S&P Global
Ratings

RatingsDirect®

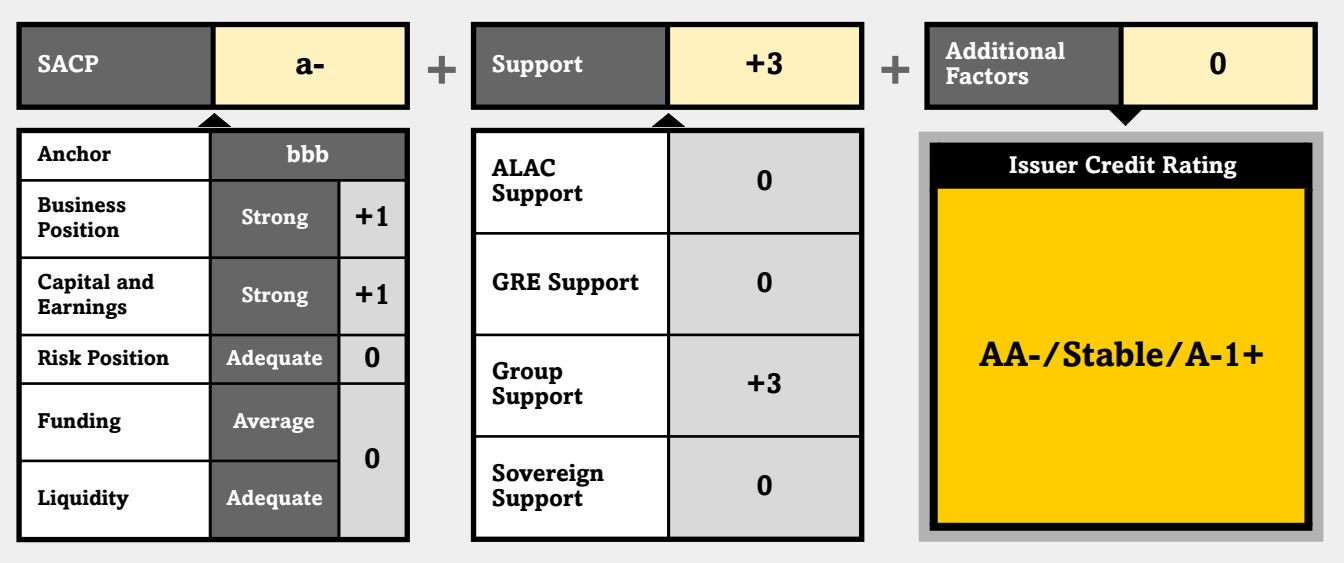
ANZ Bank New Zealand Ltd.

Primary Credit Analyst:
Sharad Jain, Melbourne (61) 3-9631-2077; sharad.jain@spglobal.com

Secondary Contacts:
Nico N DeLange, Sydney (61) 2-9255-9887; nico.delange@spglobal.com
Lisa Barrett, Melbourne (61) 3-9631-2081; lisa.barrett@spglobal.com

Table Of Contents

ANZ Bank New Zealand Ltd.



Major Rating Factors

Strengths:	Weaknesses:
• Strong business position as New Zealand's largest retail and commercial bank • Highly likely to receive timely financial support, if needed, from the parent	• Material reliance on domestic and offshore wholesale funding • Exposed to risks from high property prices, private debt, and external imbalances

Outlook: Stable

The stable outlook on ANZ Bank New Zealand Ltd. (ANZ NZ) mirrors that on its parent, Australia and New Zealand Banking Group Ltd. (ANZ; AA-/Stable/A-1+), reflecting our expectation that extraordinary support would be forthcoming from ANZ in all foreseeable circumstances, if required. We expect to maintain our issuer credit rating on ANZ NZ at the same level as its parent over the next two years, reflecting our view that ANZ NZ is likely to remain a core subsidiary of the ANZ group.

Downside scenario

We expect to lower our ratings on ANZ NZ if we lowered our long-term rating on the bank's parent, ANZ. In addition, we are likely to lower our ratings on ANZ NZ if we consider that the bank is becoming a less integral part of the ANZ group. For example, if we perceive a weakened commitment from the parent or a reduction in ANZ NZ's importance to the group strategy or if the ANZ group reduces its ownership of ANZ NZ.

Upside scenario

We expect to raise our ratings on ANZ NZ if we raised our long-term rating on ANZ.

Rationale

We equalize our ratings on ANZ NZ with those on its parent because we believe ANZ is highly likely to support ANZ NZ under all foreseeable circumstances. We believe ANZ NZ forms an integral part of ANZ's wider group strategy; focusing primarily on retail, corporate, and business banking in Australia and New Zealand. The significant size of ANZ NZ's operations relative to the group further supports our view, with New Zealand operations accounting for about one-fifth of consolidated group earnings and capital.

