S&P Global 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.	

Australia and New Zealand Banking Group Ltd.'s (ANZ) strong market position and focus on low-risk banking in Australia and New Zealand will continue to support its earnings profile. The bank focuses on retail, small and medium enterprise (SME), and commercial banking. Despite rapid increases in consumer prices and interest rates and falling house prices, the outlook for the economies of both countries is solid. Unemployment should also remain low.

Group restructuring under a non-operating holding company (NOHC) will leave the business and financial profiles of the consolidated ANZ Group (all businesses under ANZ Group Holdings Ltd.) unchanged. The banking subgroup drives ANZ Group's stand-alone credit profile (SACP). This is because it forms the predominant part of the ANZ Group.

ANZ Group will not be making material changes to its current business model. It will not alter the business mix, target customers, pricing, risk management, and underwriting of the banking subgroup. The nonbanking subgroup forms an insignificant part of the group balance sheet, earnings, and businesses.

ANZ's capitalization will remain a strength to its credit profile. Credit losses should remain low and close to pre-pandemic levels in the next two years.

ANZ and the other major Australian banks' dependence on domestic and offshore wholesale funding remains a weakness. This is notwithstanding improvements in 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. Economic risks facing Australian banks are likely to remain low. This is despite rising interest rates and consumer prices.

Our base case assumes house prices in Australia will continue to fall in an orderly manner, by about 10% over the next 12-18 months.

We forecast ANZ's credit losses will remain low and close to pre-pandemic levels, at about 15 basis points (bps) of customer loans. Consequently, the bank should maintain sound earnings, supported by rising interest rates. It is likely to have a strong risk-adjusted capital (RAC) ratio of 10.8%-11.3% over the next two years.

Upside scenario

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

However, we see a one-in-three possibility of upside to our ratings on the regulatory additional Tier-1 and Tier-2 securities that ANZ issued. This is because the SACPs of all Australian banks, including ANZ could strengthen, reflecting a positive industry risk trend. Growing systemwide customer deposits and falling offshore borrowing as a proportion of domestic customer loans support the trend.

Industry risk should improve over the next two years if there is greater certainty that the industry's net external borrowings would remain sustainably below 20% of domestic customer loans.

In this scenario, we expect to:

- Revise our assessment of 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 rating 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 ratings on the Tier-1 and Tier-2 regulatory capital instruments that the ANZ group entities issued.

Downside scenario

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

- Two-notch deterioration in our assessment of the bank's SACP, or;
- One-notch downgrade of Australia (AAA/Stable/A-1+), which would reduce the uplift in our ratings 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--				
(%)	**2021a**	**2022a**	**2023f**	**2024f**	**2025f**
Growth in operating revenue	(4.3)	9.0	7.5-9.2	8.0-9.8	5.3-6.4
Growth in customer loans	1.9	6.7	13.5-16.5	4.5-5.5	4.5-5.5
Growth in total assets	(6.1)	10.9	10.1-12.3	4.5-5.5	4.5-5.5
Net interest income/average earning assets (NIM)	1.8	1.8	1.7-1.9	1.8-2.0	1.8-2.0
Cost to income ratio	50.5	49.2	45.6-47.9	42.6-44.8	41.0-43.1
Return on average common equity	9.9	11.0	9.8-10.9	10.9-12.1	11.4-12.6
Return on assets	0.6	0.7	0.5-0.7	0.6-0.7	0.6-0.8
New loan loss provisions/average customer loans	(0.1)	(0.0)	0.2-0.2	0.1-0.2	0.1-0.2
Gross nonperforming assets/customer loans	0.8	0.6	0.5-0.6	0.5-0.6	0.5-0.6
Net charge-offs/average customer loans	0.1	0.0	0.2-0.2	0.2-0.2	0.2-0.2
Risk-adjusted capital ratio	11.5	11.6	10.8-11.4	10.8-11.3	10.8-11.3

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

Anchor: Resilient Economy, Conservative Regulations, And Low Risk Appetite Mitigate Housing And Funding Risks

The starting point for our ratings on ANZ--similar to all other banks operating predominantly in Australia--reflects our assessment of Australia's macro environment. This is because ANZ has about 61% of credit exposure to its Australian home market and 17% to New Zealand, with the balance to 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 high household debt and the possibility of a rapid fall in house prices. We forecast property prices to maintain the trajectory of an orderly fall for the next 12-18 months. We project Australia to maintain solid economic growth and low unemployment in the next two years. Credit losses over the next two years should remain low, and close to pre-pandemic levels even as rising interest rates and consumer prices erode debt serviceability for highly-leveraged borrowers.

