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Australia and New Zealand Banking Group Ltd.

Primary Credit Analyst:
Nico N DeLange, Sydney + 61 2 9255 9887; nico.delange@spglobal.com

Secondary Contacts:
Lisa Barrett, Melbourne + 61 3 9631 2081; lisa.barrett@spglobal.com
Sharad Jain, Melbourne + 61 3 9631 2077; sharad.jain@spglobal.com

Table Of Contents

Table Of Contents (cont.)

Australia and New Zealand Banking Group Ltd.

Rating 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. SACP--Stand-alone credit profile.

Credit Highlights

Overview

Key strengths	Key risks
Strong market position in the Australian 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 forecast the bank's credit losses will return to pre-pandemic levels over the next two years. Consequently, we expect earnings to remain sound despite low interest rates.

Upside scenario

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

Alternative scenario: We see a one-in-three possibility that Australian banks will face reduced industry risks in the next two years. In our view, their funding profile has improved over the past 10 years on the back of growing customer deposits and falling offshore borrowings. We expect a modest reversal of this trend over the next three years as a COVID-19-driven rise in customer deposits slows 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.

If we form a view that industry risks facing Australian banks have reduced sustainably, all else being equal, we expect to:

- Revise our assessment of ANZ's stand-alone credit profile (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 ratings on each of the Tier-1 and Tier-2 regulatory capital instruments issued by the ANZ group, in line with our revision of the bank's SACP.

Downside scenario

The ratings on ANZ have substantial headroom because we have a stable outlook on Australia and we expect the bank's risk-adjusted capital (RAC) ratio to remain strong and comfortably above 10% over the next two years. As such, we see limited downside over this period.

Nevertheless, low interest rates, a limited supply of housing stock, and higher migration levels could result in a resurgence in house prices and household debt. This would exacerbate the economic risks that Australian banks face and could exert downward pressure on our ratings. Our ratings on ANZ would also be at risk if we were to lower our ratings on Australia.

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)	4.9-6.0	3.7-4.5	5.0-6.1
Growth in customer loans	0.5	1.9	3.2-3.9	4.5-5.5	4.5-5.5
Growth in total assets	6.2	(6.1)	6.4-7.8	4.5-5.5	4.5-5.5
Net interest income/average earning assets (NIM)	1.8	1.8	1.6-1.8	1.6-1.8	1.6-1.8
Cost to income ratio	50.0	50.5	47.2-49.6	44.0-46.3	40.4-42.5
Return on average common equity	5.9	9.9	9.0-9.9	9.8-10.8	10.8-12.0
Return on assets	0.4	0.6	0.5-0.7	0.6-0.7	0.6-0.7
New loan loss provisions/average customer loans	0.4	(0.1)	0.1-0.2	0.1-0.2	0.1-0.2
Gross nonperforming assets/customer loans	1.0	0.8	0.8-0.8	0.8-0.8	0.8-0.8
Net charge-offs/average customer loans	0.1	0.1	0.2-0.2	0.2-0.2	0.2-0.2
Risk-adjusted capital ratio	11.0	11.5	10.8-11.4	10.8-11.3	10.4-11.0

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 macroeconomic conditions. This is because about 62% of ANZ's credit exposure is in its Australian home market and 18% 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. In our base case, we expect that the Australian economic recovery will not be derailed by periodic and localized COVID-19 infections that have emerged and may continue to emerge. This follows the first recession in the country in almost 30 years, triggered by the COVID-19 outbreak and containment measures. Property price growth has resumed on the back of the economic recovery and cyclical low interest rates.

In our view, economic growth, an increasing population when immigration resumes, and low interest rates will continue to drive property price appreciation over the next two years. That said, we believe the regulators will take timely action to mitigate risks to financial system stability from a house price resurgence and high household debt. We forecast credit losses over the next two years will remain low, and close to pre-pandemic levels.

We consider Australia's prudential regulatory standards to be conservative. We also believe the country's banking industry structure supports stability; a small number of strong retail and commercial banks dominate the sector. Low interest rates will curtail bank earnings over the next two years. Still, bank earnings should remain sound and sufficient to absorb credit losses.