We assess the stand-alone credit profile (SACP) of ANZ NZ as 'a-', taking into account the bank's strong market position as the country's largest provider of retail, business, and agribusiness lending in New Zealand. We forecast that ANZ NZ will maintain strong risk-adjusted capital levels for the foreseeable future based on our framework. We expect the bank's credit losses to remain low, benefitting from a prolonged period of low interest rates, a stabilizing dairy sector, and a benign economic outlook in global comparison. Despite a subdued outlook for earnings growth due to low interest rates and constrained credit growth across New Zealand banks, we expect earnings to remain solid.

Relative to the other three major banks in New Zealand, ANZ NZ's slightly greater reliance on wholesale funding, both domestic and offshore, somewhat tempers its stronger share of the customer deposits. Nevertheless, we consider that the bank has sufficient liquidity cover for short-term wholesale liabilities.

Anchor: Resilient economy and conservative regulations offset elevated imbalances and funding weakness in the operating environment

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. New Zealand benefits from an open, prosperous, flexible, and resilient economy, which draws from decades of structural reforms. We expect New Zealand's economic growth to be solid over the medium term. We consider that the risks facing New Zealand's

financial system have stabilized, reflecting the slowdown of a rapid rate of increase in residential house prices and private sector credit extension and the credit cycle maturing. We consider the key drivers in the slowdown in house prices and credit growth to be tighter bank lending standards and macroprudential tools implemented by the Reserve Bank of New Zealand (RBNZ). Although New Zealand banks remain exposed to risk emanating from the rapid growth in house prices and private sector debt in recent years, the ongoing orderly unwinding of imbalances in the housing market over the last two years has reduced the risk, in our view. Nevertheless, New Zealand banks remain exposed to the economy's external weaknesses--in particular its persistent current account deficits, which we expect to be in line with historical levels of about 3% to 4% of GDP, and high level of external debt--about 170% of current account receipts.

We consider that the New Zealand banking sector's funding profile remains a weakness for the banking system despite a modest strengthening of banks' customer deposits and a slight reduction in banks' dependence on external borrowing over the last few years. Net external debt still funds about 27% of domestic customer loans and support from core customer deposits remains limited, at about 51% of domestic customer loans. Partly offsetting these weaknesses is our expectation of funding support for the banking system from the New Zealand government and central bank, if needed in a stress scenario. We also consider the country's stable industry structure and banks' restrained risk appetite remain supportive of the banking industry.

Table 1

ANZ Bank New Zealand Ltd.--Key Figures

	--Year ended Sept. 30--				
(Mil. NZ$)	**2019***	**2018**	**2017**	**2016**	**2015**
Adjusted assets	160,095.0	155,622.0	149,939.0	156,646.0	143,332.0
Customer loans (gross)	130,594.0	126,978.0	118,206.0	115,245.0	106,968.0
Adjusted common equity	9,917.0	8,823.0	8,579.3	8,924.0	8,671.0
Operating revenues	1,960.0	4,257.0	3,976.0	4,162.0	4,314.0
Noninterest expenses	744.0	1,517.0	1,461.0	1,902.0	1,741.0
Core earnings	871.3	1,928.3	1,761.7	1,540.0	1,818.0

*Data as of March 31. NZ$--NZD-New Zealand dollar. Source: Reserve Bank of New Zealand.

Business position: Strong franchise as New Zealand's largest bank across retail, business, and agribusiness banking

We believe the strength and stability of ANZ NZ's business base is reflected in the bank being the largest commercial bank in New Zealand across retail, business, and agribusiness banking. ANZ NZ accounts for about 30% of banking system assets and is about 1.5x the size of its closest domestic peer. We expect ANZ NZ will continue to maintain its market leadership. The bank's dominant market share extends to funding, with the bank accounting for more than a third of household deposits. We believe the bank's pricing power is marginally stronger than peers for both lending and funding; reflected in the bank's slightly higher net interest margin than two of the three other major banks in New Zealand.