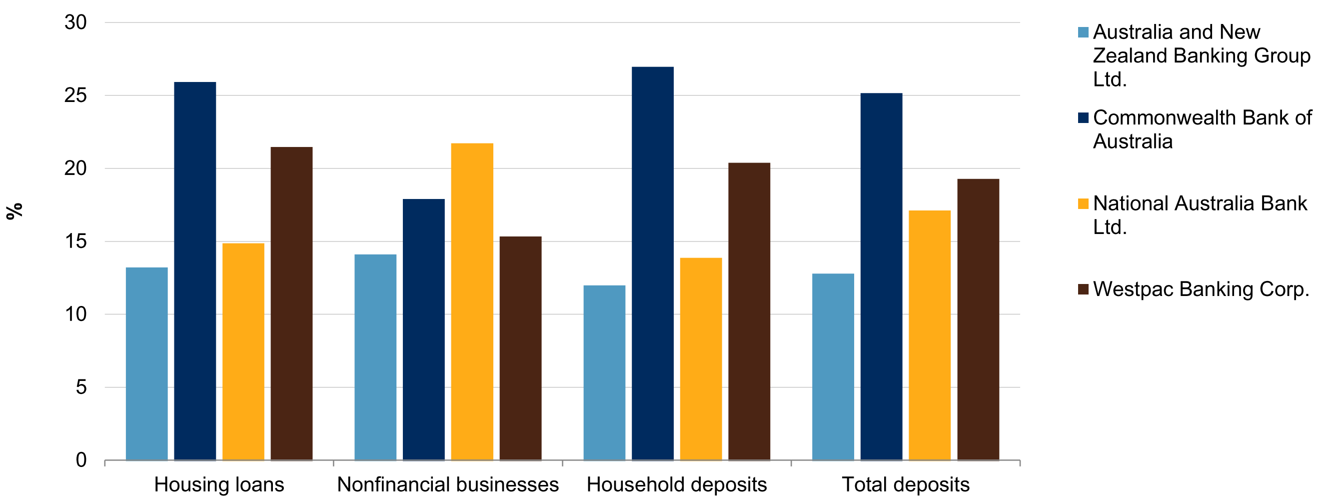
We consider Australia's prudential regulatory standards to be conservative. We believe the country's banking industry structure supports stability; a small number of strong retail and commercial banks dominate the sector. Bank earnings should remain sound on the back of low credit losses and interest 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 core retail and commercial banking business in Australia and New Zealand should continue to support its credit profile. As of Dec. 31, 2022, the bank had about 61% of credit exposure to Australia, where it had strong market shares of about 13% for residential mortgages (ranked fourth) and 13% for customer deposits (ranked fourth). See chart 1.

Chart 1

The Four Major Banks Dominate The Australian Banking System
Market shares based on domestic loan and deposit positions as of Dec. 31, 2022



Source: APRA Monthly ADI Statistics.

The group should benefit from a renewed focus on its Australia and New Zealand core banking activities. Its acquisition of Suncorp-Metway Ltd. (SML) in July 2022 will further enhance its competitive position.

SML is a residential mortgage lender based in Queensland, a locality which ANZ traditionally underserves. In our view, the acquisition could strengthen the bank's market position in the higher-growth state of Queensland. It could also improve the scale and geographic diversity of the group in Australia and New Zealand.

ANZ is set to complete the acquisition in the second half of 2023, subject to regulatory approvals.

ANZ will likely retain its strong market position in New Zealand. The bank is by far the largest bank in New Zealand with a market share of about 31% in housing lending. This is substantially higher than that of its next biggest rival, ASB Bank Ltd.

The group was able to further cement its home loan market share in New Zealand with loan growth of about 5.6% as of Sept. 30, 2022. This was above system home loan growth.

Australian banks are well-placed to compete against new tech-enabled market entrants with their dominant market positions and significant technology investments. ANZ group's digital transformation is one of its key strategic initiatives.

We believe the group's NOHC structure will allow ANZ to more easily engage with external technology partners to drive technology-led initiatives. Such partners include fintechs and other innovation-focused organizations.