In the past 10 years, an increase in deposits by domestic customers helped Australian banks progressively reduce their reliance on offshore borrowing. Nevertheless, the Australian banking system's material dependence on external borrowing exposes banks to a disruption in access to funding as well as a rise in borrowing costs.

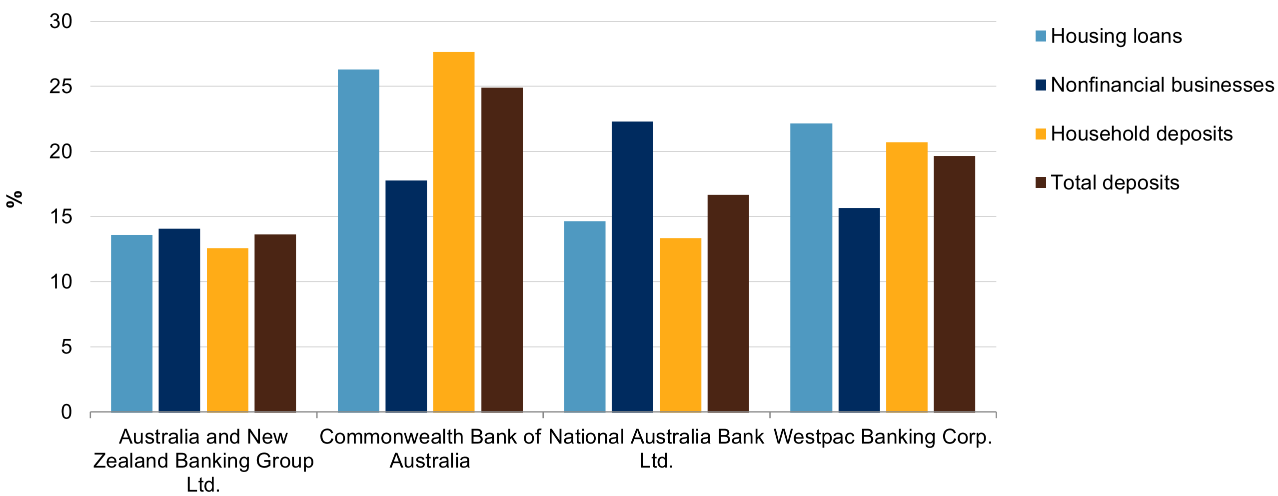
Business Position: Strong Market Share, Strong Franchise, And Good Management Support Earnings Stability

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. In our opinion, the bank will keep around 62% of its credit exposure in Australia, where it had strong market shares of about 13.5% for residential mortgages (ranked fourth) and 14% for customer deposits (ranked fourth) as of Dec. 31, 2021. It should also retain its strong market position in New Zealand, where it is by far the largest bank in the country with a market share of about 29% for net loans and advances. This figure is about 40% larger than that for the next biggest bank (ASB Bank Ltd).

Chart 1

Four Major Banks Dominate The Australian Banking System

Market shares are based on domestic loan and deposit positions as of Dec. 31, 2021



Source: APRA Monthly ADI Statistics.

ANZ's recently-announced repositioning of its retail and commercial businesses and introduction of ANZ Plus (developed under the ANZx program) in Australia's retail banking will help to stem the bank's retail market-share loss. In our view, the key drivers of ANZ's turnaround will be a digital proposition for the bank's customer base and its focus on the financial wellbeing of its customers as a differentiating factor.

Technology could disrupt the competitive landscape in Australia, similar to most global banking markets. The introduction of an open banking regime, international fintech companies entering the market, the launch of a number of new challenger banks as well as the continued growth of international banks and nonbank players have compelled Australia's major banks to invest in digital and technology capabilities and new customer propositions. In our view, ANZ Plus is a step in the right direction and will accelerate the bank's digital transformation.

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

ANZ will likely maintain an RAC ratio of above 10.6% over the next two years. We forecast the bank's loan growth will be below system loan growth, at about 3.5% in fiscal 2022, before rising to system-level of about 5% in the subsequent two years. Interest margins will continue to be under pressure while credit losses will revert to pre-COVID levels. Over the next two years, we expect earnings to recover but remain slightly weaker than the bank's historical average due to Australia's historically low interest rates. Nevertheless, ANZ should retain significant headroom in its earnings to absorb a substantial increase in credit losses beyond our forecasts.

