

# ASX ANNOUNCEMENT



## MOODY'S INVESTORS SERVICE OUTLOOK ANNOUNCEMENT

**Sydney, 19 August 2016:** Commonwealth Bank's long-term senior unsecured rating has been affirmed at Aa2 by Moody's, but moved from stable outlook to negative outlook.

Commonwealth Bank's short-term ratings have not changed.

Moody's outlook change affects the four Australian major banks and Members Equity Bank, and encompasses their view on the likely rating direction over the next 12-18 months.

In a press release issued last night, Moody's said the change reflects "expectation of a more challenging operating environment for banks in Australia for the remainder of 2016 and beyond, which could lead to a deterioration in their profit growth and asset quality, as well as an increase in their sensitivity to external shocks."

This view is reflected in their rating methodology where they have revised the Australian Macro Profile to "Very Strong-" from "Very Strong".

In response to Moody's action, Commonwealth Bank Chief Financial Officer, David Craig, commented that "the announcement confirms that the Australian banking system remains among the strongest in the world. It also reminds us that at times of global economic volatility, Australia's major banks are under intense scrutiny from ratings agencies and global funding providers."

Mr Craig further commented that "Moody's emphasis on profitability highlights the importance of profit growth in maintaining banks' strength and the confidence of global funding providers. It is this strength and confidence which enable the Bank to access and provide low cost funding for our customers."

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