The structure also allows the group to make investments in technology without exposing ANZ to unnecessary risks. It should also lead to quicker, more agile decisions.

ANZ has a diverse earnings mix to sustain its strong and stable earnings over the next two years. The bank is diversified across sectors, geographies, and business lines, including corporate, institutional, and retail banking.

A large market share and the resultant economies of scale should allow ANZ to continue pricing its products and services competitively. This would help revenue growth outpace cost growth over the next two years as the bank maintains disciplined spending.

Capital And Earnings: Strong Risk-Adjusted Capitalization To Stay Despite Acquisitions

ANZ will likely maintain a strong RAC ratio in the 10.8%-11.3% range over the next two years. Our forecast includes the group's proposed acquisition of SML.

ANZ's capital is likely to remain a strength for the ratings. This is because the bank funded the A$4.9 billion acquisition with A$3.5 billion of common equity, raised in August 2022.

ANZ should have broadly similar loan growth as the industry over the next two years, at about 5%. There are early signs that the bank's franchise strength is recovering.

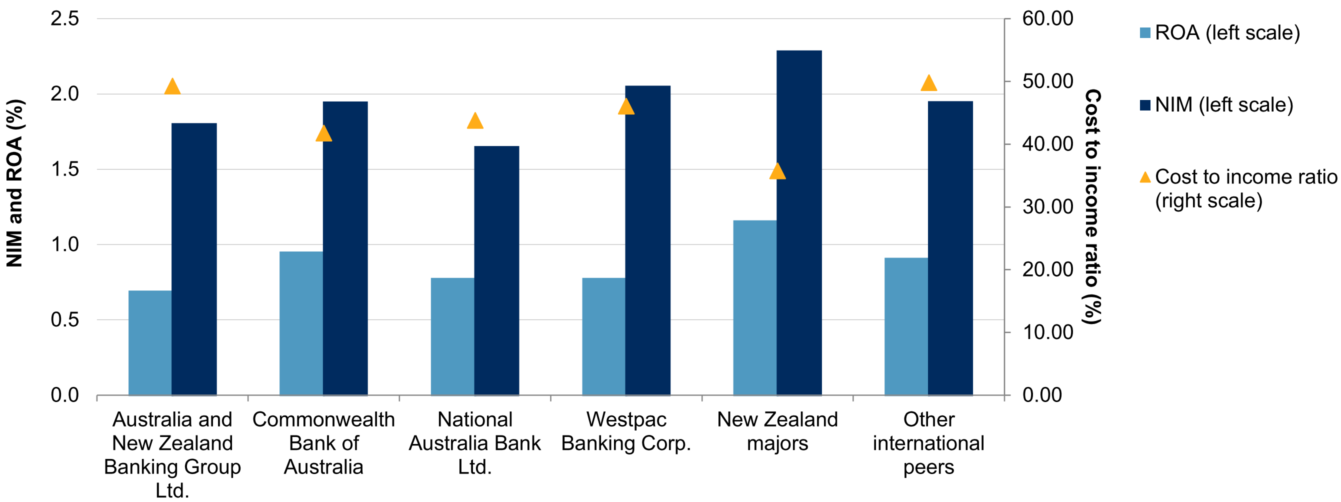
Interest margins at Australian banks, including ANZ, will benefit from rising interest rates, in our view. This is notwithstanding ongoing strong competition within the industry.

Credit losses will probably remain low, at about 15 bps (also see risk position discussion below). With this, ANZ should be able to maintain sound earnings.

The group will likely improve its profitability over the next two years. It had a return on assets of 0.7% for the year to Sept.30, 2022, lower than its Australian and international peers (see chart 2).

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.

ANZ will manage its common equity tier 1 (CET1) ratio in line with or above the 11.0%-11.5% expectation of the Australian Prudential Regulation Authority (APRA) from Jan. 1, 2023. This was when the new capital framework by the came into effect. As of Sept. 30, 2022, the bank had a CET1 ratio of 12.3%.

ANZ's CET1 ratio should remain well above APRA's regulatory capital requirement of 10.25%. This requirement includes a domestic systemically important bank buffer (D-SIB) and countercyclical capital buffer of 1.0% each, and capital conservation buffer of 3.75%.

ANZ's reliance on hybrid capital instruments as part of its Tier 1 capital requirements is unlikely to change much. Along with Australia's other major banks, the bank has marginally higher reliance on such instruments than international peers. Common share capital and retained earnings form about 89% of its total adjusted capital.

