

ASX Announcement



Major Australian banks ratings lowered to Aa2 by Moodys

Sydney, 18 May 2011: Commonwealth Bank of Australia notes today's announcement by Moody's Investor Services (Moody's) on the ratings of major Australian banks.

The Commonwealth Bank's long-term senior unsecured rating has been lowered from Aa1 to Aa2. The ratings outlook is stable. Additionally, the Bank Financial Strength Rating has been lowered from B to B-. The short term rating of P-1 was not under review.

The ratings change is based primarily on Moody's view of a structural sensitivity of Australian banks to conditions in wholesale funding markets. Moody's has announced similar ratings changes for other Australian major banks.

The ratings change brings the Commonwealth Bank's Moody's rating in line with the current ratings from S&P (AA stable) and Fitch (AA stable).

The senior unsecured rating of Bankwest has also been lowered to Aa2 reflecting its position as a core subsidiary of the Group. Bankwest's Bank Financial Strength Rating of C- and short term ratings of P-1 were not under review.

The ratings of ASB are separately being reviewed by Moody's along with the other New Zealand banks and an update is expected shortly.

CBA Group Treasurer, Lyn Cobley said "As noted by Moody's, since the onset of the Global Financial Crisis in 2007 we have diversified our investor base, increased our stable funding by increasing customer deposits and long term wholesale debt and reducing our use of short term wholesale funding. Additionally, we have increased the weighted average tenor of both short term and long term wholesale debt and significantly increased our holdings of liquid assets. We believe this places us in a strong position from a funding perspective for the future".

"At this point we do not expect this to have any material impact on our funding plans or expected pricing of our new issuance," she added.

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