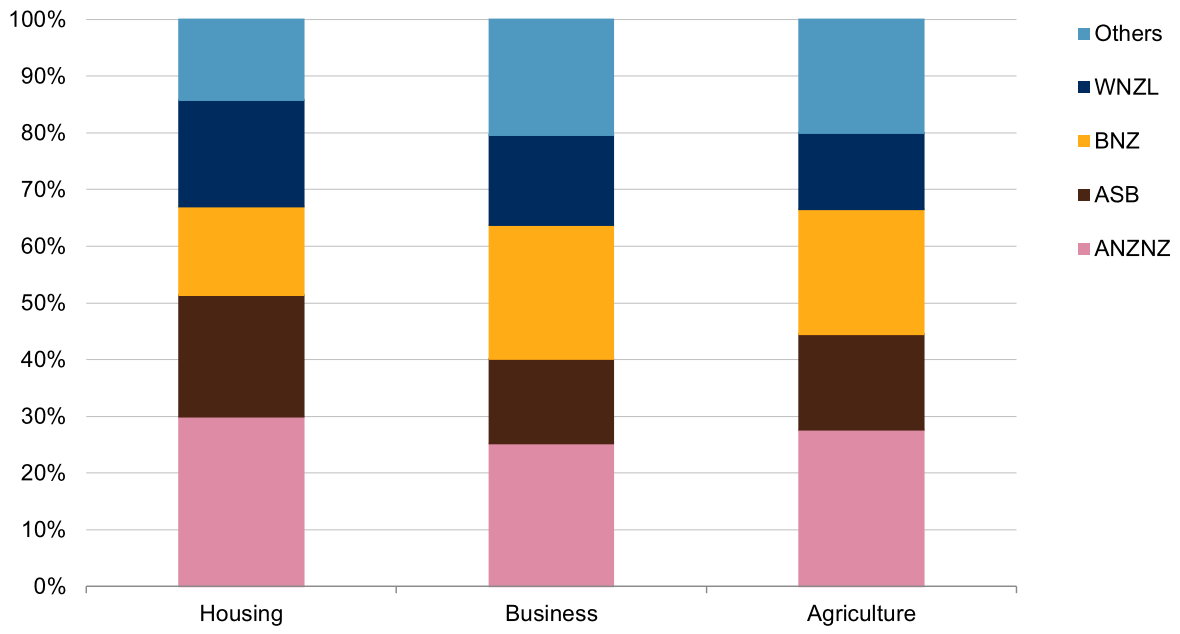
We expect little change in ANZ NZ's key strategies and business mix in the near term. We believe that ANZ NZ has the depth and breadth within its management ranks to effectively deal with the challenges in the operating environment. The bank benefits from close coordination and exchange of personnel with its parent.

In our view, outlook for the system credit growth in the next two years remains subdued. We also expect recent interest rate cuts to hit net interest margin with a lag because, similar to the rest of the industry, interest rates on most of ANZ NZ's home loans are fixed typically for a period of two to five years.

We assess ANZ NZ's business position to be broadly consistent with that of immediate major bank peers--Bank of New Zealand (BNZ; AA-/Stable/A-1+), Westpac New Zealand Ltd. (WNZL; AA-/Stable/A-1+), and ASB Bank Ltd. (ASB; AA-/Stable/A-1+) (see chart 1). We believe the indicators of business stability, including business and operating revenue mix are broadly similar across peers and are unlikely to change materially over the next two years.

Chart 1

New Zealand Major Bank Market Share



As of June 30, 2019. Source: S&P Global Ratings, Reserve Bank of New Zealand data.

Table 2

ANZ Bank New Zealand Ltd.--Business Position

		--Year ended Sept. 30--			
(%)	**2019***	**2018**	**2017**	**2016**	**2015**
Total revenues from business line (currency in millions)	2,058.0	4,277.0	3,976.0	4,162.0	4,314.0
Commercial banking/total revenues from business line	25.6	23.2	23.2	21.7	21.3
Retail banking/total revenues from business line	60.4	57.6	60.3	50.8	39.0
Commercial & retail banking/total revenues from business line	86.1	80.7	83.4	72.5	60.4
Corporate finance/total revenues from business line	13.7	13.8	16.6	11.6	15.4

Table 2

ANZ Bank New Zealand Ltd.--Business Position (cont.)

		--Year ended Sept. 30--			
(%)	**2019***	**2018**	**2017**	**2016**	**2015**
Insurance activities/total revenues from business line	N/A	4.9	3.3	5.5	5.1
Asset management/total revenues from business line	N/A	N/A	0.0	0.0	7.5
Other revenues/total revenues from business line	0.2	0.6	(3.3)	10.5	11.6
Investment banking/total revenues from business line	13.7	13.8	16.6	11.6	15.4
Return on average common equity	14.5	15.4	14.1	12.5	N/A