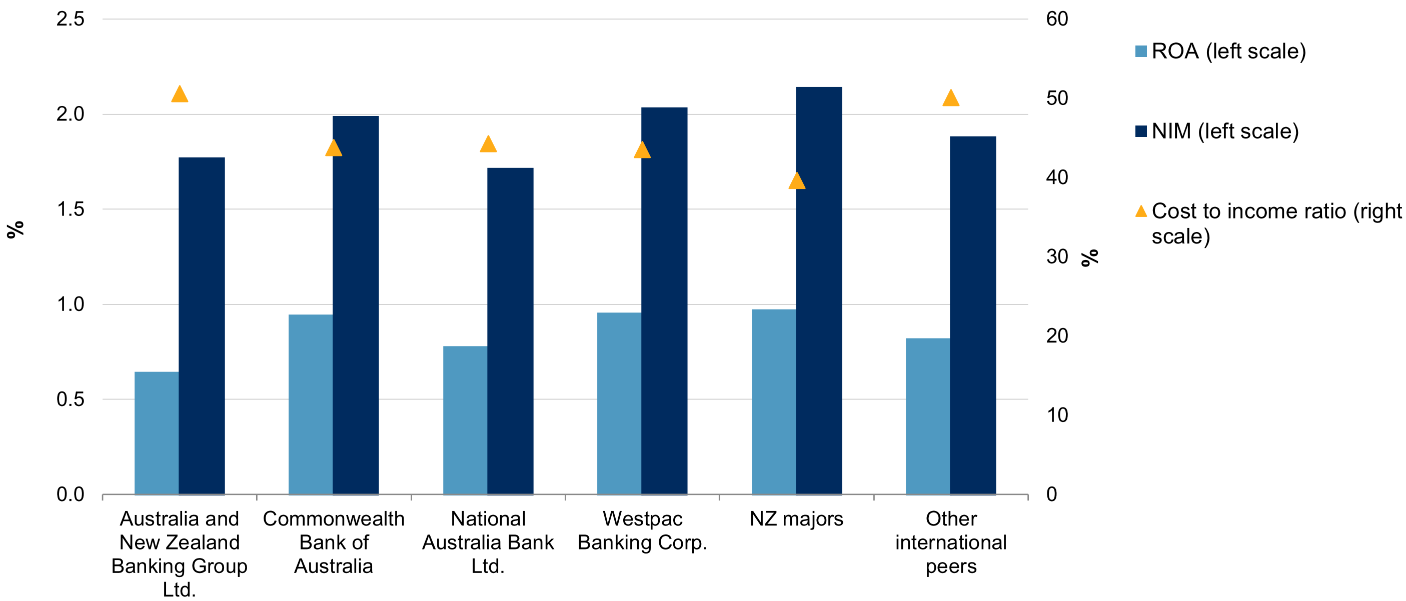
In our view, ANZ will manage its common equity tier 1 (CET1) ratio above 11% from Jan. 1, 2023, when the Australian Prudential Regulation Authority's (APRA) new capital framework comes into effect. As of Dec. 31, 2021, the bank's pro forma CET1 ratio was 11.65%. Its CET1 ratio under the new framework will also likely be well above APRA's minimum regulatory capital requirement of 10.25% (effective Jan. 1, 2023). 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, in our view.

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 outbreak 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.

ANZ has slightly weaker profitability than its international peers (see chart 2). The group's 0.6% return on assets as of Sept. 30, 2021, was lower than that of other major Australian peers.

Chart 2

The Profitability Of Major Australian 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 fiscal year. ROA--Return on assets. NIM--Net interest margin. Source: S&P Global Ratings.

Risk Position: Credit Losses Likely To Return 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. We believe Australia's recovering economy, falling unemployment, and improved consumer and business sentiment will offset risks posed by fiscal support and repayment moratoriums coming to an end.

ANZ will maintain a conservative risk appetite despite improved economic conditions. Even though we project 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.