ANZ may have completed major divestments. Following the divestment of its wealth management arm, ANZ Wealth Australia Ltd., the bank does not have many other non-core banking assets left that it is able and willing to readily sell, in our view.

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

Credit losses should remain low over the next two years, at about 15 bps. Our forecasts are in line with our expectations for the Australian banking system. Solid economic growth and low unemployment in Australia should cushion the blow of rate hikes on the ability of highly-leveraged borrowers to service their debt.

That said, a significant weakening in consumer and business confidence, a consumer pull-back in discretionary spending, or a rapid fall in house prices could push credit losses significantly higher than our base case.

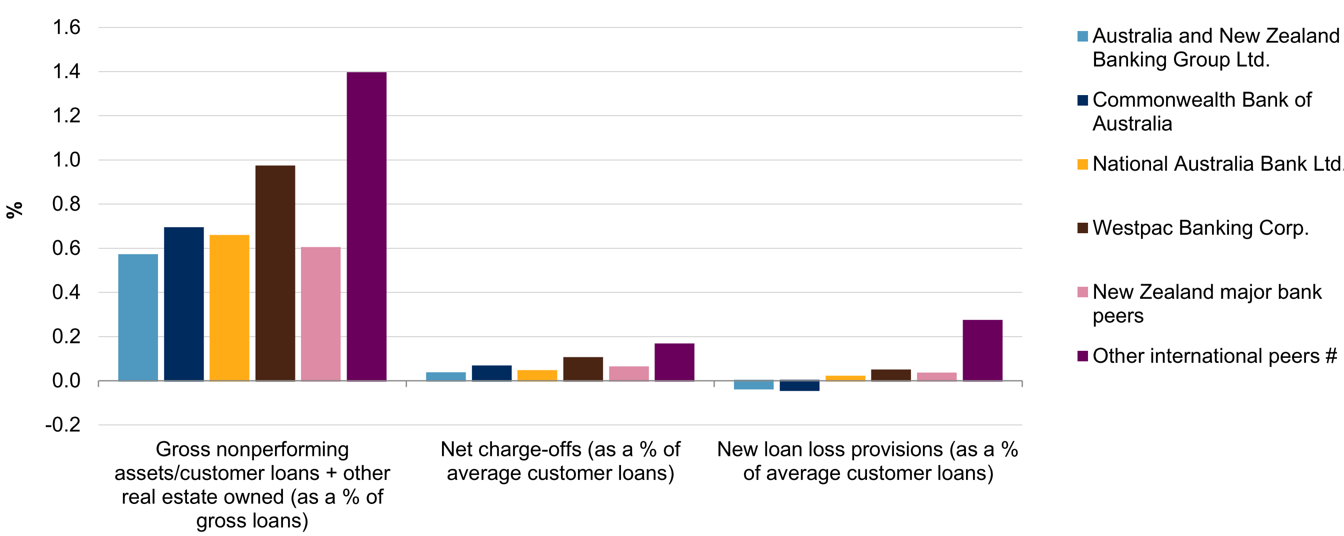
ANZ will be able to manage integration risks from the proposed SML acquisition. The group has been cautious in its approach to integration. It plans to run SML independently for three years. This will give ANZ time to migrate SML to its new ANZPlus digital banking platform, once this is up and running.

ANZ will maintain a conservative risk appetite. The bank appears to have a moderate growth appetite, broadly in line with its domestic peers. We do not see a significant amount of additional risk for ANZ than what we already consider in our capital and earnings assessment.

ANZ has conservative lending and underwriting standards. 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, amid a long run of benign economic conditions.