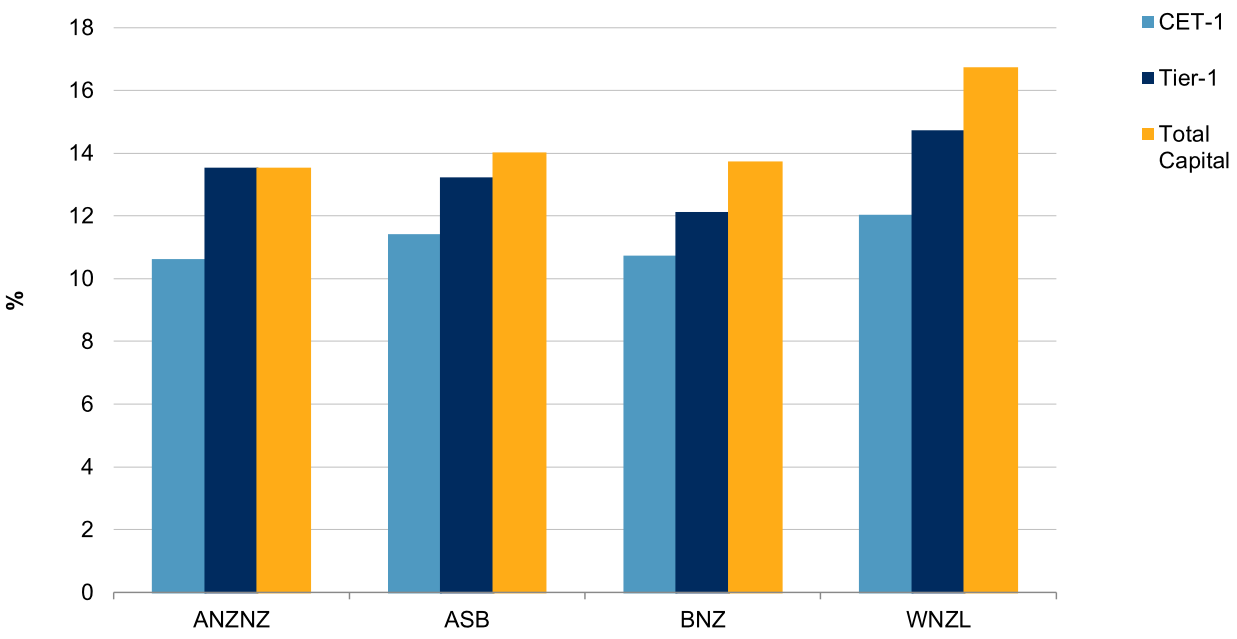
*Data as of March 31. N/A--Not applicable.

Capital and earnings: Strong risk-adjusted capitalization, underpinned by strong earnings and low credit losses

We believe that ANZ NZ's risk adjusted capital (RAC) has strengthened, mainly reflecting easing risks associated with the buildup of private sector credit growth in New Zealand's economy over recent years. Consequently, we now apply lower risk weights in calculating our RAC ratio for ANZ NZ. We now forecast ANZ NZ's RAC to remain at a strong 11.0%-11.5% in the next two years, broadly unchanged from March 31, 2019, using our revised risk weights.

Chart 2

Bank Regulatory Capital Ratios



As of June 30, 2019. Source: S&P Global Ratings, Reserve Bank of New Zealand data.

ANZ NZ's regulatory capital ratio as at March 31, 2019, was 14.6%, well above the minimum regulatory requirement. We estimate that ANZ NZ would require a 35%-40% increase in its Tier 1 capital base to meet the RBNZ's proposal to increase regulatory capital requirements.

In that scenario, ANZ NZ is likely to further strengthen, although we expect our ratings on the bank to remain unchanged. We consider the RBNZ's proposed five-year transition period to 2023 adequate for the broader parent group to adjust its dividend policy or engage the capital markets. We note that the RBNZ response to the public's comments on the capital proposals is scheduled for November 2019.

We consider that the Australian Prudential Regulation Authority's (APRA) recently announced revision in its prudential standard for related party exposures, by itself, should not have a significant impact on ANZ NZ's capital levels or operations-- APRA's revised standard would require ANZ to maintain its exposures to ANZ NZ below 25% of the parent's Tier 1 capital on a level-1 basis. Nevertheless, we expect that to meet APRA's revised standard, in conjunction with RBNZ's proposal to increase capital--if the RBNZ proceeds with it--ANZ NZ is likely to retain a greater portion of its earnings compared with previous years.

We expect ANZ NZ's loan book to grow by about 5% annually over the next 18 months--in line with the rest of the banking system. At the same time, we expect operating revenues to remain largely flat as net interest margin (NIM) shrinks for the industry. Despite this contraction, we believe ANZ NZ's NIM will remain toward the top-end of peers. Further, we expect ANZ NZ's cost to income to remain largely unchanged and better than its New Zealand major bank peers.

We expect credit losses to remain low through to fiscal 2020 at 5 bps-10 bps of customer loans broadly unchanged compared with the average of about 5 bps in the last few years. We consider that the bank's earnings have considerable headroom to absorb an increase in credit losses from our base case expectation.

