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ANZ Bank New Zealand Ltd.

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ANZ Bank New Zealand Ltd.

Ratings Score Snapshot

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

SACP: a- → **Support: +3** → **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	+3
Sovereign support	0

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
Highly likely to receive timely financial support from parent, if needed.	Material reliance on domestic and offshore wholesale funding.
Strong business position as New Zealand's largest retail and commercial bank.	Susceptible to growing risk of a correction in the New Zealand property market.

We expect ANZ Bank New Zealand Ltd.'s (ANZ NZ) Australia-based parent, Australia and New Zealand Banking Group Ltd. (ANZ; AA-/Stable/A-1+), would provide timely financial support to ANZ NZ in all foreseeable situations. Accordingly, we equalize our issuer credit rating on ANZ NZ with our issuer credit rating on ANZ. This is due to our view that ANZ NZ is an integral part of ANZ's group-wide strategy and makes up a considerable portion of ANZ's operations. In addition, we expect that the Australian government's support for ANZ would extend to ANZ NZ if needed.

ANZ NZ will continue to dominate the New Zealand financial sector as the country's largest bank. ANZ NZ's largest market share of 29% of loans and advances and 31% of customer deposits underscores its market leading position. We believe ANZ NZ's market position affords it a reasonable degree of pricing power, while its relatively diverse loan portfolio broadly reflects the New Zealand economy.

We expect ANZ NZ will sustainably maintain a risk-adjusted capital (RAC) ratio above 10% over the next two years. In addition, we believe the major banks, including ANZ NZ, can comfortably generate sufficient capital through retained earnings to meet the transition to higher capital standards in 2028.

ANZ NZ's asset quality will remain sound over the next two to three years. This is despite the likelihood of greater repayment pressure on borrowers resulting from rising inflation and interest rates. In our base case, we forecast credit losses of about 10 basis points (bps) over the next two years, with asset quality supported by a low unemployment rate.

Outlook

Our stable outlook on New Zealand-based ANZ NZ mirrors that on its parent, ANZ. We expect to maintain our issuer credit rating on ANZ NZ at the same level as its parent over the next two years.

Risks for banks in New Zealand, including ANZ NZ, are likely to increase if house prices drop dramatically in the next two years. Such a development would be contrary to our base case expectation of an orderly fall. We consider that a disorderly decline would expose New Zealand banks, including ANZ NZ, to the risk of heightened credit losses, which could potentially weaken ANZ NZ's stand-alone credit profile (SACP). Even in such a scenario, we expect to keep our issuer credit ratings on the bank unchanged, reflecting our view that ANZ NZ is likely to receive timely support from its parent ANZ in all foreseeable circumstances.

Downside scenario

We expect to lower our ratings on ANZ NZ if we lowered our long-term ratings on ANZ. In addition, risks to the ratings on ANZ NZ would emerge if its importance to the broader group lessened. This could occur if there were a weakened commitment from the parent, a dilution in shareholding, or a reduction in ANZ NZ's importance to group strategy. We consider these scenarios unlikely over the next two years.

Upside scenario

We expect to raise our ratings on ANZ NZ if we raised our long-term rating on ANZ although we consider it unlikely over the next two years.

However, we do see an upside to our ratings on hybrids issued by ANZ NZ. We expect to raise our ratings on hybrids issued by ANZ NZ if we form a view that the stand-alone credit strength of its parent, ANZ has improved. This could occur if there is greater certainty that the Australian banking system's net external borrowings would remain sustainably below 20% of domestic customer loans.

Key Metrics

ANZ Bank New Zealand Ltd.--Key Ratios And Forecasts

	--Fiscal year ended Sept. 30--				
(%)	**2020a**	**2021a**	**2022f**	**2023f**	**2024f**
Growth in operating revenue	0.4	1.8	8.0-9.8	1.6-2.0	0.9-1.0

