



Tuesday, 20 June 2017

## **ASX ANNOUNCEMENT**

### **Moody's Credit Rating Revision**

National Australia Bank Limited (NAB) notes that on 19 June 2017 Moody's Investors Service (Moody's) revised its Australian Macro Profile to "Strong plus" from "Very Strong negative". This reflects Moody's view of elevated risks of the Australian household sector in the context of very high ratings assigned to the Australian banks. Moody's also notes the Australian banks have improved their capital and liquidity in recent years.

As a result of the revision in Moody's Australian Macro Profile, Moody's downgraded the long term ratings of the major Australian banks, including NAB, to Aa3 from Aa2 and the outlook was revised to stable from negative.

The rating of NAB's hybrid and subordinated debt was also lowered by one notch with the following revised ratings:

- Hybrid instruments to Baa2 from Baa1
- Basel II subordinated debt to A3 from A2
- Basel III subordinated debt to Baa1 from A3
- Undated subordinated floating rate notes to Baa1 from A3

Moody's Bank of New Zealand (BNZ) senior unsecured credit rating was downgraded one notch to A1 from Aa3 with the outlook revised to stable from negative. BNZ's Basel III subordinated debt rating was lowered one notch to Baa1 from A3.

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