Scenario analysis--RBNZ capital proposal

In the scenario that the RBNZ proceeds with the implementation of its capital proposal in its current form, the New Zealand major banks would be required to significantly increase their capital levels. ANZ NZ would require about a 40% increase in its Tier 1 capital base, from March 2019 levels, to meet the proposed regulatory minimum. Our estimates apply the same methodology outlined in our initial commentary on the RBNZ proposal (see "Higher Capital Requirements For New Zealand's Major Banks Could Create Significant Imposts For Their Australian Parents," published February 24, 2019), incorporating updated financial disclosures.

We expect the increased capital required by the RBNZ proposal would improve our view of ANZ NZ's capitalization, but not result in any change to ANZ NZ's stand-alone creditworthiness or issuer credit rating. We believe the RBNZ's proposed five-year transition period to 2023 will allow ANZ NZ's parent, ANZ, sufficient time to achieve the required capital levels in its New Zealand subsidiary. We expect to gain further clarity on the RBNZ proposal with the release of the finalized capital framework--likely by the end of calendar 2019.

We expect the availability of credit in the New Zealand economy should remain largely undiminished under the proposed RBNZ framework. This is because we believe APRA already requires the major Australian banks to hold more capital, on a level-2 basis, for their New Zealand subsidiaries than they would be required to hold under the

RBNZ proposal (see "RBNZ's Proposed Capital Increase Is No Game Changer," published June 26, 2019).

Table 3

ANZ Bank New Zealand Ltd.--Capital And Earnings

		--Year ended Sept. 30--			
(%)	**2019***	**2018**	**2017**	**2016**	**2015**
Tier 1 capital ratio	14.6	14.4	14.1	13.2	12.7
Adjusted common equity/total adjusted capital	78.1	76.1	75.8	76.5	82.8
Net interest income/operating revenues	83.3	74.0	76.4	72.1	66.6
Fee income/operating revenues	17.1	14.4	15.3	22.0	19.3
Market-sensitive income/operating revenues	(2.4)	5.9	4.1	(0.7)	7.6
Noninterest expenses/operating revenues	38.0	35.6	36.7	45.7	40.4
Preprovision operating income/average assets	1.5	1.8	1.6	1.5	N/A
Core earnings/average managed assets	1.1	1.2	1.1	1.0	N/A

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

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 & central banks	14,079.0	147.0	1.0	413.6	2.9
Of which regional governments and local authorities	0.0	0.0	0.0	0.0	0.0
Institutions and CCPs	12,672.6	2,822.0	22.3	3,776.1	29.8
Corporate	62,132.0	39,152.0	63.0	66,822.0	107.5
Retail	98,745.0	25,743.0	26.1	47,991.0	48.6
Of which mortgage	87,887.0	17,215.0	19.6	40,457.6	46.0
Securitization§	0.0	0.0	0.0	0.0	0.0
Other assets†	1,033.0	1,071.0	103.7	1,618.9	156.7
Total credit risk	188,661.6	68,935.0	36.5	120,621.6	63.9
Credit valuation adjustment					
Total credit valuation adjustment	--	1,522.0	--	1,978.6	--
Market Risk					
Equity in the banking book	1.0	5.0	500.0	8.8	875.0
Trading book market risk	--	4,687.5	--	0.0	--
Total market risk	--	4,692.5	--	8.8	--
Operational risk					
Total operational risk	--	9,493.0	--	9,313.4	--
	Exposure	**Basel III RWA**	**Average Basel II RW (%)**	**S&P Global Ratings RWA**	**% of S&P Global Ratings RWA**
Diversification adjustments					
RWA before diversification	--	86,760.5	--	131,922.3	100.0

Table 4

ANZ Bank New Zealand Ltd.--Risk-Adjusted Capital Framework Data (cont.)					
Total Diversification/ Concentration Adjustments	--	--	--	18,461.8	14.0
RWA after diversification	--	86,760.5	--	150,384.1	114.0
		Tier 1 capital	**Tier 1 ratio (%)**	**Total adjusted capital**	**S&P Global Ratings RAC ratio (%)**
Capital ratio					
Capital ratio before adjustments		12,460.0	14.4	12,694.0	9.6
Capital ratio after adjustments‡		12,460.0	14.6	12,694.0	8.4

*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, 2019, S&P Global Ratings.