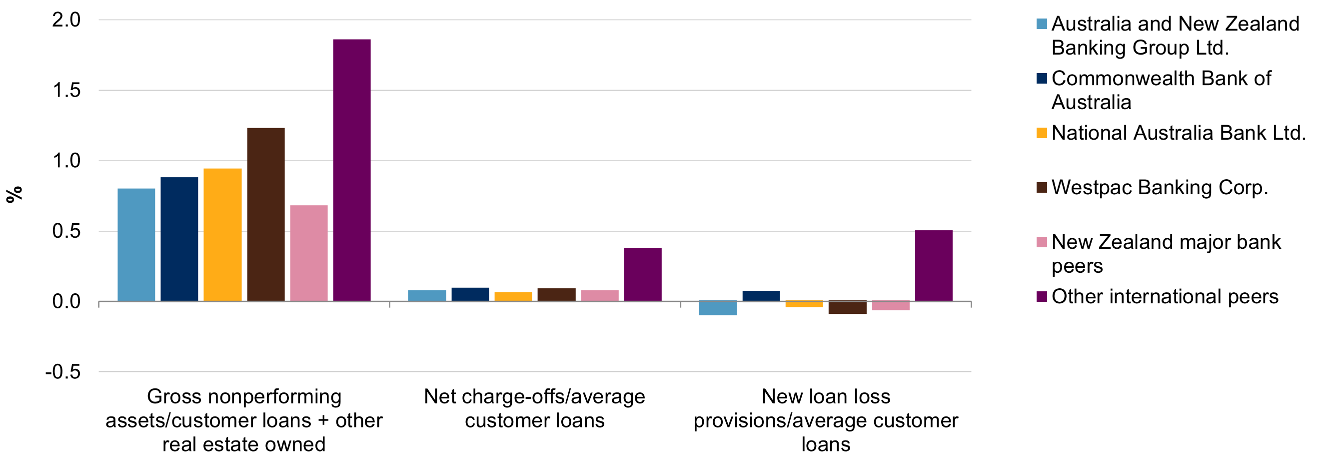
ANZ's lending and underwriting standards are conservative. This is evident from the bank's low loan-loss provisions and nonperforming assets, which are broadly comparable to those of its major Australian banking peers. In recent years, the bank's credit losses have been significantly below our expectations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

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

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.

Chart 3

Strong Asset Quality Relative To International Peers



As of most recent fiscal year. Source: S&P Global Ratings.

Funding And Liquidity: Monetary Support From Central Bank To Mitigate Potential Funding And Liquidity Risks Due To Financial-Market Dislocations

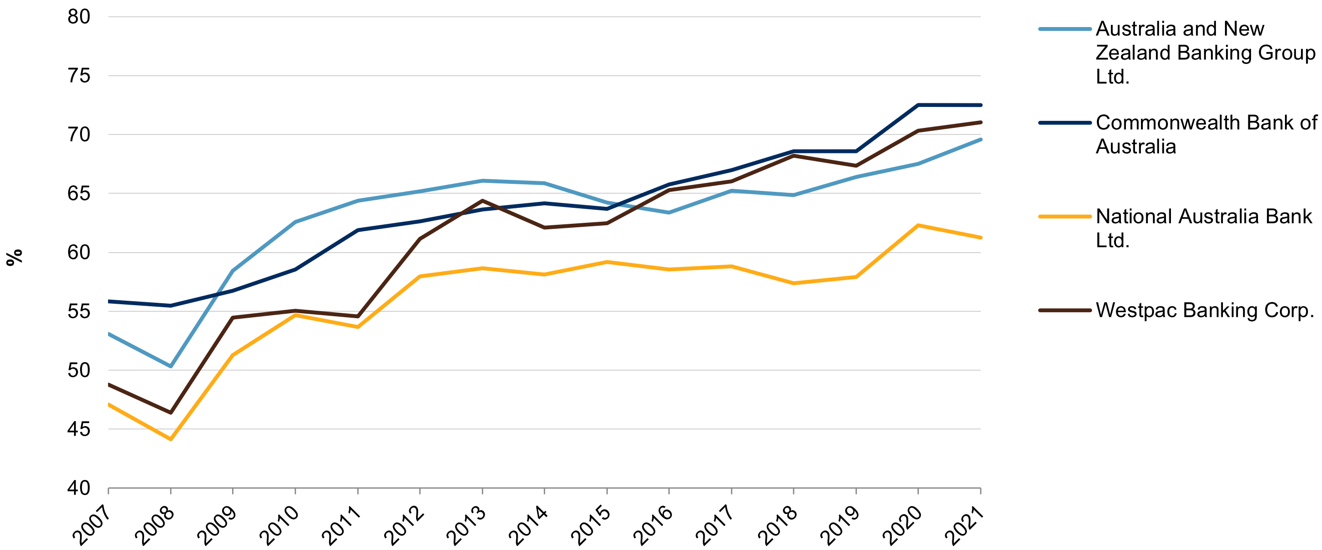
We believe the substantial monetary support package from the RBA has mitigated funding and liquidity risks posed by financial-market dislocations since the pandemic. As of Sept. 30, 2021, ANZ had drawn A$20.1 billion under the RBA's term funding facility. This compared with about A$21 billion in the bank's wholesale debt that will mature in fiscal 2022 ending September 2022.