ANZ Bank New Zealand Ltd.--Key Ratios And Forecasts (cont.)					
	--Fiscal year ended Sept. 30--				
(%)	**2020a**	**2021a**	**2022f**	**2023f**	**2024f**
Growth in customer loans	0.3	6.0	4.5-5.5	3.6-4.4	2.7-3.3
Growth in total assets	6.1	2.8	4.5-5.5	3.6-4.4	2.7-3.3
Net interest income/average earning assets (NIM)	2.1	2.1	2.1-2.4	2.1-2.3	2.0-2.3
Cost to income ratio	42.0	38.8	36.1-37.9	36.1-37.9	36.1-37.9
Return on average common equity	9.2	6.4	10.5-11.6	10.2-11.2	9.7-10.7
Return on assets	0.7	1.1	0.9-1.1	0.9-1.1	0.9-1.1
New loan loss provisions/average customer loans	0.3	(0.1)	0.1-0.1	0.1-0.1	0.1-0.1
Gross nonperforming assets/customer loans	0.7	0.4	0.5-0.6	0.5-0.6	0.5-0.6
Net charge-offs/average customer loans	0.1	0.0	0.1-0.1	0.1-0.1	0.1-0.1
Risk-adjusted capital ratio	13.0	13.9	13.9-14.6	13.8-14.5	13.9-14.6

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

Anchor: Flexible Economy And Stable Industry Structure Offset Elevated Economic Risks

The starting point for our ratings on ANZ NZ--similar to all other banks operating predominantly in New Zealand--reflects our assessment of New Zealand's macro environment.

The New Zealand economy is open, prosperous, and flexible, drawing on decades of structural reforms. We forecast economic growth of about 2.8% in 2023 before settling at about 2.5% per year to 2025, slightly higher than 2022 levels. In our view, New Zealand financial institutions are exposed to sharp corrections in house prices following rapid growth in 2020 and 2021. House prices have fallen by about 12% since the peak in late calendar 2021, a trend we expect to continue albeit at a slower pace. Numerous central bank interest rate rises combined with a variety of government tax-related changes, rising housing supply, moderating demand in light of lower immigration levels, and falling consumer confidence have driven the property price declines. We forecast credit losses over the next two years will remain low, and close to pre-COVID-19 levels. New Zealand's external weaknesses--in particular its high level of external debt and persistent current account deficits--accentuate the economic risks.

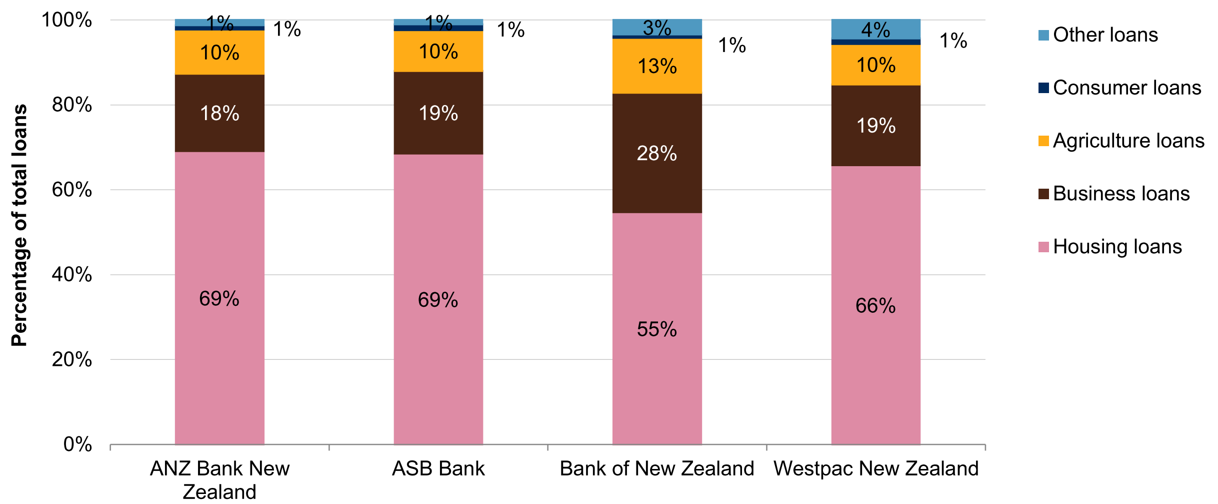
We consider the risk appetite settings of New Zealand's banks to be conservative. In our view, the industry structure is stable--an oligopoly dominated by four large banks. Bank earnings are likely to remain adequate to absorb credit losses. However, the banking system's high share of net external borrowings remains a risk if a dislocation in international funding markets occurs.

