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ASX ANNOUNCEMENT

Moody's Credit Rating Outlook for BNZ

Please find attached an announcement, released today by Bank of New Zealand (BNZ) regarding Moody's Investors Service credit rating outlook.

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Exchange announcement

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Moody's credit rating outlook

Bank of New Zealand (BNZ) notes that Moody's Investors Service (Moody's) has today changed the outlook on the ratings of major Australian banks' New Zealand subsidiaries, including BNZ, to negative from stable. At the same time, Moody's has affirmed the BNZ Aa3 long-term senior unsecured debt ratings, together with all other BNZ ratings, at their existing levels.

The outlook change follows Moody's decision announced on 18 August 2016 to revise the major Australian banks outlook to negative from stable, including National Australia Bank (NAB). This was a result of the revision in Moody's Australian Macro Profile from "Very Strong" to "Very Strong negative" reflecting Moody's view of a more challenging operating environment for banks in Australia.

Moody's notes that affirmation of the ratings reflects the strong financial profiles of the major New Zealand banks and that bank asset quality is currently very strong, profitability has improved, and capital remains robust.

Rating outlooks provide an opinion on likely rating direction over the medium term and are assigned only to banks' long-term deposit, issuer and senior unsecured debt ratings.

BNZ's subordinated debt ratings remain unchanged.

Ends

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