In our view, ANZ adequately manages its funding and liquidity risks, notwithstanding structural funding weaknesses in the Australian banking system. The Australian banking system's funding profile has improved over the past 10 years, on the back of growing customer deposits and falling offshore borrowings. The stronger systemwide funding metrics should be sustainable. This is despite a likely modest weakening over the next three years as the COVID-19-driven rise in customer deposits in 2020 slows and the RBA's term-funding facility matures. ANZ's funding metrics are broadly in line with those of the other major Australian banks and also banks in Sweden and Norway. These are countries with similar banking industry profiles as 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

Use Of Core Deposits By Major Australian Banks Has Increased Over The Years
Core deposits to funding base



Source: S&P Global Ratings.

In our view, the strong domestic and international funding franchises of the major Australian banks support their funding stability. If the Australian banking sector experienced a systemic funding problem, we expect a likely flight to quality to mitigate the impact on the major banks. Our funding metrics include ANZ's loan-to-deposit ratio (90%), stable funding ratio (104%), and short-term wholesale funding to total funding base (22%), as of Sept. 30, 2021. The group's net stable funding ratio was 124%, compared with the regulatory minimum of 100%. We expect it to maintain a buffer of at least 10% above the regulatory minimum requirement for the foreseeable future.

ANZ should have adequate liquidity and 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 (please also see discussion below). This reflected in part the limited availability of government debt in Australia. As of Sept. 30, 2021, ANZ had a ratio of broad liquid assets to short-term wholesale funding of 1.29x, up slightly from 1.25x a year earlier, as its liquid assets increased.

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 ANZ to meet its minimum liquidity coverage ratio requirements without the need to access the committed liquidity facility (CLF) from the RBA. The regulator will be reducing all CLF allocations to zero over 2022. The bank's CLF of A$11 billion was also substantially lower than that for the other Australian major banks, which will make it easier for ANZ to replace its CLF.

ANZ's average liquidity coverage ratio for the quarter ended Sept. 30, 2021, was 136%. This was well in excess of the regulatory minimum of 100%.

Support: Timely Financial Support From Australian Government To Enhance Creditworthiness

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

- ANZ has high systemic importance to the Australian economy and financial system. The bank holds a substantial 13% of household deposits, 13.5% of residential mortgages, and 14% of loans to nonfinancial corporations. 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.

ESG factors have no material influence on our credit rating analysis of ANZ.

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

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. 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.

In our view, recent measures implemented by banks in Australia could help them regain the social franchise that they lost over the past three years amid scrutiny and criticism of the banks by the Australian authorities and community. An example is moratoriums on loan repayments to customers suffering hardship from COVID-19 and containment measures.

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. Still, 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, and 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. That said, ANZ has been reducing its exposure to thermal coal over the past few years. This sector now comprises a very small proportion of its overall lending (less than 0.05% of total exposure at default).