Business Position: Strong Market Position As New Zealand's Largest Bank

ANZ NZ will maintain a leading position in New Zealand's retail and commercial banking sector. ANZ NZ's leading market share of 31% of residential lending, and 25% of business and agriculture lending underscores its strong competitive position. ANZ NZ's leading market position provides it a high degree of pricing power and control, relative to smaller bank who act as price takers. We view ANZ NZ's revenue as well diversified across business lines, with lending exposures well diversified by geography.

Chart 1

ANZ NZ Remains Focused On Residential Mortgage Lending



Data as of June 30, 2022. Source: S&P Global Ratings, Reserve Bank of New Zealand.

We forecast lower credit growth for ANZ NZ over the next two years. ANZ NZ's growth prospects will largely reflect system expectations, with lower borrower demand resulting from rising interest rates and higher inflation. Residential mortgages will remain the predominant source of lending for the bank over the next two years, with growth of about 5%. Residential assets accounted for about 69% of total lending as of June 30, 2022.

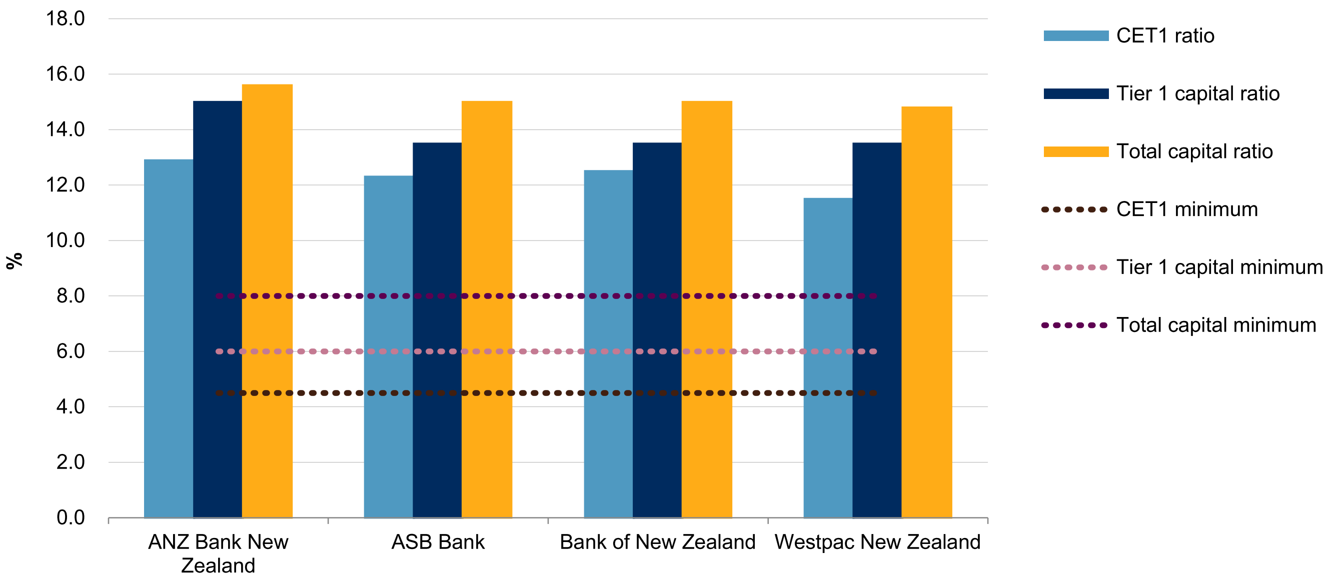
Like its peers, ANZ NZ will continue to benefit from operational and product support from its parent. Ongoing operational support from ANZ is important to ANZ NZ's business model, in our view, not least because it allows the bank to operate with a lower cost structure than it could as a stand-alone entity. This is despite regulatory requirements for New Zealand banks to have control over outsourced activities.

Capital And Earnings: Capital Strengthening And Profitability In Line With Domestic Peers

We project ANZ NZ's RAC ratio to remain strong. As of March 31, 2022, our RAC ratio for ANZ NZ is 13.2%, the highest among major bank peers. We expect our RAC ratio for ANZ NZ will remain above 10% over the next two years, at between 14.0% and 14.5%. We forecast ANZ NZ will pay a dividend of about 50% to its parent for the next two years.

