept. 30--				
(Mil. A$)	**2021**	**2020**	**2019**	**2018**	**2017**
Adjusted assets	974,806.0	1,037,907.0	975,357.0	897,640.0	852,392.0
Customer loans (gross)	633,764.0	622,074.0	618,767.0	608,380.0	584,091.0
Adjusted common equity	53,134.8	50,667.1	47,460.0	46,239.7	41,437.0
Operating revenues	17,658.0	18,459.0	18,648.0	20,544.0	21,097.0
Noninterest expenses	8,924.0	9,222.0	8,994.0	10,245.0	10,177.0
Core earnings	6,427.0	4,291.9	6,164.9	6,702.6	6,716.0

A$--Australian dollar.

Table 2

Australia and New Zealand Banking Group Ltd.--Business Position					
	--Year ended Sept. 30--				
(%)	**2021**	**2020**	**2019**	**2018**	**2017**
Total revenues from business line (currency in millions)	17,671.0	18,459.0	18,785.0	21,116.0	21,273.0
Commercial and retail banking/total revenues from business line	97.3	98.1	96.0	84.7	85.5
Brokerage/total revenues from business line	0.0	0.0	0.0	0.0	0.0
Insurance activities/total revenues from business line	0.6	0.4	0.7	1.5	1.5

Table 2

Australia and New Zealand Banking Group Ltd.--Business Position (cont.)					
	--Year ended Sept. 30--				
(%)	**2021**	**2020**	**2019**	**2018**	**2017**
Asset management/total revenues from business line	1.6	1.5	1.4	1.2	1.5
Other revenues/total revenues from business line	0.4	(0.0)	2.0	12.6	11.5
Return on average common equity	9.9	5.9	9.9	10.8	11.0

Table 3

Australia and New Zealand Banking Group Ltd.--Capital And Earnings					
	--Year ended Sept. 30--				
(%)	**2021**	**2020**	**2019**	**2018**	**2017**
Tier 1 capital ratio	14.3	13.2	13.2	13.4	12.6
Adjusted common equity/total adjusted capital	86.2	86.2	85.3	85.1	82.9
Net interest income/operating revenues	80.2	76.1	76.9	70.6	70.5
Fee income/operating revenues	12.1	12.6	13.8	18.2	19.2
Market-sensitive income/operating revenues	7.8	9.8	6.9	8.1	6.8
Cost to income ratio	50.5	50.0	48.2	49.9	48.2
Preprovision operating income/average assets	0.9	0.9	1.0	1.1	1.2
Core earnings/average managed assets	0.6	0.4	0.6	0.7	0.7

N/A--Not applicable.

Table 4

Australia and New Zealand Banking Group Ltd.--Risk-Adjusted Capital Framework Data					
(Mil. A$)	**Exposure***	**Basel III RWA**	**Average Basel III RW (%)**	**S&P Global Ratings RWA**	**Average S&P Global Ratings RW (%)**
Credit risk					
Government and central banks	281,021.5	9,817.0	3.5	8,445.0	3.0
Of which regional governments and local authorities	0.0	0.0	0.0	0.0	0.0
Institutions and CCPs	75,219.4	13,896.0	18.5	11,400.1	15.2
Corporate	369,380.4	185,824.0	50.3	292,091.4	79.1
Retail	451,401.6	133,179.0	29.5	161,756.9	35.8
Of which mortgage	409,675.0	111,549.0	27.2	125,405.0	30.6
Securitization§	12,850.0	2,090.0	16.3	2,570.0	20.0
Other assets†	10,123.0	4,011.0	39.6	19,105.5	188.7
Total credit risk	1,199,995.9	348,817.0	29.1	495,368.8	41.3
Credit valuation adjustment					
Total credit valuation adjustment	--	2,960.0	--	3,848.0	--
Market risk					
Equity in the banking book	0.0	0.0	0.0	0.0	0.0
Trading book market risk	--	7,705.0	--	9,989.5	--
Total market risk	--	7,705.0	--	9,989.5	--

Table 4

Australia and New Zealand Banking Group Ltd.--Risk-Adjusted Capital Framework Data (cont.)					
Operational risk					
Total operational risk	--	47,986.0	--	37,003.8	--
	Exposure	**Basel III RWA**	**Average Basel II RW (%)**	**S&P Global Ratings RWA**	**% of S&P Global Ratings RWA**
Diversification adjustments					
RWA before diversification	--	437,910.0	--	546,210.1	100.0
Total diversification/ concentration adjustments	--	--	--	(43,160.0)	(7.9)
RWA after diversification	--	437,910.0	--	503,050.1	92.1
		Tier 1 capital	**Tier 1 ratio (%)**	**Total adjusted capital**	**S&P Global Ratings RAC ratio (%)**
Capital ratio					
Capital ratio before adjustments		58,001.0	13.2	60,584.9	11.1
Capital ratio after adjustments‡		58,001.0	13.2	60,584.9	12.0

*Exposure at default. §Securitization exposure includes the securitization tranches deducted from capital in the regulatory framework. †Exposure and S&P Global Ratings' risk-weighted assets for equity in the banking book include minority equity holdings in financial institutions. ‡Adjustments to Tier 1 ratio are additional regulatory requirements (e.g. transitional floor or Pillar 2 add-ons). RWA--Risk-weighted assets. RW--Risk weight. RAC--Risk-adjusted capital. A$--Australian dollar. Sources: Company data as of March 31, 2022, S&P Global Ratings.