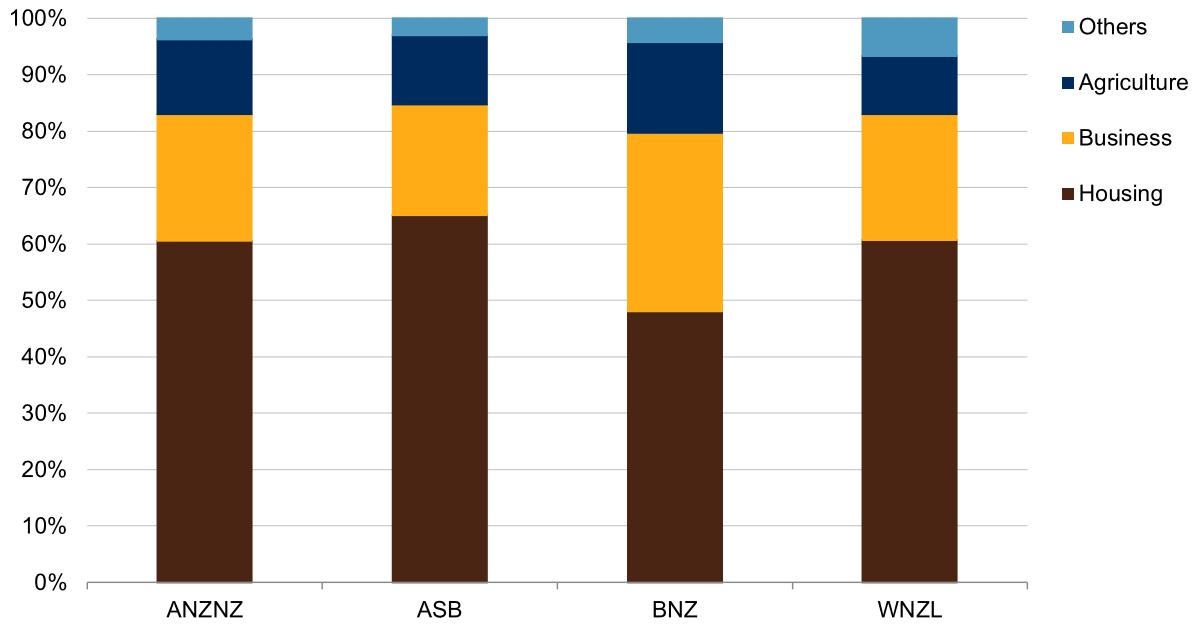
Risk position: Diversified portfolio coupled with low interest rates and benign economic outlook expected to underpin low credit losses

ANZ NZ's risks are well diversified across the bank's retail, commercial, corporate, and agribusiness banking activities, in our opinion. We believe ANZ NZ's banking activities are relatively simple and exposures to higher-risk activities are low, while single-name concentrations are not materially significant. Exposures by industry and sector are broadly proportional to that of the New Zealand economy and banking sector, which translates into concentration in residential mortgage and agriculture sectors at about 62% and 13% of total lending. We do not foresee a material change in the bank's portfolio composition in the next two years. We consider the risk characteristics of the bank's loan book to be broadly similar to those of its peers with ANZ NZ's lending mix at the midpoint of peer comparisons.

Against the backdrop of a reasonably benign outlook for the operating environment in New Zealand; factoring in sound economic growth, strong employment--GDP growth of 2.5% for 2019; unemployment rate of 4.2% at March 2019--and low interest rates, we expect the performance of ANZ NZ's loan portfolio to track around current levels in the near term. The bank's nonperforming loans (impaired and 90 days past due) are expected to remain largely unchanged at about 45 bps of customer loans over the next 18 months, slightly lower than immediate peers at about 60 bps.

Chart 3

New Zealand Major Bank Business Mix



As of June 30, 2019. Source: S&P Global Ratings, Reserve Bank of New Zealand data.

The geographic distribution of ANZ NZ's residential mortgage portfolio, similar to those of peers, broadly mirrors the country's population, with Auckland accounting for about 46% of the total. ANZ NZ's exposure to the dairy sector is relatively significant in line with the rest of New Zealand's banking sector; dairy accounting for about 10% of its total lending. We believe short-term downside risks for dairy has somewhat subsided, given expectations for higher milk prices and steady improvements in the rate of portfolio amortization, which remains a key focus with customers.

Fonterra Co-operative Group Ltd. (A-/Stable/A-2) announced its forecast Farmgate Milk Price of NZ$6.25-NZ$7.25 per kgMS for the 2018-2019 season, with a breakeven milk price of NZ$5.95 per kgMS through to the 2020 season; the forward expectation benefitting from a weaker New Zealand dollar.

Table 5

ANZ Bank New Zealand Ltd.--Risk Position

		--Year ended Sept. 30--			
(%)	**2019***	**2018**	**2017**	**2016**	**2015**
Growth in customer loans	5.7	7.4	2.6	7.7	N.M.
Total managed assets/adjusted common equity (x)	16.5	18.0	17.9	18.0	17.0
New loan loss provisions/average customer loans	0.1	0.0	0.1	0.1	N/A
Net charge-offs/average customer loans	0.1	0.1	0.1	0.1	N/A

Table 5

ANZ Bank New Zealand Ltd.--Risk Position (cont.)