Chart 2

New Zealand's Major Banks Maintain Capital In Excess Of Regulatory Minimum
As of June 30, 2022



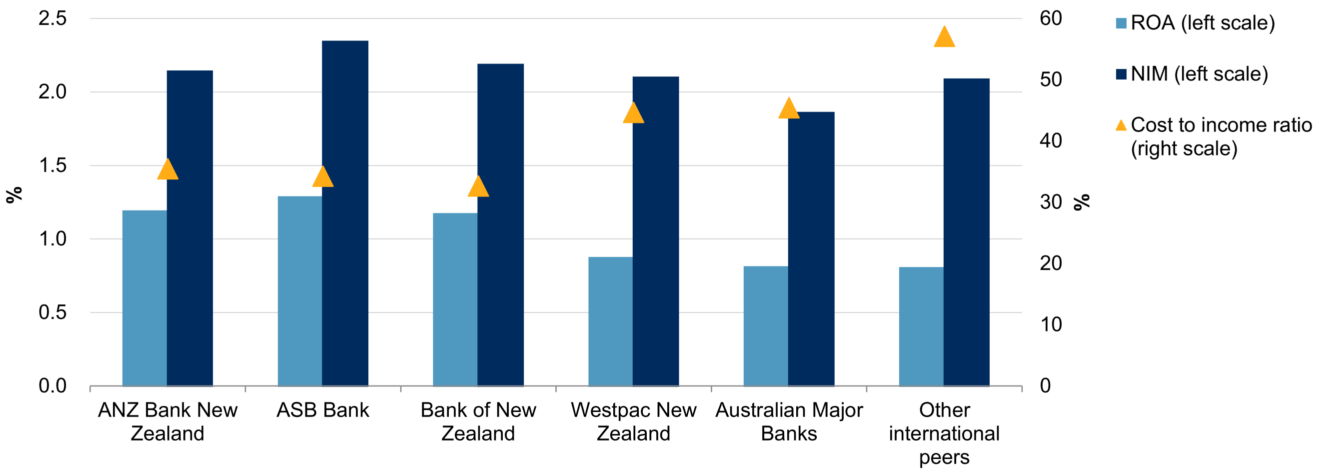
CET1--Common equity tier 1. Source: S&P Global Ratings, Reserve Bank of New Zealand.

Risks for banks in New Zealand are likely to increase if, contrary to our base case expectation of an orderly correction, house prices decline dramatically in the next two years. We consider that such a development would expose New Zealand banks to the risk of heightened credit losses. If we formed a view that risks in the New Zealand banking sector have increased, we would raise the risk weights we apply to banks' lending exposures in New Zealand under our RAC assessment. Even with higher risk weights, our forecast RAC ratio for the bank would likely remain strong at about 11.0% to 11.2%.

ANZ NZ will remain profitable, in line with New Zealand major bank peers. With pricing competition and similar asset portfolios, most New Zealand major banks will likely have similar earnings profiles, with net interest margins (NIM) beginning to improve across the board. As of March 31, 2022 return on assets for the bank was 1.2%, we expect this to remain relatively unchanged over the next two years.

Chart 3

ANZ NZ's Profitability Remains In Line Among Peers
ROA = core earnings to average adjusted assets, NIM = net interest income to average earning assets



ROA--Return on assets. NIM--Net interest margin. Source: S&P Global Ratings.

Risk Position: Conservative Risk Appetite Underpins Low Credit Losses

ANZ NZ maintains a conservative risk appetite and loan book comparable to the overall New Zealand banking system. Residential mortgage lending will remain the largest exposure on the major bank's balance sheet at 69% of total assets--this compares to 65% for its New Zealand major bank peers. We expect the banks overall risk appetite to be reflective of the New Zealand banking system, with a geographic breakdown similar to the New Zealand population. ANZ NZ's banking activities remain relatively simple, with low exposure to high-risk activities like trading and investment banking.

ANZ NZ's agriculture portfolio to remain supportive of asset quality over the next two years. ANZ NZ's leading market share of about 25% of agriculture lending, making up about 10% of the bank's total exposures. We view the performance of agriculture lending as more volatile than traditional retail lending given its reliance on commodity prices and weather events. This is notwithstanding the current strength of agricultural commodity prices, particularly dairy, which we expect to continue over the coming 12 months.