Chart 3

Strong Asset Quality Relative To International Peers



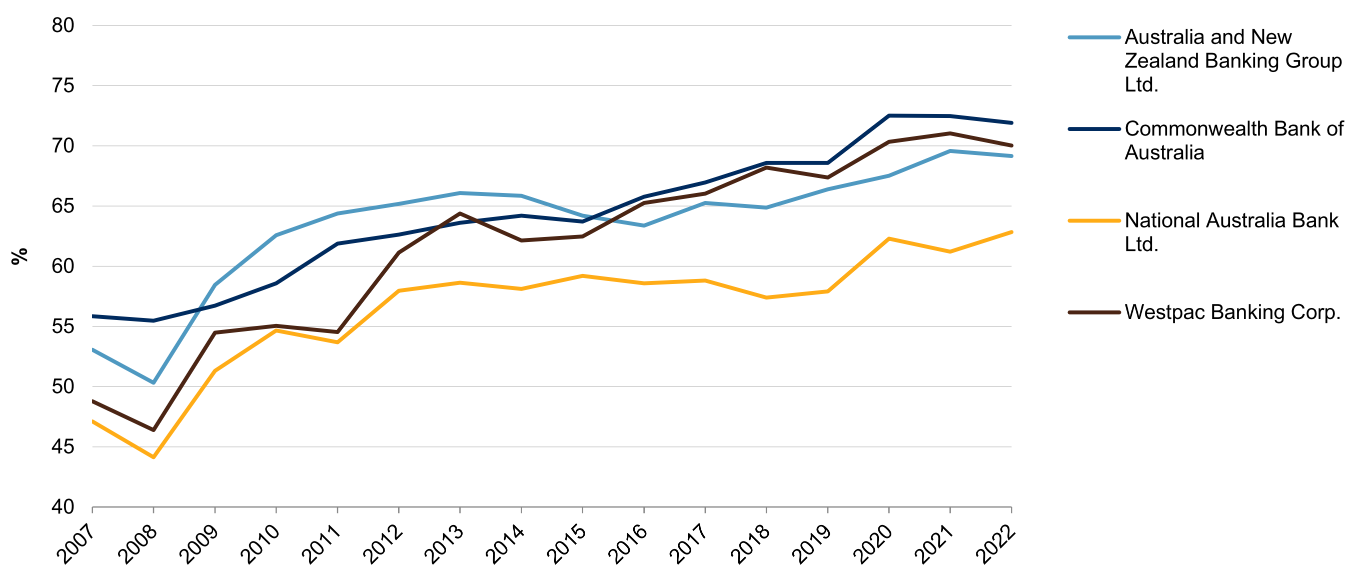
As of most recent year to date numbers. Source: S&P Global Ratings.

Funding And Liquidity: Structural Funding Risks Receding

ANZ adequately manages its funding and liquidity risks, notwithstanding structural funding weaknesses in Australia's banking system. We believe the industry's funding profile has been improving in the past 10 years. Growing systemwide customer deposits and falling offshore borrowing as a proportion of domestic customer loans support the improvement (see chart 4).

Chart 4

Australia's Major Banks Have Increasingly Used Core Deposits For Funding Over The Years
Core deposits to funding base



Source: S&P Global Ratings.

That said, the trend could modestly reverse over the next two years. This is as COVID-driven increases in customer deposits unwind and term funding from the Reserve Bank of Australia (RBA) matures.

We think some of the improvements in systemwide funding metrics could be sustained. ANZ has broadly similar funding metrics as the other Australian major banks, and banks in Sweden and Norway. These two countries have banking industry profiles similar to Australia's.

ANZ is unlikely to have difficulty refinancing its drawn term funding facility (TFF) from the RBA over the next 18 months. This is absent a dislocation in funding markets. The bank has drawn down A$20 billion under the TFF.

ANZ has drawn down the least TFF among Australia's major banks. The bank will likely issue higher wholesale debt in the next two years to refinance the TFF.

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

ANZ has adequate liquidity to survive at least 12 months of funding disruption. The bank and its other Australian major peers have weaker liquidity ratios than other international peers. As of Sept. 30, 2022, it had a ratio of broad liquid assets to short-term wholesale funding of 1.2x, versus 1.3x a year earlier.

Given an increase in Australian government securities since 2020, we believe the level of high-quality liquid assets available for banks in Australia, including ANZ, is sufficient for the banks to meet minimum liquidity coverage ratio requirements.

The RBA terminated all committed liquidity facility (CLF) allocations as of Jan. 1, 2023. ANZ had an average liquidity coverage ratio for the quarter ended Sept. 30, 2022, of 131% and 127%, excluding CLF. These were well in excess of the regulatory minimum of 100%.

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

Support: High Likelihood Of Timely Financial Support From Australian Government To Enhance Creditworthiness

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

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

Environmental, Social, And Governance

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

Policymakers have increasingly called for greater penalties for lapses in governance, partly on the basis that the profitable major Australian banks must meet community expectations. Continued governance failures could make ANZ and its domestic peers less attractive to equity and debt investors who are more sensitive to 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 total domestic lending by Australian banks. Still, the bank has indirect exposure to environmental factors. This is because it operates in an economy where the commodity sector is significant.