		--Year ended Sept. 30--			
(%)	**2019***	**2018**	**2017**	**2016**	**2015**
Gross nonperforming assets/customer loans + other real estate owned	0.4	0.4	0.5	0.5	0.5
Loan loss reserves/gross nonperforming assets	85.5	97.3	107.4	111.9	105.5

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

Funding and liquidity: Well-managed funding and liquidity, notwithstanding material dependence on wholesale funding

In our opinion, ANZ NZ adequately manages its funding and liquidity risks, notwithstanding the structural funding weaknesses that are inherent in the New Zealand banking system. ANZ NZ shows a material reliance on wholesale funding, including offshore wholesale funding, broadly similar to other major banks in New Zealand--wholesale funding formed a high 21% of ANZ NZ's total funding as of Dec. 31, 2018. Our ratings on all banks in New Zealand take into account our view of this banking systemwide funding weakness by global comparison.

ANZ NZ's loan-to-customer deposit ratio remained unchanged from one year earlier at about 120% to March 2019 and is a relative strength compared with its major bank peers who are closer to 133%. This relative strength also feeds into our stable funding ratio for the bank, which--at around 102%--is at the top end of peers.

Further, the bank utilizes short- and long-term wholesale funding through multicurrency medium-term notes (MTN) and covered bonds amongst others, with a degree of diversity by investors, geography, and maturities--which should help the bank maintain access to funding if there is a disruption in one of these sources. Long- and short-term wholesale funding contribute 15% and 7%, respectively. We expect the bank's use of short-term wholesale (excluding long-term debt maturing within 12 months) to remain low at about 5% of total funding needs, in line with peers.

ANZ NZ has progressively reduced its intragroup funding from the parent following the tightening of APRA's regulatory limits for the same. We expect that this dependence under normal operating conditions will be reduced to minimal levels by the end of 2019.

We believe ANZ NZ has sufficient liquidity sources to manage general market stress for six months without a significant dependence on central bank support, as reflected in the broad liquid assets fully covering short-term wholesale liabilities for the past several years. In addition, ANZ NZ holds unencumbered self-securitized residential mortgage-backed securities. The bank may sell these securities to the RBNZ under agreements to repurchase so as to access about NZ$7.4 million in liquidity.

We do not foresee any unusual liquidity needs for ANZ NZ in the next 18 months. Maturing term debt (excluding short-term and covered bonds) through to fiscal 2020 is reasonably spread by both tenor and size, with a good spread amongst the larger issuances.

Table 6

ANZ Bank New Zealand Ltd.--Funding And Liquidity

		--Year ended Sept. 30--			
(%)	**2019***	**2018**	**2017**	**2016**	**2015**
Core deposits/funding base	78.9	77.8	76.7	73.4	72.6
Customer loans (net)/customer deposits	121.0	121.5	121.5	127.7	127.9
Long-term funding ratio	94.0	92.1	90.7	89.3	88.2
Stable funding ratio	102.2	100.6	98.4	98.1	97.5
Short-term wholesale funding/funding base	6.5	8.6	10.1	11.7	12.9
Broad liquid assets/short-term wholesale funding (x)	1.7	1.3	1.1	1.1	1.0
Net broad liquid assets/short-term customer deposits	10.9	3.9	1.2	0.8	(0.4)
Short-term wholesale funding/total wholesale funding	28.3	35.6	39.8	40.6	44.6
Narrow liquid assets/3-month wholesale funding (x)	4.5	3.5	3.3	3.2	2.5

*Data as of March 31.

Support: Expected timely financial support from the parent enhances creditworthiness

We expect ANZ to provide timely financial support to ANZ NZ under any foreseeable circumstance, if required. As such we equalize our issuer credit rating on ANZ NZ with its parent, four notches above the bank's SACP.

We believe ANZ NZ forms an integral part of the groupwide strategy focused primarily on retail, corporate, and business banking in Australia and New Zealand. ANZ NZ is a wholly owned and considerable subsidiary of the ANZ group, accounting for close to one-fifth of the group's revenue and capital. We thus believe ANZ is highly unlikely to divest ANZ NZ, particularly given the subsidiary's success over a sustained period as New Zealand's largest commercial bank, and notwithstanding the resulting concentration in New Zealand relative to peers. In addition to ANZ NZ's size and success, along with ANZ's long track record of ownership of the subsidiary, we believe ANZ NZ is closely linked to the group's reputation, name, brand, and risk management. Consequently, we believe the group has strong incentives to support the New Zealand subsidiary. In our assessment of financial support for ANZ NZ from its parent, if needed, we factor in our expectation that the Australian government's support for ANZ would extend to ANZ NZ. This is because we believe financial distress at ANZ NZ could harm ANZ's perceived creditworthiness in the funding markets.