Asset quality for ANZ NZ to remain sound, despite increased macroeconomic headwinds. We forecast credit losses for ANZ NZ will be about 10 bps of customer loans over the next two years, underpinned by a historically low unemployment rate. However, risks remain on the downside reflecting inflationary pressures, rising interest rates, and global macroeconomic headwinds. We expect ANZ NZ's credit loss provisions will remain sufficient to cover write offs over next two years at about 39 bps of customer loans.

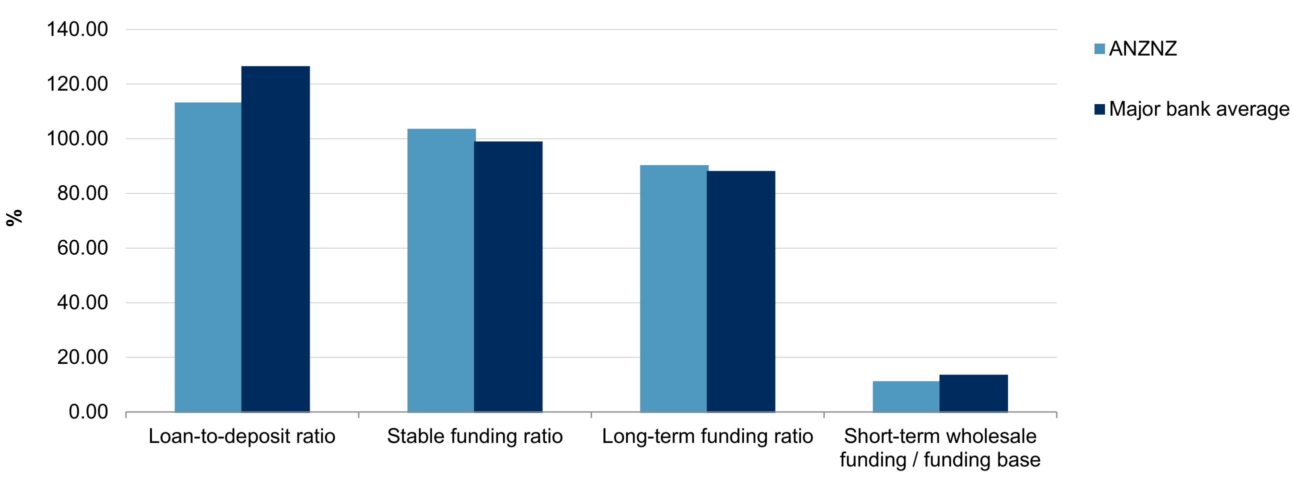
Funding And Liquidity: Policy Intervention Supports Stability

The New Zealand major banks' funding mix has demonstrated resilience despite the macroeconomic headwinds since the onset of COVID-19. In addition to a healthy customer deposit flow throughout this period, the central bank facilities promoted further stability to bank funding, while also allowing banks access to low-cost term funding. As of March 31, 2022, the central bank facilities made up about 1% of ANZ NZ's funding base, with the bank having accessed New Zealand dollar (NZ$) 1.5 billion from the Reserve Bank of New Zealand's (RBNZ) funding for lending program and NZ$300 million from the term lending facility. We expect the bank will draw down its remaining allocation by the end of the drawdown period on Dec. 6, 2022. Given ANZ NZ's track record in capital markets, we anticipate the bank will comfortably refinance its liabilities via long-term debt issuances as the first maturity approaches in fiscal 2024 and beyond.

ANZ NZ adequately manages funding and liquidity risks, in our view, notwithstanding the inherent structural funding weaknesses in the New Zealand banking system. We consider ANZ NZ's reliance on wholesale funding--at about 21% of the bank's funding base as of March 31, 2022--as consistent with the 25% average across the other three major New Zealand banks. We expect wholesale funding to remain an important part of ANZ NZ's funding profile as long-term wholesale funding is an essential tool in meeting net stable funding ratio requirements. ANZ NZ's wholesale funding strategy remains one of consistent issuance into established markets with diversification across geographies. ANZ NZ's funding metrics are broadly consistent those of the other New Zealand major banks, in our view.

Chart 4

ANZ NZ's Funding Metrics Are Broadly Consistent With local Peers'



Source: S&P Global Ratings.