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

Hybrid Ratings

We believe Australia's legal and regulatory framework could allow the authorities to instigate loss absorption by the regulatory additional Tier-1 and Tier-2 securities, if needed. Therefore, we assign our 'A-' rating to ANZ's non-Basel III-compliant Tier-2 securities. This is three notches below the long-term issuer credit rating on ANZ.

Our rating reflects the following factors:

- One notch for the notes' subordinated status; and
- Two notches for government support that we include in the long-term issuer credit rating on ANZ. However, we believe the government is unlikely to extend this support to the Tier-2 capital instruments that the bank issued.

We assign 'BBB+' ratings to ANZ's Basel III-compliant Tier-2 securities. This is four notches below our long-term issuer credit rating on the bank.

For the Basel III instruments, we apply a one-notch additional deduction to reflect the contingency clause that requires the mandatory conversion of the securities into common equity on the activation of a nonviability trigger.

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

- One notch for the notes' subordinated status;
- Two notches for the risk of partial or untimely payment;
- One notch for a nonviability contingent capital feature that would require ANZ to convert all or a portion of the notes into ordinary shares or write them off if a nonviability trigger event occurred; and

- Two notches for government support that we include in the long-term issuer credit rating on the bank. However, we believe the government is unlikely to extend this support to the additional Tier-1 capital instruments that the bank issued.

Key Statistics

Table 1

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

	--Year-ended Sept. 30--				
(Mil. A$)	**2022**	**2021**	**2020**	**2019**	**2018**
Adjusted assets	1,081,852	974,806	1,037,907	975,357	897,640
Customer loans (gross)	675,989	633,764	622,074	618,767	608,380
Adjusted common equity	58,475	52,931	50,667	47,460	46,240
Operating revenues	19,246	17,658	18,459	18,648	20,544
Noninterest expenses	9,478	8,924	9,222	8,994	10,245
Core earnings	7,078	6,427	4,292	6,165	6,703

Table 2

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

	--Year-ended Sept. 30--				
(%)	**2022**	**2021**	**2020**	**2019**	**2018**
Total revenues from business line (currency in millions)	19,553.0	17,671.0	18,459.0	18,785.0	21,116.0
Commercial and retail banking/total revenues from business line	92.3	97.3	98.1	96.0	84.7
Brokerage/total revenues from business line	0.0	0.0	0.0	0.0	0.0
Insurance activities/total revenues from business line	0.7	0.6	0.4	0.7	1.5
Asset management/total revenues from business line	1.3	1.6	1.5	1.4	1.2
Other revenues/total revenues from business line	5.7	0.4	(0.0)	2.0	12.6
Return on average common equity	11.0	9.9	5.9	9.9	10.8

Table 3

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

	--Year-ended Sept. 30--				
(%)	**2022**	**2021**	**2020**	**2019**	**2018**
Tier 1 capital ratio	14.0	14.3	13.2	13.2	13.4
S&P Global Ratings' RAC ratio before diversification	11.6	11.5	11.0	9.5	9.4
S&P Global Ratings' RAC ratio after diversification	12.5	12.5	12.0	10.4	10.4
Adjusted common equity/total adjusted capital	88.1	86.2	86.2	85.3	85.1
Net interest income/operating revenues	77.3	80.2	76.1	76.9	70.6
Fee income/operating revenues	10.2	12.1	12.6	13.8	18.2
Market-sensitive income/operating revenues	10.4	7.8	9.8	6.9	8.1
Cost to income ratio	49.2	50.5	50.0	48.2	49.9
Preprovision operating income/average assets	1.0	0.9	0.9	1.0	1.1

Table 3

Australia and New Zealand Banking Group Ltd.--Capital And Earnings (cont.)					
	--Year-ended Sept. 30--				
(%)	**2022**	**2021**	**2020**	**2019**	**2018**
Core earnings/average managed assets	0.7	0.6	0.4	0.6	0.7

N/A--Not applicable. RAC--Risk-adjusted capital.