APRA's prudential standards could restrict the nature and level of support from the Australian banks to their subsidiaries. Nevertheless, we currently see limited prospects for weakening of support for ANZ NZ from the broader ANZ group over the next two years.

Finally, in our view, it is uncertain whether the New Zealand government would provide timely financial support to the country's private-sector banks, including ANZ NZ, if needed. The country's bank resolution framework allows the senior creditors of a bank to absorb losses to help the bank continue operations if the bank were to experience financial distress.

Additional rating factors:

We anchor our ratings on ANZ NZ's hybrid and nondeferrable subordinated debt instruments off the ANZ group's unsupported group credit profile (GCP) of 'a-'. This is because we believe the ANZ group would support all of ANZ

NZ's obligations, including those on its hybrid and subordinated debt instruments, as if they were ANZ's own obligations. However, we believe that Australia and New Zealand's legal and regulatory frameworks could allow authorities to instigate restructuring of a failing bank to the detriment of regulatory Tier 1 and Tier 2 capital instruments. Consequently, we expect that support from the Australian government is unlikely to extend to any such instruments issued by ANZ and its subsidiaries. Any changes in the ANZ group's unsupported GCP thus would be similarly reflected in our ratings on these instruments.

The issue ratings on ANZ NZ's Basel III Tier 1 capital instruments are 'BB+', or four notches below the ANZ group unsupported GCP. The four-notch difference reflects one notch for subordination in liquidation, two notches for the risk of partial or untimely payment, and one notch for a contingency clause that requires mandatory conversion of such instruments into common equity or a write-down of principal on the activation of a nonviability trigger.

Related Criteria

- General Criteria: Group Rating Methodology, July 1, 2019
- General Criteria: Hybrid Capital: Methodology And Assumptions, 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 For Rating Debt Issues Based On Imputed Promises, Dec. 19, 2014
- General Criteria: Methodology: Timeliness Of Payments: Grace Periods, Guarantees, And Use Of 'D' And 'SD' Ratings, Oct. 24, 2013
- Criteria | Financial Institutions | Banks: Quantitative Metrics For Rating Banks Globally: Methodology And Assumptions, July 17, 2013
- Criteria | Financial Institutions | Banks: Banking Industry Country Risk Assessment Methodology And Assumptions, Nov. 9, 2011
- Criteria | Financial Institutions | Banks: Banks: Rating Methodology And Assumptions, Nov. 9, 2011
- General Criteria: Use Of CreditWatch And Outlooks, Sept. 14, 2009
- Criteria | Financial Institutions | Banks: Commercial Paper I: Banks, March 23, 2004

Anchor Matrix

Industry Risk	Economic Risk									
	1	2	3	**4**	5	6	7	8	9	10
1	a	a	a-	bbb+	bbb+	bbb	-	-	-	-
2	a	a-	a-	bbb+	bbb	bbb	bbb-	-	-	-
3	a-	a-	bbb+	bbb+	bbb	bbb-	bbb-	bb+	-	-
4	bbb+	bbb+	bbb+	**bbb**	bbb	bbb-	bb+	bb	bb	-
5	bbb+	bbb	bbb	bbb	bbb-	bbb-	bb+	bb	bb-	b+
6	bbb	bbb	bbb-	bbb-	bbb-	bb+	bb	bb	bb-	b+
7	-	bbb-	bbb-	bb+	bb+	bb	bb	bb-	b+	b+
8	-	-	bb+	bb	bb	bb	bb-	bb-	b+	b
9	-	-	-	bb	bb-	bb-	b+	b+	b+	b
10	-	-	-	-	b+	b+	b+	b	b	b-

Ratings Detail (As Of September 26, 2019)*

ANZ Bank New Zealand Ltd.	
Issuer Credit Rating	AA-/Stable/A-1+
Certificate Of Deposit	
Local Currency	AA-/A-1+
Preferred Stock	BB+
Senior Unsecured	A-1+
Senior Unsecured	AA-
Issuer Credit Ratings History	
09-Jul-2019	AA-/Stable/A-1+
07-Jul-2016	AA-/Negative/A-1+
01-Dec-2011	AA-/Stable/A-1+
Sovereign Rating	
New Zealand	
Foreign Currency	AA/Positive/A-1+
Local Currency	AA+/Positive/A-1+
Related Entities	
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	BB+
Senior Unsecured	A-1+
Senior Unsecured	AA-

Ratings Detail (As Of September 26, 2019)*(cont.)	
Subordinated	BBB
Subordinated	BBB+
Australia and New Zealand Banking Group Ltd. (London Branch)	
Junior Subordinated	BB+
Senior Unsecured	AA-
Australia and New Zealand Banking Group Ltd.(New York Branch)	
Senior Unsecured	AA-
UDC Finance Ltd.	
Issuer Credit Rating	BBB+/Stable/A-2

*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.