We believe ANZ NZ has sufficient liquidity to manage six months of general market stress without a significant dependence on central bank support. ANZ NZ's on-balance sheet liquidity (NZ$36 billion as of March 31, 2022) is well above wholesale debt maturing in the following 12 months. In a longer-term stress scenario, we believe ANZ NZ could also effectively draw on contingent liquidity from the RBNZ via repurchase agreement of internally securitized mortgages. At the same time, we do not foresee any unusual liquidity needs for ANZ NZ over the next two years.

Support: Expected Timely Support From Australian Parent Enhances Creditworthiness

We equalize our ratings on ANZ NZ with those of its parent, ANZ. Consequently, our long-term rating on ANZ NZ factors in three notches of uplift above the bank's SACP of 'a-'. This reflects our view that ANZ is likely to provide timely financial support to ANZ NZ under any foreseeable circumstances.

We believe ANZ NZ will remain an integral part of the ANZ group-wide strategy. As a fully owned and considerable subsidiary of ANZ, ANZ NZ will likely continue to account for slightly more than 10% of group earnings and capital. ANZ is highly unlikely to divest ANZ NZ, in our view. Although ANZ NZ has attracted regulatory criticism and actions in recent years, we do not believe the group or ANZ NZ face any significant long-term strategy or performance-related challenges in its banking business. ANZ NZ is closely linked to the ANZ group's reputation, name, brand, and risk management. Consequently, we believe there are strong incentives for the group to support the New Zealand subsidiary. Furthermore, we expect that the Australian government's support for ANZ would extend to ANZ NZ if needed. This is because any financial distress at ANZ NZ could harm ANZ's perceived creditworthiness in financial markets.

In our view, it is uncertain whether the New Zealand government would provide timely financial support to the country's private-sector banks, if needed. In arriving at this opinion, we note that the nation's bank resolution framework allows senior creditors of a bank to absorb losses to help the bank continue operations if such a bank were to experience financial distress.

Additional Rating Factors

Our ratings on ANZ NZ's hybrid capital instruments incorporate the strength of the ANZ group's stand-alone creditworthiness. This is because we believe the ANZ group would support all ANZ NZ's obligations, including those on its hybrid debt instruments, as if they were ANZ's own obligations. In addition, we expect that the Australian government is unlikely to extend any financial support to these instruments, if needed.

Our ratings on ANZ NZ's Tier 2 capital instruments are 'A-', or three notches below our ICR on ANZ NZ. The three-notch difference reflects the following factors:

- one-notch for the subordinated status of the instruments in liquidation
- two notches for removing the uplift for the likely Australian government support, if needed; we apply this uplift above the ANZ group SACP to determine the ANZ group credit profile, and our ICR on ANZ NZ. We consider that such support is unlikely to extend to the hybrid instruments issued by ANZ NZ.

Our ratings on ANZ NZ's additional Tier 1 capital instruments are 'BBB', five notches below our ICR on ANZ NZ. Our ratings on these instruments incorporate a two-notch deduction, in addition to the factors explained above in relation to our ratings on ANZ NZ's Tier 2 instruments. This reflects our view that the additional Tier 1 securities are subject to the risk of partial or untimely payment on top of the credit risks that Tier 2 securities carry.

Unlike regulatory capital instruments issued by banks in many other countries, additional Tier 1 and Tier 2 instruments issued by ANZ NZ (and other NZ banks) do not include nonviability capital conversion features.

Environmental, Social, And Governance (ESG)

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.

We view ESG factors for ANZ NZ as broadly in line with the New Zealand banking industry and peers. Although there are no regulatory requirements around ESG for banks in New Zealand, ANZ NZ's ESG goals are broadly aligned with those of its Australian parent. We do not view ANZ NZ or its parent ANZ as an outlier in relation to its reporting and governance regarding environmental risk. Like its major bank peers, we expect ANZ NZ will provide more stringent environmental disclosures over the next two to three years, reflecting changing regulatory and government demands. In 2021, the central bank included physical risks (drought and storm events) into its solvency stress testing for New Zealand's largest banks, including ANZ NZ.

We do not view ANZ NZ or its parent ANZ as an outlier in relation to its reporting and governance regarding environmental risk. Like its major bank peers, we expect ANZ NZ will provide more stringent environmental disclosures over the next two years, reflecting changing regulatory and government demands, including the introduction of a mandatory climate-related financial disclosures regime to begin in fiscal 2023. In 2021, the central bank included physical risks (drought and storm events) into its solvency stress testing for New Zealand's largest banks, including ANZ NZ.