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	296,562.6	10,984.0	3.7	8,649.8	2.9
Of which regional governments and local authorities	0.0	0.0	0.0	0.0	0.0
Institutions and CCPs	79,670.6	15,936.0	20.0	13,323.0	16.7
Corporate	396,264.8	192,096.0	48.5	316,351.5	79.8
Retail	452,492.9	134,126.0	29.6	160,801.0	35.5
Of which mortgage	412,458.7	113,814.0	27.6	125,856.1	30.5
Securitization§	14,980.0	2,424.0	16.2	2,996.0	20.0
Other assets†	9,004.0	3,876.0	43.0	16,903.2	187.7
Total credit risk	1,248,974.9	359,442.0	28.8	519,024.5	41.6
Credit valuation adjustment					
Total credit valuation adjustment	--	3,632.0	--	4,721.6	--
Market risk					
Equity in the banking book	0.0	0.0	0.0	0.0	0.0
Trading book market risk	--	9,282.1	--	11,817.6	--
Total market risk	--	9,282.1	--	11,817.6	--
Operational risk					
Total operational risk	--	47,931.0	--	36,713.3	--
	Exposure	**Basel III RWA**	**Average Basel II RW (%)**	**S&P Global Ratings RWA**	**% of S&P Global Ratings RWA**
Diversification adjustments					
RWA before diversification	--	454,718.1	--	572,276.9	100.0
Total diversification/ Concentration adjustments	--	--	--	(39,758.0)	(6.9)
RWA after diversification	--	454,718.1	--	532,518.9	93.1
		Tier 1 capital	**Tier 1 ratio (%)**	**Total adjusted capital**	**S&P Global Ratings RAC ratio (%)**
Capital ratio					
Capital ratio before adjustments		63,558.0	14.0	66,348.7	11.6
Capital ratio after adjustments‡		63,558.0	14.0	66,348.7	12.5

Table 4

Australia and New Zealand Banking Group Ltd.--Risk-Adjusted Capital Framework Data (cont.)

*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. CCP--Central counterparty clearing house. Sources: Company data as of Sept. 30, 2022, S&P Global Ratings.

Table 5

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

	--Year-ended Sept. 30--				
(%)	**2022**	**2021**	**2020**	**2019**	**2018**
Growth in customer loans	6.7	1.9	0.5	1.7	4.2
Total diversification adjustment/S&P Global Ratings' RWA before diversification	(6.9)	(7.6)	(8.3)	(9.1)	(9.6)
Total managed assets/adjusted common equity (x)	18.6	18.5	20.6	20.7	20.4
New loan loss provisions/average customer loans	(0.0)	(0.1)	0.4	0.1	0.1
Net charge-offs/average customer loans	0.0	0.1	0.1	0.1	0.2
Gross nonperforming assets/customer loans + other real estate owned	0.6	0.8	1.0	0.9	0.8
Loan loss reserves/gross nonperforming assets	93.1	80.4	79.0	60.8	68.7

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

Table 6

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

	--Year-ended Sept. 30--				
(%)	**2022**	**2021**	**2020**	**2019**	**2018**
Core deposits/funding base	69.2	69.6	67.5	66.4	64.9
Customer loans (net)/customer deposits	108.4	106.1	111.7	120.2	124.8
Long-term funding ratio	77.7	79.4	79.8	81.0	81.6
Stable funding ratio	99.7	104.0	101.5	96.7	94.0
Short-term wholesale funding/funding base	24.1	22.2	21.8	20.6	20.0
Broad liquid assets/short-term wholesale funding (x)	1.2	1.3	1.2	1.1	0.9
Broad liquid assets/total assets	23.2	25.1	21.3	17.1	14.7
Broad liquid assets/customer deposits	40.6	41.3	40.1	32.8	28.6
Net broad liquid assets/short-term customer deposits	6.0	9.8	8.1	1.9	(2.2)
Short-term wholesale funding/total wholesale funding	75.9	70.7	65.0	59.3	55.2

N/A--Not applicable.

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

Australia and New Zealand Banking Group Ltd--Rating Component Scores (cont.)	
Issuer Credit Rating	**AA-/Stable/A-1+**
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

- Banking Industry Country Risk Assessment: Australia, June 20, 2022

Ratings Detail (As Of March 5, 2023)*	
Australia and New Zealand Banking Group Ltd.	
Issuer Credit Rating	AA-/Stable/A-1+

Ratings Detail (As Of March 5, 2023)*(cont.)	
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
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
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.