Moody’s Review of Australian Banks for possible downgrade

Sydney, 16 February 2011: Commonwealth Bank of Australia (the Group) notes the release by Moody’s Investor Services regarding the ratings of major Australian banks.

Group Treasurer, Lyn Cobley said “The Commonwealth Bank’s senior unsecured rating (Aa1) and stand alone Bank Financial Strength Rating (B) have been put on review for possible downgrade. If it was to be downgraded one notch, this would bring Moody’s ratings in line with Commonwealth Bank’s S&P and Fitch ratings. At the same time, similar reviews are being undertaken across the Australian banking sector. As core subsidiaries, both Bankwest and ASB will also have their ratings reviewed, although it should be noted that the short-term ratings (P-1) of all entities have been confirmed. Moody’s has advised that the review will focus on the structural sensitivity to conditions in the wholesale funding markets of the Australian banks.”

“As noted by Moody’s, since the onset of the Global Financial Crisis in 2007 we have 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”.

“We will await the outcome of the review, which we understand may take a few months, however, at this point we do not expect this to have any material impact on our funding plans or expected pricing of our new issuance in the medium term” she added.

ENDS

Media:
Bryan Fitzgerald
Head of Communications
Ph: (02) 9117 7047
Mobile: 0414 789 649

Investor Relations:
Warwick Bryan
EGM, Investor Relations
Ph: (02) 9118 7112
Mobile: 0406 316 725

Enc.