Hybrids

We believe Australia's legal and regulatory framework could allow the authorities to instigate the restructuring of a failing bank to the detriment of nondeferrable subordinated debt. Therefore, we notch our ratings on the hybrid and nondeferrable subordinated debt instruments of ANZ and its core subsidiaries down from our assessment of the ANZ group's SACP of 'a'. This is because we believe any financial support for any of the major Australian banks, if needed, is unlikely to extend to these instruments. In addition, if the Australian authorities do instigate the restructuring of a failing bank to the detriment of nondeferrable subordinated debt, increasing regulatory capital requirements could result in a one-notch higher group SACP, although we believe this is unlikely in the next two years.

The issue rating on ANZ's Basel II nondeferrable subordinated debt is 'A-'. This is one notch below our assessment of ANZ group's SACP, reflecting subordination to the senior debt on liquidation.

The issue rating on ANZ's Basel III nondeferrable subordinated debt is 'BBB+', two notches below our assessment of ANZ group's SACP. The additional notch deduction is because such instruments contain a contingency clause that requires mandatory conversion into common equity or a write-down of principal on the activation of a nonviability trigger.

The issue rating on ANZ's Basel III-complaint hybrid capital instruments is 'BBB-'. This is four notches below our assessment of the group's SACP. The additional one-notch deduction reflects a contingency clause that requires the mandatory conversion of such instruments 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	1,037,907	975,357	897,640	852,392
Customer loans (gross)	633,764	622,074	618,767	608,380	584,091
Adjusted common equity	53,135	50,667	47,460	46,240	41,437
Operating revenues	17,658	18,459	18,648	20,544	21,097
Noninterest expenses	8,924	9,222	8,994	10,245	10,177
Core earnings	6,427	4,292	6,165	6,703	6,716

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	18,459	18,785	21,116	21,273
Commercial & retail banking/total revenues from business line	97.3	98.1	96.0	84.7	85.5
Insurance activities/total revenues from business line	0.6	0.4	0.7	1.5	1.5
Asset management/total revenues from business line	1.6	1.5	1.4	1.2	1.5

Table 2

Australia and New Zealand Banking Group Ltd.--Business Position (cont.)					
	--Year ended Sept. 30--				
(%)	2021	2020	2019	2018	2017
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

RAC--Risk-adjusted capital. 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 & central banks	272,763	9,920	3.6	7,526	2.8
Of which regional governments and local authorities	0	0	0.0	0	0.0
Institutions and CCPs	66,012	12,388	18.8	10,303	15.6
Corporate	356,606	179,907	50.4	283,391	79.5
Retail	451,447	134,225	29.7	162,512	36.0
Of which mortgage	408,148	110,825	27.2	124,835	30.6
Securitization§	12,596	2,056	16.3	2,519	20.0
Other assets†	11,260	4,002	35.5	19,059	169.3
Total credit risk	1,170,684	342,498	29.3	485,311	41.5
Credit valuation adjustment					
Total credit valuation adjustment	--	3,080	--	4,004	--
Market Risk					
Equity in the banking book	0	0	0.0	0	0.0
Trading book market risk	--	7,127	--	9,764	--
Total market risk	--	7,127	--	9,764	--
Operational risk					
Total operational risk	--	48,425	--	37,004	--

Table 4

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

	Exposure	Basel III RWA	Average Basel II RW (%)	S&P Global Ratings RWA	% of S&P Global Ratings RWA
Diversification adjustments					
RWA before diversification	--	419,166	--	536,083	100.0
Total diversification/ concentration adjustments	--	--	--	(40,959)	(7.6)
RWA after diversification	--	419,166	--	495,124	92.4

	Tier 1 capital	Tier 1 ratio (%)	Total adjusted capital	S&P Global Ratings RAC ratio (%)
Capital ratio				
Capital ratio before adjustments	59,473	14.2	61,634	11.5
Capital ratio after adjustments‡	59,473	14.3	61,634	12.4

*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. CCPs--Central counterpaarty clearing house. Sources: Company data as of Sept. 30, 2021, 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 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

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

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
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

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. 16, 2021
- Banking Industry Country Risk Assessment: Australia, April 27, 2021

Ratings Detail (As Of March 18, 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+

Ratings Detail (As Of March 18, 2022)*(cont.)	
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+
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
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.