



Press Release

Ratings On Four Major Australian Banks Raised On Strengthening Financial Profiles; Off Watch Positive

Melbourne, Feb. 22, 2007—Standard & Poor's Rating Services said today that it had raised its long-term credit ratings to 'AA' from 'AA-' on Australia and New Zealand Banking Group Ltd., Commonwealth Bank of Australia Ltd., National Australia Bank Ltd., Westpac Banking Corp. Ltd., and their subsidiaries. At the same time, the ratings were removed from CreditWatch with positive implications, where they were placed on Nov. 8, 2006. The bank fundamental strength ratings of all the four major Australian banks have also been raised to 'A' from 'B+', while their short-term ratings were affirmed at 'A-1+'. The outlook for each entity is stable.

"A common theme across the major Australian banks is the progressive structural strengthening of financial profiles, as well as continued development of their risk-management capabilities," said Standard & Poor's credit analyst Craig Bennett of the Financial Services Ratings group. The underlying strength in earnings reflects the banks' very good asset quality, strong operational efficiency, and sound and emerging product diversity. While at various stages of progress, each of the major banks is committed to the Basel II accreditation process and is already leveraging increased information derived from this process.

"Compared with their global peers, the major Australian banks are reliant on a few geographic markets, which lessens their ability to withstand shocks," added Mr. Bennett. Another moderating factor on the rating is the limited opportunity for retail funding growth across the industry, which heightens the banks' reliance on wholesale funding markets. These factors are expected to undermine the banks' strategic flexibility in the event of a market disruption, and limit the credit ratings to the current level.

The ratings on the following group entities of the major Australian banks have also been raised (new ratings in brackets), based on the improved ratings of their respective parents:

Australia and New Zealand Banking Group: ANZ National Bank Ltd. (AA/Stable/A-1+), Esanda Financial Corp. Ltd. (AA/Stable/A-1+), UDC Finance Ltd. (AA/Stable/A-1+)

Commonwealth Bank of Australia Group: ASB Bank Ltd. (AA/Stable/A-1+), CBFC Ltd. (AA/Stable/A-1+), Colonial Holding Co. Ltd. (AA-/Stable/A-1+), Colonial Mutual Life Assurance Society Ltd. (The) (AA/Stable/--)

National Australia Bank Group: Bank of New Zealand Ltd. (AA/Stable/A-1+), Clydesdale Bank PLC (AA-/Stable/A-1+), MLC Lifetime Co. Ltd. (AA/Stable/--), MLC Ltd. (AA/Stable/--), and National Wealth Management Holdings Ltd. (AA-/Stable/A-1+)

Westpac Group: Westpac Europe Ltd. (AA/Stable/A-1+), Westpac Life-NZ-Ltd. (AA/Stable/--), Westpac New Zealand Ltd. (AA/Stable/A-1+)

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