Table 5

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

	--Year ended Sept. 30--				
(%)	**2021**	**2020**	**2019**	**2018**	**2017**
Growth in customer loans	1.9	0.5	1.7	4.2	0.7
Total diversification adjustment/S&P Global Ratings' RWA before diversification	N/A	(8.3)	(9.1)	(9.6)	(10.8)
Total managed assets/adjusted common equity (x)	18.4	20.6	20.7	20.4	21.7
New loan loss provisions/average customer loans	(0.1)	0.4	0.1	0.1	0.2
Net charge-offs/average customer loans	0.1	0.1	0.1	0.2	0.3
Gross nonperforming assets/customer loans + other real estate owned	0.8	1.0	0.9	0.8	0.9
Loan loss reserves/gross nonperforming assets	80.4	79.0	60.8	68.7	71.2

N/A--Not applicable. RWA--Risk-weighted asset.

Table 6

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

	--Year ended Sept. 30--				
(%)	**2021**	**2020**	**2019**	**2018**	**2017**
Core deposits/funding base	69.6	67.5	66.4	64.9	65.3
Customer loans (net)/customer deposits	106.1	111.7	120.2	124.8	125.6
Long-term funding ratio	79.4	79.8	81.0	81.6	81.0
Stable funding ratio	104.0	101.5	96.7	94.0	92.4
Short-term wholesale funding/funding base	22.2	21.8	20.6	20.0	20.6
Broad liquid assets/short-term wholesale funding (x)	1.3	1.2	1.1	0.9	0.9

Table 6

Australia and New Zealand Banking Group Ltd.--Funding And Liquidity (cont.)

	--Year ended Sept. 30--				
(%)	**2021**	**2020**	**2019**	**2018**	**2017**
Broad liquid assets/total assets	25.1	21.3	17.1	14.7	14.1
Broad liquid assets/customer deposits	41.3	40.1	32.8	28.6	27.5
Net broad liquid assets/short-term customer deposits	9.8	8.1	1.9	(2.2)	(4.2)
Short-term wholesale funding/total wholesale funding	70.7	65.0	59.3	55.2	57.2

Australia and New Zealand Banking Group Ltd.--Rating Component Scores

Issuer Credit Rating	**AA-/Stable/A-1+**
SACP	a
Anchor	bbb+
Economic risk	3
Industry risk	3
Business position	Strong
Capital and earnings	Strong
Risk position	Adequate
Funding	Adequate
Liquidity	Adequate
Comparable ratings analysis	0
Support	+2
ALAC support	0
GRE support	0
Group support	0
Sovereign support	+2
Additional factors	0

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

Related Criteria

- 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: Hybrid Capital: Methodology And Assumptions, July 1, 2019
- General Criteria: Group Rating Methodology, July 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

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

Related Research

- Ratings On Nine Large Australian And New Zealand Banks Affirmed Under Revised Criteria, Dec. 15, 2021
- Banking Industry Country Risk Assessment: Australia, April 27, 2021

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Ratings Detail (As Of September 29, 2022)*	
Australia and New Zealand Banking Group Ltd.	
Issuer Credit Rating	AA-/Stable/A-1+
Certificate Of Deposit	
Foreign Currency	AA-/A-1+
Commercial Paper	
Foreign Currency	A-1+
Junior Subordinated	BBB-
Senior Unsecured	A-1+
Senior Unsecured	AA-
Subordinated	A-
Subordinated	BBB+
Issuer Credit Ratings History	
07-Jun-2021	AA-/Stable/A-1+
07-Apr-2020	AA-/Negative/A-1+
09-Jul-2019	AA-/Stable/A-1+
Sovereign Rating	
Australia	AAA/Stable/A-1+
Related Entities	
ANZ Bank New Zealand Ltd.	
Issuer Credit Rating	AA-/Stable/A-1+
Certificate Of Deposit	
Local Currency	AA-/A-1+
Preference Stock	BBB
Preferred Stock	BBB-
Senior Unsecured	A-1+
Senior Unsecured	AA-
Subordinated	A-
ANZ New Zealand (Int'l) Ltd. (London Branch)	
Senior Unsecured	AA-
Australia and New Zealand Bank (China) Co. Ltd.	
Issuer Credit Rating	A+/Stable/A-1

Ratings Detail (As Of September 29, 2022)*(cont.)	
Australia and New Zealand Banking Group Ltd. (London Branch)	
Junior Subordinated	BBB-
Senior Unsecured	AA-
Australia and New Zealand Banking Group Ltd.(New York Branch)	
Senior Unsecured	AA-

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