We believe Australian 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 ANZ NZ less attractive to equity and debt investors that are more sensitive to ESG factors, in our view.

ANZ NZ has exposure to New Zealand's dairy industry and other primary production sectors, which have a significant environmental footprint and face growing pressure to lower emissions. We expect legislation introduced to curb emissions will strike a balance between sustainability and economic viability, which limits the potential for a sudden increase in credit losses, in our view. We do, however, expect New Zealand's transition to a low-carbon economy will reduce the profitability of some of ANZ NZ's primary production borrowers.

Key Statistics

Table 1

ANZ Bank New Zealand Ltd.--Key Figures

	--Year-ended Sept. 30--				
(Mil. NZ$)	**2022***	**2021**	**2020**	**2019**	**2018**
Adjusted assets	187,388.0	181,678.0	176,652.0	166,140.0	155,622.0
Customer loans (gross)	146,694.0	141,341.0	133,392.0	133,022.0	126,978.0
Adjusted common equity	13,618.0	13,431.0	12,359.0	10,833.0	8,823.0
Operating revenues	2,330.0	4,175.0	4,101.0	4,085.0	4,257.0
Noninterest expenses	826.0	1,621.0	1,724.0	1,608.0	1,517.0
Core earnings	1,097.0	1,020.9	1,415.0	1,731.0	1,928.3

*Data as of March 31.

Table 2

ANZ Bank New Zealand Ltd.--Business Position

	--Year-ended Sept. 30--				
(%)	**2022***	**2021**	**2020**	**2019**	**2018**
Total revenues from business line (currency in millions)	2,330.0	4,189.0	4,101.0	4,190.0	4,277.0
Commercial banking/total revenues from business line	25.8	25.7	26.4	25.6	23.2
Retail banking/total revenues from business line	52.4	59.1	56.1	57.2	57.6
Commercial and retail banking/total revenues from business line	78.2	84.8	82.6	82.8	80.7
Corporate finance/total revenues from business line	N/A	13.6	17.6	14.2	13.8
Insurance activities/total revenues from business line	N/A	N/A	N/A	N/A	4.9
Other revenues/total revenues from business line	21.8	1.6	(0.2)	3.0	0.6
Investment banking/total revenues from business line	N/A	13.6	17.6	14.2	13.8
Return on average common equity	13.2	6.4	9.2	13.4	15.4

*Data as of March 31. N/A--Not applicable.

Table 3

ANZ Bank New Zealand Ltd.--Capital And Earnings

	--Year-ended Sept. 30--				
(%)	**2022***	**2021**	**2020**	**2019**	**2018**
Tier 1 capital ratio	14.5	16.2	14.4	13.6	14.4
Adjusted common equity/total adjusted capital	86.0	83.0	81.8	79.6	76.1
Net interest income/operating revenues	75.9	82.0	79.5	79.4	74.0
Fee income/operating revenues	11.1	13.3	13.6	16.3	14.4
Market-sensitive income/operating revenues	12.2	4.3	6.4	2.9	5.9
Cost to income ratio	35.5	38.8	42.0	39.4	35.6
Preprovision operating income/average assets	1.6	1.4	1.4	1.5	1.8
Core earnings/average managed assets	1.2	0.6	0.8	1.1	1.2

*Data as of March 31.

Table 4

ANZ Bank New Zealand Ltd.--Risk-Adjusted Capital Framework Data

(Mil. NZ$)	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	18,815.0	0.0	0.0	558.9	3.0
Of which regional governments and local authorities	0.0	0.0	0.0	0.0	0.0
Institutions and CCPs	13,414.1	2,923.0	21.8	3,688.0	27.5
Corporate	60,993.0	36,088.0	59.2	57,383.3	94.1
Retail	118,455.0	24,396.0	20.6	44,223.8	37.3
Of which mortgage	110,997.0	18,782.0	16.9	40,547.2	36.5
Securitization§	0.0	0.0	0.0	0.0	0.0
Other assets†	1,923.0	1,253.0	65.2	3,376.0	175.6
Total credit risk	213,600.1	64,660.0	30.3	109,230.0	51.1
Credit valuation adjustment					
Total credit valuation adjustment	--	869.9	--	1,130.9	--
Market risk					
Equity in the banking book	1.0	5.0	500.0	8.8	875.0
Trading book market risk	--	6,352.0	--	0.0	--
Total market risk	--	6,357.0	--	8.8	--
Operational risk					
Total operational risk	--	11,385.0	--	9,671.7	--
	Exposure	**Basel III RWA**	**Average Basel II RW (%)**	**S&P Global Ratings RWA**	**% of S&P Global Ratings RWA**
Diversification adjustments					
RWA before diversification	--	106,269.0	--	120,041.3	100.0
Total diversification/ Concentration adjustments	--	--	--	18,648.7	15.5
RWA after diversification	--	106,269.0	--	138,690.0	115.5
		Tier 1 capital	**Tier 1 ratio (%)**	**Total adjusted capital**	**S&P Global Ratings RAC ratio (%)**
Capital ratio					
Capital ratio before adjustments		15,458.0	14.5	15,840.0	13.2
Capital ratio after adjustments‡		15,458.0	14.5	15,840.0	11.4

*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. Sources: Company data as of March 31, 2022, S&P Global Ratings.

Table 5

ANZ Bank New Zealand Ltd.--Risk Position

	--Year-ended Sept. 30--				
(%)	2022*	2021	2020	2019	2018
Growth in customer loans	7.6	6.0	0.3	4.8	7.4

Table 5

ANZ Bank New Zealand Ltd.--Risk Position (cont.)					
	--Year-ended Sept. 30--				
(%)	**2022***	**2021**	**2020**	**2019**	**2018**
Total managed assets/adjusted common equity (x)	14.0	13.8	14.5	15.6	18.0
New loan loss provisions/average customer loans	(0.0)	(0.1)	0.3	0.1	0.0
Net charge-offs/average customer loans	(0.0)	0.0	0.1	0.1	0.1
Gross nonperforming assets/customer loans + other real estate owned	0.4	0.4	0.7	0.5	0.4
Loan loss reserves/gross nonperforming assets	104.9	111.0	78.5	81.6	97.3

*Data as of March 31.

Table 6

ANZ Bank New Zealand Ltd.--Funding And Liquidity					
	--Year-ended Sept. 30--				
(%)	**2022***	**2021**	**2020**	**2019**	**2018**
Core deposits/funding base	80.1	80.3	79.7	78.2	77.8
Customer loans (net)/customer deposits	112.9	112.5	109.8	121.3	121.5
Long-term funding ratio	90.1	90.7	91.6	92.2	92.1
Stable funding ratio	103.3	106.8	110.7	103.2	100.6
Short-term wholesale funding/funding base	10.9	10.3	9.2	8.5	8.6
Broad liquid assets/short-term wholesale funding (x)	1.4	1.7	2.2	1.6	1.3
Broad liquid assets/total assets	13.3	15.0	16.9	11.1	9.7
Broad liquid assets/customer deposits	19.5	22.2	25.2	17.3	14.9
Net broad liquid assets/short-term customer deposits	6.1	9.6	14.0	6.6	3.9
Short-term wholesale funding/total wholesale funding	51.3	48.0	41.7	35.7	35.6
Narrow liquid assets/3-month wholesale funding (x)	3.2	5.4	5.7	6.1	3.5

*Data as of March 31.

ANZ Bank New Zealand Ltd.--Rating Component Scores	
Issuer Credit Rating	**AA-/Stable/A-1+**
SACP	a-
Anchor	bbb
Economic risk	4
Industry risk	4
Business position	Strong
Capital and earnings	Strong
Risk position	Adequate
Funding	Adequate
Liquidity	Adequate
Comparable ratings analysis	0
Support	+3
ALAC support	0
GRE support	0
Group support	+3

ANZ Bank New Zealand Ltd.--Rating Component Scores (cont.)	
Issuer Credit Rating	**AA-/Stable/A-1+**
Sovereign support	0
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

Ratings Detail (As Of October 24, 2022)*	
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-
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	
New Zealand	
Foreign Currency	AA+/Stable/A-1+
Local Currency	AAA/Stable/A-1+

Ratings Detail (As Of October 24, 2022)*(cont.)	
Related Entities	
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.	
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+
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.